



**KEB**  
**OPERATING**  
**RESULTS** FOR 1Q13

April , 2013

## A. Overview **03**

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Highlights  
Quarterly Performance Trends  
Market Leadership in FX & Trade Finance

## B. Profitability **07**

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Income Statement Summary  
Net Interest Income  
Non Interest Income & Expenses  
Provisions & Loan Loss Reserve

## C. Balance Sheet **11**

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Balance Sheet Summary  
Deposits  
KRW Loans

## D. Asset Quality **14**

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Asset Quality Summary  
NPL & Delinquency by Borrower Type

## E. Capital Adequacy **16**

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## F. Franchise and History **17**

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### DISCLAIMER

The information contained in this presentation material has not been audited by a third-party independent auditor and is subject to change during the accounting audit of KEB.

### KEB REPORTS FIRST QUARTER 2013 NET INCOME OF KRW 74.4 BILLION

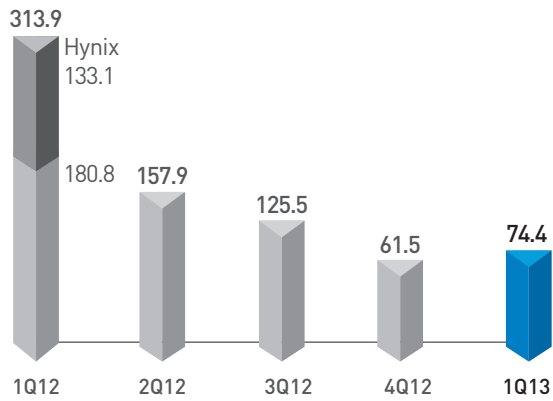
- KEB posted net income of KRW 74.4 billion in the first quarter
- Total KRW loans increased to KRW 50.4 trillion, up KRW 570.9 billion or 1.1% from 4Q12
- NIM declined to 2.17% from 2.22% in 1Q13
- NPL ratio increased to 1.21% from 1.19% 4Q12, up 0.02%p, and the delinquency ratio rose to 0.93% from 0.62% 4Q12, up 0.31%p
- Capital position remained strong in 1Q13 with a preliminary BIS capital ratio of 12.7 % and a preliminary Tier 1 ratio of 10.5%

# A-2a QUARTERLY PERFORMANCE TRENDS (CONSOLIDATED)

## NET INCOME

- Net income of KRW 74.4 bn in 1Q

[ KRW billion ]

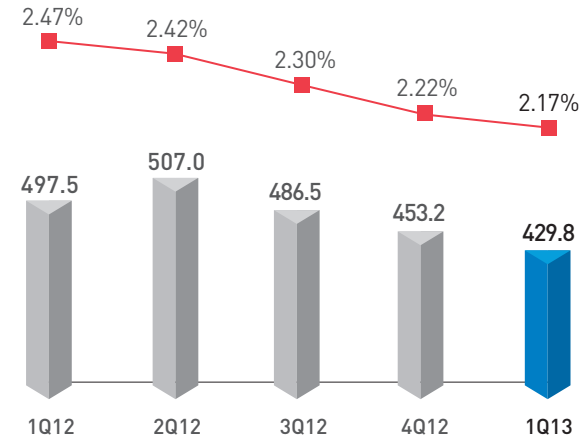


■ Net income

## NET INTEREST INCOME

- Net interest income of KRW 429.8bn in 1Q, down KRW 23.4 bn from the previous quarter
- Net interest margin declined 0.05%p QoQ to 2.17% in 4Q

[ KRW billion ]

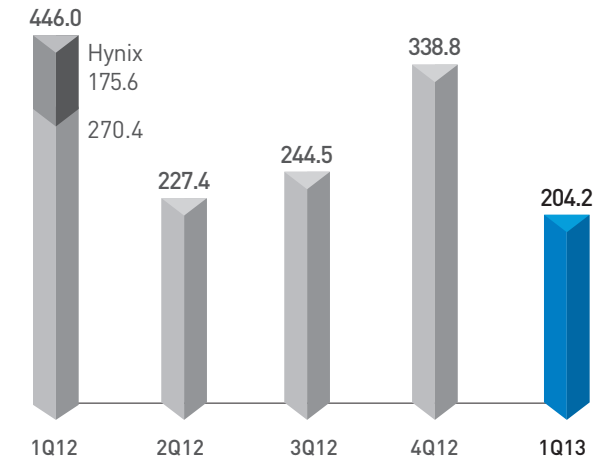


■ Net Interest Margin (Bank) ■ Net Interest Income

## NON INTEREST INCOME

- Non-interest income of KRW 204.2 bn in 1Q, down KRW 134.6 bn from 4Q12

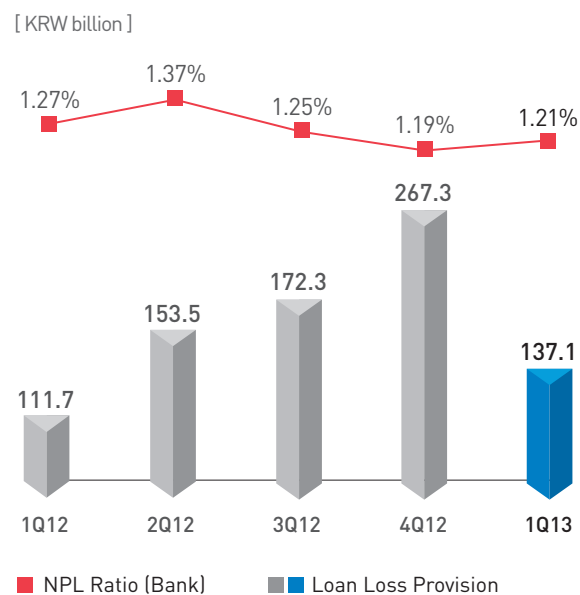
[ KRW billion ]



