



Industrial Bank of Korea

2014 Earnings Release



Disclaimer

- Financial results contained herein have been prepared IAW K-IFRS unless noted otherwise.
- The operating results presented herein have not yet received a complete and full review by the external auditor and the Board of Directors, and may be subject to change in the due course of further process.
- This document contains certain financial information and results of operation, and may also contain projections, plans, strategies, and objectives of the Industrial Bank of Korea (“IBK”), which are not statements of historical facts but would be treated as forward-looking statements within the meaning of applicable laws. Forward-looking statements are subject to risks and uncertainties that may cause actual events and IBK’s further results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by IBK, or indicated by any such forward-looking statements will be achieved.
- Some of the totals may not sum due to the rounding.



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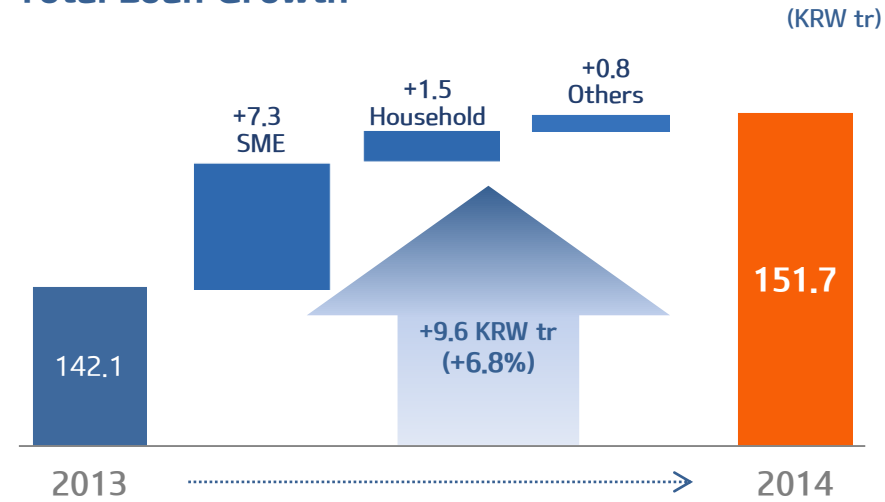


I Financial Highlights [Bank]

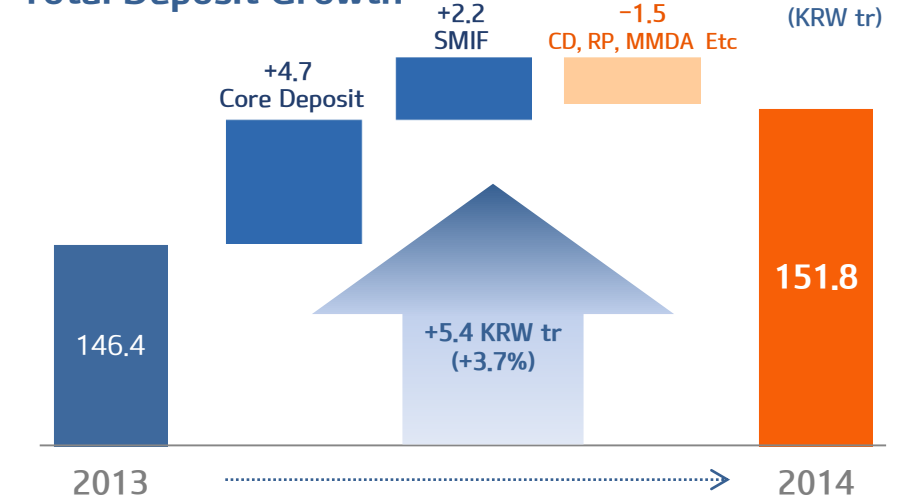


Financial Highlights [Bank]

