

Earnings Release ^{1Q15}



Industrial Bank of Korea



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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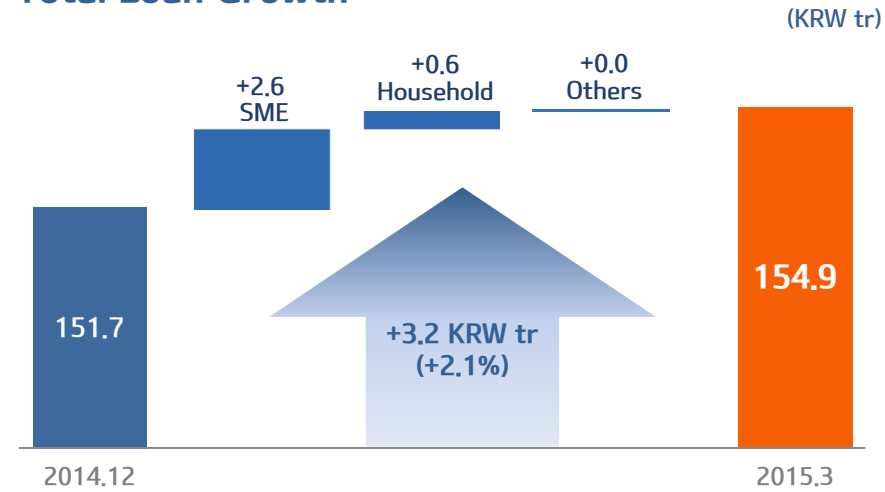


I Financial Highlights [Bank]

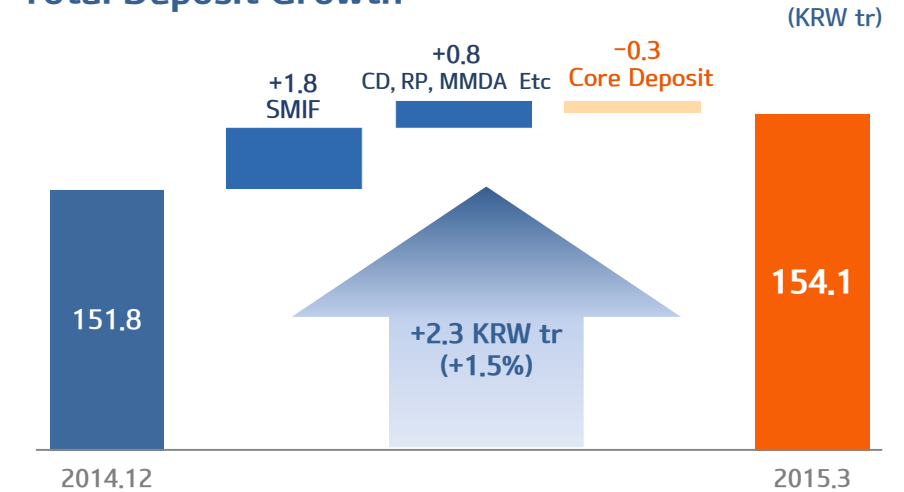


Financial Highlights [Bank]

