



**KEB**  
**OPERATING**  
**RESULTS FOR 2012**

February, 2013

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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 FOURTH QUARTER 2012 NET INCOME OF KRW 75.3 BILLION

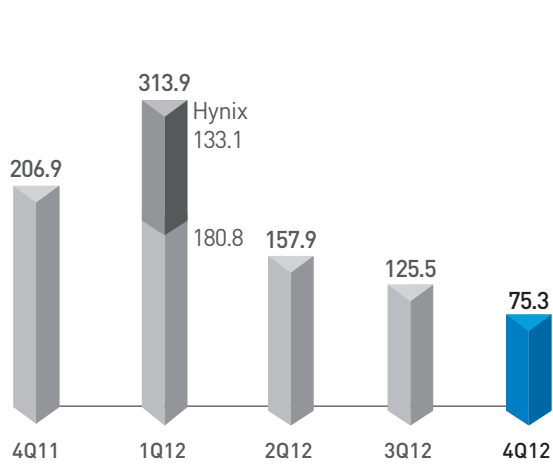
- KEB posted net income of KRW 75.3 billion in the fourth quarter
- Total KRW loans increased to KRW 49.8 trillion, up KRW 432.5 billion or 0.9% from 3Q12
- NIM declined to 2.22% from 2.30% in the fourth quarter
- NPL ratio declined to 1.17% from 1.25% 3Q12, down 0.08%p, and the delinquency ratio decreased to 0.62% from 0.81% 3Q12, down 0.19%p
- Capital position remained strong in the fourth quarter with a preliminary BIS capital ratio of 13.7 % and a preliminary Tier 1 ratio of 11.2%

# A-2a QUARTERLY PERFORMANCE TRENDS (CONSOLIDATED)

## NET INCOME

- Net income of KRW 75.3 bn in 4Q

[ KRW billion ]

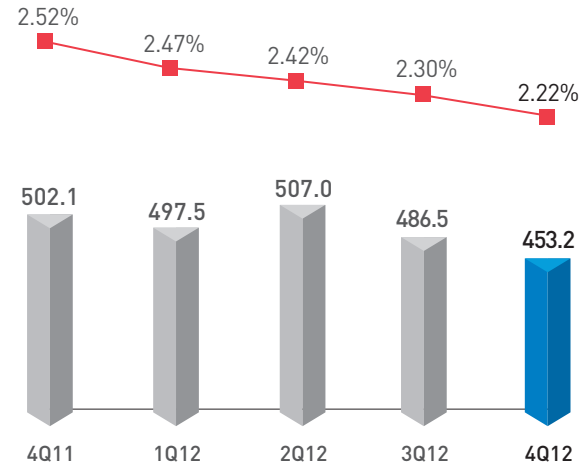


■ Net income

## NET INTEREST INCOME

- Net interest income of KRW 453.2bn in 4Q, down KRW 33.3 bn from the previous quarter
- Net interest margin declined 0.08%p QoQ to 2.22% in 4Q

[ KRW billion ]

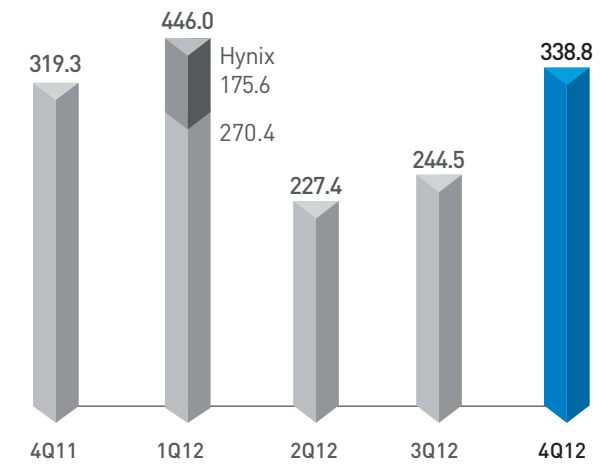


■ Net Interest Margin (Bank) ■ Net Interest Income

## NON INTEREST INCOME

- Non-interest income of KRW 338.8 bn in 4Q, up KRW 94.3bn from 3Q12

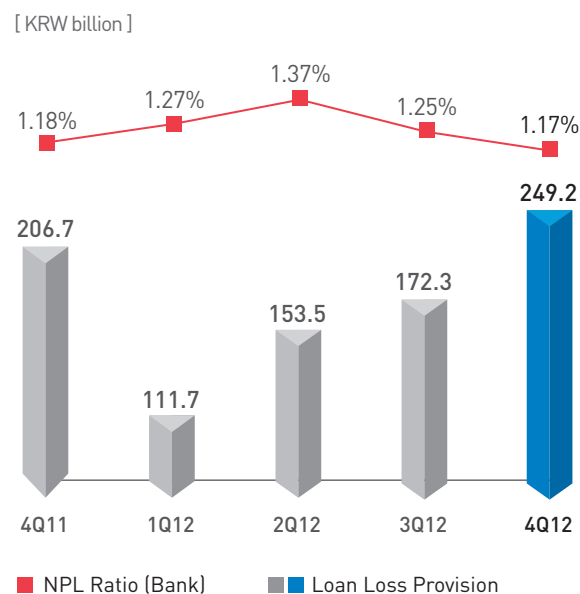
[ KRW billion ]



■ Non Interest Income

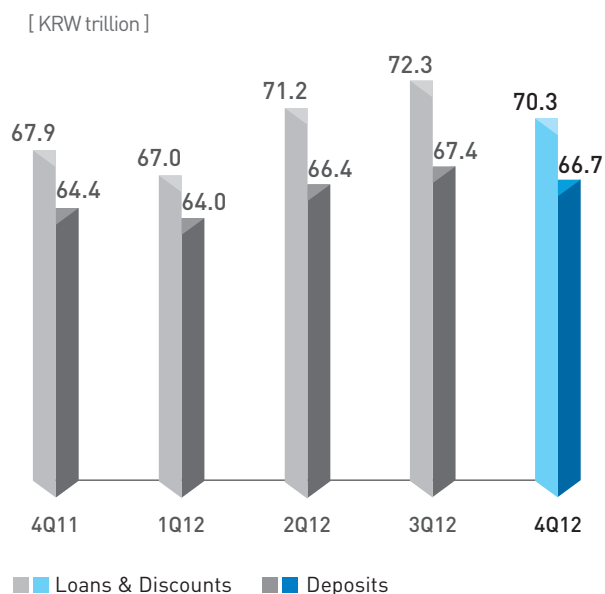
## ASSET QUALITY

- Loan loss provisioning (LLP) rose to KRW 249.2 bn in 4Q, up 76.9 bn QoQ
- NPL ratio declined to 1.17% in 4Q, down 0.08%p QoQ



