

Earnings Release ^{1H15}



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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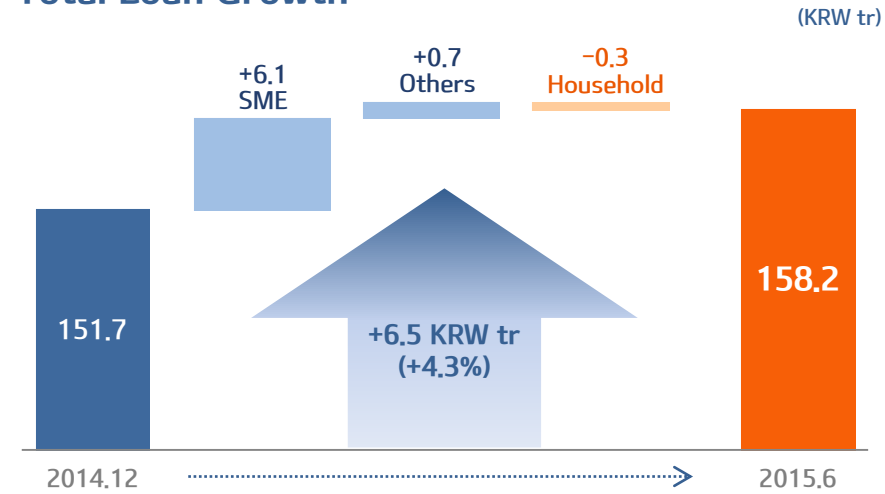


I Financial Highlights [Bank]

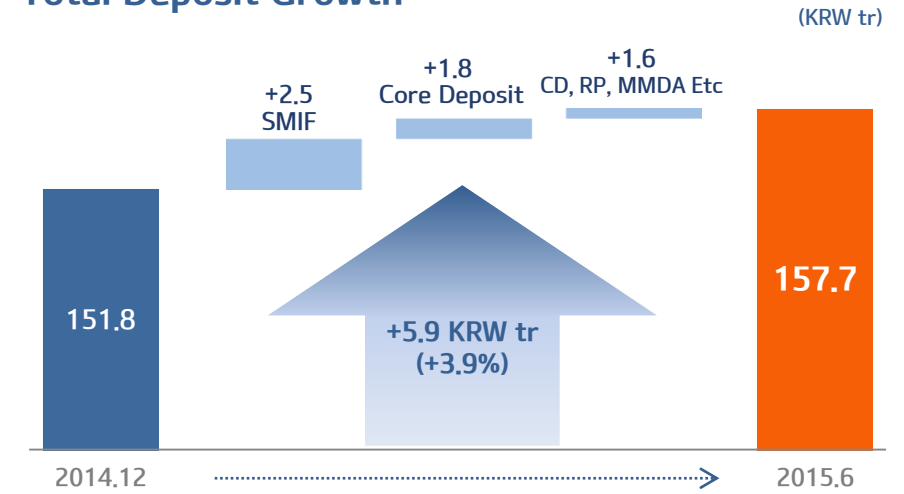


Financial Highlights [Bank]