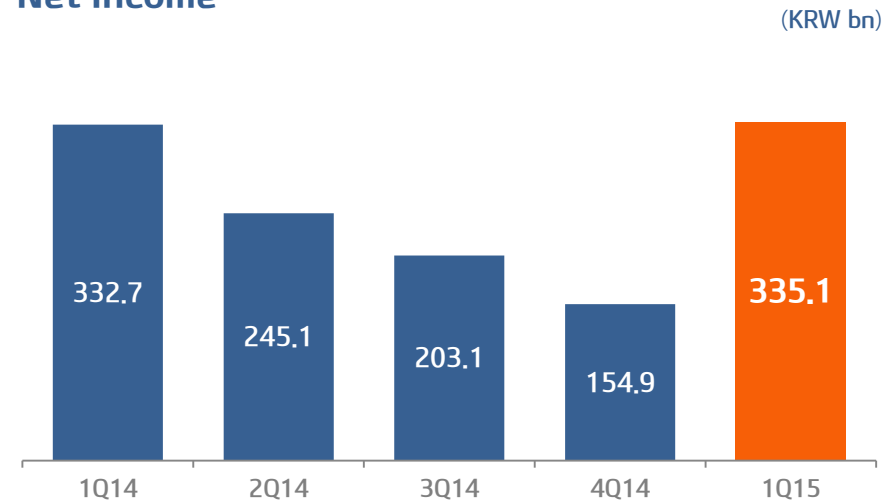
Total Loan Growth



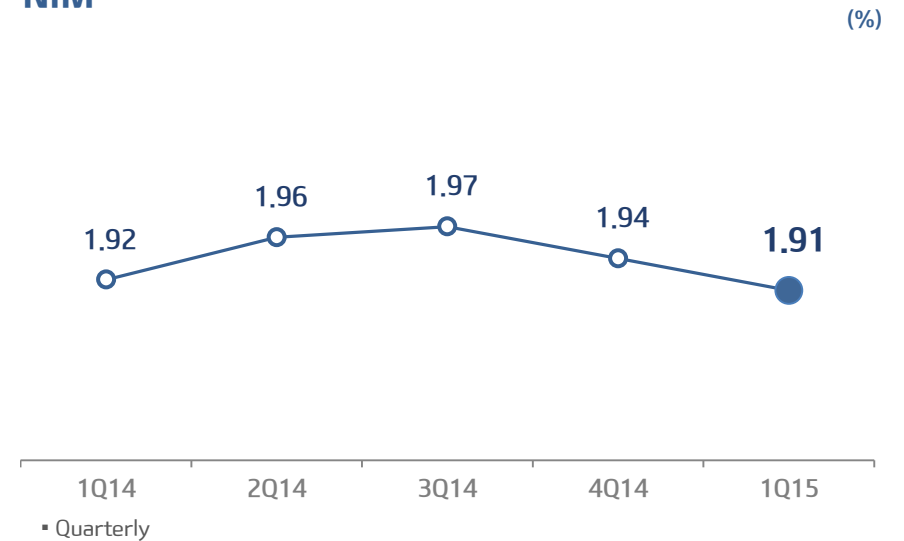
Total Deposit Growth



Net Income



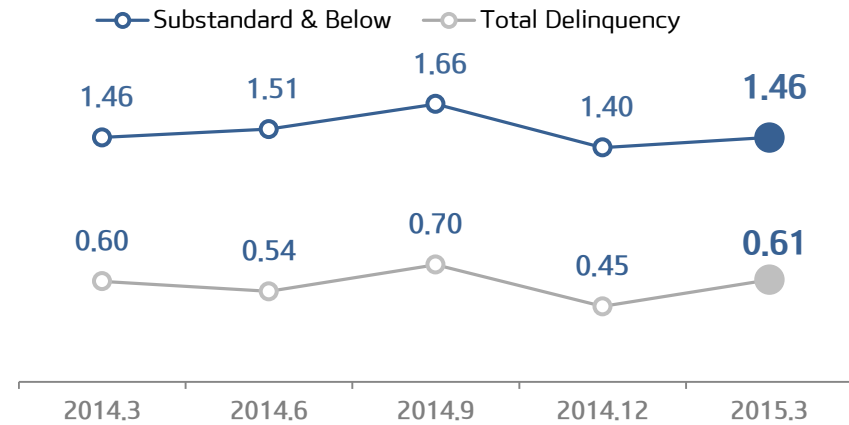
NIM



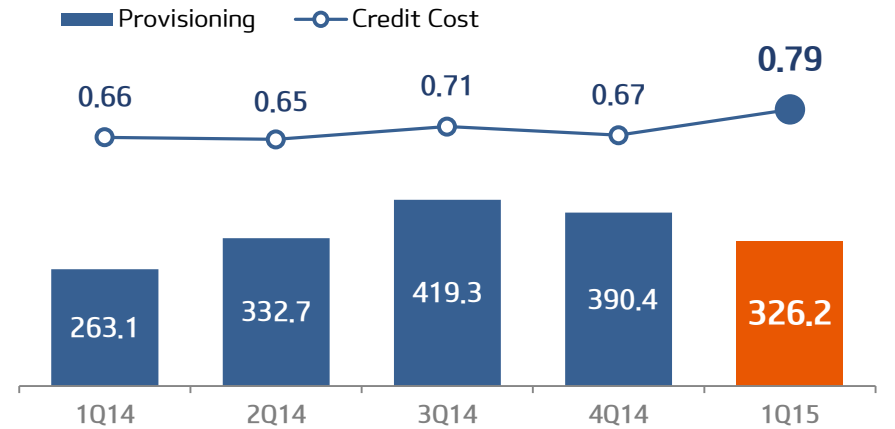


Financial Highlights [Bank]

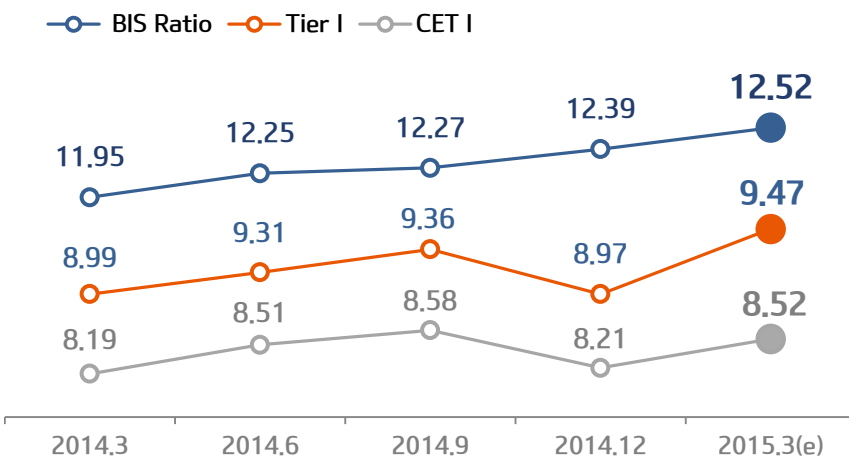
Substandard & Below - Total Delinquency (%)



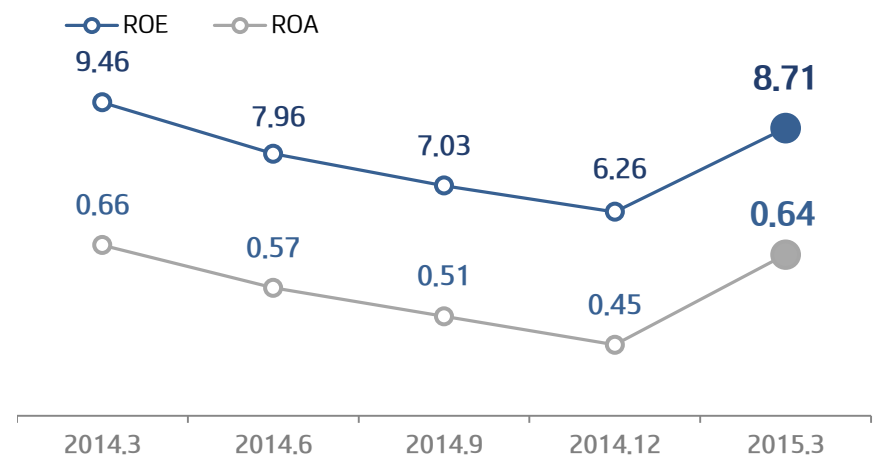
Provisioning - Credit Cost (% (KRW bn))



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 Statement [Consol.]

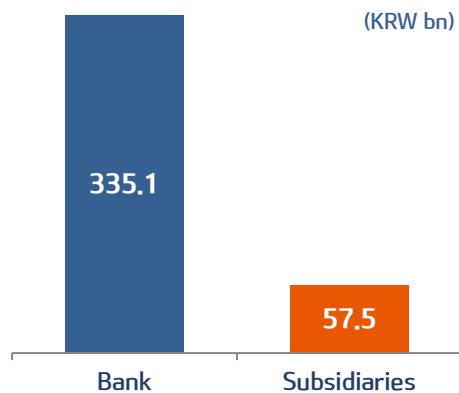
Income Details (Consol.)