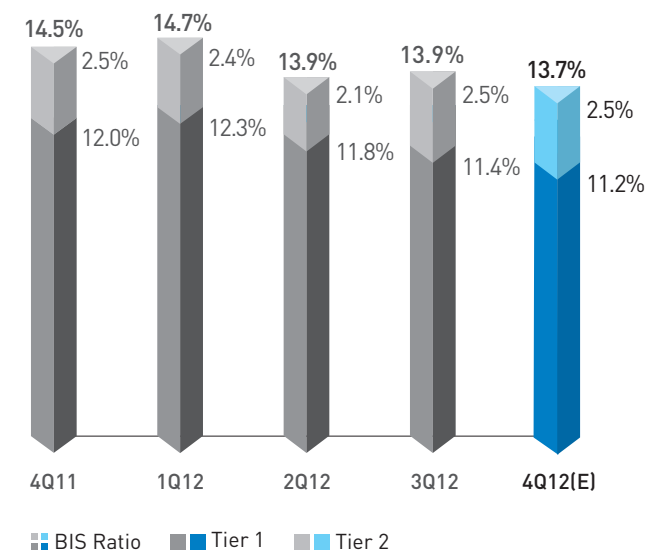
## BALANCE SHEET

- Loans & Discounts decreased to KRW 70.3 tr in 4Q, down 2.0 tr from the previous quarter
- Deposits decreased to KRW 66.7 tr in 4Q, down 0.7 tr from the previous quarter



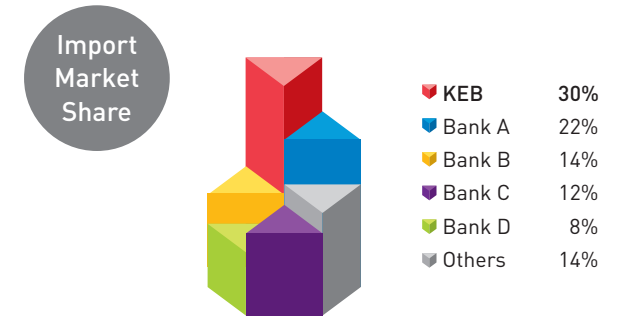
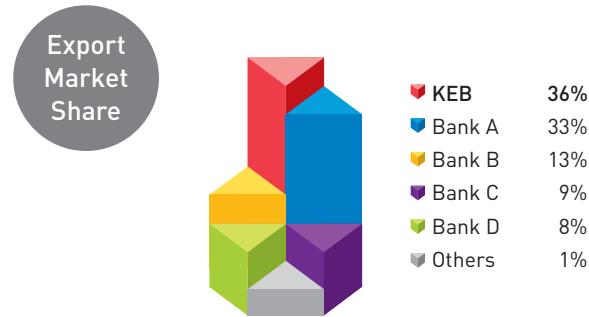
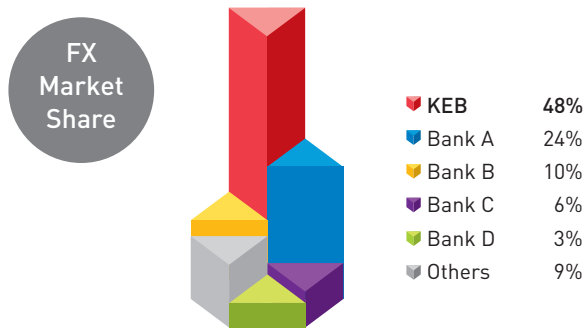
## CAPITAL ADEQUACY

- Capital position remained robust in 4Q with a preliminary BIS capital ratio of 13.7% and a preliminary Tier I ratio of 11.2%

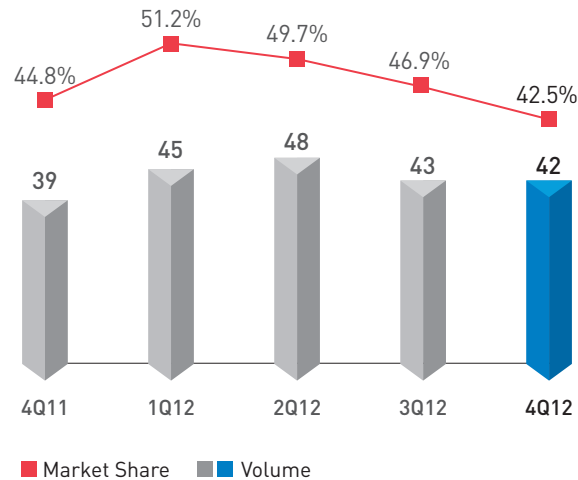


# A-3 MARKET LEADERSHIP IN FX & TRADE FINANCE

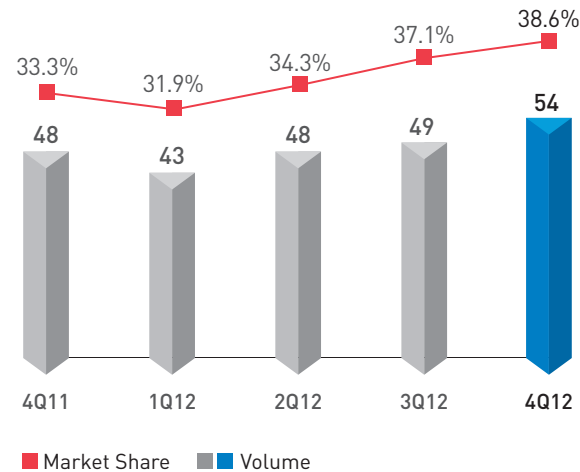
## STRONG MARKET LEADERSHIP [Cumulative]



