

# 3Q16 Earnings Release

Industrial Bank of Korea



# Disclaimer

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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.

# Contents

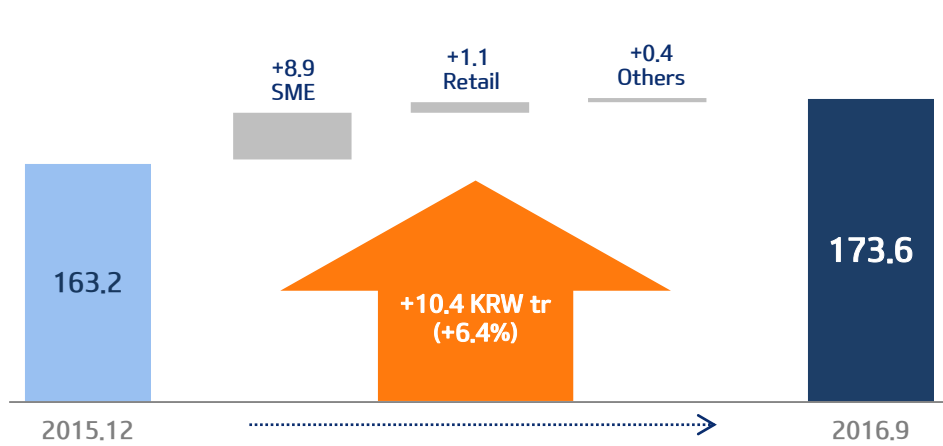
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- II** Total Asset/Liability & Capital
- III** Profitability
- IV** Loan·Deposit
- V** Asset Quality
- VI** Capital Adequacy
- VII** Appendix

# 1 Financial Highlights

# Financial Highlights [Bank]

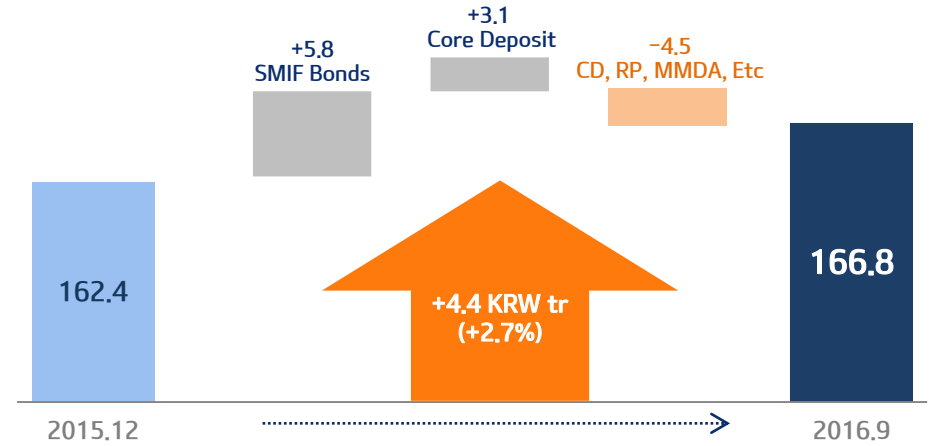
## Total Loan Growth

(KRW tr)



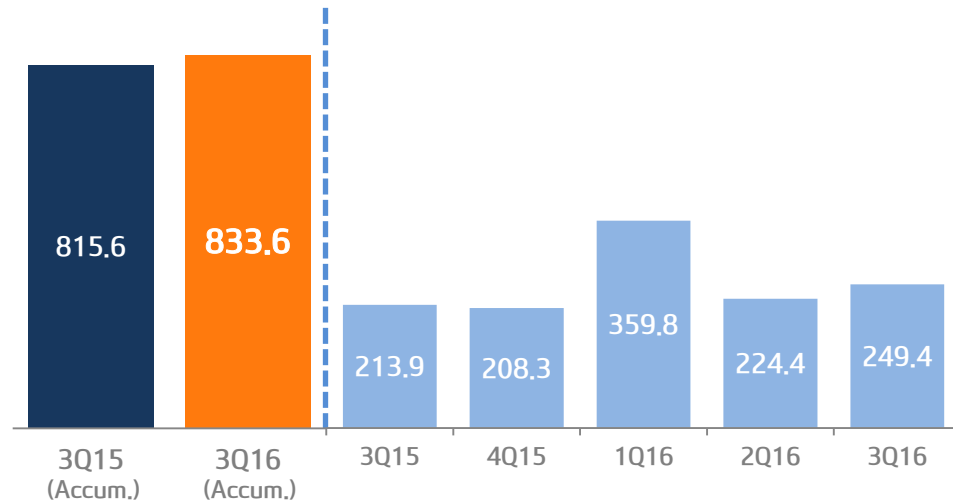
## Total Deposit Growth

(KRW tr)



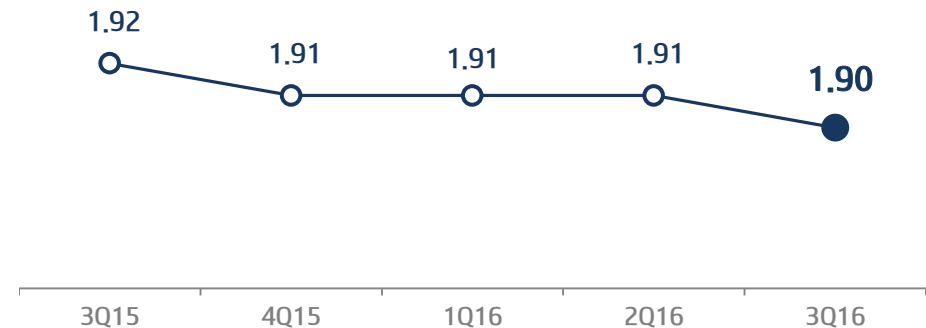
## Net Income

(KRW bn)



## NIM (Quarterly)

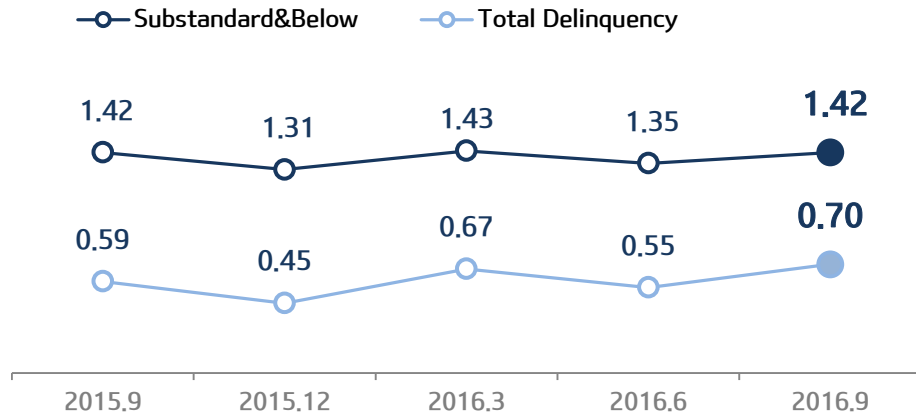
(%)



