

2012 Earnings Release





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.
- 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.



CONTENTS

- I Financial Highlights**
- II Profitability**
- III Loans · Deposits**
- IV Asset Quality**
- V Capital Adequacy**
- VI Appendix**

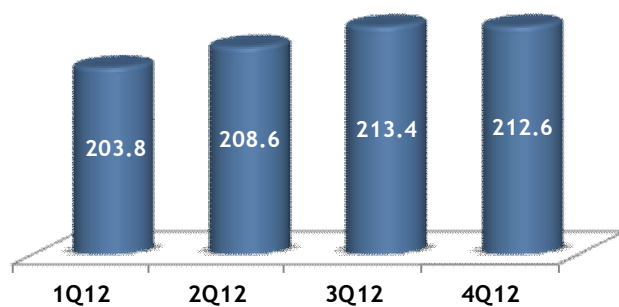


I Financial Highlights



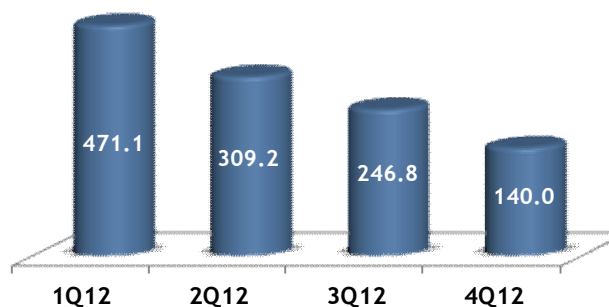
Financial Highlights

Total Assets (Consol.) (KRW tr)

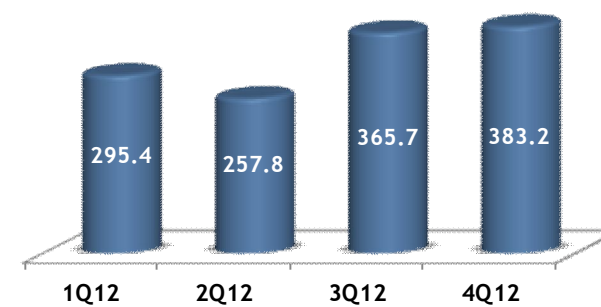


▪ Trust accounts included

Net Income (Consol.) (KRW bn)

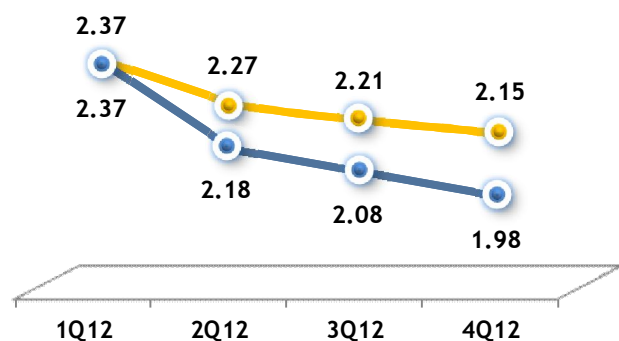


Provisioning (Bank) (KRW bn)



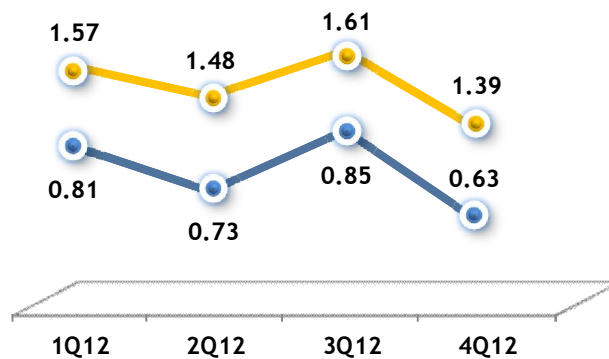
NIM (Bank) (%)

■ Yearly ■ Quarterly



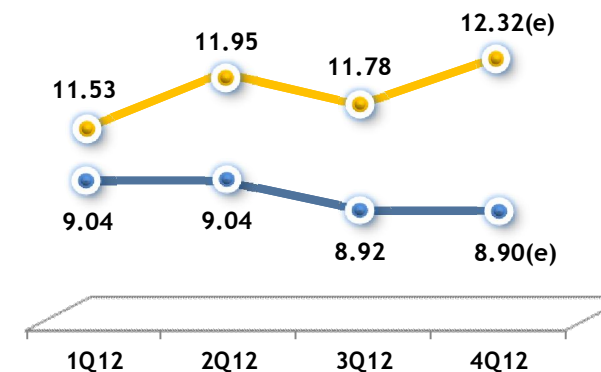
Asset Quality (Bank) (%)

■ Substandard & Below ■ Total Delinquency



BIS CAR (Consol.) (%)

■ BIS Ratio ■ Tier I





II Profitability

- 1. Income Statement (Consol.)**
- 2. Income Statement (Bank)**
- 3. Interest Income (Bank)**
- 4. Non-interest Income (Bank)**
- 5. SG&A Expenses (Bank)**



Income Statements (Consol.)