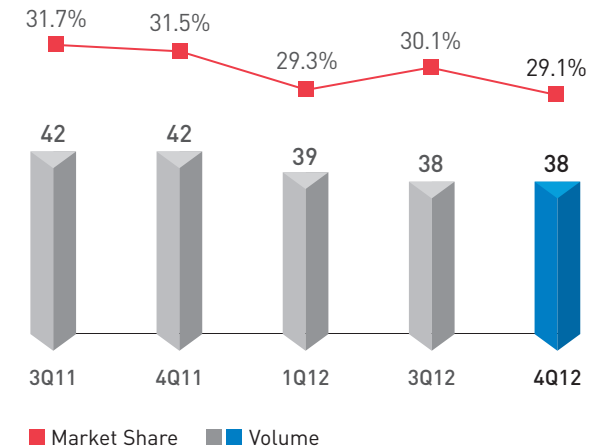
### FX [USD billion] [Quarterly]



### EXPORT [USD billion]



### IMPORT [USD billion]

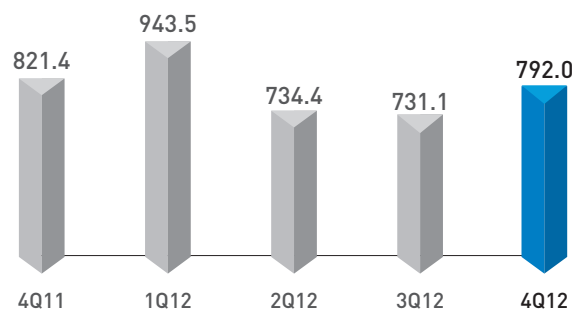


**Note** • Market share in FX is based on 7 large domestic banks' transactions, exports/imports are based on national trade volume.

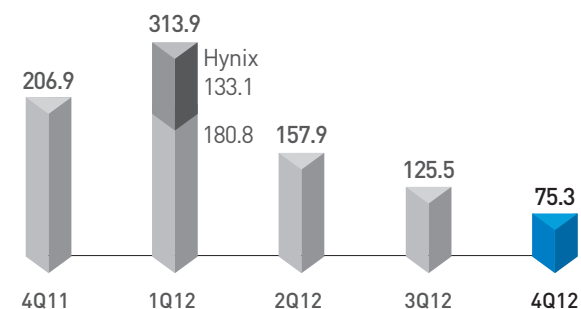
## B-1 INCOME STATEMENT SUMMARY

KEB Operating Results for 2012 **7**

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



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



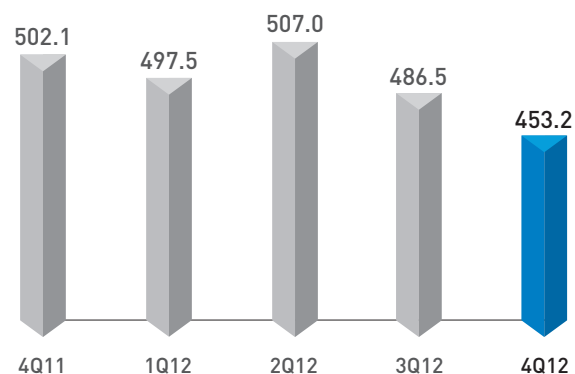
[KRW billion]

	CONSOLIDATED					BANK				
	4Q1	3Q12	QoQ	4Q11	YoY	4Q12	3Q12	QoQ	4Q11	YoY
<b>Total Income</b>	<b>792.0</b>	731.1	+8.3%	821.4	-3.6%	<b>742.2</b>	674.8	+10.0%	774.3	-4.1%
Net Interest Income	453.2	486.5	-6.8%	502.1	-9.7%	416.3	446.6	-6.8%	466.5	-10.8%
Fee Income	171.2	179.4	-4.6%	203.7	-16.0%	163.7	166.8	-1.8%	196.1	-16.5%
Gains on Disposition & Valuation	194.0	110.6	+75.5%	108.5	+78.7%	188.9	107.1	+76.5%	114.3	+65.4%
Other Operating Income	-26.3	-45.4	-42.0%	7.1	-470.0%	-26.7	-45.7	-41.5%	-2.6	+916.8%
<b>SG&amp;A Expense</b>	<b>459.6</b>	395.3	+16.3%	415.2	+10.7%	<b>432.7</b>	368.8	+17.3%	390.0	+10.9%
PPOP	332.4	335.8	-1.0%	406.2	-18.2%	309.5	306.0	+1.1%	384.3	-19.5%
Provision	248.3	177.9	+39.6%	158.9	+56.3%	234.5	150.6	+55.7%	143.4	+63.5%
<b>Operating Income</b>	<b>84.1</b>	157.9	-46.8%	247.3	-66.0%	<b>75.0</b>	155.4	-51.7%	240.8	-68.8%
Non-Operating Income	23.1	0.1	F	19.7	+17.0%	21.3	0.2	F	17.4	+22.0%
Income before Tax	107.1	158.0	-32.2%	267.1	-59.9%	96.3	155.6	-38.1%	258.3	-62.7%
Income Tax	31.9	32.6	-2.2%	60.2	-47.0%	26.3	29.9	-12.0%	53.8	-51.1%
<b>Net Income</b>	<b>75.3</b>	125.5	-40.0%	206.9	-63.6%	<b>70.0</b>	125.7	-44.3%	204.4	-65.8%

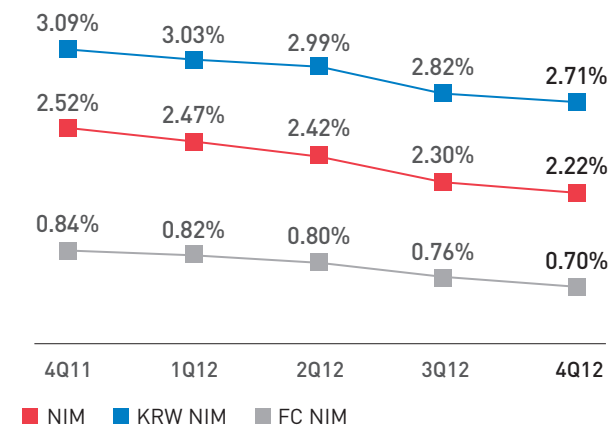
\* F: Favorable

## B-2 NET INTEREST INCOME

### NET INTEREST INCOME [KRW billion]



### NET INTEREST MARGIN



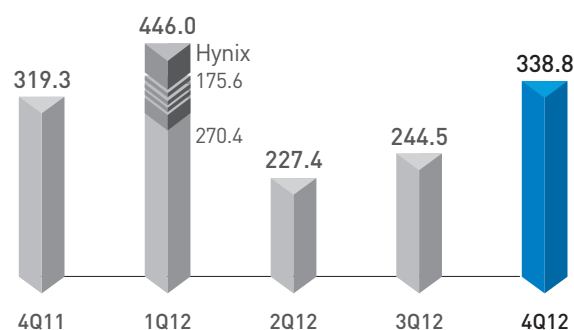
[KRW billion]