■ Non Interest Income

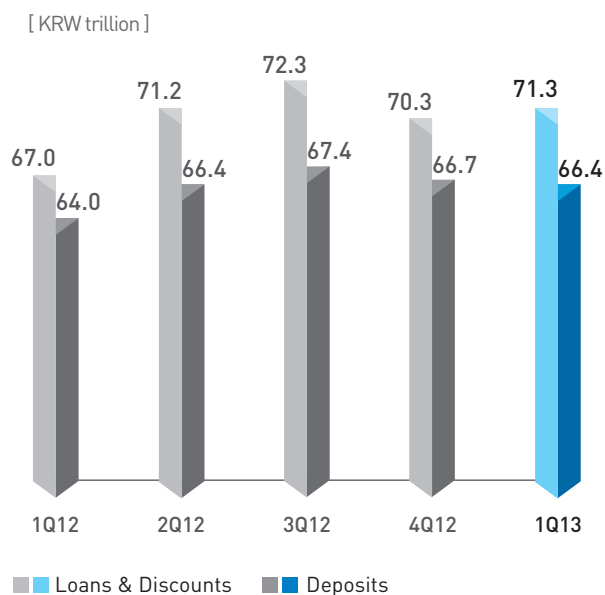
## ASSET QUALITY

- Loan loss provisioning (LLP) declined to KRW 137.1 bn in 1Q, down KRW130.2 bn QoQ
- NPL ratio increased to 1.21% in 1Q, up 0.02%p QoQ



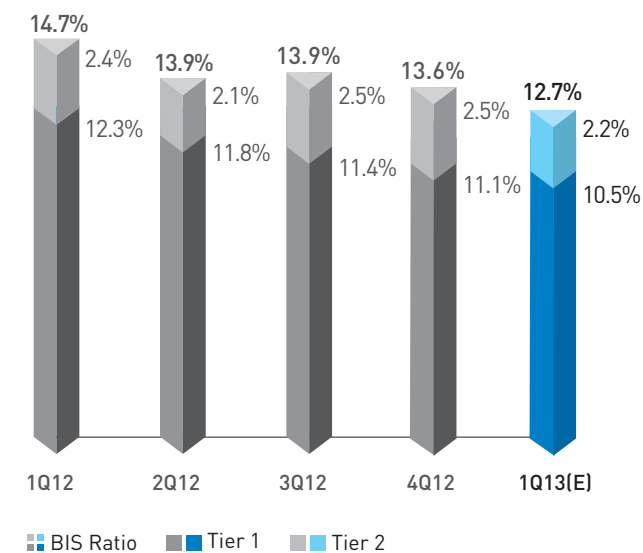
## BALANCE SHEET

- Loans & Discounts increased to KRW 71.3 tr in 1Q, up KRW 907.7 bn from the previous quarter
- Deposits decreased to KRW 66.4 tr in 1Q, down KRW 350.0 bn from 4Q12



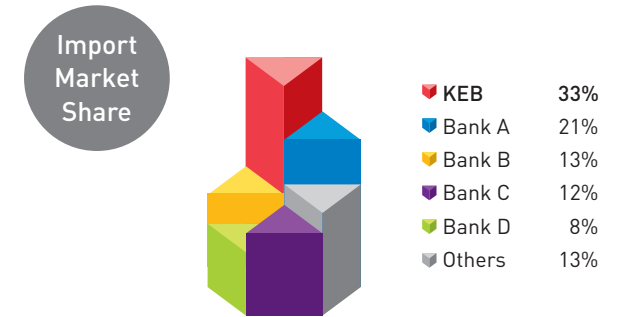
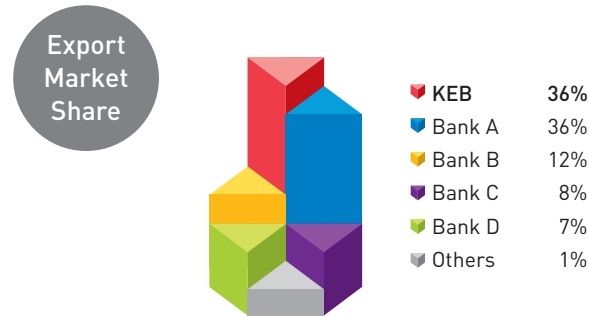
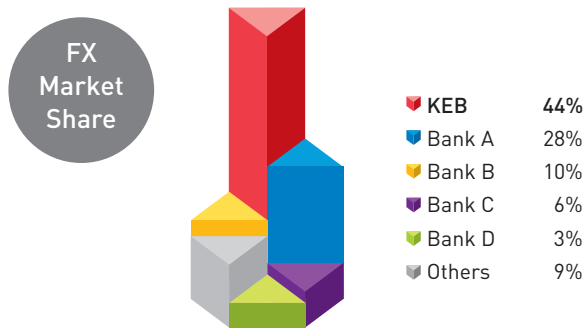
## CAPITAL ADEQUACY

- Capital position remained robust in 1Q with a preliminary BIS capital ratio of 12.7% and a preliminary Tier I ratio of 10.5%

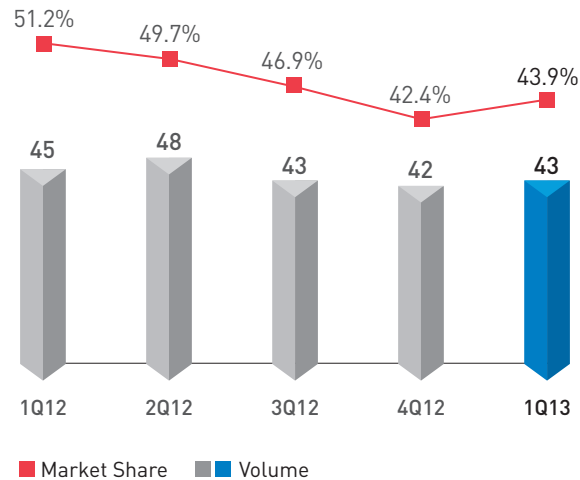


# A-3 MARKET LEADERSHIP IN FX & TRADE FINANCE

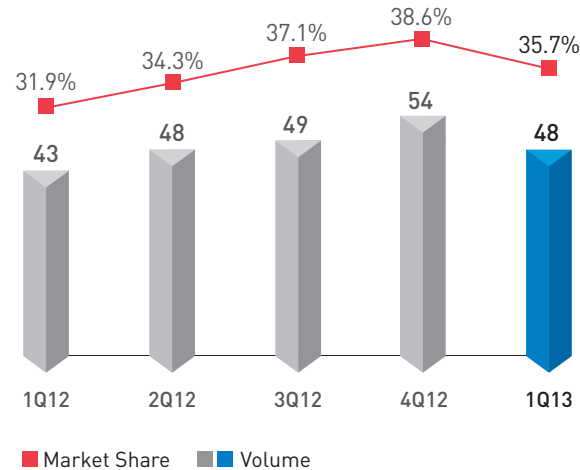
## STRONG MARKET LEADERSHIP [Cumulative]



