

1H16 Earnings Release

Industrial Bank of Korea



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- 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.
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- Some of the totals may not sum due to the rounding.

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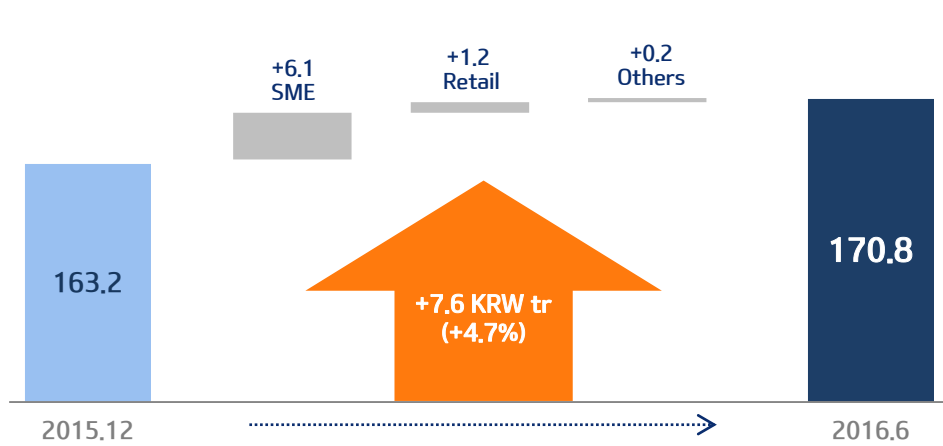
- I** Financial Highlights
- II** Total Asset/Liability & Capital
- III** Profitability
- IV** Loan·Deposit
- V** Asset Quality
- VI** Capital Adequacy
- VII** Appendix

1 Financial Highlights

Financial Highlights [Bank]

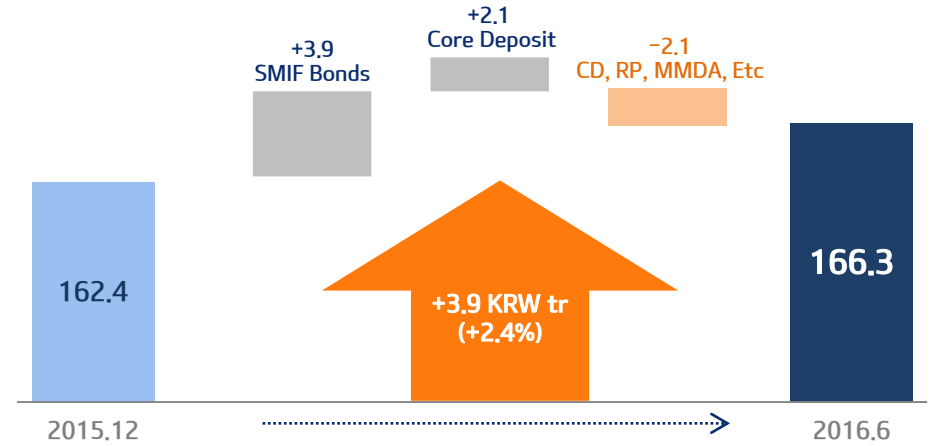
Total Loan Growth

(KRW tr)



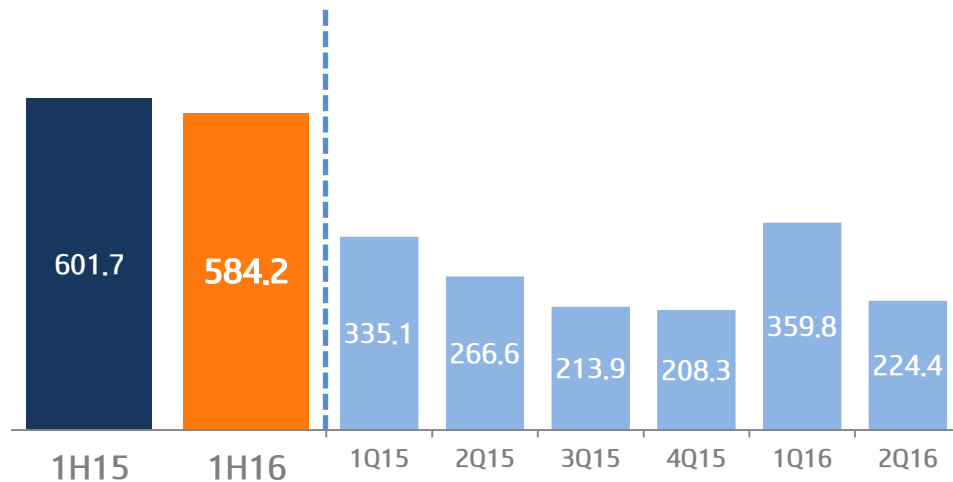
Total Deposit Growth

(KRW tr)



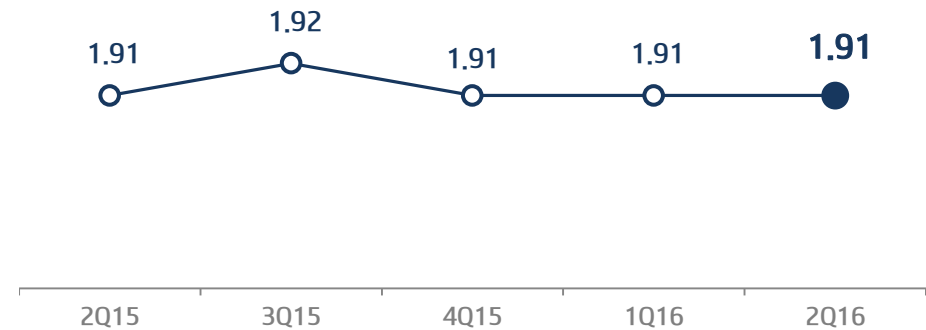
Net Income

(KRW bn)

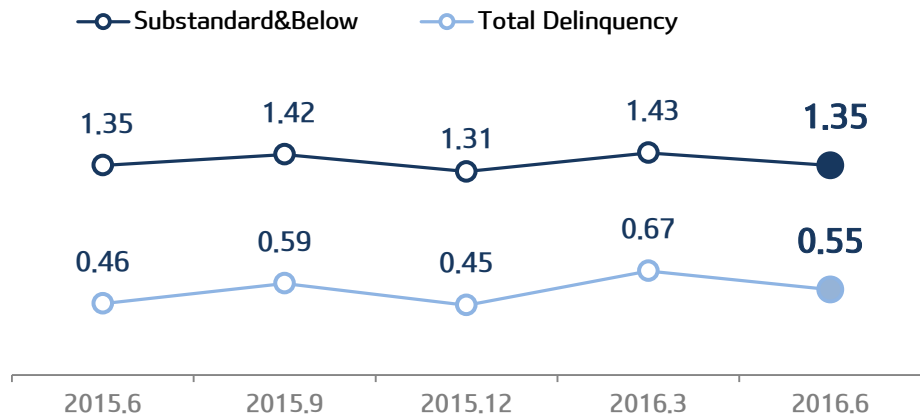


NIM (Quarterly)

