

# 2016 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.

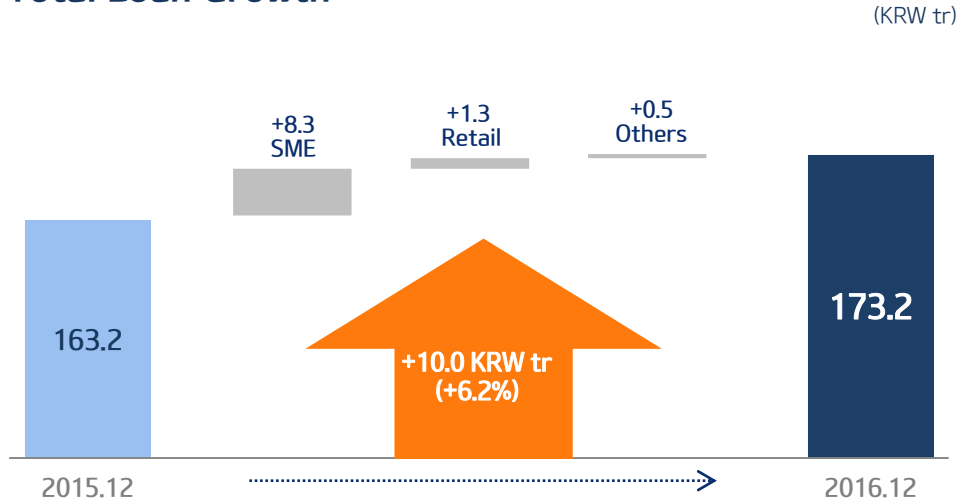
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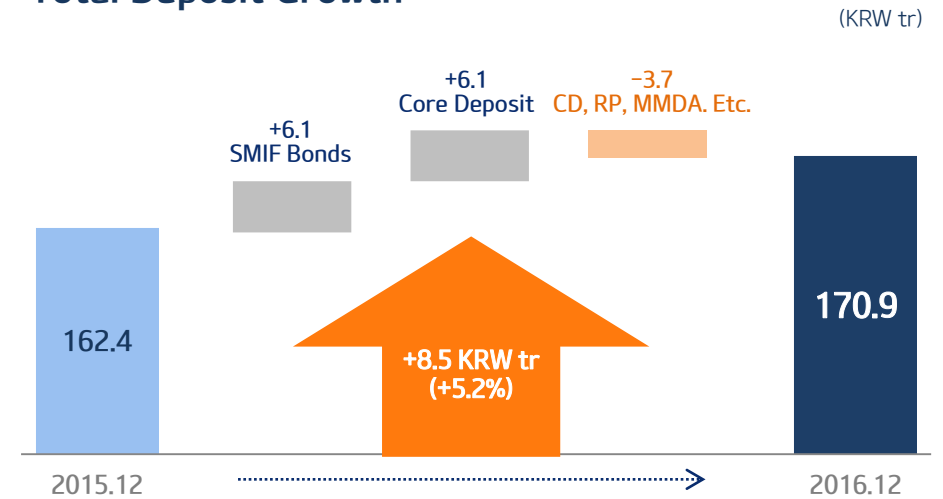
# 1 Financial Highlights

