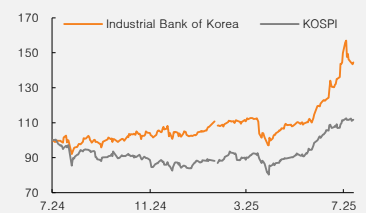


(Maintain)	<b>Hold</b>
Target price	<b>W20,000</b>
Current price (7/24/25)	W20,250
Downside	-1.2%

NP (25F, Wbn)	2,607
Consensus NP (25F, Wbn)	2,760
EPS growth (25F, %)	3.6
Market EPS growth (25F, %)	24.7
P/E (25F, x)	6.2
Market P/E (25F, x)	11.7
KOSPI	3,190.45

Market cap (Wbn)	16,148
Shares outstanding (mn)	797
Free float (%)	31.3
Foreign ownership (%)	13.9
Beta (12M)	0.67
52-week low (W)	12,910
52-week high (W)	22,000

(%)	1M	6M	12M
Absolute	12.1	34.4	45.9
Relative	9.1	6.8	26.2



Mirae Asset Securities Co., Ltd.

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# Industrial Bank of Korea

## Earnings in line with consensus on solid non-interest income

### Maintain Hold and TP of W20,000

We maintain our Hold rating and target price of W20,000 on Industrial Bank of Korea (IBK). While the company delivered net profit in line with consensus and a stronger-than-expected CET1 ratio, we believe it remains unlikely to achieve a 12.0% CET1 ratio by year-end. In this case, the shareholder return ratio is expected to remain at 35.0% on a standalone basis. Given that 1) IBK paid out a cash dividend consistent with that level last year, and 2) earnings growth is expected to be limited this year, we see little room for a DPS increase.

### 2Q25 earnings in line with consensus

IBK reported 2Q25 net profit attributable to owners of the parent of W693.5bn, beating our estimate (W623.1bn) and meeting the consensus (W673.3bn). The earnings beat relative to our estimate was driven by stronger-than-expected non-interest income, aided by FX gains. Net interest income met our estimate, declining 4.7% YoY and 2.0% QoQ. NIM contracted 8bps QoQ, while won-denominated loans grew 1.5% QoQ. SG&A expenses and credit costs were higher than expected, with the credit cost ratio rising 5bps QoQ to 41bps. The CET1 ratio came in at 11.66%, up 26bps QoQ, driven in part by the appreciation of the Korean won.

### Awaiting final terms of dividend tax reform

Lawmakers are currently working on revisions to the proposed separate taxation scheme for dividend income. Potential adjustments include eligibility restrictions (e.g., limited to stocks trading above P/B of 1.0x or showing dividend growth of 2% or more) and a reduced tax break. The final version of the tax code has yet to be announced, but depending on the outcome, IBK may not qualify as a beneficiary of the new dividend tax regime.

(Dec.)	2023	2024	2025F	2026F	2027F
Net operating revenue (Wbn)	8,194	8,128	8,139	8,230	8,657
OP (Wbn)	3,432	3,594	3,449	3,546	3,737
NP (Wbn)	2,670	2,645	2,607	2,631	2,772
EPS (W)	3,346	3,319	3,269	3,300	3,477
BPS (W)	39,698	42,570	44,097	46,357	48,733
P/E (x)	3.5	4.3	6.2	6.1	5.8
P/B (x)	0.30	0.34	0.46	0.44	0.42
ROE (%)	8.8	8.1	7.5	7.3	7.3
Shareholder return yield (%)	8.3	5.3	5.1	5.1	5.4
CET1 ratio (%)	11.3	11.3	11.5	11.6	11.7

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates



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**Table 1. IBK: 2Q25 review**

(Wbn, %)