	4Q11	1Q12	2Q12	3Q12	4Q12	QoQ
<b>Net Interest Income</b>	502.1	497.5	507.0	486.5	453.2	-6.8%
<b>KRW Net Interest Income</b>	418.0	415.0	423.5	407.3	380.8	-6.5%
KRW Interest Income	856.8	841.0	845.2	825.5	783.7	-5.1%
KRW Interest Expenses	438.8	426.0	421.6	418.2	402.9	-3.7%
<b>FC Net Interest Income</b>	84.1	82.5	83.5	79.2	72.4	-8.7%
FC Interest Income	144.3	145.4	150.9	148.5	129.0	-13.2%
FC Interest Expenses	60.3	62.9	67.4	69.3	56.6	-18.3%
<b>Net Interest Margin (BANK)</b>	2.52%	2.47%	2.42%	2.30%	2.22%	-0.08%p
KRW NIM	3.09%	3.03%	2.99%	2.82%	2.71%	-0.11%p
FC NIM	0.84%	0.82%	0.80%	0.76%	0.70%	-0.06%p

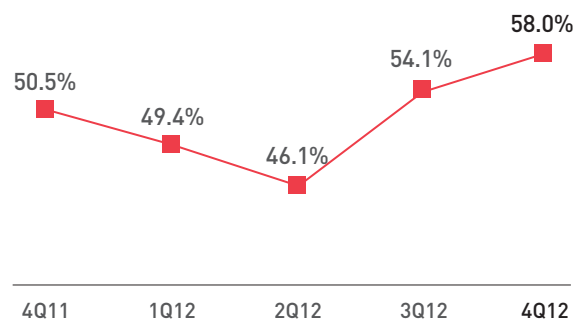


## B-3 NON INTEREST INCOME & EXPENSES

### NON INTEREST INCOME [KRW billion]



### COST-TO-INCOME RATIO



\* Based on normalized net income

### NON INTEREST INCOME [KRW billion]

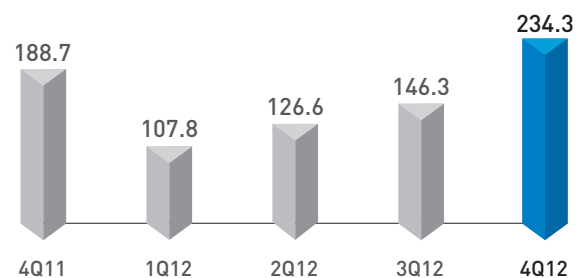
	4Q12	3Q12	QoQ	4Q11	YoY
<b>Non-Interest Income</b>	<b>338.8</b>	<b>244.5</b>	<b>+38.5%</b>	<b>319.3</b>	<b>+6.1%</b>
<b>Fee Income</b>	<b>171.2</b>	<b>179.4</b>	<b>-4.6%</b>	<b>203.7</b>	<b>-16.0%</b>
Credit Card Related	70.6	77.5	-8.9%	100.2	-29.6%
Guarantees	13.8	13.7	+0.9%	13.6	+1.9%
Loans Related	15.4	19.7	-22.0%	19.1	-19.6%
Foreign Currency Related	43.9	41.0	+7.0%	46.2	-5.1%
Beneficiary Certificates	8.6	7.7	+10.8%	8.4	+1.4%
Trust Related Fee	9.3	9.9	-5.7%	10.6	-12.2%
Bancassurance	9.6	9.8	-1.9%	5.4	+77.8%
<b>Gains on Disposition &amp; Valuation</b>	<b>194.0</b>	<b>110.6</b>	<b>+75.5%</b>	<b>108.5</b>	<b>+78.7%</b>
Securities	44.9	6.7	+571.9%	1.1	+3,858.4%
Gains from FX Transactions	157.1	123.4	+27.3%	139.9	+12.3%
Derivative Related	-8.0	-19.5	-59.0%	-32.5	-75.3%
<b>Other Operating Income</b>	<b>-26.3</b>	<b>-45.4</b>	<b>-42.0%</b>	<b>7.1</b>	<b>-470.0%</b>

### EXPENSES [KRW billion]

	4Q12	3Q12	QoQ	4Q11	YoY
<b>Total</b>	<b>459.6</b>	<b>395.3</b>	<b>+16.3%</b>	<b>415.2</b>	<b>+10.7%</b>
Salaries & Employee Benefits	154.4	178.8	-13.6%	129.5	+19.2%
Severance & Retirement Benefits	56.7	11.8	+380.7%	4.9	+1,063.5%
Administrative Expense	207.1	166.0	+24.7%	239.3	-13.5%
Depreciation	28.9	26.1	+10.5%	28.6	+0.9%
Taxes	12.6	12.5	+0.7%	12.8	-1.7%

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

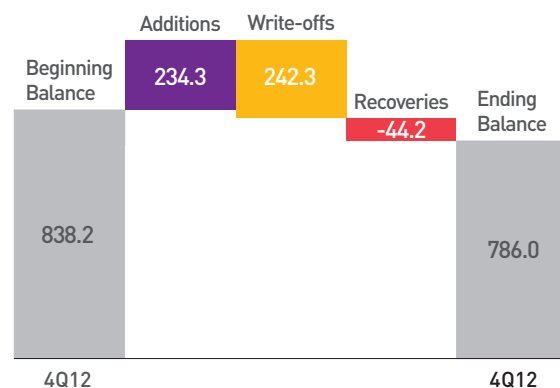
### LOAN LOSS PROVISIONING [KRW billion]