# Financial Highlights [Bank]

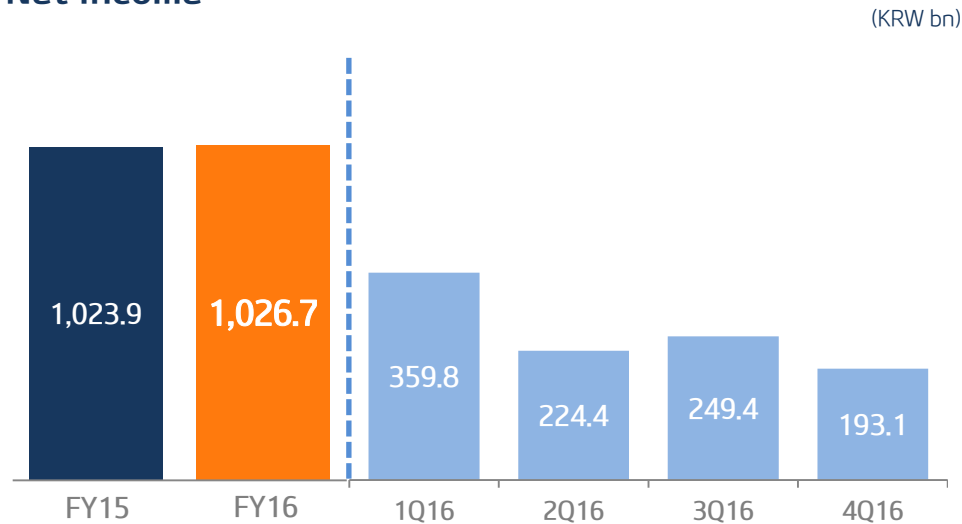
## Total Loan Growth



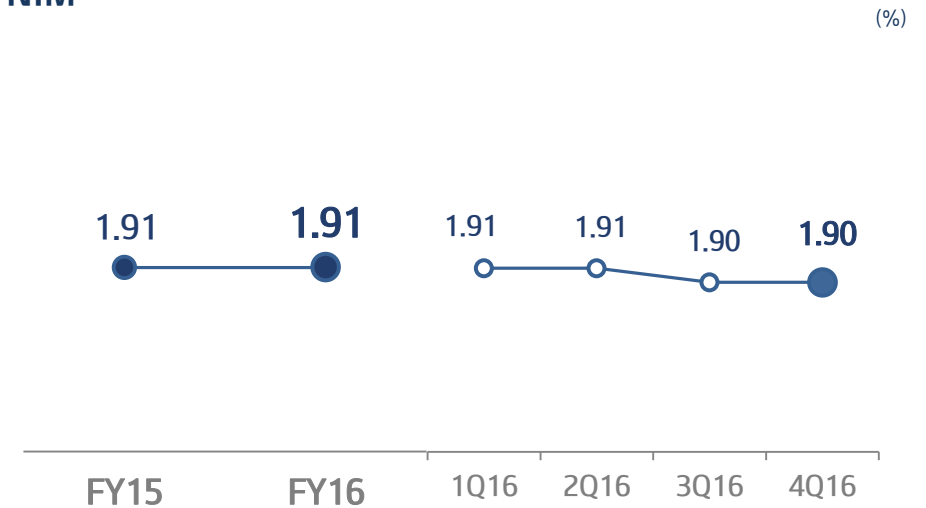
## Total Deposit Growth



## Net Income



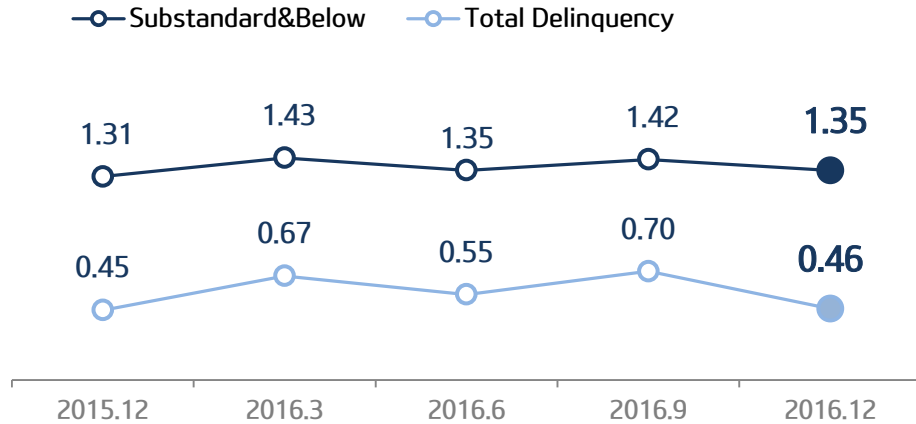
## NIM



# Financial Highlights [Bank]

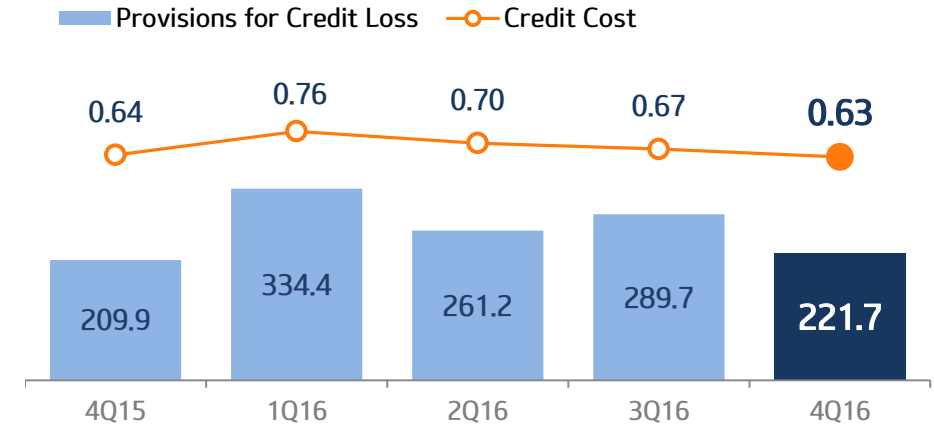
## Substandard & Below · Total Delinquency (%)

(%)



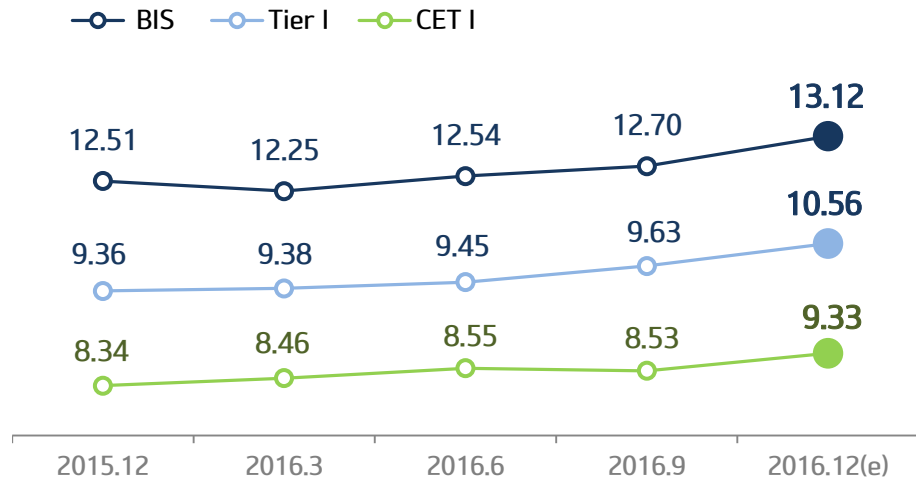
## Provisions for Credit Loss · Credit Cost (% (KRW bn))

(%, KRW bn)



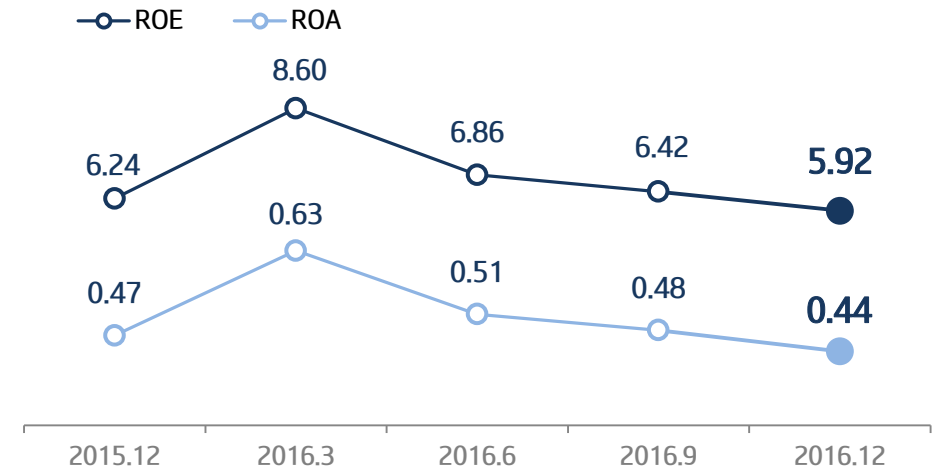
## BIS CAR (Consolidated) (%)

(%)



## ROE · ROA (%)

(%)



## II Total Asset / Liability & Capital

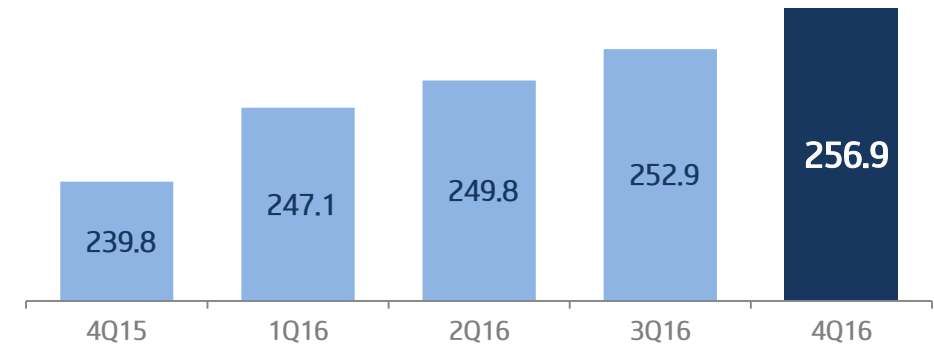
# Total Asset / Liability & Capital

## Total Asset (Consolidated)

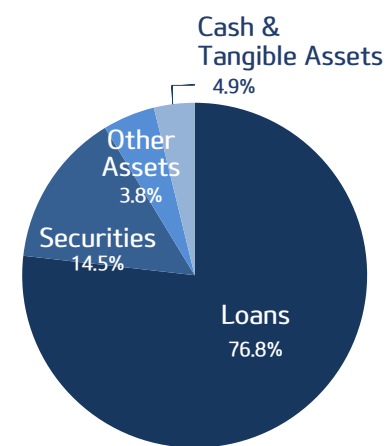
(KRW bn)	4Q16	3Q16	QoQ%	4Q15	YTD%
<b>Bank<sup>1)</sup></b>	<b>241,478</b>	<b>237,139</b>	<b>1.8</b>	<b>225,961</b>	<b>6.9</b>
<b>Subsidiaries</b>	<b>19,199</b>	<b>19,514</b>	<b>-1.6</b>	<b>17,981</b>	<b>6.8</b>
IBK Capital	4,635	4,566	1.5	3,863	20.0
IBK Securities	3,928	4,814	-18.4	4,232	-7.2
IBK Insurance	4,054	3,731	8.7	3,107	30.5
IBK China	3,508	3,095	13.3	3,337	5.1
IBK Savings Bank	791	733	7.9	663	19.3
IBK System	48	55	-12.7	56	-14.3
IBK Asset Mgmt.	50	48	4.2	46	8.7
IBK Credit	23	23	-	22	4.5
SPC, Funds & Others	2,162	2,449	-11.7	2,656	-18.6
<b>Total Asset</b>	<b>260,677</b>	<b>256,653</b>	<b>1.6</b>	<b>243,942</b>	<b>6.9</b>
<b>Consolidated Total Asset<sup>2)</sup></b>	<b>256,851</b>	<b>252,888</b>	<b>1.6</b>	<b>239,843</b>	<b>7.1</b>