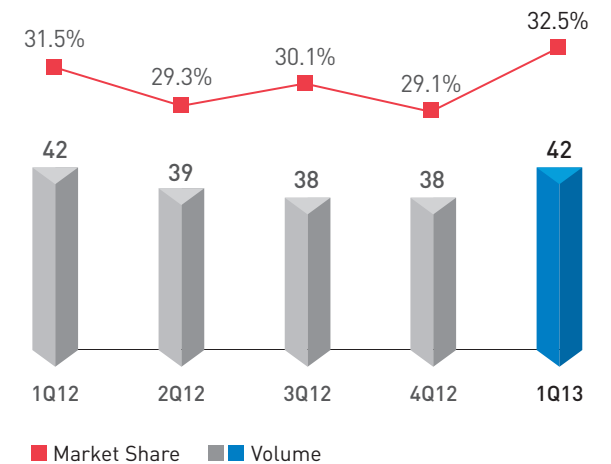
### FX [USD billion] [Quarterly]



### EXPORT [USD billion]



### IMPORT [USD billion]

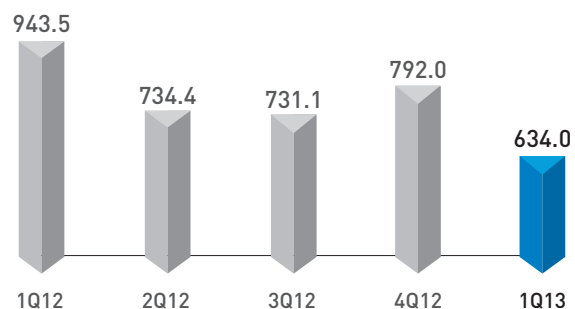


**Note** • Market share in FX is based on 7 large domestic banks' transactions, exports/imports are based on national trade volume.

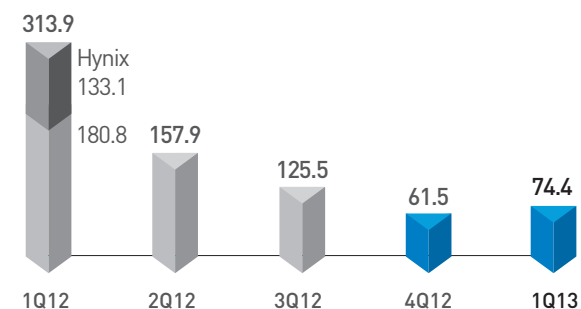
## B-1 INCOME STATEMENT SUMMARY

KEB Operating Results for 1Q13 **7**

### TOTAL INCOME (CONSOLIDATED) [KRW billion]



### NET INCOME (CONSOLIDATED) [KRW billion]



[KRW billion]

	CONSOLIDATED					BANK				
	1Q13	4Q12	QoQ	1Q12	YoY	1Q13	4Q12	QoQ	1Q12	YoY
<b>Total Income</b>	<b>634.0</b>	792.0	-20.0%	943.5	-32.8%	<b>582.4</b>	742.2	-21.5%	887.1	-34.4%
Net Interest Income	429.8	453.2	-5.2%	497.5	-13.6%	393.0	416.3	-5.6%	457.5	-14.1%
Fee Income	187.0	171.2	+9.2%	191.6	-2.4%	177.0	163.7	+8.1%	179.5	-1.4%
Gains on Disposition & Valuation	53.5	194.0	-72.4%	283.6	-81.1%	47.7	188.9	-74.7%	280.1	-83.0%
Other Operating Income	-36.3	-26.3	+37.8%	-29.2	+24.3%	-35.3	-26.7	+32.3%	-30.0	+17.8%
<b>SG&amp;A Expense</b>	<b>378.8</b>	459.6	-17.6%	379.2	-0.1%	<b>353.2</b>	432.7	-18.4%	354.1	-0.3%
<b>PPOP</b>	<b>255.2</b>	332.4	-23.2%	564.3	-54.8%	<b>229.2</b>	309.5	-25.9%	533.1	-57.0%
<b>Provision</b>	<b>141.7</b>	266.4	-46.8%	137.5	+3.1%	<b>132.4</b>	252.6	-47.6%	133.7	-1.0%
<b>Operating Income</b>	<b>113.5</b>	66.0	+72.0%	426.8	-73.4%	<b>96.8</b>	56.9	+70.1%	399.4	-75.8%
Non-Operating Income	1.6	23.1	-93.2%	2.5	-37.3%	-44.6	21.3	-309.6%	3.5	-1,387.0%
Income before Tax	115.1	89.0	+29.3%	429.3	-73.2%	52.2	78.2	-33.3%	402.8	-87.0%
Income Tax	40.7	27.5	+48.0%	115.3	-64.7%	22.6	21.9	+3.4%	107.5	-78.9%
<b>Net Income</b>	<b>74.4</b>	61.5	+20.9%	314.0	-76.3%	<b>29.5</b>	56.3	-47.5%	295.3	-90.0%

