



Industrial Bank of Korea FY23 Earnings Release

Feb. 7, 2024

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- Financial results contained herein have been prepared IAW K-IFRS unless noted otherwise.
- 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.
- Some of the totals may not sum due to the rounding.
- Hereinafter, the term “IBK” refers to Industrial Bank of Korea, “SME(s)” to Small and Medium-sized Enterprise(s).

※ With introduction of IFRS-17 for the insurance industry in 2023, FY22 financial statements herein have been restated retrospectively.

Table of Contents

1. Financial Highlights
2. Profitability
3. Loan & Deposit
4. Asset Quality
5. Capital Adequacy
6. Appendix

01 Financial Highlights

Summary

Profitability

- **FY23 net income** stood at **W2,675.2bn** (+0.5bn y-y) on **consolidated** basis, and **W2,411.5bn** (-43.3bn y-y) on **separate** basis
 - Despite surrounding uncertainties and one-offs, income level was kept stable **thanks to sustained loan growth toward SMEs/SOHOs**
- Driven by relentless cost control efforts and stable growth, the Bank posted **31.7% in CIR**, the lowest in the industry

Growth

- **SME loan balance** grew by W2.1tr in 4Q (+0.9% QoQ), or W13.1tr by 4Q (+5.9% YTD), resulting in **SME m/s of 23.2% (No.1)**
 - Total loan balance gained W1.4tr in 4Q (+0.5% QoQ), or W13.9tr by 4Q(+5.1% YTD)
- While **strengthening SME market leadership**, IBK will also **pursue balanced growth** between corporate/retail banking, interest/non-interest income, domestic/overseas operations and bank/non-bank subsidiaries

Asset Quality

- The Bank made **W266.3bn of extra provisioning in 4Q**, or **cumulatively W2,237.1bn** since FY20
 - Credit cost (including extra provisioning) recorded 0.68%, with the **recurring credit cost** remaining low at **0.38%**
- The purpose is to **build additional, pre-emptive buffer** against possible rises in credit risks amidst growing uncertainties

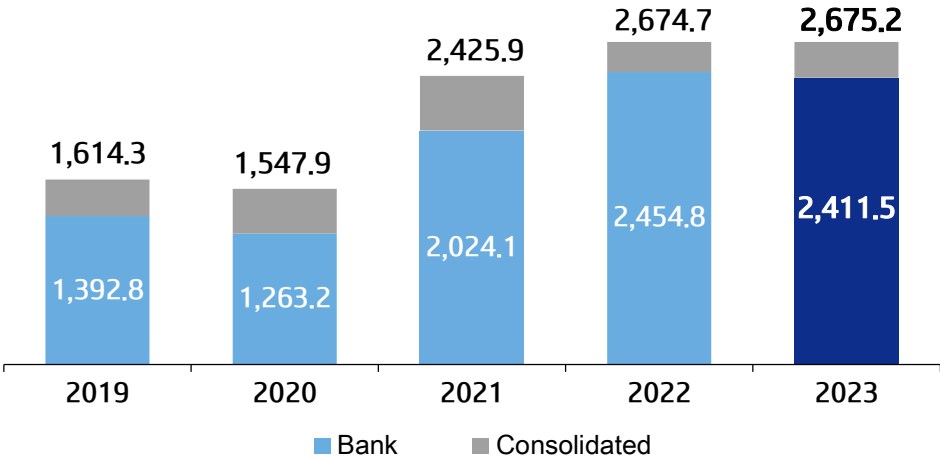
Value-up Finance

- **VISION** *“Global top-tier Financial Group providing best services in innovative ways”*
 - Value-up Finance is to further the value of customers, stakeholders, the Bank and beyond to ensure sustainable growth for all
- **Award** 「**Best SME Bank(Korea) 2024**」 (by Global Finance), 「**Korea’s Best Bank for SMEs 2023**」(by Asia Money)

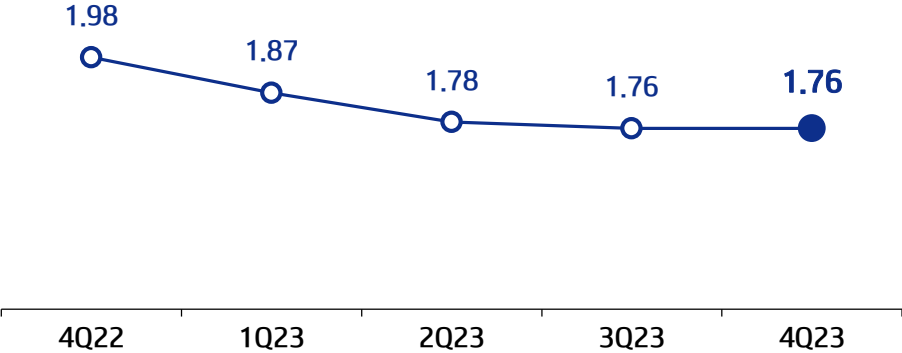


Financial Highlights

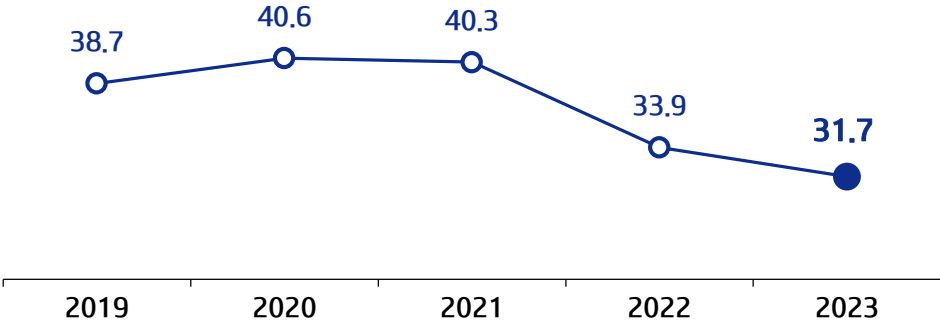
Net Income (KRW bn)



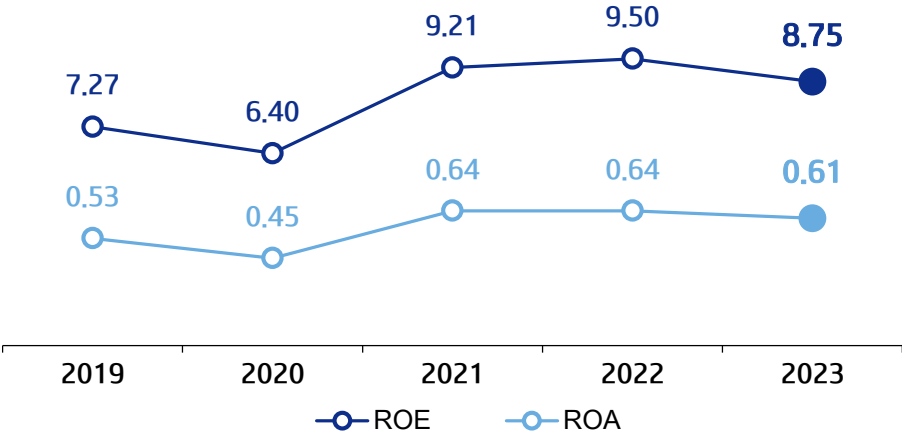
NIM (%)