## Total Asset (Consolidated)

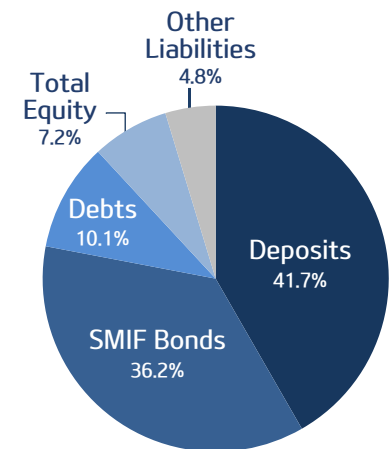
(KRW tr)



## Asset (Bank)



## Liability· Capital (Bank)



1) Trust accounts excluded, 292.9 KRW tr if include trust accounts

2) After adjustment



## 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

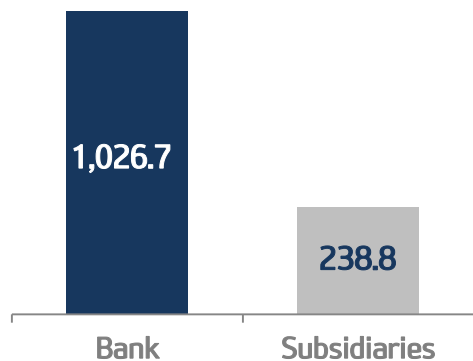
(KRW bn)	FY16	4Q16	3Q16	QoQ%	FY15	YoY%
<b>Bank</b>	<b>1,026.7</b>	<b>193.1</b>	<b>249.4</b>	<b>-22.6</b>	<b>1,023.9</b>	<b>0.3</b>
<b>Subsidiaries</b>	<b>238.8</b>	<b>40.7</b>	<b>25.2</b>	<b>61.5</b>	<b>209.8</b>	<b>13.8</b>
IBK Capital	68.2	6.4	10.0	-36.0	53.9	26.5
IBK Securities	32.1	4.6	7.0	-34.3	30.3	5.9
IBK Insurance	34.1	9.1	7.8	16.7	17.7	92.7
IBK China	19.2	3.4	5.6	-39.3	3.8	405.3
IBK Savings Bank	9.6	-3.1	3.5	-	11.8	-18.6
IBK AM & Others (3)	10.2	2.5	2.2	13.6	8.4	21.4
SPC, Funds & Others	65.4	17.8	-10.9	-	83.9	-22.1
<b>Adjustment</b>	<b>-100.9</b>	<b>-18.7</b>	<b>7.6</b>	<b>-</b>	<b>-83.1</b>	<b>-</b>
<b>Net Income</b>	<b>1,164.6</b>	<b>215.1</b>	<b>282.2</b>	<b>-23.8</b>	<b>1,150.6</b>	<b>1.2</b>
(N.I. attributable to Controlling interest)	1,157.5	213.2	281.0	-24.1	1,143.0	1.3

## Income Statement

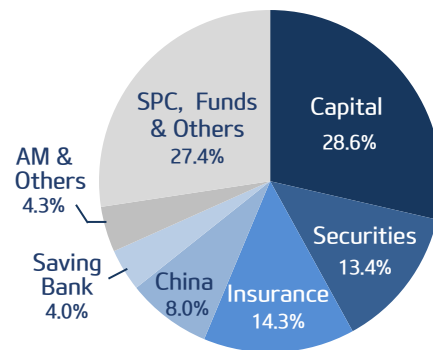
(KRW bn)	FY16	4Q16	3Q16	QoQ%	FY15	YoY%
<b>Interest Income</b>	<b>4,876.2</b>	<b>1,242.9</b>	<b>1,250.8</b>	<b>-0.6</b>	<b>4,631.0</b>	<b>5.3</b>
<b>Non-Interest Income</b>	<b>57.4</b>	<b>-138.2</b>	<b>7.4</b>	<b>-</b>	<b>129.3</b>	<b>-55.6</b>
SG&A Expense	2,154.6	560.7	542.4	3.4	2,096.7	2.8
<b>Pre-Provisions</b>	<b>2,779.0</b>	<b>544.0</b>	<b>715.7</b>	<b>-24.0</b>	<b>2,663.6</b>	<b>4.3</b>
Operating Profit	2,779.0	544.0	715.7	-24.0	2,663.6	4.3
Net Provisions	1,246.4	265.1	335.2	-20.9	1,163.1	7.2
<b>Operating Income</b>	<b>1,532.6</b>	<b>278.9</b>	<b>380.5</b>	<b>-26.7</b>	<b>1,500.5</b>	<b>2.1</b>
Non-op. Income	-15.4	-0.3	-8.4	-	-31.0	-
Pre-tax Income	1,517.2	278.6	372.1	-25.1	1,469.5	3.2
Income Tax	352.6	63.5	90.0	-29.4	318.9	10.6
<b>Net Income</b>	<b>1,164.6</b>	<b>215.1</b>	<b>282.2</b>	<b>-23.8</b>	<b>1,150.6</b>	<b>1.2</b>
(N.I. attributable to controlling Interest)	1,157.5	213.2	281.0	-24.1	1,143.0	1.3

## Income Comparison(FY16)

(KRW bn)



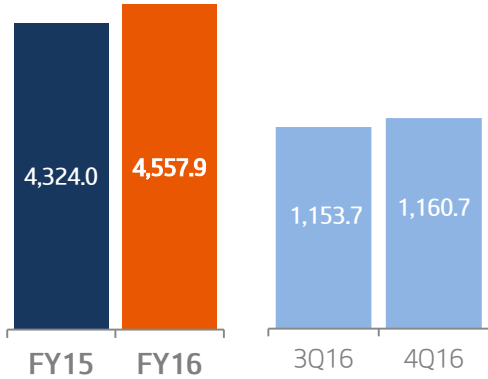
## Subsidiary Composition(FY16)



# Income Statement [Bank]

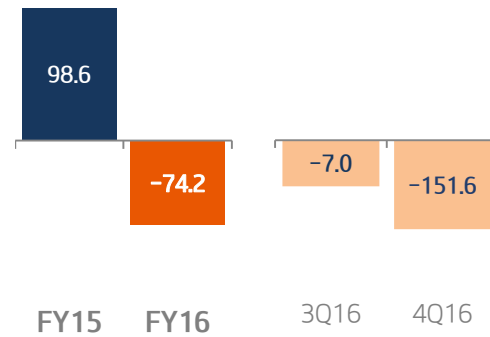
## Interest Income

(KRW bn)



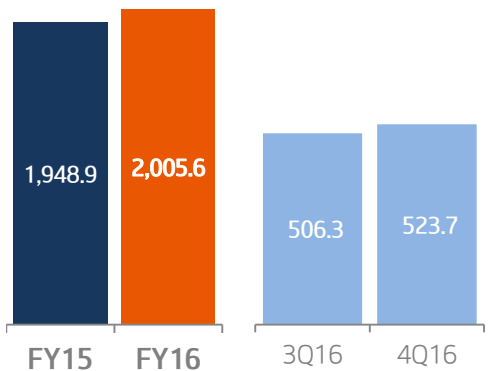
## Non-Interest Income

(KRW bn)



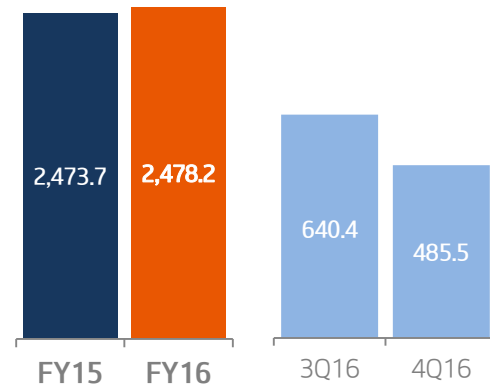
## SG&A Expenses

(KRW bn)