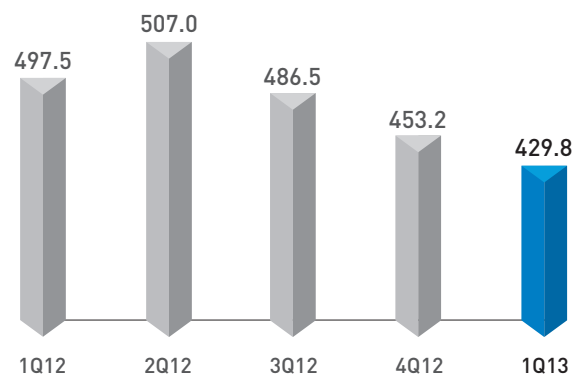
\* F: Favorable

## B-2 NET INTEREST INCOME

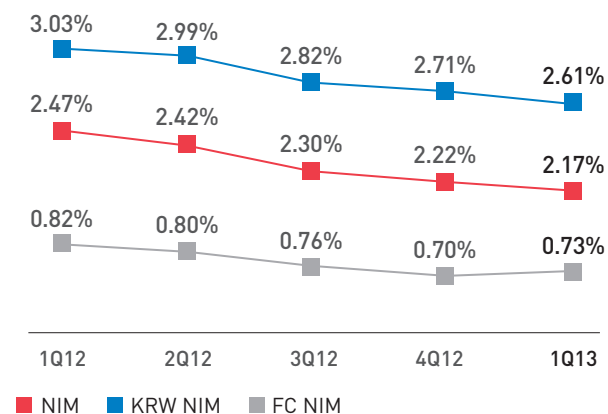
KEB Operating Results for 1Q13

8

### NET INTEREST INCOME [KRW billion]



### NET INTEREST MARGIN



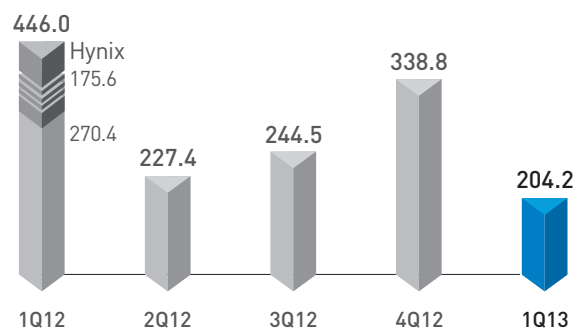
[KRW billion]

	1Q12	2Q12	3Q12	4Q12	1Q13	QoQ
<b>Net Interest Income</b>	497.5	507.0	486.5	453.2	429.8	-5.2%
<b>KRW Net Interest Income</b>	415.0	423.5	407.3	380.8	358.9	-5.8%
KRW Interest Income	841.0	845.2	825.5	783.7	741.9	-5.3%
KRW Interest Expenses	426.0	421.6	418.2	402.9	383.0	-4.9%
<b>FC Net Interest Income</b>	82.5	83.5	79.2	72.4	70.9	-2.0%
FC Interest Income	145.4	150.9	148.5	129.0	127.8	-0.9%
FC Interest Expenses	62.9	67.4	69.3	56.6	56.9	+0.5%
<b>Net Interest Margin (BANK)</b>	2.47%	2.42%	2.30%	2.22%	2.17%	-0.05%p
KRW NIM	3.03%	2.99%	2.82%	2.71%	2.61%	-0.10%p
FC NIM	0.82%	0.80%	0.76%	0.70%	0.73%	+0.03%p

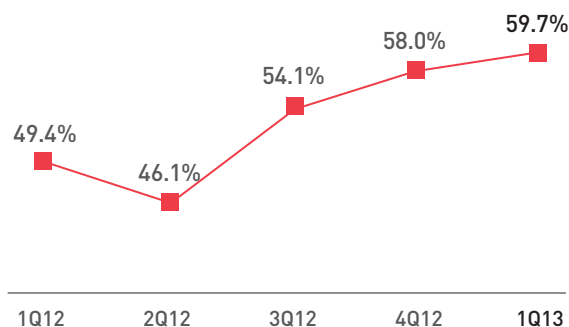


## B-3 NON INTEREST INCOME & EXPENSES

### NON INTEREST INCOME [KRW billion]



### COST-TO-INCOME RATIO



\* Based on normalized net income

### NON INTEREST INCOME [KRW billion]

	1Q13	4Q12	QoQ	1Q12	YoY
<b>Non-Interest Income</b>	<b>204.2</b>	<b>338.8</b>	<b>-39.7%</b>	<b>446.0</b>	<b>-54.2%</b>
<b>Fee Income</b>	<b>187.0</b>	<b>171.2</b>	<b>+9.2%</b>	<b>191.6</b>	<b>-2.4%</b>
Credit Card Related	84.4	70.6	+19.7%	93.1	-9.3%
Guarantees	13.2	13.8	-4.3%	13.4	-1.3%
Loans Related	22.5	15.4	+46.1%	19.6	+14.9%
Foreign Currency Related	36.0	43.9	-18.1%	40.5	-11.3%
Beneficiary Certificates	8.7	8.6	+1.2%	9.5	-8.1%
Trust Related Fee	7.9	9.3	-15.0%	8.1	-2.1%
Bancassurance	14.3	9.6	+49.7%	7.4	+92.5%
<b>Gains on Disposition &amp; Valuation</b>	<b>53.5</b>	<b>194.0</b>	<b>-72.4%</b>	<b>283.6</b>	<b>-81.1%</b>
Securities	15.9	44.9	-64.7%	181.6	-91.3%
Gains from FX Transactions	81.5	157.1	-48.1%	84.7	-3.8%
Derivative Related	-43.9	-8.0	+448.0%	17.3	-353.4%
<b>Other Operating Income</b>	<b>-36.3</b>	<b>-26.3</b>	<b>+37.8%</b>	<b>-29.2</b>	<b>+24.3%</b>

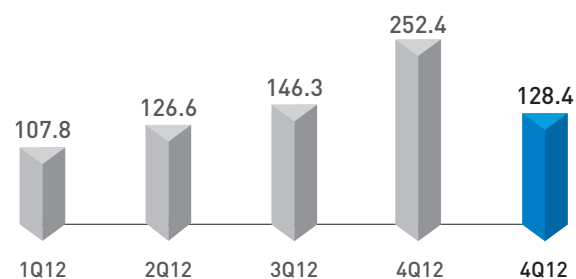
### EXPENSES [KRW billion]

	1Q13	4Q12	QoQ	1Q12	YoY
<b>Total</b>	<b>378.8</b>	<b>459.6</b>	<b>-17.6%</b>	<b>379.2</b>	<b>-0.1%</b>
Salaries & Employee Benefits	203.8	154.4	+32.0%	182.6	+11.6%
Severance & Retirement Benefits	12.7	56.7	-77.5%	11.6	+9.7%
Administrative Expense	128.2	207.1	-38.1%	149.3	-14.1%
Depreciation	25.6	28.9	-11.4%	25.3	+1.1%
Taxes	8.4	12.6	-33.2%	10.4	-19.0%

## B-4 PROVISIONS & LOAN LOSS RESERVE (BANK)

KEB Operating Results for 1Q13 **10**

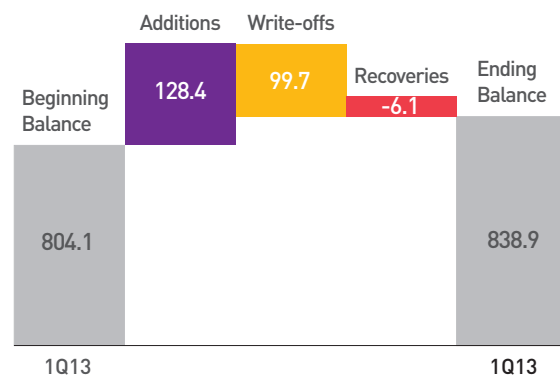
### LOAN LOSS PROVISIONING [KRW billion]



