

Earnings Release ^{3Q15}



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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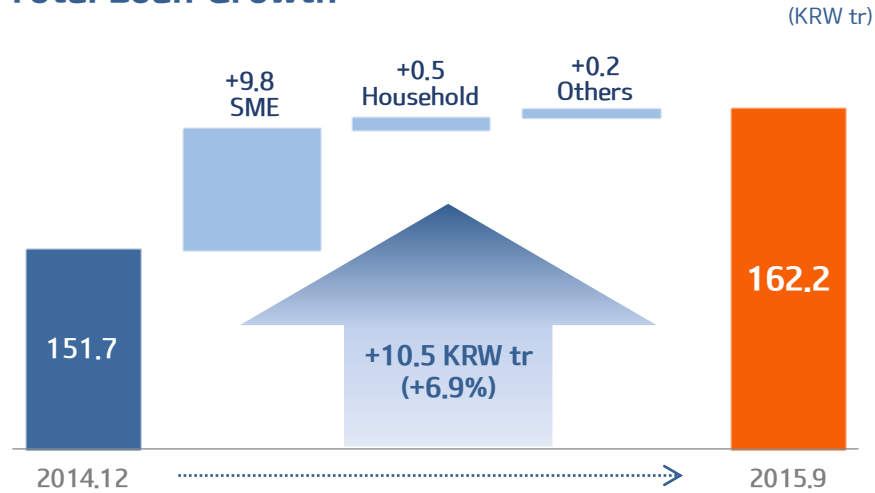


I Financial Highlights [Bank]

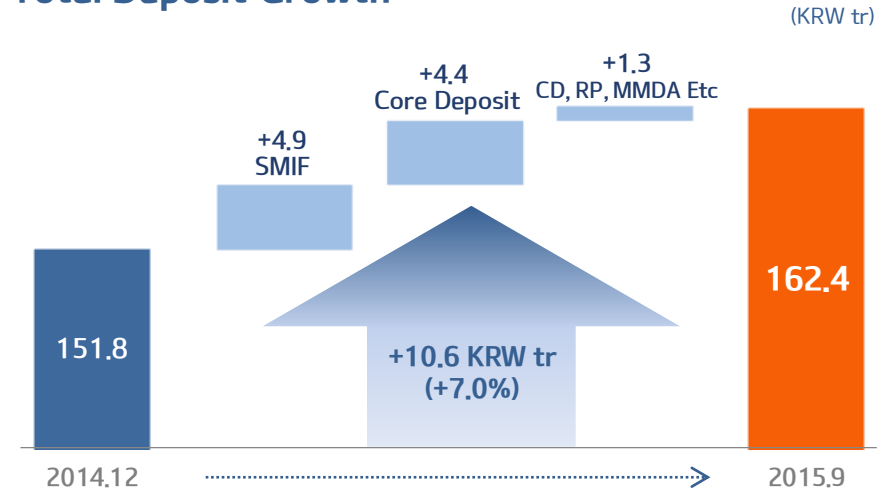


Financial Highlights [Bank]