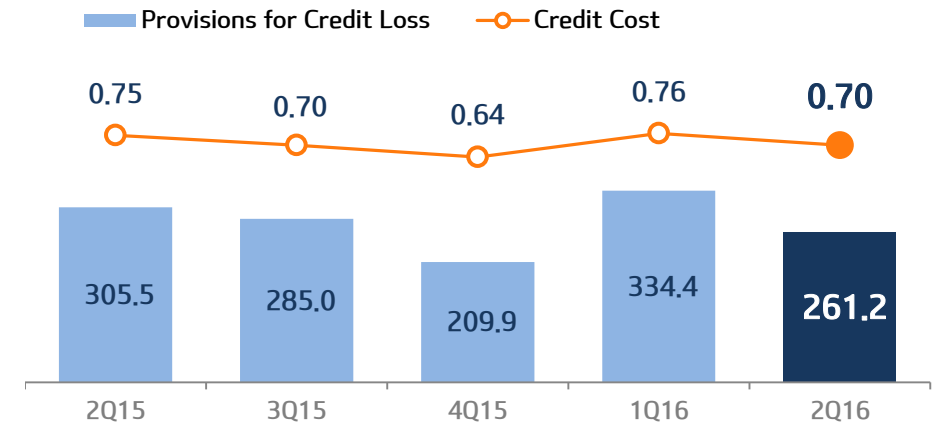
(%)



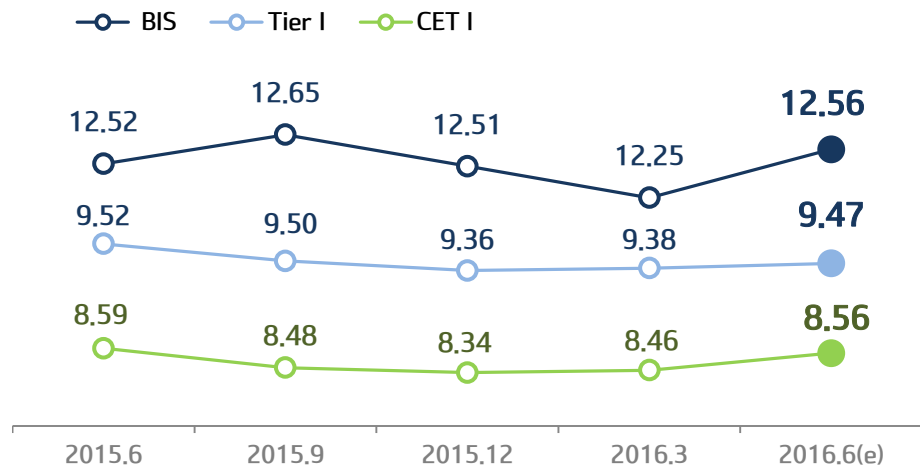
Substandard & Below - Total Delinquency (%)



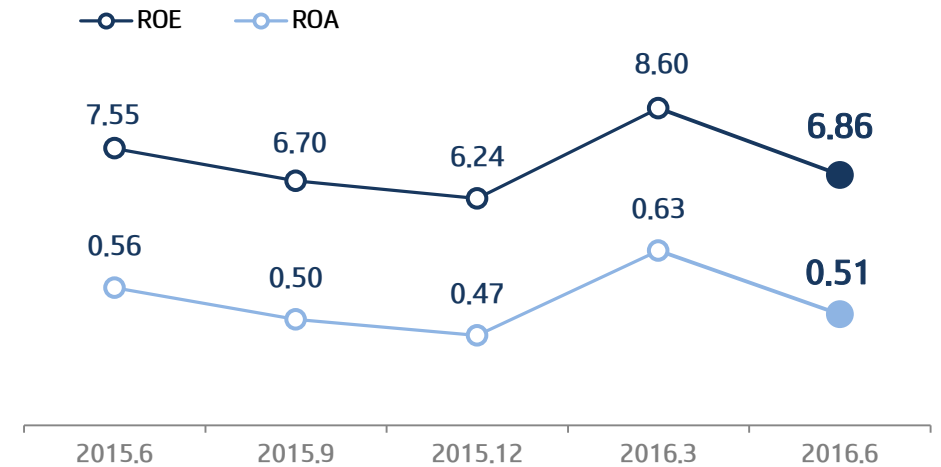
Provisions for Credit Loss - Credit Cost (% (KRW bn))



BIS CAR (Consolidated) (%)



ROE - ROA (%)



II Total Asset / Liability & Capital

Total Asset / Liability & Capital

Total Asset (Consolidated)

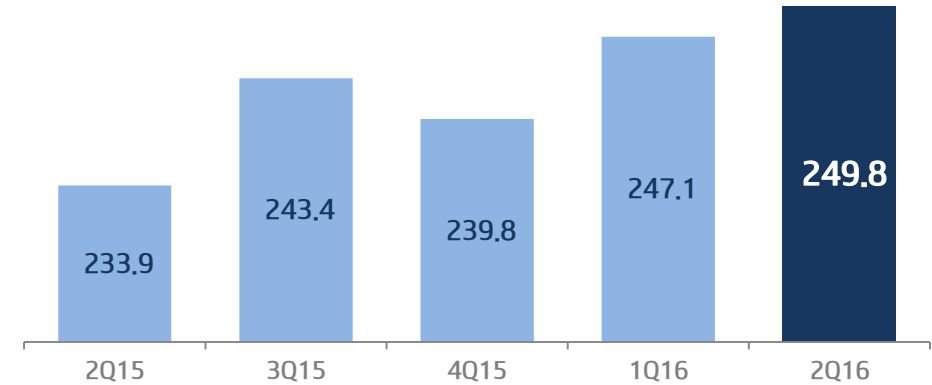
(KRW bn)	2Q16	1Q16	QoQ%	4Q15	YTD%
Bank¹⁾	235,326	232,338	1.3	225,961	4.1
Subsidiaries	18,460	18,971	-2.7	17,981	2.7
IBK Capital	4,456	4,358	2.2	3,863	15.4
IBK Securities	4,222	4,662	-9.4	4,232	-0.2
IBK Insurance	3,574	3,365	6.2	3,107	15.0
IBK Saving Bank	2,973	3,112	-4.5	3,337	-10.9
IBK China	696	679	2.5	663	5.0
IBK AM	51	46	10.9	56	-8.9
IBK System	47	47	0.0	46	2.2
IBK Credit	22	23	-4.3	22	0.0
SPC, Funds & Others	2,420	2,679	-9.7	2,656	-8.9
Total Asset	253,786	251,309	1.0	243,942	4.0
Consolidated Total Asset²⁾	249,778	247,069	1.1	239,843	4.1

1) Excluding trust accounts, total asset including trust accounts(285.8 KRW tr)

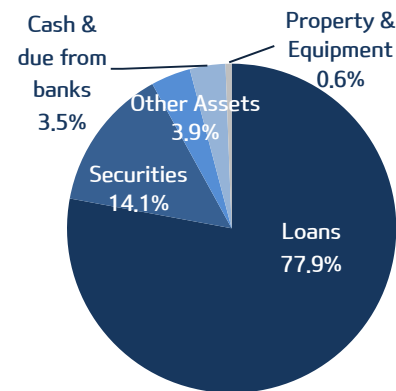
2) After adjustment

Total Asset (Consolidated)