### PROVISIONS [KRW billion]

	1Q12	2Q12	3Q12	4Q12	1Q13
Total	133.7	116.6	150.6	252.6	132.4
Loan Loss Provisioning	107.8	126.6	146.3	252.4	128.4
Unused Commitment Provisioning	1.4	1.0	1.2	3.0	-4.9
Other Provisioning	24.5	-11.1	3.1	-2.9	8.9

### LOAN LOSS RESERVE\* [KRW billion]



\* Including Provision of Liability Reserve for Unused Commitment

### LOAN LOSS RESERVE \* [KRW billion]

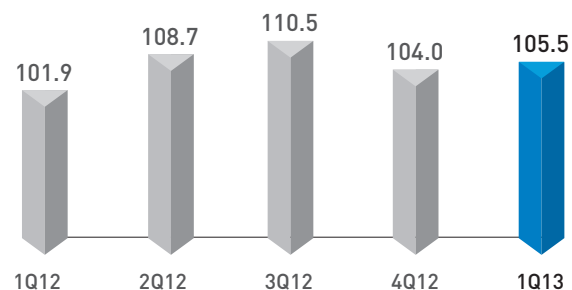
	1Q12	2Q12	3Q12	4Q12	1Q13
Beginning LLR Balance	775.8	803.1	874.9	838.2	804.1
Additions	107.8	126.6	146.3	252.4	128.4
Write-offs (-)	74.1	94.2	167.0	242.3	99.7
Recoveries	-6.5	39.4	-16.1	-44.2	-6.1
Ending LLR Balance	803.1	874.9	838.2	804.1	838.9

\* Including Provision of Liability Reserve for Unused Commitment

## C-1 BALANCE SHEET SUMMARY

KEB Operating Results for 1Q13 11

### TOTAL ASSETS (CONSOLIDATED) [KRW trillion]



### DEPOSITS (CONSOLIDATED) [KRW trillion]

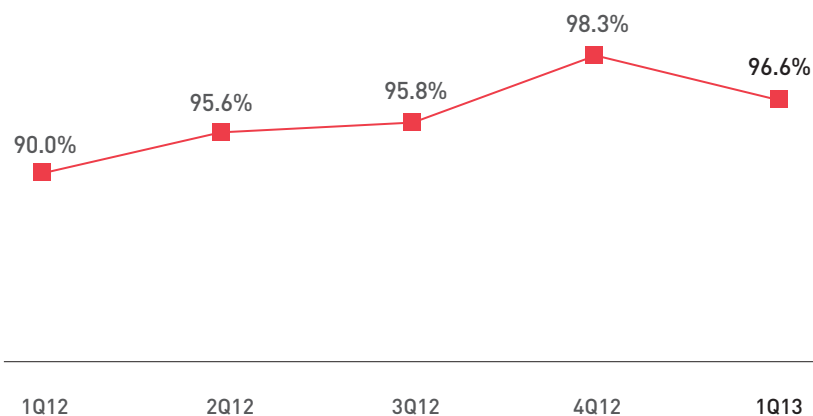


[ End of period, KRW billion ]

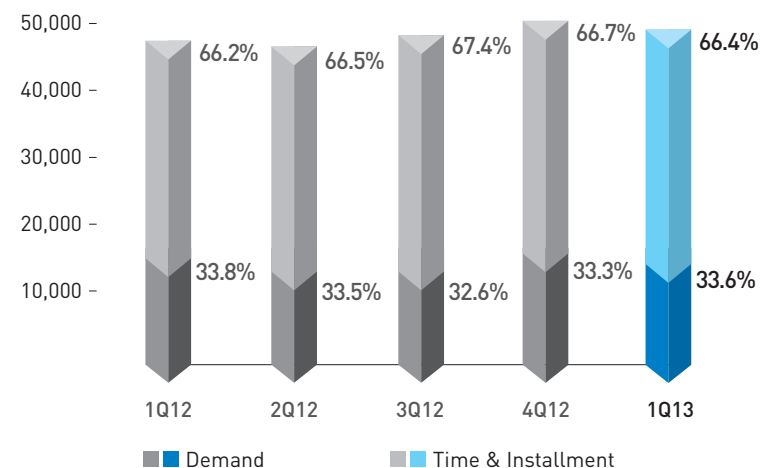
	CONSOLIDATED					BANK				
	1Q13	4Q12	Ytd	1Q12	YoY	1Q13	4Q12	Ytd	1Q12	YoY
Cash & Due from Banks	7,376.4	8,093.8	-8.9%	9,731.8	-24.2%	5,966.6	6,929.2	-13.9%	8,601.6	-30.6%
Financial Assets	14,689.8	13,668.8	+7.5%	13,329.7	+10.2%	14,086.1	13,498.1	+4.4%	13,137.9	+7.2%
Loans & Discounts	71,261.7	70,354.0	+1.3%	67,029.0	+6.3%	67,289.6	66,459.2	+1.2%	63,657.0	+5.7%
Credit Card Receivables	2,287.7	2,576.7	-11.2%	2,305.2	-0.8%	2,287.7	2,576.7	-11.2%	2,305.2	-0.8%
Other Assets	10,609.4	9,394.6	+12.9%	10,630.3	-0.2%	11,480.4	10,329.7	+11.1%	11,534.5	-0.5%
Merchant Banking Assets	1,528.4	2,488.2	-38.6%	1,130.6	+35.2%	1,628.4	2,578.2	-36.8%	1,130.6	+44.0%
<b>Total Assets</b>	<b>105,465.6</b>	<b>104,001.2</b>	<b>+1.4%</b>	<b>101,851.4</b>	<b>+3.5%</b>	<b>100,451.0</b>	<b>99,794.4</b>	<b>+0.7%</b>	<b>98,061.6</b>	<b>+2.4%</b>
Deposits	66,431.6	66,781.6	-0.5%	63,983.4	+3.8%	62,597.4	63,548.8	-1.5%	61,372.2	+2.0%
Borrowings	7,488.9	6,925.7	+8.1%	9,202.8	-18.6%	7,005.5	6,562.5	+6.7%	8,761.9	-20.0%
Debentures	6,289.6	6,173.4	+1.9%	5,073.9	+24.0%	5,969.8	5,810.1	+2.7%	4,662.5	+28.0%
Other Liabilities	14,966.7	14,509.9	+3.1%	13,874.4	+7.9%	14,822.5	14,397.6	+3.0%	13,757.8	+7.7%
Merchant Banking Liabilities	1,558.3	528.7	+194.7%	857.8	+81.7%	1,558.3	528.7	+194.7%	857.9	+81.6%
Shareholders' Equity	8,730.5	9,081.9	-3.9%	8,859.2	-1.5%	8,497.5	8,946.7	-5.0%	8,649.3	-1.8%
<b>Liabilities &amp; Shareholders' Equity</b>	<b>105,465.6</b>	<b>104,001.2</b>	<b>+1.4%</b>	<b>101,851.4</b>	<b>+3.5%</b>	<b>100,451.0</b>	<b>99,794.4</b>	<b>+0.7%</b>	<b>98,061.6</b>	<b>+2.4%</b>