### PROVISIONS [KRW billion]

	4Q11	1Q12	2Q12	3Q12	4Q12
<b>Total</b>	<b>143.4</b>	<b>133.7</b>	<b>116.6</b>	<b>150.6</b>	<b>234.5</b>
Loan Loss Provisioning	188.7	107.8	126.6	146.3	234.3
Unused Commitment Provisioning	-61.0	1.4	1.0	1.2	3.0
Other Provisioning	15.7	24.5	-11.1	3.1	-2.9

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



\* Including Provision of Liability Reserve for Unused Commitment

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

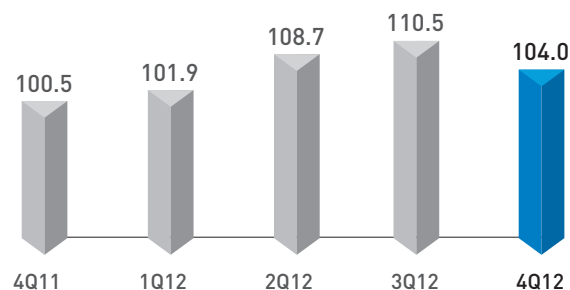
	4Q11	1Q12	2Q12	3Q12	4Q12
<b>Beginning LLR Balance</b>	<b>996.4</b>	<b>775.8</b>	<b>803.1</b>	<b>874.9</b>	<b>838.2</b>
Additions	188.7	107.8	126.6	146.3	234.3
Write-offs (-)	260.1	74.1	94.2	167.0	242.3
Recoveries	-149.1	-6.5	39.4	-16.1	-44.2
<b>Ending LLR Balance</b>	<b>775.8</b>	<b>803.1</b>	<b>874.9</b>	<b>838.2</b>	<b>786.0</b>

\* Including Provision of Liability Reserve for Unused Commitment

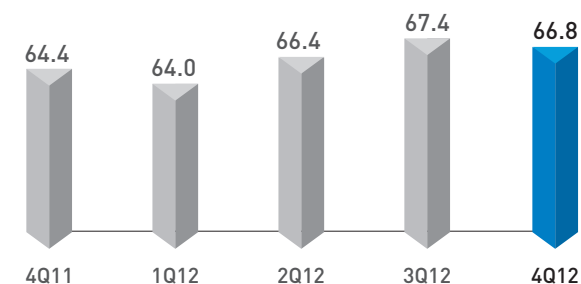
## C-1 BALANCE SHEET SUMMARY

KEB Operating Results for 2012 11

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



### DEPOSITS (CONSOLIDATED) [KRW trillion]



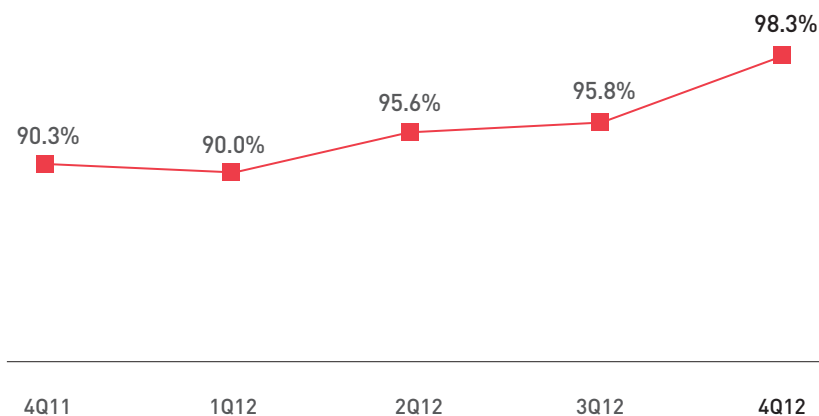
[ End of period, KRW billion ]

	CONSOLIDATED					BANK				
	4Q12	3Q12	QoQ	4Q11	Ytd	4Q12	3Q12	QoQ	4Q11	Ytd
Cash & Due from Banks	8,093.8	9,266.7	-12.7%	8,397.5	-3.6%	6,929.2	7,719.6	-10.2%	7,409.0	-6.5%
Financial Assets	13,668.8	13,294.2	+2.8%	13,099.6	+4.3%	13,498.1	13,123.7	+2.9%	12,901.4	+4.6%
Loans & Discounts	70,355.8	72,354.1	-2.8%	67,944.3	+3.5%	66,459.2	68,533.9	-3.0%	64,691.0	+2.7%
Credit Card Receivables	2,576.7	2,417.8	+6.6%	2,495.7	+3.2%	2,576.7	2,417.8	+6.6%	2,495.7	+3.2%
Other Assets	9,396.3	14,148.7	-33.6%	8,703.1	+8.0%	10,329.7	15,036.5	-31.3%	9,573.7	+7.9%
Merchant Banking Assets	2,488.2	1,444.5	+72.3%	2,352.5	+5.8%	2,578.2	1,474.5	+74.9%	2,392.5	+7.8%
<b>Total Assets</b>	<b>104,003.0</b>	<b>110,508.1</b>	<b>-5.9%</b>	<b>100,497.0</b>	<b>+3.5%</b>	<b>99,794.4</b>	<b>105,888.1</b>	<b>-5.8%</b>	<b>96,967.6</b>	<b>+2.9%</b>
Deposits	66,781.6	67,442.4	-1.0%	64,429.6	+3.7%	63,548.8	64,080.6	-0.8%	61,919.0	+2.6%
Borrowings	6,925.7	9,086.7	-23.8%	9,330.2	-25.8%	6,562.5	8,493.8	-22.7%	9,175.1	-28.5%
Debentures	6,173.4	6,271.4	-1.6%	5,460.0	+13.1%	5,810.1	5,916.2	-1.8%	4,975.9	+16.8%
Other Liabilities	14,497.9	17,506.5	-17.2%	11,887.4	+22.0%	14,385.2	17,370.8	-17.2%	11,690.0	+23.1%
Merchant Banking Liabilities	528.7	1,106.9	-52.2%	753.2	-29.8%	528.7	1,107.0	-52.2%	753.3	-29.8%
Shareholders' Equity	9,095.6	9,094.1	+0.0%	8,636.5	+5.3%	8,959.0	8,919.8	+0.4%	8,454.4	+6.0%
<b>Liabilities &amp; Shareholders' Equity</b>	<b>104,003.0</b>	<b>110,508.1</b>	<b>-5.9%</b>	<b>100,497.0</b>	<b>+3.5%</b>	<b>99,794.4</b>	<b>105,888.1</b>	<b>-5.8%</b>	<b>96,967.6</b>	<b>+2.9%</b>