(KRW bn)	1Q15	QoQ%	4Q14	1Q14	YoY%
Bank	335.1	116.3	154.9	332.7	0.7
Subsidiaries	57.5	349.2	12.8	31.7	80.1
IBK Capital	13.9	46.3	9.5	7.4	83.8
IBK Securities	10.6	606.7	1.5	2.6	307.7
IBK China	2.3	666.7	0.3	6.9	-66.7
IBK Savings Bank	4.6	557.1	0.7	1.8	155.6
IBK Insurance	2.5	150.0	1.0	0.7	257.1
IBK AM & Others (3)	1.4	-60.0	3.5	2.2	-36.4
SPC, Funds & Others	22.2	-	-3.7	10.1	-
Adjustment	-22.5	-	11.0	-37.5	-
Consolidated Net Income	370.1	107.1	178.7	326.9	13.2
(N.I. attributable to controlling interest)	367.8	106.5	178.1	325.5	13.0

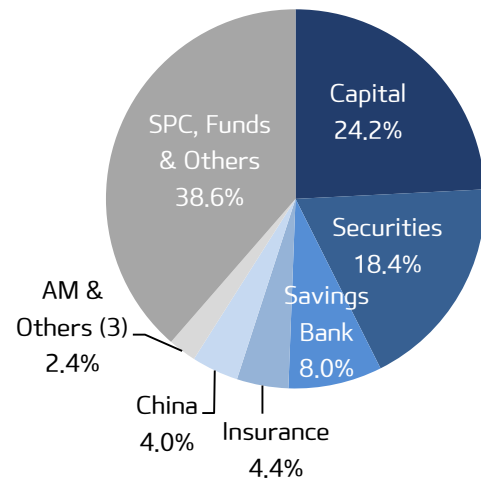
Income Statement (Consol.)

(KRW bn)	1Q15	QoQ%	4Q14	1Q14	YoY%
Interest Income	1,118.7	-3.2	1,155.6	1,081.0	3.5
Non-interest Income	160.9	-	-72.5	65.4	146.0
SG&A Expenses	450.5	-19.7	561.1	439.3	2.6
Pre-provisioning Operating Profit(PPOP)	829.1	58.8	522.0	707.1	17.3
Net Provisioning	342.1	25.4	272.8	262.9	30.1
Operating Income	487.0	95.4	249.2	444.2	9.6
Non-operating Income	3.5	-	-20.1	-9.2	-
Pre-tax Income	490.5	114.0	229.2	435.0	12.8
Income Tax	120.4	138.4	50.5	108.1	11.4
Consolidated Net Income	370.1	107.1	178.7	326.9	13.2
(N.I. attributable to controlling interest)	367.8	106.5	178.1	325.5	13.0

Income Comparison (1Q15)



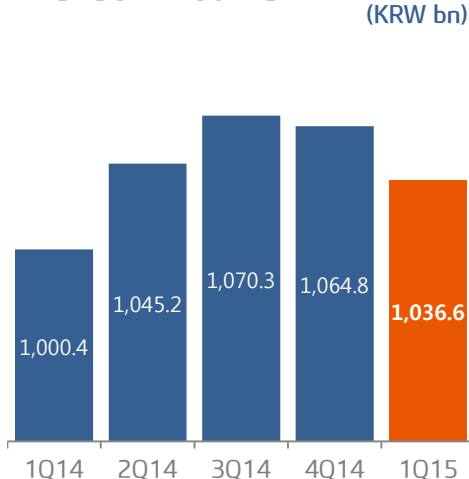
Subsidiary Breakdown (1Q15)



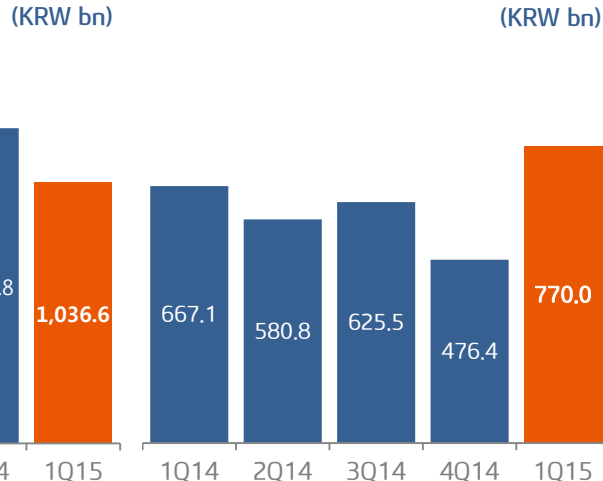


Income Statement and Interest Income [Bank]

Interest Income



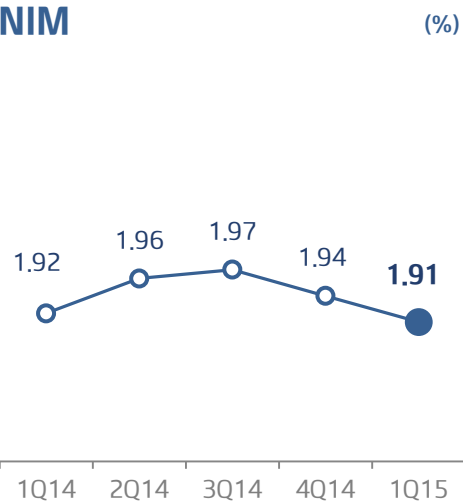
PPOP



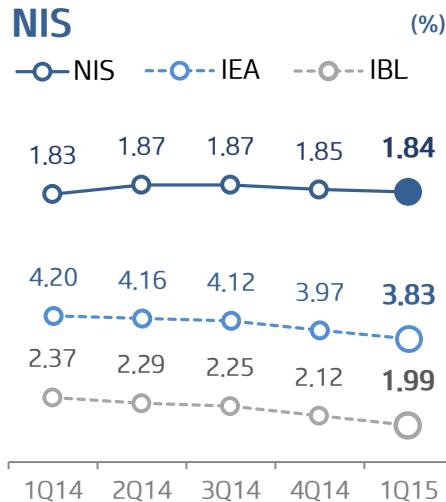
Income Statement (Bank)