	Mirae Asset	2Q25P	Notes
Net operating revenue	1,996	2,221	
Interest income	1,843	1,883	NIM -8bps QoQ
Bank	1,702	1,765	
Non-bank	141	118	
Non-interest income	153	338	Fee/commission income: -12.0% YoY, +0.3% QoQ
SG&A expenses	772	848	SG&A ratio: 38.2% (+1.8%p YoY, +2.4%p QoQ)
PPOP	1,223	1,373	
Provisioning	372	446	Credit cost ratio: 41bps (-5bps YoY, +5bps QoQ)
OP	851	927	
Non-OP	3	3	
Pretax profit	854	931	
Taxes	226	237	
Consolidated NP	629	694	
NP attr. to owners of the parent	623	693	

Source: Company data, Mirae Asset Securities Research

**Table 2. IBK: Earnings and forecasts**

(Wbn)

	1Q25	2Q25F	3Q25F	4Q25F	2024	2025F	2026F
Net operating revenue	2,091	2,221	2,086	1,740	8,128	8,139	8,230
Interest income	1,921	1,883	1,859	1,868	7,892	7,530	7,649
Bank	1,783	1,765	1,742	1,748	7,276	7,039	7,165
Non-bank	137	118	116	119	616	491	483
Non-interest income	170	338	228	-127	236	609	581
SG&A expenses	748	848	671	780	2,813	3,046	3,198
PPOP	1,343	1,373	1,416	961	5,314	5,093	5,031
Provisioning	319	446	416	462	1,720	1,644	1,486
OP	1,024	927	999	498	3,594	3,449	3,546
Non-OP	25	3	3	3	-27	35	35
Pretax profit	1,049	931	1,003	501	3,568	3,484	3,580
Taxes	235	237	265	132	913	868	945
Consolidated NP	814	694	738	369	2,654	2,615	2,635
NP attr. to owners of the parent	809	693	737	368	2,645	2,607	2,631

Source: Company data, Mirae Asset Securities Research

## Industrial Bank of Korea (024110 KS)

## Income statement

(Wbn)	2024	2025F	2026F	2027F
Net operating revenue	8,128	8,139	8,230	8,657
Interest income	7,892	7,530	7,649	8,014
Bank	7,276	7,039	7,165	7,567
Non-bank	616	491	483	447
Non-interest income	236	609	581	642
SG&A expenses	2,813	3,046	3,198	3,358
PPOP	5,314	5,093	5,031	5,298
Provisioning	1,720	1,644	1,486	1,561
OP	3,594	3,449	3,546	3,737
Non-OP	-27	35	35	35
Pretax profit	3,568	3,484	3,580	3,772
Taxes	913	868	945	996
NP	2,654	2,615	2,635	2,776
Attr. to owners of the parent	2,645	2,607	2,631	2,772
Minority interests	10	8	4	4

Growth (%)	2024	2025F	2026F	2027F
Net operating revenue	-0.8	0.1	1.1	5.2
Interest income	-0.4	-4.6	1.6	4.8
Bank	-2.6	-3.3	1.8	5.6
Non-bank	33.9	-20.2	-1.6	-7.5
Non-interest income	-11.9	158.4	-4.5	10.6
SG&A expenses	4.8	8.3	5.0	5.0
PPOP	-3.5	-4.2	-1.2	5.3
Provisioning	-17.2	-4.4	-9.6	5.1
OP	4.7	-4.0	2.8	5.4
Non-OP	-143.8	-230.6	0.0	0.0
Pretax profit	2.1	-2.3	2.8	5.3
Taxes	11.7	-4.9	8.8	5.3
NP	-0.8	-1.5	0.8	5.3
Attr. to owners of the parent	-0.9	-1.4	0.9	5.4
Minority interests	78.3	-14.9	-55.9	0.0

## Performance indicators

(%, Wbn)	2024	2025F	2026F	2027F
NIM	1.69	1.56	1.50	1.51
NIS	1.61	1.50	1.44	1.44
Cost-to-income ratio	34.6	37.4	38.9	38.8
Credit cost ratio	0.54	0.49	0.42	0.42
Asset growth	5.3	5.7	5.1	5.1
Equity growth (attr. to owners)	7.2	3.6	5.1	5.1
BIS capital	36,926	38,787	40,590	42,485
Tier 1 capital	32,788	34,830	36,632	38,527
CET1 capital	28,450	30,321	32,123	34,019
Tier 2 capital	4,138	3,958	3,958	3,958
Risk-weighted assets	251,437	262,876	276,251	290,307
BIS capital adequacy ratio	14.7	14.8	14.7	14.6
Tier 1 capital	13.0	13.2	13.3	13.3
CET1 capital	11.3	11.5	11.6	11.7
Tier 2 capital	1.6	1.5	1.4	1.4