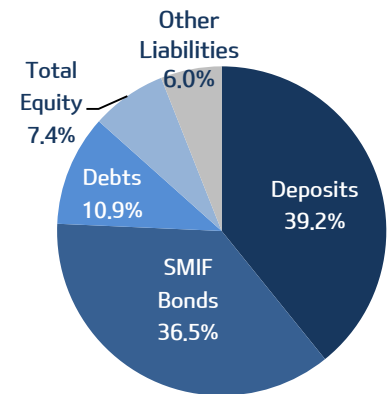
(KRW tr)



Asset (Bank)



Liability· Capital (Bank)



III Profitability

1. Income Statement [Consolidated]
2. Income Statement [Bank]
3. Interest Income [Bank]
4. Non-Interest Income & SG&A [Bank]

Income Statement [Consolidated]

Income Details

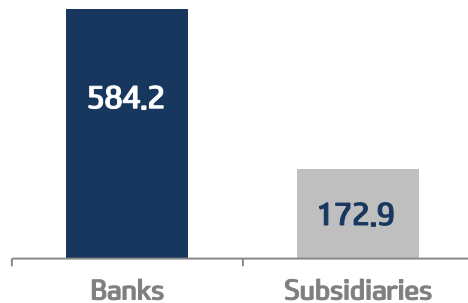
(KRW bn)	1H16	2Q	1Q	QoQ%	1H15	YoY%
Bank	584.2	224.4	359.8	-37.6	601.7	-2.9
Subsidiaries	172.9	101.6	71.3	42.5	118.8	45.5
IBK Capital	51.8	33.9	17.9	89.4	32.5	59.4
IBK Securities	20.5	12.0	8.5	41.2	16.0	28.1
IBK Insurance	17.2	9.6	7.6	26.3	9.9	73.7
IBK China	10.2	6.2	4.0	55.0	3.9	161.5
IBK Savings Bank	9.2	5.2	4.0	30.0	7.6	21.1
IBK AM & Others (3)	5.5	3.3	2.2	50.0	1.6	243.8
SPC, Funds & Others	58.5	31.4	27.1	15.9	47.3	23.7
Adjustment	-89.8	-36.4	-53.4	-	-43.6	-
Net Income	667.3	289.6	377.7	-23.3	676.9	-1.4
(N.I. attributable to Controlling interest)	663.3	286.6	376.7	-23.9	673.9	-1.6

Income Statement

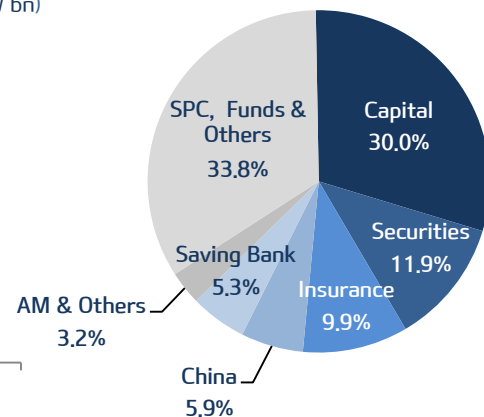
(KRW bn)	1H16	2Q	1Q	QoQ%	1H15	YoY%
Interest Income	2,382.5	1,199.9	1,182.6	1.5	2,269.2	5.0
Non-Interest Income	188.3	72.1	116.2	-38.0	244.6	-23.0
SG&A Expense	1,051.5	582.7	468.8	24.3	1,008.7	4.2
Pre-Provisions Operating Profit	1,519.3	689.3	830.0	-17.0	1,505.1	0.9
Net Provisions	646.1	297.4	348.7	-14.7	670.6	-3.7
Operating Income	873.2	391.9	481.3	-18.6	834.5	4.6
Non-op. Income	-6.8	-6.7	-0.1	-	9.1	-
Pre-tax Income	866.4	385.2	481.2	-20.0	843.6	2.7
Income Tax	199.1	95.6	103.5	-7.6	166.7	19.4
Net Income	667.3	289.6	377.7	-23.3	676.9	-1.4
(N.I. attributable to controlling Interest)	663.3	286.6	376.7	-23.9	673.9	-1.6

Income Comparison(1H16)

(KRW bn)



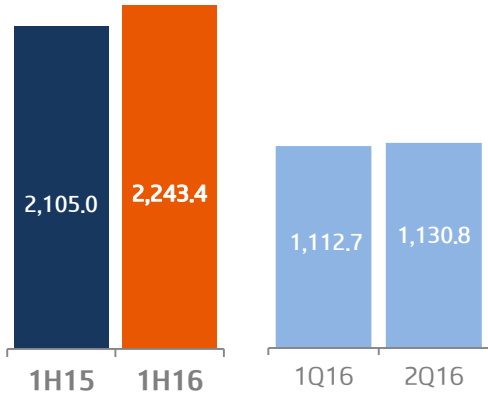
Subsidiary Composition(1H16)



Income Statement [Bank]

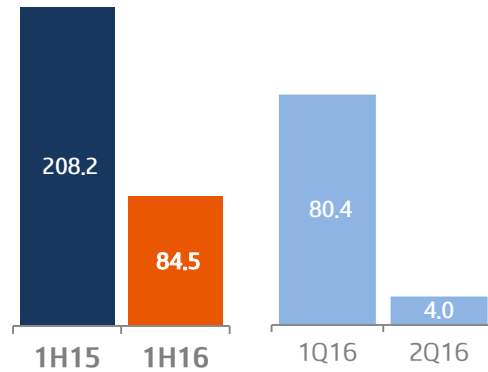
Interest Income

(KRW bn)



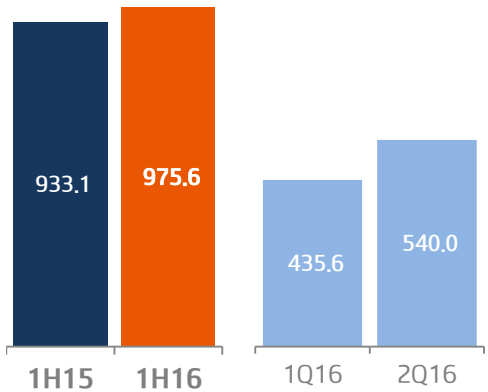
Non-Interest Income

(KRW bn)



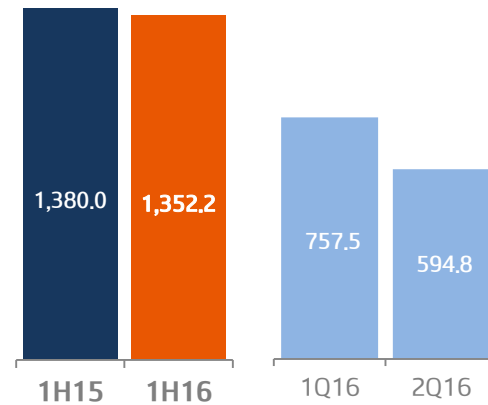
SG&A Expenses

(KRW bn)