## C-2 DEPOSITS (CONSOLIDATED)

### LOAN-TO-DEPOSIT RATIO (Excl. CD) [Average balance]



### KRW DEPOSITS [KRW billion]

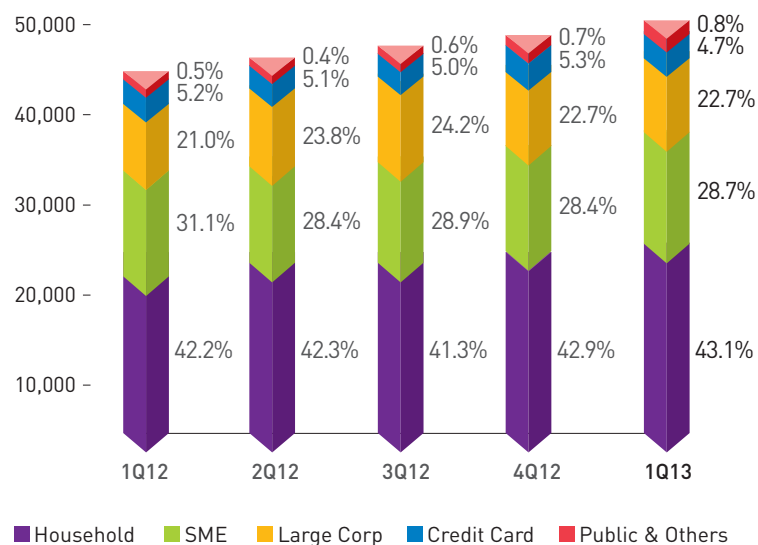


[ End of period, KRW billion ]

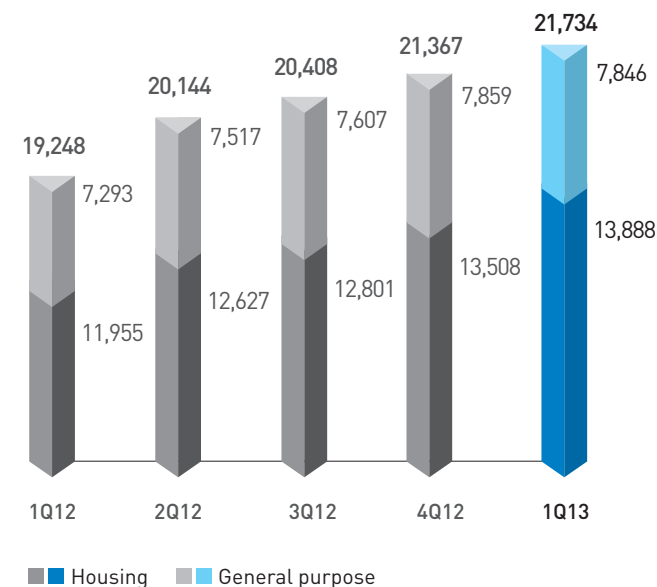
	1Q13	4Q12	YtD	1Q12	YoY
<b>Total Deposits</b>	<b>66,431.6</b>	<b>66,781.6</b>	<b>-0.5%</b>	<b>63,983.4</b>	<b>+3.8%</b>
<b>KRW Deposits &amp; CDs</b>	<b>49,891.7</b>	<b>50,023.2</b>	<b>-0.3%</b>	<b>48,163.5</b>	<b>+3.6%</b>
Demand Deposits	16,706.9	16,585.5	+0.7%	16,287.1	+2.6%
Time & Installment Deposits	32,994.5	33,158.9	-0.5%	31,848.8	+3.6%
<b>Foreign Currency Deposits &amp; CDs</b>	<b>16,539.9</b>	<b>16,758.3</b>	<b>-1.3%</b>	<b>15,819.8</b>	<b>+4.6%</b>
Demand Deposits	9,758.2	10,038.1	-2.8%	9,149.5	+6.7%
Time & Installment Deposits	6,523.1	6,719.6	-2.9%	6,668.5	-2.2%
<b>KRW Deposits &amp; CDs / Total Deposits</b>	<b>75.1%</b>	<b>74.9%</b>	<b>+0.3%</b>	<b>75.3%</b>	<b>-0.2%</b>

## C-3 KRW LOANS (BANK)

LOANS IN KRW BY TYPE [KRW billion]



HOUSEHOLD LOANS IN KRW [KRW billion]

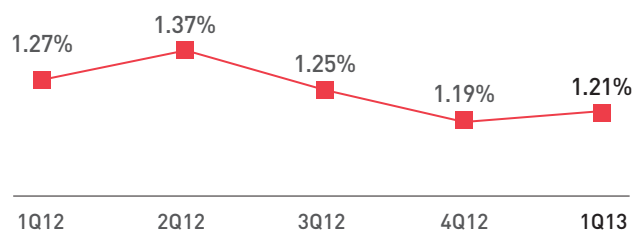


[ End of period, KRW billion ]