Source: Company data, Mirae Asset Securities Research estimates

## Balance sheet

(Wbn)	2024	2025F	2026F	2027F
Assets	472,220	499,318	524,724	551,422
Cash/cash equivalents	18,083	22,623	23,774	24,984
Securities	94,706	99,607	104,675	110,001
Loans	343,900	357,510	375,701	394,817
Won-denominated bank loans	300,584	318,267	334,460	351,478
Tangible assets	2,480	2,487	2,487	2,487
Other	15,530	17,091	18,087	19,134
Liabilities	437,989	463,872	487,475	512,279
Deposits	158,256	166,954	175,449	184,376
Won-denominated bank deposits	125,241	131,558	138,252	145,286
Borrowings	237,928	249,990	262,710	276,077
Other	41,805	46,928	49,316	51,825
Equity	34,231	35,446	37,248	39,143
Attr. to owners of the parent	33,947	35,164	36,966	38,861
Capital stock	4,211	4,211	4,211	4,211
Capital surplus	1,170	1,169	1,169	1,169
Capital adj.	0	0	0	0
AOCI	659	850	850	850
Retained earnings	23,593	24,451	26,253	28,148
Other	4,313	4,483	4,483	4,483
Minority interests	284	282	282	282

## Investment indicators

(x, %, W)	2024	2025F	2026F	2027F
Valuation				
P/E	4.3	6.2	6.1	5.8
P/B	0.34	0.46	0.44	0.42
Dividend yield	7.4	5.1	5.1	5.4
Per-share indicators				
EPS	3,319	3,269	3,300	3,477
BPS	42,570	44,097	46,357	48,733
DPS	1,065	1,030	1,040	1,100
Growth				
EPS	7.2	3.6	5.1	5.1
BPS	7.2	3.6	5.1	5.1
Profitability				
ROE	8.1	7.5	7.3	7.3
ROA	0.57	0.54	0.51	0.52
PPOP margin	65.4	62.6	61.1	61.2
OP margin	44.2	42.4	43.1	43.2
Pretax margin	43.9	42.8	43.5	43.6
Net margin	32.5	32.0	32.0	32.0

## No. of shares &amp; dividend payout ratio

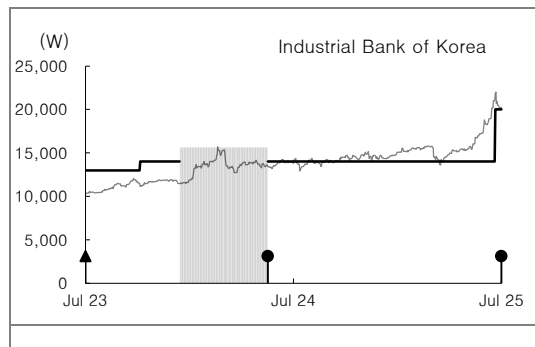
('000, %)	2024	2025F	2026F	2027F
Issued shares (year-end)	797,426	797,426	797,426	797,426
Common	797,426	797,426	797,426	797,426
Preferred	0	0	0	0
Dividend payout ratio	32.1	31.5	31.5	31.6
Common	32.1	31.5	31.5	31.6
Preferred	0.0	0.0	0.0	0.0

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (W)
Industrial Bank of Korea (024110)	07/14/25	Hold	20,000
	06/10/25	One year	14,000
	06/10/24	Hold	14,000
	01/08/24	No Coverage	
	10/30/23	Buy	14,000
	04/10/23	Buy	13,000



### Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

### Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

\* Our investment rating is a guide to the expected return of the stock over the next 12 months.

\* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

\* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

\* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

### Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

\* Based on recommendations in the last 12-months (as of June 30, 2025)

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