SECTOR UPDATE

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Global Equity

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Banking (OVERWEIGHT)

2026 outlook: Time to ride the tide!

- We expect Korean banks to deliver solid earnings growth in 2026 thanks to cyclical improvements and despite education tax and corporate tax hikes. Amid the favorable business environment, implementation of enhanced shareholder return programs should be a key differentiator among banks.
- Key factors that must be addressed to reduce the discounts that are currently embedded in the valuations of Korean banks are: 1) uncertainty surrounding earnings and shareholder returns; 2) the pace at which banks lift their total payout ratios and gain market confidence; and 3) whether there will be positive changes in shareholder ownership structures (*eg*, a hike in the retail investor portion, as retail moves to capitalize on dividend-related benefits).
- We like: 1) KB Financial Group for its differentiated total payout ratio; 2) Shinhan Financial Group and Hana Financial Group for the possibility of their total payout ratios rapidly catching up with KBFG's; and 3) BNK Financial Group and iM Financial Group as valuation gap plays.

WHAT'S THE STORY?

2026 earnings outlook—earnings to continue trending higher: We forecast that the combined net profit at the banks in our universe will rise a decent 4.3% in 2026, despite education tax and corporate tax hikes. We believe that their earnings growth will rise on cyclical improvements.

Korean banks enjoy unprecedented rally, but gap yet to narrow: Korean banks have enjoyed an unprecedented rally this year, but they have failed to close their valuation gap with global banks. This indicates that the discount applied to Korean bank stocks has not meaningfully dissipated. In a favorable environment marked by cyclical improvements, banks' implementation of enhanced shareholder return programs should determine the magnitude their valuations recover.

Uncertainty surrounding earnings and shareholder returns, but calibrated measures to ensure banks' ability to provide liquidity: Uncertainty surrounding banks' earnings and shareholder returns continues to act as a discount factor. However, financial authorities are likely to roll out calibrated measures to ensure banks continue to have the ability to provide liquidity.

(Continued on the next page)

AT A GLANCE

KB Financial Group (105560 KS, 126,000)		
Target price	KRW150,000	19%
BUY		
Shinhan Financial Group (055550 KS, 78,400)		
Target price	KRW94,000	19.9%
BUY		
Hana Financial Group (086790 KS, 93,000)		
Target price	KRW119,000	28%
BUY		
Woori Financial Group (316140 KS, 27,950)		
Target price	KRW32,000	14.5%
HOLD		
IBK (024110 KS, 21,000)		
Target price	KRW23,000	9.5%
HOLD		
BNK Financial Group (138930 KS, 15,540)		
Target price	KRW20,000	28.7%
BUY		
iM Financial Group (139130 KS, 14,500)		
Target price	KRW19,000	31%
BUY		
JB Financial Group (175330 KS, 25,050)		
Target price	KRW28,000	11.8%
HOLD		

Bar raised for total payout ratio—lift ROE first and consider re-leveraging: Korean banks have increased their total payout ratios rapidly, but their global counterparts' payout ratios have jumped to 70-80% in 2025. Therefore, achieving a total payout ratio of 50% or more appears essential to driving up their ROE. Furthermore, holding companies need to consider re-leveraging.

Bar raised for total payout ratio—CET-1 ratio targets need to be flexible: Considering the pace of near-term ROE improvement, banks need to deliberate on their CET-1 ratios. Global banks show that risk management and effective capital management are important factors.

Dividends—positive change in shareholder ownership structure: Capital-reduction (nontaxable) dividends, separate taxation of dividend income, and the resultant likely positive change in shareholder ownership structure should be key to shrinking banks' valuation discount. Of note, thanks to their progressive dividend policies, banking shares should remain core dividend plays.

Investment strategy—hike in BVPS and total payout ratio deserve attention: Key to banking shares' re-rating should be: 1) a hike in BVPS following share buybacks and cancellations; and 2) a hike in the pace at which payout ratios are hiked. We like: 1) KB Financial Group for its differentiated total payout ratio (it should remain the sector leader on this); 2) Shinhan Financial Group and Hana Financial Group for the possibility of their total payout ratios coming in close to 50% in 2026, rapidly catching up with KBFG's; and 3) BNK Financial Group and iM Financial Group (currently trading at 0.4x P/B, each) for their differentiated earnings growth outlook.

2026 outlook—earnings to trend higher

Net profit to rise 4.3% in 2026, despite tax reforms

Earnings to improve in 2026 on cyclical improvements in industry and despite tax reforms

We forecast that the combined net profit at the banks in our universe will rise 4.3% in 2026—a decent figure given that financial firms face higher education tax and corporate tax rates. We believe earnings growth will be driven by cyclical improvements for the industry. Specifically, we expect: 1) loan growth to pick up (5.1% vs 4.1% this year); 2) NIM to shrink just 4bps; 3) net interest income to expand 3.2%; 4) credit costs to stabilize at a lower level (-12bps to 0.39%); and 5) non-banking operations to perform better, despite the high base (securities-related gains in 2025 on reduced provisioning).

Raising target prices in anticipation of rapid increases in total payout ratios

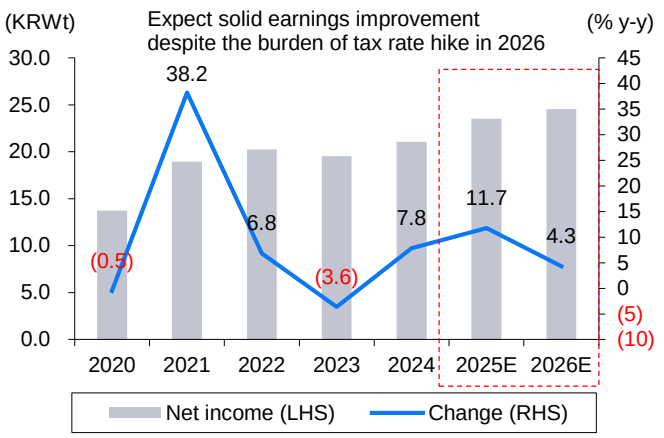
We nudge up our target prices for the banks under our coverage, as: 1) we raise our 2026 net profit forecasts for some banks; 2) major US and Japanese banks' implied COE has fallen below 10%; and 3) Korean banks now look more likely to lift their total payout ratios early next year (ahead of schedule).

Full-year net profit forecasts

(KRWb)	2024	2025E	Chg (% y-y)	Old	Chg (%)	2026E	Chg (% y-y)	Old	Chg (%)
KBFG	5,078.2	5,725.0	12.7	5,762.0	(0.6)	5,950.4	3.9	5,897.3	0.9
SFG	4,450.2	5,218.8	17.3	5,193.7	0.5	5,507.2	5.5	5,366.3	2.6
HFG	3,738.9	4,092.0	9.4	4,118.3	(0.6)	4,302.6	5.1	4,264.1	0.9
WFG	3,086.0	3,245.4	5.2	3,251.2	(0.2)	3,377.4	4.1	3,356.6	0.6
IBK	2,644.5	2,775.9	5.0	2,754.7	0.8	2,777.5	0.1	2,703.2	2.7
BNKFG	728.6	848.2	16.4	832.9	1.8	894.4	5.4	859.2	4.1
IMFG	214.9	472.1	119.7	468.7	0.7	513.9	8.8	486.4	5.6
JBFG	677.5	688.7	1.7	692.0	(0.5)	729.9	6.0	726.4	0.5
Kakao Bank	440.1	465.8	5.8	462.8	0.6	501.9	7.8	515.2	(2.6)
Total	21,058.8	23,532.1	11.7	23,536.3	(0.0)	24,555.1	4.3	24,174.7	1.6

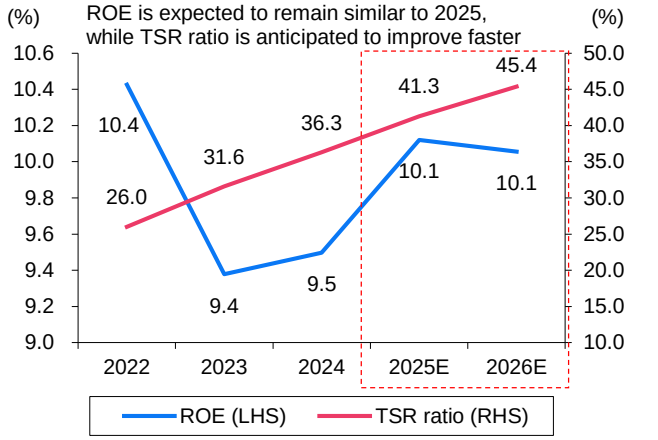
Source: Company data, Samsung Securities estimates

Banks: Total net profit vs net profit growth



Note: Based on banks under our coverage
Source: Company data, Samsung Securities

Banks: ROE vs shareholder return ratio



Note: Based on banks under our coverage
Source: Company data, Samsung Securities

Target-price changes

(KRW)	Recommendation	Old	New	Chg (%)	Current price	Upside (%)	2025 target P/B (x)
KBFG	BUY	143,000	150,000	4.9	126,000	19.0	0.90
SFG	BUY	86,000	94,000	9.3	78,400	19.9	0.81
HFG	BUY	113,000	119,000	5.3	93,000	28.0	0.78
WFG	HOLD	32,000	32,000	0.0	27,950	14.5	0.68
IBK	HOLD	21,000	23,000	9.5	21,000	9.5	0.59
BNKFG	BUY	19,000	20,000	5.3	15,540	28.7	0.56
IMFG	BUY	18,000	19,000	5.6	14,500	31.0	0.57
JBFG	HOLD	27,000	28,000	3.7	25,050	11.8	0.89
Kakao Bank	HOLD	28,000	27,000	(3.6)	21,700	24.4	1.76
Average							0.78

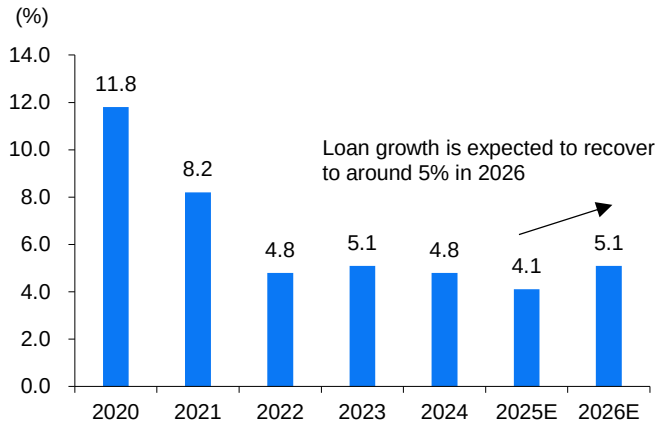
Note: As of Dec 9; average excluding Kakao Bank
Source: Company data, Samsung Securities estimates

Loan growth to recover to around 5%

Loan growth to be slow at 4% in 2025 before recovering to around 5% in 2026

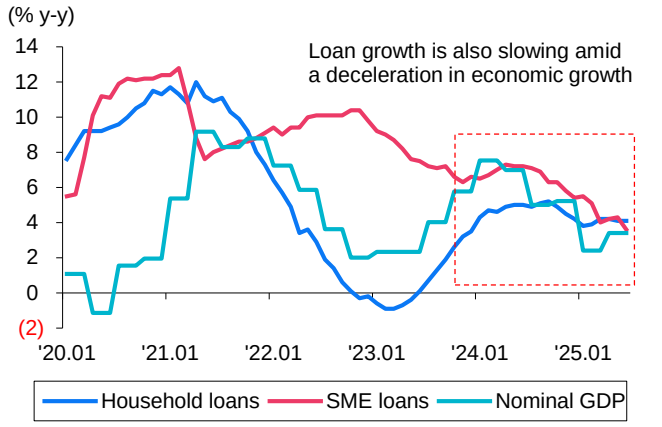
We expect loan growth to recover to around 5% in 2026 (vs 4% in 2025). Banks are likely to: 1) keep household loan growth below the projected 2026 nominal GDP growth of 4%; but 2) increase corporate lending (as part of productive finance initiatives and inclusive finance initiatives) amid an easing of economic uncertainties.

Annual loan growth



Note: Based on banks under our coverage
Source: BOK, Samsung Securities estimates

Household loans vs SME loans vs nominal GDP growth



Source: BOK, Samsung Securities

Household loans to be kept around nominal GDP growth rate

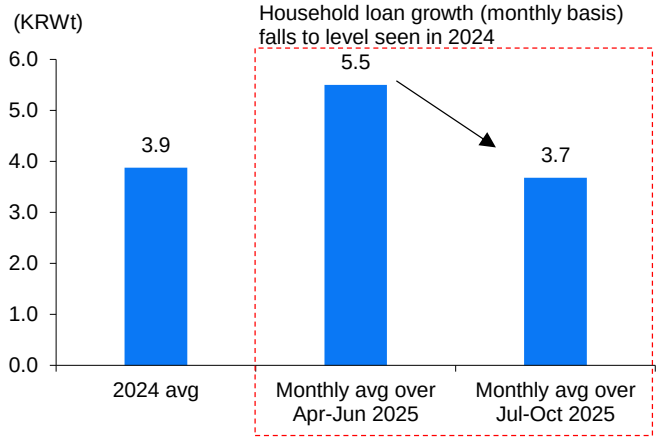
Household loan growth to slow further in 2026—higher mortgage rates to impact loan limits

We expect the pace of banks' household loan growth to slow further in 2026 given ongoing government action to rein in household debt (which actions should cause household loan growth to slow in 2025). Notably: 1) tightened mortgage regulations in 2H25 should continue to impact household loan growth; 2) financial authorities are calling for productive finance initiatives; and 3) recent increases in mortgage rates are hindering mortgage growth.

Loan growth to be kept around nominal GDP growth rate—loan demand still high

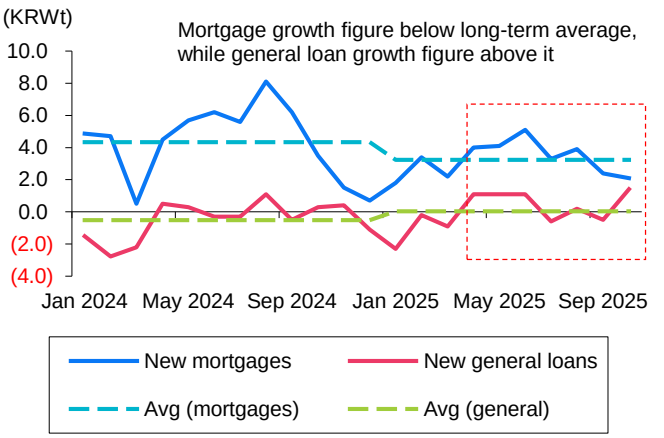
The pace of household loan growth should remain around the projected nominal GDP growth rate of 4% in 2026—in line with the government's stance to promote a gradual reduction in the household debt ratio. Yet, investors need to be aware that demand for household loans (*eg*, mortgages) is strong.

Average monthly increase in household loans



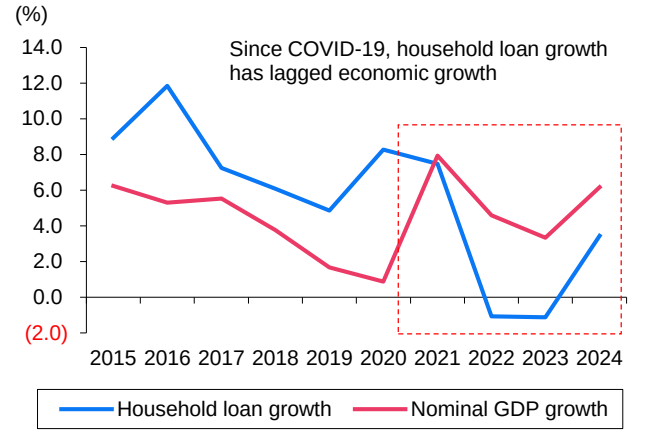
Source: BOK, Samsung Securities

Monthly net change: Mortgages vs general loans



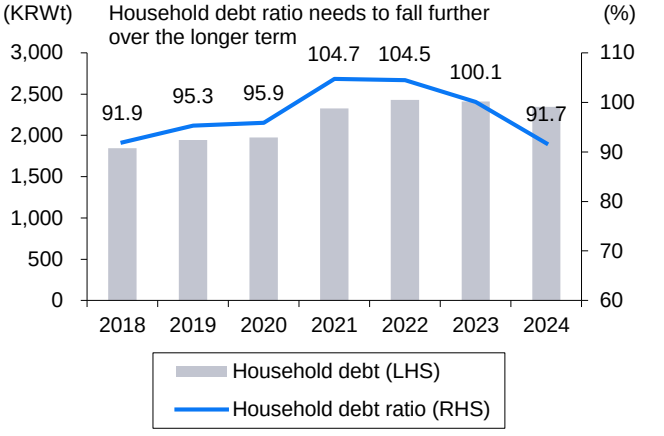
Source: BOK, Samsung Securities

Household loan growth vs nominal GDP growth



Source: BOK, Samsung Securities

Household debt vs household debt-to-GDP ratio



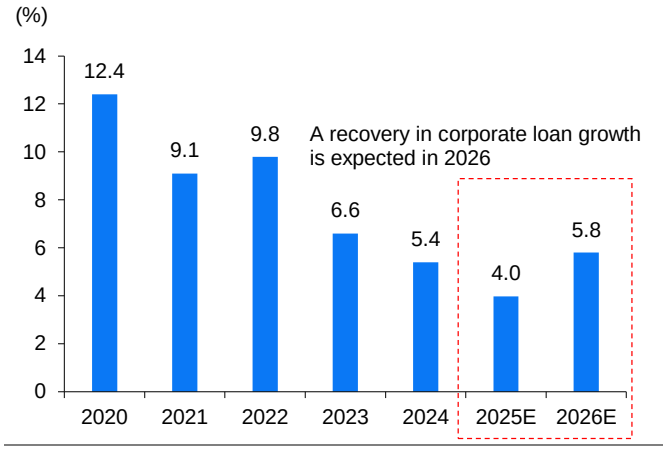
Source: BOK, Samsung Securities

Corporate loans: 'Productive finance' and 'inclusive finance' initiatives essential

Corporate loans to pick up in 2026

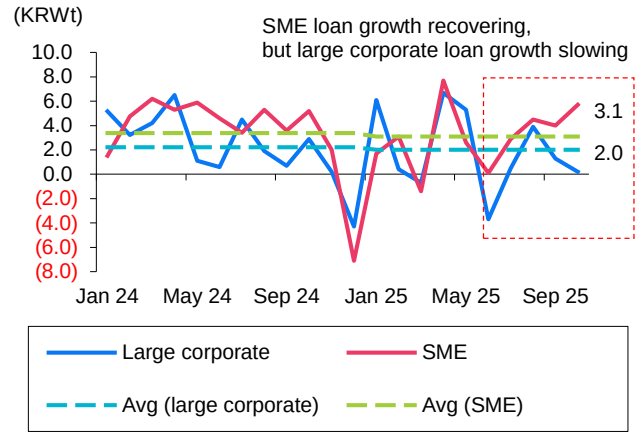
We believe banks' corporate loans will grow 5.8% in 2026, backed by: 1) 'productive finance' and 'inclusive finance' initiatives; and 2) an improved business environment for SMEs. Yet, banks' continued prudence in terms of managing their capital ratios should limit the risk of excessive loan growth.