PPOP

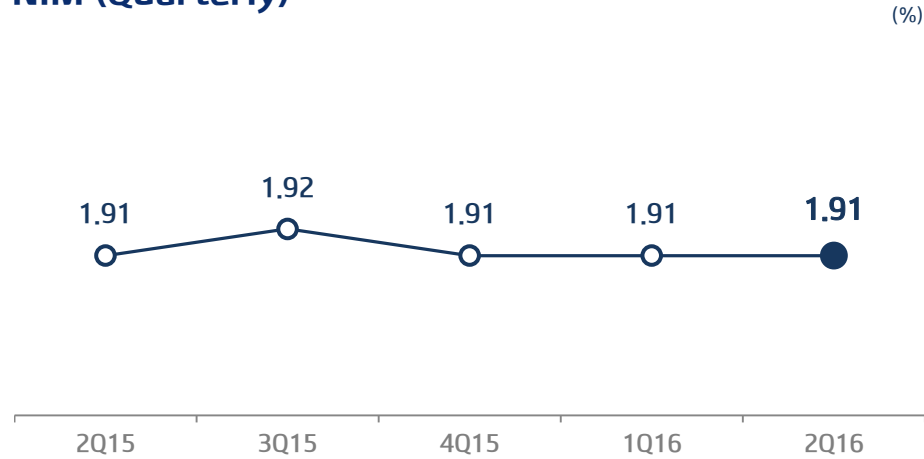
(KRW bn)



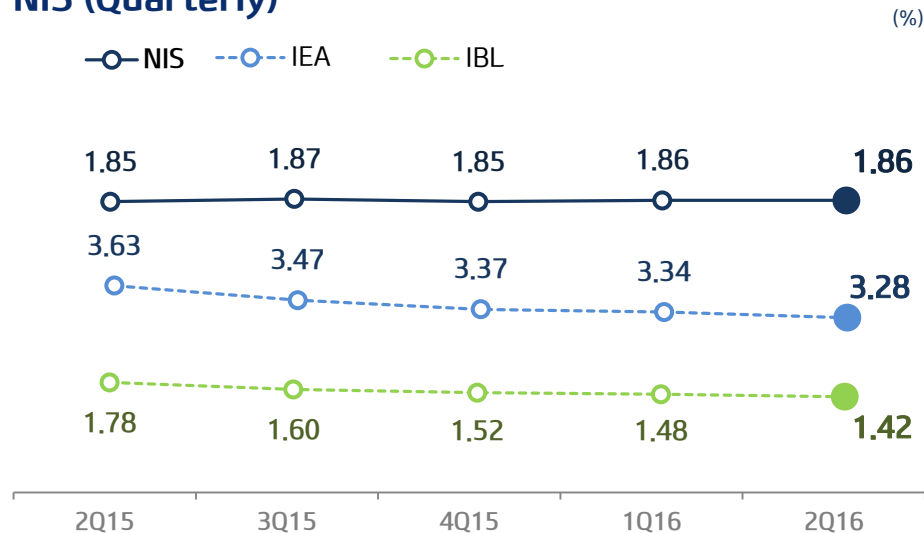
Income Statement

(KRW bn)	1H16	2Q	1Q	QoQ%	1H15	YoY%
Interest Income	2,243.4	1,130.8	1,112.7	1.6	2,105.0	6.6
Non-Interest Income	84.5	4.0	80.4	-95.0	208.2	-59.4
SG&A Expenses	975.6	540.0	435.6	24.0	933.1	4.6
PPOP	1,352.2	594.8	757.5	-21.5	1,380.0	-2.0
Net Provisions	635.4	300.6	334.8	-10.2	639.8	-0.7
Operating Income	716.8	294.1	422.7	-30.4	740.2	-3.2
Non-op. Income	32.3	1.6	30.7	-94.8	1.2	2,591.7
Pre-tax Income	749.1	295.7	453.3	-34.8	741.4	1.0
Income Tax	164.9	71.4	93.5	-23.6	139.7	18.0
Net Income	584.2	224.4	359.8	-37.6	601.7	-2.9

NIM (Quarterly)



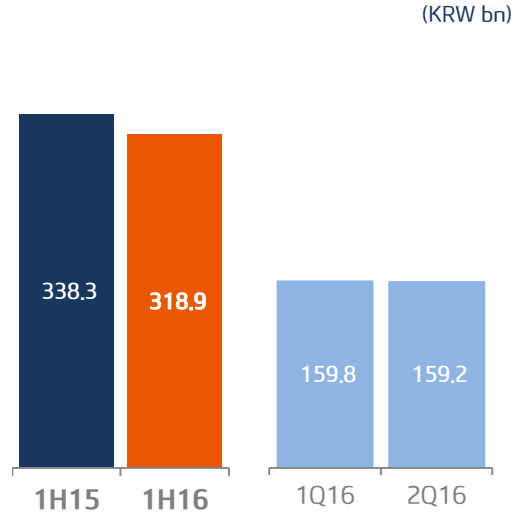
NIS (Quarterly)



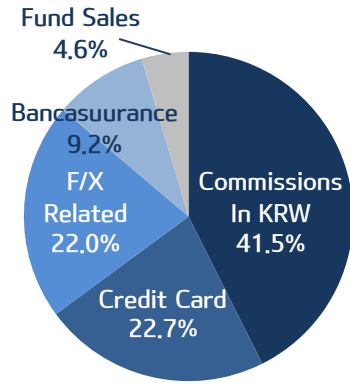
Interest Income

(KRW bn)	1H16	2Q	1Q	QoQ%	1H15	YoY%
Interest Revenue	3,631.5	1,815.7	1,815.9	0.0	3,779.0	-3.9
Loans	3,044.4	1,523.8	1,520.6	0.2	3,166.6	-3.9
Credit Card Rec.	233.0	116.5	116.5	0.0	226.8	2.7
(Credit Purchase)	212.9	106.3	106.6	-0.3	212.0	0.4
Securities	305.2	149.8	155.4	-3.6	353.0	-13.5
Others	49.0	25.6	23.4	9.4	32.6	50.3
Interest Expense	1,388.1	684.9	703.2	-2.6	1,674.0	-17.1
Deposits	372.5	181.7	190.9	-4.8	484.0	-23.0
SMIF Bonds & etc	1,015.6	503.2	512.3	-1.8	1,190.0	-14.7
Interest Income	2,243.4	1,130.8	1,112.7	1.6	2,105.0	6.6

Fee Income



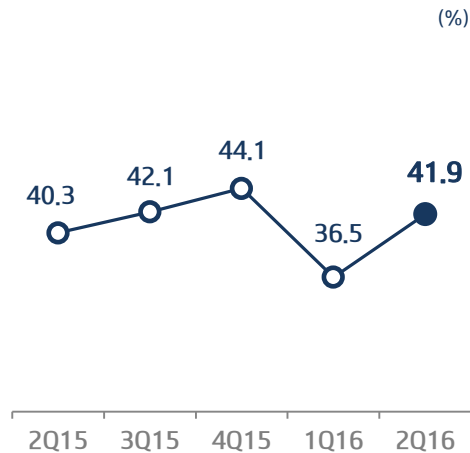
Fee Income Composition(1H16) Non-Interest Income