## PPOP

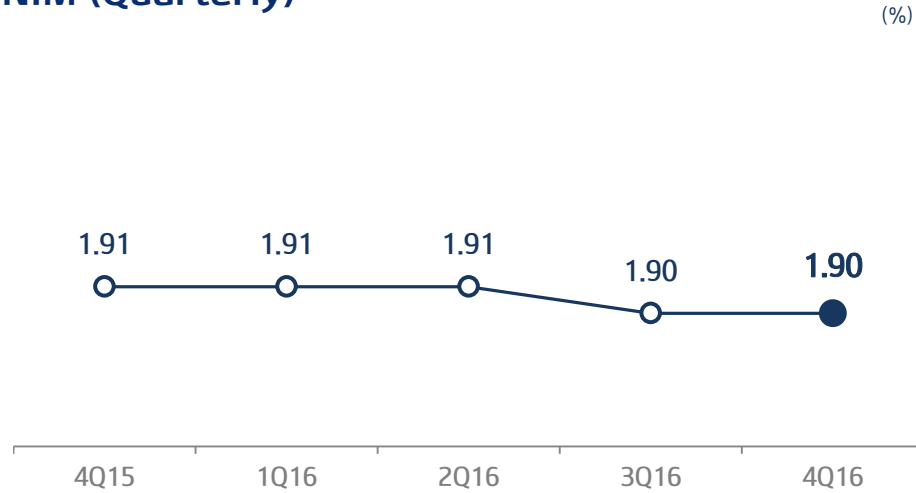
(KRW bn)



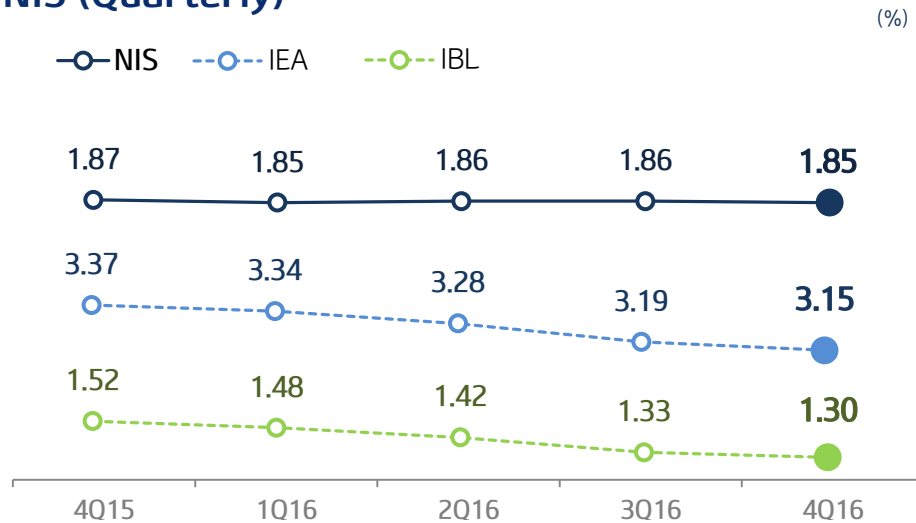
## Income Statement

(KRW bn)	FY16	4Q16	3Q16	QoQ%	FY15	YoY%
Interest Income	4,557.9	1,160.7	1,153.7	0.6	4,324.0	5.4
Non-Interest Income	-74.2	-151.6	-7.0	-	98.6	-
SG&A Expenses	2,005.6	523.7	506.3	3.4	1,948.9	2.9
<b>PPOP</b>	<b>2,478.2</b>	<b>485.5</b>	<b>640.4</b>	<b>-24.2</b>	<b>2,473.7</b>	<b>0.2</b>
Net Provisions	1,176.8	238.5	302.9	-21.3	1,132.9	3.9
<b>Operating Income</b>	<b>1,301.3</b>	<b>247.0</b>	<b>337.5</b>	<b>-26.8</b>	<b>1,340.8</b>	<b>-2.9</b>
Non-op. Income	20.1	-1.6	-10.6	-	-41.3	-
Pre-tax Income	1,321.4	245.4	326.9	-24.9	1,299.5	1.7
Income Tax	294.7	52.3	77.5	-32.5	275.6	6.9
<b>Net Income</b>	<b>1,026.7</b>	<b>193.1</b>	<b>249.4</b>	<b>-22.6</b>	<b>1,023.9</b>	<b>0.3</b>

## NIM (Quarterly)



## NIS (Quarterly)



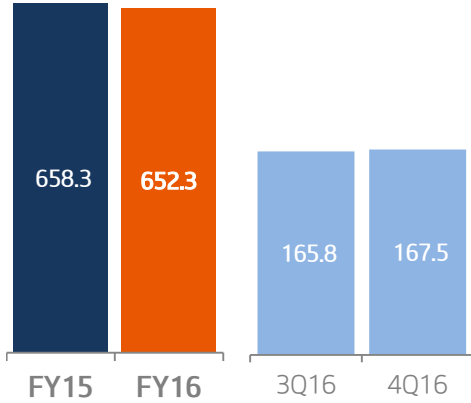
## Interest Income

(KRW bn)	FY16	4Q16	3Q16	QoQ%	FY15	YoY%
<b>Interest Revenue</b>	<b>7,242.5</b>	<b>1,803.5</b>	<b>1,807.5</b>	<b>-0.2</b>	<b>7,468.8</b>	<b>-3.0</b>
Loans	6,093.2	1,525.4	1,523.3	0.1	6,262.0	-2.7
Credit Card Rec.	481.4	123.7	124.7	-0.8	463.4	3.9
(Credit Purchase)	438.4	111.7	113.8	-1.8	431.2	1.7
Securities	582.9	136.5	141.1	-3.3	671.5	-13.2
Others	85.1	17.8	18.3	-2.7	71.9	18.4
<b>Interest Expense</b>	<b>2,684.6</b>	<b>642.7</b>	<b>653.8</b>	<b>-1.7</b>	<b>3,144.8</b>	<b>-14.6</b>
Deposits	712.2	169.0	170.6	-0.9	906.7	-21.5
SMIF Bonds & etc	1,972.5	473.7	483.2	-2.0	2,238.1	-11.9
<b>Interest Income</b>	<b>4,557.9</b>	<b>1,160.7</b>	<b>1,153.7</b>	<b>0.6</b>	<b>4,324.0</b>	<b>5.4</b>

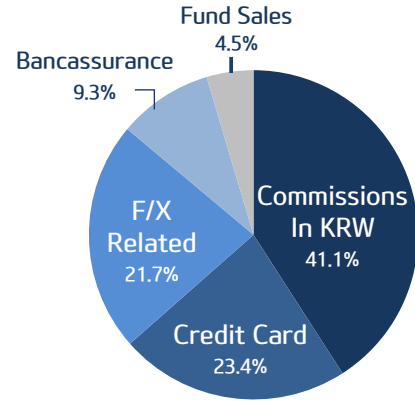
# Non-Interest Income & SG&A [Bank]

## Fee Income

(KRW bn)



## Fee Income Composition (FY16)



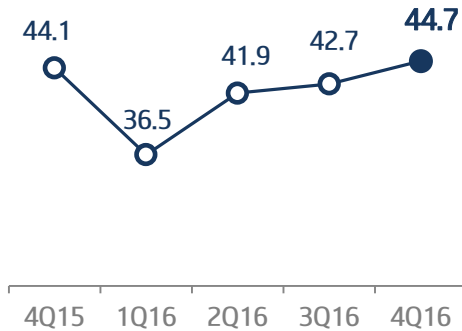
## Non-Interest Income

(KRW bn)	FY16	4Q16	3Q16	QoQ%	FY15	YoY%
<b>Fee Income</b>	<b>652.3</b>	<b>167.5</b>	<b>165.8</b>	<b>1.0</b>	<b>658.3</b>	<b>-0.9</b>
Commissions in KRW	268.3	68.0	68.1	-0.1	271.0	-1.0
F/X-Related Fees	141.8	35.9	35.8	0.3	142.3	-0.4
Bancassurance	60.5	15.3	15.7	-2.5	63.6	-4.9
Credit Card	152.3	41.3	38.5	7.0	149.7	1.7
Fund Sales	29.4	7.0	7.7	-9.1	31.7	-7.3
<b>Other Non-Int. Income</b>	<b>-726.5</b>	<b>-319.0</b>	<b>-172.8</b>	<b>-</b>	<b>-559.7</b>	<b>-</b>
Gain from Securities	157.0	-0.5	17.5	-	245.0	-35.9
Gain/Loss on Disposal	-194.5	-130.5	-56.6	-	-86.4	-
Others <sup>1)</sup>	-754.2	-206.2	-150.1	-	-772.3	-
Trust Income	65.2	18.2	16.4	11.0	54.0	20.7
<b>Net Non-Int. Income</b>	<b>-74.2</b>	<b>-151.6</b>	<b>-7.0</b>	<b>-</b>	<b>98.6</b>	<b>-</b>