(KRW bn)	4Q12	FY12	FY11
Bank	114.9	1,120.6	1,552.2
Subsidiaries	9.3	57.3	66.7
IBK Capital	10.7	46.6	31.5
IBK Securities	-4.9	1.4	-16.6
IBK China	3.5	9.5	11.5
IBK Insurance	0.8	7.0	3.5
IBK Asset Management & Other Subsidiaries (3)	1.5	6.6	5.6
SPC, Funds & Others	-2.3	-13.8	31.2
Adjustments for Intra-Transactions	15.8	-10.8	-178.8
Consolidated Net Income	140.0	1,167.1	1,440.1

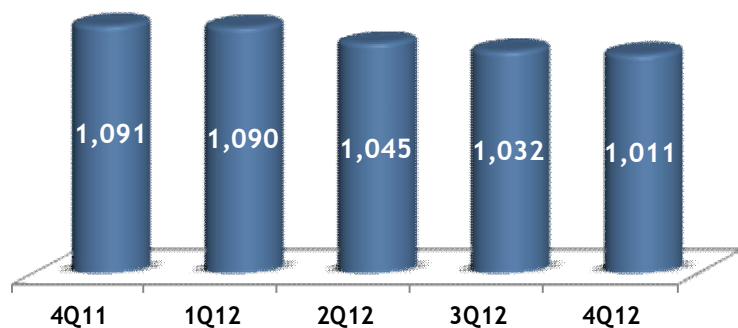
(KRW bn)	FY12	1Q12	2Q12	3Q12	4Q12
Interest Income	4,467.8	1,150.8	1,128.4	1,100.6	1,088.0
Non-interest Income	147.6	180.7	39.4	12.5	-85.0
SG&A Expenses	1,877.8	405.3	501.8	483.1	487.6
Pre-provisioning Operating Profit	2,737.6	926.2	666.0	630.0	515.4
Net Provisioning	1,144.0	311.6	199.0	317.7	315.7
Operating Income	1,593.6	614.6	467.0	312.4	199.7
Non-operating Income	-62.7	10.6	-48.4	4.4	-29.2
Pre-tax Income	1,530.9	625.1	418.6	316.7	170.4
Income Tax	363.8	154.1	109.3	70.0	30.4
Consolidated Net Income	1,167.1	471.1	309.2	246.8	140.0



Income Statements (Bank)

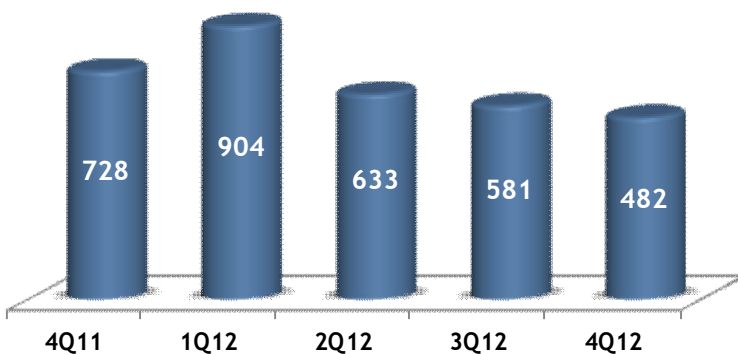
Interest Income

(KRW bn)



PPOP

(KRW bn)



(KRW bn)	FY12	1Q12	2Q12	3Q12	4Q12
Interest Income	4,176.6	1,089.9	1,044.5	1,031.6	1,010.6
Non-interest Income	152.9	181.4	41.4	-10.7	-59.2
SG&A Expenses	1,729.4	367.0	452.8	440.0	469.5
Pre-provisioning Operating Profit	2,600.2	904.3	633.1	581.0	481.9
Net Provisioning ¹⁾	1,087.4	292.5	204.7	298.3	291.8
Operating Income	1,512.8	611.8	428.4	282.6	190.1
Non-operating Income	-34.8	-0.7	11.5	-2.4	-43.2
Pre-tax Income	1,478.1	611.1	439.9	280.2	146.9
Income Tax	357.5	149.0	107.4	69.0	32.1
Net Income	1,120.6	462.1	332.4	211.2	114.9