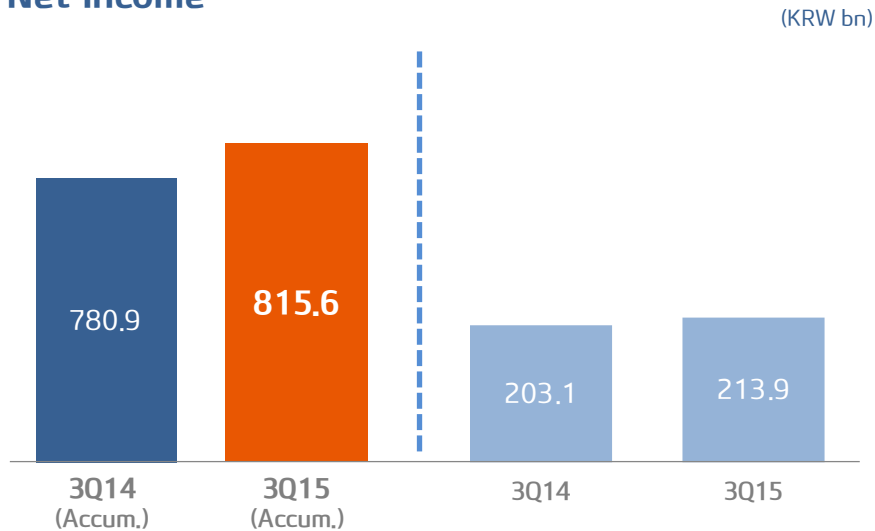
Total Loan Growth



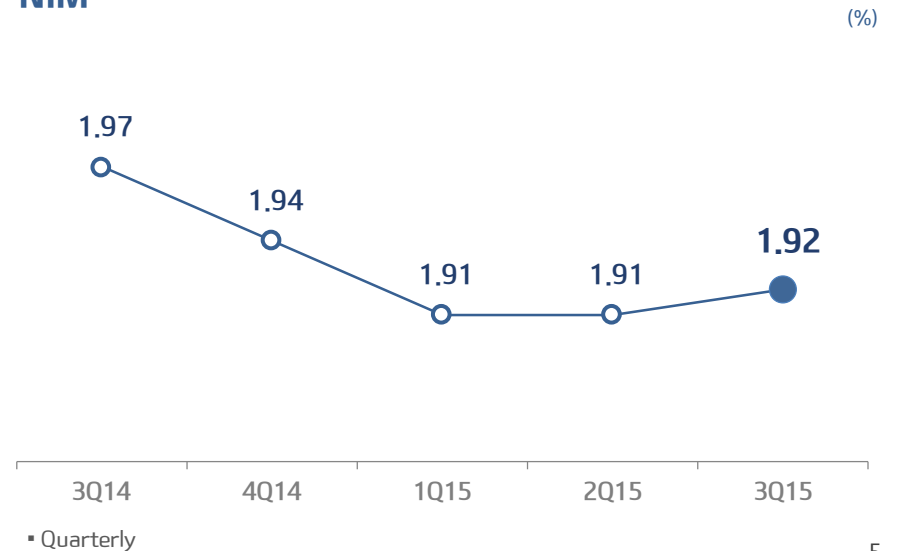
Total Deposit Growth



Net Income



NIM

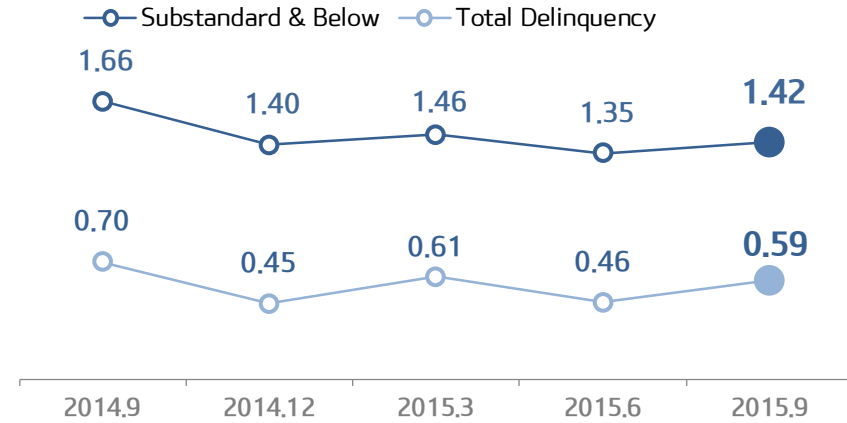




Financial Highlights [Bank]

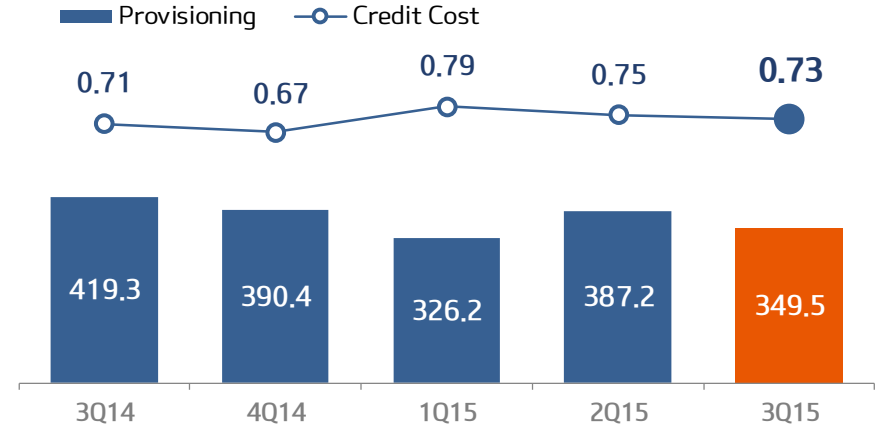
Substandard & Below - Total Delinquency

(%)



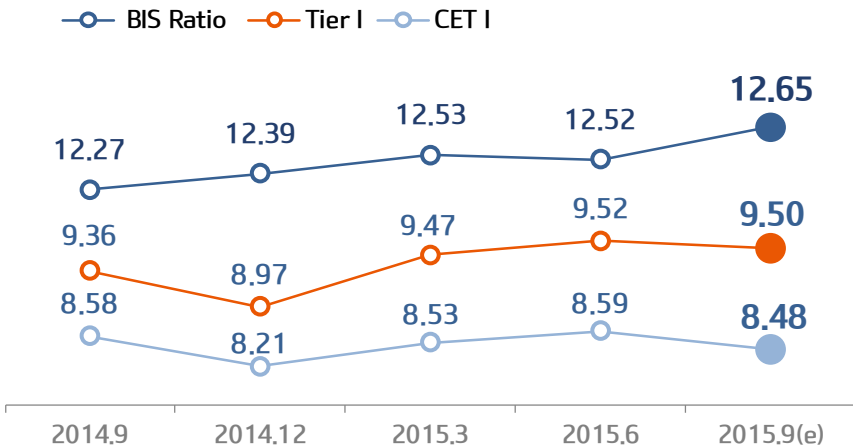
Provisioning - Credit Cost

(%, KRW bn)



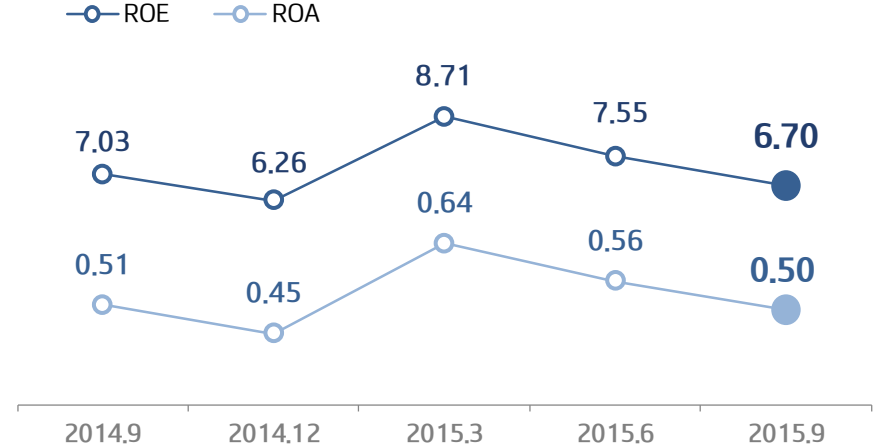
BIS CAR

(%)