Cost-to-Income Ratio (%)

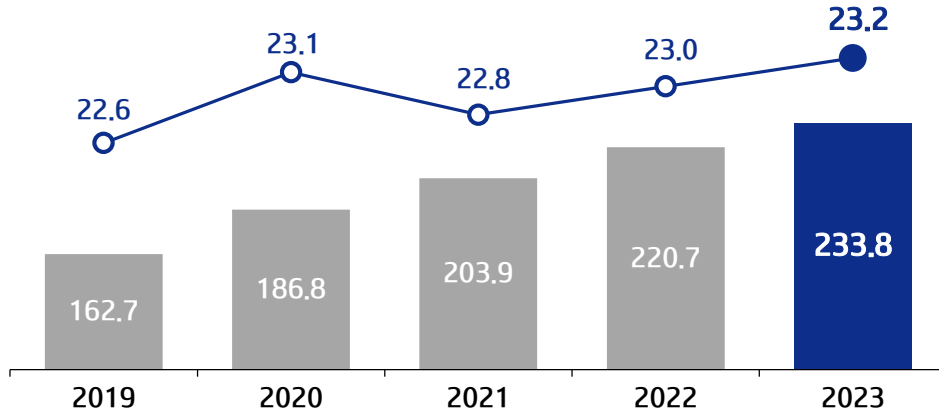


ROE-ROA (Consolidated) (%)



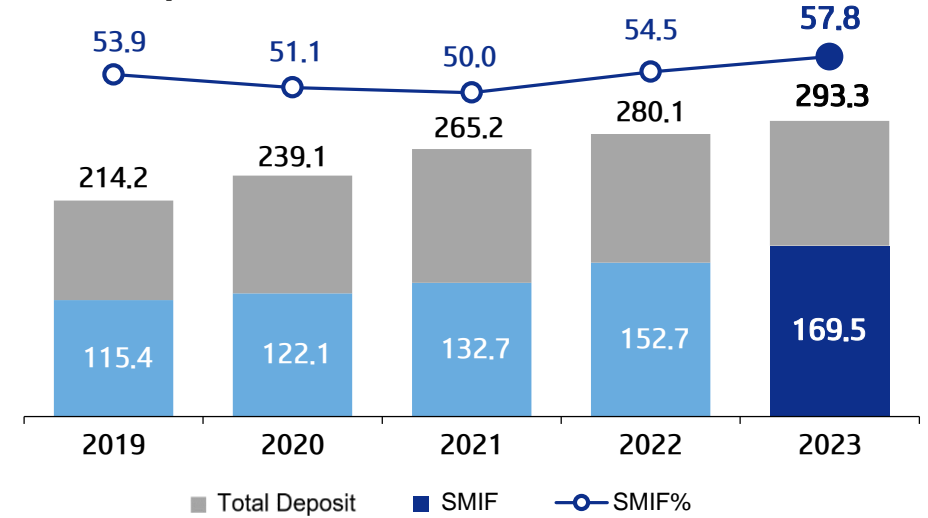
Financial Highlights

SME Loan & Market Share (KRW tr, %)

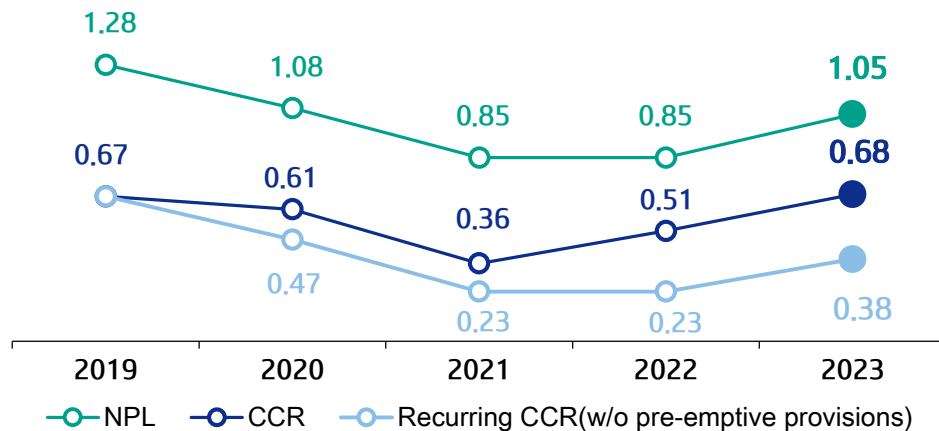


* M/S is based on KRW loan balance reported to BOK (including trust loans and excluding loans to FIs)

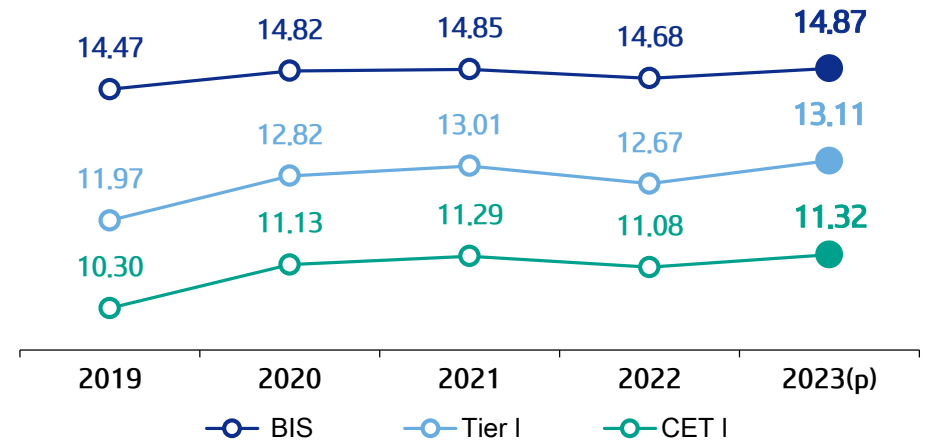
Total Deposit & SMIF Bonds (KRW tr, %)



NPL & Credit Cost Ratio (%)



BIS (Consolidated) (%)



02 Profitability

- Income Detail
- Interest Income [Bank]
- Non-Interest Income · SG&A [Bank]
- Income by Subsidiaries

Income Details

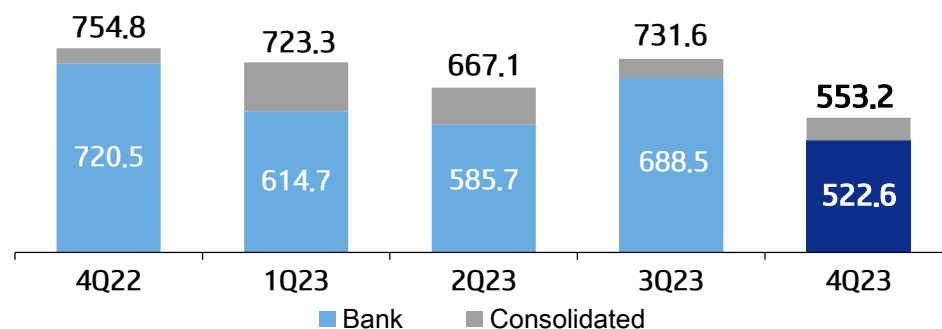
Income Statement [Consolidated]