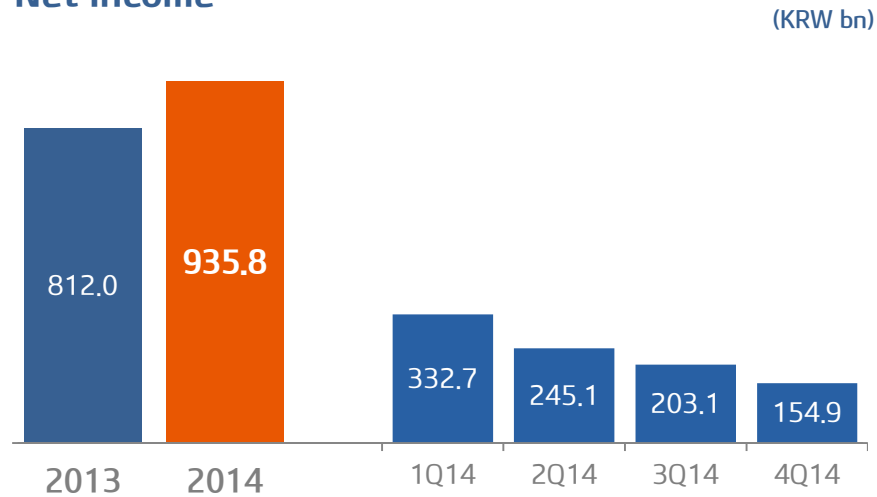
Total Loan Growth



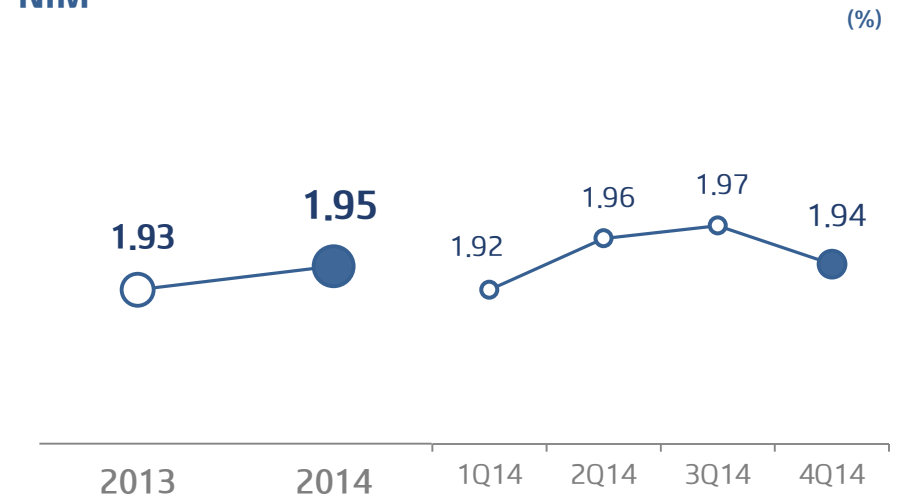
Total Deposit Growth



Net Income



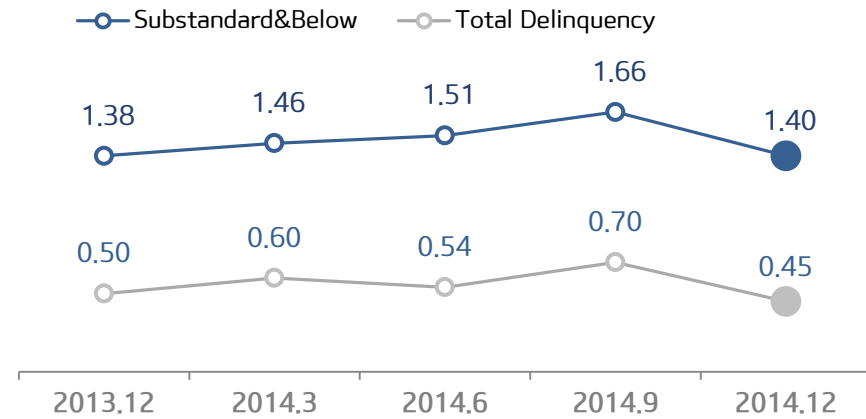
NIM



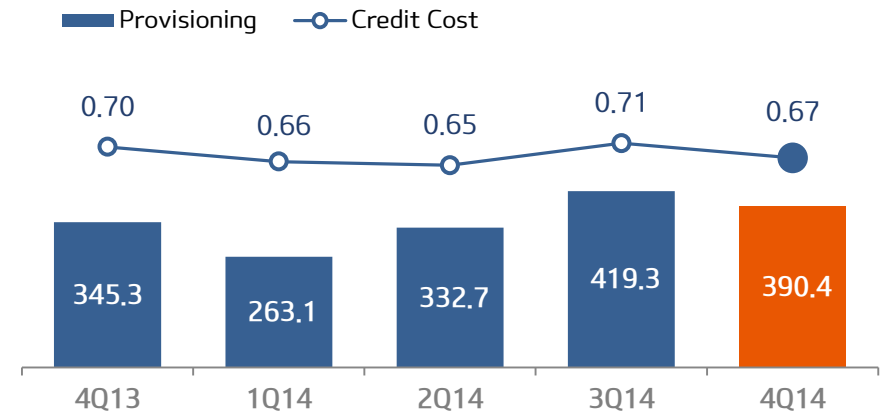


Financial Highlights [Bank]

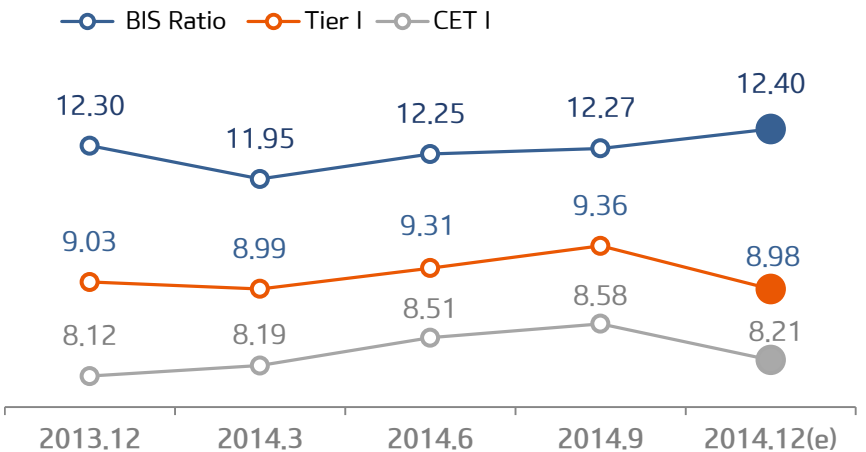
Substandard & Below - Total Delinquency (%)



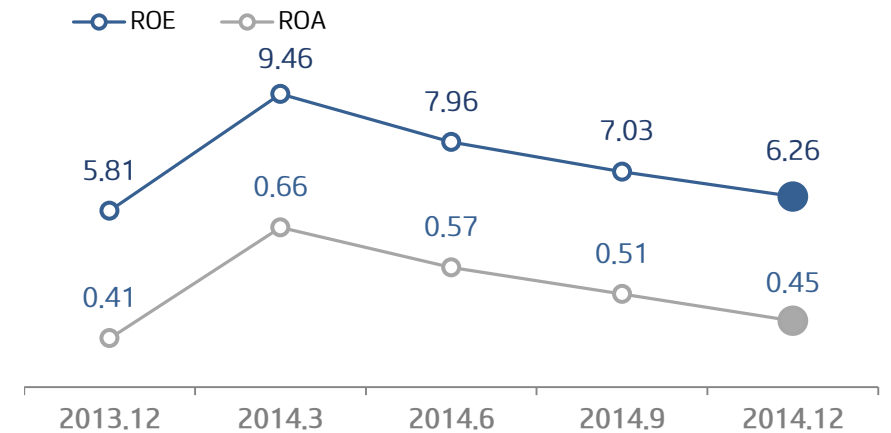
Provisioning - Credit Cost (% (KRW bn))



BIS CAR (%)



ROE-ROA (%)