# Financial Highlights [Bank]

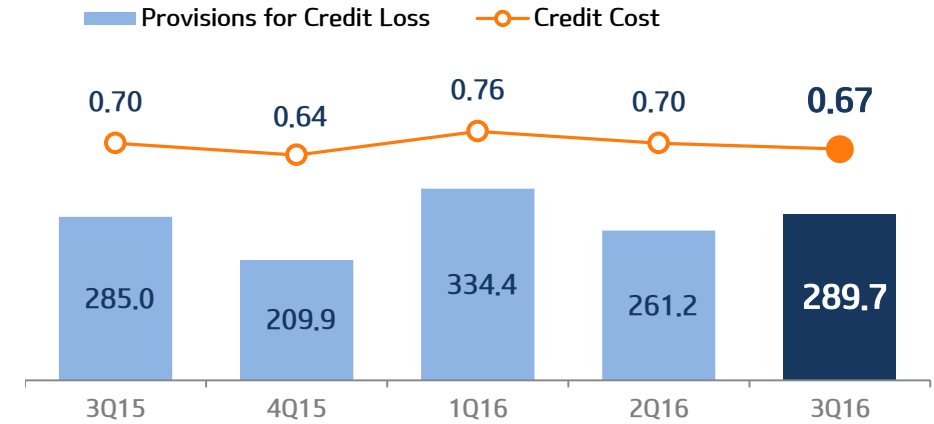
## Substandard & Below - Total Delinquency (%)

(%)



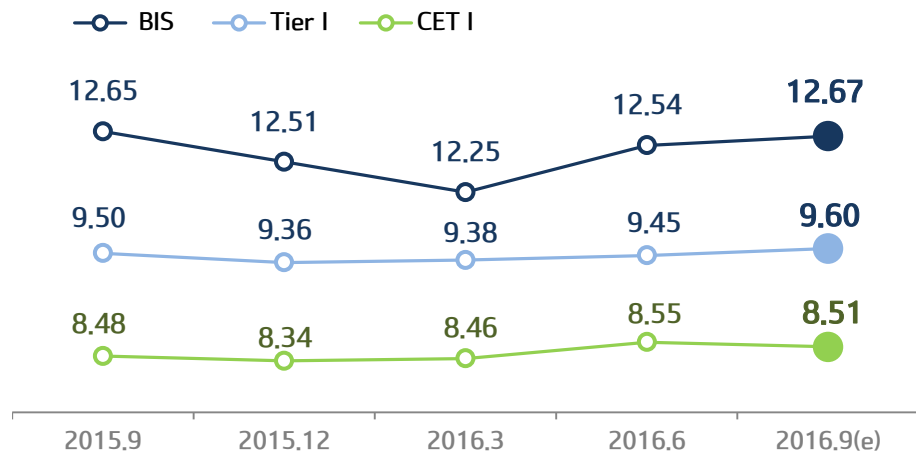
## Provisions for Credit Loss - Credit Cost (%KRW bn)

(%,KRW bn)



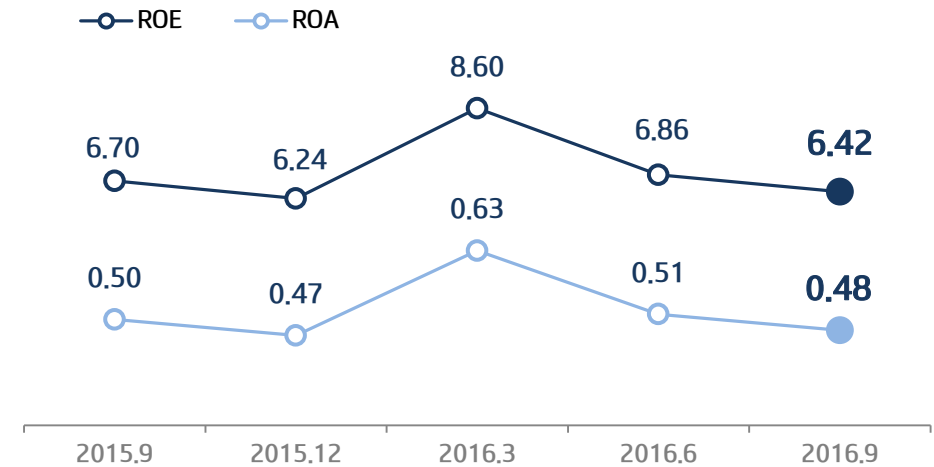
## BIS CAR (Consolidated) (%)

(%)



## ROE·ROA (%)

(%)



## II Total Asset / Liability & Capital

# Total Asset / Liability & Capital

## Total Asset (Consolidated)

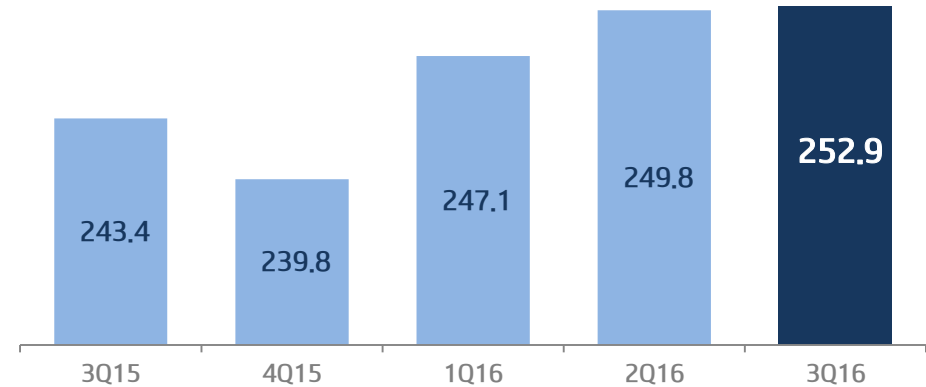
(KRW bn)	3Q16	2Q16	QoQ%	4Q15	YTD%
<b>Bank<sup>1)</sup></b>	<b>237,139</b>	<b>235,326</b>	<b>0.8</b>	<b>225,961</b>	<b>4.9</b>
<b>Subsidiaries</b>	<b>19,514</b>	<b>18,460</b>	<b>5.7</b>	<b>17,981</b>	<b>8.5</b>
IBK Capital	4,566	4,456	2.5	3,863	18.2
IBK Securities	4,814	4,222	14.0	4,232	13.8
IBK Insurance	3,731	3,574	4.4	3,107	20.1
IBK China	3,095	2,973	4.1	3,337	-7.3
IBK Savings Bank	733	696	5.3	663	10.6
IBK System	55	51	7.8	56	-1.8
IBK Asset Mgmt.	48	47	2.1	46	4.3
IBK Credit	23	22	4.5	22	4.5
SPC, Funds & Others	2,449	2,420	1.2	2,656	-7.8
<b>Total Asset</b>	<b>256,653</b>	<b>253,786</b>	<b>1.1</b>	<b>243,942</b>	<b>5.2</b>
<b>Consolidated Total Asset<sup>2)</sup></b>	<b>252,888</b>	<b>249,778</b>	<b>1.2</b>	<b>239,843</b>	<b>5.4</b>

1) Excluding trust accounts, total asset including trust accounts(288.8 KRW tr)

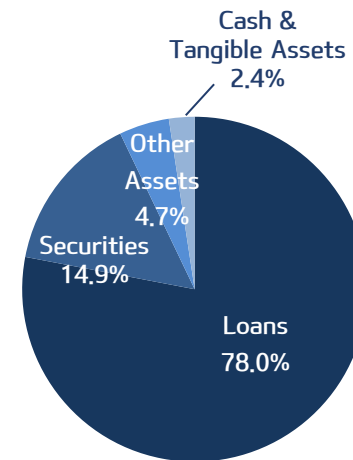
2) After adjustment

## Total Asset (Consolidated)

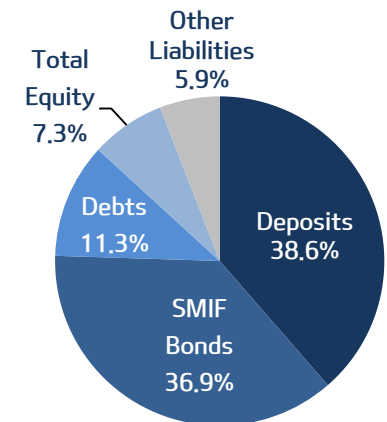
(KRW tr)