(KRW bn)	4Q23	3Q23	QoQ%	FY23	FY22	YoY%
Interest Income	2,028.7	1,984.5	2.2	7,926.6	7,443.7	6.5
Non-Interest Income	191.0	47.9	298.7	648.7	384.4	68.8
SG&A Expenses	676.0	612.2	10.4	2,685.6	2,613.1	2.8
Pre-Provision Operating Profit	1,543.7	1,420.2	8.7	5,889.7	5,215.0	12.9
Net Provision	844.1	451.7	86.9	2,457.4	1,568.0	56.7
Operating Income	699.6	968.5	-27.8	3,432.3	3,647.0	-5.9
Net Non-Op. Income	-32.6	20.2	N.A	60.7	-42.8	N.A
Pretax Income	667.0	988.7	-32.5	3,493.0	3,604.2	-3.1
Income Tax	113.7	257.1	-55.8	817.8	929.5	-12.0
Net Income	553.2	731.6	-24.4	2,675.2	2,674.7	0.0
(Controlling Interest)	557.0	728.6	-23.6	2,669.7	2,667.7	0.1

Income Statement [Bank]

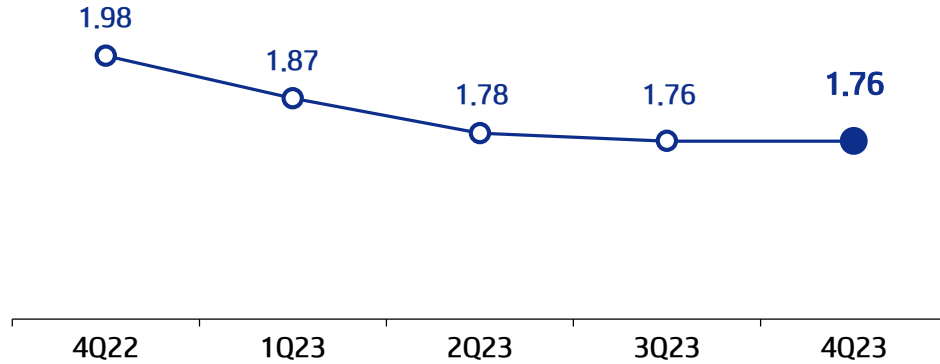
(KRW bn)	4Q23	3Q23	QoQ%	FY23	FY22	YoY%
Interest Income	1,871.0	1,861.3	0.5	7,466.7	7,040.7	6.1
Non-Interest Income	194.9	74.7	160.9	488.6	253.5	92.7
SG&A Expenses	638.1	574.9	11.0	2,519.4	2,472.5	1.9
Pre-Provision Operating Profit	1,427.8	1,361.1	4.9	5,435.9	4,821.6	12.7
Net Provision	753.3	448.1	68.1	2,294.6	1,524.0	50.6
Operating Income	674.5	913.0	-26.1	3,141.3	3,297.7	-4.7
Net Non-Op. Income	25.1	14.9	68.5	82.0	18.3	348.1
Pretax Income	699.6	927.9	-24.6	3,223.2	3,316.0	-2.8
Income Tax	177.0	239.5	-26.1	811.7	861.2	-5.7
Net Income	522.6	688.5	-24.1	2,411.5	2,454.8	-1.8

Net Income (KRW bn)

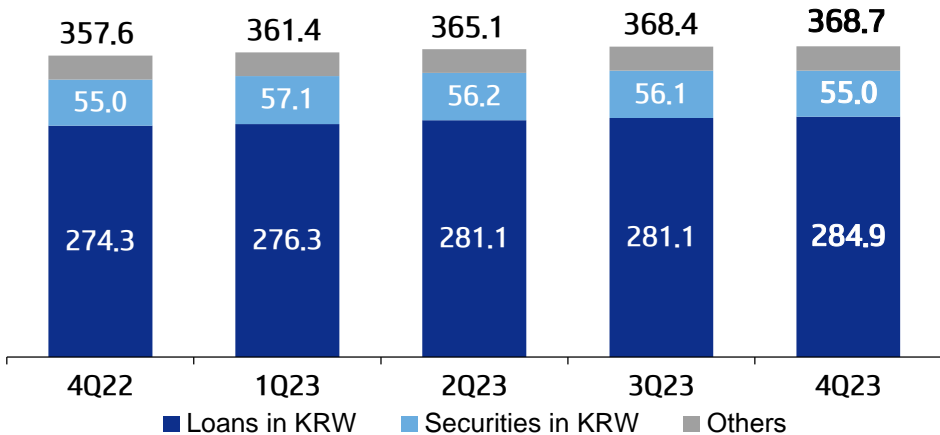


Interest Income [Bank]

NIM (%)



Interest Earning Assets (Quarterly) (KRW tr)

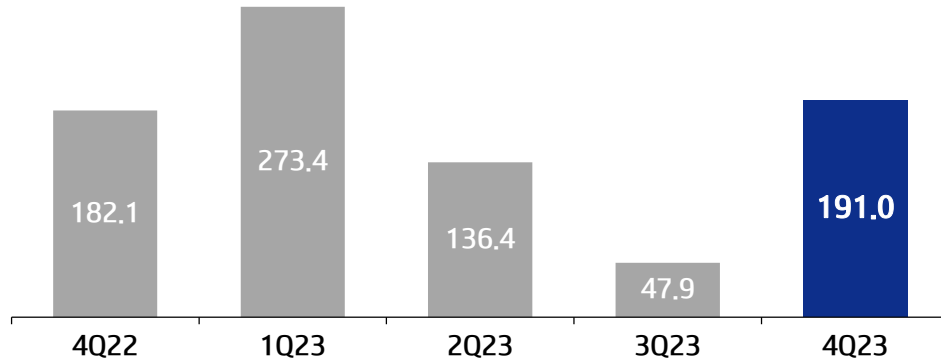


Interest Income Details

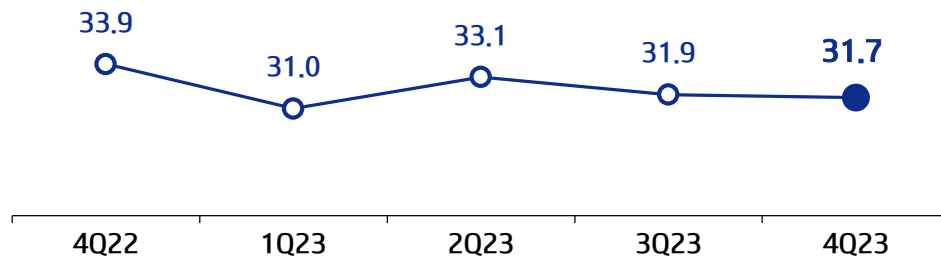
(KRW bn)	4Q23	3Q23	QoQ%	FY23	FY22	YoY%
Interest Revenue	4,395.8	4,301.5	2.2	16,827.2	11,455.7	46.9
Loans	3,577.1	3,492.9	2.4	13,724.4	9,455.2	45.2
Credit Card	129.3	124.5	3.9	496.1	479.4	3.5
(Credit Purchase)	117.7	113.2	4.0	451.0	432.9	4.2
Securities	439.1	426.1	3.1	1,635.2	1,070.7	52.7
Others	250.2	257.9	-3.0	971.5	450.5	115.6
Interest Expense	2,524.8	2,440.2	3.5	9,360.5	4,415.1	112.0
Deposits	510.2	538.8	-5.3	2,034.1	886.6	129.4
SMIF Bonds & etc.	2,014.6	1,901.4	6.0	7,326.3	3,528.5	107.6
Interest Income	1,871.0	1,861.3	0.5	7,466.7	7,040.7	6.1

Non-Interest Income [Con.] · SG&A [Bank]

Non-Interest Income [Con.] (KRW bn)



Cost-to-Income Ratio (%)



Non-Interest Income Details [Con.]