Corporate loan growth



Note: Based on banks under our coverage
Source: BOK, Samsung Securities estimates

Monthly net increase: Large corporate loans vs SME loans



Source: BOK, Samsung Securities

'Productive finance' and 'inclusive finance' initiatives

The key theme for corporate loans in 2026 should be 'productive finance' and 'inclusive finance' initiatives. In line with the government's policy, the country's top-four financial groups have already announced plans to provide around KRW400t (combined) over the next five years. The planned allocation is as follows: 1) KRW40t for a national growth fund; 2) KRW42t-47t for direct investments; 3) KRW260t-263t for loans; and 4) KRW52t-57t for inclusive finance, which should primarily target small business owners and the self-employed rather than individual borrowers.

'Productive finance' to account for 4.4% of loan balance; refinancing and partial loan repayments need to be considered

If loans from both productive and inclusive finance initiatives are categorized as corporate loans, this would represent a total loan supply of KRW316t over the next five years, or KRW63.2t *pa*, which would be equivalent to 8.6% of the top-four financial groups' corporate loan balance or 4.4% of their total loan balance (as of end-3Q25).

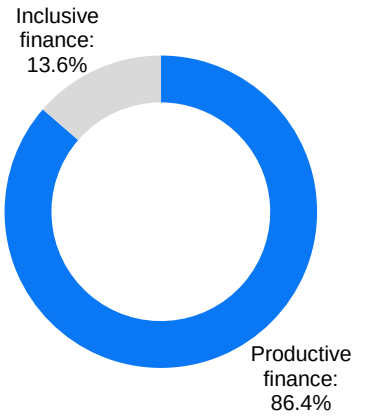
However, the actual impact on banks' loan growth is likely to be lower—increased inter-bank competition and debt refinancing should lead to partial loan repayments and a reduction in the outstanding balance.

Banks: Productive and inclusive finance

(KRWt)	National Growth Fund	Group investment	Loans	Inclusive finance	Total	Annual average	3Q25 corporate loan balance	vs corporate loan balance (%)	3Q25 total loan balance	vs total loan balance (%)
KBFG	10	15	68	17	110	22	193.4	8.8	375.5	4.5
SFG	10	10-15	72-75	12-17	110	22	184.9	9.5	397.5	4.4
HFG	10	10	64	16	100	20	177.2	9.0	317.7	5.0
WFG	10	7	56	7	80	16	178.3	7.1	330.8	3.8
Total*	40	44.5	261.5	54.5	400	80	733.8	8.6	1421.5	4.4

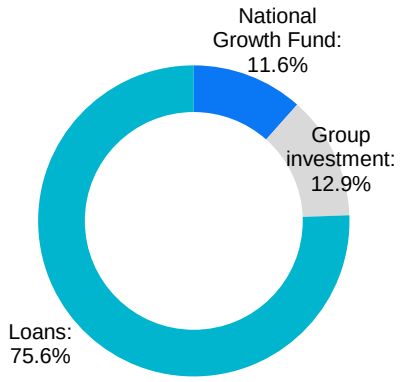
Note: SFG's total reflects midpoint of the range
Source: Company data, Samsung Securities

Big-4 financial holding groups: Composition of productive and inclusive finance



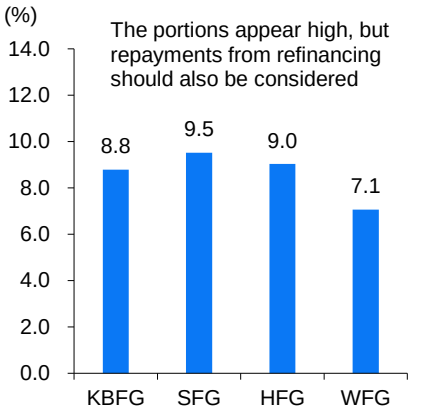
Source: Company data, Samsung Securities

Big-4 financial holding groups: Breakdown of productive finance



Source: Company data, Samsung Securities

Big-4 financial holding groups: Productive finance vs corporate loan balance



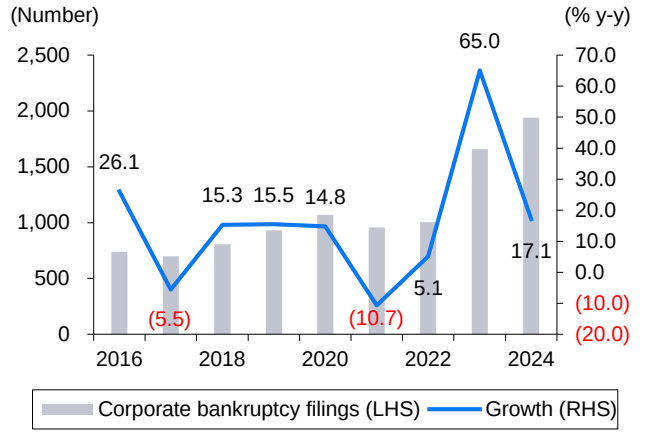
Source: Company data, Samsung Securities

Industry conditions for SMEs to improve gradually

The business environments for SMEs remains challenging. The number of firms filing for bankruptcy remains high, and the recovery prospects for the construction and real-estate sectors should depend heavily on the trajectory of the property market.

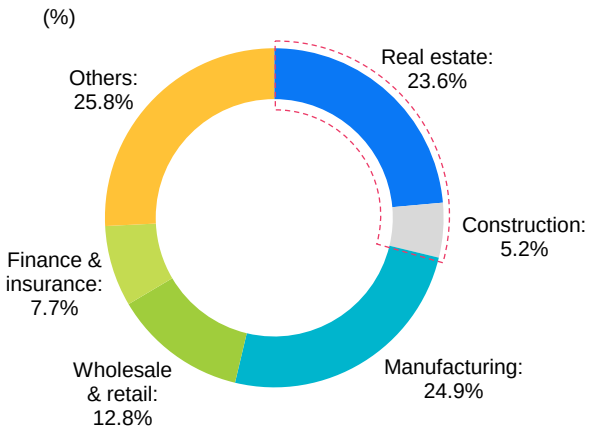
Yet, SME loan growth should gradually pick up, as: 1) the Business Survey Index and the Composite Business Sentiment Index are showing signs of improvement; and 2) the end of Korea-US tariff negotiations should positively affect business conditions.

Number of corporate bankruptcy filings vs growth



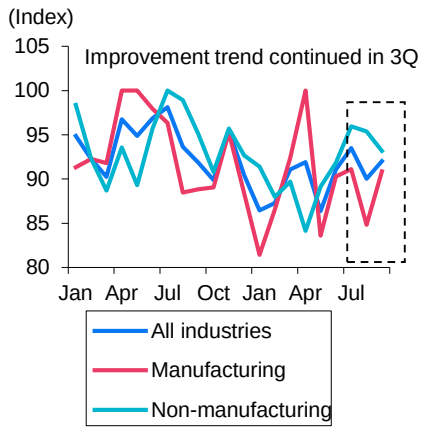
Source: Supreme Court of Korea, Samsung Securities

Banks: Corporate loans issued, by industry



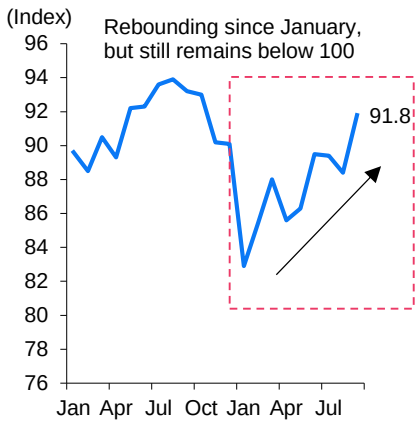
Source: BOK, Samsung Securities

Business Survey Index



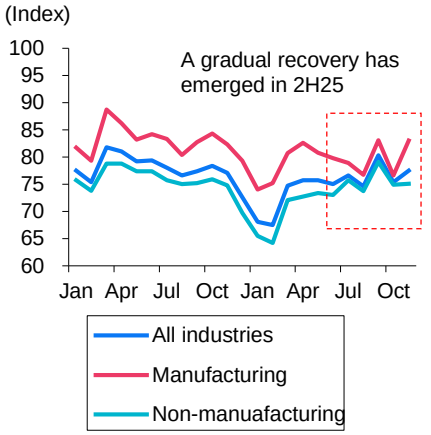
Source: Korea Economic Research Institute, Samsung Securities

Composite Business Sentiment Index



Source: BOK, Samsung Securities

Small Business Health Index

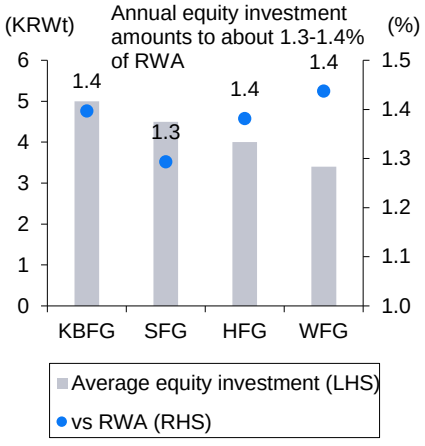


Source: KBIZ, Samsung Securities

Corporate loans to increase 6% in 2026; excessive growth unlikely

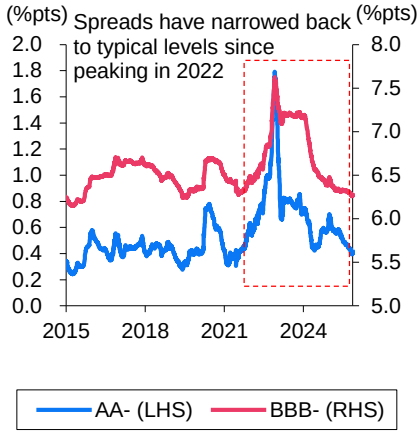
We forecast banks' corporate loan growth will be kept at around 6%, reflecting: 1) only a gradual improvement in the business environment; 2) regulations on banks' capital ratios and return on risk-weighted assets (RoRWA), which constrain aggressive balance-sheet expansion; and 3) the prospects that a stronger recovery in the corporate bond market will encourage large firms to refinance in capital markets and repay some of their bank loans (which ballooned after the COVID-19 period).

Average equity investments vs RWA



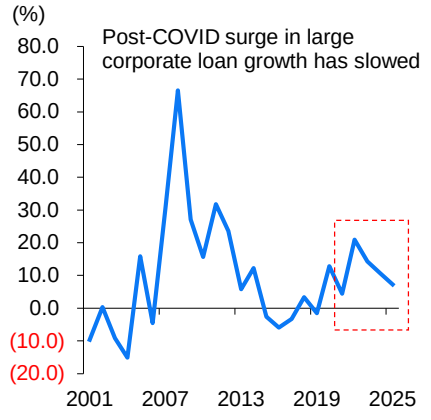
Note: Assuming a 100% risk weight
Source: Company data, Samsung Securities

Corporate bond yield spreads



Source: KOFIA, Samsung Securities

Large corporate loan growth



Source: BOK, Samsung Securities

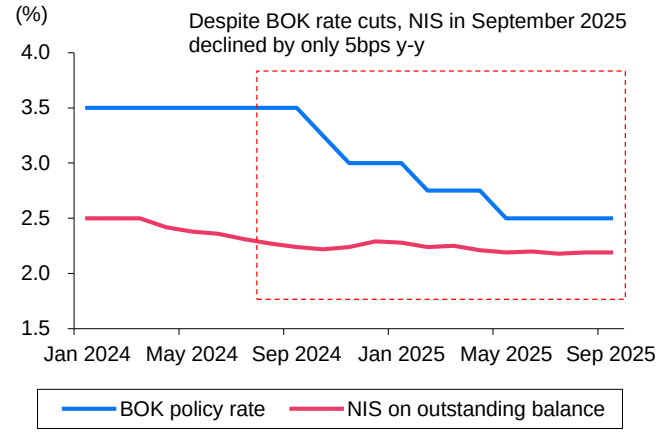
NIM to stay steady on repricing and diminished expectations for rate cuts

NIM rises at some banks in 2025, despite rate cuts—various factors in play

Banks' NIS on outstanding balance held steady in 2025, despite rate cuts. At some banks, NIM even improved—1Q-3Q NIM up 1-2bps vs the 2024 average.

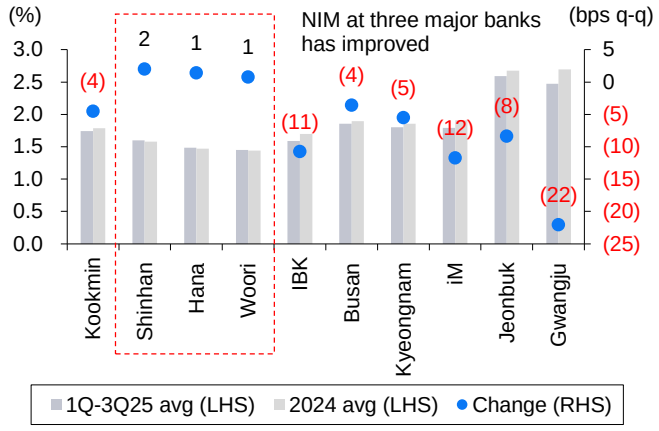
NIM has been bolstered by a combination of factors: 1) a drop in time deposit rates (to reflect rate cuts); 2) an influx of low-cost deposits; 3) slower mortgage growth (mortgages are low-margin loans); 4) a widening of mortgage-rate spreads (amid government actions to rein in household debt); and 5) a favorable repricing of hybrid mortgages sold five years ago.