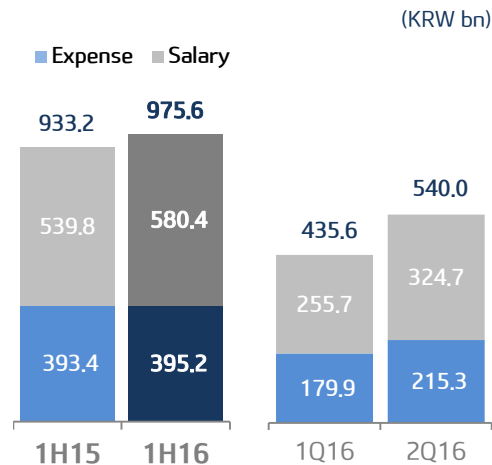
(KRW bn)	1H16	2Q	1Q	QoQ%	1H15	YoY%
Fee Income	318.9	159.2	159.8	-0.4	338.3	-5.7
Commissions in KRW	132.2	64.2	68.0	-5.6	144.2	-8.3
F/X-Related Fees	70.1	36.0	34.1	5.6	69.3	1.2
Bancassurance	29.4	14.7	14.7	0.0	34.6	-15.0
Credit Card	72.5	36.8	35.7	3.1	74.0	-2.0
Fund Sales	14.7	7.4	7.3	1.4	16.2	-9.3
Other Non-Int. Income	-234.4	-155.2	-79.4	-	-130.1	-
Gain from Securities	140.0	58.2	81.8	-28.9	149.4	-6.3
Gain/Loss on Disposal	-7.4	-21.6	14.2	-	49.6	-
Others ¹⁾	-397.5	-208.9	-188.9	-	-356.3	-
Trust Income	30.5	17.1	13.5	26.7	27.3	11.7
Net Non-Int. Income	84.5	4.0	80.4	-95.0	208.2	-59.5

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

Cost to Income Ratio



SG&A



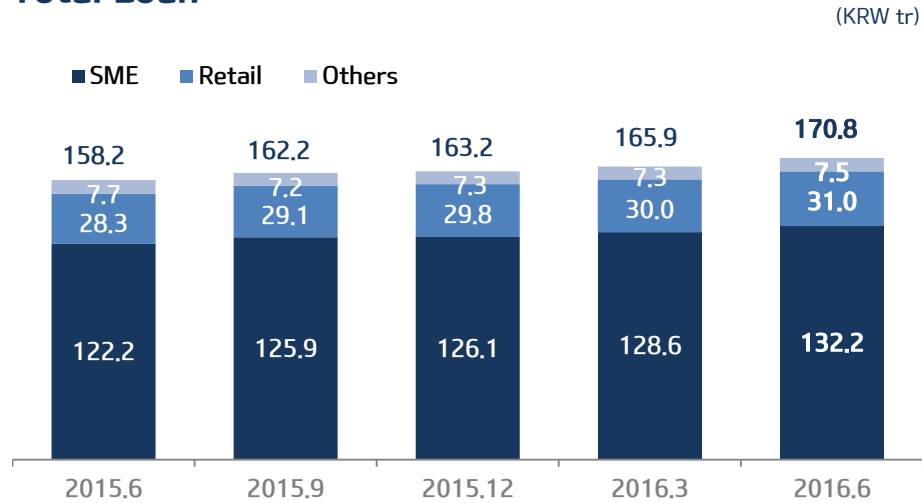
SG&A

(KRW bn)	1H16	2Q	1Q	QoQ%	1H15	YoY%
SG&A Expenses	975.6	540.0	435.6	24.0	933.2	4.5
Salaries	580.4	324.7	255.7	27.0	539.8	7.5
Admin. Expenses	395.2	215.3	179.9	19.7	393.4	0.5
Non-Op. Income	32.3	1.6	30.6	-94.8	1.2	2,591.7
Non-Op. Revenue	72.1	27.8	44.3	-37.2	20.2	256.9
Non-Op. Expense	39.8	26.2	13.7	91.2	19.0	109.5

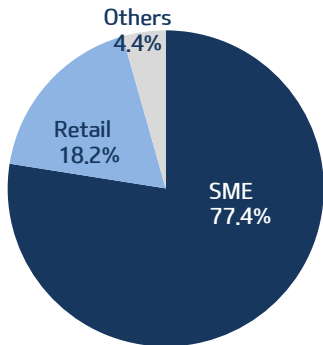
IV Loan · Deposit

1. Loan Portfolio [Bank]
2. SME Loan [Bank]
3. Total Deposit [Bank]

Total Loan

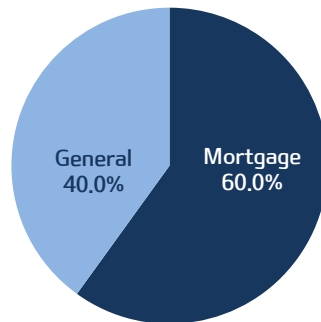


Loan Composition (1H16)



▪ SME Loans (including Loans in FCY)

Retail Loan Composition (1H16)



▪ Including Credit Card Loans(181.7bn)

Total Loan

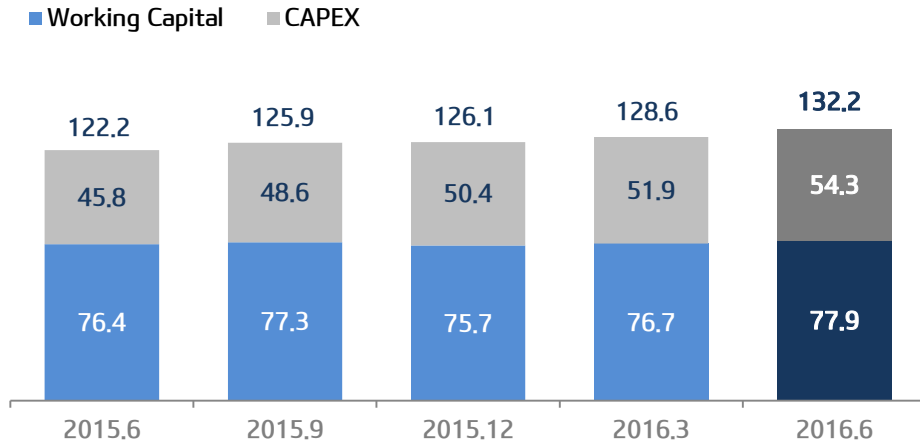
(KRW bn)	2016.6	2016.3	QoQ%	2015.12	YTD%
SME	132,248	128,615	2.8	126,112	4.8
Working Capital	77,954	76,732	1.6	75,714	3.0
CAPEX	54,294	51,883	4.6	50,398	7.7
Retail	31,024	29,979	3.5	29,780	4.2
Mortgage	18,601 ¹⁾	17,737	4.9	17,518	6.2
General	12,423 ²⁾	12,242	1.5	12,262	1.3
Others	7,483	7,294	2.5	7,302	2.5
Total	170,755	165,888	2.9	163,194	4.6

1) Untransferred Balance included (U-KHFC Loan: 96.7bn, Conforming Loan: 220.3bn)

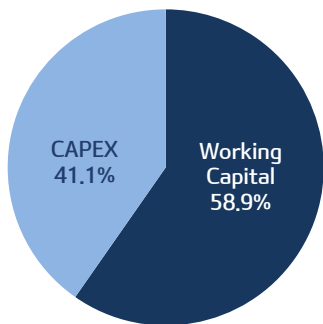
2) 181.7bn of Credit Card Loans included