## 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

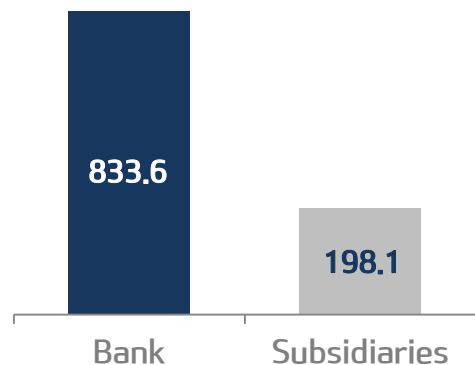
(KRW bn)	3Q16	2Q16	QoQ%	3Q15	YoY%
<b>Bank</b>	249.4	224.4	11.1	213.9	16.6
<b>Subsidiaries</b>	25.2	101.6	-75.2	57.2	-55.9
IBK Capital	10.0	33.9	-70.5	16.9	-40.8
IBK Securities	7.0	12.0	-41.7	11.8	-40.7
IBK Insurance	7.8	9.6	-18.8	-3.0	-
IBK China	5.6	6.2	-9.7	3.1	80.6
IBK Savings Bank	3.5	5.2	-32.7	-	-
IBK AM & Others (3)	2.2	3.3	-33.3	2.9	-24.1
SPC, Funds & Others	-10.9	31.4	-	25.5	-
<b>Adjustment</b>	7.6	-36.4	-	-23.5	-
<b>Net Income</b>	282.2	289.6	-2.6	247.6	14.0
(N.I. attributable to Controlling interest)	281.0	286.6	-2.0	244.4	15.0

## Income Statement

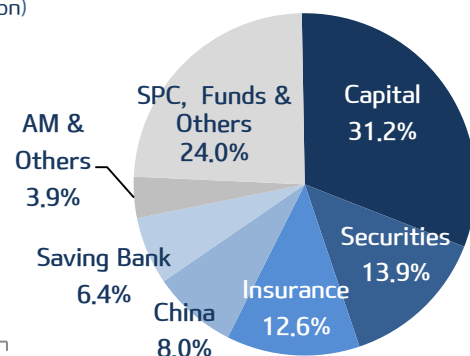
(KRW bn)	3Q16	2Q16	QoQ%	3Q15	YoY%
<b>Interest Income</b>	1,250.8	1,199.9	4.2	1,171.5	6.8
<b>Non-Interest Income</b>	7.4	72.1	-89.7	-28.8	-
SG&A Expense	542.4	582.7	-6.9	522.6	3.8
<b>Pre-Provisions Operating Profit</b>	715.7	689.3	3.8	620.2	15.4
Net Provisions	335.2	297.4	12.7	289.1	15.9
<b>Operating Income</b>	380.5	391.9	-2.9	331.1	15.0
Non-op. Income	-8.4	-6.7	22.4	-4.2	-
Pre-tax Income	372.1	385.2	-3.3	327.0	13.9
Income Tax	90.0	95.6	-5.9	79.4	13.4
<b>Net Income</b>	282.2	289.6	-2.6	247.6	14.0
(N.I. attributable to controlling Interest)	281.0	286.6	-2.0	244.4	15.0

## Income Comparison (Accum.)

(KRW bn)

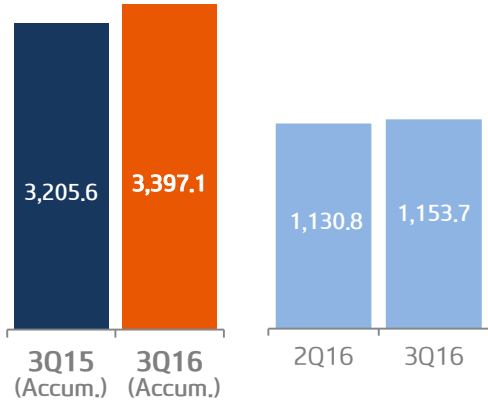


## Subsidiary Composition (Accum.)



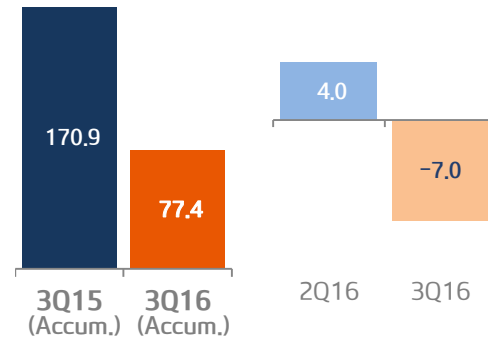
## Interest Income

(KRW bn)



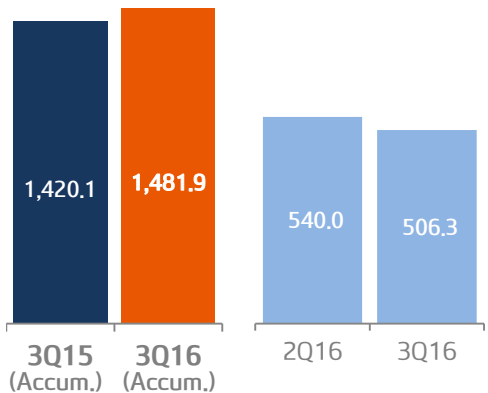
## Non-Interest Income

(KRW bn)



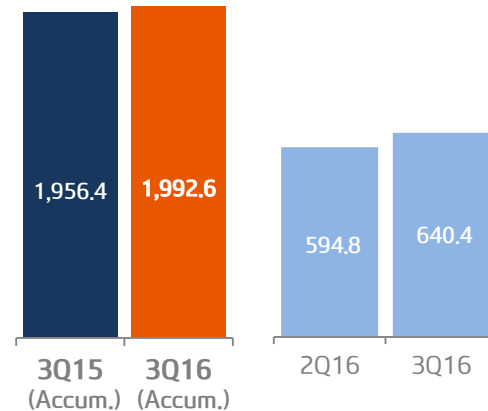
## SG&A Expenses

(KRW bn)



## PPOP

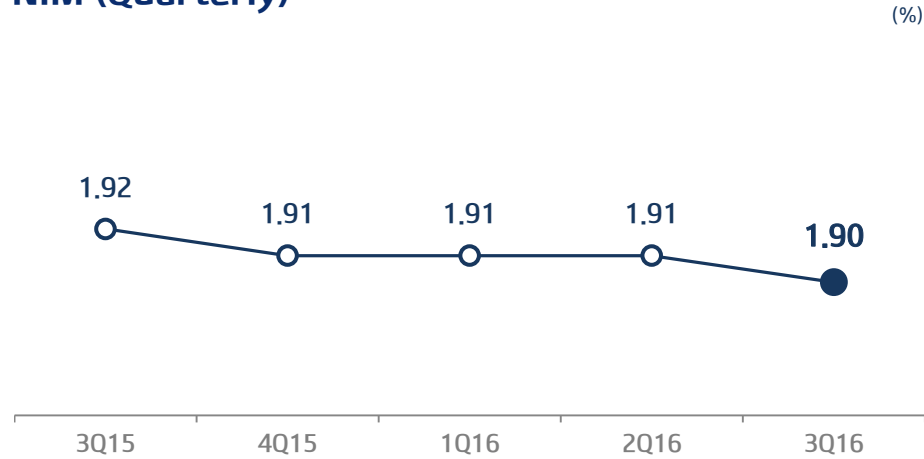
(KRW bn)



