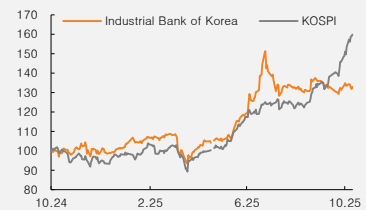


(Maintain)	<b>Hold</b>
Target price	<b>▲ W21,000</b>
Current price (10/31/25)	W19,330
Upside	8.6%

NP (25F, Wbn)	2,866
Consensus NP (25F, Wbn)	2,736
EPS growth (25F, %)	8.3
Market EPS growth (25F, %)	30.8
P/E (25F, x)	5.4
Market P/E (25F, x)	14.6
KOSPI	4,107.50

Market cap (Wbn)	15,414
Shares outstanding (mn)	797
Free float (%)	31.2
Foreign ownership (%)	13.3
Beta (12M)	0.66
52-week low (W)	13,600
52-week high (W)	22,000

(%)	1M	6M	12M
Absolute	-0.7	26.0	37.1
Relative	-17.2	-21.6	-14.7



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# Industrial Bank of Korea

## Outlook: CET1 ratio to remain low

### Maintain Hold and raise TP to W21,000

We maintain our Hold rating on Industrial Bank of Korea (IBK) and raise our target price to W21,000 (from W20,000). The target price is based on applying a target P/B of 0.45x to our 2026E BPS. We maintain the target P/B of 0.45x because: 1) the CET1 ratio is unlikely to reach 12% in 2026—the threshold for a potential increase in payout ratio—and 2) under such conditions, the bank's maximum shareholder return ratio would remain at around 35% of separate net profit. With an implied upside of 8.6%, we maintain our Hold rating.

### 3Q25 earnings beat consensus

For 3Q25, IBK reported net profit attributable to owners of the parent of W746.6bn, exceeding both our estimate (W658.2bn) and the market consensus (W677.7bn). The earnings beat was mainly driven by stronger-than-expected non-interest income and lower credit costs. Non-interest income improved on higher securities valuation gains, while credit costs declined thanks to reduced growth in substandard and below-loan volumes prior to sales and write-offs. The credit cost ratio came in at a solid 39bps, staying below 40bps for a third consecutive quarter. However, the CET1 ratio edged down 2bps QoQ to 11.71%. As the bank pays dividends only at year-end, we expect the CET1 ratio to drop more sharply in 4Q25 and remain in the 11% range throughout 2026.

### 2026 dividend yield forecast at 6.0%

For 2026, we forecast net profit attributable to owners of the parent to rise 3.2% YoY, supported by a 6.8% increase in interest income, partly offset by a 31.5% decline in non-interest income. The credit cost ratio is expected to improve by 4bps YoY. Given the bank's continued focus on SME lending, we expect the CET1 ratio to stay in the 11% range. Accordingly, we project the payout ratio to remain similar to the previous year at 31.4% (35.0% based on separate net profit), implying a dividend yield of 6.0% for 2026.

(Dec.)	2023	2024	2025F	2026F	2027F
Net operating revenue (Wbn)	8,575	8,134	8,501	8,796	9,031
OP (Wbn)	3,432	3,594	3,770	3,979	4,070
NP (Wbn)	2,670	2,645	2,866	2,959	3,026
EPS (W)	3,346	3,319	3,596	3,712	3,796
BPS (W)	39,698	42,570	44,101	46,647	49,248
P/E (x)	3.5	4.3	5.4	5.2	5.1
P/B (x)	0.30	0.34	0.43	0.41	0.39
ROE (%)	8.8	8.1	8.3	8.2	7.9
Shareholder return yield (%)	8.3	5.5	5.8	6.0	6.2
CET1 ratio (%)	11.3	11.3	11.6	11.8	12.0

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: TP calculation**

(W, x, %)

	Value	Notes
Previous TP	20,000	
2025F ROE	7.2	Mirae Asset Securities est.
Adj. discount rate	16.2	
Target P/B	0.45	
2025F BPS	43,760	Mirae Asset Securities est.
Revised TP	21,000	
2026F ROE	8.2	Mirae Asset Securities est.
Adj. discount rate	18.1	
Target P/B	0.45	
2026F BPS	46,647	Mirae Asset Securities est.
Current price	19,330	
Upside	8.6	
Rating	Buy	