ROE - ROA

(%)



▪ Consolidated



II Profitability

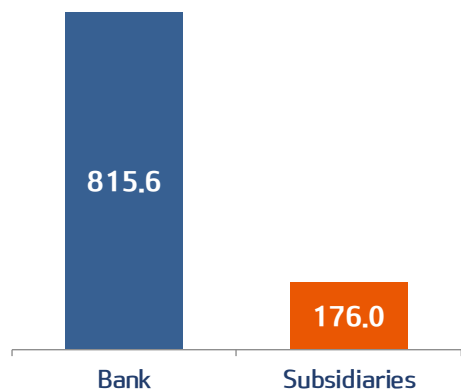
1. Income Statement [Consol.]
2. Income Statement & Interest Income [Bank]
3. Non-interest Income & SG&A [Bank]

Income Details (Consol.)

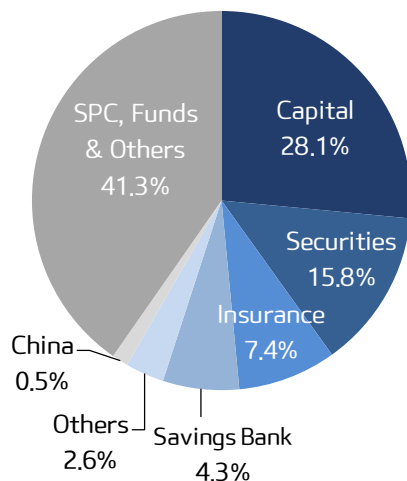
(KRW bn)	3Q15	QoQ%	2Q15	3Q14	YoY%
Bank	213.9	-19.8	266.6	203.1	5.3
Subsidiaries	57.2	-6.7	61.3	47.8	19.7
IBK Capital	16.9	-9.1	18.6	15.5	9.0
IBK Securities	11.8	118.5	5.4	5.8	103.4
IBK China	-3.0	-	1.6	5.5	-
IBK Insurance	3.1	-58.1	7.4	2.2	40.9
IBK Savings Bank	-	-100.0	3.0	3.7	-100.0
IBK AM & Others (3)	2.9	1,350.0	0.2	1.9	52.6
SPC, Funds & Others	25.5	1.6	25.1	13.2	93.2
Adjustment	-23.5	-	-21.1	-17.1	-
Net Income	247.6	-19.3	306.8	233.8	5.9
(N.I. attributable to controlling interest)	244.4	-20.2	306.1	231.8	5.4

Income Comparison (Accum.)

(KRW bn)



Subsidiary Breakdown (Accum.)



Income statement (Consol.)

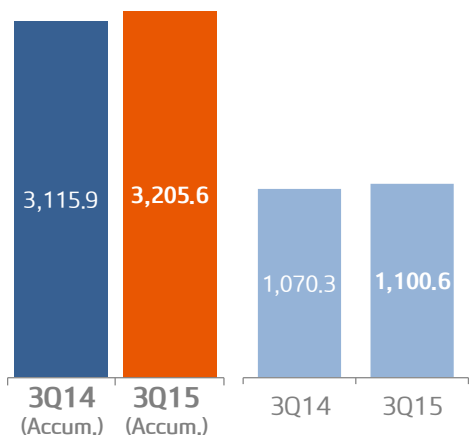
(KRW bn)	3Q15	QoQ%	2Q15	3Q14	YoY%
Interest Income	1,171.5	1.8	1,150.5	1,160.3	1.0
Non-interest Income	-28.8	-	83.7	-5.1	-
SG&A Expenses	522.6	-6.4	558.2	473.1	10.5
Pre-Provisioning Operating Profit	620.2	-8.3	676.0	682.1	-9.1
Net Provisioning	289.1	-12.0	328.5	366.2	-21.1
Operating Income	331.1	-4.7	347.5	315.9	4.8
Non-op. Income	-4.2	-	5.6	-13.8	-
Pre-tax Income	327.0	-7.4	353.2	302.1	8.2
Income Tax	79.4	71.5	46.3	68.3	16.3
Net Income	247.6	-19.3	306.8	233.8	5.9
(N.I. attributable to controlling interest)	244.4	-20.2	306.1	231.8	5.4



Income Statement and Interest Income [Bank]

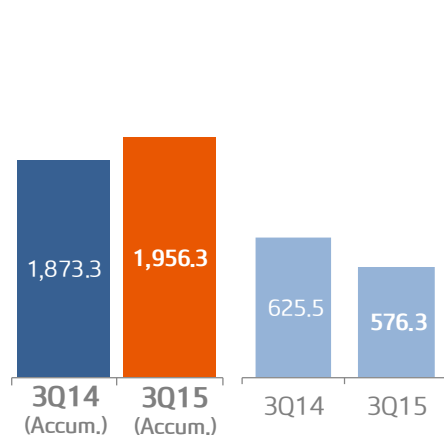
Interest Income

(KRW bn)



PPOP

(KRW bn)

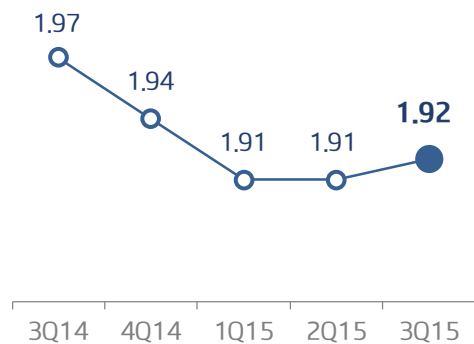


Income Statement (Bank)