(KRW bn)	4Q23	3Q23	QoQ%	FY23	FY22	YoY%
Net Non Int. Income	191.0	47.9	298.7	648.7	384.4	68.8
Fee Income	100.3	135.7	-26.1	477.0	571.8	-16.6
(Bank)	79.0	94.4	-16.3	330.7	360.4	-8.2
(Subsidiaries)	34.1	51.6	-33.9	184.6	243.0	-24.0
Securities Related¹⁾	287.6	114.8	150.5	1,012.3	549.5	84.2
Loan Disposal Related	84.6	62.6	35.1	216.8	187.1	15.9
Others ²⁾	-281.4	-265.1	N.A	-1,057.3	-924.0	N.A

1) Gains/Loss from Securities · F/X · Derivatives

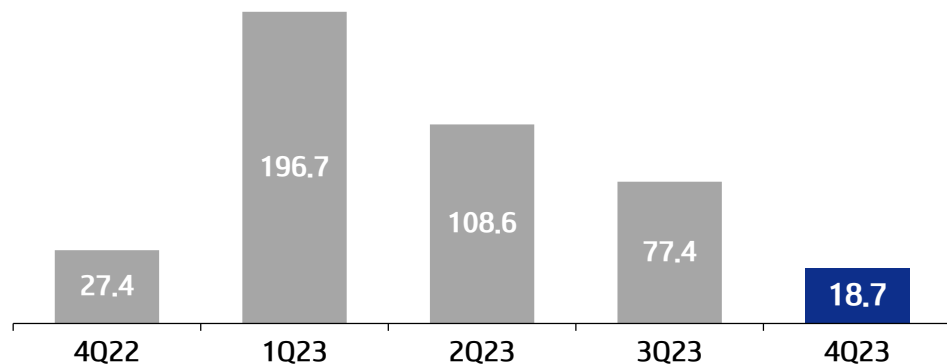
2) Contributions to Credit Guarantee Fund, Trust Income, Insurance Income (IBK Insurance)

SG&A Expenses Details [Bank]

(KRW bn)	4Q23	3Q23	QoQ%	FY23	FY22	YoY%
SG&A Expenses	638.1	574.9	11.0	2,519.4	2,472.5	1.9
Salaries	315.0	319.0	-1.3	1,354.4	1,398.6	-3.2
(Annual Incentive)	-	-2	N.A	95.4	104.2	-8.4
Admin. Expenses	323.1	256.0	26.2	1,165.0	1,073.9	8.5
(Employee Welfare Fund)	-	-	-	66.3	64.6	2.6

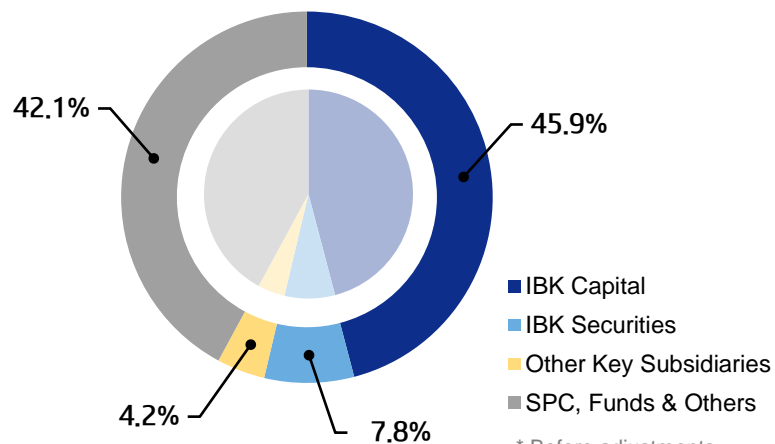
Income by Subsidiaries

Income from Key Subsidiaries (KRW bn)



* Before adjustments

Net Income Contribution



* Before adjustments

Income by Subsidiaries Details

(KRW bn)	4Q23	3Q23	QoQ%	FY23	FY22	YoY%
Bank	522.6	688.5	-24.1	2,411.5	2,454.8	-1.8
Subsidiaries	18.7	77.4	-75.8	401.4	407.6	-1.5
Key Subsidiaries	-1.6	58.7	N.A	232.6	228.0	2.0
IBK Capital	23.5	46.6	-49.6	184.1	182.2	1.0
IBK Securities	-28.9	20.0	N.A	31.3	47.1	-33.5
IBK Insurance	5.8	-25.7	N.A	-26.0	-77.2	N.A
IBK Savings Bank	-15.4	-0.1	N.A	-24.9	19.2	N.A
IBK AM & Others ¹⁾	1.6	3.8	-57.9	14.2	12.8	10.9
IBK Venture Investment	-1.4	N.A	N.A	-1.4	N.A	N.A
IBK China	10.2	9.2	10.9	38.1	36.2	5.2
IBK Indonesia	2.6	4.5	-42.2	15.6	8.1	92.6
IBK Myanmar	0.4	0.4	0.0	1.6	-0.4	N.A
SPC, Funds & Others	20.3	18.7	8.6	168.8	179.6	-6.0
Adjustments	11.9	-34.3	N.A	-137.7	-187.7	N.A
Con. Net Income	553.2	731.6	-24.4	2,675.2	2,674.7	0.0
(Controlling Interest)	557.0	728.6	-23.6	2,669.7	2,667.7	0.1

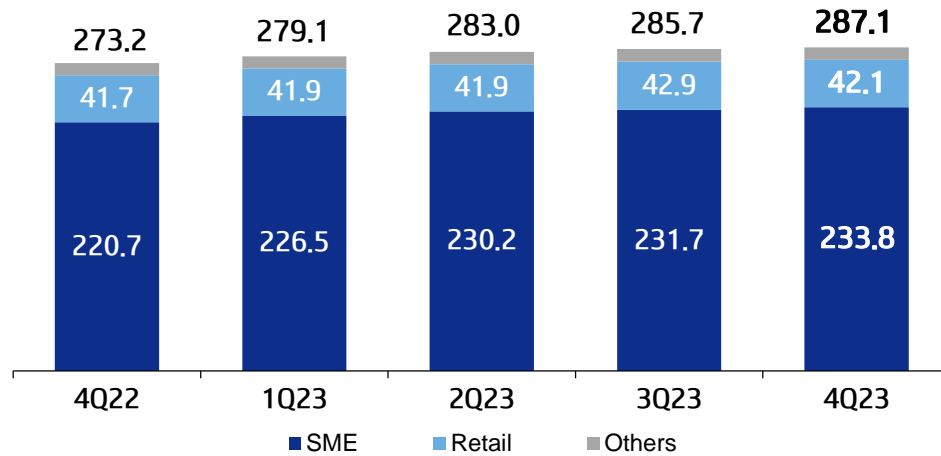
1) IBK System, IBK Credit Information, IBK Service