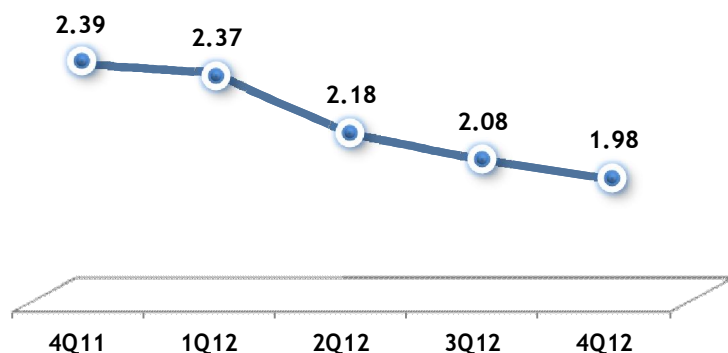
1) Refer to p17 for net provisioning details



Interest Income (Bank)

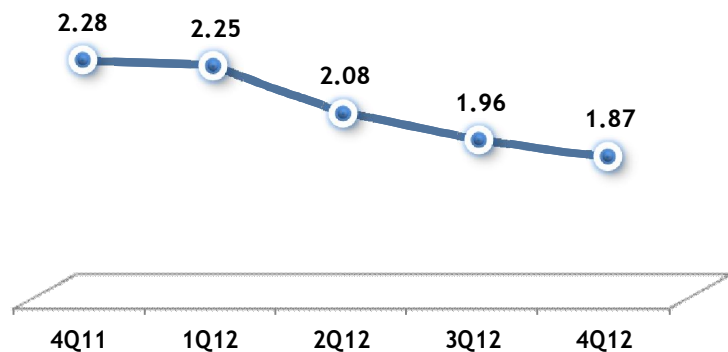
NIM (Quarterly)

(%)



NIS (Quarterly)

(%)



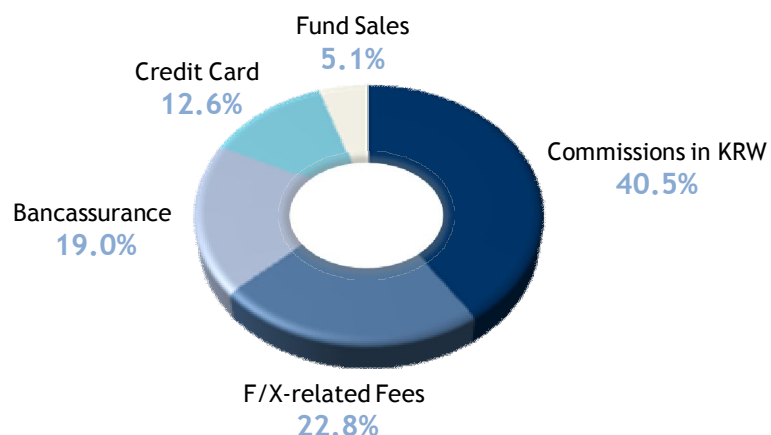
(KRW bn)	FY12	1Q12	2Q12	3Q12	4Q12
Interest Income	9,006.4	2,285.3	2,275.6	2,255.3	2,190.3
Loans	7,409.7	1,889.8	1,872.4	1,854.0	1,793.6
Credit Card Receivables	413.2	100.1	103.3	101.3	108.5
(Credit Purchase)	366.6	87.7	91.4	89.8	97.8
Securities	940.1	224.0	230.5	241.9	243.7
Other Loans, Dues, etc.	243.4	71.4	69.4	58.1	44.4
Interest Expense	4,829.7	1,195.4	1,231.1	1,223.7	1,179.7
Deposits	1,531.2	371.2	396.6	387.5	375.9
SMIF Bonds, etc.	3,298.6	824.2	834.5	836.2	803.8
Net Interest Income	4,176.6	1,089.9	1,044.5	1,031.6	1,010.6

(%)	1Q12	2Q12	3Q12	4Q12
NIS (Quarterly)	2.25	2.08	1.96	1.87
Yield on IEA	5.38	5.21	5.00	4.76
Yield on IBL	3.13	3.13	3.04	2.89