Consolidated



II Profitability

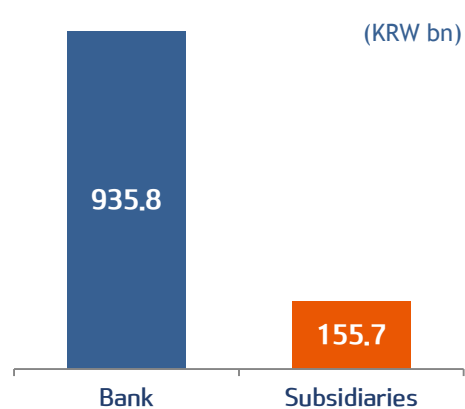
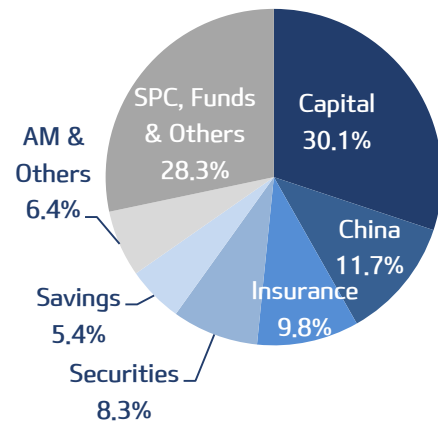
1. Income Statement [Consol.]
2. Income Statement & Interest Income [Bank]
3. Non-interest Income & SG&A [Bank]

Income Details(Consol.)

(KRW bn)	FY14	4Q14	3Q14	YoY%	FY13
Bank	935.8	154.9	203.1	15.2	812.0
Subsidiaries	155.7	12.8	47.8	106.2	75.5
IBK Capital	46.9	9.5	15.5	11.7	42.0
IBK Securities	12.9	1.5	5.8	53.6	8.4
IBK China	18.2	0.3	5.5	106.8	8.8
IBK Savings Bank	8.4	0.7	3.7	-	-8.5
IBK Insurance	15.2	1.0	2.2	171.4	5.6
IBK AM & Others (3)	10.0	3.5	1.9	51.5	6.6
SPC, Funds & Others	44.1	-3.7	13.2	250.0	12.6
Adjustments	-59.5	11.0	-17.1	-	-33.3
Consolidated Net Income	1,032.0	178.7	233.8	20.8	854.2

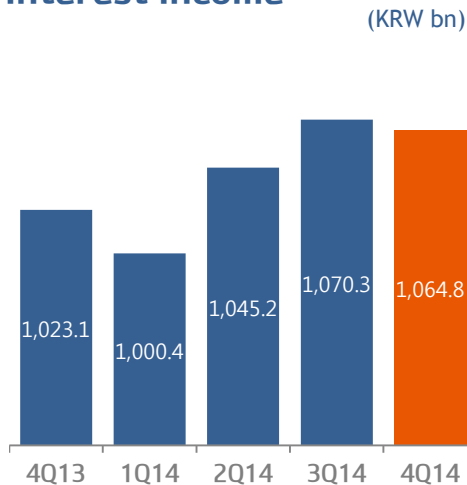
Income Statement(Consol.)

(KRW bn)	FY14	4Q14	3Q14	YoY%	FY13
Interest Income	4,511.0	1,155.6	1,160.3	6.0	4,256.5
Non-interest Income	46.7	-72.5	-5.1	-3.7	48.5
SG&A Expenses	2,005.5	561.1	473.1	-0.3	2,012.3
Pre-provisioning Operating Profit(PPOP)	2,552.2	522.0	682.1	11.3	2,292.7
Net Provisioning	1,163.9	272.8	366.2	1.2	1,150.3
Operating Income	1,388.3	249.2	315.9	21.5	1,142.4
Non-operating Income	-45.0	-20.1	-13.8	-	-7.9
Pre-tax Income	1,343.3	229.2	302.1	18.4	1,134.5
Income Tax	311.3	50.5	68.3	11.1	280.3
Consolidated Net Income	1,032.0	178.7	233.8	20.8	854.2

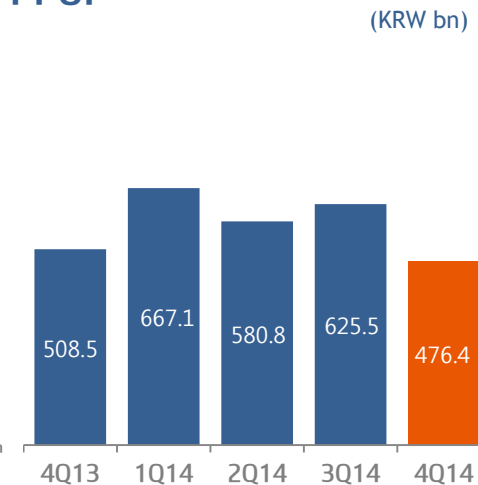
Income Comparison(FY14)

Subsidiary Breakdown(FY14)


Income and Interest Income [Bank]

Interest Income



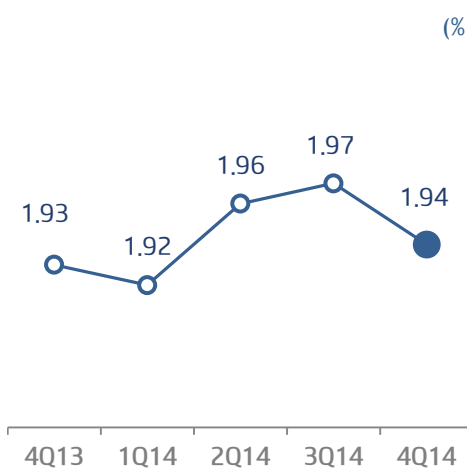
PPOP



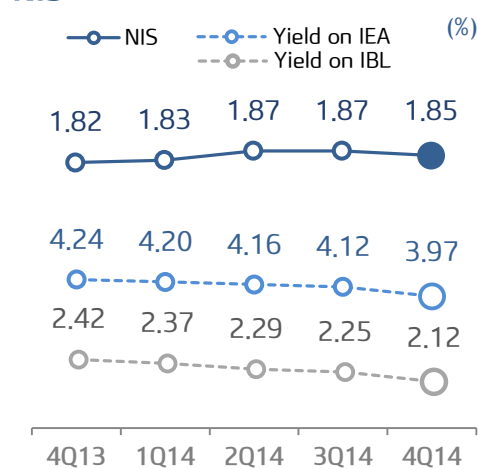
Income Statement(Bank)