03 Loan & Deposit

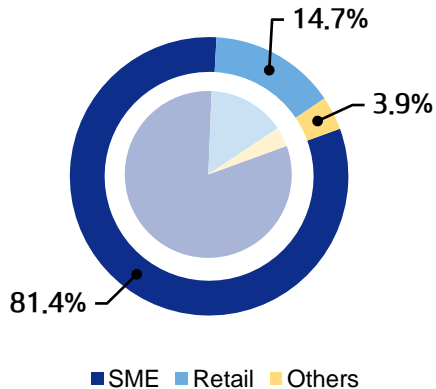
- Total Loans [Bank]
- SME Loans [Bank]
- Total Deposits [Bank]

Total Loans [Bank]

Loan Portfolio (KRW tr)

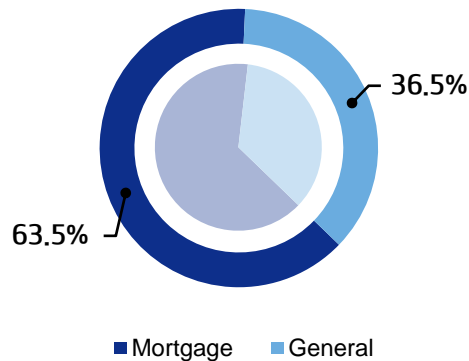


Loan Composition



* SME Loans include loans in FCY

Retail Loan Composition



* General Loans include Credit Card Loans

Loan Portfolio Details

(KRW bn)	2023.12	2023.9	QoQ%	2022.12	YTD%
SME	233,752	231,702	0.9	220,717	5.9
Working Capital	120,195	119,579	0.5	113,715	5.7
CAPEX	113,557	112,123	1.3	107,003	6.1
Retail	42,117	42,931	-1.9	41,690	1.0
Mortgage ¹⁾	26,738	27,598	-3.1	26,699	0.1
General ²⁾	15,379	15,333	0.3	14,992	2.6
Others³⁾	11,228	11,044	1.7	10,754	4.4
Total	287,096	285,677	0.5	273,162	5.1

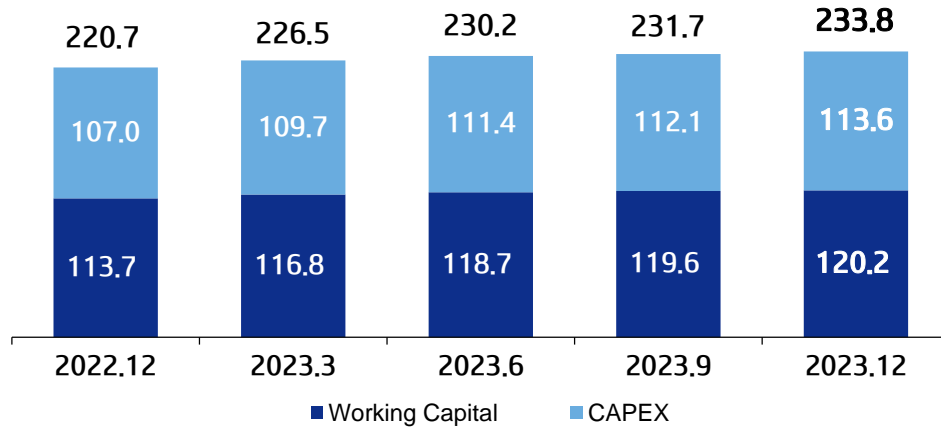
1) Including KRW 352.7bn of non-transferred balance

2) Including KRW 269.4bn of credit card loans

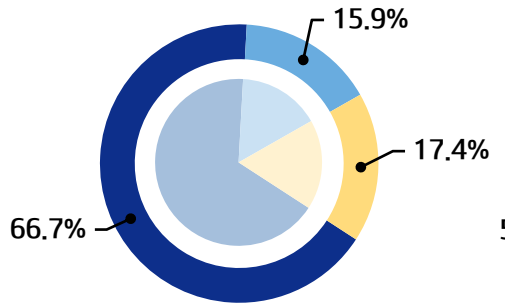
3) Large Corporates, Middle-Market Enterprises, Public Institutions, etc.

SME Loans [Bank]

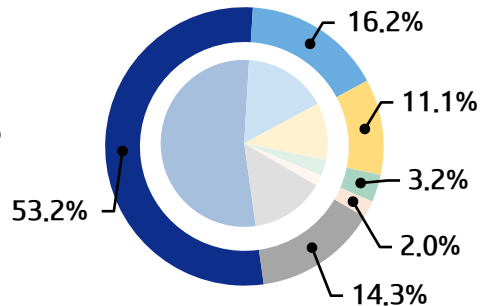
SME Loan Portfolio (KRW tr)



SME Loans by Collateral



SME Loans by Industry



■ Collateral ■ Guarantee Paper ■ Unsecured

■ Manufacturing ■ Wholesale & Retail
 ■ Real Estate Lease ■ Construction
 ■ Lodging & Dining ■ Others

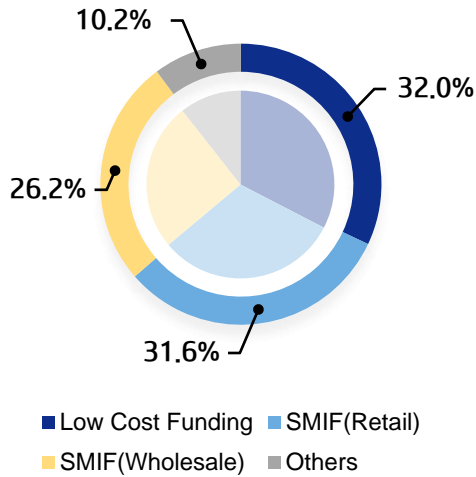
SME Loans by Industry

(KRW bn)	2023.12		2022.12		YTD	
	Amt.(A)	(%)	Amt.(B)	(%)	(A-B)	(%p)
Manufacturing	124,250	53.2	117,264	53.1	6,987	0.1
Textile·Apparel·Leather	6,991	3.0	6,912	3.2	78	-0.2
Chemical Product	8,444	3.6	7,802	3.5	642	0.1
Rubber·Plastic Product	11,232	4.8	10,684	4.8	547	-
Basic·Fabricated Metal	24,462	10.4	23,112	10.5	1,350	-0.1
Other Machinery	23,548	10.1	22,090	10.0	1,458	0.1
Electronic Machinery	7,593	3.3	7,098	3.2	495	0.1
Comm. Devices	6,708	2.9	6,444	2.9	264	-
Automobiles	8,345	3.6	7,806	3.5	539	0.1
Others	26,928	11.5	25,316	11.5	1,613	-
Wholesale & Retail	37,954	16.2	36,546	16.6	1,408	-0.4
Real Estate Lease	26,000	11.1	24,567	11.1	1,433	-
Construction	7,150	3.2	6,620	3.0	530	0.1
Lodging & Dining	4,591	2.0	4,693	2.1	-102	-0.1
Others	33,807	14.3	31,028	14.1	2,779	0.3
Total	233,752	100.0	220,717	100.0	13,034	-