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

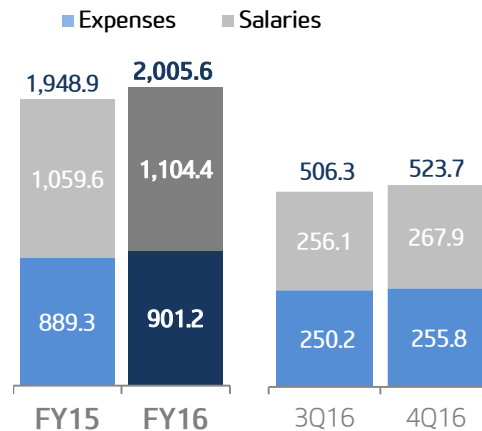
## Cost to Income Ratio

(%)



## SG&A

(KRW bn)



## SG&A

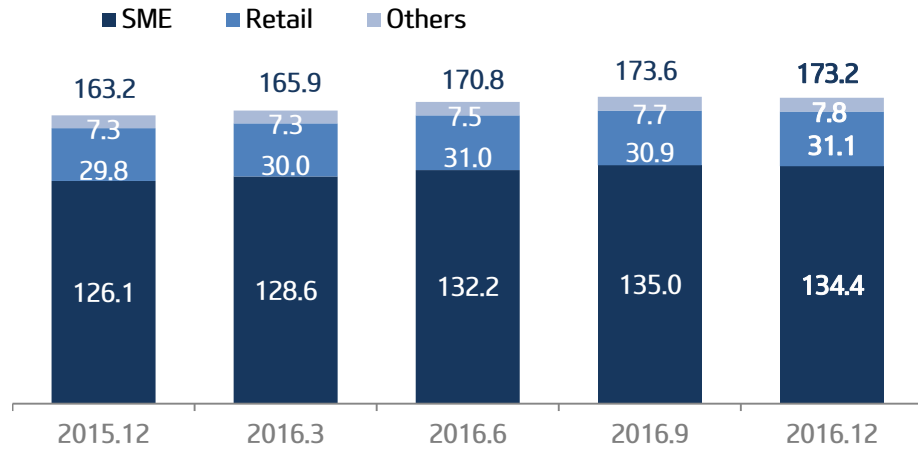
(KRW bn)	FY16	4Q16	3Q16	QoQ%	FY15	YoY%
<b>SG&amp;A Expenses</b>	<b>2,005.6</b>	<b>523.7</b>	<b>506.3</b>	<b>3.4</b>	<b>1,948.9</b>	<b>2.9</b>
Salaries	1,104.4	267.9	256.1	4.6	1,059.6	4.2
Admin. Expenses	901.2	255.8	250.2	2.2	889.3	1.3
<b>Non-Op. Income</b>	<b>20.1</b>	<b>-1.6</b>	<b>-10.6</b>	<b>-</b>	<b>-41.3</b>	<b>-</b>
Non-Op. Revenue	100.3	24.8	3.4	629.4	57.3	75.0
Non-Op. Expenses	80.2	26.4	14.0	86.4	98.6	-18.7

## IV Loan & Deposit

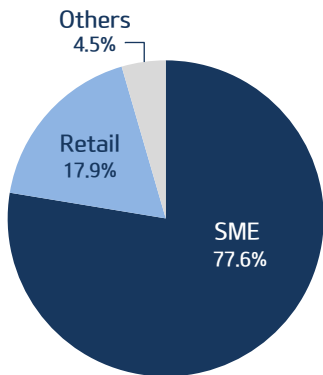
1. Loan Portfolio [Bank]
2. SME Loan [Bank]
3. Total Deposit [Bank]

## Total Loan

(KRW tr)

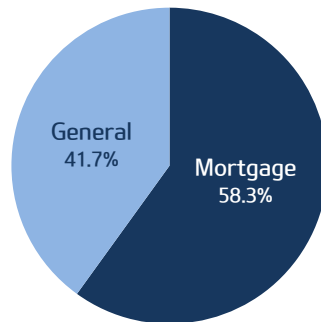


## Loan Composition (4Q16)



▪ SME Loans (including Loans in FCY)

## Retail Composition (4Q16)



▪ Including Credit Card Loans(267.1bn)

## Total Loan

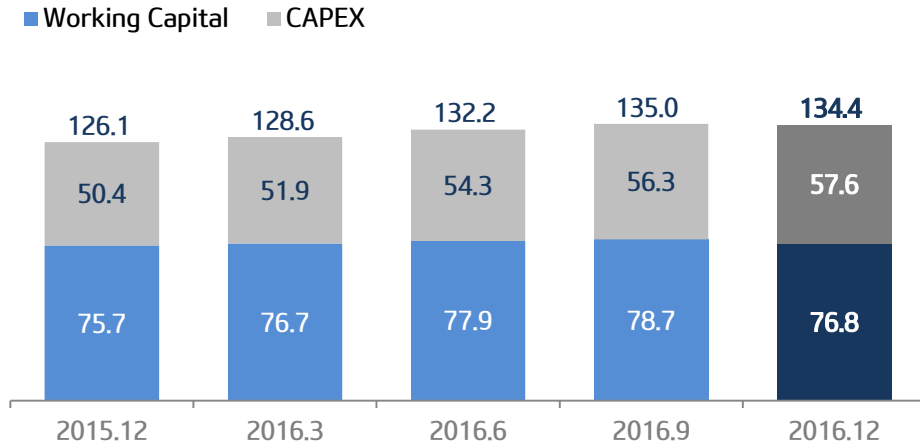
(KRW bn)	2016.12	2016.9	QoQ%	2015.12	YTD%
<b>SME</b>	<b>134,373</b>	<b>134,964</b>	<b>-0.4</b>	<b>126,112</b>	<b>6.6</b>
Working Capital	76,807	78,662	-2.4	75,714	1.4
CAPEX	57,566	56,302	2.2	50,398	14.2
<b>Retail</b>	<b>31,051</b>	<b>30,879</b>	<b>0.6</b>	<b>29,780</b>	<b>4.3</b>
Mortgage	18,110 <sup>1)</sup>	18,240	-0.7	17,518	3.4
General	12,941 <sup>2)</sup>	12,639	2.4	12,262	5.5
<b>Others</b>	<b>7,823</b>	<b>7,736</b>	<b>1.1</b>	<b>7,302</b>	<b>7.1</b>
<b>Total</b>	<b>173,247</b>	<b>173,578</b>	<b>-0.2</b>	<b>163,194</b>	<b>6.2</b>

1) Untransferred Balance included (U-KHFC Loan: 123.6bn, Conforming Loan: 6.1bn)

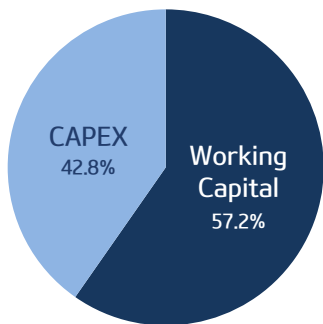
2) 267.1bn of Credit Card Loans included

## SME Loan

(KRW tr)