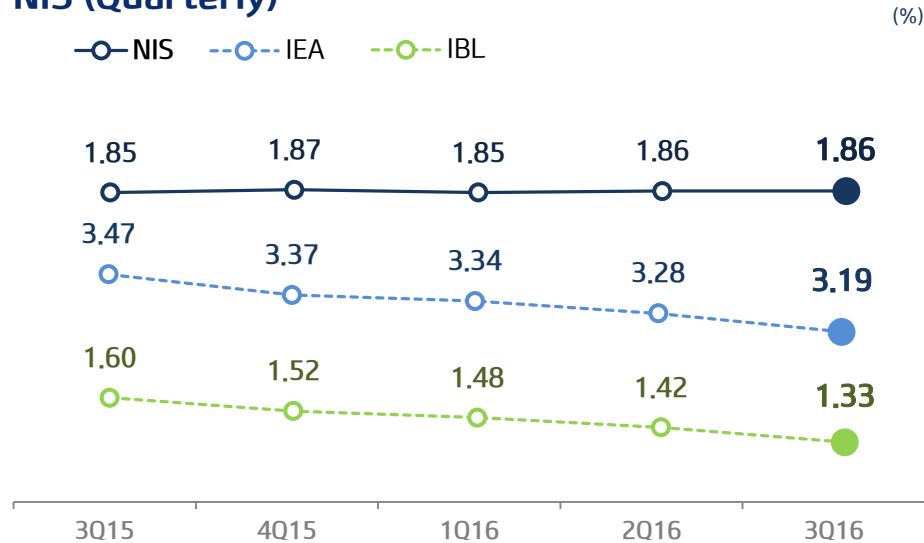
## Income Statement

(KRW bn)	3Q16	2Q16	QoQ%	3Q15	YoY%
Interest Income	1,153.7	1,130.8	2.0	1,100.6	4.8
Non-Interest Income	-7.0	4.0	-	-37.3	-
SG&A Expenses	506.3	540.0	-6.2	486.9	4.0
<b>PPOP</b>	<b>640.4</b>	<b>594.8</b>	<b>7.7</b>	<b>576.3</b>	<b>11.1</b>
Net Provisions	302.9	300.6	0.8	287.3	5.4
<b>Operating Income</b>	<b>337.5</b>	<b>294.1</b>	<b>14.8</b>	<b>289.0</b>	<b>16.8</b>
Non-op. Income	-10.6	1.6	-	-6.8	-
Pre-tax Income	326.9	295.7	10.6	282.2	15.8
Income Tax	77.5	71.4	8.5	68.3	13.5
<b>Net Income</b>	<b>249.4</b>	<b>224.4</b>	<b>11.1</b>	<b>213.9</b>	<b>16.6</b>

## NIM (Quarterly)



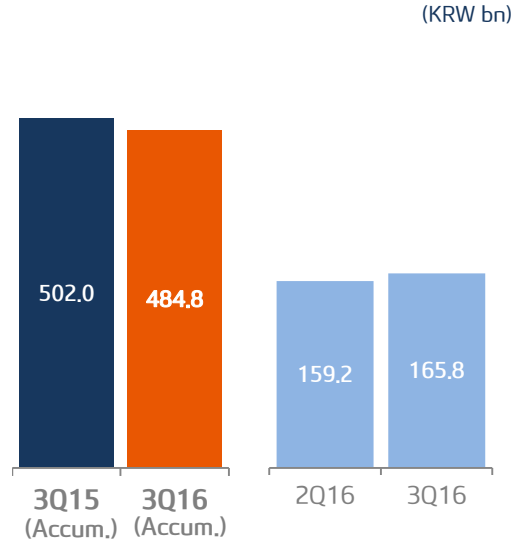
## NIS (Quarterly)



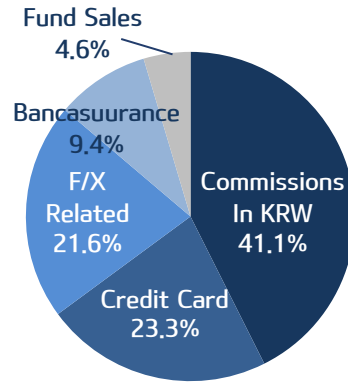
## Interest Income

(KRW bn)	3Q16	2Q16	QoQ%	3Q15	YoY%
<b>Interest Revenue</b>	<b>1,807.5</b>	<b>1,815.7</b>	<b>-0.5</b>	<b>1,848.9</b>	<b>-2.2</b>
Loans	1,523.3	1,523.8	0.1	1,551.1	-1.8
Credit Card Rec.	124.7	116.5	7.0	119.5	4.4
(Credit Purchase)	113.8	106.3	7.1	111.2	2.3
Securities	141.1	149.8	-5.8	160.6	-12.1
Others	18.3	25.6	-28.5	17.7	3.4
<b>Interest Expense</b>	<b>653.8</b>	<b>684.9</b>	<b>-4.5</b>	<b>748.3</b>	<b>-12.6</b>
Deposits	170.6	181.7	-6.1	217.6	-21.6
SMIF Bonds & etc	483.2	503.2	-4.0	530.8	-9.0
<b>Interest Income</b>	<b>1,153.7</b>	<b>1,130.8</b>	<b>2.0</b>	<b>1,100.6</b>	<b>4.8</b>

## Fee Income



## Fee Income Composition(3Q16)

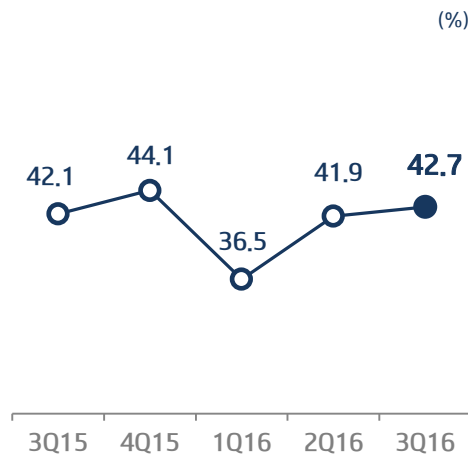


## Non-Interest Income

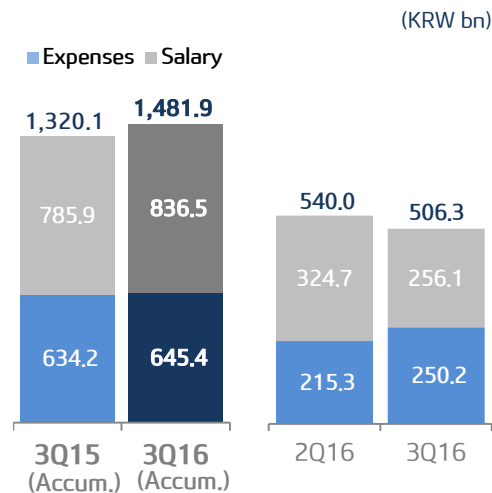
(KRW bn)	3Q16	2Q16	QoQ%	3Q15	YoY%
<b>Fee Income</b>	<b>165.8</b>	<b>159.2</b>	<b>4.1</b>	<b>163.6</b>	<b>1.3</b>
Commissions in KRW	68.1	64.2	6.1	65.3	4.3
F/X-Related Fees	35.8	36.0	-0.6	36.3	-1.4
Bancassurance	15.7	14.7	6.8	15.1	4.0
Credit Card	38.6	36.8	4.9	38.9	-0.8
Fund Sales	7.7	7.4	4.1	8.0	-3.8
<b>Other Non-Int. Income</b>	<b>-172.8</b>	<b>-155.2</b>	<b>-</b>	<b>-200.9</b>	<b>-</b>
Gain from Securities	17.5	58.2	-69.9	53.1	-67.0
Gain/Loss on Disposal	-56.6	-21.6	-	-34.1	-
Others <sup>1)</sup>	-150.1	-208.9	-	-234.6	-
Trust Income	16.4	17.1	-4.1	14.7	11.6
<b>Net Non-Int. Income</b>	<b>-7.0</b>	<b>4.0</b>	<b>-</b>	<b>-37.3</b>	<b>-</b>