BOK policy rate vs NIS on outstanding balance



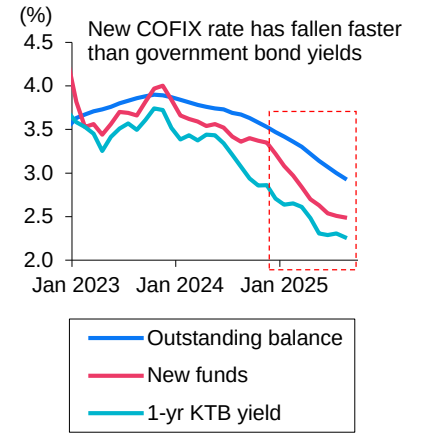
Source: BOK, Samsung Securities

Change in NIM, by bank (1Q-3Q25 avg vs 2024 avg)



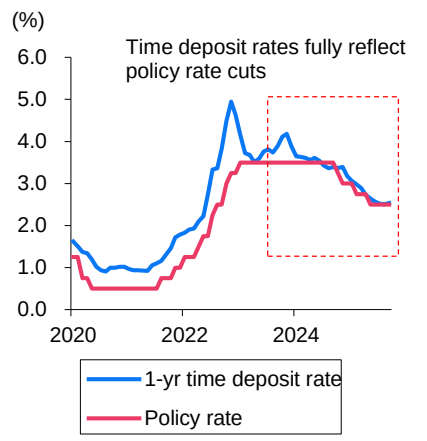
Source: Company data, Samsung Securities

COFIX rate vs 1-yr KTB yield



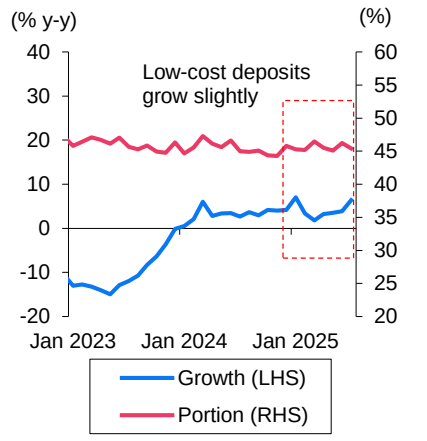
Source: KFB KOFIA, Samsung Securities

1-yr time deposit rate vs policy rate



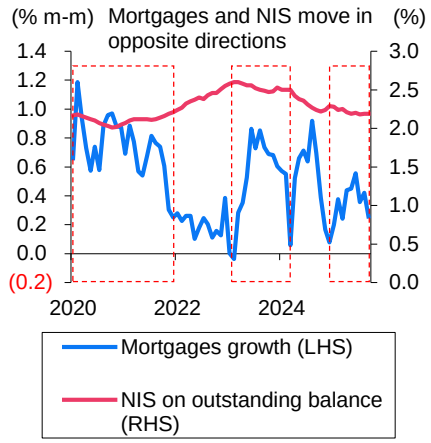
Source: BOK, Samsung Securities

Low-cost portion of deposits



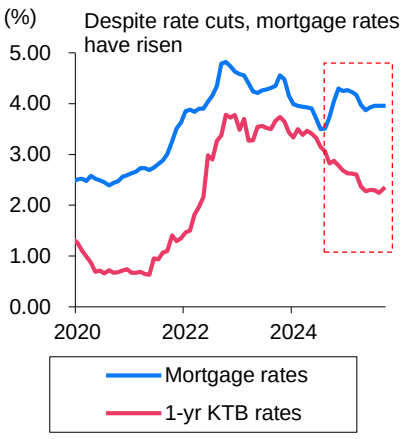
Source: BOK, Samsung Securities

Mortgages growth vs outstanding NIS



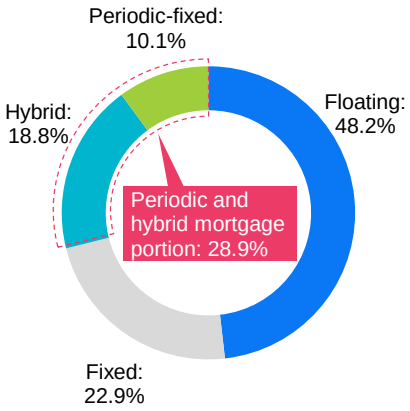
Source: BOK, Samsung Securities

Mortgage vs 1-yr treasury bond rates



Source: BOK, KOFIA, Samsung Securities

Mortgages, by type



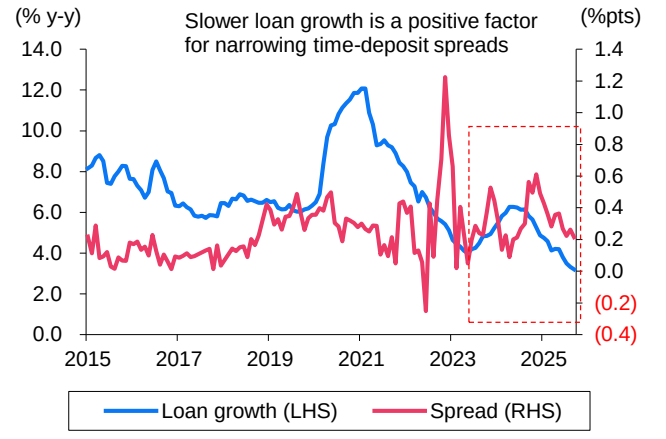
Note: As of end-2023
Source: FSC, Samsung Securities

Factors that supported NIM in 2025 to remain intact in 2026

Factors that helped banks protect their NIM in 2025 are likely to remain intact in 2026: 1) stable funding costs as a result of banks managing loan growth; 2) an influx of low-cost deposits amid low market interest rates; and 3) government action to rein in household debt.

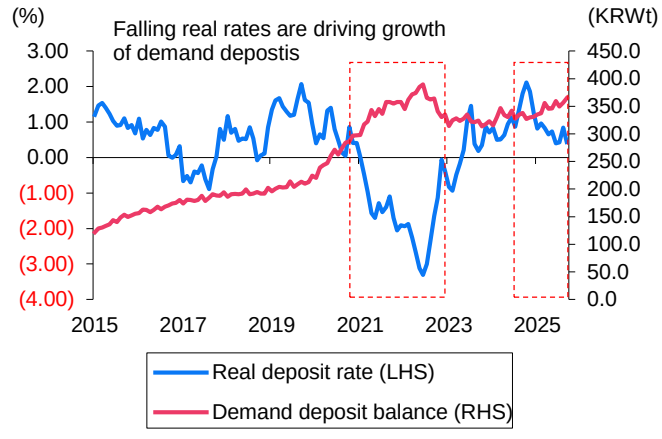
A tightening of mortgage rate spreads would conflict with the ongoing government action to rein in household debt levels. If mortgage rates fall, that would: 1) stimulate loan demand; and 2) increase available loan amounts (under DSR rules).

Loan growth vs 1-yr time-deposit spread



Note: The spreads are measured against the 1-yr KTB yield
Source: BOK, KOFIA, Samsung Securities

Real deposit rates vs demand deposit balance



Source: BOK, KOFIA, Samsung Securities

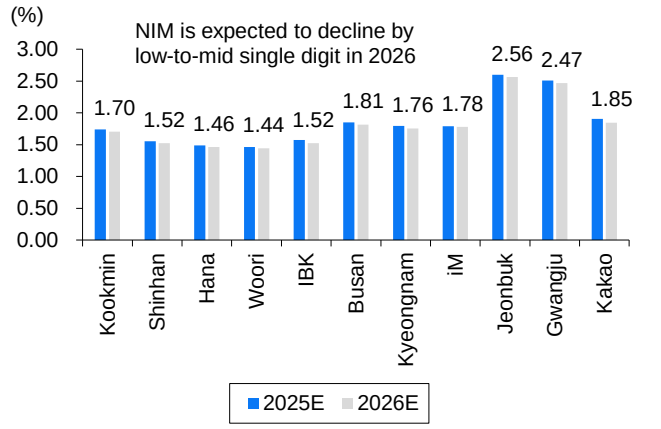
Tighter SME loan rate spreads to squeeze NIM a little

Tighter SME loan rate spreads would squeeze NIM a little, as: 1) spreads on SME loans, already below the 10-year average, have limited downside; and 2) in the event of an economic recovery, a shift in loan mix towards SMEs would be positive for NIM.

Conservatively assuming slight NIM decline in 2026

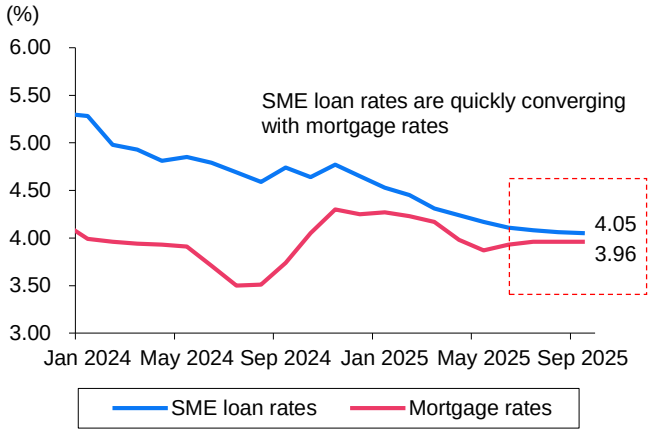
We expect banks' NIM to fall only by a low- to mid-single digit next year, as: 1) the factors that helped defend NIM in 2025 are likely to persist in 2026; and 2) downward NIM pressure from accelerating SME loan growth, should be limited.

NIM estimates, by bank



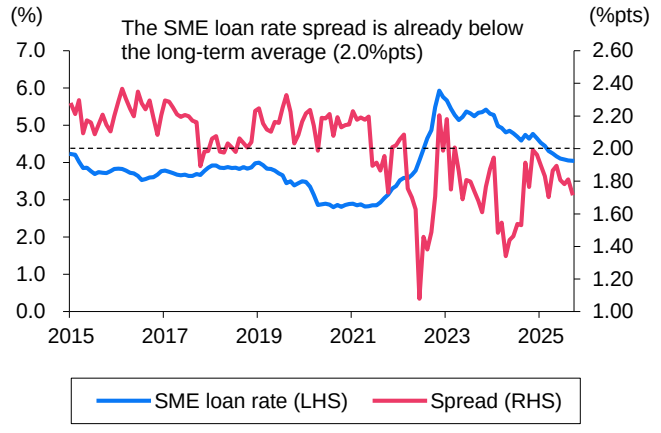
Source: Samsung Securities estimates

SME loan rates vs mortgage rates



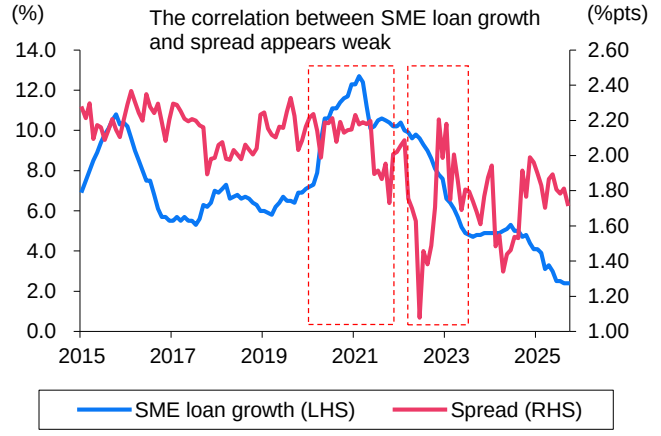
Source: BOK, Samsung Securities

SME loan rates vs spread (vs 1-yr KTB yield)



Source: BOK, KOFIA, Samsung Securities

SME loan growth vs spread against the 1-yr treasury yield



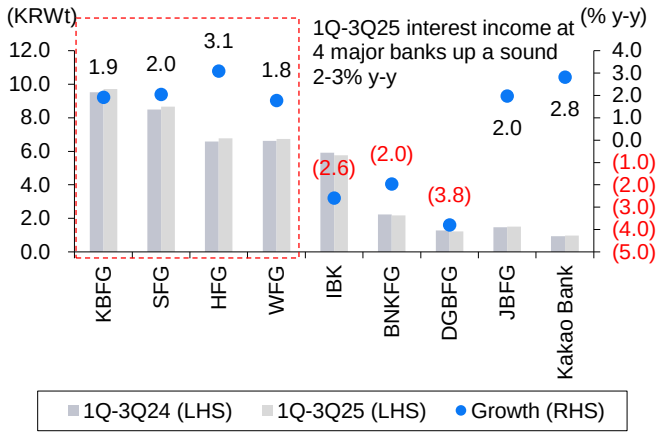
Source: BOK, KOFIA, Samsung Securities

Interest income to be supported by loan growth recovery and efforts to defend NIM

Interest income growth to improve in 2026

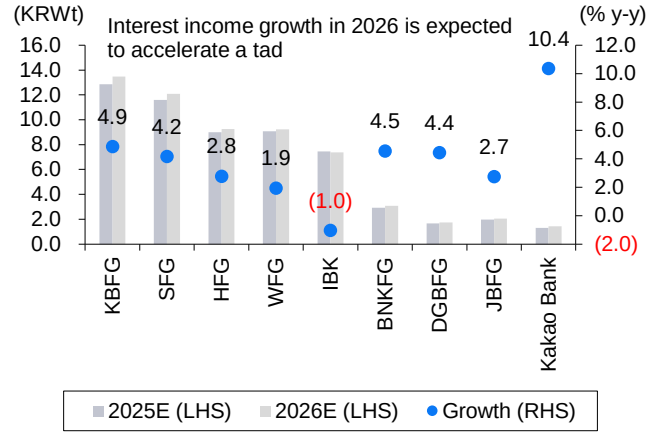
We believe banks' interest income will grow 3.2% in 2026, accelerating slightly y-y. NIM is likely to edge down, but solid loan growth of around 5% should adequately offset the NIM contraction. On a side note, a 1% increase in annual interest income provides a 1.8% boost to pre-tax profit.

Banks: Interest income vs growth (1Q-3Q25 vs 1Q-3Q24)



Source: Company data, Samsung Securities

Banks: Interest income estimates vs growth



Source: Samsung Securities estimates

Impact on pre-tax profit from a 1% increase in interest income, by bank

(KRWb)	2024 interest income	Value of 1% increase in interest income	2025E pre-tax profit	Impact on 2025E pre-tax profit (%)
KBFG	12,826.7	128.3	7,789.4	1.6
SFG	11,402.3	114.0	7,118.1	1.6
HFG	8,761.0	87.6	5,555.3	1.6
WFG	8,886.3	88.9	4,363.7	2.0
IBK	7,891.9	78.9	3,713.4	2.1
BNKFG	2,977.3	29.8	1,146.2	2.6
iMFG	1,686.0	16.9	637.1	2.6
JBFG	1,976.0	19.8	946.7	2.1
Kakao Bank	1,269.4	12.7	619.2	2.1
Total	**57,676.9**	**576.8**	**31,889.1**	**1.8**

Source: Company data, Samsung Securities estimates

Loan-loss provisioning—credit costs stabilizing at lower level another pillar of earnings growth

Credit cost improvements, alongside interest income growth, should prove to be another pillar of earnings growth in 2026.

Credit costs lower in 3Q—reversal of asset quality indicators more noteworthy than provisioning

Credit costs moved for the better in 3Q, partly thanks to provisioning in 1H, but asset quality indicator improvements warrant attention. It would be reasonable to interpret the credit cost improvements as marking a reversal in the asset quality cycle. Moderation of the pace of deterioration (in terms of asset quality indicators—*ie*, before NPL sales/write-offs) is particularly positive.

CCR trends, by bank

(%)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
KBFG	0.63	0.61	0.41	1.26	0.39	0.49	0.43	0.48	0.56	0.55	0.30
SFG	0.46	0.55	0.49	0.68	0.36	0.49	0.44	0.58	0.42	0.59	0.40
HFG	0.37	0.48	0.43	0.54	0.26	0.26	0.26	0.42	0.29	0.32	0.27
WFG	0.30	0.60	0.29	0.87	0.39	0.44	0.48	0.47	0.46	0.53	0.58
IBK	0.81	0.72	0.60	0.97	0.43	0.63	0.52	0.63	0.38	0.53	0.41
BNKFG	0.47	0.60	0.59	1.75	0.61	0.70	0.72	1.08	0.93	0.55	0.45
iMFG	0.74	0.76	0.79	1.58	1.05	1.94	0.74	0.95	0.46	0.53	0.64
JBFG	0.78	0.91	1.00	1.46	0.86	1.16	0.85	0.94	1.06	0.83	0.77
Kakao Bank	0.70	0.68	0.77	0.67	0.55	0.52	0.55	0.87	0.54	0.49	0.60
Total	**0.52**	**0.60**	**0.48**	**0.94**	**0.41**	**0.53**	**0.45**	**0.57**	**0.47**	**0.51**	**0.41**

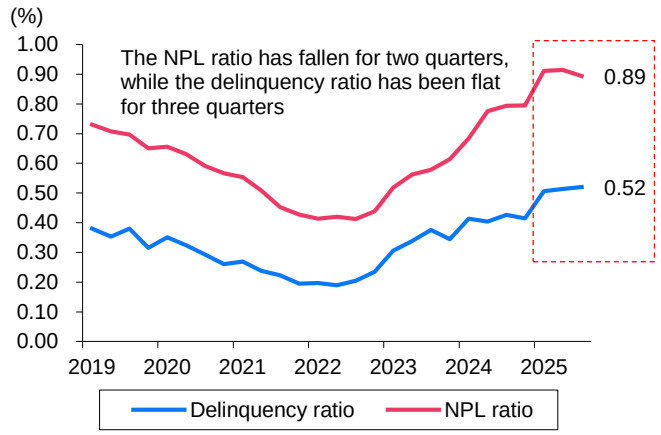
Source: Company data, Samsung Securities

Loan-loss provisioning and change, by bank

(KRWb)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
KBFG	668.2	651.3	448.7	1,378.2	428.3	552.8	498.1	565.1	655.6	655.1	364.5
SFG	454.9	531.3	481.0	662.8	366.2	514.0	463.9	616.3	449.9	636.7	439.6
HFG	354.3	472.6	424.6	533.8	263.9	272.8	269.8	432.5	302.0	338.3	292.7
WFG	262.4	517.8	263.2	796.6	363.4	416.0	472.8	462.8	441.9	508.8	574.3
IBK	596.7	537.8	455.8	733.4	333.8	487.9	405.0	499.0	308.6	433.0	339.9
BNKFG	125.3	165.4	165.9	494.8	172.9	200.1	207.9	314.2	273.7	162.0	135.7
iMFG	107.8	113.3	122.2	244.0	165.9	313.0	117.6	152.4	74.4	86.3	105.2
JBFG	90.7	106.3	120.5	177.1	106.0	145.5	107.3	120.8	138.2	111.7	104.2
Total	2,660.1	3,095.9	2,481.9	5,020.6	2,200.3	2,902.1	2,542.4	3,163.2	2,644.3	2,931.9	2,356.1
Growth (% y-y)	**141.7**	**62.1**	**90.0**	**41.1**	**(17.3)**	**(6.3)**	**2.4**	**(37.0)**	**20.2**	**1.0**	**(7.3)**

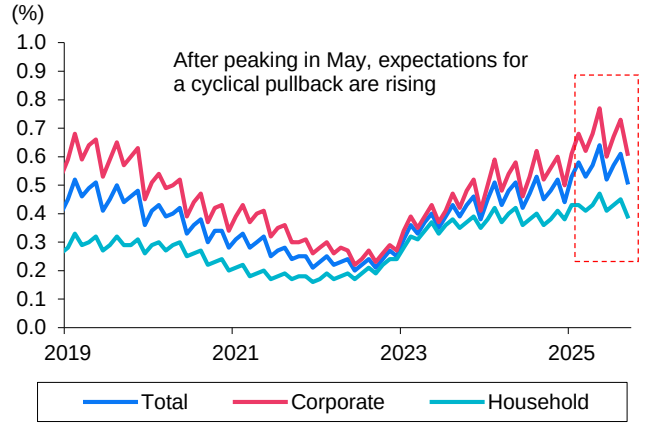
Source: Company data, Samsung Securities

Delinquency ratio vs NPL ratio



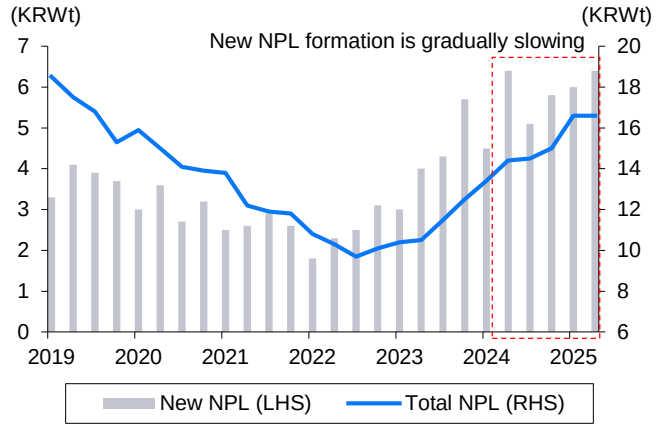
Note: Based on banks under our coverage
Source: Company data, Samsung Securities

Delinquency ratio, by loan type



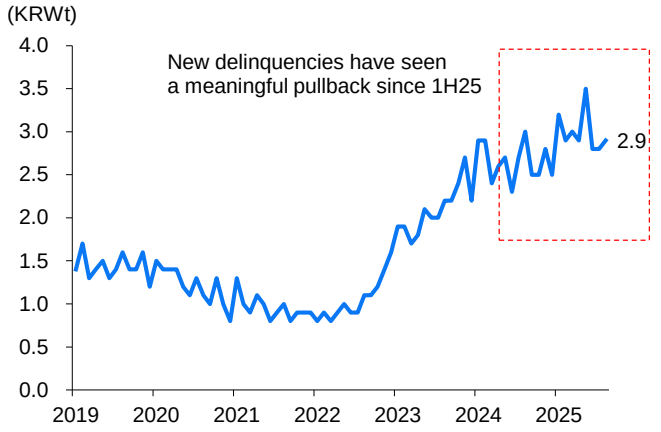
Source: FSS, Samsung Securities

New NPL formation vs total NPL



Source: FSS, Samsung Securities

New delinquencies



Source: FSS, Samsung Securities

2026 credit costs to be visibly lower

We expect credit costs to improve 12bps to 0.39% in 2026, given: 1) the government's rollout of economic stimulus measures; 2) declining market interest rates leading to asset quality improvements; 3) productive finance initiatives aimed at improving the liquidity environment; and 4) provisioning made in 2025 related to real-estate finance.