(KRW bn)	FY14	4Q14	3Q14	YoY%	FY13
Interest Income	4,180.7	1,064.8	1,070.3	5.3	3,971.7
Non-interest Income	33.3	-68.5	-4.9	-43.7	59.1
SG&A Expenses	1,864.2	519.8	439.9	-0.4	1,871.9
PPOP	2,349.8	476.4	625.5	8.8	2,159.0
Net Provisioning	1,111.3	245.2	353.9	3.7	1,071.8
Operating Income	1,238.4	231.2	271.6	13.9	1,087.1
Non-operating Income	-19.6	-32.4	-7.8	-	-19.3
Pre-tax Income	1,218.9	198.8	263.8	14.2	1,067.8
Income Tax	283.1	43.9	60.7	10.7	255.8
Net Income	935.8	154.9	203.1	15.2	812.0

NIM



NIS

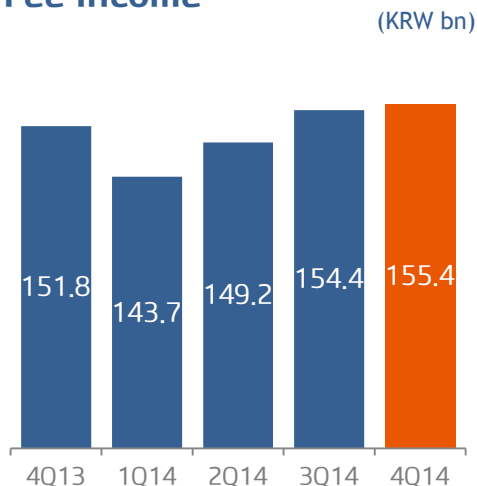


Interest Income Details(Bank)

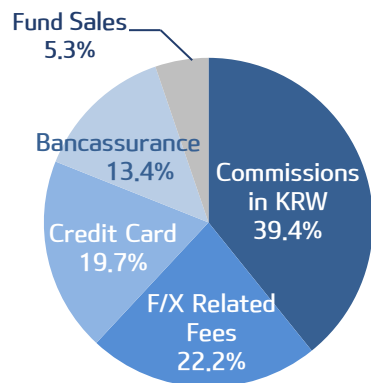
(KRW bn)	FY14	4Q14	3Q14	YoY%	FY13
Interest Revenue	8,072.4	1,996.8	2,048.1	-2.1	8,243.3
Loans	6,694.2	1,665.2	1,703.8	-0.6	6,735.5
Credit Card Rec.	446.6	117.2	112.7	6.2	420.5
(Credit Purchase)	414.0	109.4	104.7	8.0	383.5
Securities	827.2	194.4	205.7	-13.0	951.3
Others	104.4	19.9	25.9	-23.2	136.0
Interest Expenses	3,891.8	932.0	977.8	-8.9	4,271.6
Deposits	1,140.0	270.1	294.1	-16.6	1,367.1
SMIF Bonds & etc.	2,751.8	661.9	683.7	-5.3	2,904.5
Interest Income	4,180.7	1,064.8	1,070.3	5.3	3,971.7

Non-interest Income and SG&A [Bank]

Fee Income



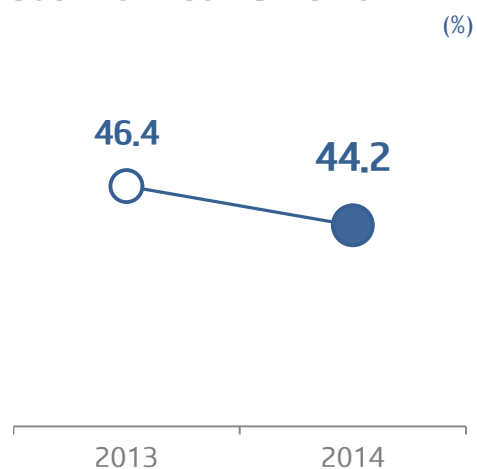
Fee Income Breakdown(FY14)



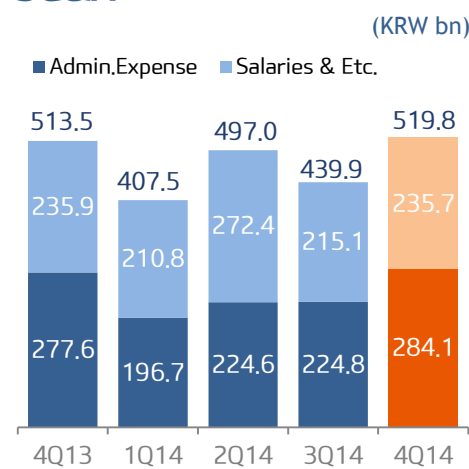
Non-Interest Income(Bank)

(KRW bn)	FY14	4Q14	3Q13	YoY%	FY13
Fee Income	602.7	155.4	154.4	2.7	586.6
Commissions in KRW	237.7	59.1	62.7	-3.0	245.1
F/X-Related Fees	133.8	35.2	33.3	0.9	132.6
Bancassurance	80.8	19.9	19.9	-1.1	81.7
Credit Card	118.6	33.2	30.3	25.0	94.9
Fund Sales	31.7	7.9	8.2	-1.9	32.3
Other Non-interest Income	-569.4	-223.9	-159.3	-8.0	-527.4
Securities-Related Gain	142.2	23.9	39.5	64.4	86.5
Gain/Loss on Disposal	-39.6	-63.2	-11.5	-76.8	-22.4
Others ¹⁾	-723.3	-197.9	-200.1	-13.1	-639.4
Trust Income	51.3	13.3	12.8	7.1	47.9
Net Non-interest Income	33.3	-68.5	-4.9	-43.7	59.1