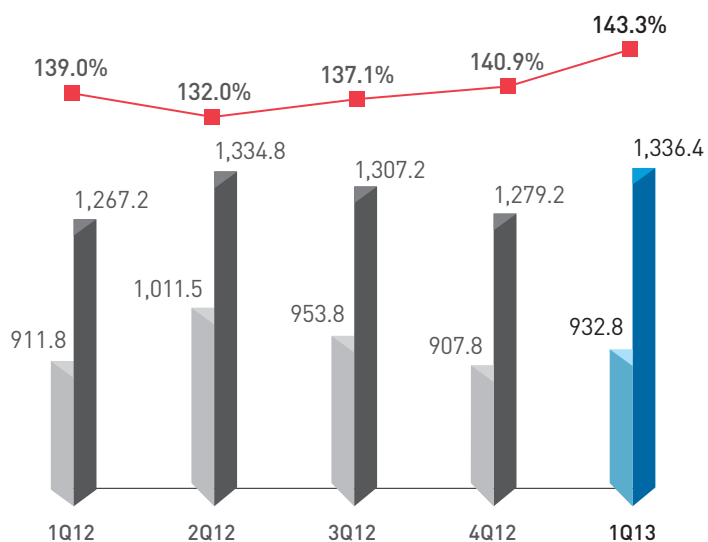
	1Q13	4Q12	YtD	1Q12	YoY
Bank Loans & Discounts	71,261.7	70,354.0	+1.3%	67,029.0	+6.3%
<b>Total KRW Loans</b>	<b>50,375.5</b>	<b>49,804.6</b>	<b>+1.1%</b>	<b>45,580.9</b>	<b>+10.5%</b>
Household	21,734.0	21,366.8	+1.7%	19,247.9	+12.9%
SMEs	14,453.3	14,129.1	+2.3%	14,169.7	+2.0%
Large Corp	11,424.8	11,286.1	+1.2%	9,571.9	+19.4%
Credit Card	2,371.6	2,661.3	-10.9%	2,377.9	-0.3%
Public & Others	391.8	361.3	+8.4%	213.5	+83.6%

# D-1 ASSET QUALITY SUMMARY (BANK)

## NPL RATIO



## NPL COVERAGE [KRW billion]



■ NPL Coverage Ratio ■ NPL ■ Coverage Reserve

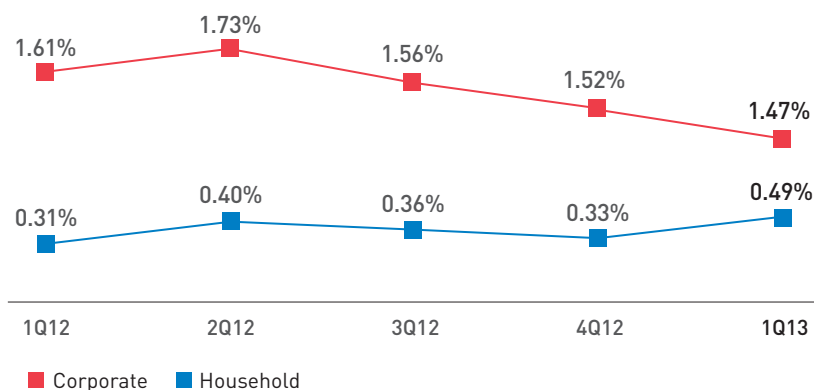
[ End of period, KRW billion ]

	1Q13	4Q12	YtD	1Q12	YoY
Total Credits	77,141.2	76,270.5	+1.1%	72,064.7	+7.0%
Normal	74,800.8	74,063.9	+1.0%	69,944.1	+6.9%
Precautionary	1,407.6	1,298.8	+8.4%	1,208.8	+16.4%
Substandard	554.5	558.8	-0.8%	415.7	+33.4%
Doubtful	259.8	241.3	+7.7%	406.7	-36.1%
Estimated Loss	118.5	107.7	+10.0%	89.4	+32.6%
NPL	932.8	907.8	+2.8%	911.8	+2.3%
<b>NPL Ratio</b>	<b>1.21%</b>	<b>1.19%</b>	<b>+1.6%</b>	<b>1.27%</b>	<b>-4.4%</b>
Coverage Reserve	1,336.4	1,279.2	+4.5%	1,267.2	+5.5%
<b>NPL Coverage Ratio</b>	<b>143.3%</b>	<b>140.9%</b>	<b>+1.7%</b>	<b>139.0%</b>	<b>+3.1%</b>

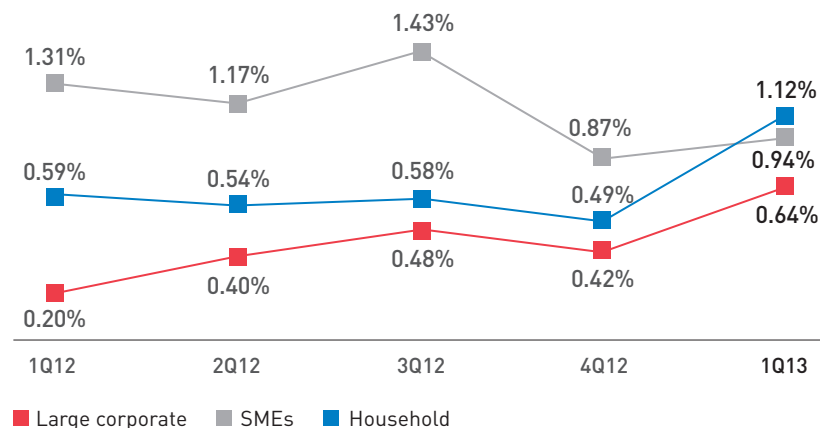
\* Coverage Reserve: Reserve used in the NPL coverage ratio calculation, which includes the reserve for credit losses

## D-2 NPL & DELINQUENCY BY BORROWER TYPE (BANK)

### NPL RATIO BY BORROWER TYPE



### DELINQUENCY RATIO BY BORROWER TYPE



[ End of period, KRW billion ]

	1Q12	2Q12	3Q12	4Q12	1Q13
<b>Corporate</b>					
Credits	50,361.9	51,457.4	53,560.0	52,170.6	52,965.2
NPL	811.6	888.0	835.9	792.6	779.0
<b>NPL Ratio</b>	<b>1.61%</b>	<b>1.73%</b>	<b>1.56%</b>	<b>1.52%</b>	<b>1.47%</b>
<b>Household</b>					
Credits	19,315.4	20,205.7	20,466.2	21,429.4	21,795.4
NPL	59.5	81.0	74.6	69.9	107.5
<b>NPL Ratio</b>	<b>0.31%</b>	<b>0.40%</b>	<b>0.36%</b>	<b>0.33%</b>	<b>0.49%</b>

[ End of period, KRW billion ]