On a side note, a 1bps drop in credit costs (on a consolidated basis) would add KRW0.24t to profits. So, if credit costs improve 12bps, pre-tax profit would improve 8.8%.

Credit cost ratios, by bank

	2020	2021	2022	2023	2024	2025E	2026E	Change (%pts)
KBFG	0.28	0.30	0.44	0.72	0.44	0.50	0.43	(0.06)
SFG	0.39	0.27	0.33	0.54	0.46	0.52	0.40	(0.12)
HFG	0.28	0.16	0.30	0.45	0.30	0.37	0.27	(0.10)
WFG	0.26	0.17	0.26	0.50	0.44	0.54	0.35	(0.20)
IBK	0.67	0.36	0.54	0.77	0.57	0.49	0.38	(0.11)
BNKFG	0.50	0.42	0.51	0.89	0.77	0.70	0.52	(0.17)
iMFG	0.53	0.31	0.59	0.95	1.16	0.61	0.45	(0.16)
JBFG	0.47	0.31	0.58	1.02	0.94	1.09	0.92	(0.17)
Kakao Bank	0.29	0.35	0.62	0.64	0.61	0.54	0.50	(0.03)
Average	**0.38**	**0.26**	**0.39**	**0.63**	**0.49**	**0.51**	**0.39**	**(0.12)**

Source: Company data, Samsung Securities estimates

Earnings impact stemming from improvements in CCR, by bank

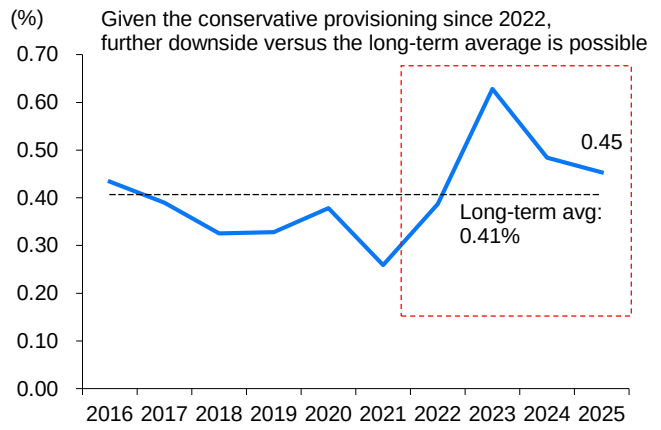
(KRWb)	Total credits (KRWt)	Earnings impact if 1bp improvement in CCR	2026E improvement in CCR (bps)	Earnings impact	2025E pre-tax profit	Impact on 2025E pre-tax profit (%)
KBFG	478.6	47.9	6	306.6	7,789.4	3.9
SFG	436.9	43.7	12	527.7	7,118.1	7.4
HFG	438.8	43.9	10	422.4	5,555.3	7.6
WFG	394.5	39.4	20	774.2	4,363.7	17.7
IBK	332.8	33.3	11	363.8	3,713.4	9.8
BNKFG	120.1	12.0	17	209.5	1,146.2	18.3
iMFG	66.0	6.6	16	102.5	637.1	16.1
JBFG	54.4	5.4	17	94.8	946.7	10.0
Kakao Bank	45.2	4.5	3	14.6	619.2	2.4
Total	**2,367.3**	**236.7**	**12**	**2,816.0**	**31,889.1**	**8.8**

Source: Company data, Samsung Securities estimates

Credit costs have further room to improve over longer term—card companies key to this

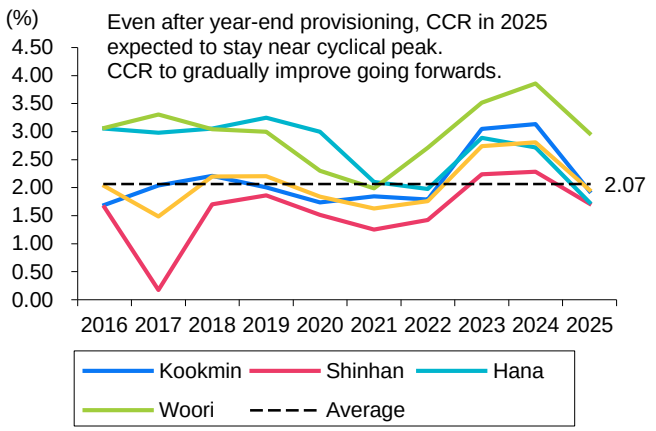
Banks' credit cost improvements are likely to continue over the longer term. Credit costs averaged 0.45% over 1Q-3Q25, remaining above the 10-year average of 0.41%, but may ultimately fall below this long-term average figure. The pace of credit cost improvement at card companies should prove particularly important, as these firms account for 35.4% of financial groups' consolidated provisioning.

Financial holding groups: Credit cost rate



Note: Based on weighted average of groups under coverage
2025 is based on 1Q-3Q25 figure
Source: Company data, Samsung Securities

Credit cost rate, by card company



Note: 2025 figures are based on 1Q-3Q25 data
Source: Company data, Samsung Securities

Big-3 financial holding groups: Breakdown of provisioning expense

(KRWb)	Provisioning expense			Portion of provisioning expense (vs group) (%)		Impact on CCR (%)			
	Bank (a)	Card (b)	Group (c)	Bank (a/c)	Card (b/c)	Group total credits (d)	Bank (a/d)	Card (b/d)	Group (c/d)
KBFG	706.5	547.8	1,675.2	42.2	32.7	478,625.7	0.20	0.15	0.47
SFG	512.6	669.8	1,504.3	34.1	44.5	436,878.7	0.16	0.20	0.46
HFG	365.8	236.3	932.5	39.2	25.3	438,808.4	0.11	0.07	0.28
Total	**1,584.9**	**1,453.9**	**4,112.0**	**38.5**	**35.4**	**1,354,312.8**	**0.16**	**0.14**	**0.40**

Note: CCR is annualized
Source: Company data, Samsung Securities estimates

Non-banking earnings to turn up

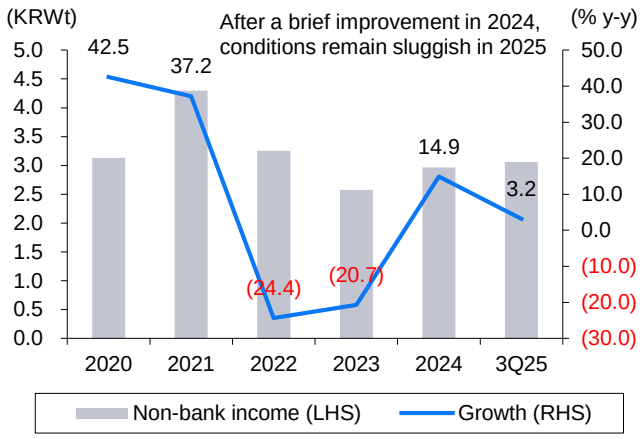
Non-banking businesses remained a sore point for banks until 3Q, but should gradually perform better in 2026 given the potential for: 1) less provisioning; 2) lower funding costs; and 3) greater roles (to play under productive finance initiatives, which are designed to strengthen investments).

Big-3 financial holding groups: Non-banking income

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	1Q-3Q24	1Q-3Q25	Growth (% y-y)
KBFG	659.6	615.9	501.9	49.1	670.8	577.2	509.1	1,777.4	1,757.2	(1.1)
SFG	392.9	300.6	247.8	(186.6)	360.3	410.3	230.2	941.3	1,000.8	6.3
HFG	190.9	127.0	126.7	(62.1)	134.8	80.1	84.2	444.6	299.1	(32.7)
Total	**1,243.4**	**1,043.5**	**876.3**	**(199.6)**	**1,165.9**	**1,067.6**	**823.5**	**3,163.3**	**3,057.1**	**(3.4)**

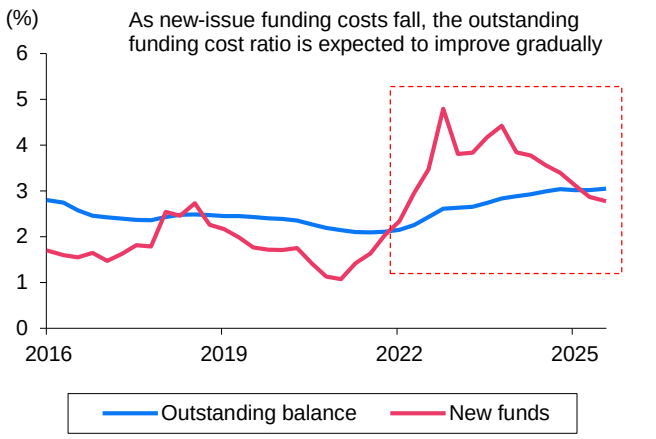
Source: Company data, Samsung Securities

Big-3 financial groups: Non-banking income vs growth



Note: On a combined basis for the big 3 financial holding groups
Based on 1Q-3Q25 data; the 3Q25 growth rate is vs 2024 figure
Source: Company data, Samsung Securities

Funding costs at Samsung Card



Source: Samsung Card, Samsung Securities

Korean banking stocks see unprecedented rally, but valuation gap yet to narrow

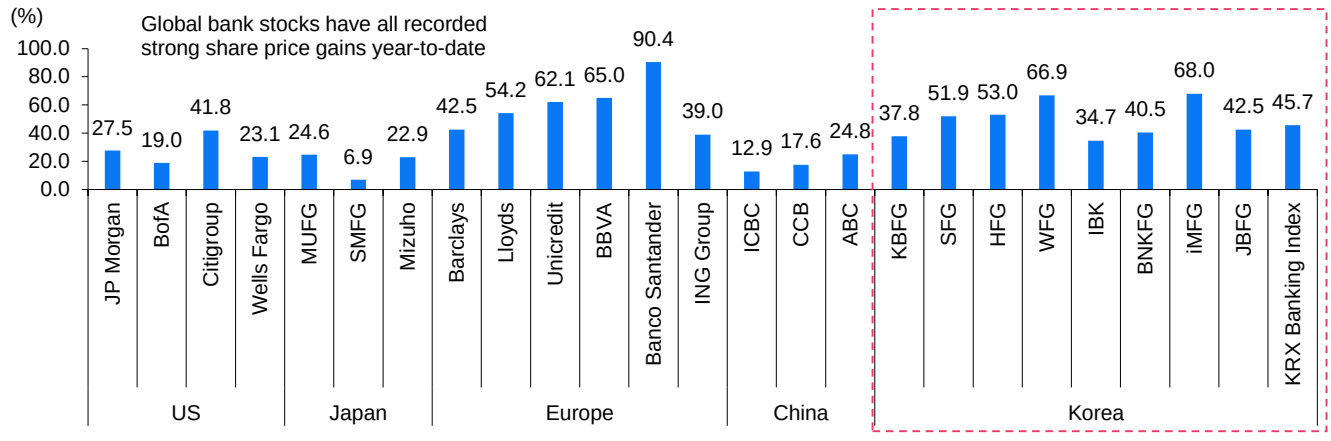
Korean banking stocks surge, but global bank stocks also rally

Those who are skeptical towards further rallies for Korean banking stocks this year point to the fact that their share prices have risen too far too fast (vs moves in usual years).

But global banking stocks have also been on a tear this year. The runup has been particularly spectacular for major European banks—*eg*, Spain's largest bank Banco Santander has doubled (+101.6% ytd). Italy's Unicredit, whose P/B fell to 0.24x due to the European fiscal crisis in early 2010, is up 696.8% since its 2022 bottom to recently trade at a 2026 P/B of 1.3x and a market cap of EUR106b.

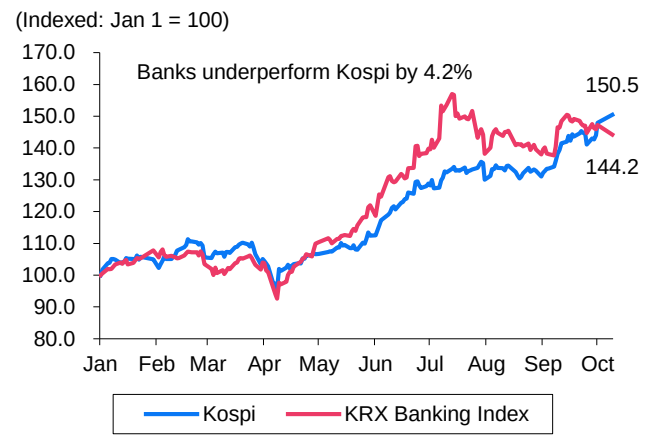
Such reratings by global banks suggest that Korean banking stocks still have plenty of room to rise. Notably, the factors that have driven the runups for global banks are also valid for Korean banks.

Ytd share performance, by global bank



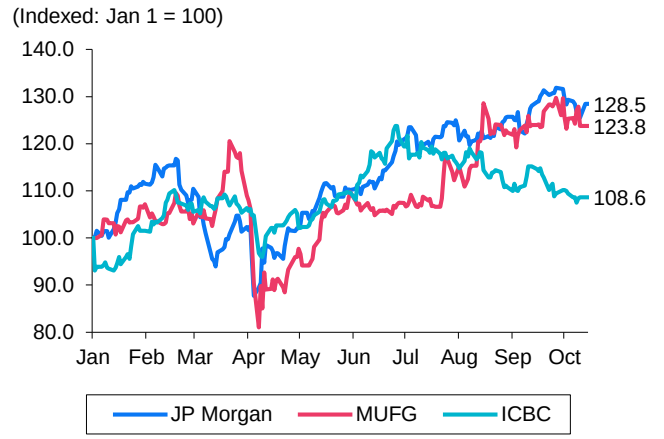
Note: As of Oct 15
Source: Bloomberg, Samsung Securities

Kospi vs KRX Banking Index



Source: KRX, Samsung Securities

Major global banks: Share performance



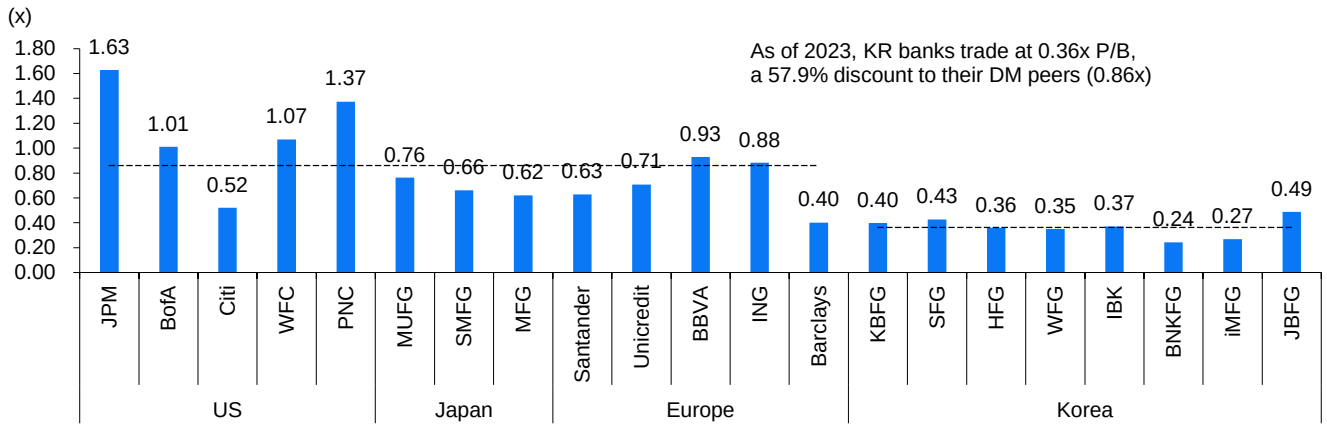
Source: Bloomberg, Samsung Securities

Despite Korean banks' strong run, valuation gap remains wide

In short, while Korean banks have enjoyed an unprecedented rally, they have failed to narrow the valuation gap with their major global peers. Korean banks still trade at P/B multiples that are less than 50% of those of major global banks, as they did in late 2023.