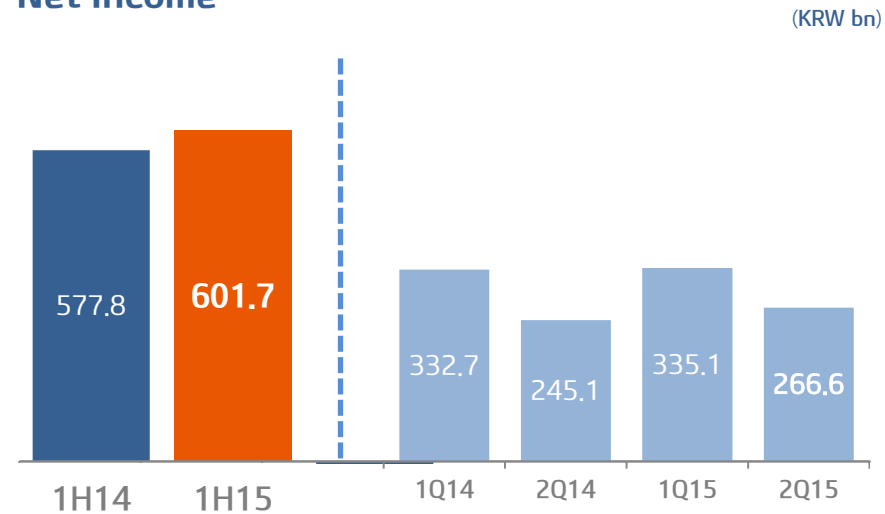
Total Loan Growth



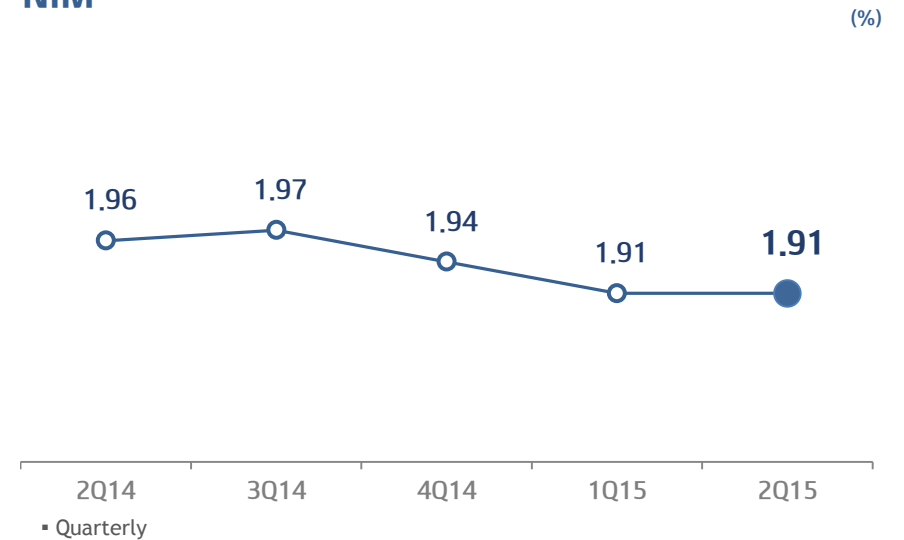
Total Deposit Growth



Net Income



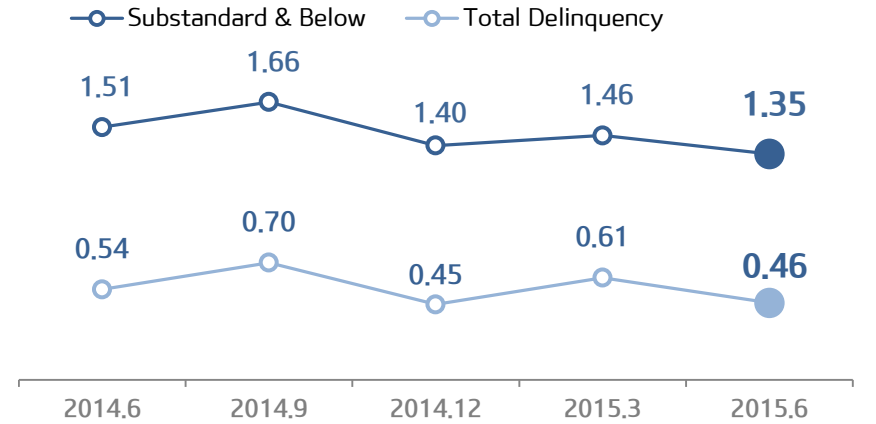
NIM



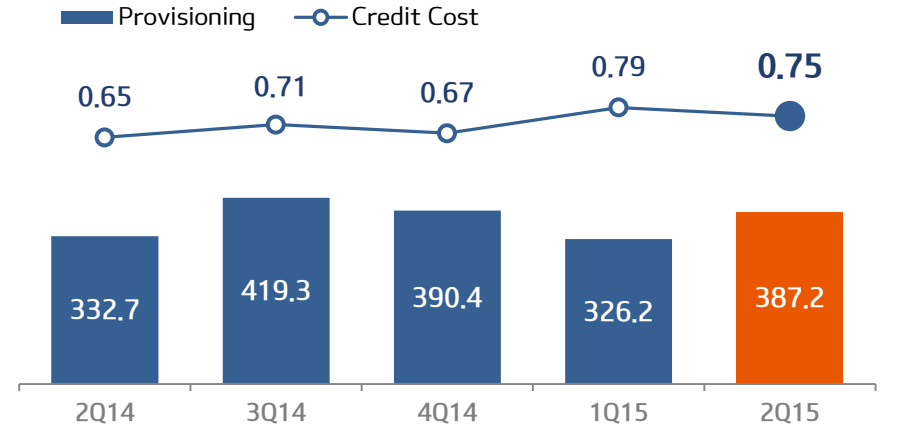


Financial Highlights [Bank]

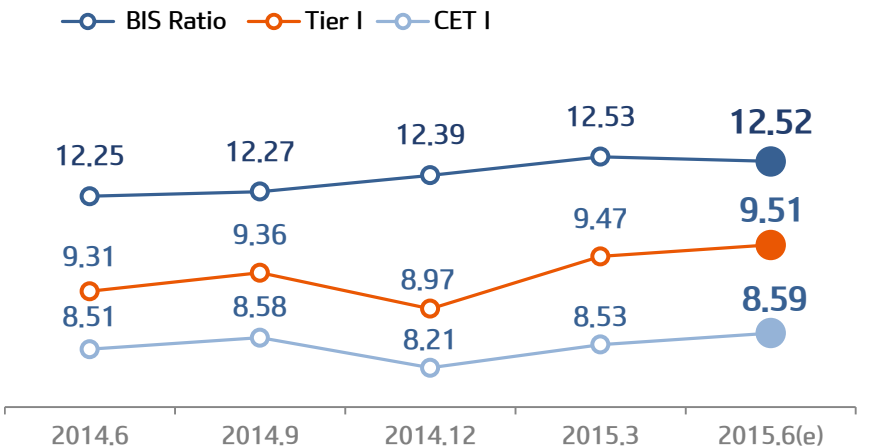
Substandard & Below - Total Delinquency (%)



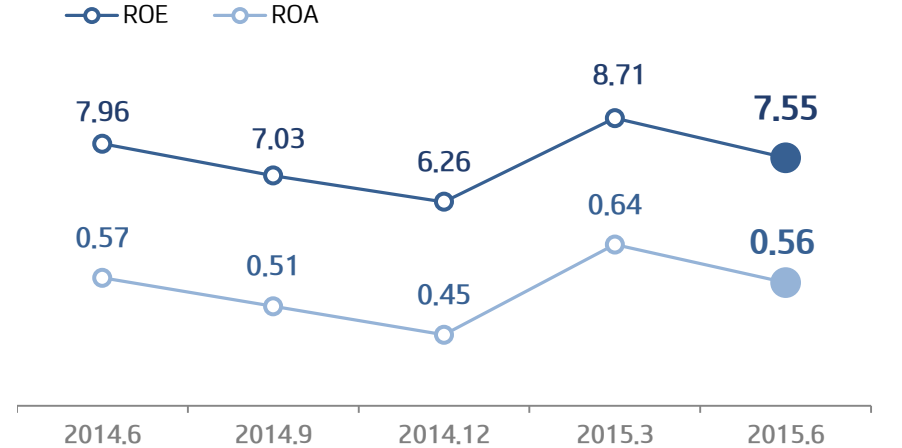
Provisioning - Credit Cost (% , KRW bn)



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.]