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

## Cost to Income Ratio



## SG&A



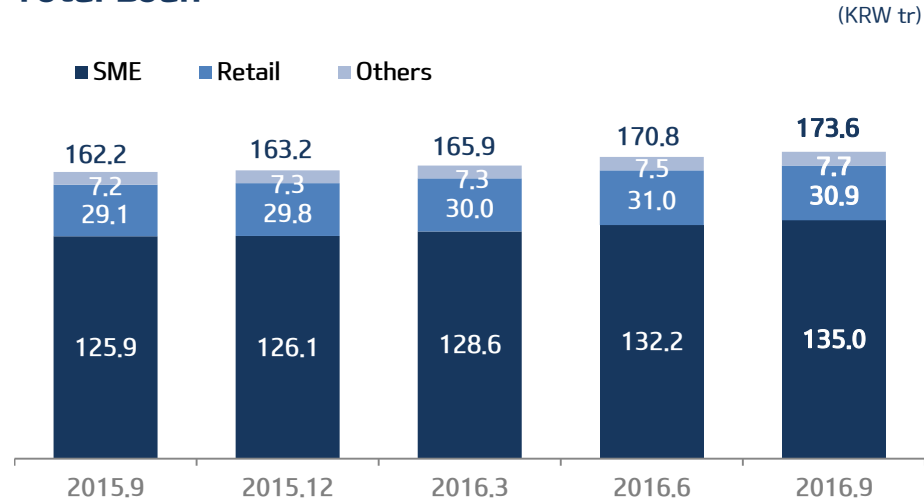
## SG&A

(KRW bn)	3Q16	2Q16	QoQ%	3Q15	YoY%
<b>SG&amp;A Expenses</b>	<b>506.3</b>	<b>540.0</b>	<b>-6.2</b>	<b>486.9</b>	<b>4.0</b>
Salaries	256.1	324.7	-21.1	246.1	4.1
Admin. Expenses	250.2	215.3	16.2	240.8	3.9
<b>Non-Op. Income</b>	<b>-10.6</b>	<b>1.6</b>	<b>-</b>	<b>-6.8</b>	<b>55.9</b>
Non-Op. Revenue	3.4	27.8	-87.8	9.6	-64.6
Non-Op. Expense	14.0	26.2	-46.6	16.4	-14.6

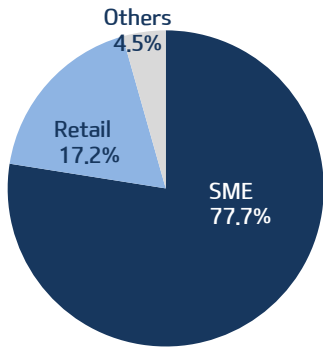
## IV Loan · Deposit

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

## Total Loan

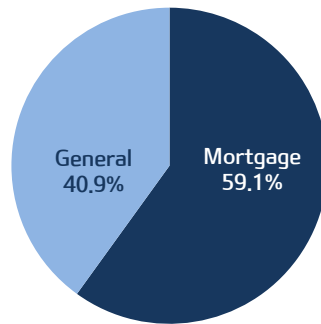


## Loan Composition (3Q16)



▪ SME Loans (including Loans in FCY)

## Retail Composition (3Q16)



▪ Including Credit Card Loans(205.0bn)

## Total Loan

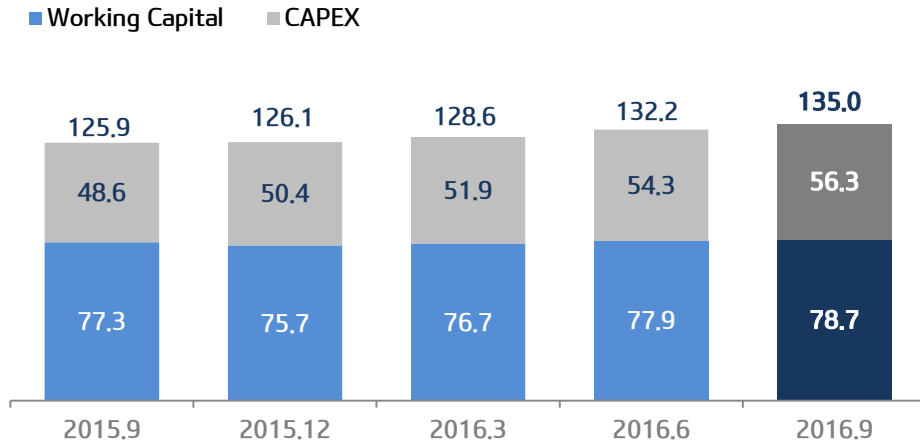
(KRW bn)	2016.9	2016.6	QoQ%	2015.12	YTD%
<b>SME</b>	<b>134,964</b>	<b>132,248</b>	<b>2.1</b>	<b>126,112</b>	<b>7.0</b>
Working Capital	78,662	77,954	0.9	75,714	3.9
CAPEX	56,302	54,294	3.7	50,398	11.7
<b>Retail</b>	<b>30,879</b>	<b>31,024</b>	<b>-0.5</b>	<b>29,780</b>	<b>3.7</b>
Mortgage	18,240 <sup>1)</sup>	18,601	-1.9	17,518	4.1
General	12,639 <sup>2)</sup>	12,423	1.2	12,262	3.1
<b>Others</b>	<b>7,736</b>	<b>7,483</b>	<b>3.4</b>	<b>7,302</b>	<b>5.9</b>
<b>Total</b>	<b>173,578</b>	<b>170,755</b>	<b>1.7</b>	<b>163,194</b>	<b>6.4</b>

1) Untransferred Balance included (U-KHFC Loan: 153.9bn, Conforming Loan: 162.9bn)

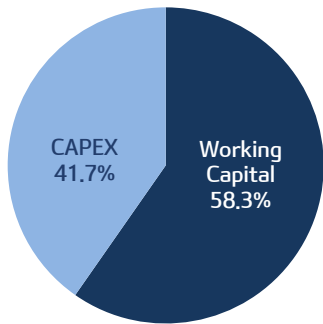
2) 205.0bn of Credit Card Loans included

## SME Loan

(KRW tr)

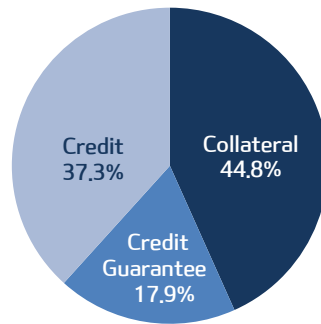


## SME Loan by Purpose (3Q16)



▪ SME Loans (including Loans in FCY)