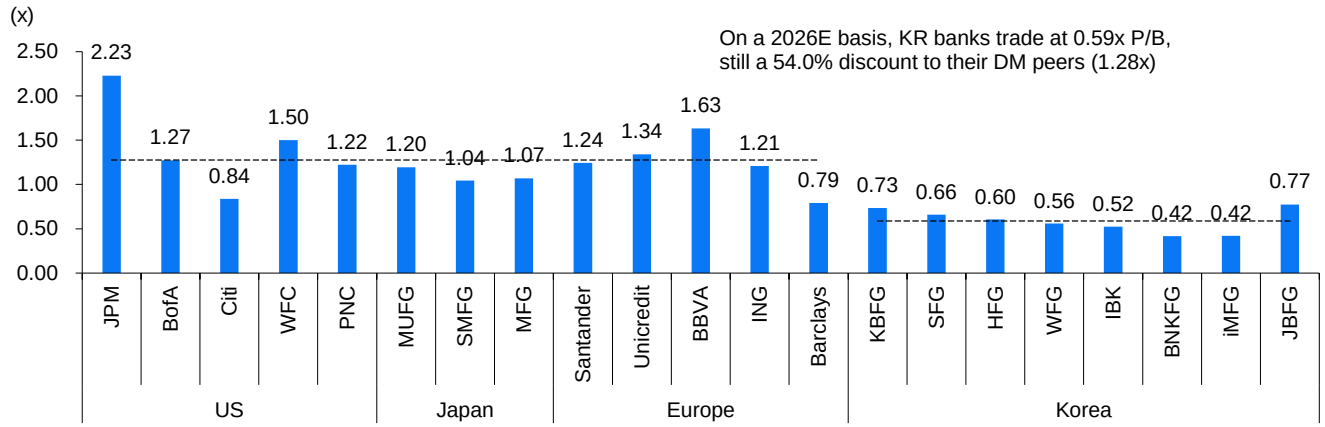
This indicates that the discount that has long been shouldered by Korean banking stocks has not meaningfully dissipated. We examine the key factors that must be addressed to reduce the discount that is currently embedded in the valuation of Korean banks.

2023 P/B, by global bank



Source: Bloomberg, Samsung Securities

2026E P/B, by global bank



Note: As of Nov 19

Source: Bloomberg, Samsung Securities

Uncertainty towards earnings & shareholder returns, but calibrated measures to ensure banks' ability to provide liquidity

Concerns raised over banks' earnings and shareholder returns, but calibrated measures to ensure banks' ability to provide liquidity

Korean banks are struggling to shed their discounts, primarily because of lingering concerns towards their earnings and shareholder returns. A series of developments in 2H should not only weigh on their 2025 earnings, but also raise doubts as to whether banks can meet their shareholder return promises.

However, these concerns should ease as banks' shareholder return policies takes shape and the impact of these policies is revealed through banks' earnings. There is a strong need for banks to supply liquidity, but banks' weaker earnings and lower capital ratios could constrain their lending ability. Financial authorities are therefore likely to roll out calibrated measures to ensure banks' ability to provide liquidity.

Five measures weighing on banks' earnings

	Bad bank	Education tax	LTV collusion penalty	ELS penalty	Mortgage RW
Category	Equity Investment	Taxation	Fines/Penalties	Fines/Penalties	Capital Requirement
Authority	FSC	MOEF	FTC	FTC/FSC	FSC
Timeline	- Launched in August - Purchases of delinquent loans began in October	- Final confirmation at National Assembly: Nov 2025 - Effective from 2026 - New tax rate (0.5%→1%) applies to income generated from Jan 1, 2027	- FTC plenary session as early as end-2025 - Final decision on illegality and fine level	- Final decision expected by end-2025 - Implementation in early 2026	- Currently under internal review by financial authorities - Expected to be discussed as part of Basel Ⅲ-based capital regulation revisions in 2025-2026

Source: Samsung Securities

Education tax—Taxable revenue items to be adjusted

The Ministry of Economy and Finance's proposed education tax hike for financial institutions, including insurers, has been passed. Revenue in excess of KRW1t will be subject to an education tax rate of 1% (vs 0.5% currently) from 2026.

Earnings impact – education tax could reduce earnings at four major financial groups by 3%

To be conservative, we simply calculated the education tax based on each financial group's interest revenue. As such, we believe the earnings impact of the new tax will be 3.1%.

But actual earnings impact to be smaller, given potential adjustments to taxable revenue items

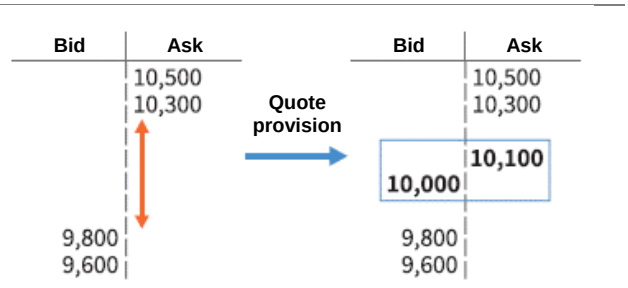
But the higher education tax should have a smaller earnings impact than feared. The Ministry of Economy and Finance is currently gathering feedback from financial institutions on how to determine the tax base, so taxable revenue items are likely to be defined in a way that limits the education tax's earnings impact. Permitting the netting of gains and losses, for example, could lighten banks' education tax burden.

Earnings impact of education tax

(KRWb)	2024 interest income	Impact of an additional 0.5% levy	2024 net profit	Earnings impact (%)
KBFG	30,491.4	147.5	5,078.2	2.9
SFG	29,209.3	141.0	4,450.2	3.2
HFG	24,116.6	115.6	3,738.9	3.1
WFG	22,013.3	105.1	3,086.0	3.4
Total	**105,830.7**	**509.2**	**16,353.3**	**3.1**

Note: Based on consolidated interest income
Source: Samsung Securities estimates

Example: Liquidity provision



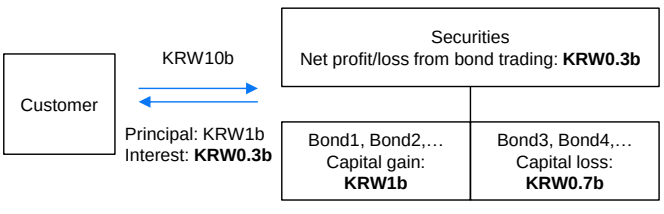
Source: KCMI, Samsung Securities

Example: Education tax base

Transaction price/number of shares	Capital gains (KRW)	Capital losses (KRW)
KRW9,900/100 shares		10,000
KRW10,100/100 shares	10,000	
Education tax base	**10,000**	

Note: Only capital gains are included in the tax base
Source: KCMI, Samsung Securities

Example: Retail RP operations



Source: KCMI, Samsung Securities

Example: ELS redemptions

Transaction		Net profit	Gain	Loss
ELS redemption: 110		-10	0 (-2)	
Hedging	Derivatives	8		
	Bond trading	3	10	7
Net trading profit/loss		1		

Source: KCMI, Samsung Securities

Example: Education tax calculation related to securities

(KRWb)	Capital gain	Capital loss	Net profit/loss	Education tax	Proposed amendment	0.5% reflection in net profit/losses
Company A	2548.7	2356.6	192.1	12.7	20.5	1.0
Company B	1050.7	751.2	299.5	5.3	5.5	1.5
Company C	808.0	938.1	(130.1)	4.0	4.0	0.0

Source: KCMI, Samsung Securities

Penalties for Hong Kong H index-linked ELS—Possible mitigation and favorable ruling

Depending on mitigating circumstances, penalties may be much smaller than feared

Banks will likely face much lower penalties than feared (vs when the issue first surfaced). For instance, if fines are based on the total amount of Hong Kong H index-linked ELS sold, and banks receive a 'moderate' misconduct severity rating (2 points), penalties can be assessed at a rate of 50%. Applying a maximum penalty of 50% and assuming a mitigating factor of 75%, the four major financial groups would face KRW0.8t in related costs (combined)—equal to 3.2% of their 2025 earnings.

Fines may be calculated based on amount missold rather than total amount sold

It is unclear how things will pan out, but if the fines are calculated based on the amount of Hong Kong ELS that were missold rather than the total amount sold, the actual burden could be even smaller. On Oct 1, KB Kookmin Bank won a lawsuit filed by an investor over the alleged misselling of Hong Kong H index-linked ELS. The district court ruled that the case did not constitute an incomplete sale, citing the investor's prior experience with ELS products and the procedures followed in the investment process. Notably, banks' voluntary compensation efforts revealed that many retail investors already had experience with ELS products. If we assume that 30% of the Hong Kong ELS was missold and penalties are imposed only on the missold amount, the earnings impact of the fine would be even smaller.

Penalties to be finalized in 2026, but partial provisioning possible in 2025

Penalties tied to the Hong Kong H index-linked ELS are expected to be finalized in 2026. However, banks may carry out some provisioning (related to the expected penalties) at end-2025, as penalty uncertainties carrying over into 2026 could: 1) create concerns about their near-term earnings; 2) raise questions about their capital adequacy and whether it can be maintained in 2026 (amid the launches of productive finance initiatives); and 3) increase uncertainties about shareholder returns, thereby dampening investor sentiment. This should incentivize banks to recognize part of the anticipated penalty this year through reasonable and legitimate accounting practices. Such provisioning would be viewed positively in that it would help alleviate the earnings burden (to pay the fine) in 2026.

Basic penalty imposition standards

Materiality Assessement		Current		New Standard
Materiality	Score	Applicable rate		Applicable rate
Very material	2.3 ~	100%	→	65% - 100%
Material	1.6 - 2.3	75%		30% - 65%
Minimally material	~ 1.6	50%		1% - 30%

Note: The applicable rate is adjusted by ±5%pts for every 0.1 points in the score
Source: FSC, Samsung Securities

Banks: ELS penalty impact on earnings

(KRWb)	ELS sales	Losses from voluntary compensation in 2024	Applicable rate assumption: 50%	Penalty ratio assumption: 50%	Reduction ratio assumption: 75%	2025E pre-tax profit	Earnings impact (%)	Proportion of incomplete sales assumption: 30%	Earnings impact (%)
KBFG	8,197.2	(741.6)	4,098.6	2,049.3	512.3	7,839.6	(6.5)	153.7	(2.0)
SFG	2,370.1	(182.7)	1,185.1	592.5	148.1	7,083.9	(2.1)	44.4	(0.6)
HFG	2,118.3	(114.7)	1,059.2	529.6	132.4	5,591.1	(2.4)	39.7	(0.7)
WFG	41.3	(7.0)	20.7	10.3	2.6	4,231.5	(0.1)	0.8	(0.0)
Total	**12,726.9**	**(1,046.0)**	**6,363.5**	**3,181.7**	**795.4**	**24,746.1**	**(3.2)**	**238.6**	**(1.0)**

Source: Samsung Securities estimates

Penalties as operational risk—Regulators mulling change in calculation method

Regulators reportedly considering changes to how penalties are factored into operational risk…

According to the media on Oct 10, financial authorities are considering changes to how penalties are factored into operational risk. Currently, a single penalty payment requires banks to reflect the risk of recurrence (operational risk) in their capital ratios for 10 years. Regulators are reportedly working on partial exemption criteria: If a bank establishes and implements adequate recurrence prevention measures, the Financial Services Commission (FSC) may allow operational risk to be recognized later (*eg*, when the penalty is imposed rather than finalized) and over a shorter duration.

…noting importance of capital adequacy to banks' ability to provide liquidity

Such revisions would meaningfully ease capital pressure. Deferring recognition would reduce short-term impacts, while shorter reflection periods would limit the drag on capital ratios. Additionally, lowering the operational risk weight from the current level (600%), in recognition of financial institutions' remedial efforts, would further ease pressure.

Taken together, these moves reflect regulators' intent to support capital ratio improvements. Against a challenging macro backdrop (domestic and global), ensuring banks' ability to provide liquidity has become increasingly critical. In 2H, the US dollar has sharply appreciated against the won, threatening to erode banks' capital ratios. Authorities are pursuing calibrated measures to facilitate the

provisioning of liquidity (despite the tough environment) while tightening consumer protection in a multifaceted and swift manner.

Currently, the main penalty risks stem from alleged LTV collusion and Hong Kong H index-linked ELS sales. For example, if each bank is fined KRW0.5t (for LTV collusion) and penalties for Hong Kong ELS are calculated on a base-case scenario (total amount sold, excluding incomplete sales), and if the operational risk weight is cut from 600% to 300%, the impact on CET-1 ratios would be roughly 6bps—less than half of the 13bps impact initially expected.

Banks: LTV & ELS penalty impact on capital ratios

(KRWb)	LTV penalties	ELS penalties	Total penalties	Applied risk weight: 300%	CET-1 ratio impact (%)	Previously estimated CET-1 ratio impact (%)
KBFG	250.0	512.3	762.3	2,287.0	(0.09)	(0.20)
SFG	250.0	148.1	398.1	1,194.4	(0.05)	(0.10)
HFG	250.0	132.4	382.4	1,147.2	(0.05)	(0.12)
WFG	250.0	2.6	252.6	757.7	(0.04)	(0.08)
Total	**1,000.0**	**795.4**	**1,795.4**	**5,386.3**	**(0.06)**	**(0.13)**

Source: Samsung Securities estimates

Banks to remain committed to higher shareholder returns: Peer pressure confirmed during 4Q24 earnings season

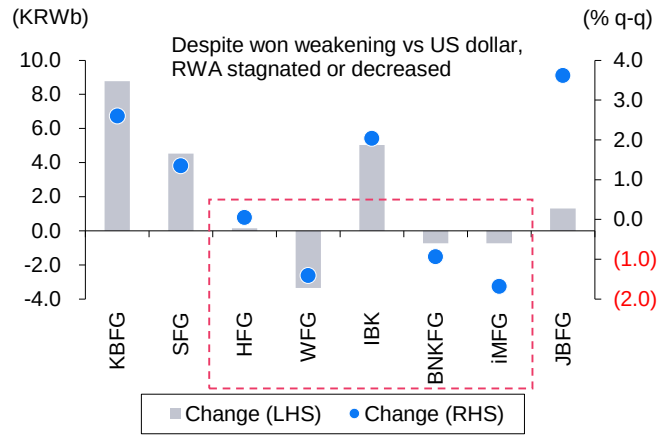
If capital ratios come under pressure, banks would be incentivized to cut RWA or loan issuances

Even assuming a worst-case scenario (which would cause capital ratios to come under pressure), banks would probably try to deliver enhanced shareholder return programs by curtailing loan issuances or recalling loans. This was clearly demonstrated in Dec 2024. At the time, concerns over sharp won depreciation (vs the US dollar) prompted banks to actively manage RWA. As a result, major financial groups were able to maintain or even slightly improve their CET-1 ratios in 4Q24.

Steep won depreciation in 4Q24 powered RWA reduction

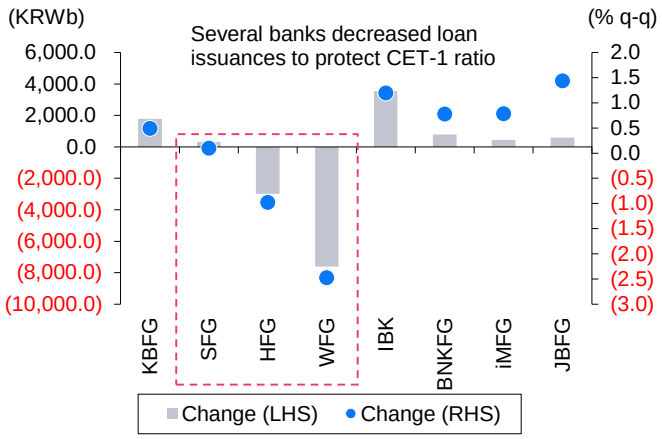
Pressure to defend CET-1 ratios intensified in 4Q24. KB Financial Group's (KBFG) share price fell after its 4Q24 earnings release, as it diverged from its peers by reporting an increase in RWA and a decline in its CET-1 ratio. This shows that management's efforts to enhance shareholder value had been much more pronounced in the banking sector than in other sectors.