Cost to Income Ratio



SG&A



▪ 1) Contributions to Credit Guarantee Fund, Depository Insurance Premium, and Gains/Loss from F/X Transactions & Derivatives

SG&A(Bank)

(KRW bn)	FY14	4Q14	3Q14	YoY%	FY13
SG&A Expenses	1,864.2	519.8	439.9	-0.4	1,871.9
Salaries	849.2	214.3	193.8	3.3	821.7
Admin. Expenses (Depreciation)	930.2	284.1	224.8	-2.9	957.8
Provisions for Severance Pay	118.2	32.6	30.3	-16.0	140.7
Non-operating Income	-19.6	-32.4	-7.8	-	-19.3
Non-op..Revenue	47.2	5.2	0.6	-17.6	57.3
Non-op. Expense	66.8	37.6	8.4	-12.7	76.5



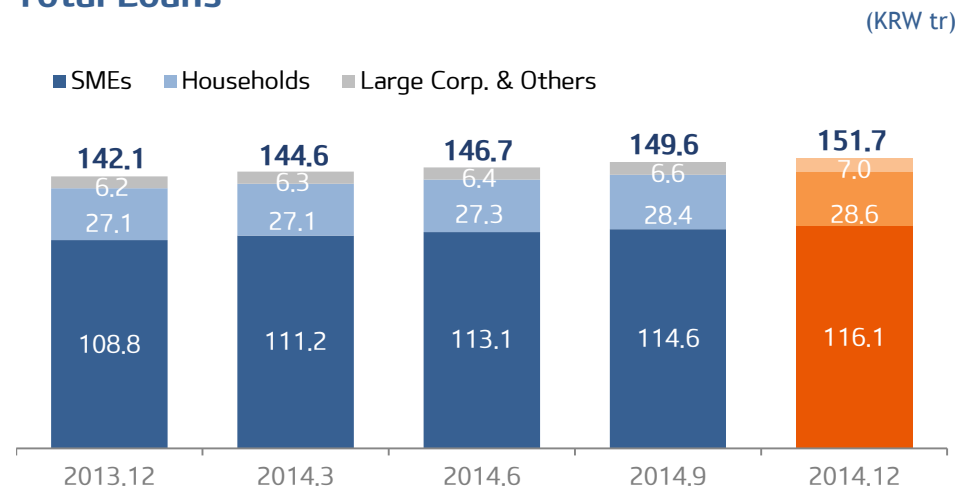
Loans · Deposits [Bank]

1. Loan Portfolio
2. Deposit Structure



Loan Portfolio [Bank]

Total Loans

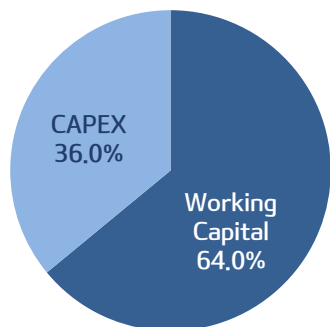


Total Loans(Bank)

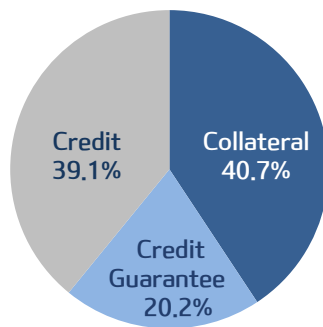
(KRW bn)	2014.12	QoQ%	2014.9	YTD%	2013.12
SME	116,100	1.3	114,600	6.7	108,830
Working Capital	74,335	-0.7	74,845	3.3	71,952
CAPEX	41,765	5.1	39,755	13.3	36,878
Household	28,556	0.6	28,384	5.4	27,085
Housing Loan ¹⁾	16,639	0.4	16,571	5.7	15,746
General ²⁾	11,917	0.9	11,813	5.1	11,339
Large Corp. & Others	7,057	7.4	6,571	15.0	6,138
Total	151,712	1.4	149,555	6.8	142,053

- Loan Portfolio : SME 76.5%, Household 18.8%, Large Corp.&Others 4.7%
- 1) 84.4bn of U-KHFC Loans & 14.2bn of Conforming Loans included
- 2) 24.1bn of Credit Card Loans

SME Loans by Purpose



SME Loans by Collateral



SME Loans by Industry(Bank)

(KRW bn)	2014.12				2013.12	
	Amount	(%)	Change	(%p)	Amount	(%)
Manufacturing	73,231	63.0	4,907	0.2	68,324	62.8
Wholesale & Retail	18,662	16.1	574	-0.5	18,088	16.6
Real Estate Lease & Rental	7,211	6.2	1,009	0.5	6,202	5.7
Construction	4,171	3.6	-34	-0.3	4,205	3.9
Lodging & Dining	1,158	1.0	224	0.1	934	0.9
Others	11,667	10.1	590	-	11,077	10.1
Total	116,100	100	7,270	-	108,830	100

- SME Loans (including Loans in FCY)

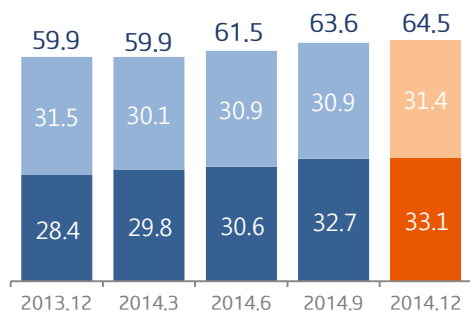


Deposit Structure [Bank]