Non-Interest Income (Bank)

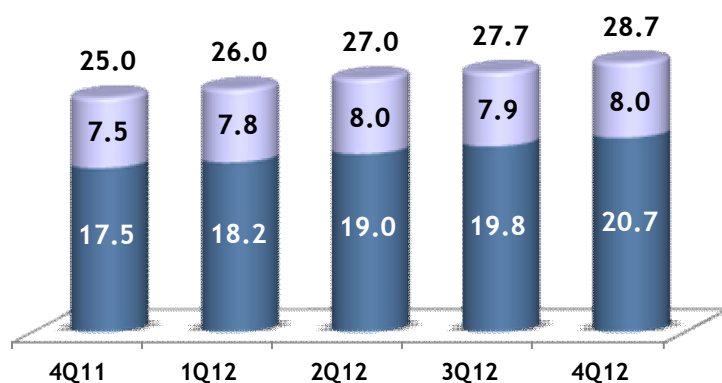
Fee Income Breakdown



Credit Card / Fund Sales Fee

(KRW bn)

■ Card ■ Funds



(KRW bn)	FY12	1Q12	2Q12	3Q12	4Q12
Fee Income	615.2	159.5	149.3	160.6	145.8
Commissions in KRW	249.4	66.6	57.6	65.3	59.8
F/X-Related Fees	139.9	33.1	36.0	36.1	34.8
Bancassurance	116.7	33.9	28.8	31.5	22.5
Credit Card	77.7	18.2	19.0	19.8	20.7
Fund Sales	31.6	7.8	8.0	7.9	8.0
Other Non-interest Income	-462.3	21.9	-107.9	-171.3	-205.0
Securities-Related Gain	147.5	89.3	42.7	8.7	6.8
Gain/Loss on Loan Disposal	-41.5	41.0	10.2	-16.7	-76.1
Others ¹⁾	-606.1	-116.9	-170.9	-173.1	-145.1
Trust Income	37.8	8.5	10.1	9.8	9.5
Net Non-interest Income	152.9	181.4	41.4	-10.7	-59.2

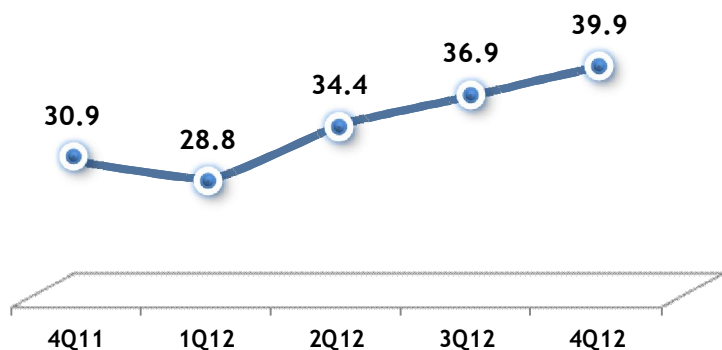
1) Contributions to Credit Guarantee Fund, Deposit Insurance Premium, and Gain/Loss from F/X Transactions & Derivatives



SG&A Expenses (Bank)

Cost to Income Ratio

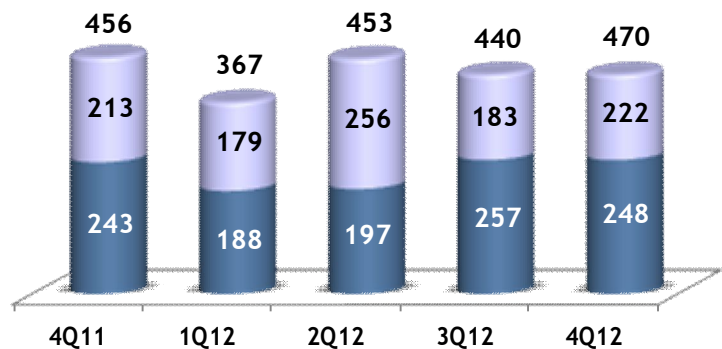
(%)



SG&A

(KRW bn)

■ Admin. Expenses ■ Salaries + Severance Pay



(KRW bn)	FY12	1Q12	2Q12	3Q12	4Q12
SG&A Expenses	1,729.4	367.0	452.8	440.0	469.5
Salaries	751.3	162.2	238.1	165.9	185.2
Admin. Expenses	890.0	187.8	197.4	256.8	248.0
(Depreciation)	127.9	27.3	28.8	33.0	38.8
Provisions for Severance Pay	88.1	17.0	17.3	17.4	36.3
Non-operating Income	-34.8	-0.7	11.5	-2.4	-43.2
Non-op. Income	55.2	10.7	29.3	6.3	8.9
Non-op. Expenses	90.0	11.4	17.8	8.7	52.1