Source: Company data, Mirae Asset Securities Research

**Table 2. IBK: 3Q25 review**

(Wbn, %)

	Mirae Asset	3Q25P	Notes
Net operating revenue	1,978	2,088	
Interest income	1,890	1,953	NIM +2bp QoQ
Bank	1,771	1,813	
Non-bank	119	140	
Non-interest income	88	135	Fee/commission income: - 1.6% YoY, +6.3% QoQ
SG&A expenses	671	772	SG&A ratio: 36.9% (+7.5%p YoY, -1.4%p QoQ)
PPOP	1,308	1,317	
Provisioning	415	340	Credit cost ratio: 39bps (-5bps YoY, +1bps QoQ)
OP	893	977	
Non-OP	3	35	
Pretax profit	896	1,012	
Taxes	236	260	
Consolidated NP	659	751	
NP attr. to owners of the parent	658	747	

Source: Company data, Mirae Asset Securities Research

**Table 3. IBK: Earnings and forecasts**

(Wbn)

	1Q25	2Q25	3Q25	4Q25F	2024	2025F	2026F
Net operating revenue	2,081	2,209	2,088	2,123	8,134	8,501	8,796
Interest income	1,921	1,883	1,953	1,996	7,892	7,752	8,283
Bank	1,783	1,765	1,813	1,809	7,276	7,170	7,449
Non-bank	138	118	140	187	616	583	834
Non-interest income	160	326	135	127	242	748	513
SG&A expenses	748	848	772	780	2,813	3,147	3,304
PPOP	1,333	1,361	1,317	1,344	5,321	5,354	5,491
Provisioning	309	433	340	502	1,727	1,583	1,513
OP	1,024	927	977	842	3,594	3,770	3,979
Non-OP	25	3	35	3	-27	66	66
Pretax profit	1,049	931	1,012	845	3,568	3,837	4,045
Taxes	235	237	260	223	913	955	1,068
Consolidated NP	814	694	751	622	2,654	2,882	2,977
NP attr. to owners of the parent	809	694	747	617	2,645	2,866	2,959

Source: Company data, Mirae Asset Securities Research

## Industrial Bank of Korea (024110 KS)

## Income statement

(Wbn)	2024	2025F	2026F	2027F
Net operating revenue	8,134	8,501	8,796	9,031
Interest income	7,892	7,752	8,283	8,518
Bank	7,276	7,170	7,449	7,828
Non-bank	616	583	834	690
Non-interest income	242	748	513	513
SG&A expenses	2,813	3,147	3,304	3,469
PPOP	5,321	5,354	5,491	5,562
Provisioning	1,727	1,583	1,513	1,492
OP	3,594	3,770	3,979	4,070
Non-OP	-27	66	66	66
Pretax profit	3,568	3,837	4,045	4,136
Taxes	913	955	1,068	1,092
NP	2,654	2,882	2,977	3,044
Attr. to owners of the parent	2,645	2,866	2,959	3,026
Minority interests	10	16	18	18

Growth (%)	2024	2025F	2026F	2027F
Net operating revenue	-5.1	4.5	3.5	2.7
Interest income	-0.4	-1.8	6.8	2.8
Bank	-2.6	-1.5	3.9	5.1
Non-bank	33.9	-5.4	43.1	-17.2
Non-interest income	-62.7	209.0	-31.5	0.0
SG&A expenses	4.8	11.9	5.0	5.0
PPOP	-9.7	0.6	2.6	1.3
Provisioning	-29.7	-8.3	-4.5	-1.4
OP	4.7	4.9	5.5	2.3
Non-OP	-143.8	-349.6	0.0	0.0
Pretax profit	2.1	7.5	5.4	2.2
Taxes	11.7	4.6	11.8	2.2
NP	-0.8	8.6	3.3	2.2
Attr. to owners of the parent	-0.9	8.4	3.2	2.3
Minority interests	76.4	60.4	16.4	0.0