Banks: 4Q24 RWA change



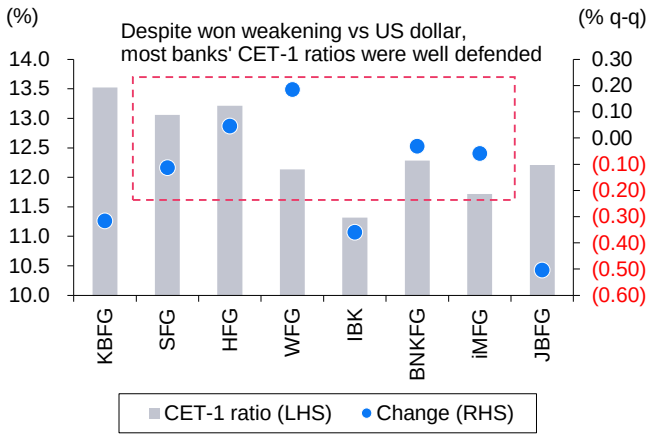
Source: Company data, Samsung Securities

Banks: 4Q24 loan balance change



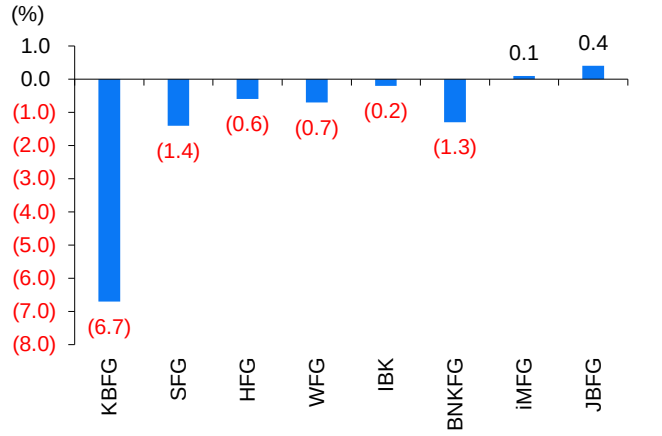
Source: Company data, Samsung Securities

Banks: 4Q24 CET-1 ratio vs growth



Source: Company data, Samsung Securities

Banks: Share price change day after 4Q24 earnings release

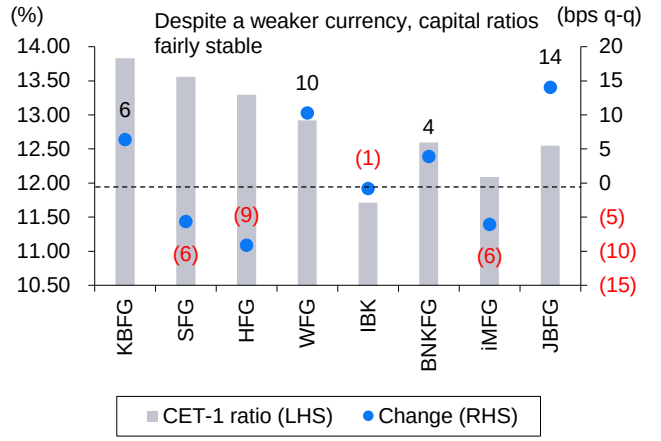


Source: QuantiWise, Samsung Securities

Banks' RWA management in 3Q25 is proof of lessons learned in 2024

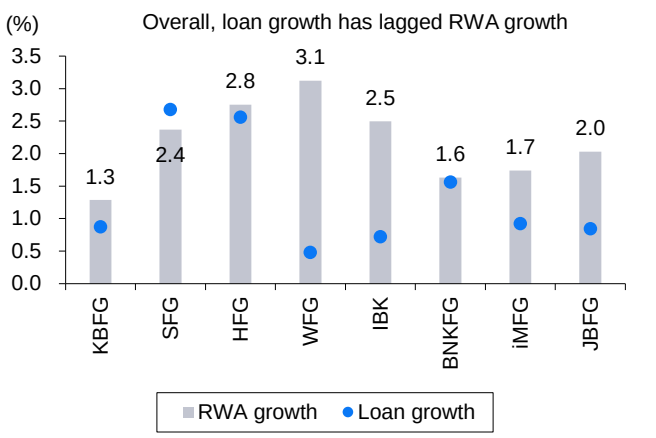
The experience late last year has prompted changes in the ways banks think, which changes were clearly demonstrated in 3Q25. Despite won depreciation against the US dollar, banks managed to maintain or even slightly improve their CET-1 ratios thanks to active RWA management.

3Q25 CET-1 ratio vs quarterly change, by bank



Source: Company data, Samsung Securities

RWA growth vs loan growth (won basis), by bank



Source: Company data, Samsung Securities

Bar raised for total payout ratio—lift ROE first and then consider re-leveraging

Total payout ratio—key to enhancing banks' shareholder returns

Stricter leverage regulations under Basel III framework reduces ROE disparities

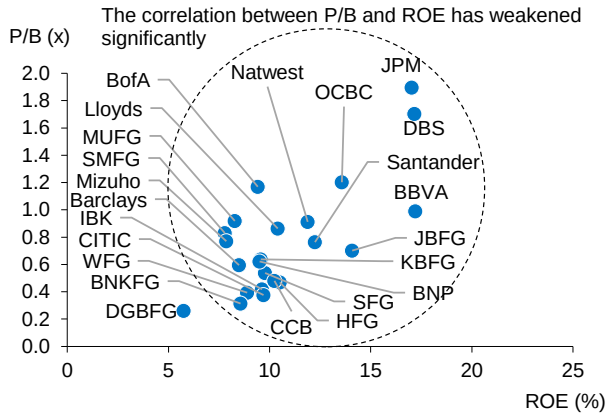
In theory, banking stocks' P/B is determined by their ROE. Historically, banks that sought a higher P/B focused on improving their ROE. But, with the introduction of Basel III, banks' leverage ratios have converged at similar levels. As a result, their ROEs have become more alike, reducing disparity.

Investor focus naturally shifts to shareholder returns

Since the 2008 global financial crisis, the correlation between banks' P/B and ROE has weakened considerably. From an investor's perspective, now that ROE levels at banks holding similar amounts of capital are similar, the critical differentiator has become how much profit is returned to shareholders.

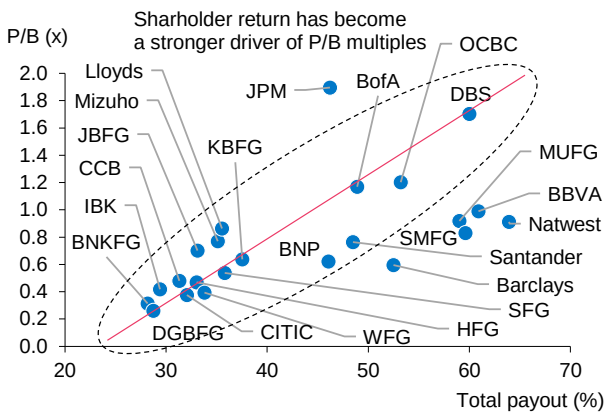
This has caused P/Bs to move in line with total payout ratios. In particular, implied COE neared 10% in 2024 when total payout ratios rose to 50%. Therefore, achieving a total payout ratio of 50% was seen as a prerequisite for domestic banks' P/B multiples to approach their theoretical value (1x). Aware of this, many banks included a total payout ratio goal of 50% in their plans to lift corporate value in 2H24.

P/B vs ROE (2024)



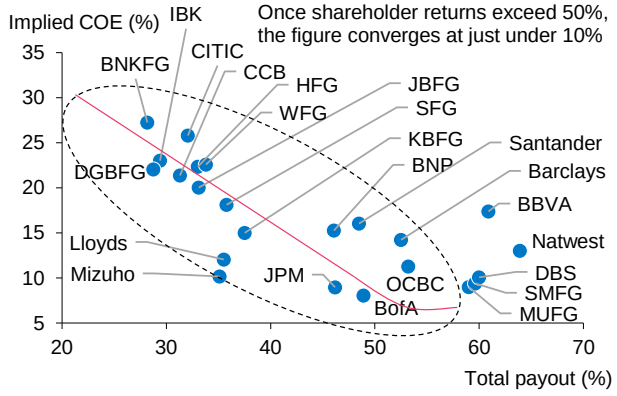
Note: Based on 2024 P/B and 2024 ROE
Source: Bloomberg, QuantiWise, Samsung Securities estimates

P/B vs total payout ratio (2024)



Note: Based on 2024 P/B and 2023 total payout ratio
Source: Bloomberg, QuantiWise, Samsung Securities estimates

Implied COE vs total payout ratio (2024)



Note: Based on 2024 COE and 2023 total payout ratio
Source: Bloomberg, QuantiWise, Samsung Securities estimates

Target payout ratio and target date, by bank

	Target payout ratio (%)	Target date
KBFG	Depends on the shareholder return formula	
SFG	50	2027
HFG	50	2027
WFG	50	Longer-term target
BNKFG	50	2027
iMFG	40	2027
JBFG	45	2026

Source: Company data, Samsung Securities

Banks' efforts to meet 50% payout ratio over the past year strengthen investor confidence

Investor concerns initially high due to banks' historical track record

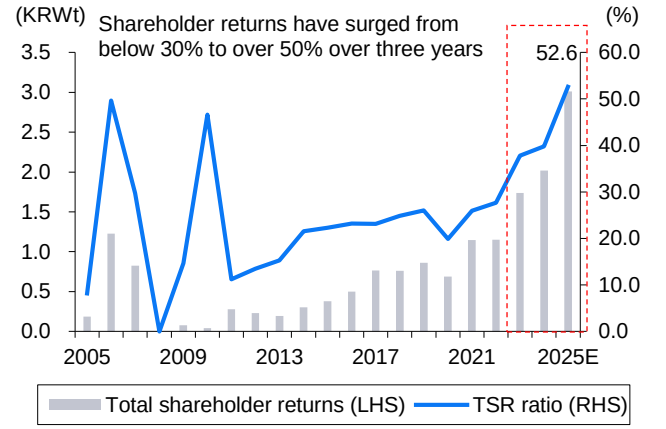
Although banks have announced corporate value enhancement plans, their P/Bs remain far below theoretical levels, with the sector trading at only 0.48x P/B (end-2025 basis).

This persistent discount, despite the corporate value-up commitments, is attributable to banks' history over the past two decades. Investors are reluctant to rely solely on management announcements when making investment decisions.

Banks sticking with their shareholder return policies in 2025 and enjoying share reratings…

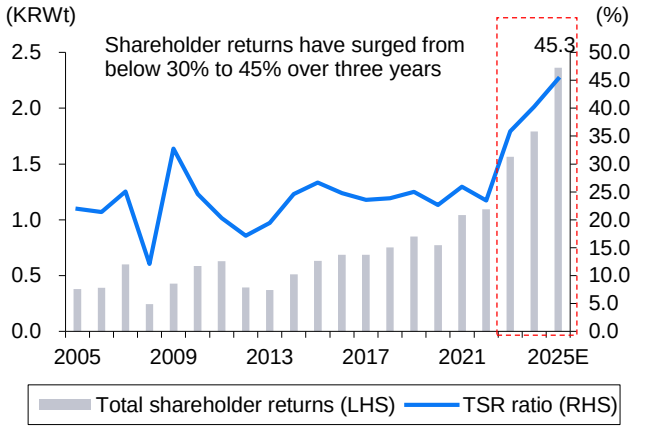
In 2025, however, banks began to prove that they would honor their shareholder return pledges. KBFG's total payout ratio will likely exceed 50% this year, while SFG and HFG's will likely reach 44-46%. This has increased confidence that the 50% target will be reached earlier than initially planned. This visible progress has been a key driver of the sharp recovery in banking stocks' valuations this year.

KBFG's total shareholder return amount vs TSR ratio



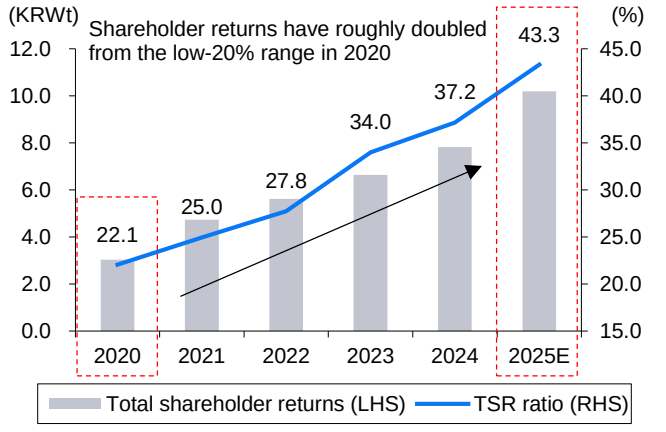
Note: Based on dividends and payout ratio up to 2022
Source: KB Financial Group, Samsung Securities

SFG's total shareholder return amount vs TSR ratio



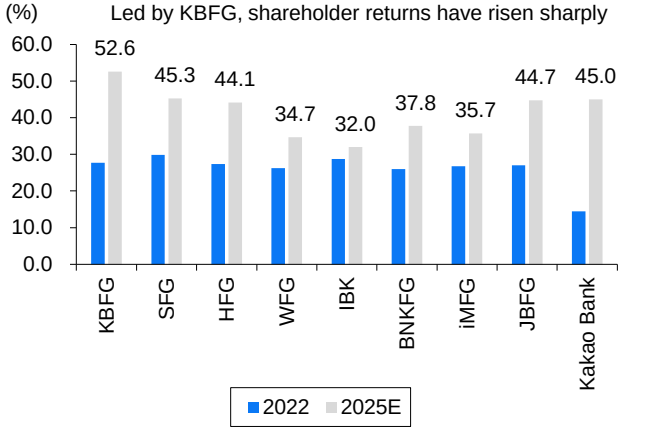
Note: Based on dividends and payout ratio up to 2022
Source: Shinhan Financial Group, Samsung Securities

Banks: Total shareholder return amount vs TSR ratio



Note: Based on banks under our coverage
Source: Company data, Samsung Securities estimates

Total shareholder return ratio, by bank (2022 vs 2025E)



Source: Company data, Samsung Securities

…but global banks' total payout ratios also climbing rapidly

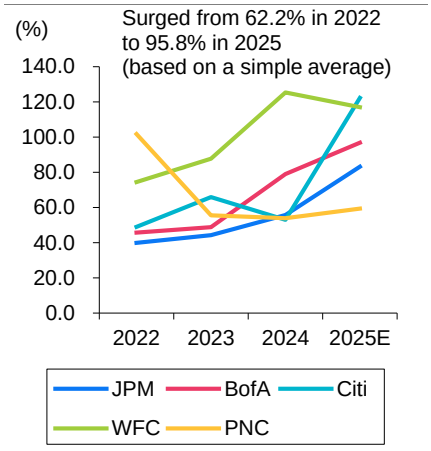
Korean banks' payout ratios reach 40% range in 2025E vs global peers' 70-80%

Korean banks have lifted their total payout ratios swiftly. Nevertheless, their valuation gap with leading global banks has not narrowed significantly—major global banks also hiked their payout ratios over 2024-2025. Payout ratios at major US, Japanese and European banks will likely jump from 60.9% in 2023 to 78.1% in 2025.

Korean banks initially set total payout ratio targets of 50% in 2023, benchmarking major global banks (60%). Two years on, however, the benchmark has shifted to 70-80%—thus a 50% payout ratio now equates to just 67% of the average global total payout ratio, similar to that seen in 2023.

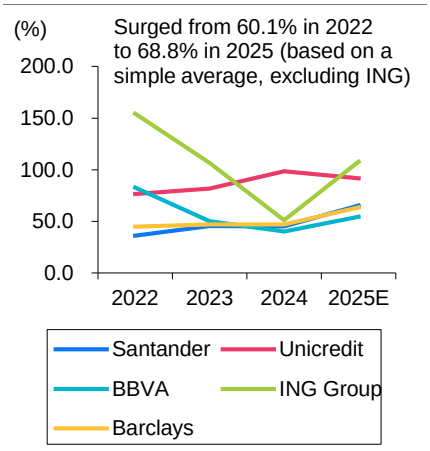
Theoretically, the average implied COE for Korean banks is estimated at 17.7% (simple average), roughly 1.8-1.9x the simple average of that at the top-five US banks (9.1%) and that at the top-three Japanese banks (9.4%)—only a modest improvement from the end-2023, when domestic banks' implied COE stood at roughly 2.2-2.5x that of their global peers' average.

US banks: TSR ratio trend



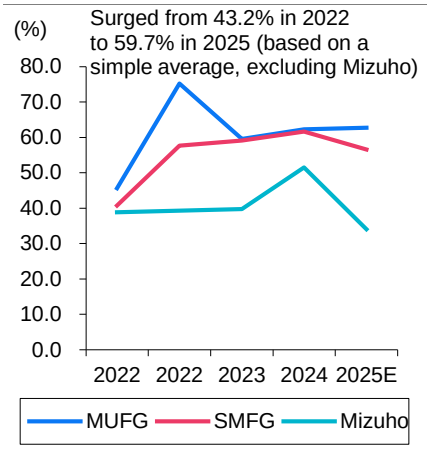
Note: 2025 is based on consensus
Source: Bloomberg, Samsung Securities

European banks: TSR ratio trend



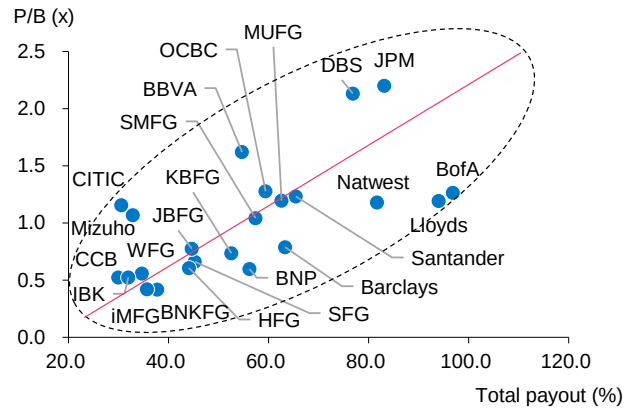
Note: 2025 is based on consensus
Source: Bloomberg, Samsung Securities

Japanese banks: TSR ratio trend



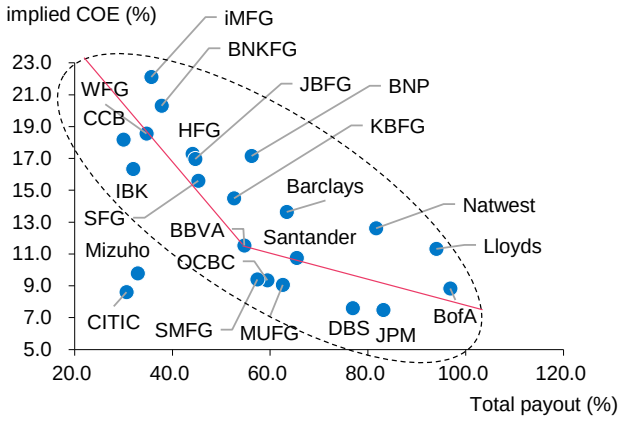
Note: 2025 is based on consensus
Source: Bloomberg, Samsung Securities

P/B vs total payout ratio (current)



Note: Based on 2026E P/B and 2026E ROE
Source: Bloomberg, QuantiWise, Samsung Securities estimates

Implied COE vs total payout ratio (current)



Note: Based on 2026E COE and 2025E total payout ratio
Source: Bloomberg, QuantiWise, Samsung Securities estimates

Can domestic banks push the total payout ratio beyond 50%?