## SME Loan by Collateral (3Q16)



▪ SME Loans (including Loans in FCY)

## SME Loan by Industry

(KRW bn)	2016.9				2015.12	
	Amt.	(%)	Change	(%p)	Amt.	(%)
<b>Manufacturing</b>	<b>83,436</b>	<b>61.8</b>	<b>4,597</b>	<b>-0.7</b>	<b>78,839</b>	<b>62.5</b>
Wholesale & Retail	20,317	15.0	848	-0.4	19,469	15.4
Real Estate Lease & Rental	11,264	8.4	1,854	0.9	9,410	7.5
Construction	4,886	3.6	534	0.1	4,352	3.5
Lodging & Dining	1,414	1.1	90	0.1	1,324	1.0
Others	13,647	10.1	929	0.0	12,718	10.1
<b>Total</b>	<b>134,964</b>	<b>100.0</b>	<b>8,852</b>	<b>-</b>	<b>126,112</b>	<b>100.0</b>

▪ SME Loans (including Loans in FCY)

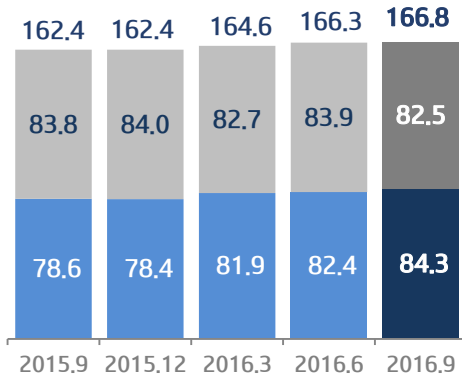


# Total Deposit [Bank]

## Total Deposit

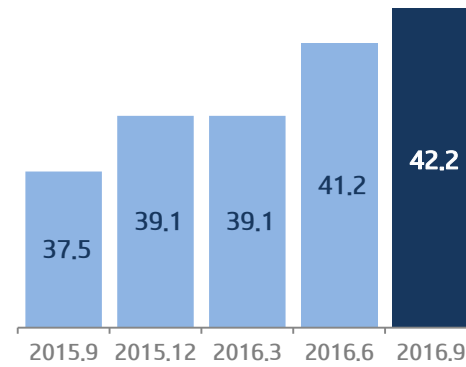
(KRW tr)

■ SMIF ■ Deposit(Total Deposit-SMIF)



## Core Deposit

(KRW tr)

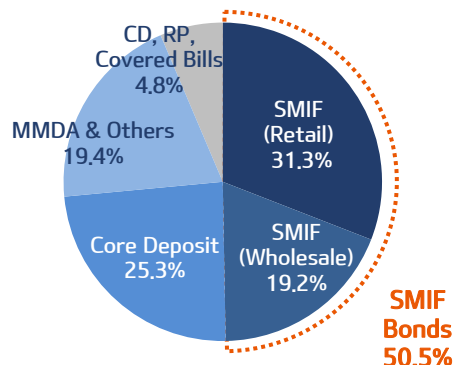


## Total Deposit

(KRW bn)	2016.9	2016.6	QoQ%	2015.12	YTD%
<b>Deposit</b>	<b>74,589</b>	<b>74,218</b>	<b>0.5</b>	<b>71,418</b>	<b>4.4</b>
Core Deposit <sup>1)</sup>	42,213	41,156	2.6	39,133	7.9
MMDA	9,861	10,445	-5.6	7,063	39.6
Others	22,515	22,617	-0.5	25,222	-10.7
<b>CD, Covered Bill, RP</b>	<b>7,909</b>	<b>9,642</b>	<b>-18.0</b>	<b>12,578</b>	<b>-37.1</b>
<b>SMIF Bond</b>	<b>84,258</b>	<b>82,409</b>	<b>2.2</b>	<b>78,453</b>	<b>7.4</b>
(Retail-funded)	52,221	50,905	2.6	48,353	8.0
(Wholesale-funded)	32,037	31,504	1.7	30,100	6.4
<b>Sub Total</b>	<b>166,756</b>	<b>166,270</b>	<b>0.3</b>	<b>162,449</b>	<b>2.7</b>
Trust <sup>2)</sup>	15,920	15,209	4.7	14,147	12.5
<b>Total Deposit</b>	<b>182,676</b>	<b>181,478</b>	<b>0.7</b>	<b>176,596</b>	<b>3.4</b>

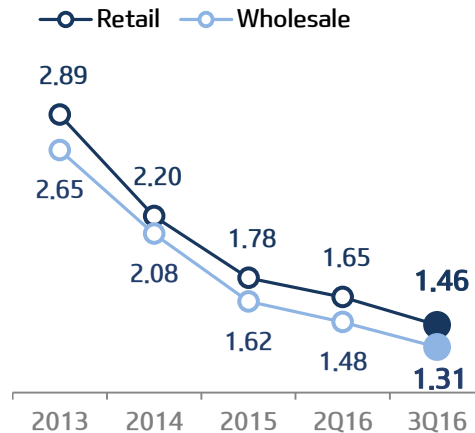
## Deposit Composition (3Q16)

(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)

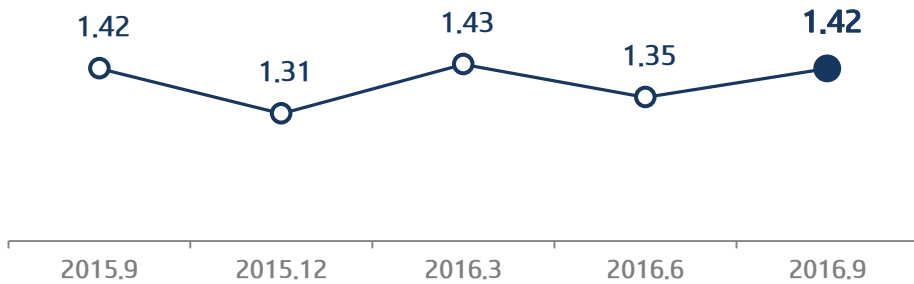
2) Money Trust (excluding fund sales)

## V Asset Quality

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

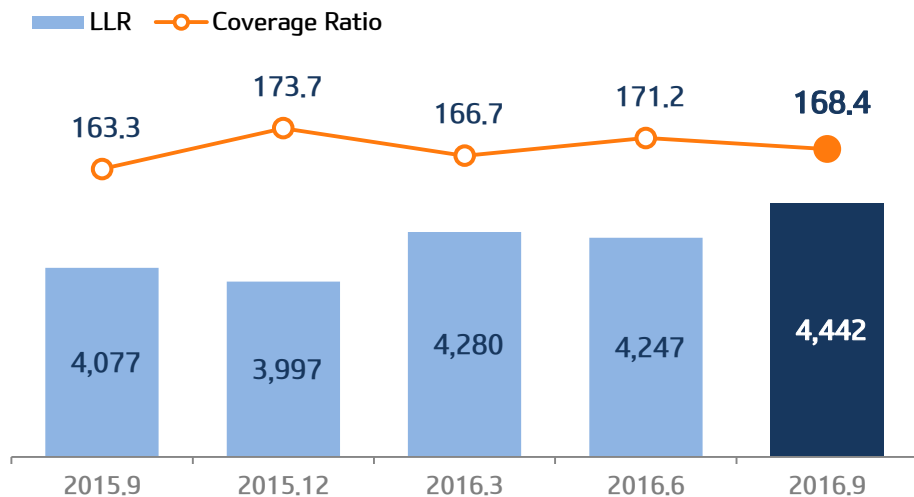
## Substandard & Below Ratio

(%)