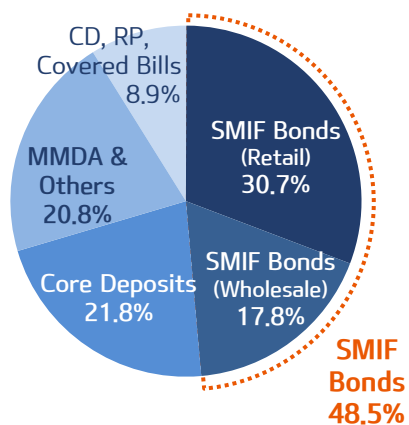
Deposits

(KRW tr)

■ Core Deposits ■ MMDA+Others



Deposit Breakdown



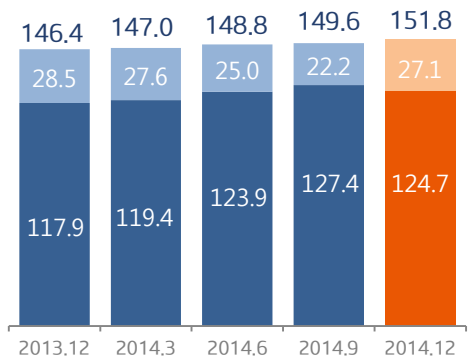
Total Deposits(Bank)

(KRW bn)	2014.12	QoQ%	2014.9	YTD%	2013.12
Deposits	64,558	1.5	63,629	7.8	59,898
Core Deposits ¹⁾	33,127	1.4	32,684	16.7	28,383
MMDA	7,804	2.2	7,637	-5.1	8,225
Other Deposits	23,627	1.4	23,308	1.5	23,290
CD, Covered Bill, RP	13,572	-8.6	14,854	-9.9	15,065
SMIF Bonds	73,692	3.6	71,106	3.1	71,485
Retail-funded	46,617	-4.7	48,909	8.4	42,987
Wholesale-funded	27,075	22.0	22,197	-5.0	28,498
Sub Total	151,822	1.5	149,589	3.7	146,448
Trust ²⁾	11,353	-0.4	11,396	-21.5	14,457
Total Deposits	163,176	1.4	160,985	1.4	160,905

Funding Breakdown

(KRW tr)

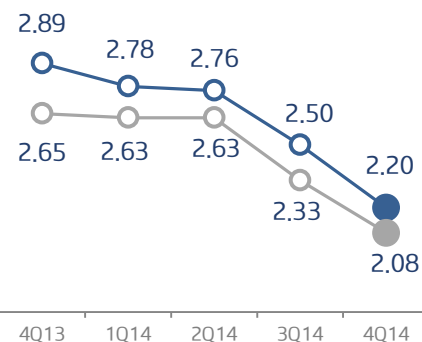
■ Retail-funded ■ Wholesale-funded



SMIF Bonds Yields

(%)

—○— Retail —○— Wholesale



▪ Based on SMIF Bond with 1 year maturity

▪ Monthly average B/S balance

1) Core Deposits: Corporate Free Savings + Savings Deposits + Demand Deposits (excluding MMDA)

2) Money Trust (excluding fund sales)



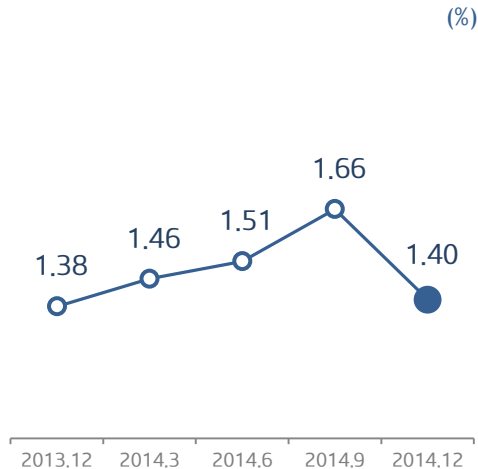
IV Asset Quality [Bank]

- 1. Asset Quality**
- 2. Provisioning**

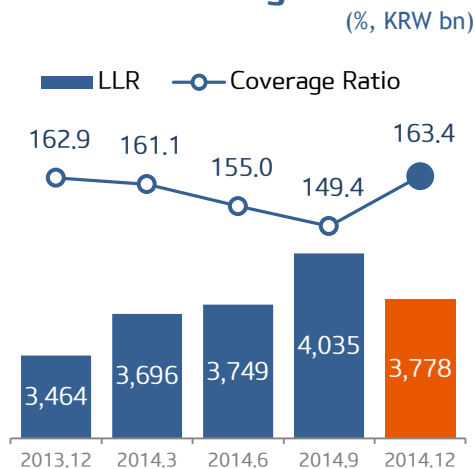


Asset Quality [Bank]

Substandard & Below (%)



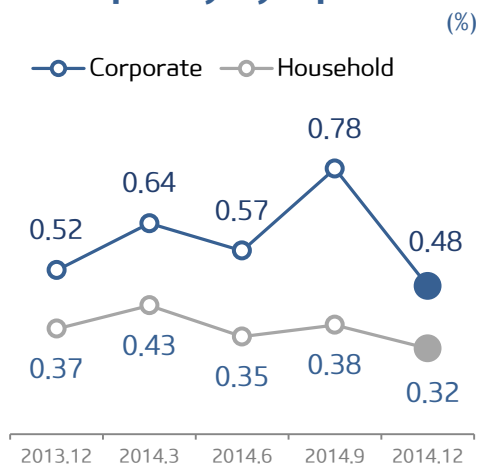
LLR & Coverage Ratio (%) (%, KRW bn)



Substandard & Below(Bank)

(KRW bn)	2014.12	QoQ%	2014.9	2014.6	2014.3
Total Loan¹⁾	164,731	1.3	162,613	159,794	157,448
Normal	159,814	1.6	157,341	155,060	152,532
Precautionary	2,605	1.3	2,571	2,315	2,621
Sub. & Below	2,312	-14.4	2,701	2,419	2,295
<i>Substandard</i>	1,784	-4.4	1,867	1,756	1,697
<i>Doubtful</i>	108	-57.5	254	254	145
<i>Estimated Loss</i>	421	-27.4	580	409	453
Sub. & Below Ratio	1.40%	-0.26%p	1.66%	1.51%	1.46%
Loan Loss Reserves ²⁾	3,778	-6.4	4,035	3,749	3,696
Coverage Ratio	163.4%	14.0%p	149.4%	155.0%	161.1%
Write-offs (Quarterly)	404.6	215.1	128.4	236.6	131.3