(KRW bn)	3Q15	2Q15	QoQ%	3Q14	YoY%
Interest Income	1,100.6	1,068.4	3.0	1,070.3	2.8
Non-interest Income	-37.3	62.9	-	-4.9	-
SG&A Expenses	486.9	521.2	-6.6	439.9	10.7
PPOP	576.3	610.0	-5.5	625.5	-7.9
Net Provisioning	287.3	311.2	-7.7	353.9	-18.8
Operating Income	289.0	298.8	-3.3	271.6	6.4
Non-op. Income	-6.8	-0.2	-	-7.8	-
Pre-tax Income	282.2	298.6	-5.5	263.8	7.0
Income Tax	68.3	31.9	114.1	60.7	12.5
Net Income	213.9	266.6	-19.8	203.1	5.3

NIM

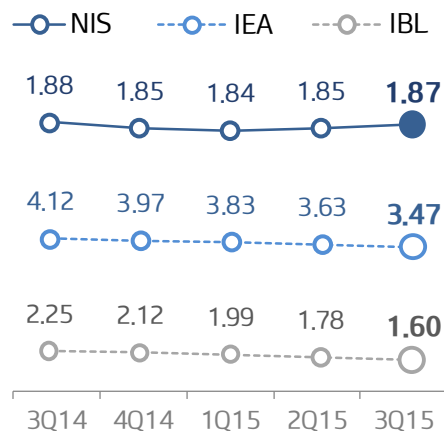
(%)



▪ Quarterly

NIS

(%)



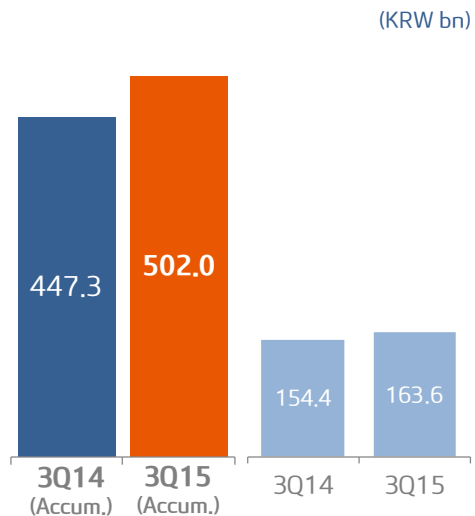
▪ Quarterly

Interest Income Details (Bank)

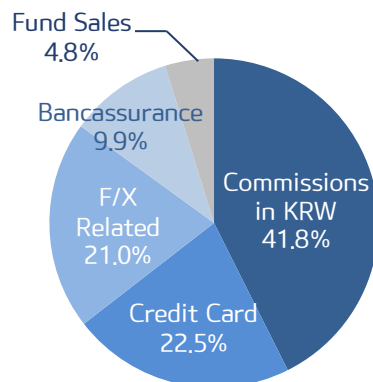
(KRW bn)	3Q15	2Q15	QoQ%	3Q14	YoY%
Interest Revenue	1,848.9	1,870.5	-1.2	2,048.1	-9.7
Loans	1,551.1	1,570.8	-1.3	1,703.8	-9.0
Credit Card Rec.	119.5	114.6	4.3	112.7	6.0
(Credit Purchase)	111.2	107.2	3.7	104.7	6.2
Securities	160.6	170.1	-5.6	205.7	-21.9
Others	17.7	15.0	18.0	25.9	-31.7
Interest Expenses	748.3	802.1	-6.7	977.8	-23.5
Deposits	217.6	232.8	-6.5	294.1	-26.0
SMIF Bonds & etc	530.8	569.3	-6.8	683.7	-22.4
Interest Income	1,100.6	1,068.4	3.0	1,070.3	2.8

Non-Interest Income and SG&A [Bank]

Fee Income



Fee Income Breakdown (Accum.)

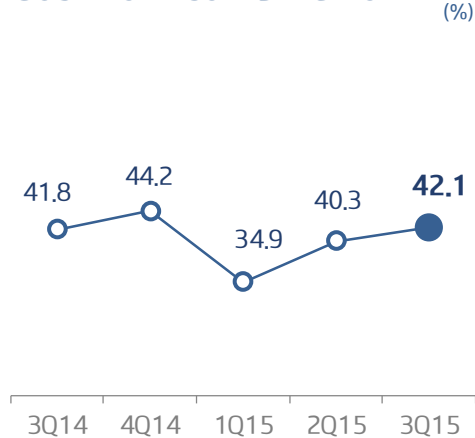


Non-Interest Income (Bank)

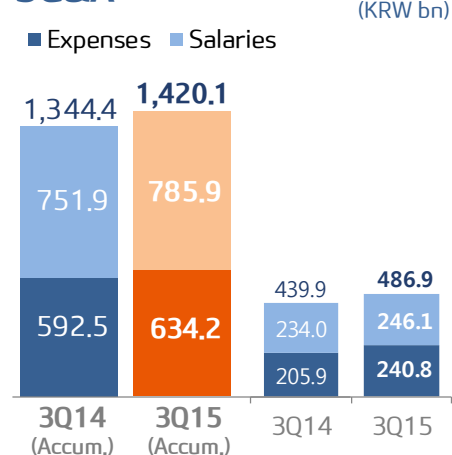
(KRW bn)	3Q15	2Q15	QoQ%	3Q14	YoY%
Fee Income	163.6	177.3	-7.7	154.4	6.0
Commissions in KRW	65.3	82.4	-20.8	62.7	4.1
F/X-Related Fees	36.3	35.5	2.3	33.3	9.0
Bancassurance	15.1	16.2	-6.8	19.9	-24.1
Credit Card	38.9	35.2	10.5	30.3	28.4
Fund Sales	8.0	8.1	-1.2	8.2	-2.4
Other Non-Int. Income	-200.9	-114.4	-	-159.3	-
Gain from Securities	53.1	54.7	-2.9	39.5	34.4
Gain/Loss on Disposal	-34.1	-12.9	-	-11.5	-
Others ¹⁾	-234.6	-170.2	-	-200.1	-
Trust Income	14.7	13.9	5.8	12.8	14.8
Net Non-Int. Income	-37.3	62.9	-	-4.9	-