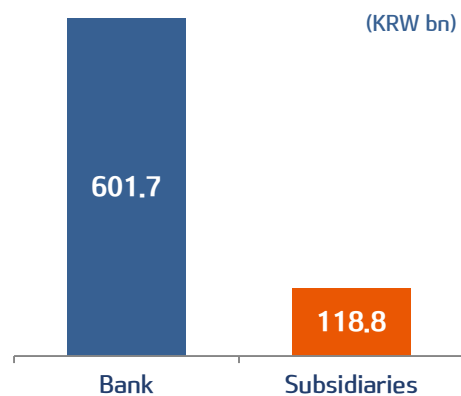
Income Details (Consol.)

(KRW bn)	1H15	2Q15	1Q15	QoQ%	1H14	YoY%
Bank	601.7	266.6	335.1	-20.4	577.8	4.1
Subsidiaries	118.8	61.3	57.5	6.6	95.1	24.9
IBK Capital	32.5	18.6	13.9	33.8	21.9	48.4
IBK Securities	16.0	5.4	10.6	-49.1	5.6	185.7
IBK China	3.9	1.6	2.3	-30.4	12.4	-68.5
IBK Insurance	9.9	7.4	2.5	196.0	12.0	-17.5
IBK Savings Bank	7.6	3.0	4.6	-34.8	4.0	90.0
IBK AM & Others (3)	1.6	0.2	1.4	-85.7	4.6	-65.2
SPC, Funds & Others	47.3	25.1	22.2	13.1	34.6	36.7
Adjustment	-43.6	-21.1	-22.5	-	-53.4	-
Consol. Net Income	676.9	306.8	370.1	-17.1	619.5	9.3
(N.I. attributable to controlling interest)	673.9	306.1	367.8	-16.8	616.7	9.3

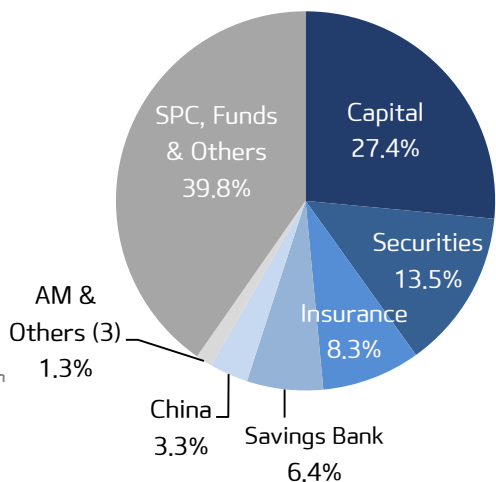
Income Statement (Consol.)

(KRW bn)	1H15	2Q15	1Q15	QoQ%	1H14	YoY%
Interest Income	2,269.2	1,150.5	1,118.7	2.8	2,195.1	3.4
Non-interest Income	244.6	83.7	160.9	-48.0	124.3	96.8
SG&A Expenses	1,008.7	558.2	450.5	23.9	971.3	3.9
Pre-Provisioning Operating Profit	1,505.1	676.0	829.1	-18.5	1,348.1	11.6
Net Provisioning	670.6	328.5	342.1	-4.0	525.0	27.7
Operating Income	834.5	347.5	487.0	-28.6	823.1	1.4
Non-op. Income	9.1	5.6	3.5	60.0	-11.1	-
Pre-tax Income	843.6	353.1	490.5	-28.0	812.0	3.9
Income Tax	166.7	46.3	120.4	-61.5	192.5	-13.4
Consol. Net Income	676.9	306.8	370.1	-17.1	619.5	9.3
(N.I. attributable to controlling interest)	673.9	306.1	367.8	-16.8	616.7	9.3

Income Comparison (1H15)



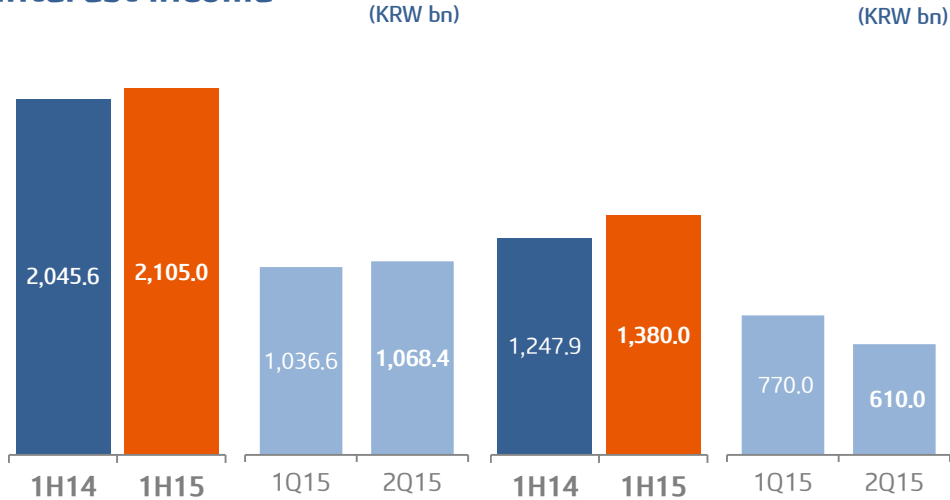
Subsidiary Breakdown (1H15)



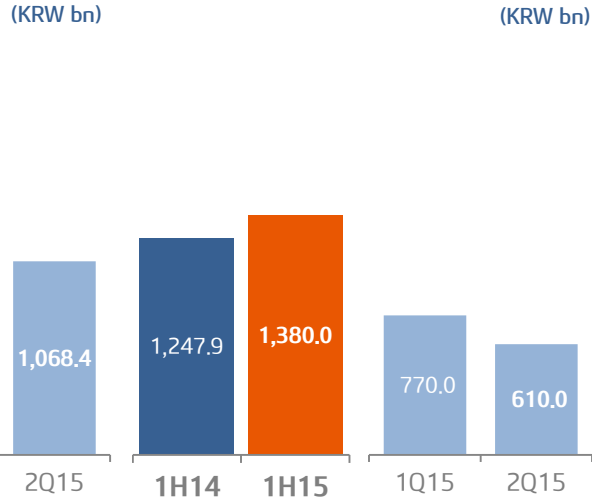


Income Statement and Interest Income [Bank]