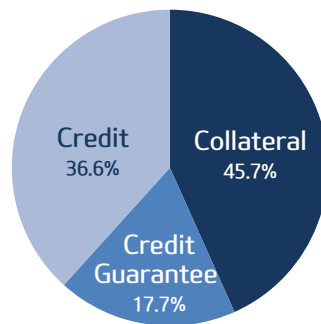


## SME Loan by Purpose (4Q16)



▪ SME Loans (including Loans in FCY)

## SME Loan by Collateral (4Q16)



▪ SME Loans (including Loans in FCY)

## SME Loan by Industry

(KRW bn)	2016.12				2015.12	
	Amt.	(%)	Change	(%p)	Amt.	(%)
<b>Manufacturing</b>	<b>82,486</b>	<b>61.4</b>	<b>3,647</b>	<b>4.6</b>	<b>78,839</b>	<b>62.5</b>
Wholesale & Retail	20,354	15.1	885	4.5	19,469	15.4
Real Estate Lease & Rental	11,948	8.9	2,538	27.0	9,410	7.5
Construction	4,466	3.3	114	2.6	4,352	3.5
Lodging & Dining	1,416	1.1	92	6.9	1,324	1.0
Others	13,703	10.2	985	7.7	12,718	10.1
<b>Total</b>	<b>134,373</b>	<b>100.0</b>	<b>8,261</b>	<b>6.6</b>	<b>126,112</b>	<b>100.0</b>

▪ SME Loans (including Loans in FCY)

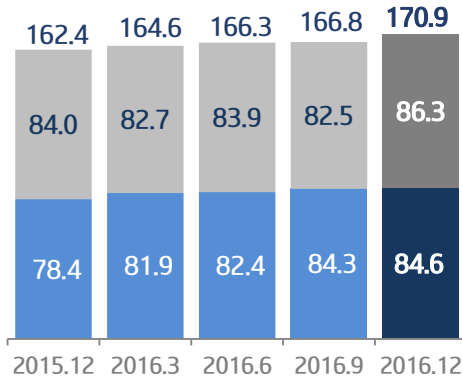


# Total Deposit [Bank]

## Total Deposit

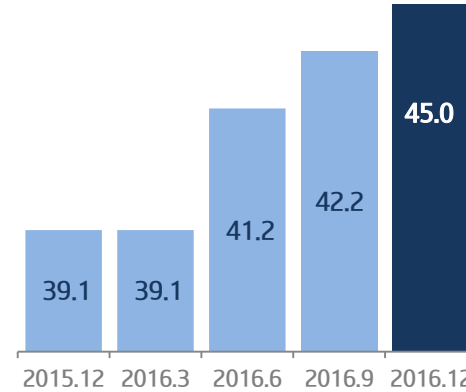
(KRW tr)

■ SMIF ■ Other Deposits



## Core Deposit

(KRW tr)

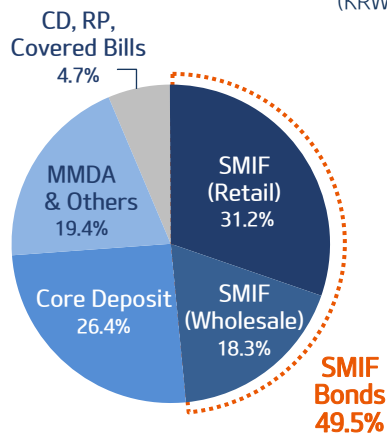


## Total Deposit

(KRW bn)	2016.12	2016.9	QoQ%	2015.12	YTD%
<b>Deposit</b>	<b>78,239</b>	<b>74,589</b>	<b>4.6</b>	<b>71,418</b>	<b>9.3</b>
Core Deposit <sup>1)</sup>	45,211	42,213	6.7	39,133	15.1
MMDA	9,923	9,861	0.6	7,063	40.5
Others	23,070	22,515	2.5	25,222	-8.5
<b>CD, Covered Bill, RP</b>	<b>8,046</b>	<b>7,909</b>	<b>1.8</b>	<b>12,578</b>	<b>-36.0</b>
<b>SMIF Bond</b>	<b>84,633</b>	<b>84,258</b>	<b>0.4</b>	<b>78,453</b>	<b>7.9</b>
(Retail-funded)	53,369	52,221	2.2	48,353	10.4
(Wholesale-funded)	31,264	32,037	-2.4	30,100	3.9
<b>Sub Total</b>	<b>170,917</b>	<b>166,756</b>	<b>2.4</b>	<b>162,449</b>	<b>5.1</b>
Trust <sup>2)</sup>	16,253	15,920	2.2	14,147	15.0
<b>Total Deposit</b>	<b>187,171</b>	<b>182,676</b>	<b>2.4</b>	<b>176,596</b>	<b>5.9</b>

## Deposit Composition (4Q16)

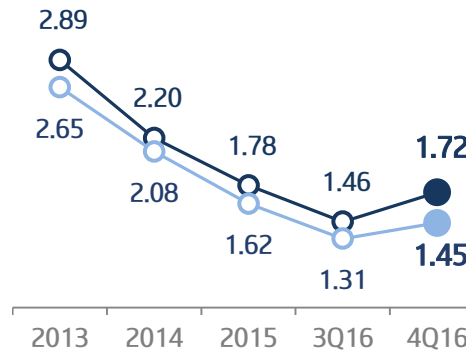
(KRW tr)



## SMIF Bond Yields

(%)

○ Retail ○ Wholesale



- Based on SMIF Bond with 1 year maturity
- 4Q's Average Yields used for 2013~2015

▪ Monthly average B/S balance

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

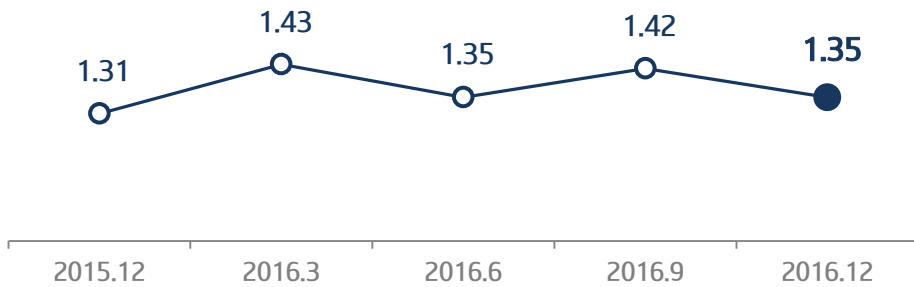
2) Money Trust (exclude fund sales)

## V Asset Quality

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

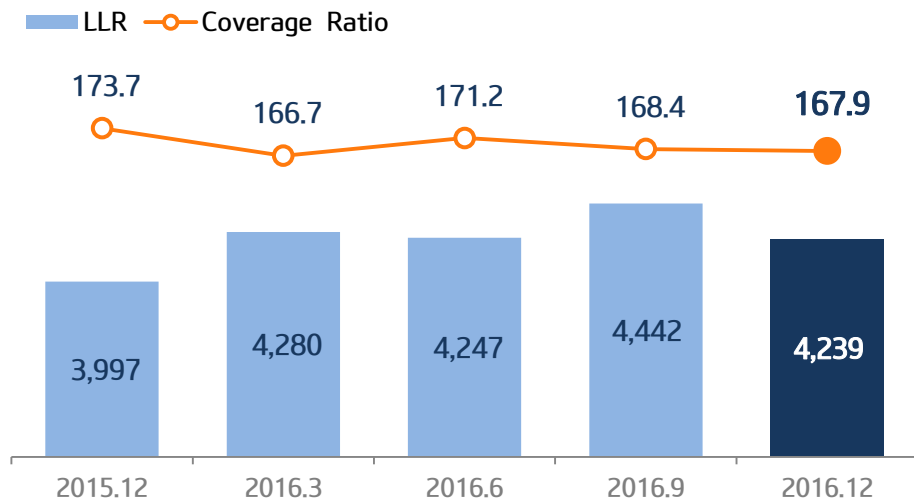
## Substandard & Below Ratio

(%)