III Loans · Deposits

1. Loan Portfolio (Bank)

2. Deposit Structure (Bank)

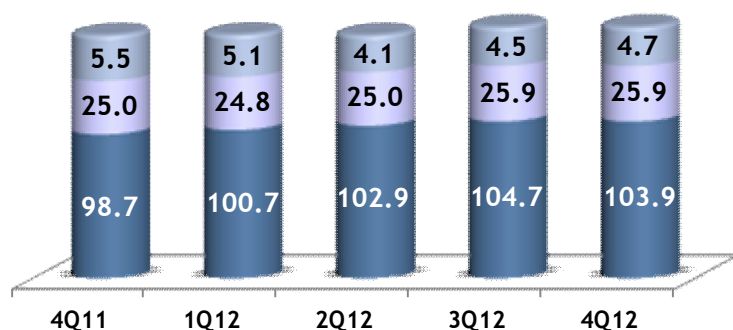


Loan Portfolio (Bank)

Total Loans

(KRW tr)

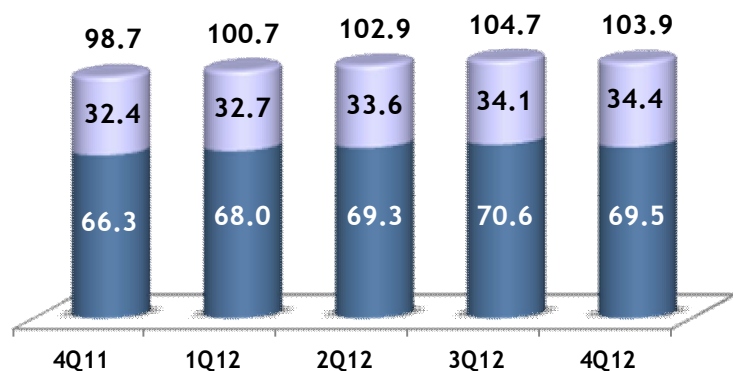
■ SME ■ Household ■ Large Corp. & Others



SME Loans by Collateral

(%)

■ Working Capital ■ CAPEX



(KRW bn)	4Q12	QoQ	3Q12	YTD	4Q11
SME	103,944	-0.8%	104,756	5.3%	98,675
Working Capital	69,504	-1.6%	70,631	4.8%	66,293
CAPEX	34,440	0.9%	34,125	6.4%	32,382
Household ¹⁾	25,907	-0.0%	25,915	3.7%	24,984
General	10,808	-0.5%	10,866	-4.6%	11,335
Housing Loan	15,099	0.3%	15,049	10.6%	13,649
Large Corp.	4,106	3.7%	3,961	42.7%	2,877
Others	609	13.4%	537	-76.4%	2,578
Total	134,566	-0.4%	135,168	4.2%	129,114

■ Loan Portfolio Mix : SME 77.2%, Household 19.3%, Large Corp. & Others 3.5%

1) 33.6bn of Credit Card Loans, 435.6bn of U-KHFC Loans and 17.8bn of Conforming Loans included

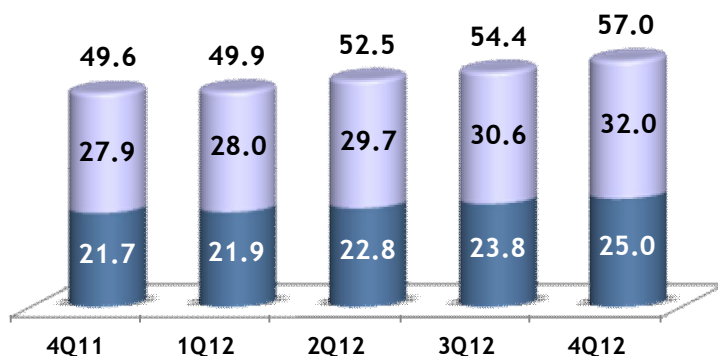


Deposit Structure (Bank)

Deposits

(KRW tr)