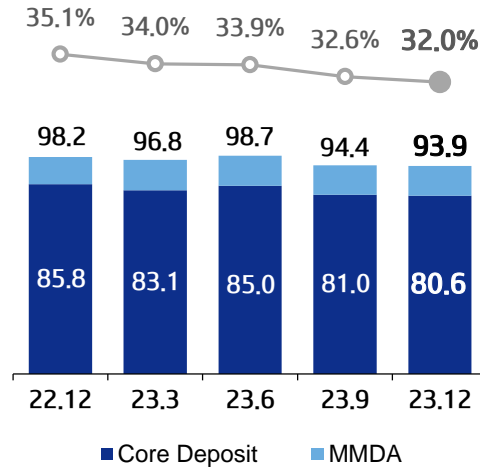
▪ Including Loans in FCY

Total Deposits [Bank]

Deposit Composition



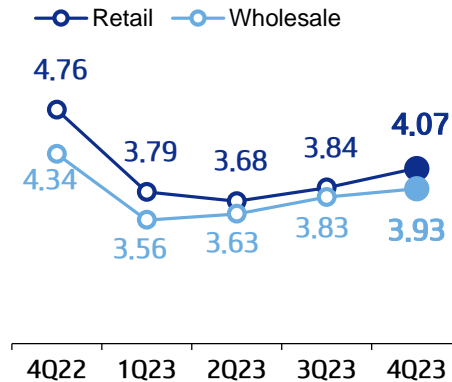
Low Cost Funding (KRW tr)



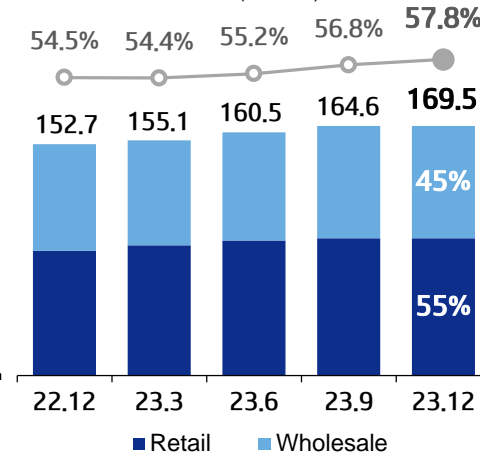
Deposit Portfolio Details

(KRW bn)	2023.12	2023.9	QoQ%	2022.12	YTD%
Deposit	119,336	121,036	-1.4	123,514	-3.4
Core Deposit ¹⁾	80,611	80,964	-0.4	85,823	-6.1
MMDA	13,288	13,434	-1.1	12,346	7.6
Others (Time/Installment)	25,436	26,638	-4.5	25,345	0.4
CD, RP, Covered Bill	4,447	3,964	12.2	3,892	14.2
Small & Medium-sized Industry Financing Bond	169,483	164,644	2.9	152,666	11.0
Retail	92,685	90,667	2.2	82,416	12.5
Wholesale	76,798	73,977	3.8	70,250	9.3
Sub Total	293,266	289,644	1.3	280,072	4.7
Trust ²⁾	43,169	41,404	4.3	40,369	6.9
Total Deposits	336,435	331,048	1.6	320,441	5.0

SMIF Bond Yield (%)



SMIF Bonds (KRW tr)



* 1-year SMIF bonds issued during the quarter

▪ Monthly Average B/S Balance

1) Corp. Free Savings + Savings Deposit + Demand Deposit (Ex. MMDA)

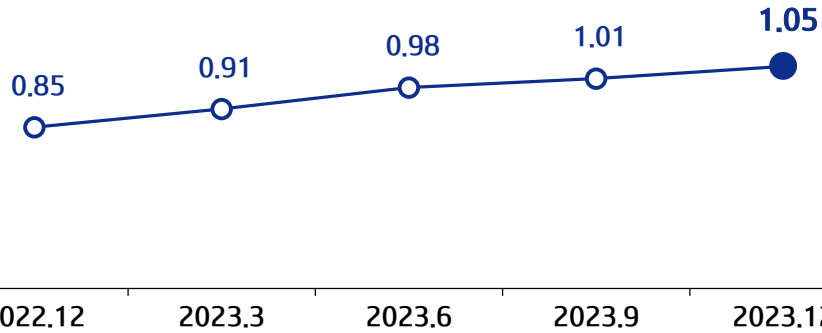
2) Money Trust (Ex. Mutual Fund)

04 Asset Quality

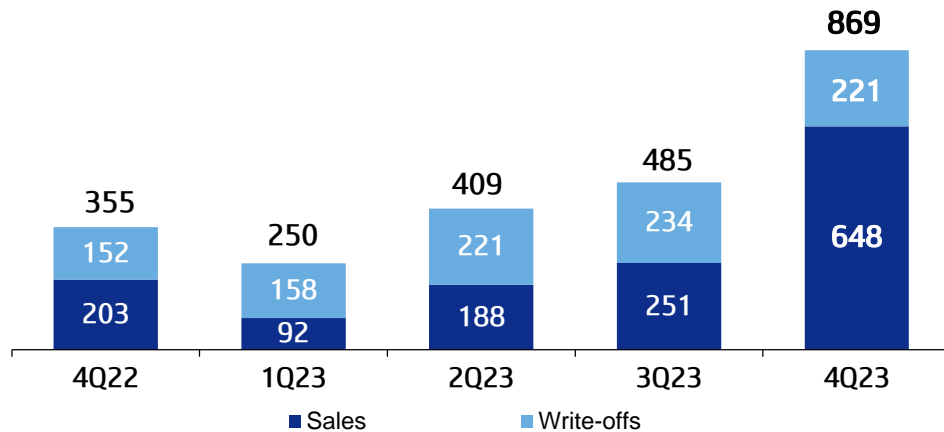
- Asset Quality [Bank]
- Delinquency Ratio [Bank]
- Provision for Credit Losses [Bank]

Asset Quality [Bank]

NPL(Substandard & Below) Ratio (%)



Loan Sales - Write-offs (KRW bn)