Interest Income



PPOP



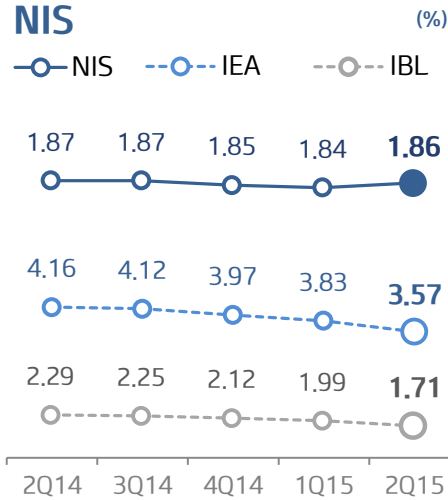
Income Statement (Bank)

(KRW bn)	1H15	2Q15	1Q15	QoQ%	1H14	YoY%
Interest Income	2,105.0	1,068.4	1,036.6	3.1	2,045.6	2.9
Non-interest Income	208.2	62.9	145.3	-56.7	106.7	95.1
SG&A Expenses	933.2	521.2	411.9	26.5	904.5	3.2
PPOP	1,380.0	610.0	770.0	-20.8	1,247.9	10.6
Net Provisioning	639.8	311.2	328.6	-5.3	512.2	24.9
Operating Income	740.2	298.8	441.4	-32.3	735.7	0.6
Non-op. Income	1.2	-0.2	1.4	-	20.6	-94.2
Pre-tax Income	741.4	298.6	442.8	-32.6	756.3	-2.0
Income Tax	139.7	31.9	107.8	-70.4	178.4	-21.7
Net Income	601.7	266.6	335.1	-20.4	577.8	4.1

NIM



NIS



Interest Income Details (Bank)

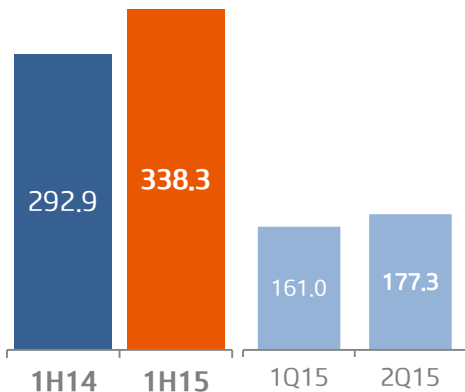
(KRW bn)	1H15	2Q15	1Q15	QoQ%	1H14	YoY%
Interest Revenue	3,779.0	1,870.5	1,908.5	-2.0	4,027.6	-6.2
Loans	3,166.6	1,570.8	1,595.8	-1.6	3,325.3	-4.8
Credit Card Rec.	226.8	114.6	112.2	2.1	216.6	4.7
(Credit Purchase)	212.0	107.2	104.8	2.3	199.9	6.1
Securities	353.0	170.1	182.9	-7.0	427.1	-17.3
Others	32.6	15.0	17.6	-15.3	58.6	-44.4
Interest Expenses	1,674.0	802.1	871.9	-8.0	1,982.0	-15.5
Deposits	484.0	232.8	251.2	-7.3	575.8	-15.9
SMIF Bonds & etc	1,190.0	569.3	620.7	-8.3	1,406.2	-15.4
Interest Income	2,105.0	1,068.4	1,036.6	3.1	2,045.6	2.9



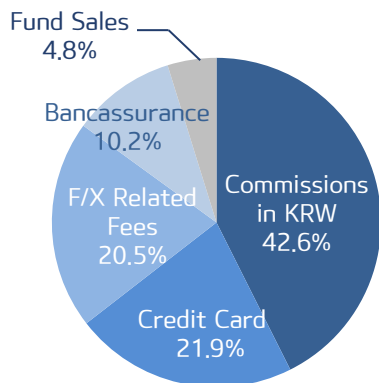
▶ Non-Interest Income and SG&A [Bank]

Fee Income

(KRW bn)



Fee Income Breakdown(1H15)



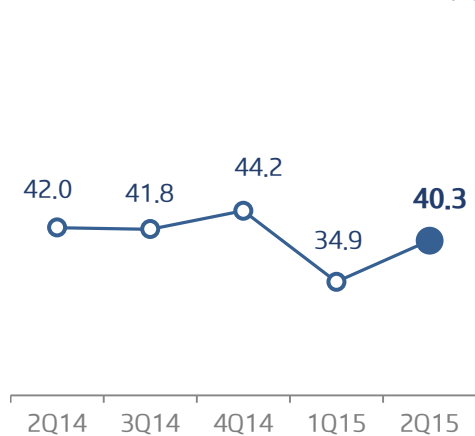
Non-Interest Income (Bank)

(KRW bn)	1H15	2Q15	1Q15	QoQ%	1H14	YoY%
Fee Income	338.3	177.3	161.0	10.1	292.9	15.5
Commissions in KRW	144.2	82.4	61.8	33.3	115.9	24.4
F/X-Related Fees	69.3	35.5	33.9	4.7	65.4	6.0
Bancassurance	34.6	16.2	18.4	-12.0	40.9	-15.4
Credit Card	74.0	35.2	38.7	-9.0	55.1	34.3
Fund Sales	16.2	8.1	8.2	-1.2	15.6	3.8
Other Non-Int. Income	-130.1	-114.4	-15.7	-	-186.2	-
Gain from Securities	149.4	54.7	94.6	-42.2	78.8	89.6
Gain/Loss on Disposal	49.6	-12.9	62.5	-	35.4	40.1
Others ¹⁾	-356.3	-170.2	-186.2	-	-325.5	-
Trust Income	27.3	13.9	13.4	3.7	25.1	8.8
Net Non-Int. Income	208.2	62.9	145.3	-56.7	106.7	95.1