## LLR - Coverage Ratio

(%, KRW bn)



## Substandard & Below

(KRW bn)	2016.9	2016.6	QoQ%	2015.12	YTD%
<b>Total Loan<sup>1)</sup></b>	<b>185,883</b>	<b>183,848</b>	<b>1.1</b>	<b>176,224</b>	<b>5.5</b>
Normal	180,435	178,616	1.0	171,134	5.4
Precautionary	2,810	2,751	2.1	2,789	0.8
Sub. & Below	2,637	2,482	6.2	2,301	14.6
<i>Substandard</i>	1,682	1,776	-5.3	1,638	2.7
<i>Doubtful</i>	217	112	93.8	248	-12.5
<i>Est. Loss</i>	738	594	24.2	415	77.8
<b>Sub. &amp; Below Ratio</b>	<b>1.42%</b>	<b>1.35%</b>	<b>0.07%p</b>	<b>1.31%</b>	<b>0.11%p</b>
Loan Loss Reserves	4,442	4,247	4.6	3,997	11.1
<b>Coverage Ratio</b>	<b>168.4%</b>	<b>171.2%</b>	<b>-2.8%p</b>	<b>173.7%</b>	<b>-5.3%p</b>
Write-offs (Quarterly)	173.0	321.5	-46.2	216.1	-19.9

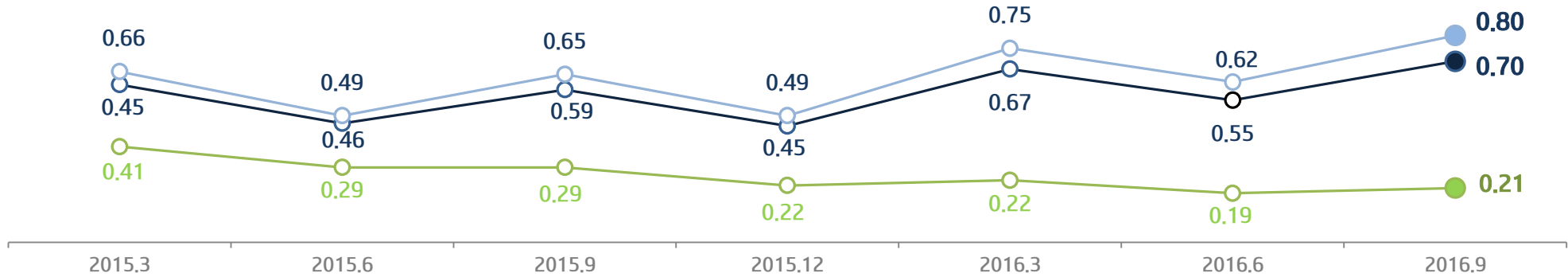
1) Total Credit

2) KRW 2,198.3bn of Reserve for Credit Loss included

## Delinquency by Operation

(%)

○ Total Delinquency    ○ Corporate    ○ Retail



▪ Principal or Interest of +30 days past due

## Delinquency by Industry

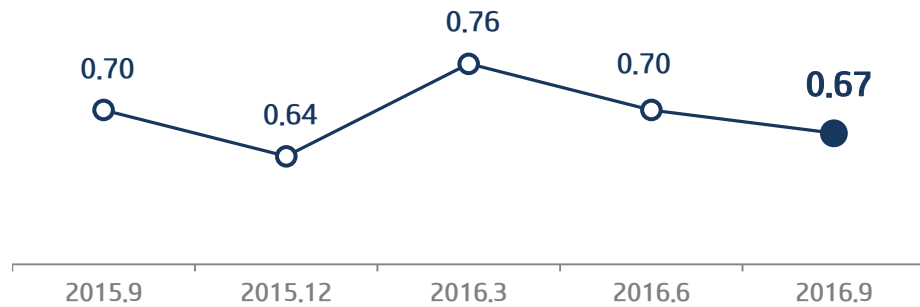
(%)	2015.3	2015.6	2015.9	2015.12	2016.3	2016.6	2016.9
<b>Manufacturing</b>	0.58	0.47	0.66	0.43	0.73	0.63	0.81
Construction	1.24	0.73	1.18	0.83	0.97	0.64	0.94
Real Estate Lease & Rental	0.36	0.17	0.22	0.19	0.25	0.40	0.55
Wholesale & Retail	0.87	0.59	0.62	0.39	0.63	0.45	0.78
Lodging & Dining	0.87	0.38	0.33	0.76	0.92	0.75	0.67

▪ Principal or Interest of +30 days past due

# Provisions for Credit Loss [Bank]

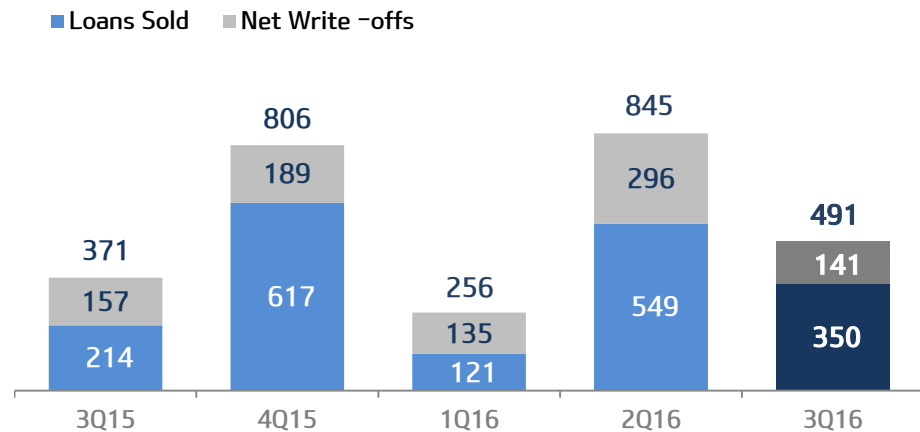
## Credit Cost

(%)



## Write-offs & NPL Sales

(KRW bn)



## Provisions for Credit Loss

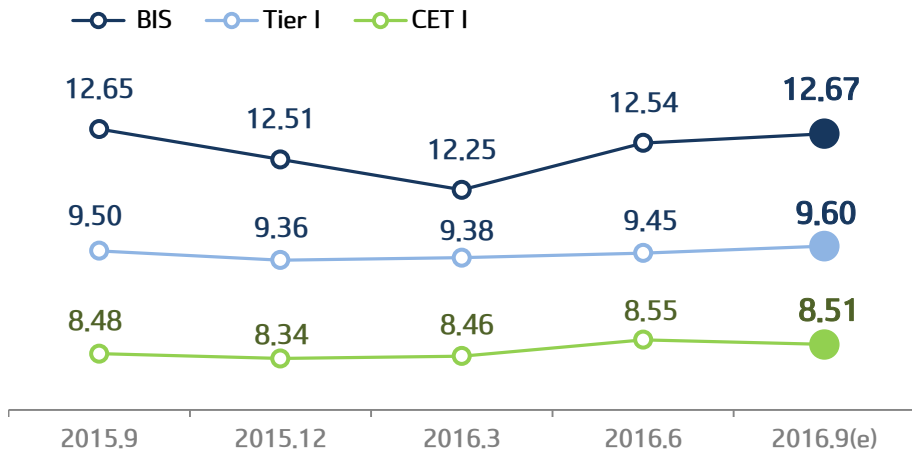
(KRW bn)	3Q16	2Q16	1Q16	4Q15	3Q15
<b>Corporate</b>	<b>259.4</b>	<b>246.8</b>	<b>307.9</b>	<b>196.6</b>	<b>255.1</b>
Provisions	263.3	247.6	316.7	189.6	249.5
Unused Credit Line	-3.9	-0.8	-8.8	7.0	5.6
<b>Retail</b>	<b>8.0</b>	<b>-2.5</b>	<b>10.1</b>	<b>8.8</b>	<b>9.1</b>
Provisions	8.0	-2.5	10.1	8.8	9.0
Unused Credit Line	0.0	0.0	0.0	0.0	0.1
<b>Credit Card</b>	<b>22.3</b>	<b>16.9</b>	<b>16.4</b>	<b>4.5</b>	<b>20.8</b>
Provisions	21.9	17.7	16.2	3.0	20.9
Unused Credit Line	0.4	-0.8	0.2	1.5	-0.1
<b>Sub Total</b>	<b>289.7</b>	<b>261.2</b>	<b>334.4</b>	<b>209.9</b>	<b>285.0</b>