■ Core Deposits ■ MMDA + Other Deposits

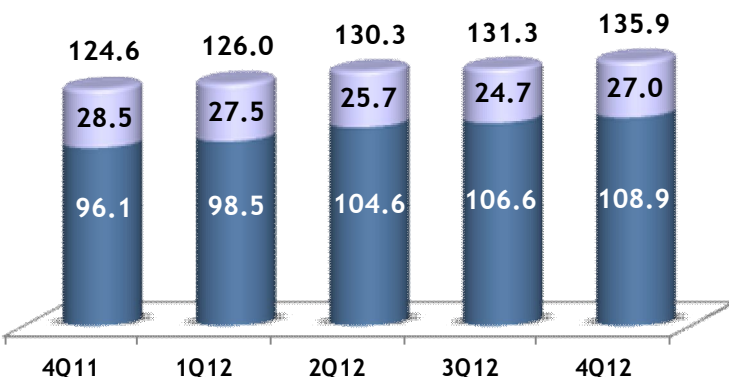


■ Marketable Deposits excluded

Funding Breakdown

(KRW tr)

■ Retail-Funded ■ Wholesale-Funded



(KRW bn)

	4Q12	QoQ	3Q12	YTD	4Q11
Core Deposits ¹⁾	25,050	5.2%	23,811	15.4%	21,708
MMDA	7,626	-0.2%	7,645	11.4%	6,843
Other Deposits	24,727	8.0%	22,899	17.5%	21,051
Deposits	57,043	4.9%	54,355	15.0%	49,602
CD, Covered Bills, RP	14,482	-6.4%	15,467	-10.3%	16,137
SMIF Bonds	64,355	4.7%	61,489	9.3%	58,883
Retail-funded	37,382	1.7%	36,770	22.6%	30,491
Sub Total	135,881	3.5%	131,311	9.0%	124,622
Trust ²⁾	11,790	11.1%	10,612	27.3%	9,260
Total Deposits	147,671	4.1%	141,912	10.3%	133,882

■ Based on 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

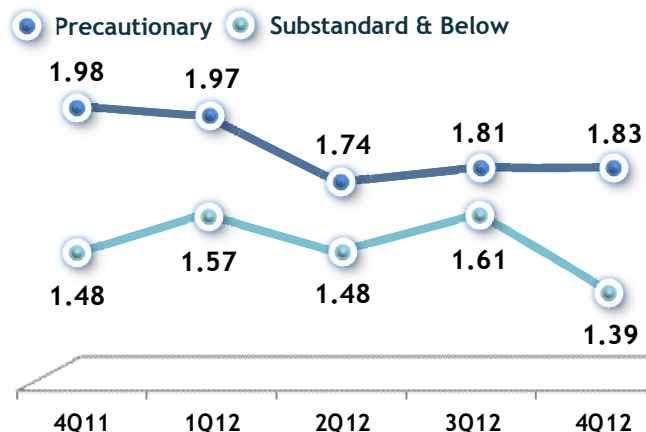
1. Asset Quality (Bank)
2. Provisions (Bank)
3. Delinquency (Bank)



Asset Quality (Bank)

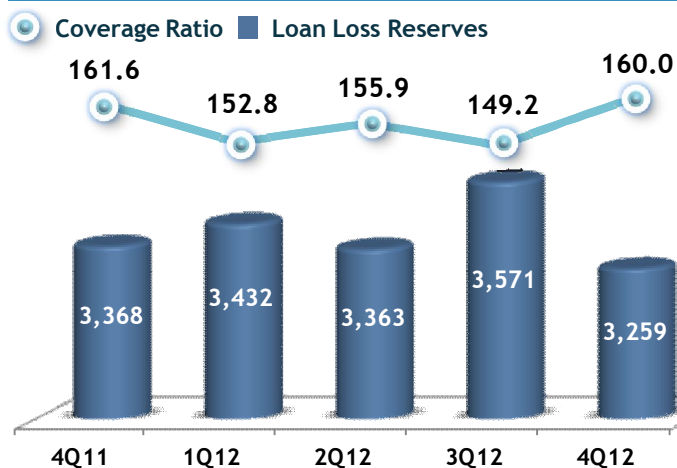
Substandard & Below (%)

(%)



NPL Coverage Ratio / LLR

(%, KRW bn)



(KRW bn)

	1Q12	2Q12	3Q12	4Q12
Normal	137,655	140,861	143,344	142,024
Precautionary	2,810	2,528	2,691	2,670
Substandard	1,539	1,516	1,643	1,557
Doubtful	297	259	236	208
Estimated Loss	409	383	514	273
Total	142,710	145,547	148,428	146,732
Substandard & Below	2,246	2,158	2,393	2,037
Sub & Below Ratio	1.57%	1.48%	1.61%	1.39%
Loan Loss Reserves ¹⁾	3,432	3,363	3,571	3,259
Coverage Ratio	152.8%	155.9%	149.2%	160.0%
Write-offs (Quarterly)	143.3	329.3	82.7	450.2