(KRW bn)	1Q15	QoQ%	4Q14	1Q14	YoY%
Interest Income	1,036.6	-2.6	1,064.8	1,000.4	3.6
Non-interest Income	145.3	-	-68.5	74.2	95.8
SG&A Expenses	411.9	-20.8	519.8	407.5	1.1
PPOP	770.0	61.6	476.4	667.1	15.4
Net Provisioning	328.6	34.0	245.2	257.4	27.7
Operating Income	441.4	90.9	231.2	409.7	7.7
Non-operating Income	1.4	-	-32.4	30.4	-95.4
Pre-tax Income	442.8	122.7	198.8	440.1	0.6
Income Tax	107.8	145.6	43.9	107.4	0.4
Net Income	335.1	116.3	154.9	332.7	0.7

NIM



NIS



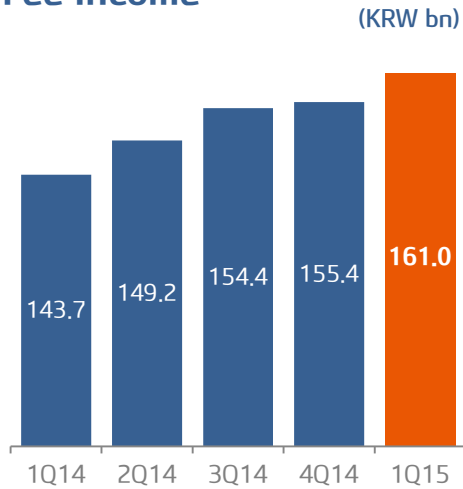
Interest Income Details (Bank)

(KRW bn)	1Q15	QoQ%	4Q14	1Q14	YoY%
Interest Revenue	1,908.5	-4.4	1,996.8	2,000.2	-4.6
Loans	1,595.8	-4.2	1,665.2	1,646.1	-3.1
Credit Card Rec. (Credit Purchase)	112.2	-4.3	117.2	107.0	4.9
Securities	104.8	-4.2	109.4	98.6	6.3
Others	182.9	-5.9	194.4	218.9	-16.4
Interest Expenses	871.9	-6.4	932.0	999.8	-12.8
Deposits	17.6	-11.6	19.9	28.2	-37.6
SMIF Bonds & etc	251.2	-7.0	270.1	289.8	-13.3
	620.7	-6.2	661.9	710.0	-12.6
Interest Income	1,036.6	-2.6	1,064.8	1,000.4	3.6

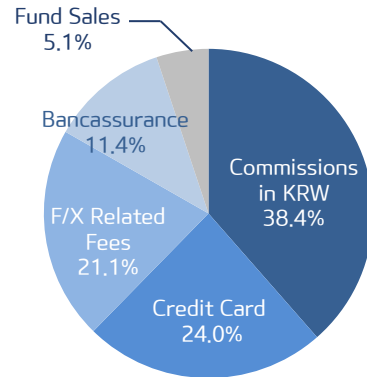
Quarterly

▶ Non-Interest Income and SG&A [Bank]

Fee Income



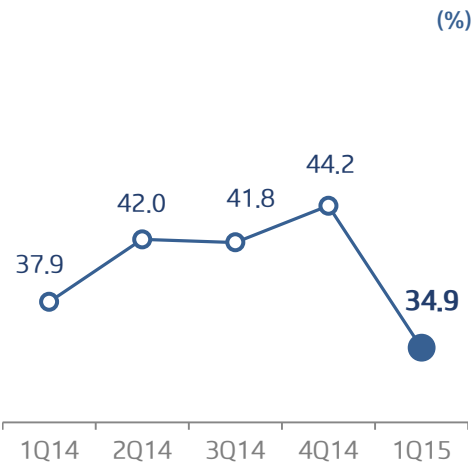
Fee Income Breakdown(1Q15)



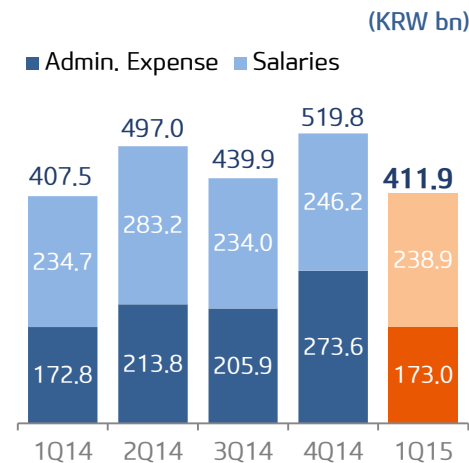
Non-Interest Income (Bank)

(KRW bn)	1Q15	QoQ%	4Q14	1Q14	YoY%
Fee Income	161.0	3.6	155.4	143.7	12.0
Commissions in KRW	61.8	4.6	59.1	57.4	7.7
F/X-Related Fees	33.9	-3.7	35.2	31.5	7.6
Bancassurance	18.4	-7.5	19.9	20.4	-9.8
Credit Card	38.7	16.6	33.2	26.6	45.5
Fund Sales	8.2	3.8	7.9	7.8	5.1
Other Non-Interest Income	-15.7	-	-223.9	-69.5	-
Securities-Related Gain	94.6	295.8	23.9	53.9	75.5
Gain/Loss on Disposal	62.5	-	-63.2	38.2	63.6
Others ¹⁾	-186.2	-	-197.9	-174.3	-
Trust Income	13.4	0.8	13.3	12.7	5.5
Net Non-Interest Income	145.3	-	-68.5	74.2	94.2