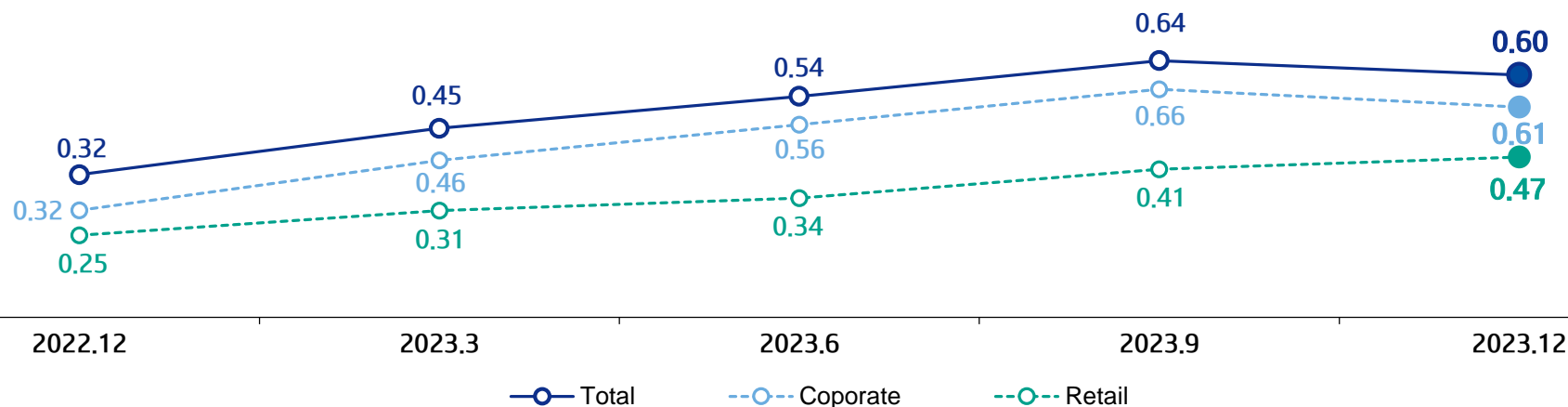


Asset Quality Details

(KRW bn)	2023.12	2023.9	QoQ%	2022.12	YoY%
Total Credit	303,512	303,140	0.1	290,135	4.6
Normal	295,715	295,316	0.1	284,034	4.1
Precautionary	4,606	4,748	-3.0	3,627	27.0
Sub. & Below	3,191	3,076	3.7	2,475	28.9
Substandard	2,503	2,420	3.4	1,930	29.7
Doubtful	264	209	26.3	209	26.3
Estimated Loss	424	447	-5.1	335	26.7
NPL Ratio	1.05%	1.01%	0.04%p	0.85%	0.20%p
Loan Loss Allowance	4,580	4,463	2.6	3,674	24.7
NPL Coverage Ratio	143.5%	145.1%	-1.6%p	148.5%	-5.0%p

Delinquency Ratio [Bank]

Delinquency Ratio by Sector (%)



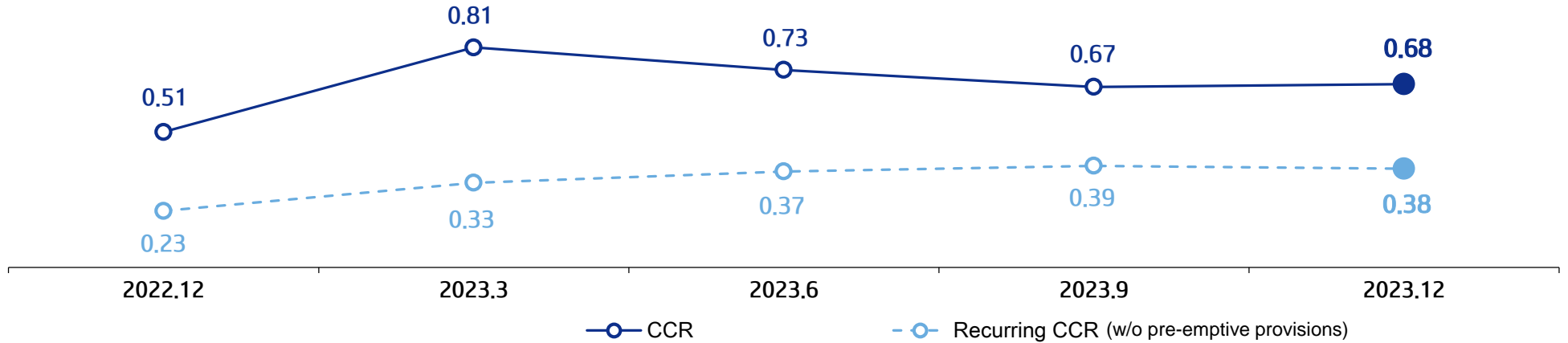
Delinquency Ratio by Industry

(%)	2022.12	2023.3	2023.6	2023.9	2023.12
Manufacturing	0.35	0.51	0.60	0.75	0.61
Construction	0.40	0.55	0.87	0.88	1.14
Real Estate Lease & Rental	0.16	0.22	0.18	0.19	0.25
Wholesale & Retail	0.36	0.49	0.60	0.75	0.74
Lodging & Dining	0.53	0.90	1.15	1.35	1.48

▪ SME Loans, Principal or Interest, 30+ Days Past Due

Provision for Credit Losses [Bank]

Credit Cost Ratio (%)



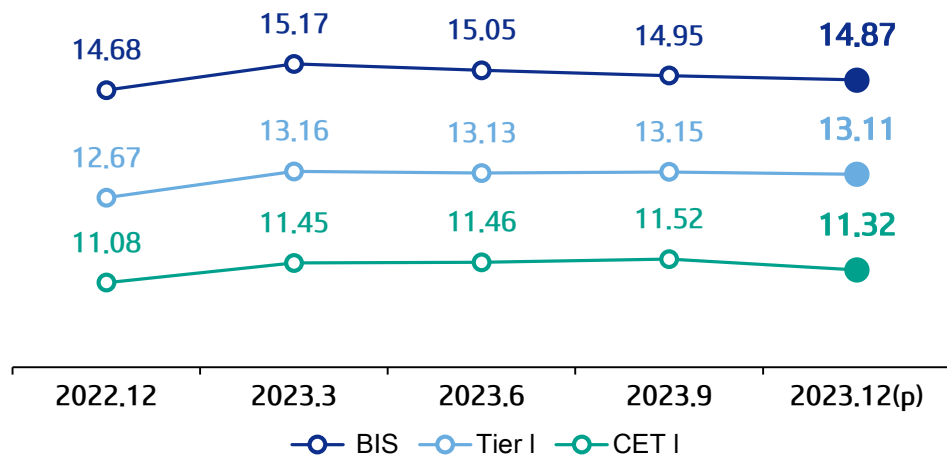
Provision for Credit Losses by Sector

(KRW bn)	4Q22	FY22	1Q23	2Q23	3Q23	4Q23	FY23	QoQ%	YoY%
Corporate	466.1	1,341.9	528.4	437.9	384.0	516.7	1,867.0	34.6	39.1
Retail	19.1	47.3	25.1	24.9	26.9	-7.9	69.0	N.A	45.9
Credit Card	54.7	96.1	34.7	27.6	30.3	29.0	121.6	-4.3	26.5
Total Provisions	539.9	1,485.3	588.2	490.4	441.2	537.8	2,057.6	21.9	38.5
Total Credit	290,135	290,135	295,880	299,797	303,140	303,512	303,512	0.1	4.6