Whether domestic banks' rerating can continue should depend on whether their total payout ratios can rise above 50% and approach the levels seen at major global banks.

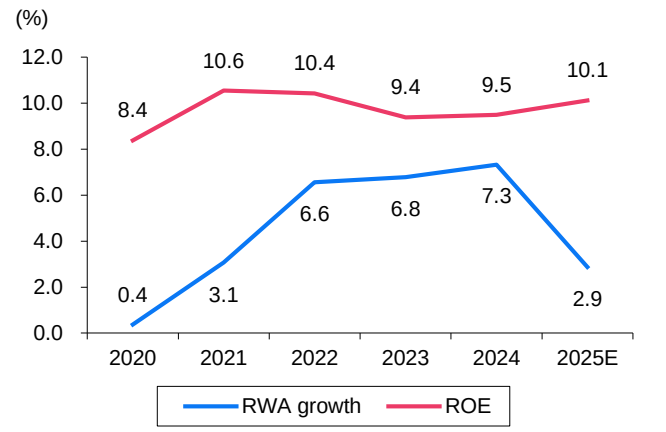
Factors to consider: RWA growth and ROE

Given domestic banks' risk-weighted asset (RWA) growth guidance and our ROE estimates for 2026, there is a natural cap on how far their total payout ratios can rise. Under the assumption of sustainable ROE at 11%, RWA growth of 4.5%, and flat CET 1 ratios, banks' total payout ratios could theoretically climb to around 60%.

Factors to consider: Capital needed to strengthen non-banking operations and fund overseas expansion

In practice, however, the realizable total payout ratio may fall below that theoretical level due to capital needs in other areas. Financial groups have to allocate capital to: 1) reinforce their non-banking businesses; and 2) fund their overseas expansions. For example, enhancing the capabilities of securities subsidiaries usually requires expanding their capital base to secure or upgrade licenses.

Banks: RWA growth vs ROE



Note: Based on banks under our coverage, 2025 RWA growth based on 1Q-3Q25 data
Source: Company data, Samsung Securities

Theoretical shareholder return, by RWA growth and ROE

(%)		ROE estimates				
		10.0	10.5	11.0	11.5	12.0
RWA growth estimates	3.5	65.0	66.7	68.2	69.6	70.8
	4.0	60.0	61.9	63.6	65.2	66.7
	4.5	55.0	57.1	59.1	60.9	62.5
	5.0	50.0	52.4	54.5	56.5	58.3
	5.5	45.0	47.6	50.0	52.2	54.2
	6.0	40.0	42.9	45.5	47.8	50.0

Source: Samsung Securities estimates

Comprehensive financial investment business license system

Minimum capital requirements, by stage	Permitted businesses	Designated securities firms (as of Nov 2025)
KRW3t	- **Corporate credit business:** Corporate lending (excluding CP), discounting, and trading - Prime Brokerage Services (PBS): Provision of comprehensive financial services including securities lending/borrowing for hedge funds, etc. - In-house trading: Proprietary trading of listed and unlisted stocks including arbitrage trading	Mirae Asset Securities, Korea Investment & Securities, NH Investment & Securities, KB Securities, Samsung Securities, Shinhan Securities, Meritz Securities, Hana Securities, Kiwoom Securities, Daishin Securities
KRW4t	- **Commercial paper (CP) issuance:** Issuance of CP with maturity within one year (short-term financing business approval required)	Mirae Asset Securities, Korea Investment & Securities, NH Investment & Securities, KB Securities, Kiwoom Securities
KRW8t	- **Integrated Management Account (IMA):** Customer funds are invested in corporate finance-related assets (70% or more) and other asset classes to pursue returns - Securities firms operating IMA bear principal protection obligations, enabling stability and profitability (not covered by deposit insurance)	Mirae Asset Securities, Korea Investment & Securities

System detail

- The combined outstanding balance of CP issuance and IMA operations is capped at 300% of equity capital
- Securities firms engaging in CP issuance and IMA operations must, by 2028, supply venture capital equivalent to 25% of total operating assets derived from CP issuance and IMA funding
- Funds raised through CP issuance and IMA may be invested in real estate-related assets up to 30%, to be reduced to 10% by 2027
- Venture capital contributions may include: 1) securities issued by SMEs and venture companies; 2) loans and corporate bonds; 3) bonds rated A or below (excluding bonds of large enterprises); 4) newly issued primary Collateralized Bond Obligations (P-CBOs), 5) investments by the National Growth Fund's Advanced Strategic Industry Fund, 6) Participation in the Business Development Company (BDC) initiative
- For investments in A-grade bonds and small-to-mid-sized companies, up to 30% of the required parent company capital contribution may be recognized regardless of investment commitment
- Firms must satisfy capital requirements for two consecutive years, and can move to the next stage only after operating at the current stage for at least two years
- The scope of exceptions for foreign securities holding outside the customer asset concentration investment limit is expanded, allowing greater flexibility in foreign asset investment based on proprietary asset management

Source: Media reports, Samsung Securities

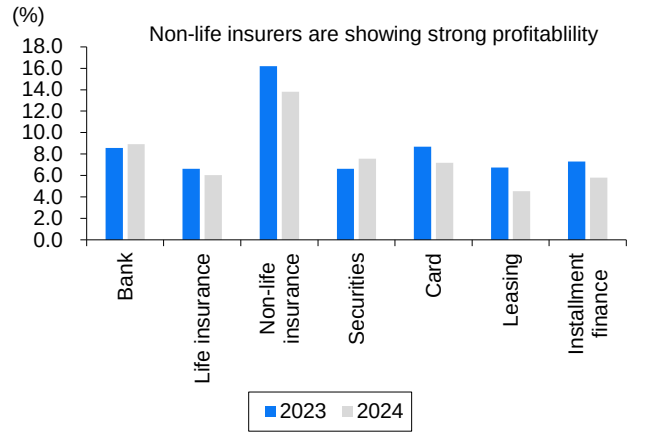
Higher ROE needed to boost payout ratio—strengthening non-banking units realistic solution

A sustained, meaningful increase in total payout ratios would ultimately depend on structurally higher ROE. To this end, bank-led financial groups can either reshape or selectively strengthen their business portfolios. This aligns with their current strategic emphasis on expanding their non-banking operations.

Profitability differs across non-banking units

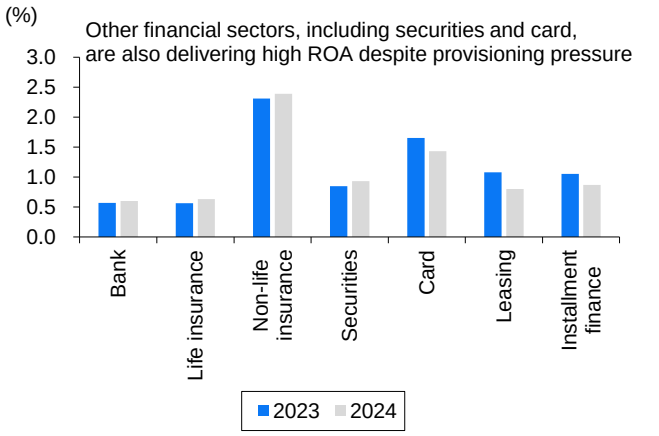
Profitability differs widely across non-banking business. Looking at ROE and ROA by major business over 2023-2024 shows that many non-banking segments generated higher returns vs core banking operations. By expanding the weight of these more profitable non-banking activities, bank-centric financial groups should be able to lift consolidated ROE. Indeed, this explains why JBFG and KBFG's ROE stands out.

2024 ROE, by financial segment



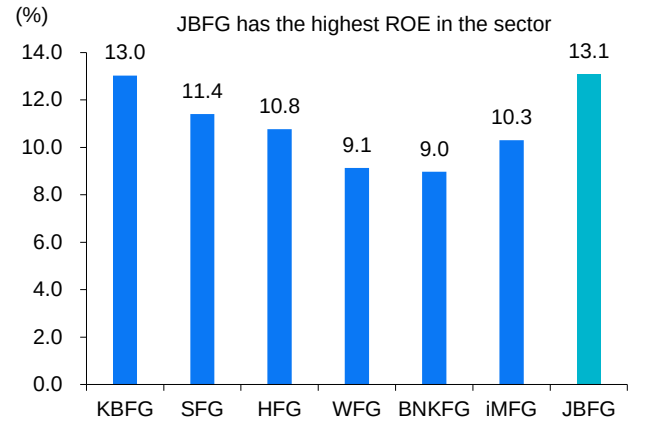
Source: FSS, Samsung Securities

2024 ROA, by financial segment



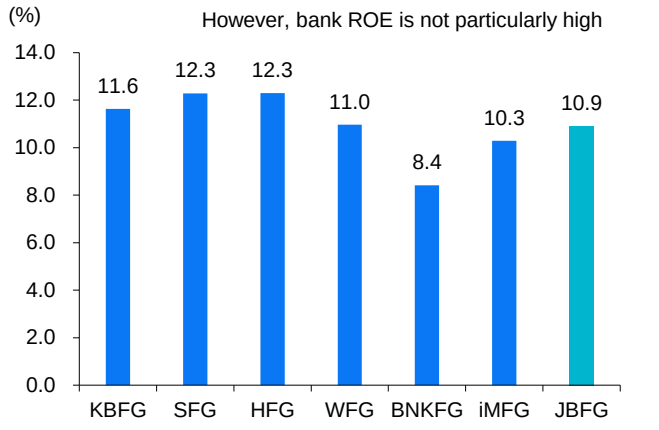
Source: FSS, Samsung Securities

1H25 ROE, by financial holding group



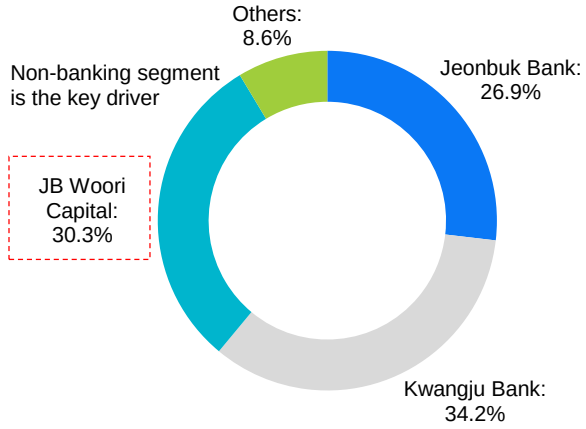
Source: Company data, Samsung Securities

1H25 ROE, by bank



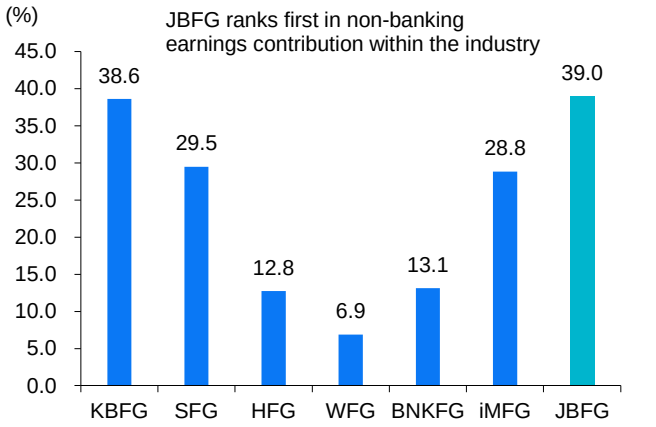
Note: BNKFG and JBFG are on a combined basis for banks
Source: Company data, Samsung Securities

JBFG: Net profit portion, by business (1H25)



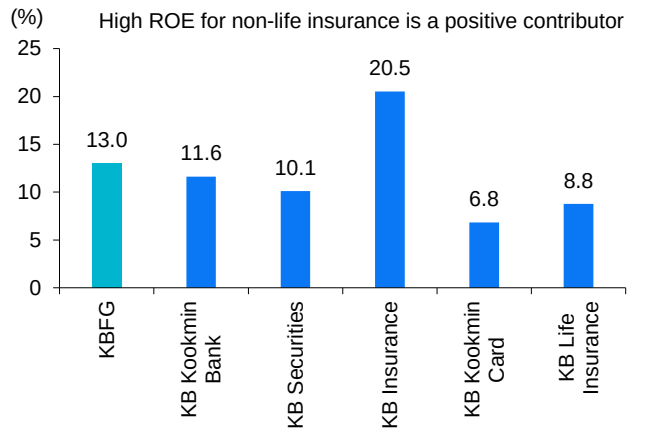
Source: JB Financial Group, Samsung Securities

1H25: Non-banking earnings contribution, by financial holding group



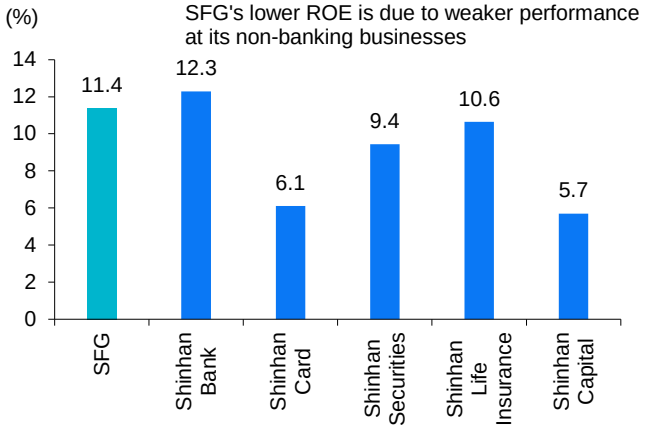
Source: Company data, Samsung Securities

1H25 ROE: KBFG and its major subsidiaries



Source: KB Financial Group, Samsung Securities

1H25 ROE: SFG and its major subsidiaries



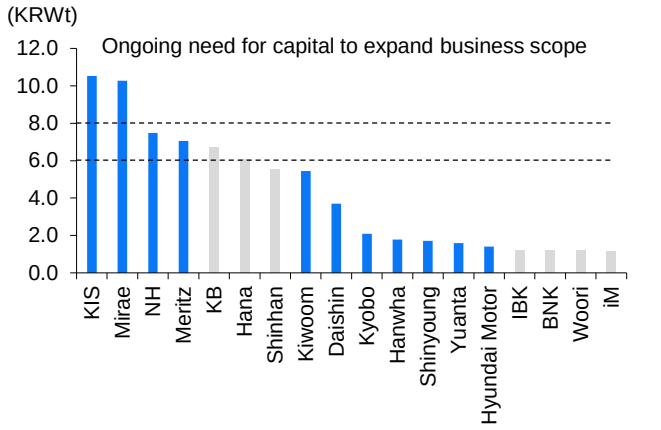
Source: Shinhan Financial Group, Samsung Securities

Expanding capital crucial to reinforcing non-banking operations and enhancing their market dominance

Non-banking units still have insufficient capital base…

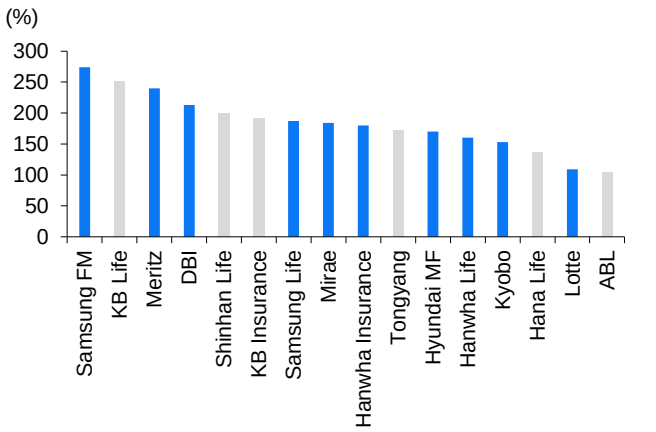
The key to strengthening non-banking operations is increasing their capital base, but these non-banking subsidiaries do not possess a clear advantage in terms of capital strength. For example, KB Securities' total shareholder equity now exceeds KRW7t but still falls short of the KRW8t threshold required to obtain an IMA license. Other group-affiliated securities firms have even smaller capital bases. There is also room to considerably improve insurers' solvency margin ratios, card companies' leverage ratios, and consumer finance units' capital.