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)	1Q15	QoQ%	4Q14	1Q14	YoY%
SG&A Expenses	411.9	-20.8	519.8	407.5	1.1
Salaries	238.9	-3.0	246.2	234.7	1.8
Admin. Expenses	173.0	-36.8	273.6	172.8	0.1
Non-Operating Income	1.4	-	-32.4	30.4	-95.4
Non-Op Revenue	11.2	115.4	5.2	43.3	-74.1
Non-Op Expense	9.8	-73.9	37.6	12.9	-24.0



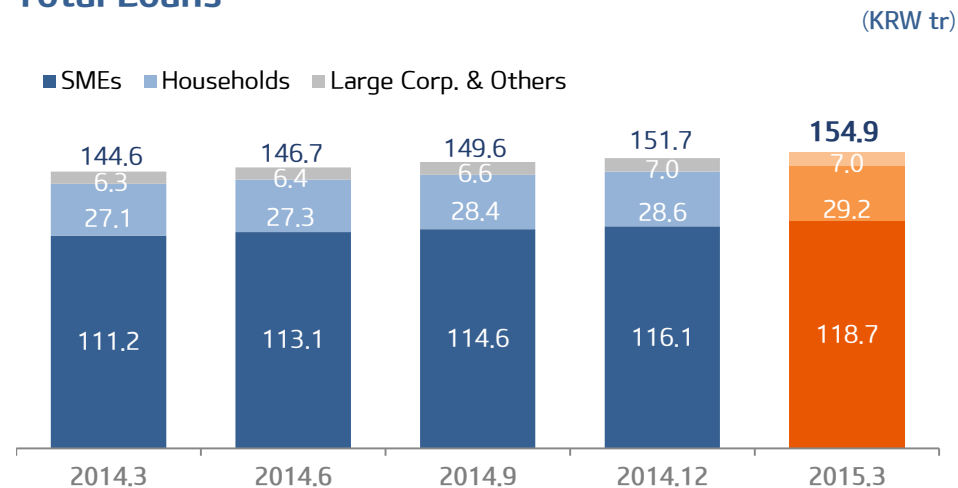
Loans · Deposits [Bank]

1. Loan Portfolio
2. Deposit Structure



Loan Portfolio [Bank]

Total Loans



Total Loans (Bank)

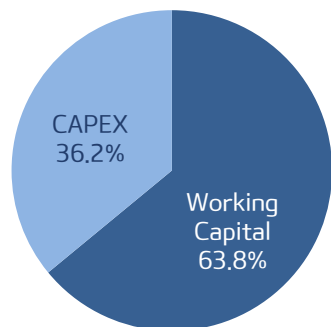
(KRW bn)	2015.3	QoQ%	2014.12	2014.9	2014.6
SME	118,704	2.2	116,100	114,600	113,053
Working Capital	75,712	1.9	74,335	74,845	74,259
CAPEX	42,992	2.9	41,765	39,755	38,794
Household	29,157	2.1	28,556	28,384	27,280
Housing Loan ¹⁾	17,344	4.2	16,639	16,571	15,596
General ²⁾	11,813	-0.9	11,917	11,813	11,684
Large Corp. & Others	7,040	-0.2	7,057	6,571	6,368
Total	154,901	2.1	151,712	149,555	146,701

▪ Loan Portfolio : SME 76.6%, Household 18.8%, Large Corp.&Others 4.6%

1) 148.3bn of U-KHFC Loans & 120.4bn of Conforming Loans included

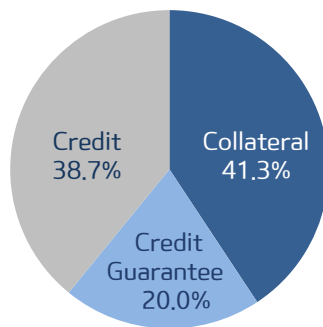
2) 27.9bn of Credit Card Loans included

SME Loans by Purpose



▪ SME Loans (including Loans in FCY)

SME Loans by Collateral



▪ SME Loans (including Loans in FCY)

SME Loans by Industry (Bank)

(KRW bn)	2015.3				2014.12	
	Amt.	(%)	Change	(%p)	Amt.	(%)
Manufacturing	74,914	63.1	1,683	0.1	73,231	63.0
Wholesale & Retail	18,905	15.9	243	-0.2	18,662	16.1
Real Estate Lease & Rental	9,134	7.7	1,923	1.5	7,211	6.2
Construction	4,483	3.8	312	0.2	4,171	3.6
Lodging & Dining	1,181	1.0	23	-	1,158	1.0
Others	10,087	8.5	-1,580	-1.6	11,667	10.1
Total	118,704	100.0	2,604	-	116,100	100.0

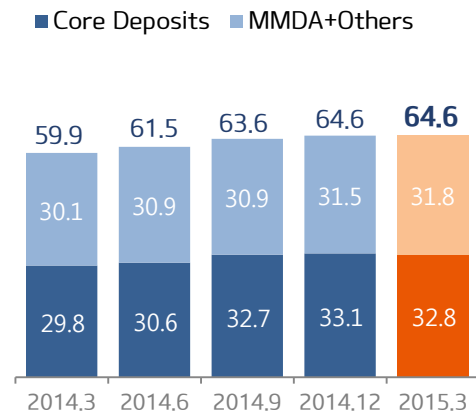
▪ SME Loans (including Loans in FCY)



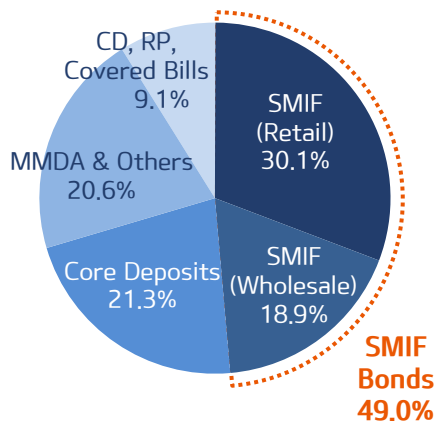
Deposit Structure [Bank]

Deposits

(KRW tr)