## Performance indicators

(%, Wbn)	2024	2025F	2026F	2027F
NIM	1.69	1.59	1.57	1.58
NIS	1.61	1.52	1.51	1.51
Cost-to-income ratio	34.6	37.0	37.6	38.4
Credit cost ratio	0.54	0.47	0.43	0.41
Asset growth	5.3	4.3	4.6	4.6
Equity growth (attr. to owners)	7.2	3.6	5.8	5.6
BIS capital	36,926	38,810	40,840	42,914
Tier 1 capital	32,788	34,805	36,836	38,909
CET1 capital	28,450	30,495	32,525	34,599
Tier 2 capital	4,138	4,005	4,005	4,005
Risk-weighted assets	251,437	263,975	276,047	288,670
BIS capital adequacy ratio	14.7	14.7	14.8	14.9
Tier 1 capital	13.0	13.2	13.3	13.5
CET1 capital	11.3	11.6	11.8	12.0
Tier 2 capital	1.6	1.5	1.5	1.4

Source: Company data, Mirae Asset Securities Research estimates

## Balance sheet

(Wbn)	2024	2025F	2026F	2027F
Assets	472,220	492,560	515,085	538,639
Cash/cash equivalents	18,083	17,103	17,885	18,703
Securities	94,706	100,681	105,285	110,100
Loans	343,900	355,033	371,269	388,247
Won-denominated bank loans	300,584	315,822	330,265	345,368
Tangible assets	2,480	2,485	2,485	2,485
Other	15,530	17,258	18,161	19,105
Liabilities	437,989	457,106	477,601	499,081
Deposits	158,256	163,431	170,905	178,721
Won-denominated bank deposits	125,241	129,680	135,610	141,811
Borrowings	237,928	248,897	260,056	271,752
Other	41,805	44,778	46,640	48,608
Equity	34,231	35,454	37,484	39,558
Attr. to owners of the parent	33,947	35,168	37,198	39,272
Capital stock	4,211	4,211	4,211	4,211
Capital surplus	1,170	1,179	1,179	1,179
Capital adj.	0	-1	-1	-1
AOCI	659	873	873	873
Retained earnings	23,593	24,622	26,652	28,725
Other	4,313	4,283	4,283	4,283
Minority interests	284	286	286	286

## Investment indicators

(x, %, W)	2024	2025F	2026F	2027F
Valuation				
P/E	4.3	5.4	5.2	5.1
P/B	0.34	0.43	0.41	0.39
Dividend yield	7.4	5.8	6.0	6.2
Per-share indicators				
EPS	3,319	3,596	3,712	3,796
BPS	42,570	44,101	46,647	49,248
DPS	1,065	1,115	1,165	1,195
Growth				
EPS	-0.8	8.3	3.2	2.3
BPS	7.2	3.6	5.8	5.6
Profitability				
ROE	8.1	8.3	8.2	7.9
ROA	0.57	0.59	0.59	0.57
PPOP margin	65.4	63.0	62.4	61.6
OP margin	44.2	44.4	45.2	45.1
Pretax margin	43.9	45.1	46.0	45.8
Net margin	32.5	33.7	33.6	33.5

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

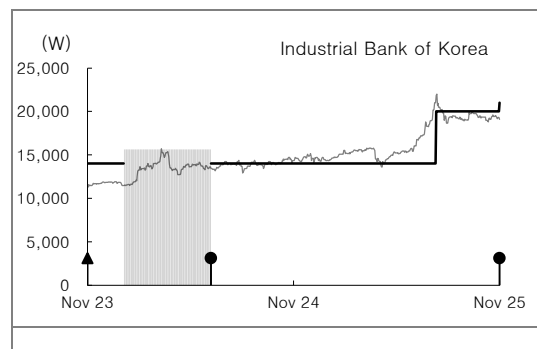
('000, %)	2024	2025F	2026F	2027F
Issued shares (year-end)	797,426	797,426	797,426	797,426
Common	797,426	797,426	797,426	797,426
Preferred	0	0	0	0
Dividend payout ratio				
Common	32.1	31.0	31.4	31.5
Preferred	0.0	0.0	0.0	0.0

# Appendix 1

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### Two-year rating and TP history

Company	Date	Rating	TP (W)
Industrial Bank of Korea (024110)	11/03/25	Hold	21,000
	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



### 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	78.61%	1.73%	19.08%	0.58%
Investment banking services	84.62%	0%	15.38%	0%

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

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