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

Cost to Income Ratio



SG&A



SG&A (Bank)

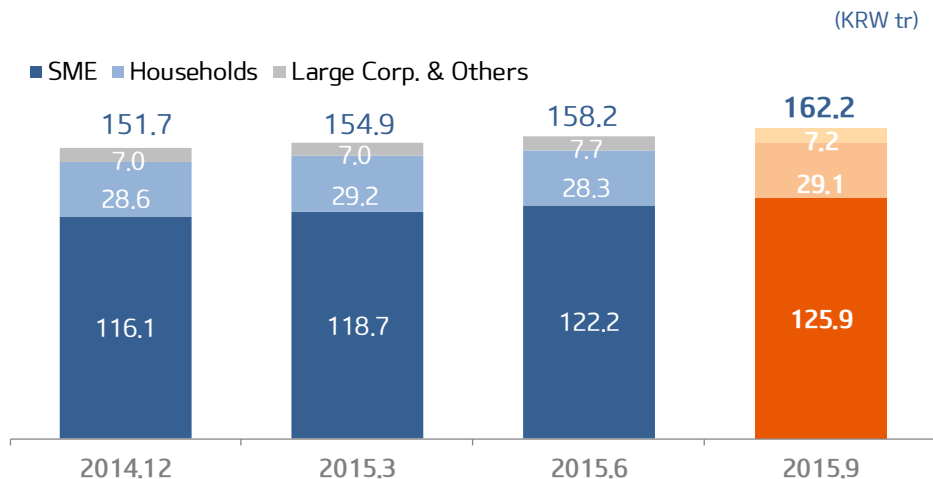
(KRW bn)	3Q15	2Q15	QoQ%	3Q14	YoY%
SG&A Expenses	486.9	521.2	-6.6	439.9	10.7
Salaries	246.1	300.9	-18.2	234.0	5.2
Admin. Expenses	240.8	220.3	9.3	205.9	16.9
Non-Op. Income	-6.8	-0.2	-	-7.8	-
Non-Op. Revenue	9.6	9.0	6.7	0.6	1,500.0
Non-Op. Expense	16.4	9.2	78.3	8.4	95.2



III Loans · Deposits [Bank]

1. Loan Portfolio
2. Deposit Structure

Total Loans



Total Loans (Bank)

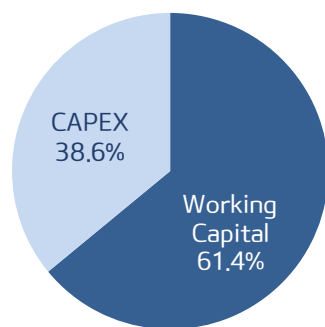
(KRW bn)	2015.9	2015.6	QoQ%	2014.12	YTD%
SME	125,928	122,158	3.1	116,100	8.5
Working Capital	77,306	76,409	1.2	74,335	4.0
CAPEX	48,622	45,749	6.3	41,765	16.4
Household	29,139	28,362	2.7	28,556	2.0
Housing Loan	17,140 ¹⁾	16,501	3.9	16,639	3.0
General	11,999 ²⁾	11,861	1.2	11,917	0.7
Others	7,152	7,665	-6.7	7,057	1.3
Total	162,219	158,185	2.6	151,712	6.9

▪ Loan Portfolio : SME 77.6%, Household 18.0%, Large Corp. & Others 4.4%

1) Untransferred Balance included (U-KHFC Loan: 418.0bn, Conforming Loan: 87.5bn)

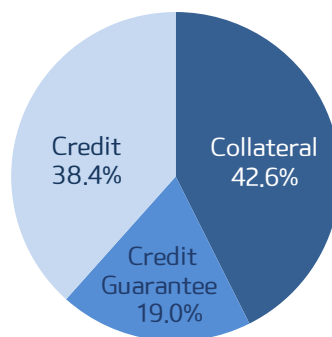
2) 84.5bn of Credit Card Loans included

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)

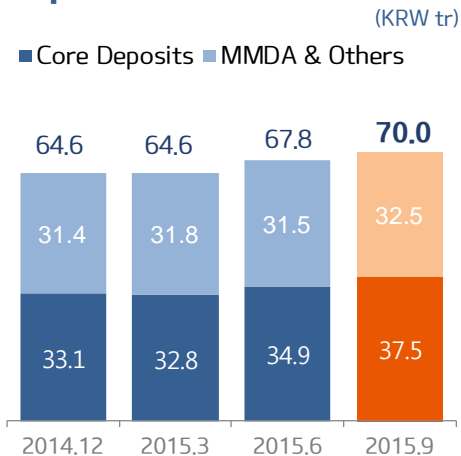
(KRW bn)	2015.9				2014.12	
	Amt.	(%)	Change	(%p)	Amt.	(%)
Manufacturing	78,864	62.7	5,633	-0.4	73,231	63.0
Wholesale & Retail	19,555	15.5	893	-0.6	18,662	16.1
Real Estate Lease & Rental	8,686	6.9	1,475	0.7	7,211	6.2
Construction	4,777	3.8	606	0.2	4,171	3.6
Lodging & Dining	1,306	1.0	148	-	1,158	1.0
Others	12,740	10.1	1,073	-	11,667	10.1
Total	125,928	100.0	9,828	-	116,100	100.0