## VI Capital Adequacy

# Capital Adequacy [Consolidated]

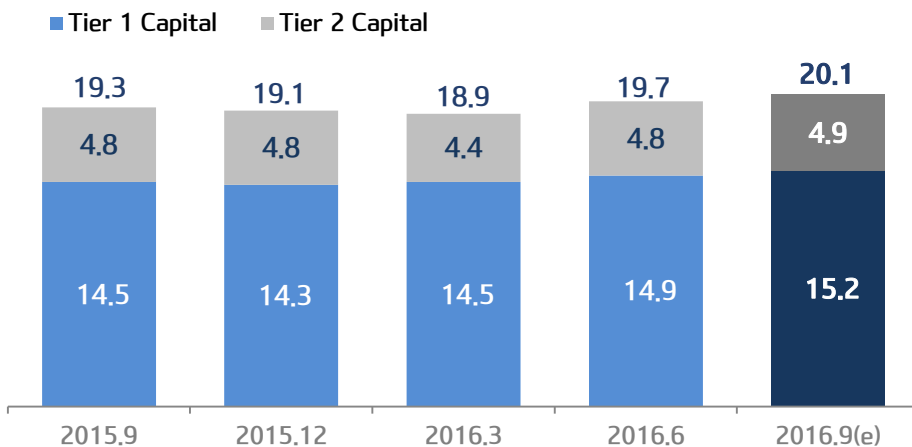
## BIS CAR

(%)



## Capital Adequacy Trend

(KRW tr)



## Capital Adequacy & BIS CAR

(KRW bn,%)	2016.9(e)	2016.6	2015.12
<b>Tier I</b>	<b>15,186</b>	<b>14,875</b>	<b>14,336</b>
Common Equity Tier I	13,460	13,451	12,773
Common Shares Issued	2,800	2,800	2,782
Stock Surplus	553	553	531
Retained Earnings	11,802	11,551	10,946
Accum. Other Comprehensive Income	825	974	731
Additional Tier I	1,726	1,424	1,563
<b>Tier II</b>	<b>4,859</b>	<b>4,850</b>	<b>4,827</b>
Subordinated Bonds	3,897	3,897	3,880
Provision in excess of Exp. Loss	758	757	743
LLR	198	196	204
<b>Total</b>	<b>20,045</b>	<b>19,725</b>	<b>19,163</b>
Risk-weighted Assets	158,175	157,322	153,135
<b>BIS Ratio</b>	<b>12.67</b>	<b>12.54</b>	<b>12.51</b>
Tier I	9.60	9.45	9.36
CET I <sup>1)</sup>	8.51	8.55	8.34
Tier II	3.07	3.09	3.15

1) Common Equity Tier I

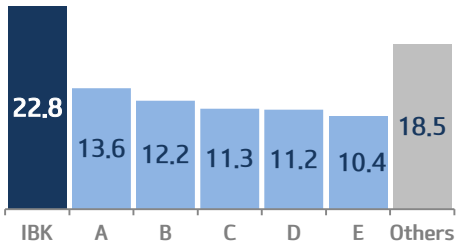
# VII Appendix

- SME Loan & SMIF Bond Details



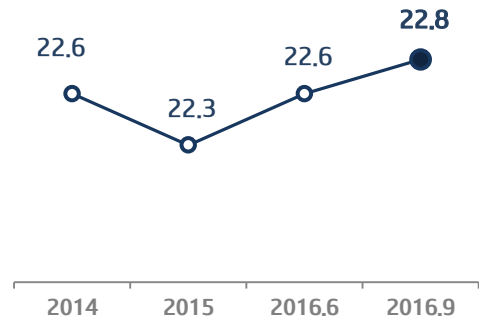
## SME

### Market Share by Banks (%)



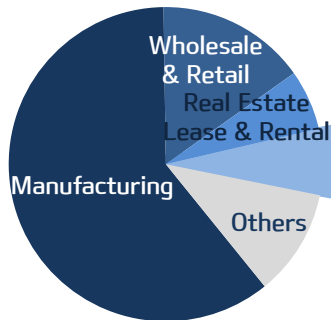
- BOK reported standard
- 3Q16 SME Loans balance by banks

### IBK M/S Trend (%)

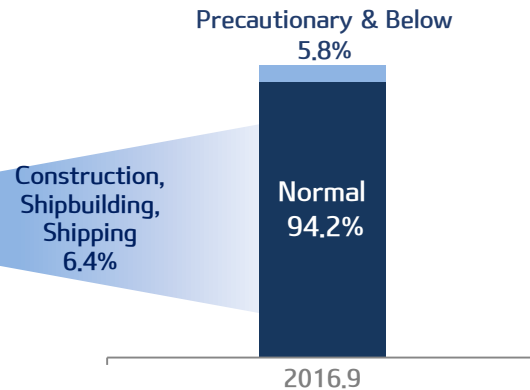


- BOK reported standard

### Construction, Shipbuilding, Shipping

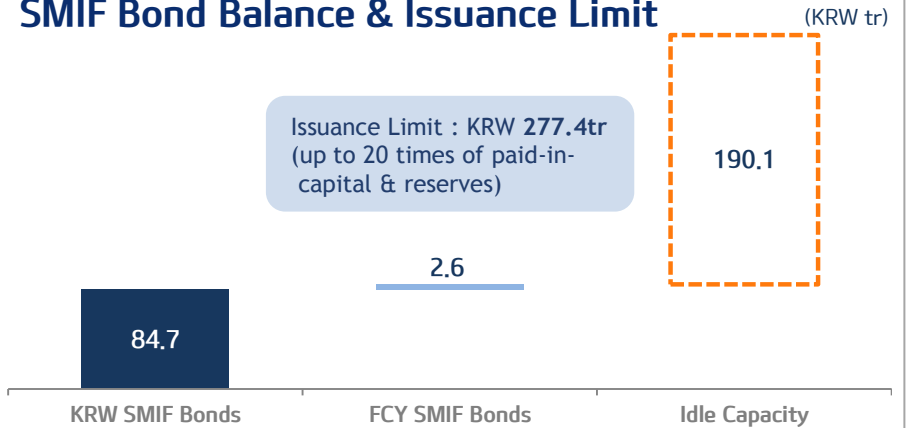


### Asset Quality Breakdown



## SMIF Bond

### SMIF Bond Balance & Issuance Limit



- Outstanding balance(KRW)

### SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	64.3	8.7	3.6	1.4	6.3	84.3
%	76.3%	10.2%	4.3%	1.7%	7.5%	100.0%

- Monthly average B/S balance(KRW)