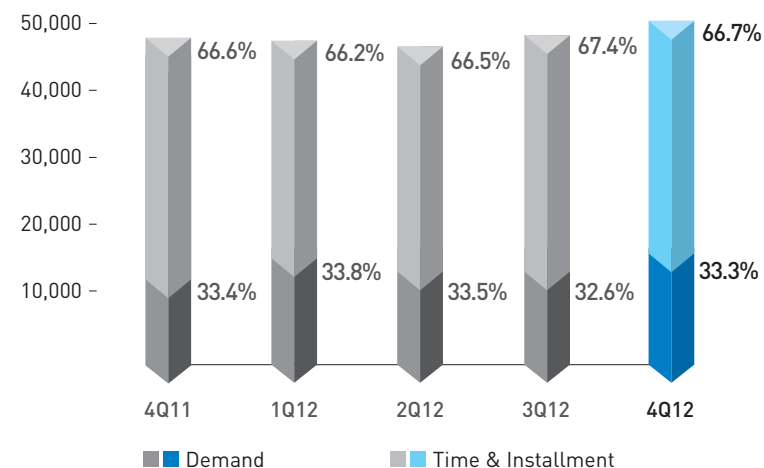
## C-2 DEPOSITS (CONSOLIDATED)

KEB Operating Results for 2012 12

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



### KRW DEPOSITS [KRW billion]

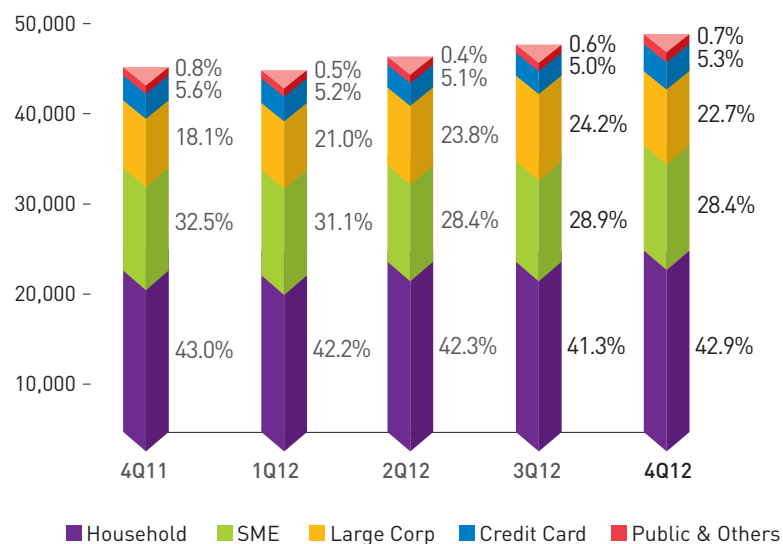


[ End of period, KRW billion ]

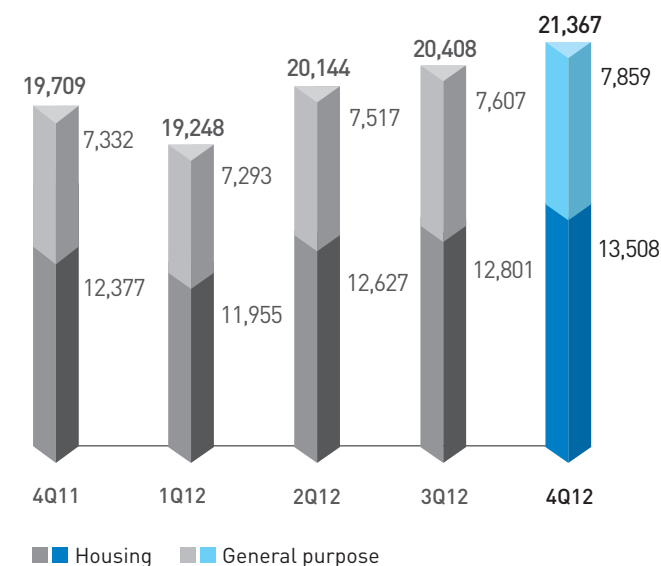
	4Q12	3Q12	QoQ	4Q11	YtD
Total Deposits	66,781.6	67,442.4	-1.0%	64,429.6	+3.7%
KRW Deposits & CDs	50,023.2	48,962.6	+2.2%	48,299.4	+3.6%
Demand Deposits	16,585.5	15,964.5	+3.9%	16,105.6	+3.0%
Time & Installment Deposits	33,158.9	32,950.0	+0.6%	32,168.1	+3.1%
Foreign Currency Deposits & CDs	16,758.3	18,479.7	-9.3%	16,130.1	+3.9%
Demand Deposits	10,038.1	11,513.8	-12.8%	9,764.2	+2.8%
Time & Installment Deposits	6,719.6	6,964.4	-3.5%	6,111.5	+10.0%
KRW Deposits & CDs / Total Deposits	74.9%	72.6%	+3.2%	75.0%	-0.1%

## C-3 KRW LOANS (BANK)

LOANS IN KRW BY TYPE [KRW billion]



HOUSEHOLD LOANS IN KRW [KRW billion]



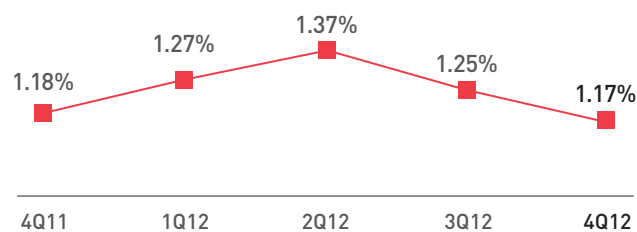
[ End of period, KRW billion ]