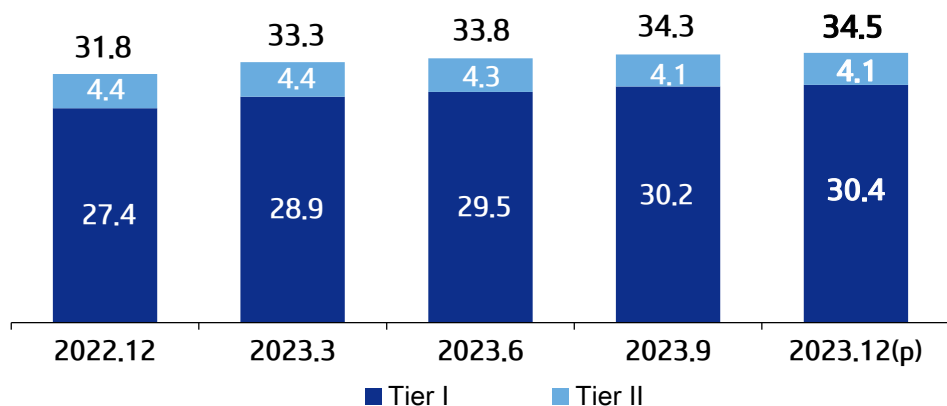
05 Capital Adequacy

Capital Adequacy [Consolidated]

BIS Capital Adequacy Ratio (%)



BIS Capital Trend (KRW tr)



BIS Capital Details

(KRW bn, %)	2023.12(p)	2023.9	2022.12
Tier I Capital	30,430	30,176	27,429
Common Equity Tier I Capital	26,281	26,425	23,985
Common Shares Issued	3,987	3,987	3,987
Stock Surplus	1,178	1,175	1,175
Retained Earnings	21,890	21,399	20,105
Other Comprehensive Income	244	212	-117
Additional Tier I Capital	4,148	3,751	3,444
Tier II Capital	4,081	4,130	4,353
Subordinated Bonds	2,810	2,970	3,330
Provision for impairment	324	215	133
Total BIS Capital	34,511	34,306	31,781
Risk-Weighted Assets	232,124	229,462	216,566
BIS Ratio	14.87	14.95	14.68
Tier I Ratio	13.11	13.15	12.67
CET I Ratio	11.32	11.52	11.08
Tier II Ratio	1.76	1.80	2.01

06 Appendix

- Subsidiary Overview
- Condensed Balance Sheet [Bank]

Subsidiary Overview

FY23

(KRW bn, %)	Con.	Bank	Subsidiaries											
			IBK Capital	IBK Securities	IBK Insurance	IBK Savings Bank	IBK Asset Mgmt.	IBK System	IBK Credit Info	IBK Service	IBK Venture Investment	IBK China	IBK Indonesia	IBK Myanmar
Total Assets (w/o Trust)	488,008 (448,427)	452,815 (412,695)	11,037	7,494	11,353	1,757	87	71	40	20	99	4,120	1,700	269
Equity	31,817	29,484	1,620	1,082	554	159	82	34	35	8	99	580	436	255
Net Income	2,675.2	2,411.5	184.1	31.3	-26.0	-24.9	6.3	3.0	4.0	0.9	-1.4	38.1	15.6	1.6
Ownership	-	100.0	100.0	87.8	100.0	100.0	100.0	55.6	100.0	100.0	100.0	100.0	93.2	100.0

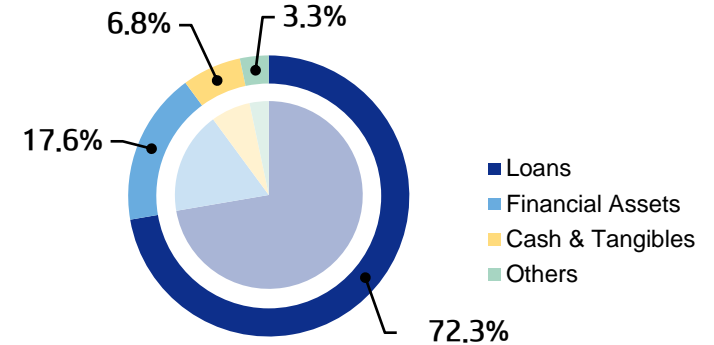
FY22

(KRW bn, %)	Con.	Bank	Subsidiaries											
			IBK Capital	IBK Securities	IBK Insurance	IBK Savings Bank	IBK Asset Mgmt.	IBK System	IBK Credit Info	IBK Service	IBK China	IBK Indonesia	IBK Myanmar	
Total Assets (w/o Trust)	468,481 (431,186)	435,742 (397,898)	10,532	6,300	10,833	2,119	79	68	39	20	4,300	1,556	269	
Equity	29,256	27,224	1,438	1,060	413	184	76	35	32	7	537	324	250	
Net Income	2,674.7	2,454.8	182.2	47.1	-77.2	19.2	5.2	3.3	3.1	1.2	36.2	8.1	-0.4	
Ownership	-	100.0	100.0	87.8	100.0	100.0	100.0	55.6	100.0	100.0	100.0	100.0	91.2	100.0

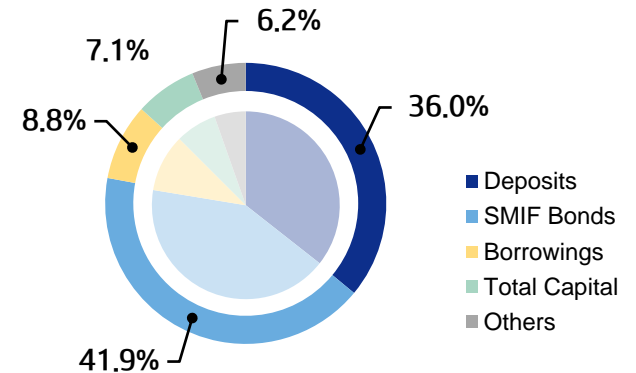
Condensed Balance Sheet [Bank]

(KRW bn, %)	2023.12	2023.9	QoQ%	2022.12	YTD%
Total Assets	412,695	403,966	2.2	397,898	3.7
Cash and due from Banks	25,800	12,140	112.5	23,866	8.1
Financial Assets	72,713	73,358	-0.9	74,364	-2.2
Loans*	298,346	307,019	-2.8	290,730	2.6
Investment Properties	64	70	-9.1	70	-8.7
Property and Equipment	2,199	2,165	1.6	2,104	4.5
Other Assets	13,572	9,212	47.3	6,764	100.7
Total Liabilities	383,211	375,379	2.1	370,674	3.4
Deposits	148,543	143,638	3.4	148,920	-0.3
SMIF Bonds	172,851	169,565	1.9	158,367	9.1
Borrowings	36,294	40,192	-9.7	45,442	-20.1
Other Liabilities	25,523	21,984	16.1	17,946	42.2
Total Capital	29,485	28,587	3.1	27,224	8.3
Trust Assets	40,120	38,658	3.8	37,844	6.0
Total Assets (Inc. Trust)	452,815	442,624	2.3	435,742	3.9

Asset Composition



Liability - Capital Composition



* Loans Receivable at Amortized Cost