▪ SME Loans (including Loans in FCY)

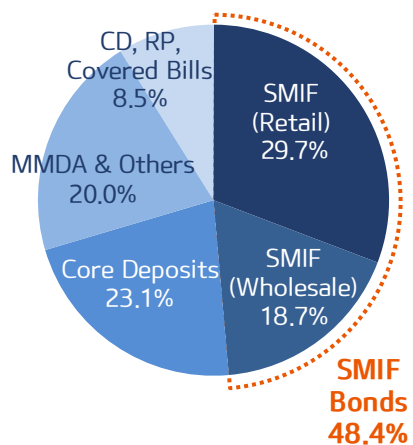


Deposit Structure [Bank]

Deposits



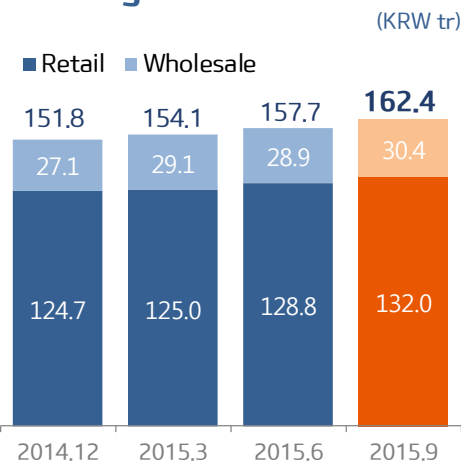
Deposit Breakdown



Total Deposits (Bank)

(KRW bn)	2015.9	2015.6	QoQ%	2014.12	YTD%
Deposits	70,033	67,793	3.3	64,558	8.5
Core Deposits ¹⁾	37,474	34,889	7.4	33,127	13.1
MMDA	7,063	7,194	-1.8	7,804	-9.5
Others	25,496	25,710	-0.8	23,628	7.9
CD, Covered Bill, RP	13,778	13,717	0.4	13,572	1.5
SMIF Bonds	78,621	76,201	3.2	73,692	6.7
(Retail-funded)	48,254	47,257	2.1	46,617	3.5
(Wholesale-funded)	30,367	28,944	4.9	27,075	12.2
Sub Total	162,432	157,710	3.0	151,822	7.0
Trust ²⁾	13,694	12,543	9.2	11,353	20.6
Total Deposits	176,126	170,254	3.4	163,175	7.9

Funding Breakdown



SMIF Bonds Yields



■ Monthly average B/S balance

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

2) Money Trust (excluding fund sales)



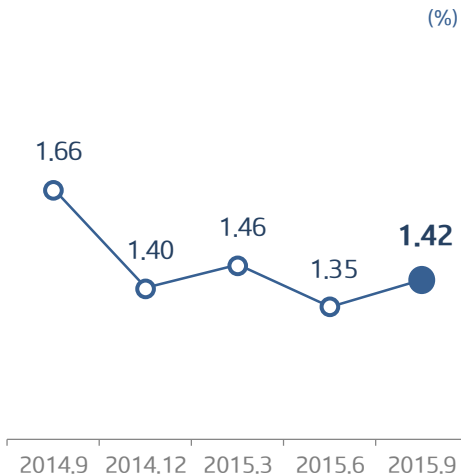
IV Asset Quality [Bank]

1. Asset Quality
2. Provisioning

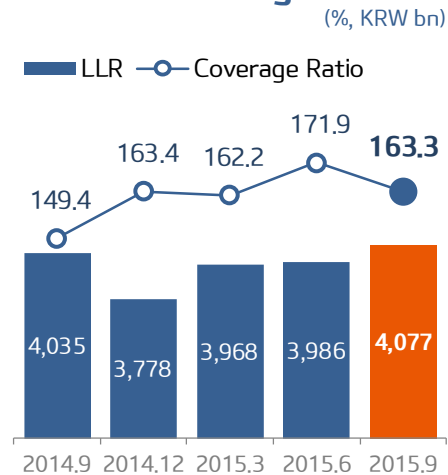


Asset Quality [Bank]

Substandard & Below (%)



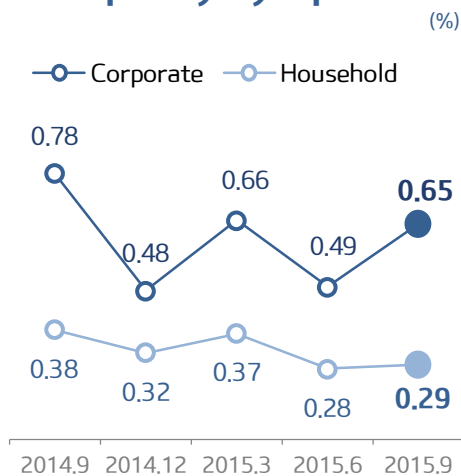
LLR & Coverage Ratio (% , KRW bn)



Substandard & Below (Bank)

(KRW bn)	2015.9	QoQ%	2015.6	2014.12
Total Loan¹⁾	175,955	2.7	171,334	164,731
Normal	170,529	2.6	166,208	159,813
Precautionary	2,929	4.3	2,807	2,618
Sub. & Below	2,497	7.7	2,319	2,300
<i>Substandard</i>	1,868	5.6	1,769	1,784
<i>Doubtful</i>	133	30.4	102	108
<i>Est. Loss</i>	496	10.7	448	421
Sub. & Below Ratio	1.42%	0.07%p	1.35%	1.40%
Loan Loss Reserves	4,077 ²⁾	2.3	3,986	3,778
Coverage Ratio	163.3%	-8.6%p	171.9%	163.4%
Write-offs (Quarterly)	170.4	-38.6	248.2	404.6