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

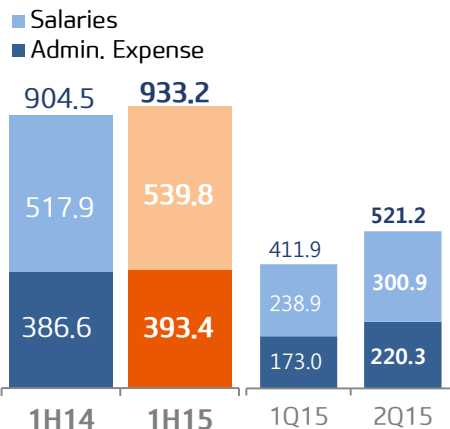
Cost to Income Ratio

(%)



SG&A

(KRW bn)



SG&A (Bank)

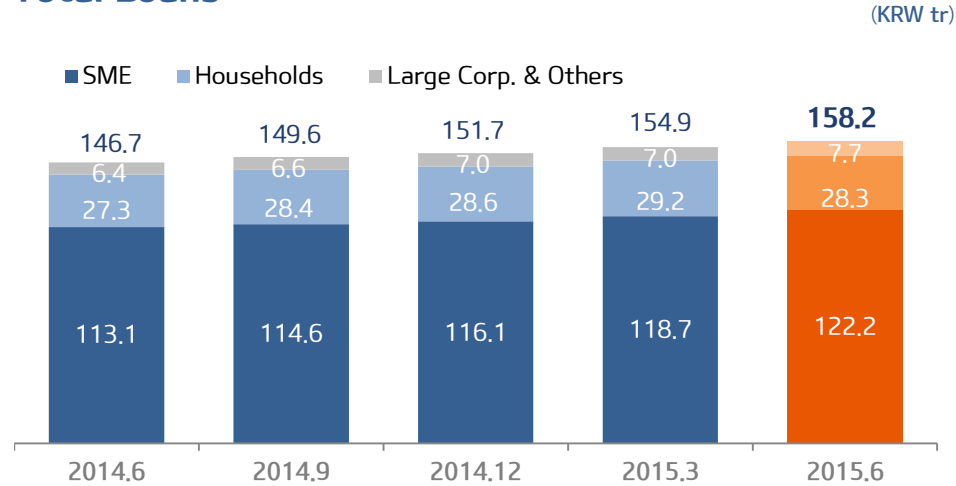
(KRW bn)	1H15	2Q15	1Q15	QoQ%	1H14	YoY%
SG&A Expenses	933.2	521.2	411.9	26.5	904.5	3.2
Salaries	539.8	300.9	238.9	26.0	517.9	4.2
Admin. Expenses	393.4	220.3	173.0	27.3	386.6	1.8
Non-Op. Income	1.2	-0.2	1.4	-	20.6	-94.2
Non-Op. Revenue	20.2	9.0	11.2	-19.6	41.4	-51.2
Non-Op. Expense	19.0	9.2	9.8	-6.1	20.8	-8.7



Loans · Deposits [Bank]

1. Loan Portfolio
2. Deposit Structure

Total Loans



Total Loans (Bank)

(KRW bn)	2015.6	2015.3	QoQ%	2014.12	YTD%
SME	122,158	118,704	2.9	116,100	5.2
Working Capital	76,409	75,712	0.9	74,335	2.8
CAPEX	45,749	42,992	6.4	41,765	9.5
Household	28,362	29,157	-2.7	28,556	-0.7
Housing Loan ¹⁾	16,501	17,344	-4.9	16,639	-0.8
General ²⁾	11,861	11,813	0.4	11,917	-0.5
Others	7,665	7,040	8.9	7,057	8.6
Total	158,185	154,901	2.1	151,712	4.3

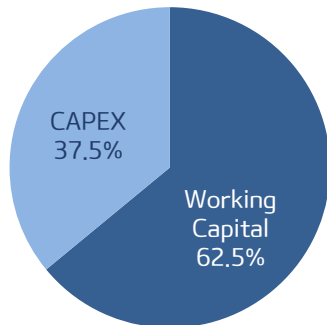
▪ Loan Portfolio : SME 77.2%, Household 17.9%, Large Corp.&Others 4.9%

1) Untransferred Outstanding Balance included

→ 38.7bn of U-KHFC Loan, 19.2bn of Conforming Loan & 18.4bn of Gov't Transfer Loan

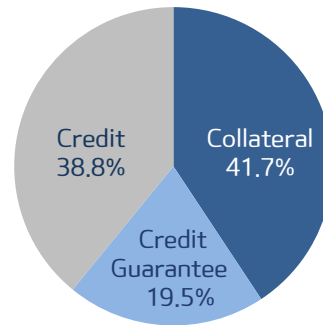
2) 48.3bn of Credit Card Loans included

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)	2015.6				2014.12	
	Amt.	(%)	Change	(%p)	Amt.	(%)
Manufacturing	76,849	63.0	3,618	-	73,231	63.0
Wholesale & Retail	19,172	15.7	510	-0.4	18,662	16.1
Real Estate Lease & Rental	8,054	6.6	843	0.4	7,211	6.2
Construction	4,621	3.8	450	0.2	4,171	3.6
Lodging & Dining	1,232	1.0	74	-	1,158	1.0
Others	12,230	9.9	563	-0.2	11,667	10.1
Total	122,158	100.0	6,058	-	116,100	100.0

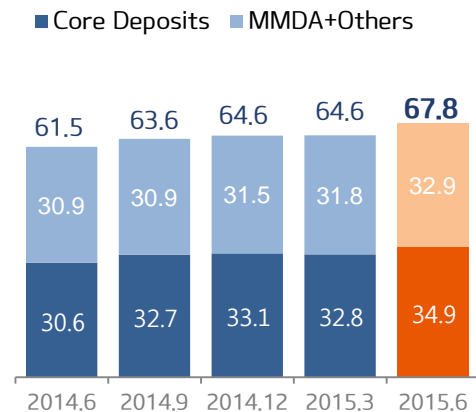
▪ SME Loans (including Loans in FCY)