## LLR - Coverage Ratio

(%, KRW bn)



## Substandard & Below

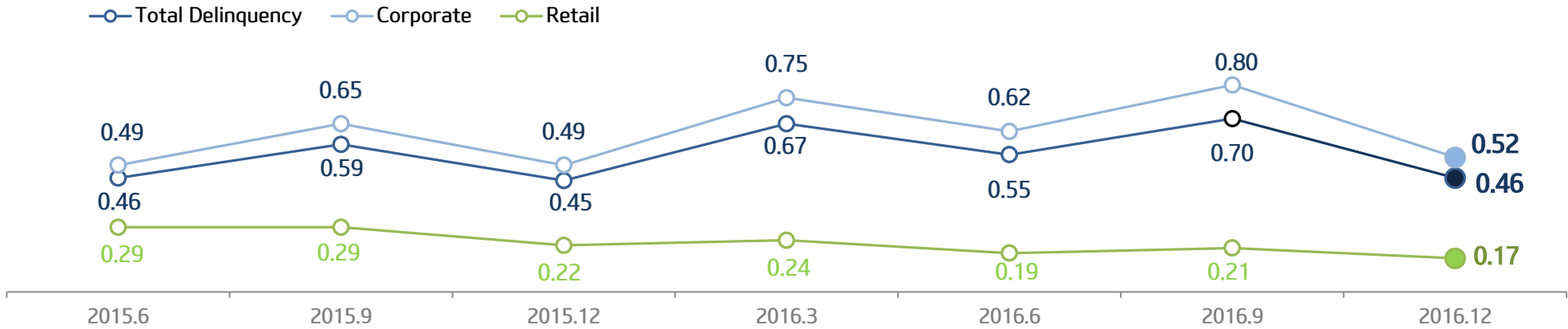
(KRW bn)	2016.12	2016.9	QoQ%	2015.12	YTD%
<b>Total Loan<sup>1)</sup></b>	<b>186,456</b>	<b>185,883</b>	<b>0.3</b>	<b>176,224</b>	<b>5.8</b>
Normal	181,388	180,435	0.5	171,134	6.0
Precautionary	2,543	2,810	-9.5	2,789	-8.8
Sub. & Below	2,524	2,637	-4.3	2,301	9.7
<i>Substandard</i>	1,733	1,682	3.0	1,638	5.8
<i>Doubtful</i>	236	217	8.8	248	-4.8
<i>Est. Loss</i>	556	738	-24.7	415	34.0
<b>Sub. &amp; Below Ratio</b>	<b>1.35%</b>	<b>1.42%</b>	<b>-0.07%p</b>	<b>1.31%</b>	<b>0.04%p</b>
Loan Loss Reserves	4,239	4,442	-4.6	3,997	6.1
<b>Coverage Ratio</b>	<b>167.9%</b>	<b>168.4%</b>	<b>-0.5%p</b>	<b>173.7%</b>	<b>-5.8%p</b>
Write-offs (Quarterly)	380.2	173.0	113.1	216.1	70.6

1) Total Credit

2) KRW 2,186.8bn of Reserve for Credit Loss included

## Delinquency by Operation

(%)



▪ Principal or Interest of +30 days past due

## Delinquency by Industry

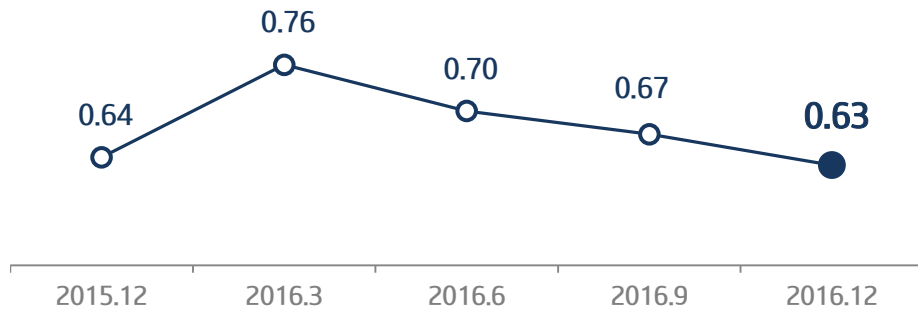
(%)	2015.6	2015.9	2015.12	2016.3	2016.6	2016.9	2016.12
<b>Manufacturing</b>	0.47	0.66	0.43	0.73	0.63	0.81	0.53
Construction	0.73	1.18	0.83	0.97	0.64	0.94	1.03
Real Estate Lease & Rental	0.17	0.22	0.19	0.25	0.40	0.55	0.46
Wholesale & Retail	0.59	0.62	0.39	0.63	0.45	0.78	0.46
Lodging & Dining	0.38	0.33	0.76	0.92	0.75	0.67	0.50

▪ Principal or Interest of +30 days past due

# Provisions for Credit Loss [Bank]

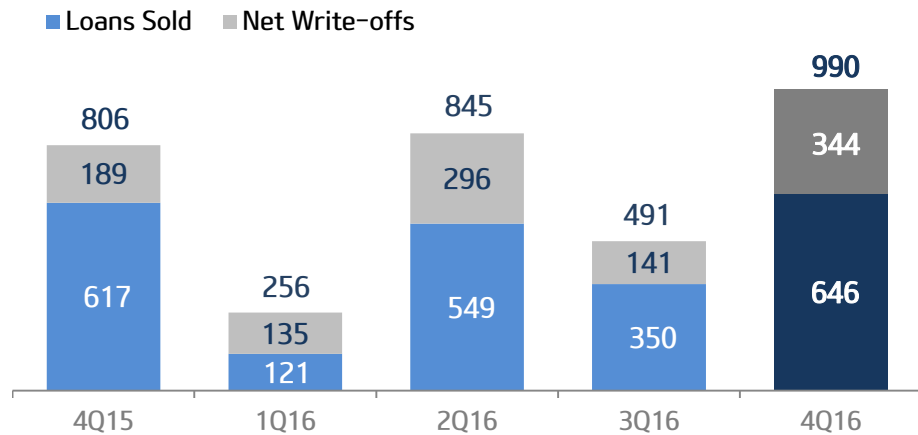
## Credit Cost

(%)



## Write-offs & NPL Sales

(KRW bn)



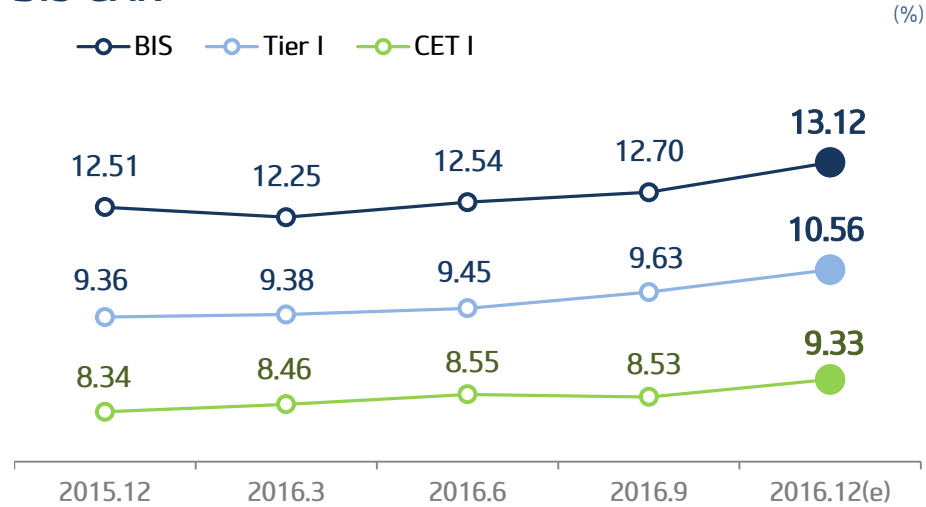
## Provisions for Credit Loss

(KRW bn)	4Q16	3Q16	2Q16	1Q16	4Q15
<b>Corporate</b>	<b>190.4</b>	<b>259.4</b>	<b>246.8</b>	<b>307.9</b>	<b>196.6</b>
Provisions	190.9	263.3	247.6	316.7	189.6
Unused Credit Line	-0.5	-3.9	-0.8	-8.8	7.0
<b>Retail</b>	<b>9.0</b>	<b>8.0</b>	<b>-2.5</b>	<b>10.1</b>	<b>8.8</b>
Provisions	9.0	8.0	-2.5	10.1	8.8
Unused Credit Line	0.0	0.0	0.0	0.0	0.0
<b>Credit Card</b>	<b>22.3</b>	<b>22.3</b>	<b>16.9</b>	<b>16.4</b>	<b>4.5</b>
Provisions	22.2	21.9	17.7	16.2	3.0
Unused Credit Line	0.1	0.4	-0.8	0.2	1.5
<b>Sub Total</b>	<b>221.7</b>	<b>289.7</b>	<b>261.2</b>	<b>334.4</b>	<b>209.9</b>