Delinquency by Operation (%)



Delinquency by Industry (%)



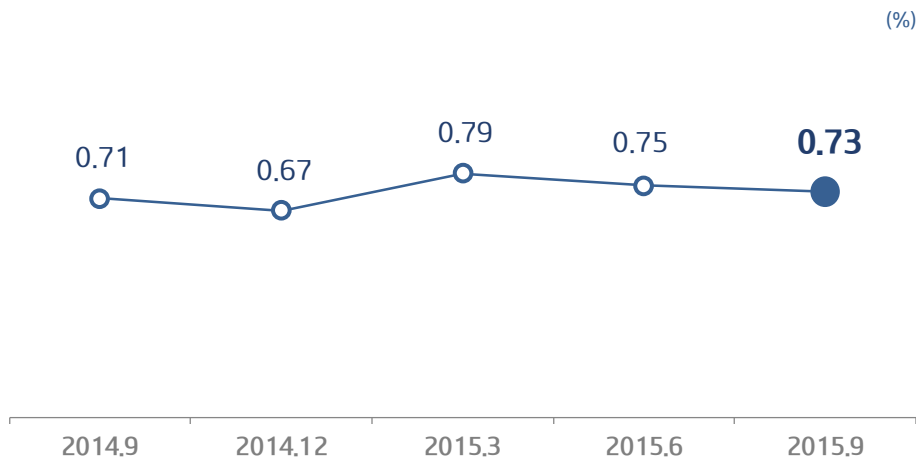
▪ Principal or Interest of +30 days past due

▪ Principal or Interest of +30 days past due

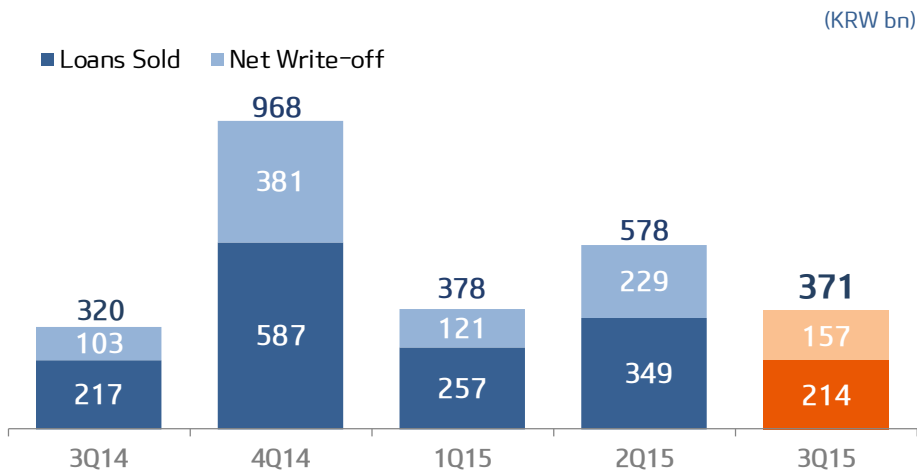
1) Total Credit

2) KRW 1,880.5bn of Reserve for Credit Loss included

Credit Cost



Write-offs & NPL Sales



Provisioning (Bank)

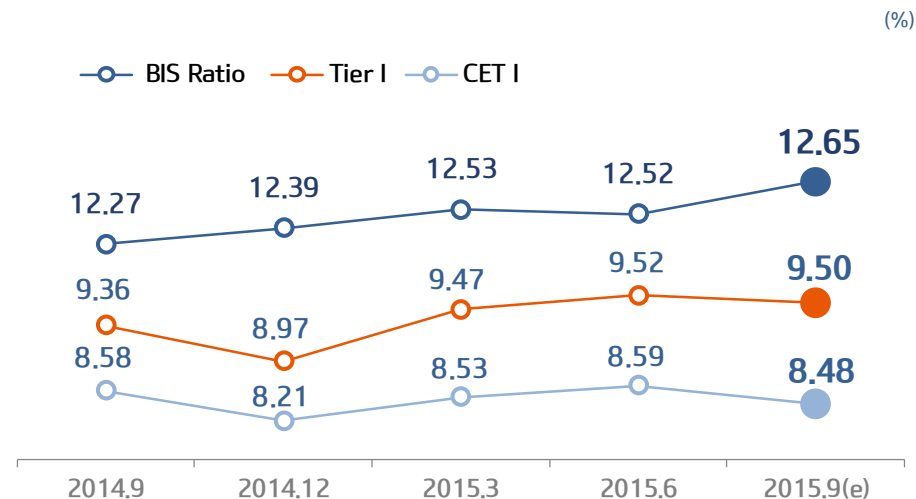
(KRW bn)	3Q15	2Q15	1Q15	4Q14	3Q14
Corporate	318.1	364.1	300.7	363.5	388.1
Provisioning	312.5	365.0	306.9	357.0	386.0
Unused Credit Line	5.6	-0.9	-6.2	6.5	2.1
Household	9.8	9.7	10.6	13.1	15.0
Provisioning	9.7	9.7	10.5	13.0	15.0
Unused Credit Line	0.1	0.0	0.1	0.1	0.0
Credit Card	21.6	13.4	14.9	13.8	16.2
Provisioning	21.7	13.6	14.0	14.1	15.0
Unused Credit Line	-0.1	-0.2	0.9	-0.3	1.2
Sub Total	349.5	387.2	326.2	390.4	419.3
Recoveries & Other Provisioning	-62.2 ¹⁾	-76.0	2.4	-145.2	-65.4
Net Provisioning	287.3	311.2	328.6	245.2	353.9