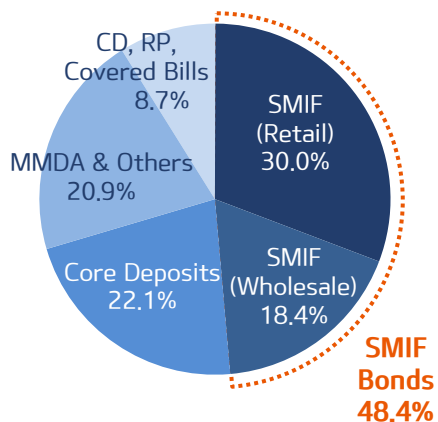
Deposit Structure [Bank]

Deposits

(KRW tr)



Deposit Breakdown

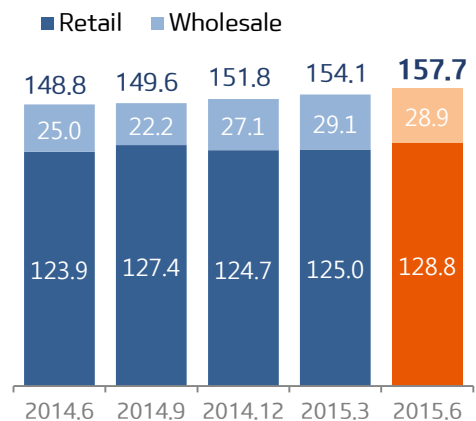


Total Deposits (Bank)

(KRW bn)	2015.6	2015.3	QoQ%	2014.12	YTD%
Deposits	67,793	64,555	5.0	64,558	5.0
Core Deposits ¹⁾	34,889	32,807	6.3	33,127	5.3
MMDA	7,194	8,038	-10.5	7,804	-7.8
Others	25,710	23,710	8.4	23,628	8.8
CD, Covered Bill, RP	13,717	14,000	-2.0	13,572	1.1
SMIF Bonds	76,201	75,547	0.9	73,692	3.4
(Retail-funded)	47,257	46,410	1.8	46,617	1.4
(Wholesale-funded)	28,944	29,137	-0.7	27,075	6.9
Sub Total	157,710	154,102	2.3	151,822	3.9
Trust ²⁾	12,543	12,399	1.2	11,353	10.5
Total Deposits	170,254	166,501	2.3	163,175	4.3

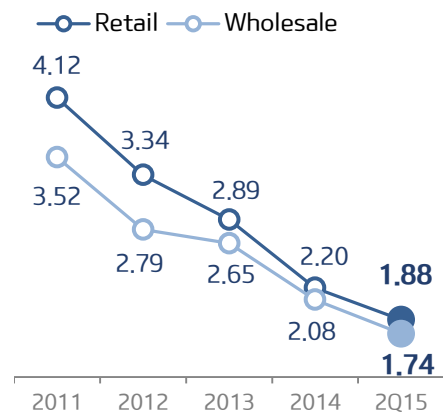
Funding Breakdown

(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)



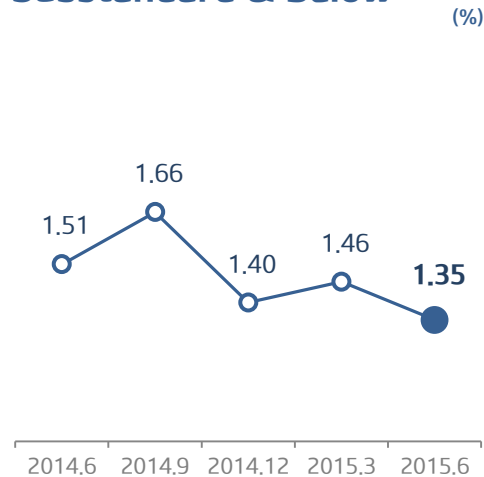
IV Asset Quality [Bank]

1. Asset Quality
2. Provisioning

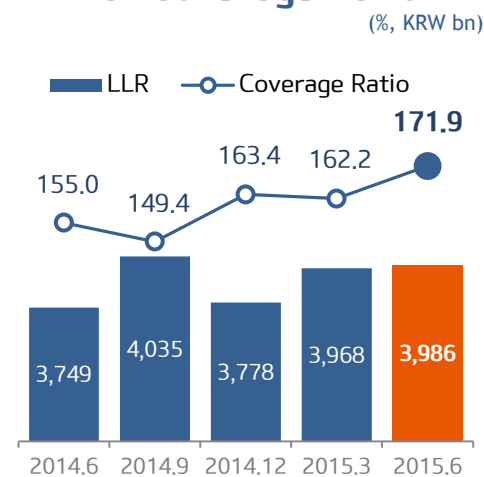


Asset Quality [Bank]

Substandard & Below (%)



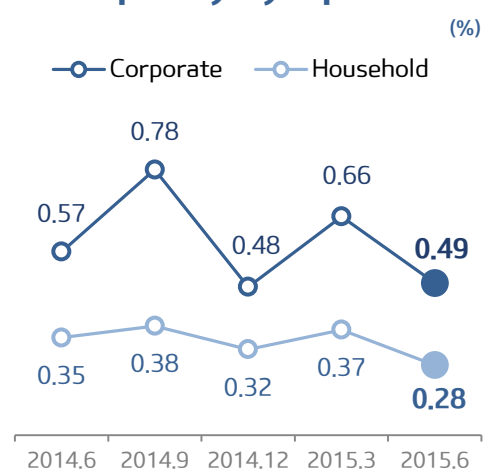
LLR & Coverage Ratio (% , KRW bn)



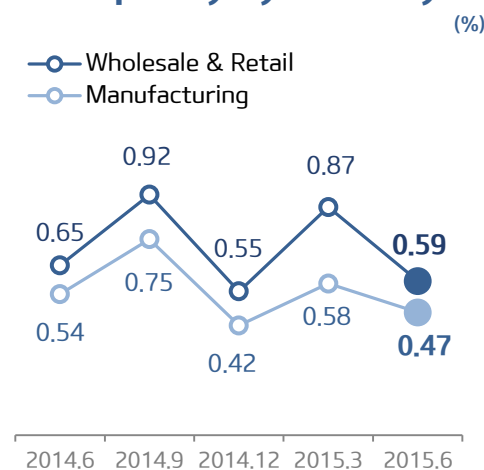
Substandard & Below(Bank)