	1Q12	2Q12	3Q12	4Q12	1Q13
<b>Total Loans*</b>	61,767.6	63,847.4	66,164.6	65,254.3	66,112.9
<b>Delinquent Loans</b>	434.8	449.4	536.4	401.5	612.3
<b>Delinquency Ratio</b>	<b>0.70%</b>	<b>0.70%</b>	<b>0.81%</b>	<b>0.62%</b>	<b>0.93%</b>
Large Corporate	0.20%	0.40%	0.48%	0.42%	0.64%
SMEs	1.31%	1.17%	1.43%	0.87%	0.94%
Household	0.59%	0.54%	0.58%	0.49%	1.12%

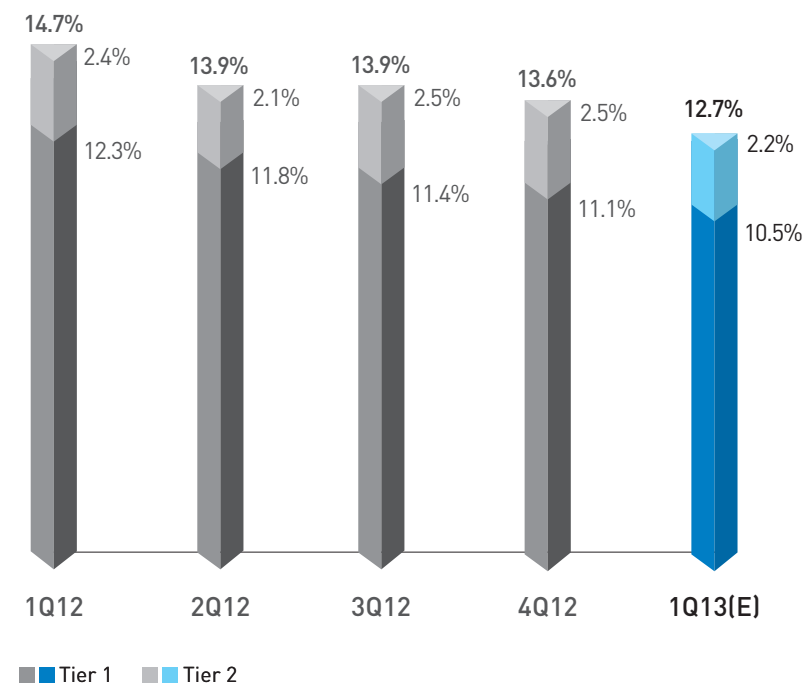
\* Excludes call loans

## E CAPITAL ADEQUACY

[End of period, KRW billion]

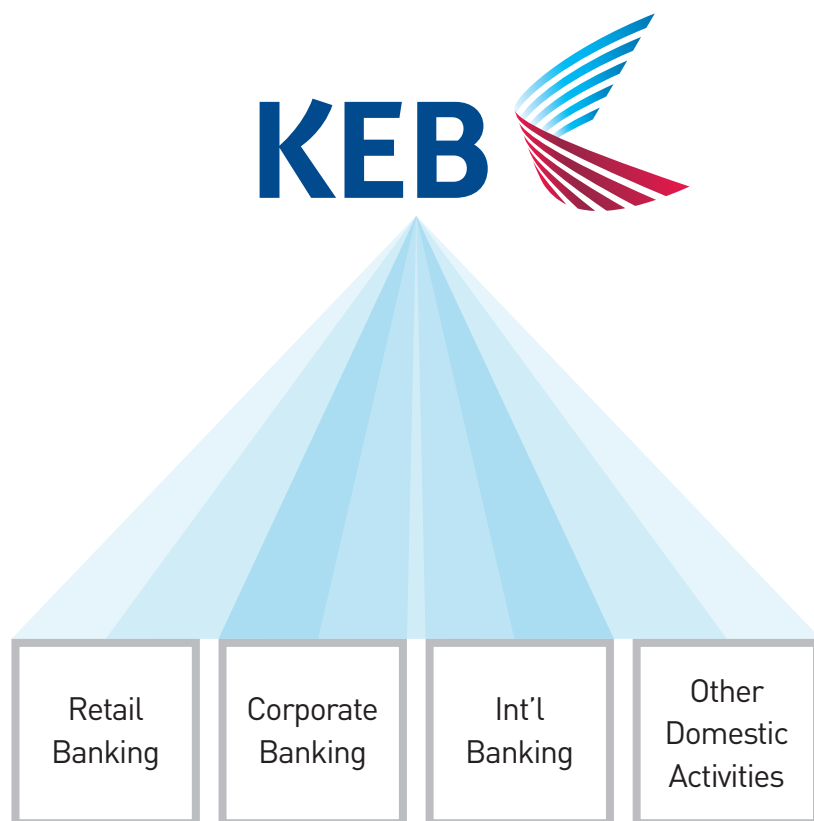
	1Q12	2Q12	3Q12	4Q12	1Q13
RWA	60,450.1	64,070.0	66,969.9	68,233.0	67,915.9
BIS Capital	8,883.2	8,886.6	9,304.3	9,272.1	8,591.1
Tier 1	7,416.8	7,560.8	7,627.5	7,548.2	7,154.2
Capital	3,224.5	3,224.5	3,224.5	3,224.5	3,224.5
Capital Surplus	0.9	0.9	0.9	0.9	0.9
Retained Earnings	4,031.8	4,177.1	4,272.9	4,292.1	4,311.8
Other	2.3	2.3	2.3	2.1	2.1
Hybrid Debentures	247.5	247.5	247.5	247.5	247.5
Other Deduction	-90.3	-91.6	-120.6	-218.9	-632.6
Tier 2	1,466.4	1,325.8	1,676.8	1,724.0	1,436.8
BIS Ratio	14.70%	13.87%	13.89%	13.59%	12.65%
Tier 1 Ratio	12.27%	11.80%	11.39%	11.06%	10.53%

### BIS RATIO (BASEL II)





## CORE BUSINESS



## HISTORY

- 1967
  - Established as a government-owned policy bank specializing in foreign exchange & international trade finance
- 1989
  - Converted a commercial bank due to the repeal of the Korea Exchange Bank Act
- 1991
  - Partially privatized through rights offering to public
- 1994
  - Listed on the Korea Stock Exchange
- 1998
  - Commerzbank took a major position after the asian financial crisis
- 2003
  - Lone Star became the largest shareholder
- 2004
  - KEB merged with KEB Credit Services Co.
- 2012
  - Hana Financial Group became the largest shareholder