1) Write-back from NPL Sales (KRW 64.5bn) included

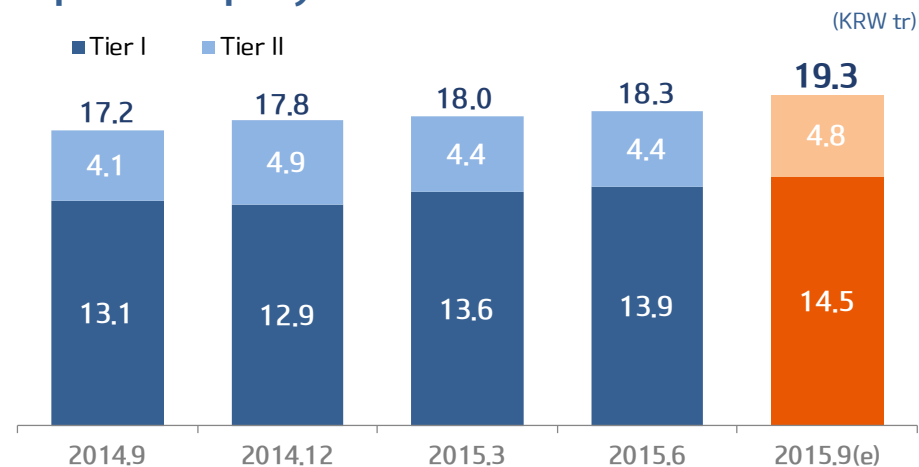


V Capital Adequacy [Consol.]

BIS CAR



Capital Adequacy Trend



Capital Adequacy & BIS CAR

(KRW bn, %)	2015.9(e)	2015.6	2014.12
Tier I	14,512	13,951	12,899
Common Equity Tier I	12,952	12,590	11,799
Common Shares Issued	2,782	2,782	2,766
Stock Surplus	531	530	508
Retained Earnings	11,027	10,816	10,183
Accum. Other Comprehensive Income	846	719	530
Additional Tier I	1,560	1,361	1,100
Tier II	4,816	4,395	4,913
LLR	192	201	448
Provision in excess of Exp. Loss	739	708	597
Subordinated Bonds	3,880	3,480	3,862
Total	19,328	18,346	17,812
Risk-Weighted Assets	152,814	146,563	143,799
BIS Ratio	12.65	12.52	12.39
Tier I	9.50	9.52	8.97
CET I ¹⁾	8.48	8.59	8.21
Tier II	3.15	3.00	3.42

1) Common Equity Tier I



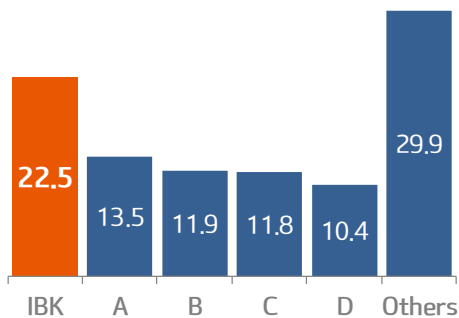
VI Appendix

- SME Loan & SMIF Bond Details

Industrial Bank of Korea ▶ SME Loan & SMIF Bond Details

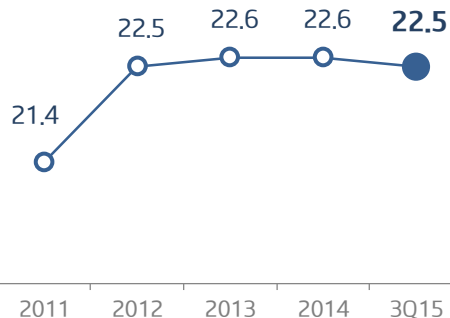
SME Loan

Market Share by Banks (%)



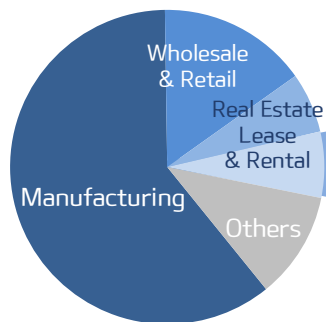
- BOK reported standard
- 3Q15 SME loan balance by banks

IBK M/S Trend (%)



- BOK reported standard

Construction, Shipbuilding, Shipping



Asset Quality Breakdown

Precautionary & Below 5.1%

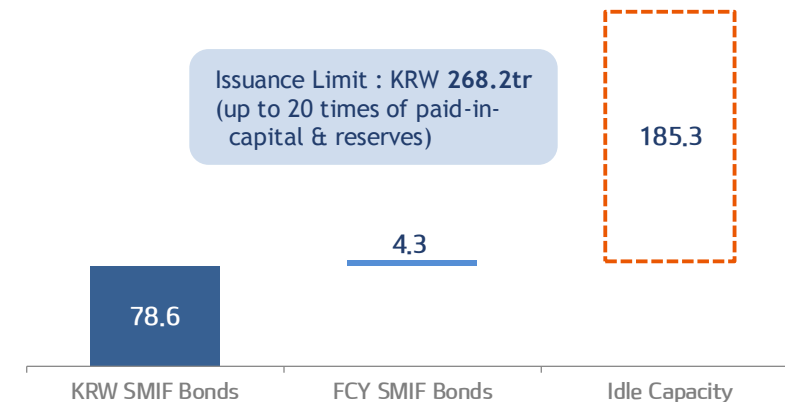
Normal 94.9%

2015.9

SMIF Bond

SMIF Bond Balance & Issuance Limit

(KRW tr)



- B/S balance (KRW)

SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	64.1	5.8	1.3	0.9	6.5	78.6
%	81.6%	7.4%	1.6%	1.1%	8.3%	100.0%

- Monthly average B/S balance(KRW)