Deposit Breakdown

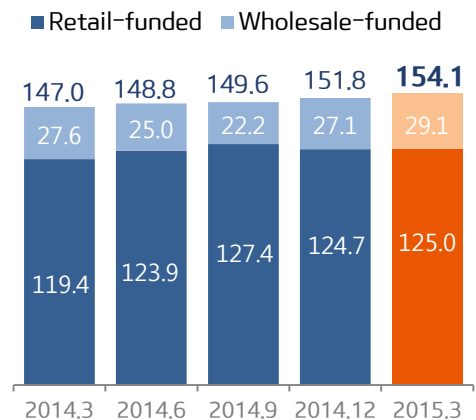


Total Deposits (Bank)

(KRW bn)	2015.3	QoQ%	2014.12	2014.9	2014.6
Deposits	64,555	-	64,558	63,629	61,510
Core Deposits ¹⁾	32,807	-1.0	33,127	32,684	30,626
MMDA	8,038	3.0	7,804	7,637	7,731
Other Deposits	23,710	0.4	23,627	23,308	23,153
CD, Covered Bill, RP	14,000	3.2	13,572	14,854	14,131
SMIF Bonds	75,547	2.5	73,692	71,106	73,117
Retail-funded	46,410	-0.4	46,617	48,909	48,145
Wholesale-funded	29,137	7.6	27,075	22,197	24,972
Sub Total	154,102	1.5	151,822	149,589	148,758
Trust ²⁾	12,399	9.2	11,353	11,396	13,102
Total Deposits	166,501	2.0	163,176	160,985	161,860

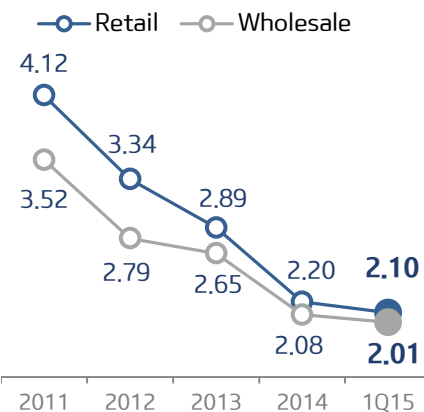
Funding Breakdown

(KRW tr)



SMIF Bonds Yields

(%)



▪ Based on SMIF Bond with 1 year maturity
 ▪ 4Q's Average Yields used for 2011-2014

▪ Monthly average B/S balance

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

2) Money Trust (excluding fund sales)



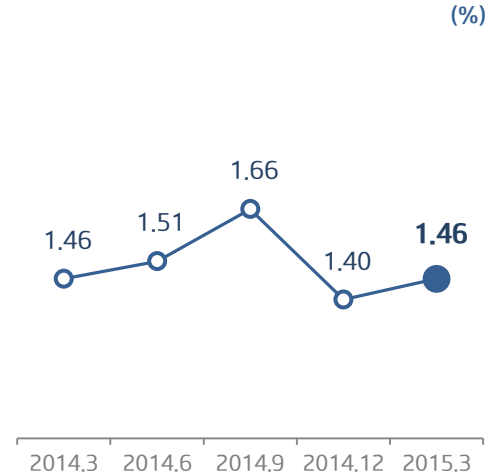
IV Asset Quality [Bank]

1. Asset Quality
2. Provisioning

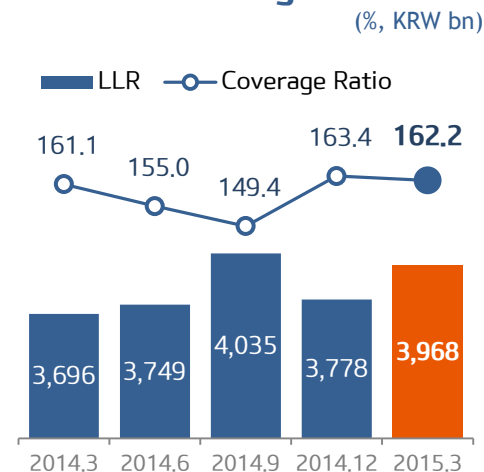


Asset Quality [Bank]

Substandard & Below (%)



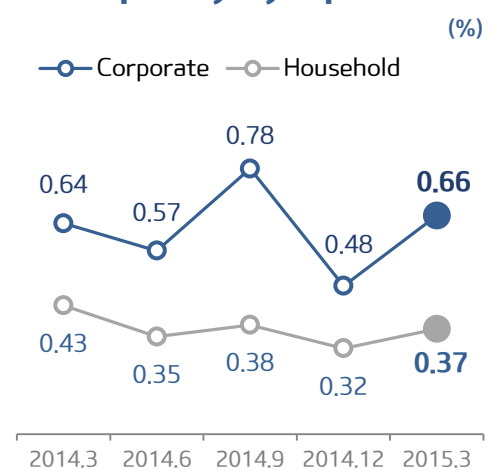
LLR & Coverage Ratio (% , KRW bn)



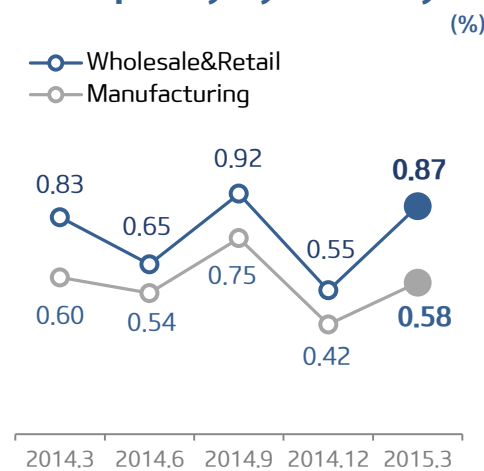
Substandard & Below(Bank)