SME Loan

(KRW tr)

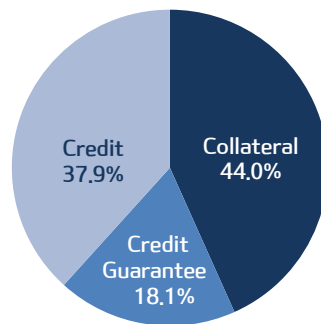


SME Loan by Purpose (1H16)



▪ SME Loans (including Loans in FCY)

SME Loan by Collateral (1H16)



▪ SME Loans (including Loans in FCY)

SME Loan by Industry

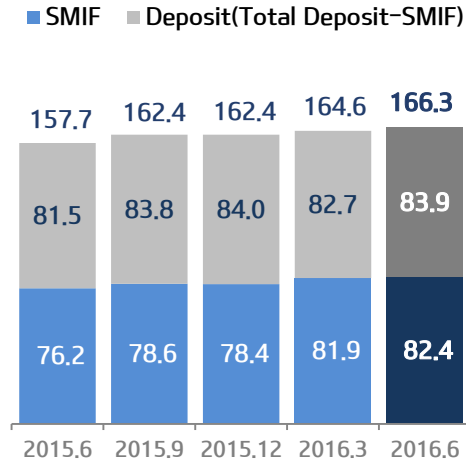
(KRW bn)	2016.6				2015.12	
	Amt.	(%)	Change	(%p)	Amt.	(%)
Manufacturing	82,142	62.1	3,303	-0.4	78,839	62.5
Wholesale & Retail	20,104	15.2	635	-0.2	19,469	15.4
Real Estate Lease & Rental	10,482	7.9	1,072	0.4	9,410	7.5
Construction	4,789	3.6	437	0.1	4,352	3.5
Lodging & Dining	1,372	1.1	48	0.1	1,324	1.0
Others	13,359	10.1	641	0.0	12,718	10.1
Total	132,248	100.0	6,136	-	126,112	100.0

▪ SME Loans (including Loans in FCY)

Total Deposit [Bank]

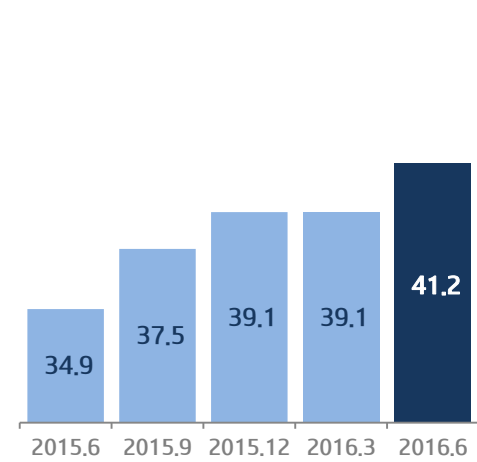
Total Deposit

(KRW tr)



Core Deposit

(KRW tr)

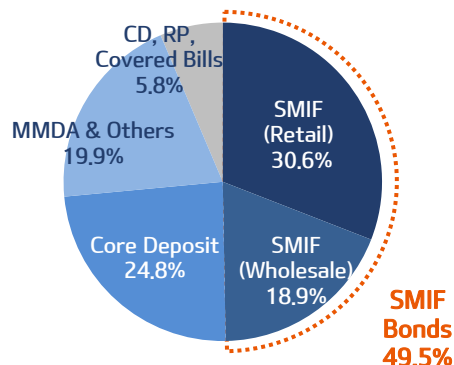


Total Deposit

(KRW bn)	2016.6	2016.3	QoQ%	2015.12	YTD%
Deposit	74,218	72,234	2.7	71,418	3.9
Core Deposit ¹⁾	41,156	39,127	5.2	39,133	5.2
MMDA	10,445	10,191	2.5	7,063	47.9
Others	22,617	22,916	-1.3	25,222	-10.3
CD, Covered Bill, RP	9,642	10,476	-8.0	12,578	-23.3
SMIF Bond	82,409	81,857	0.7	78,453	5.0
(Retail-funded)	50,905	50,909	0.0	48,353	5.3
(Wholesale-funded)	31,504	30,948	1.8	30,100	4.7
Sub Total	166,270	164,567	1.0	162,449	2.4
Trust ²⁾	15,209	15,349	-0.9	14,147	7.5
Total Deposit	181,478	179,916	0.9	176,596	2.8

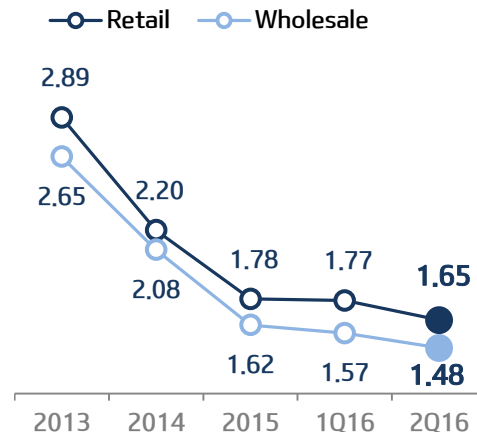
Deposit Composition (1H16)

(KRW tr)



SMIF Bond Yields

(%)



- Based on SMIF Bond with 1 year maturity
- 4Q's Average Yields used for 2012~2015

▪ Monthly average B/S balance

1) Core Deposit: Corp. Free Savings + Savings Deposit + Demand Deposit(excluding MMDA)

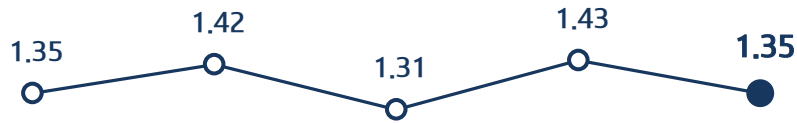
2) Money Trust (excluding fund sales)

V Asset Quality

1. Asset Quality [Bank]
2. Delinquency [Bank]
3. Provisions for Credit Loss [Bank]

Substandard & Below Ratio

(%)



2015.6 2015.9 2015.12 2016.3 2016.6

LLR - Coverage Ratio

(%, KRW bn)