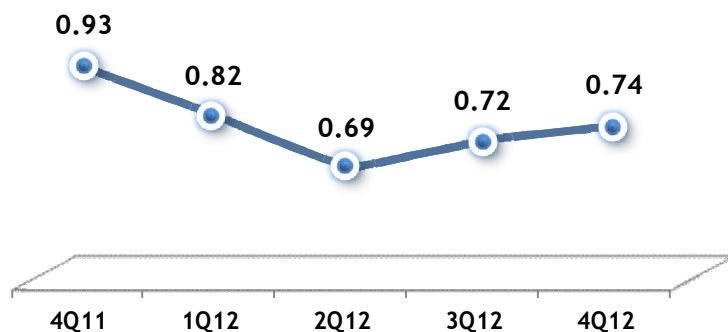
1) KRW 1,485.9bn of Reserve for Credit Loss included



Provisions (Bank)

Credit Cost

(%)

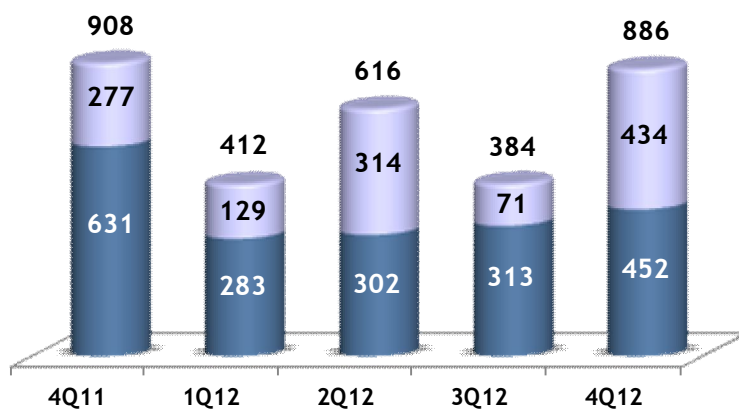


■ Credit Cost = Net Provisioning / Total Credit

Write-offs / NPL Sales

(KRW bn)

■ Loans Sold ■ Net Write offs (write offs - collections)



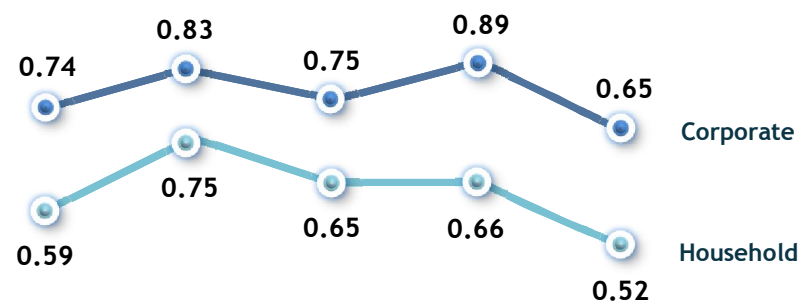
(KRW bn)	1Q12	2Q12	3Q12	4Q12
Corporate	260.5	235.2	334.3	358.2
Provisions	263.0	230.4	331.0	347.6
Unused Credit Line	-2.5	4.8	3.3	10.6
Household	11.4	12.9	15.3	12.4
Provisions	11.3	12.8	15.2	12.4
Unused Credit Line	0.1	0.1	0.1	0.0
Credit Card	23.5	9.7	16.1	12.6
Provisions	17.3	11.4	14.4	10.3
Unused Credit Line	6.2	-1.7	1.7	2.3
Sub Total	295.4	257.8	365.7	383.2
Recoveries & Other Provisions	-2.9	-53.1	-67.3	-91.4¹⁾
Net Provisioning	292.5	204.7	298.3	291.8

1) Write-back from NPL sales (KRW 109.0bn) included



Delinquency (Bank)

Delinquency by Operation (%)



(%)	4Q11	1Q12	2Q12	3Q12	4Q12
Total	0.70	0.81	0.73	0.85	0.63
Corporate	0.74	0.83	0.75	0.89	0.65
Household	0.59	0.75	0.65	0.66	0.52
Credit Card	1.57	1.50	1.30	1.40	1.55

▪ Principal or Interest of 30+days past due

Delinquency by Industry (%)



(%)	4Q11	1Q12	2Q12	3Q12	4Q12
Manufacturing	0.54	0.63	0.57	0.69	0.49
Construction	1.19	1.28	1.27	1.77	1.29
Lease & Rental	2.19	2.01	2.04	2.02	1.41
Wholesale & Retail	0.59	0.80	0.58	0.89	0.75
Lodging & Dining	0.42	0.57	0.68	0.63	0.45

▪ Principal or Interest of 30+days past due



Capital Adequacy (Consol.)