	4Q12	3Q12	QoQ	4Q11	YtD
Bank Loans & Discounts	70,355.8	72,354.1	-2.8%	67,944.3	+3.5%
<b>Total KRW Loans</b>	<b>49,804.7</b>	<b>49,372.2</b>	<b>+0.9%</b>	<b>45,874.4</b>	<b>+8.6%</b>
Household	21,366.8	20,408.3	+4.7%	19,708.7	+8.4%
SMEs	14,129.1	14,255.0	-0.9%	14,908.1	-5.2%
Large Corp	11,286.1	11,923.9	-5.3%	8,294.7	+36.1%
Credit Card	2,661.3	2,487.7	+7.0%	2,563.2	+3.8%
Public & Others	361.3	297.4	+21.5%	399.8	-9.6%

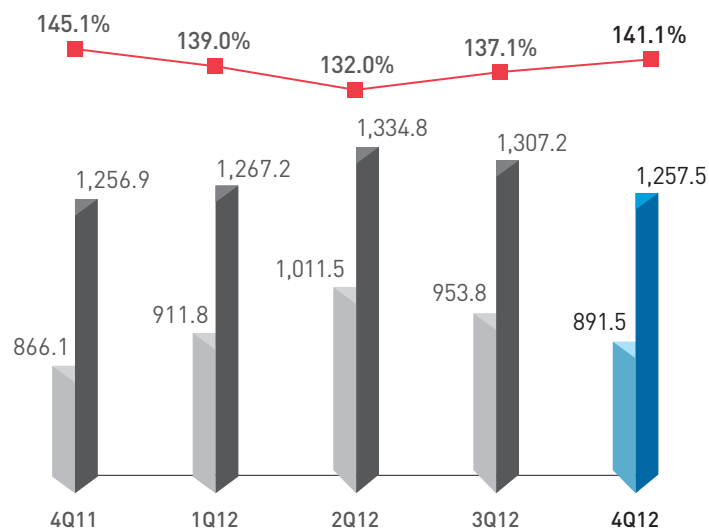
## D-1 ASSET QUALITY SUMMARY (BANK)

KEB Operating Results for 2012 **14**

### NPL RATIO



### NPL COVERAGE [KRW billion]



■ NPL Coverage Ratio ■ NPL ■ Coverage Reserve

[ End of period, KRW billion ]

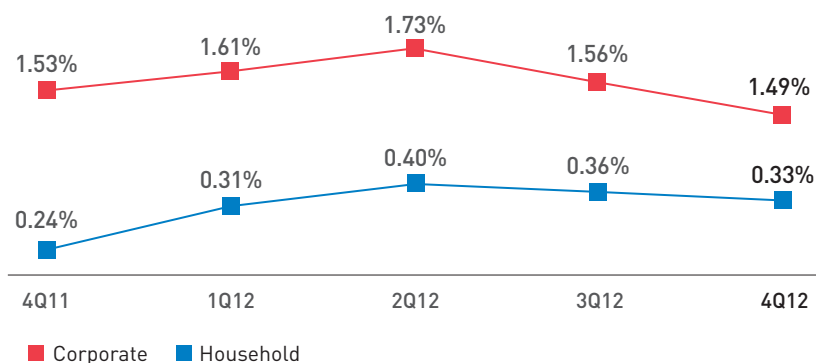
	4Q12	3Q12	QoQ	4Q11	YtD
Total Credits	76,270.5	76,532.8	-0.3%	73,108.2	+4.3%
Normal	74,063.9	74,438.6	-0.5%	71,155.8	+4.1%
Precautionary	1,315.2	1,140.4	+15.3%	1,086.3	+21.1%
Substandard	542.4	589.9	-8.1%	398.6	+36.1%
Doubtful	241.4	268.6	-10.1%	405.3	-40.4%
Estimated Loss	107.7	95.3	+13.0%	62.2	+73.2%
NPL	891.5	953.8	-6.5%	866.1	+2.9%
<b>NPL Ratio</b>	<b>1.17%</b>	<b>1.25%</b>	<b>-6.2%</b>	<b>1.18%</b>	<b>-1.3%</b>
Coverage Reserve	1,257.5	1,307.2	-3.8%	1,256.9	+0.1%
<b>NPL Coverage Ratio</b>	<b>141.1%</b>	<b>137.1%</b>	<b>+2.9%</b>	<b>145.1%</b>	<b>-2.8%</b>

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

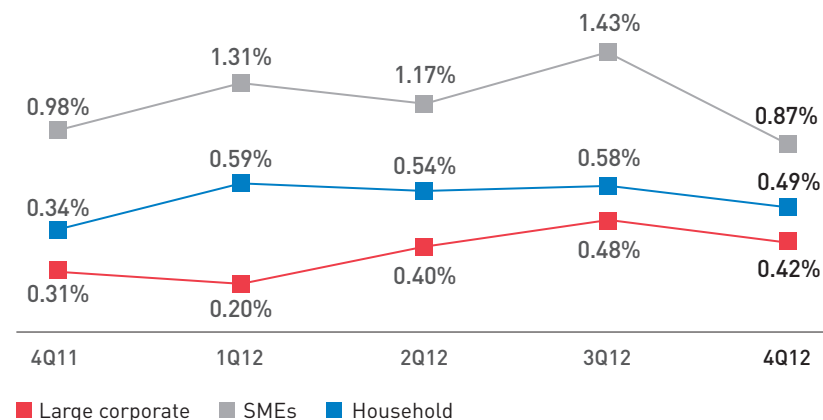
## D-2 NPL & DELINQUENCY BY BORROWER TYPE (BANK)

KEB Operating Results for 2012 15

### NPL RATIO BY BORROWER TYPE



### DELINQUENCY RATIO BY BORROWER TYPE



[ End of period, KRW billion ]

	4Q11	1Q12	2Q12	3Q12	4Q12
<b>Corporate</b>					
Credits	50,763.2	50,361.9	51,457.4	53,560.0	52,170.6
NPL	778.2	811.6	888.0	835.9	776.3
<b>NPL Ratio</b>	<b>1.53%</b>	<b>1.61%</b>	<b>1.73%</b>	<b>1.56%</b>	<b>1.49%</b>
<b>Household</b>					
Credits	19,778.2	19,315.4	20,205.7	20,466.2	21,429.4
NPL	46.8	59.5	81.0	74.6	69.9
<b>NPL Ratio</b>	<b>0.24%</b>	<b>0.31%</b>	<b>0.40%</b>	<b>0.36%</b>	<b>0.33%</b>