Delinquency by Operation (%)



Delinquency by Industry (%)



▪ Principal or Interest of +30 days past due

▪ Principal or Interest of +30 days past due

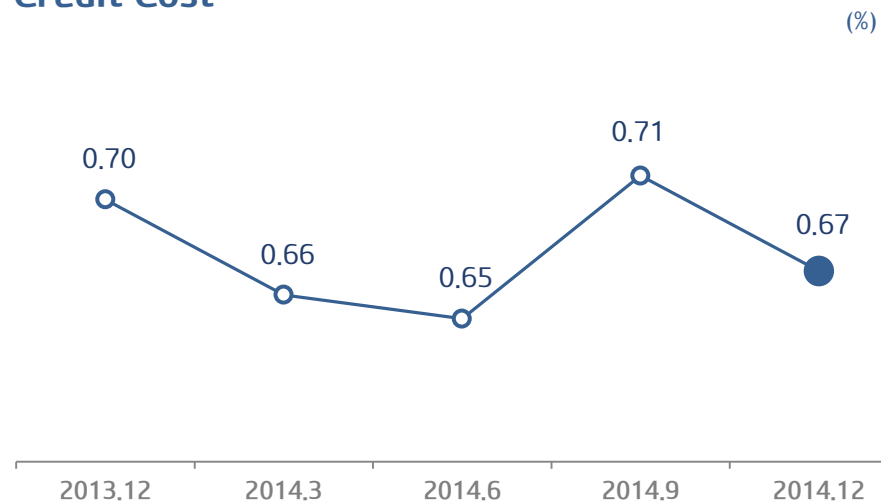
1) Total Credit

2) KRW 1,807.9bn of Reserve for Credit Loss included

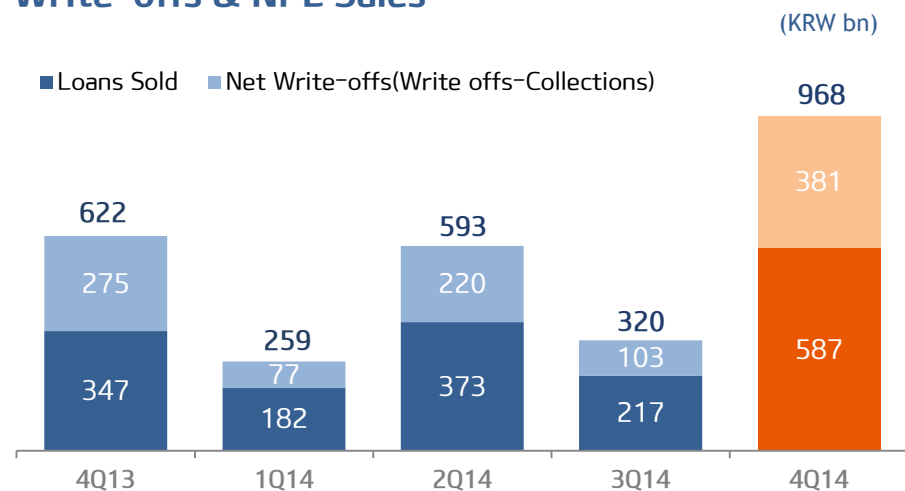


Provisioning [Bank]

Credit Cost



Write-offs & NPL Sales



Provisioning(Bank)

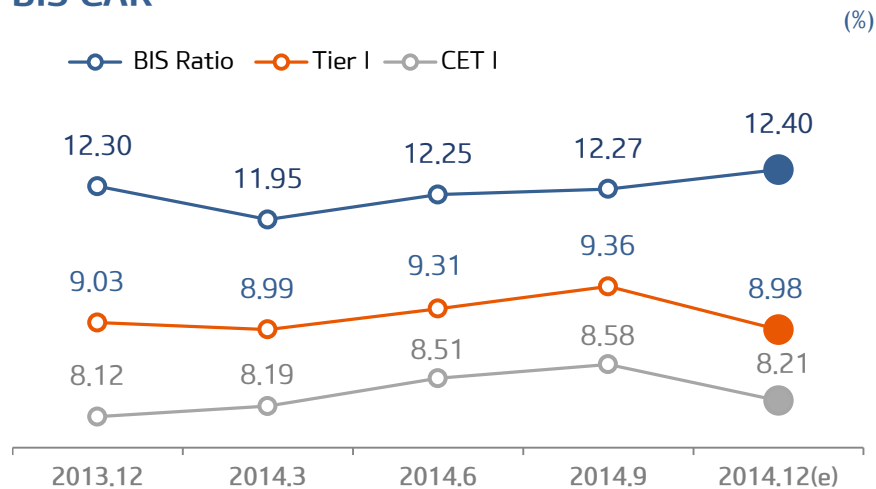
(KRW bn)	4Q14	QoQ%	3Q14	2Q14	1Q14
Corporate	363.5	-6.3	388.1	308.2	237.1
Provisioning	357.0	-7.5	386.0	311.7	241.4
Unused Credit Line	6.5	209.5	2.1	-3.5	-4.3
Household	13.1	-12.7	15.0	16.5	11.1
Provisioning	13.0	-13.3	15.0	16.5	11.1
Unused Credit Line	0.1	-	0.0	0.0	0.0
Credit Card	13.8	-14.8	16.2	8.0	14.9
Provisioning	14.1	-6.0	15.0	12.2	14.5
Unused Credit Line	-0.3	-	1.2	-4.2	0.4
Sub Total	390.4	-6.9	419.3	332.7	263.1
Recoveries & Other Provisioning	-145.2 ¹⁾	-	-65.4	-77.9	-5.7
Net Provisioning	245.2	-30.7	353.9	254.8	257.4