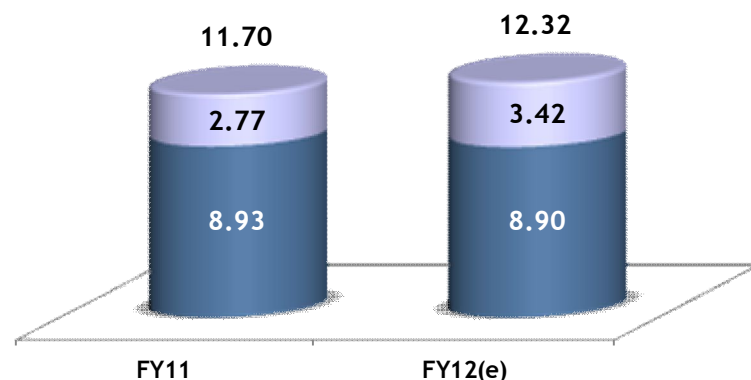


Capital Adequacy (Consol.)

BIS CAR

(%)

■ Tier I ■ Tier II



Top 3 Investment Securities

Name	Ownership	Valuation Gains
KT&G	6.9%	KRW 555.6bn
Shinsegae	3.4%	KRW -9.5bn
E-mart	3.4%	KRW -8.7bn

(KRW bn, %)

FY12(e)

FY11

Tier I	11,216	10,554
Paid-in Capital	2,996	2,996
Capital Surplus	454	454
Retained Earnings	9,111	8,379
Hybrid Capital	824	824
Minority Interest	76	73
Tier II	4,308	3,278
LLR	508	459
45% of Gains on Valuation of Investment Securities	220	225
Subordinated Bonds	3,248	2,268
Total	15,524	13,832
Risk-Weighted Assets	125,994	118,216
BIS CAR	12.32	11.70
Tier I	8.90	8.93
Tier II	3.42	2.77



VI Appendix

– SME Loans by Industry (Bank)



SME Loans by Industry (Bank)

	4Q12				4Q11	
(KRW bn)	Amount	(%)	Change	(%p)	Amount	(%)
Manufacturing	65,867	63.4	2,763	-0.6	63,104	64.0
Textile	2,695	2.6	168	-	2,527	2.6
Apparel & Leather	1,712	1.6	29	-0.1	1,683	1.7
Chemical Products	3,667	3.5	192	-	3,475	3.5
Rubber & Plastic Products	5,833	5.6	308	-	5,525	5.6
Basic Metals	4,386	4.2	-170	-0.4	4,556	4.6
Fabricated Metals	9,105	8.8	384	-0.1	8,721	8.8
Other Machinery	12,508	12.0	838	0.2	11,670	11.8
Electronic Machinery	3,855	3.7	252	0.1	3,603	3.7
Communications Devices	5,016	4.8	82	-0.2	4,934	5.0
Automobiles	5,197	5.0	460	0.2	4,737	4.8
Others	11,892	11.4	219	-0.4	11,673	11.8
Construction	4,364	4.2	108	-0.1	4,256	4.3
Wholesale & Retail	17,211	16.6	1,173	0.3	16,038	16.3
Real Estate Lease & Rental	5,529	5.3	279	-	5,250	5.3
Lodging & Dining	795	0.8	152	0.1	643	0.6
Others	10,178	9.8	794	0.3	9,384	9.5
Transport & Warehousing	1,804	1.7	285	0.2	1,519	1.5
Business Services ¹⁾	1,580	1.5	83	-	1,497	1.5
Other Services ²⁾	6,794	6.5	426	0.1	6,368	6.5
Total	103,944	100.0	5,269	-	98,675	100.0

▪ SME Loans (including Loans in FCY)

1) Information Processing, R&D Business, Technology Services, Assistance Services, etc.

2) Agriculture, Forestry, Fishery, Mining, Electricity/Gas/Water, Education, Finance/Insurance, Government Services, etc.