[ End of period, KRW billion ]

	4Q11	1Q12	2Q12	3Q12	4Q12
<b>Total Loans*</b>	<b>63,085.1</b>	<b>61,767.6</b>	<b>63,847.4</b>	<b>66,164.6</b>	<b>65,254.3</b>
Delinquent Loans	370.4	434.8	449.4	536.4	401.5
<b>Delinquency Ratio</b>	<b>0.59%</b>	<b>0.70%</b>	<b>0.70%</b>	<b>0.81%</b>	<b>0.62%</b>
Large Corporate	0.31%	0.20%	0.40%	0.48%	0.42%
SMEs	0.98%	1.31%	1.17%	1.43%	0.87%
Household	0.34%	0.59%	0.54%	0.58%	0.49%

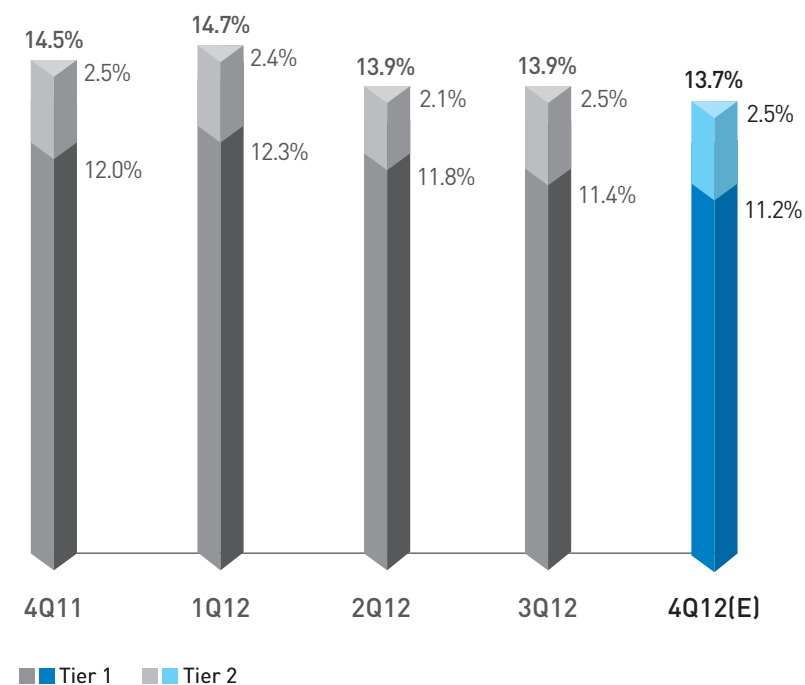
\* Excludes call loans

## E CAPITAL ADEQUACY

[End of period, KRW billion]

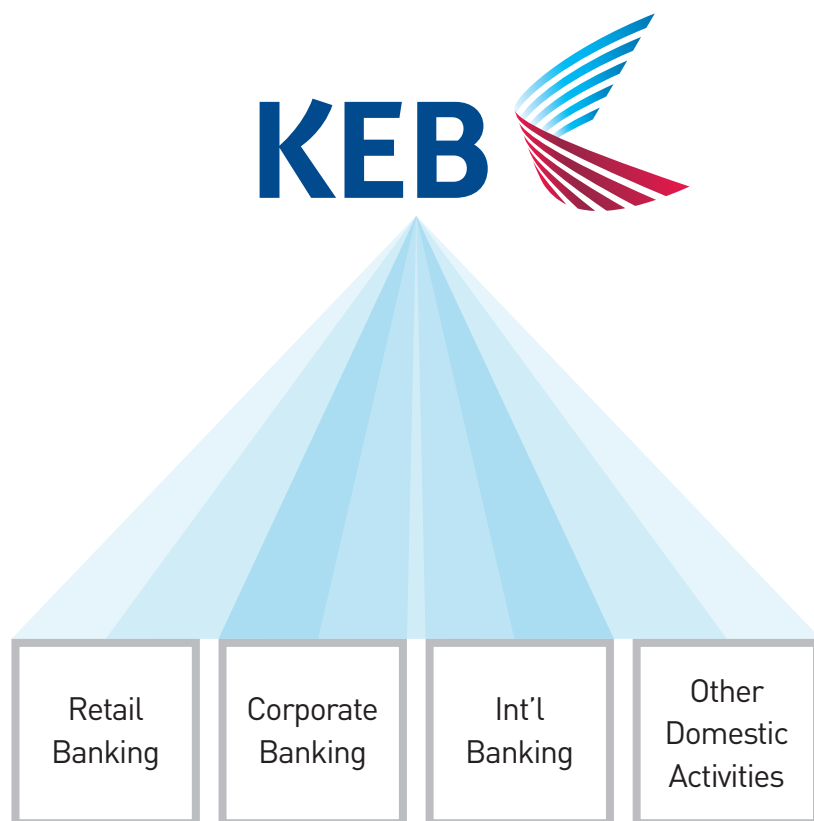
	4Q11	1Q12	2Q12	3Q12	4Q12
RWA	59,415.8	60,450.1	64,070.0	66,969.9	68,283.2
BIS Capital	8,603.9	8,883.2	8,886.6	9,304.3	9,331.9
Tier 1	7,102.3	7,416.8	7,560.8	7,627.5	7,621.5
Capital	3,224.5	3,224.5	3,224.5	3,224.5	3,224.5
Capital Surplus	0.9	0.9	0.9	0.9	0.9
Retained Earnings	3,708.6	4,031.8	4,177.1	4,272.9	4,334.1
Other	2.3	2.3	2.3	2.3	2.1
Hybrid Debentures	247.5	247.5	247.5	247.5	247.5
Tier 2	1,501.6	1,466.4	1,325.8	1,676.8	1,710.4
BIS Ratio	14.48%	14.70%	13.87%	13.89%	13.67%
Tier 1 Ratio	11.95%	12.27%	11.80%	11.39%	11.16%
Tier 2 Ratio	2.53%	2.43%	2.07%	2.50%	2.51%

### 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