(KRW bn)	2015.6	QoQ%	2015.3	2014.12
Total Loan¹⁾	171,334	2.0	167,984	164,731
Normal	166,208	2.1	162,842	159,813
Precautionary	2,807	4.2	2,695	2,618
Sub. & Below	2,319	-5.2	2,447	2,300
<i>Substandard</i>	1,769	-3.8	1,838	1,784
<i>Doubtful</i>	102	-7.3	110	108
<i>Est. Loss</i>	448	-10.4	500	421
Sub. & Below Ratio	1.35%	-0.1%p	1.46%	1.40%
Loan Loss Reserves ²⁾	3,986	0.5	3,968	3,778
Coverage Ratio	171.9%	9.7%p	162.2%	163.4%
Write-offs (Quarterly)	248.2	80.8	137.3	404.6

Delinquency by Operation (%)



Delinquency by Industry (%)



▪ Principal or Interest of +30 days past due

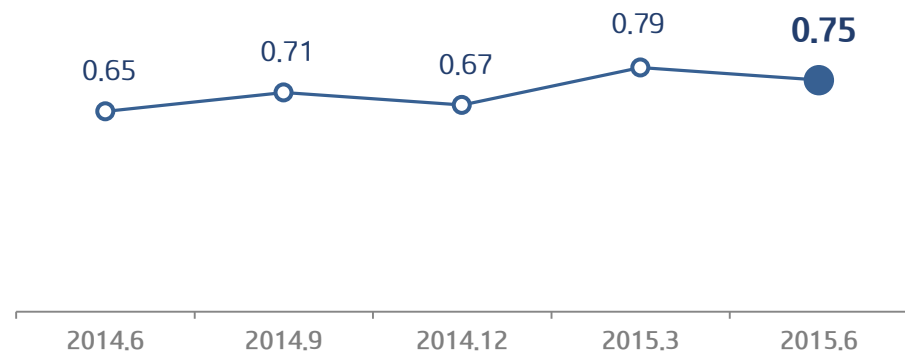
▪ Principal or Interest of +30 days past due

1) Total Credit

2) KRW 1,896.3bn of Reserve for Credit Loss included

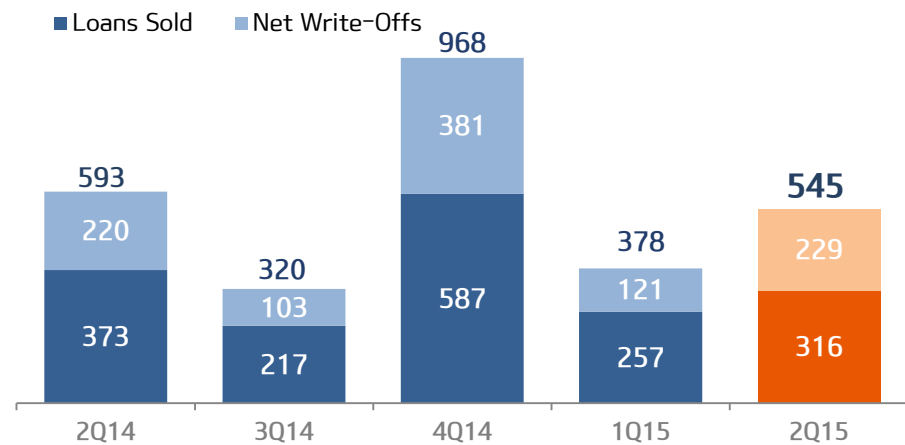
Credit Cost

(%)



Write-offs & NPL Sales

(KRW bn)



Provisioning (Bank)

(KRW bn)	2Q15	1Q15	4Q14	3Q14	2Q14
Corporate	364.1	300.7	363.5	388.1	308.2
Provisioning	365.0	306.9	357.0	386.0	311.7
Unused Credit Line	-0.9	-6.2	6.5	2.1	-3.5
Household	9.7	10.6	13.1	15.0	16.5
Provisioning	9.7	10.5	13.0	15.0	16.5
Unused Credit Line	0.0	0.1	0.1	0.0	0.0
Credit Card	13.4	14.9	13.8	16.2	8.0
Provisioning	13.6	14.0	14.1	15.0	12.2
Unused Credit Line	-0.2	0.9	-0.3	1.2	-4.2
Sub Total	387.2	326.2	390.4	419.3	332.7
Recoveries & Other Provisioning	76.0 ¹⁾	2.4	-145.2	-65.4	-77.9
Net Provisioning	311.2	328.6	245.2	353.9	254.8

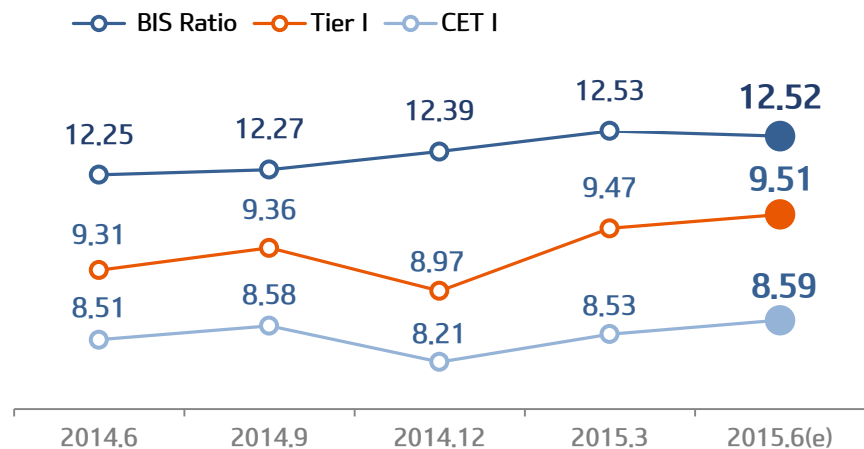
1) Write-back from NPL Sales (KRW 81.6bn) included



V Capital Adequacy [Consol.]