(KRW bn)	2015.3	QoQ%	2014.12	2014.9	2014.6
Total Loan¹⁾	167,984	2.0	164,731	162,613	159,794
Normal	162,842	1.9	159,814	157,341	155,060
Precautionary	2,695	3.5	2,605	2,571	2,315
Sub. & Below	2,447	5.9	2,312	2,701	2,419
<i>Substandard</i>	1,838	3.0	1,784	1,867	1,756
<i>Doubtful</i>	110	1.9	108	254	254
<i>Estimated Loss</i>	500	18.8	421	580	409
Sub. & Below Ratio	1.46%	0.06%p	1.40%	1.66%	1.51%
Loan Loss Reserves ²⁾	3,968	5.0	3,778	4,035	3,749
Coverage Ratio	162.2%	-1.2%p	163.4%	149.4%	155.0%
Write-offs (Quarterly)	137.4	-68.0	404.6	128.4	236.6

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

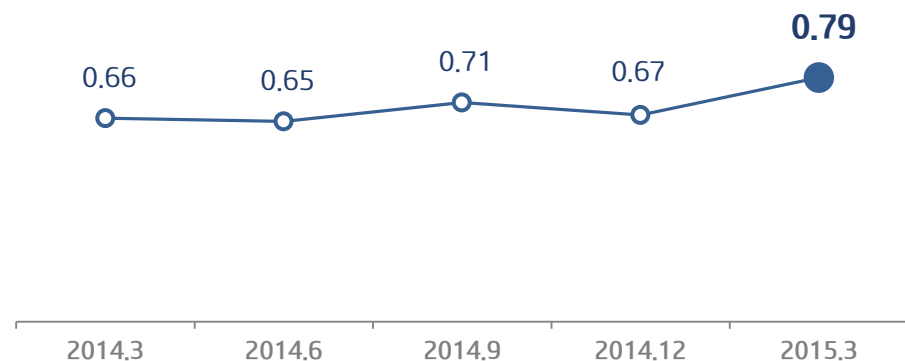
2) KRW 1,899bn of Reserve for Credit Loss included



Provisioning [Bank]

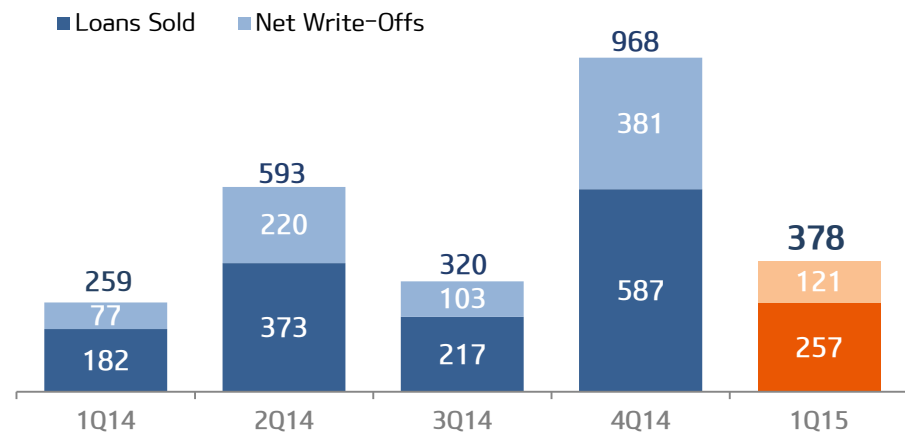
Credit Cost

(%)



Write-offs & NPL Sales

(KRW bn)



Provisioning (Bank)

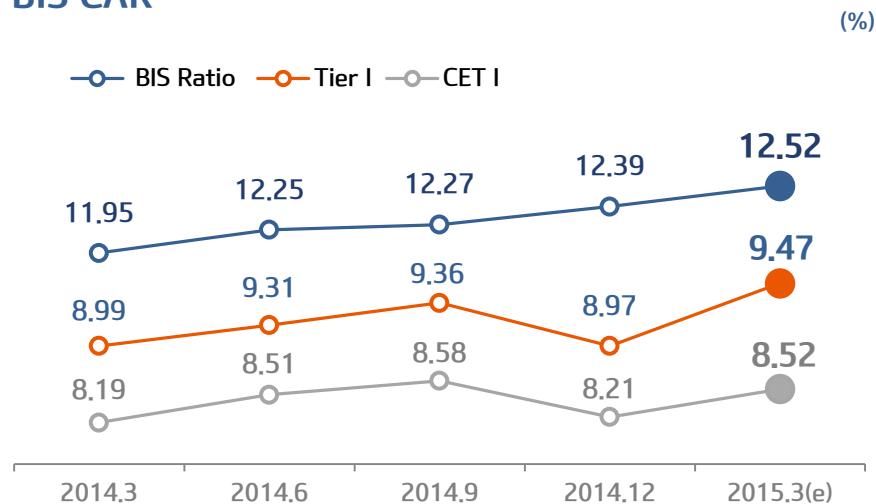
(KRW bn)	1Q15	QoQ%	4Q14	1Q14	YoY%
Corporate	300.7	-17.3	363.5	237.1	26.8
Provisioning	306.9	-14.0	357.0	241.4	27.1
Unused Credit Line	-6.2	-	6.5	-4.3	-
Household	10.6	-19.1	13.1	11.1	-4.5
Provisioning	10.5	-19.2	13.0	11.1	-5.4
Unused Credit Line	0.1	-	0.1	0	-
Credit Card	14.9	8.0	13.8	14.9	-
Provisioning	14.0	-0.7	14.1	14.5	-3.4
Unused Credit Line	0.9	-	-0.3	0.4	125.0
Sub Total	326.2	-16.4	390.4	263.1	24.0
Recoveries & Other Provisioning	2.4 ¹⁾	-	-145.2	-5.7	-
Net Provisioning	328.6	34.0	245.2	257.4	27.7