■ LLR ○ Coverage Ratio



2015.6 2015.9 2015.12 2016.3 2016.6

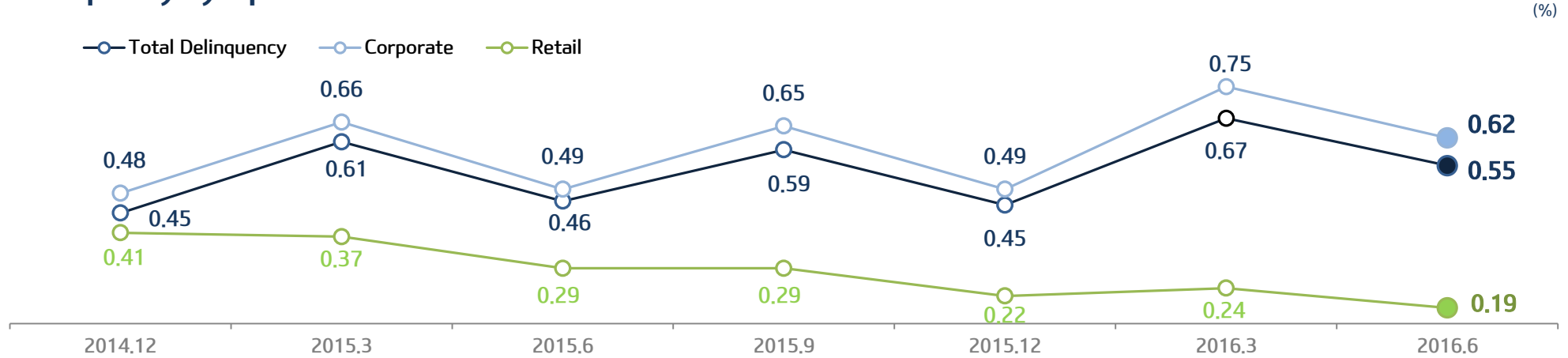
Substandard & Below

(KRW bn)	2016.6	2016.3	QoQ%	2015.12	YTD%
Total Loan¹⁾	183,848	178,950	2.7	176,224	4.3
Normal	178,616	173,433	3.0	171,134	4.4
Precautionary	2,751	2,950	-6.7	2,789	-1.4
Sub. & Below	2,482	2,567	-3.3	2,301	7.9
<i>Substandard</i>	1,776	1,672	6.2	1,638	8.4
<i>Doubtful</i>	112	272	-58.8	248	-54.8
<i>Est. Loss</i>	594	623	-4.7	415	43.1
Sub. & Below Ratio	1.35%	1.43%	-0.08%p	1.31%	0.04%p
Loan Loss Reserves	4,247	4,280	-0.8	3,997	6.3
Coverage Ratio	171.2%	166.7%	4.5%p	173.7%	-2.5%p
Write-offs (Quarterly)	303.8	138.1	120.0	216.3	40.5

1) Total Credit

2) KRW 2,103.1bn of Reserve for Credit Loss included

Delinquency by Operation



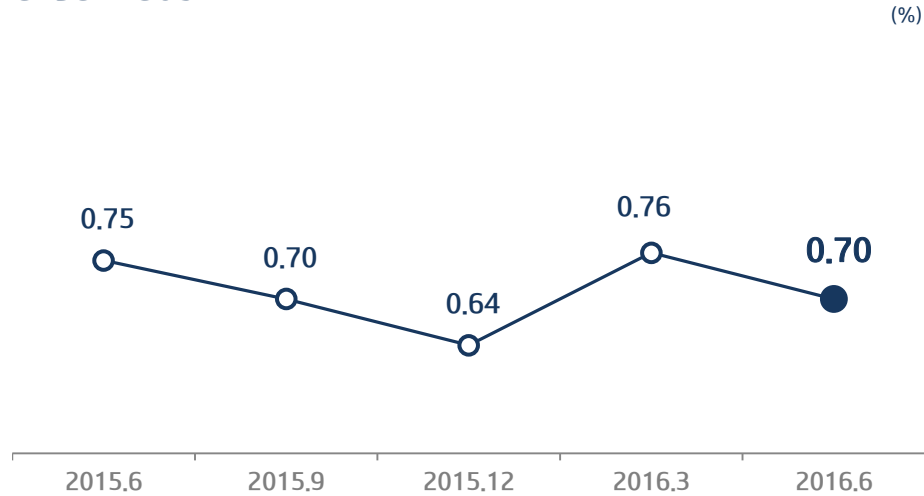
▪ Principal or Interest of +30 days past due

Delinquency by Industry

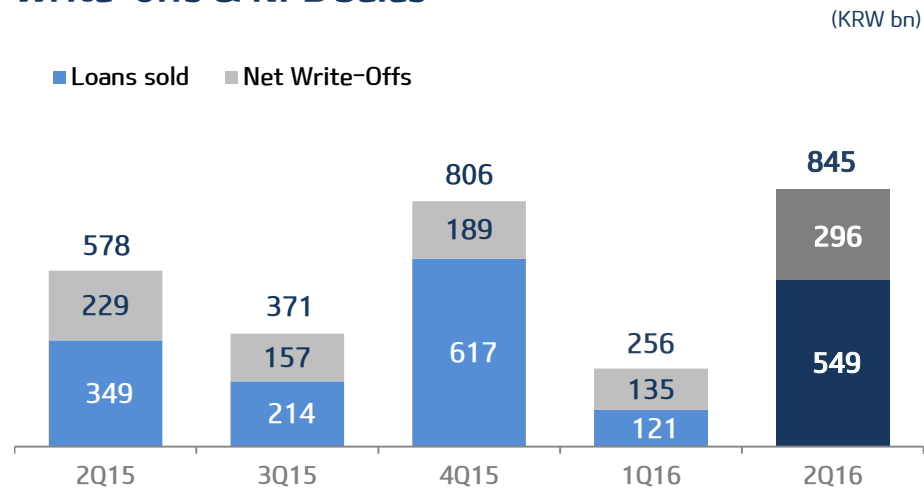
(%)	2014.12	2015.3	2015.6	2015.9	2015.12	2016.3	2016.6
Manufacturing	0.42	0.58	0.47	0.66	0.43	0.73	0.63
Construction	0.89	1.24	0.73	1.18	0.83	0.97	0.64
Real Estate Lease & Rental	0.36	0.36	0.17	0.22	0.19	0.25	0.40
Wholesale & Retail	0.55	0.87	0.59	0.62	0.39	0.63	0.45
Lodging & Dining	0.62	0.87	0.38	0.33	0.76	0.92	0.75

▪ Principal or Interest of +30 days past due

Credit Cost



Write-offs & NPL Sales



Provisions for Credit Loss

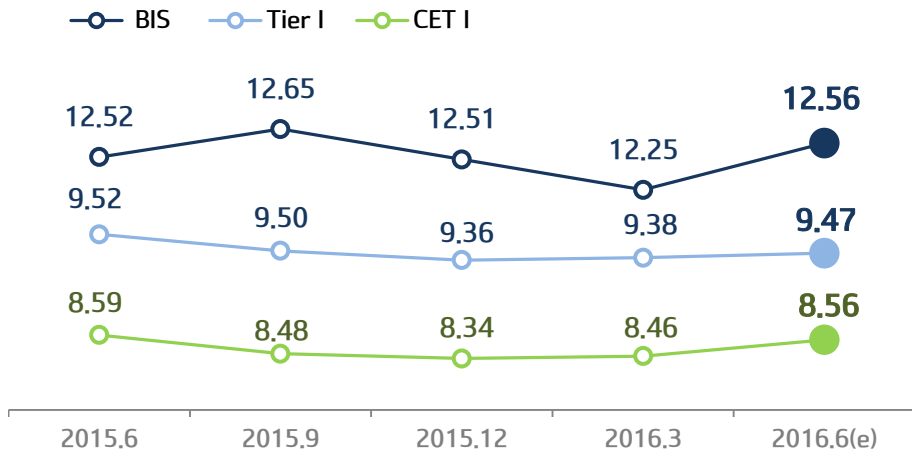
(KRW bn)	2Q16	1Q16	4Q15	3Q15	2Q15
Corporate	246.8	307.9	196.6	255.1	285.1
Provisions	247.6	316.7	189.6	249.5	286.0
Unused Credit Line	-0.8	-8.8	7.0	5.6	-0.9
Retail	-2.5	10.1	8.8	9.1	7.9
Provisions	-2.5	10.1	8.8	9.0	7.9
Unused Credit Line	0.0	0.0	0.0	0.1	0.0
Credit Card	16.9	16.4	4.5	20.8	12.5
Provisions	17.7	16.2	3.0	20.9	12.7
Unused Credit Line	-0.8	0.2	1.5	-0.1	-0.2
Sub Total	261.2	334.4	209.9	285.0	305.5