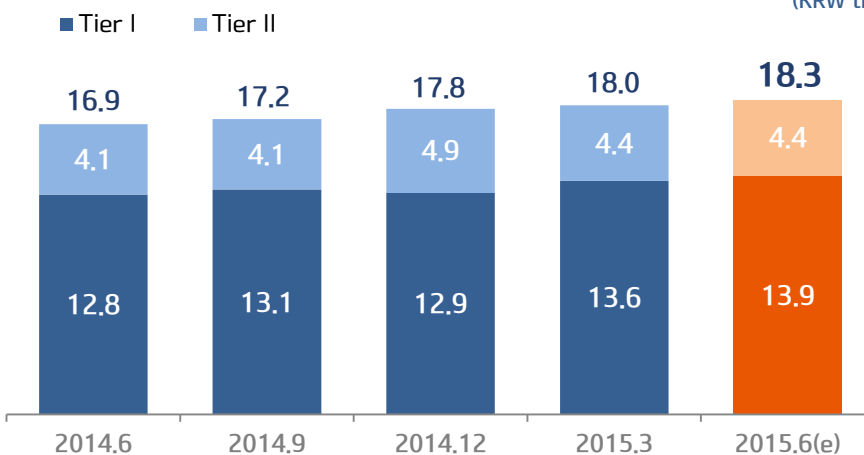
BIS CAR

(%)



Capital Adequacy Trend

(KRW tr)



Capital Adequacy & BIS CAR

(KRW bn, %)	2015.6(e)	2015.3	2014.12
Tier I	13,949	13,632	12,899
Common Equity Tier I	12,589	12,271	11,799
Common Shares Issued	2,782	2,782	2,766
Stock Surplus	530	532	508
Retained Earnings	10,815	10,535	10,183
Accum. Other Comprehensive Income	720	692	530
Additional Tier I	1,361	1,361	1,100
Tier II	4,404	4,395	4,913
LLR	210	212	448
Provision in excess of Exp. Loss	708	697	597
Subordinated Bonds	3,480	3,480	3,862
Total	18,353	18,027	17,812
Risk-Weighted Assets	146,620	143,904	143,799
BIS Ratio	12.52	12.53	12.39
Tier I	9.51	9.47	8.97
CET I ¹⁾	8.59	8.53	8.21
Tier II	3.01	3.06	3.42

1) Common Equity Tier I

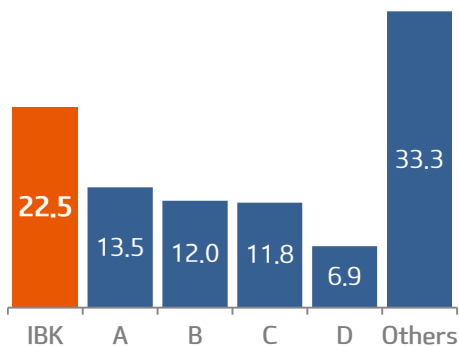


VI Appendix

- SME Loan & SMIF Bond Details

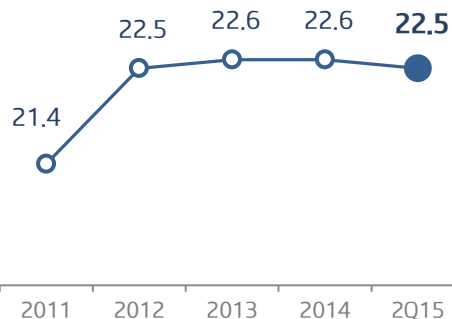
SME Loan

Market Share by Banks (%)



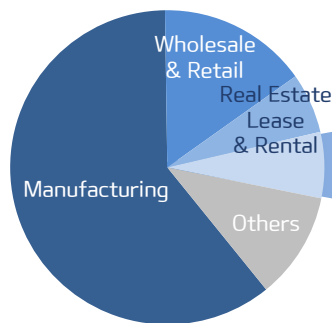
- BOK reported standard
- 2Q15 SME loan balance by banks

IBK M/S Trend (%)



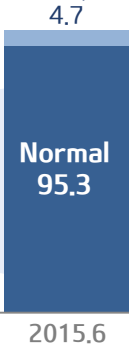
- BOK reported standard

Construction, Shipbuilding, Shipping (%)



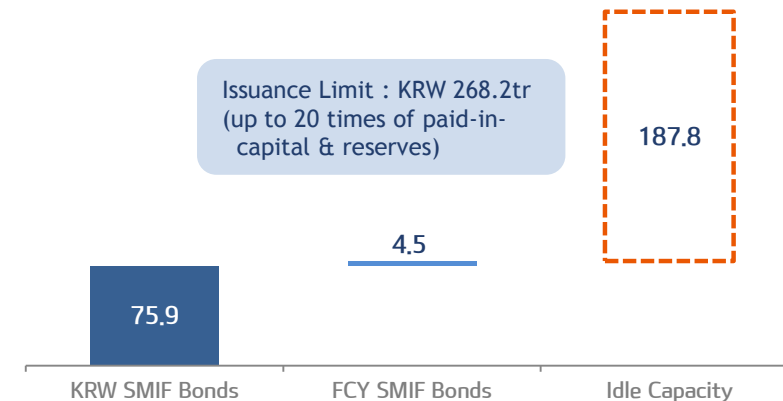
Asset Quality Breakdown (%)

Precautionary & Below 4.7



SMIF Bond

SMIF Bond Bal. & Issuance Limit (KRW tr)



Issuance Limit : KRW 268.2tr
(up to 20 times of paid-in-capital & reserves)

- B/S balance(KRW)

SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	67.2	0.5	0.3	0.4	7.8	76.2
%	88.2	0.7	0.4	0.5	10.2	100.0

- Monthly average B/S balance(KRW)