1) Write-back from NPL Sales (KRW1.7bn) included

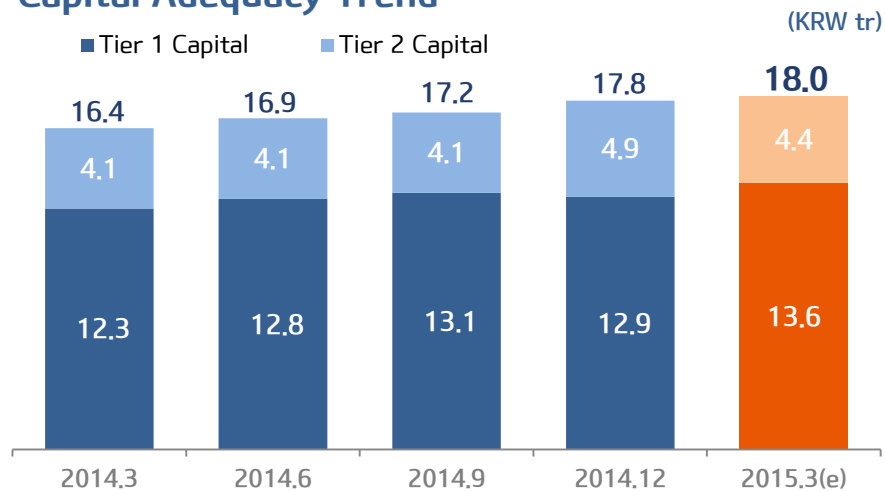


V Capital Adequacy [Consol.]

BIS CAR



Capital Adequacy Trend



Capital Adequacy & BIS CAR

(KRW bn,%)	2015.3(e)	2014.12	2014.9
Tier I	13,620	12,899	13,129
Common Equity Tier I	12,260	11,799	12,030
Common Shares Issued	2,782	2,766	2,763
Stock Surplus	532	508	502
Retained Earnings	10,534	10,463	10,300
Accum. Other Comprehensive Income	692	530	624
Additional Tier I	1,360	1,100	1,099
Tier II	4,391	4,913	4,086
LLR	210	448	436
Provision in excess of Exp. Loss	696	597	582
Subordinated Bonds	3,480	3,862	3,062
Total	18,011	17,812	17,215
Risk-weighted Assets	143,820	143,799	140,264
BIS Ratio	12.52	12.39	12.27
Tier I	9.47	8.97	9.36
CET I ¹⁾	8.52	8.21	8.58
Tier II	3.05	3.42	2.91

1) Common Equity Tier I



VI Appendix

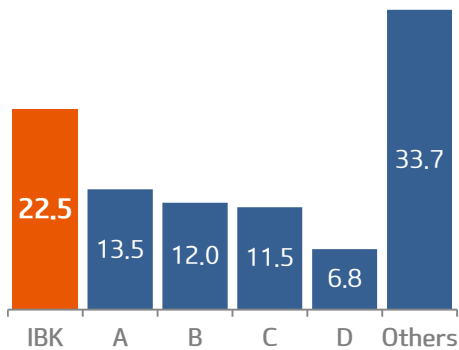
- SME Loan & SMIF Bond Details



SME Loan & SMIF Bond Details

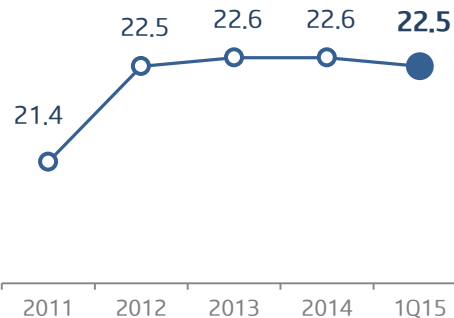
SME Loan

Market Share by Banks (%)



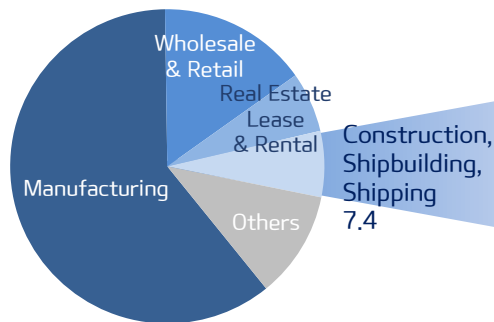
- BOK reported standard
- 1Q15 SME loan balance by banks

IBK M/S Trend (%)



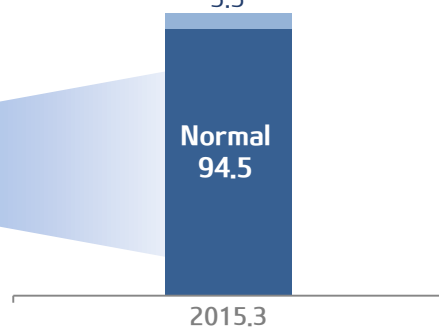
- BOK reported standard

Construction, Shipbuilding, Shipping (%)



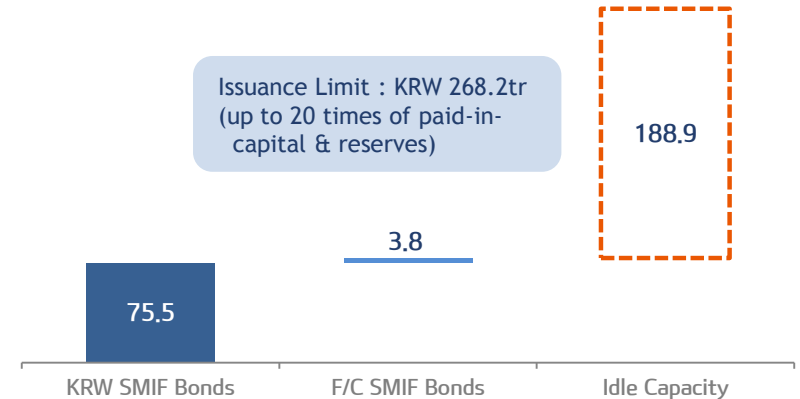
Asset Quality Breakdown (%)

Precautionary & Below 5.5



SMIF Bond

SMIF Bond Bal. & Issuance Limit (KRW tr)



SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	64.7	3.9	0.4	0.3	6.2	75.5
%	85.7	5.2	0.5	0.4	8.2	100.0

- Monthly average B/S balance(KRW)