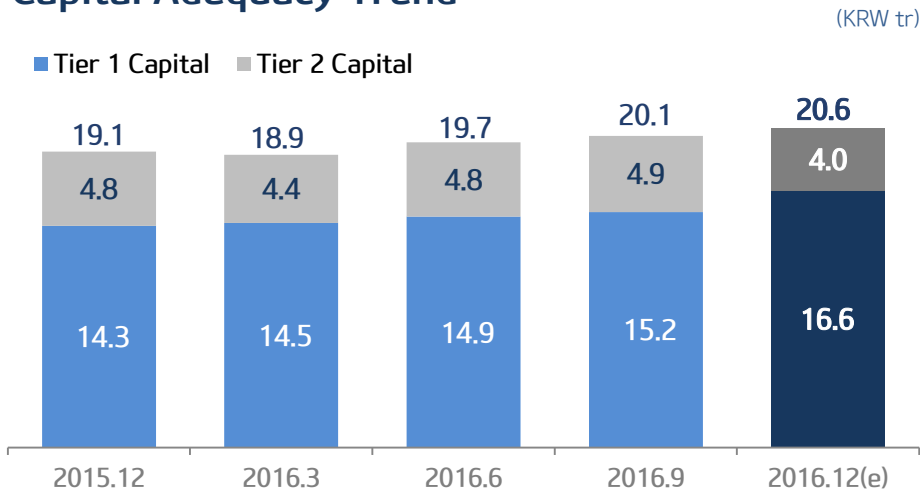
# VI Capital Adequacy

# Capital Adequacy [Consolidated]

## BIS CAR



## Capital Adequacy Trend



## Capital Adequacy & BIS CAR

(KRW bn,%)	2016.12(e)	2016.9	2015.12
<b>Tier I</b>	<b>16,627</b>	<b>15,194</b>	<b>14,336</b>
Common Equity Tier I	14,685	13,468	12,773
Common Shares Issued	2,800	2,800	2,782
Stock Surplus	554	553	531
Retained Earnings	12,000	11,804	10,946
Accum. Other Comprehensive Income	649	826	731
Additional Tier I	1,942	1,726	1,563
<b>Tier II</b>	<b>4,021</b>	<b>4,857</b>	<b>4,827</b>
Subordinated Bonds	3,897	3,897	3,880
Provision in excess of Exp. Loss	0	756	743
LLR	117	197	204
<b>Total</b>	<b>20,647</b>	<b>20,051</b>	<b>19,163</b>
Risk-weighted Assets	157,380	157,827	153,135
<b>BIS Ratio</b>	<b>13.12</b>	<b>12.70</b>	<b>12.51</b>
Tier I	10.56	9.63	9.36
CET I <sup>1)</sup>	9.33	8.53	8.34
Tier II	2.55	3.08	3.15

1) Common Equity Tier I

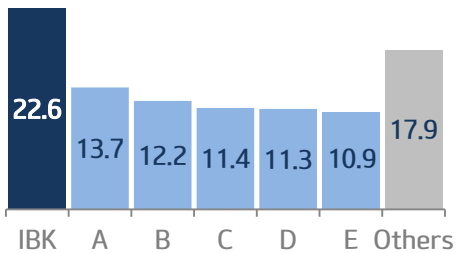
# VI Appendix

- SME Loan & SMIF Bond Details



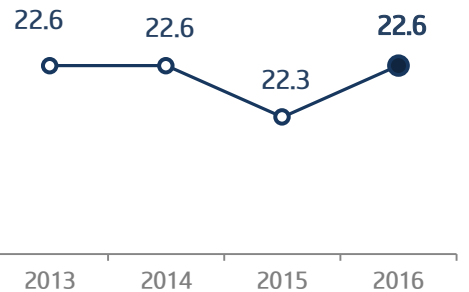
## SME

### Market Share by Banks (%)



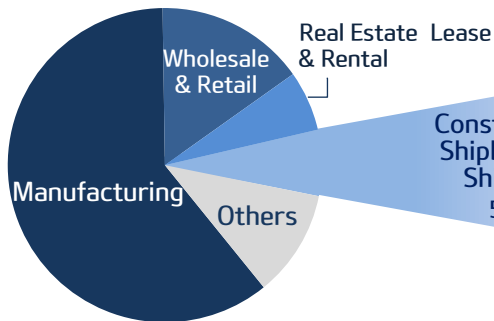
- BOK reported standard
- 4Q16 SME Loans balance by banks

### IBK M/S Trend (%)

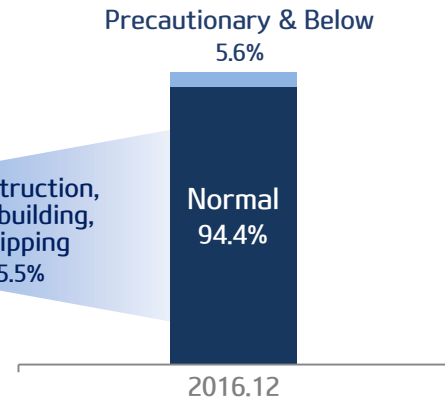


- BOK reported standard

### Corporate Loans (Construction, Shipbuilding, Shipping)

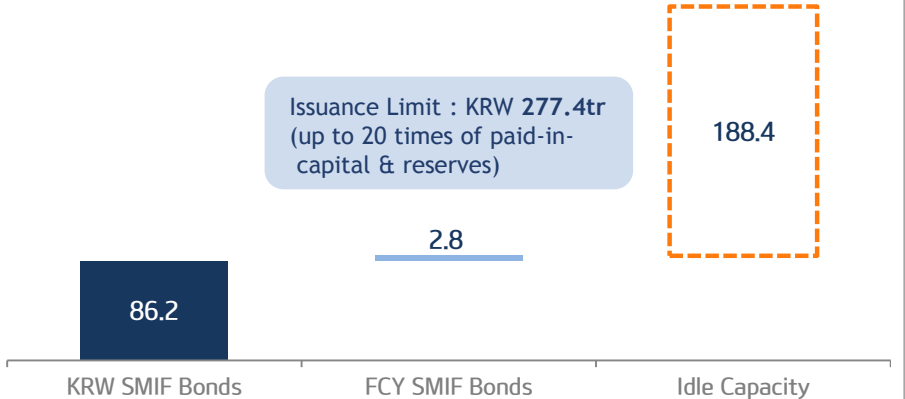


### Asset Quality Breakdown



## SMIF Bond

### SMIF Bond Balance & Issuance Limit (KRW tr)



- Outstanding balance(KRW)

### SMIF Bonds by Maturity

(KRW tr)	~1yr	~2yrs	~3yrs	~5yrs	5yrs~	Total
Balance	66.8	6.6	3.6	1.4	6.2	84.6
%	79.0%	7.8%	4.3%	1.7%	7.2%	100.0%

- Monthly average B/S balance(KRW)