VI Capital Adequacy

Capital Adequacy [Consolidated]

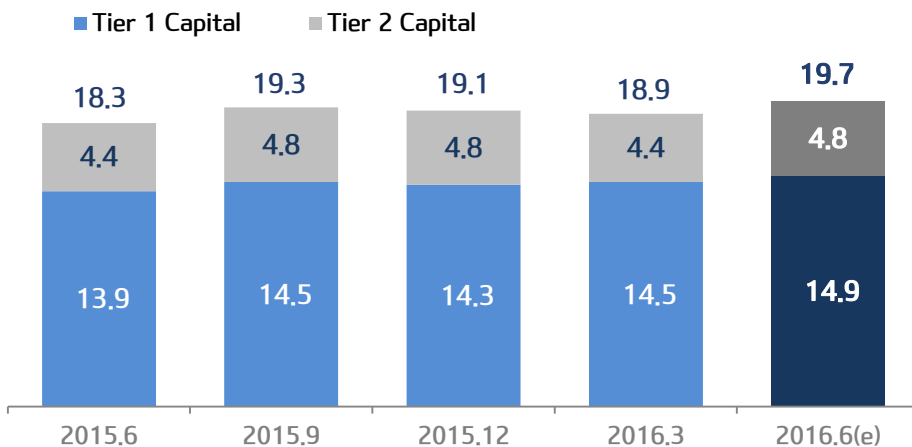
BIS CAR

(%)



Capital Adequacy Trend

(KRW tr)



Capital Adequacy & BIS CAR

(KRW bn,%)	2016.6(e)	2016.3	2015.12
Tier I	14,865	14,505	14,336
Common Equity Tier I	13,442	13,084	12,773
Common Shares Issued	2,800	2,800	2,782
Stock Surplus	552	552	531
Retained Earnings	11,546	11,294	10,946
Accum. Other Comprehensive Income	974	759	731
Additional Tier I	1,423	1,421	1,563
Tier II	4,850	4,436	4,827
Subordinated Bonds	3,897	3,497	3,880
Provision in excess of Exp. Loss	757	745	743
LLR	196	194	204
Total	19,715	18,941	19,163
Risk-weighted Assets	157,002	154,677	153,135
BIS Ratio	12.56	12.25	12.51
Tier I	9.47	9.38	9.36
CET I ¹⁾	8.56	8.46	8.34
Tier II	3.09	2.87	3.15

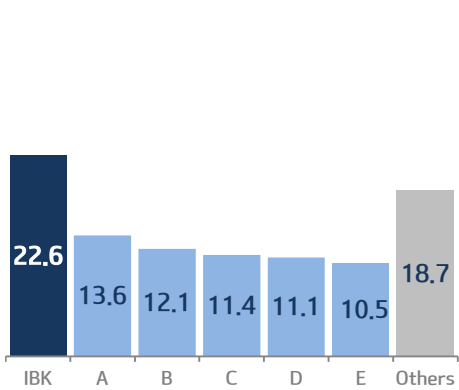
1) Common Equity Tier I

VII Appendix

- SME Loan & SMIF Bond Details

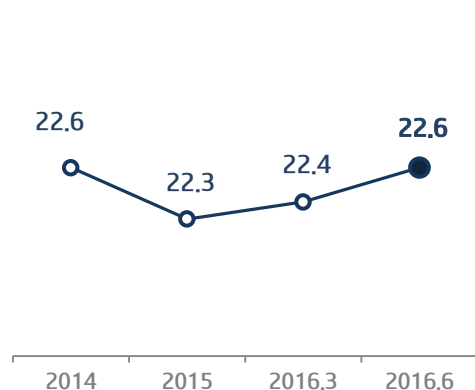
SME

Market Share by Banks (%)



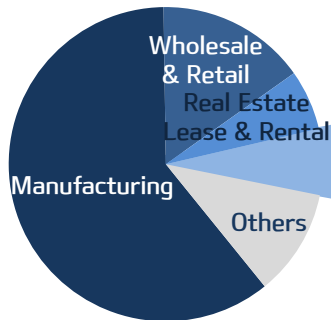
- BOK reported standard
- 2Q16 SME Loans balance by banks

IBK M/S Trend (%)

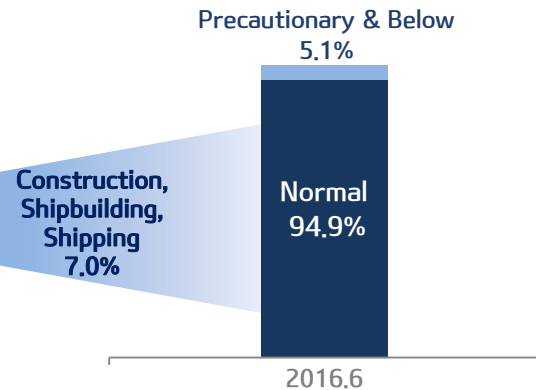


- BOK reported standard

Construction, Shipbuilding, Shipping

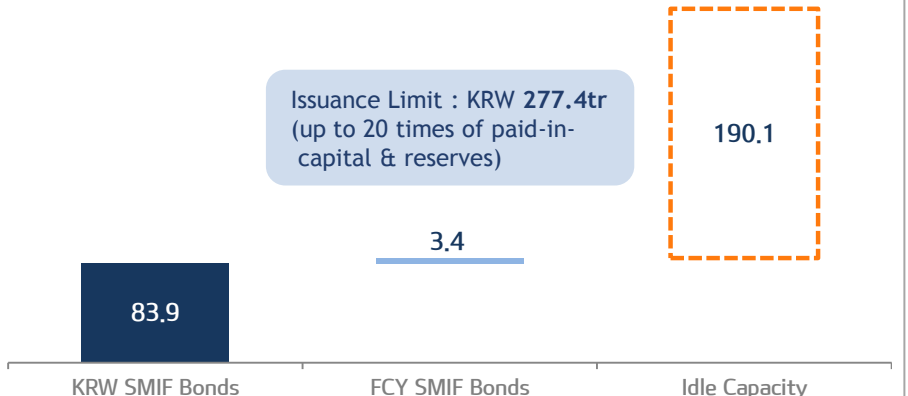


Asset Quality Breakdown



SMIF Bond

SMIF Bond Balance & Issuance Limit (KRW tr)



- Outstanding balance at the end of March(KRW)

SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	62.3	8.6	3.7	1.4	6.4	82.4
%	75.6%	10.4%	4.5%	1.7%	7.8%	100.0%

- Monthly average B/S balance(KRW)