1) Write-back from NPL Sales (KRW156.7bn) included

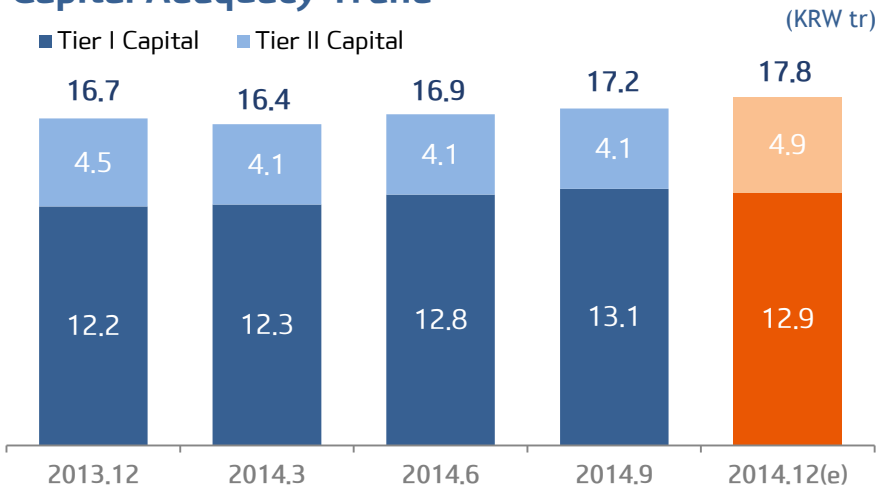


V Capital Adequacy [Consol.]

BIS CAR



Capital Adequacy Trend



Capital Adequacy & BIS CAR

(KRW bn,%)	2014.12(e)	2014.9	2013.12
Tier I	12,895	13,129	12,245
Common Equity Tier I	11,795	12,030	11,010
Common Shares Issued	2,766	2,763	2,751
Stock Surplus	508	502	509
Retained Earnings	10,179	10,300	9,500
Accum. Other Comprehensive Income	531	624	417
Additional Tier I	1,100	1,099	1,235
Tier II	4,911	4,086	4,435
LLR	446	436	429
Provision in excess of Expected Loss	597	582	556
Subordinated Bonds	3,862	3,062	3,445
Total	17,806	17,215	16,680
Risk-weighted Assets	143,647	140,264	135,559
BIS Ratio	12.40	12.27	12.30
Tier I	8.98	9.36	9.03
CET I ¹⁾	8.21	8.58	8.12
Tier II	3.42	2.91	3.27

1) Common Equity Tier I



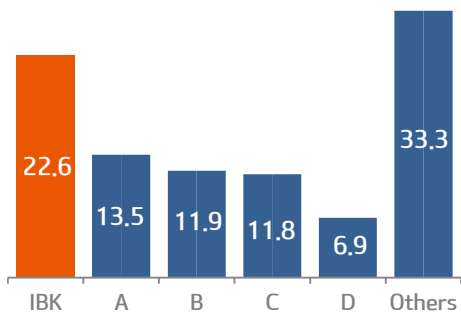
VI Appendix

- SME Loan & SMIF Bond Details

SME Loan & SMIF Bond Details

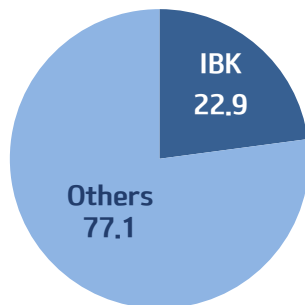
SME Loan

SME Market Share I (%)
by Outstanding Total Balance



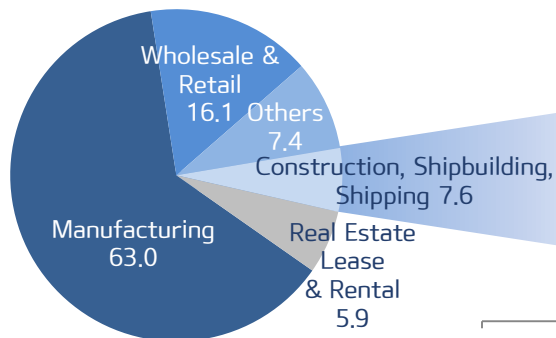
- BOK reported standard
- FY14 SME loan balance by banks

SME Market Share II (%)
by Loans Extended in FY14



- BOK reported standard
- FY14 Net growth of SME loan by banks

SME Loans by Industry (%)



Asset Quality Breakdown (%)

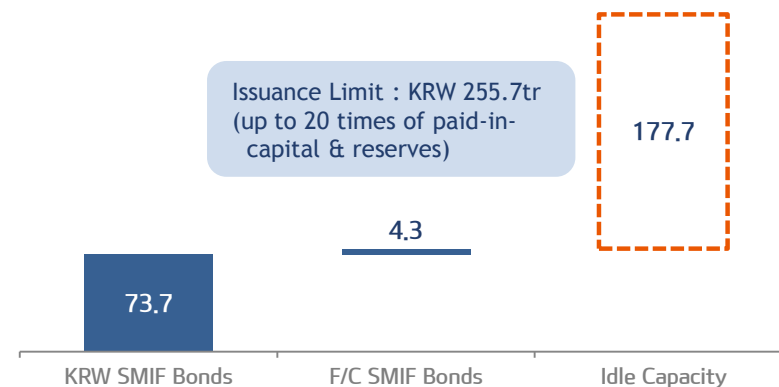
Precautionary & Below
5.3

Normal
94.7

2014.12

SMIF Bond

SMIF Bond Bal. & Issuance Limit (KRW tr)



SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	64.6	2.7	0.5	0.3	5.6	73.7
%	87.7%	3.7%	0.6%	0.4%	7.6%	100.0%

- Monthly average B/S balance(KRW)