Total capital size, by security firm



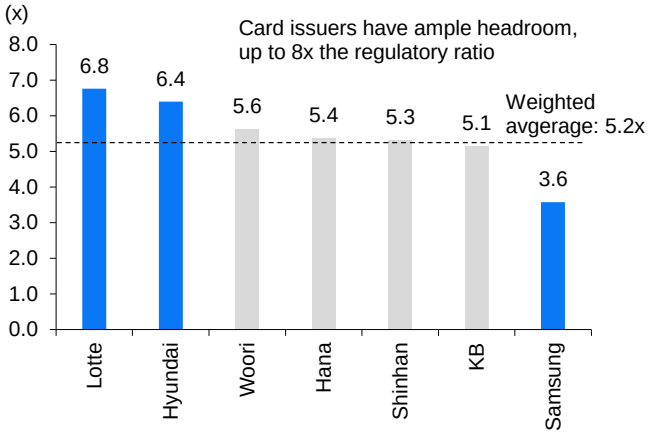
Note: As of 1H25
Source: FISIS, Samsung Securities

Solvency ratio, by insurance firm



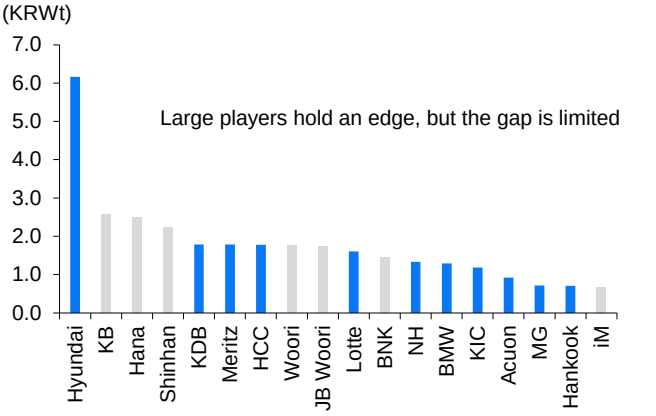
Note: As of 1H25
Source: FISIS, Samsung Securities

Leverage ratio, by card firm



Note: As of 1H25
Source: FISIS, Samsung Securities

Total capital size, by capital firm



Note: As of 1H25
Source: FISIS, Samsung Securities

…but paying dividends to holding companies

Despite the challenging business environment, non-banking subsidiaries have been paying dividends to their holding companies. In 2024, KBFG's major subsidiaries distributed a total of KRW800b to the holding company. Given their combined 2024 net profit of KRW2.1t, this represents a dividend payout ratio of 37.7%, close to KBFG's consolidated total payout ratio of 39.8%.

This trend could sap the non-banking subsidiaries' growth momentum (a potential burden). From the perspective of bank-centric financial groups, several issues could arise: 1) relying on subsidiaries' dividends to sustain shareholder returns may weigh on RWA growth at the non-banking subsidiaries; 2) this could limit the growth of subsidiaries' earnings; and 3) this may also prompt the subsidiaries to adopt an overly conservative risk management strategy to control RWA growth.

KBFG: Dividend payout ratio, by major non-banking subsidiary

(KRWb)	2023			2024		
Subsidiaries	Dividend amount	Net profit	Dividend payout ratio (%)	Dividend amount	Net profit	Dividend payout ratio (%)
KB Securities	100.0	389.6	25.7	150.0	585.7	25.6
KB Insurance	350.0	713.3	49.1	250.0	839.5	29.8
KB Kookmin Card	200.0	87.8	227.8	185.4	402.7	46.0
KB Life Insurance	100.0	84.8	117.9	150.0	164.3	91.3
KB Asset Management	60.0	61.5	97.6	40.0	66.5	60.2
Total	810.0	1,337.0	60.6	775.4	2,058.7	37.7

Note: Based on other operating income received by each subsidiary from KBFG
Source: KBFG, Samsung Securities

SFG: Dividend payout ratio, by major non-banking subsidiary

(KRWb)	2023			2024		
Subsidiaries	Dividend amount	Net profit	Dividend payout ratio (%)	Dividend amount	Net profit	Dividend payout ratio (%)
Shinhan Card	286.7	620.6	46.2	342.3	572.1	59.8
Shinhan Securities	110.3	100.9	109.3	51.1	245.8	20.8
Shinhan Life Insurance	162.3	472.4	34.3	315.3	528.4	59.7
Shinhan Capital	54.1	304.0	17.8	84.7	116.9	72.4
Shinhan Asset Management	7.0	51.3	13.6	24.4	66.0	37.0
Total	620.4	1,549.2	40.0	817.8	1,529.2	53.5

Note: Based on dividend income of each subsidiary
Source: SFG, Samsung Securities

Holding companies need to consider re-leveraging to recapitalize subsidiaries

Time to increase subsidiaries' capital base

However, we believe it is high time to consider recapitalization of non-banking subsidiaries. To achieve a faster improvement in ROE, subsidiaries need to accelerate their pace of earnings growth. As an alternative to carrying out M&As, the holding company could instead provide direct capital injections to its subsidiaries, and this would enable them to pursue distinct asset growth strategies and enhance their influence within their respective markets.

Non-banking subsidiaries at financial groups have greater capital flexibility than that at standalone financial institutions

The holding company structure of bank-centric financial groups has more advantages (vs structures at standalone financial institutions) when reinforcing the capital base of subsidiaries—non-banking units can either retain a large share of earnings or receive direct capital injections from the parent.

Rationale for re-leveraging the holding company

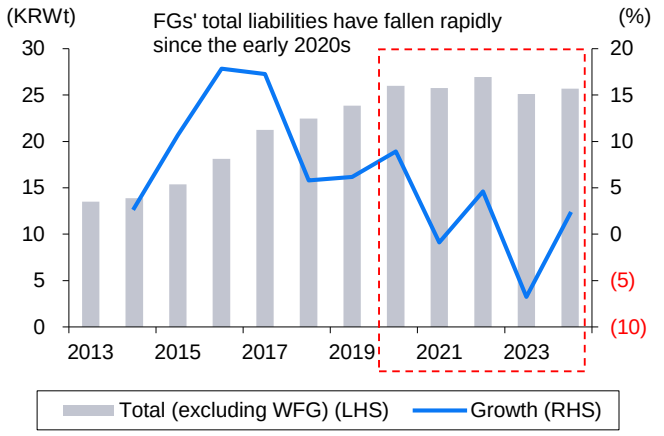
From this perspective, the environment is gradually becoming more conducive to considering re-leveraging at the holding company level. The idea is to have the holding company issue corporate bonds and use the proceeds to strengthen the capital positions of its non-banking units.

We note that the leverage ratios at some financial holding companies have stabilized since the impact of past large-scale M&As was largely absorbed.

This also implies a potential rise in leverage ratios at some financial groups, as: 1) leverage ratios have declined; 2) holding companies' total shareholder equity has begun to stall as total payout ratios rose; and 3) if market interest rates fall further, holding companies' cost of debt financing would likely shrink.

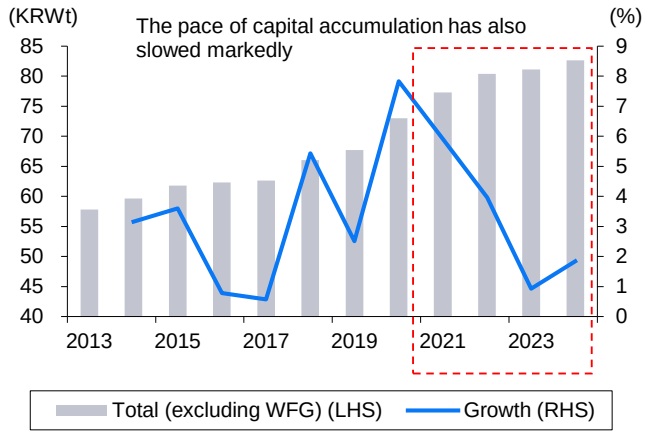
Yet, we recommend investors take a cautious approach—leverage ratios differ meaningfully between individual financial groups, which should prompt them to adopt different strategic approaches.

Financial holding groups: Total liabilities (separate basis)



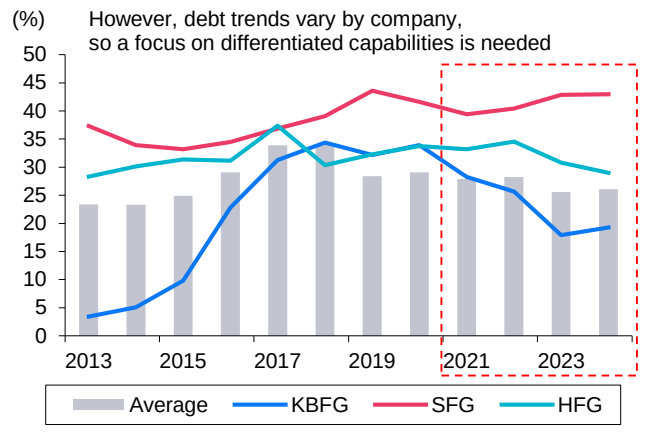
Source: FISIS, Samsung Securities

Financial holding groups: Total capital (separate basis)



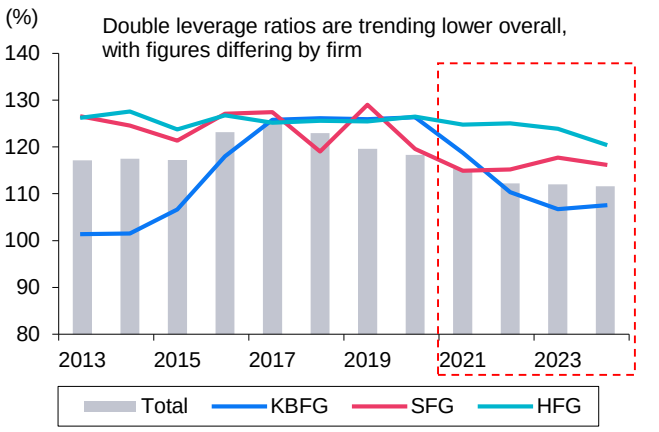
Source: FISIS, Samsung Securities

Financial holding groups: Debt ratio



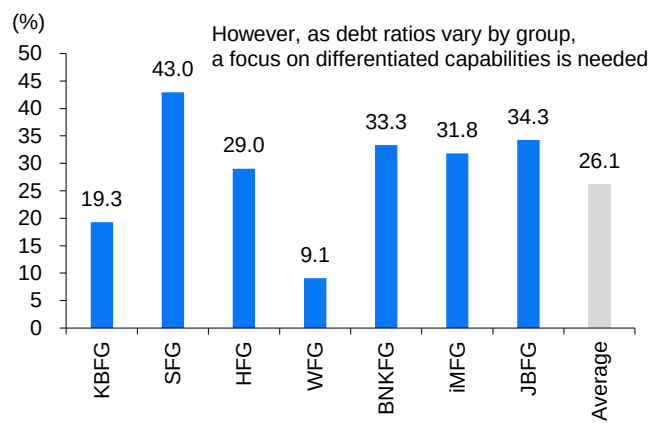
Source: FSS, Samsung Securities

Financial holding groups: Double leverage ratio



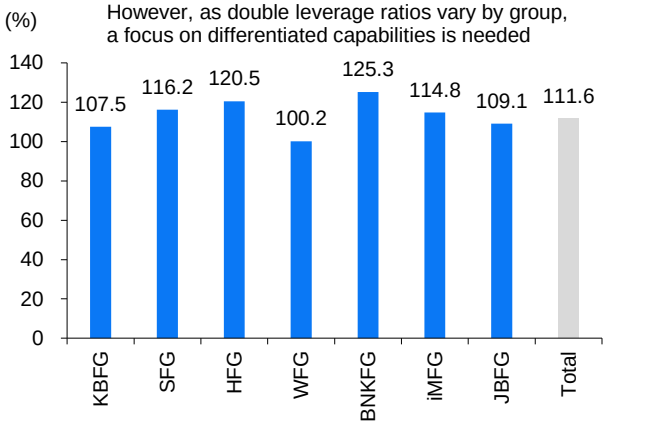
Source: FSS, Samsung Securities

Debt ratios, by financial holding group



Note: As of end-2024
Source: FSS, Samsung Securities

Double leverage ratios, by financial holding group



Note: As of end-2024
Source: FSS, Samsung Securities

Funding capacity—differs by financial group

Based on end-2024 data, the theoretical funding capacity of the financial groups under our coverage is estimated at around KRW18t in total, assuming that each group maintains both a debt ratio below 50% and a double leverage ratio below 130%. This amount (KRW18t) is equivalent to roughly 15% of the KRW119t currently invested in their non-banking subsidiaries, and would provide a solid boost to their business capabilities.

However, the actual room for additional debt-funded investments in their subsidiaries should differ substantially by group. KBFG, which has the lowest leverage ratio among the top-three financial groups (as of end-2024) appears to have the largest spare funding capacity.

Estimated spare funding capacity at 50% debt ratio and a 130% double leverage ratio

(KRWb, %)	Total liabilities	Total capital	Equity investment in subsidiaries	Debt ratio	Double leverage ratio	Assuming a 50% debt ratio (A)	Assuming a 130% double leverage ratio (B)	The smaller of A & B (C)	(C) / Total equity investment
KBFG	4,818.3	24,988.6	26,867.7	19.3	107.5	7,676.0	5,617.4	5,617.4	20.9
SFG	11,318.5	26,348.2	30,624.5	43.0	116.2	1,855.6	3,628.1	1,855.6	6.1
HFG	5,758.1	19,842.8	23,914.5	29.0	120.5	4,163.3	1,881.1	1,881.1	7.9
WFG	2,200.3	24,152.7	24,205.9	9.1	100.2	9,876.1	7,192.7	7,192.7	29.7
BNKFG	1,762.8	5,286.2	6,624.2	33.3	125.3	880.4	247.9	247.9	3.7
iMFG	1,144.0	3,596.0	4,129.6	31.8	114.8	654.0	545.1	545.1	13.2
JBFG	873.0	2,547.8	2,779.9	34.3	109.1	400.8	532.2	400.8	14.4
Total	27,875.0	106,762.2	119,146.2	26.1	111.6	25,506.1	19,644.7	17,740.6	14.9

Note: As of end-2024
Source: Company data, Samsung Securities estimates

Bar raised for total payout ratio—CET-1 ratio targets need to be flexible

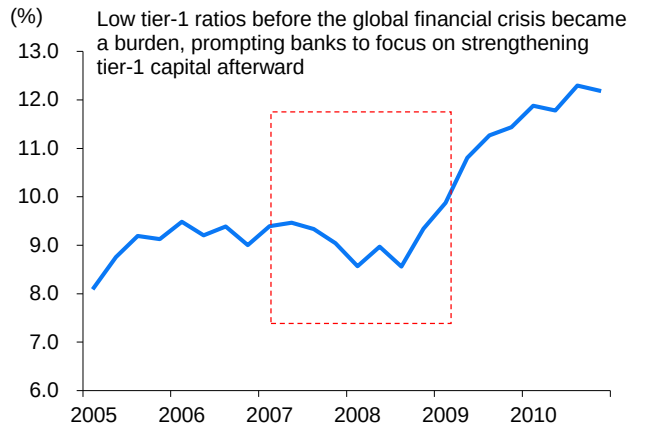
More flexibility needed for setting and managing CET-1 ratio targets

Bolstering the non-banking segments should take a considerable amount of time, so financial holding companies ought to consider adjusting their target CET-1 ratios.

CET-1 ratios need to be managed cautiously

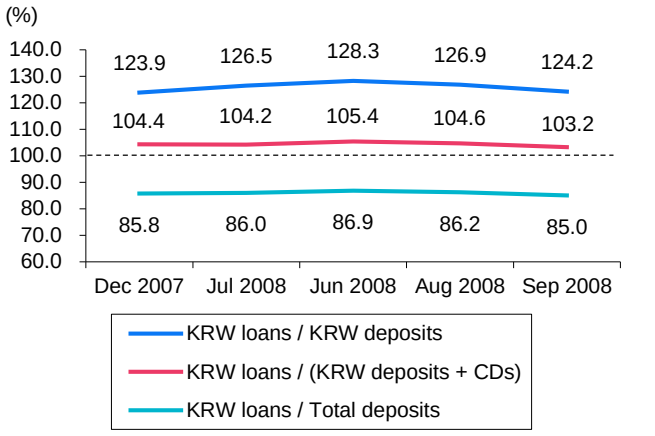
To be sure, companies must be conservative towards managing their CET-1 ratios. For Korean banks, CET-1 ratios are not just an indicator of capital adequacy or soundness. Given that banks comprise the largest part of Korea's financial system and that Korea is a small open economy, banks' CET-1 ratios act as a barometer of overall domestic financial stability—an issue that was clearly exposed during the 2008 global financial crisis.

Tier-1 capital ratio trend during the financial crisis



Source: FSS, Samsung Securities

Commercial banks: Loan-to-deposit ratios during 2008 GFC



Note: Total deposits = KRW deposits + CDs + Bank bonds
Source: FSS, Samsung Securities

Global banks show that there is no single correct CET1 ratio

Yet, global banks show that there is no single correct CET-1 ratio. While each country has a general framework for CET-1 ratio requirements, there is no stipulated minimum ratio that must be uniformly applied to all banks.

Global banks' CET-1 ratio targets reflect banks' individual circumstances

Major global banks' CET-1 ratios are based on their individual circumstances. Unlike Korea (whose common benchmark is around 13%), differences exist both across countries and among banks within the same country. For example, Japan's Mitsubishi UFJ Financial Group (MUFG) established a target ceiling of 10%. In the US, Bank of America targets 10.5%, maintaining a 50bps buffer above the regulatory minimum of 10%.

Global banks' CET-1 ratio targets presented as a range, not a specific number

Some banks present their CET-1 targets as a range rather than a single point. Banco Santander, for example, has set its CET-1 target at 12-13%, while BBVA has a target range of 11.5-12%.

Global banks' CET-1 ratio targets tend to be lower if the banks are small

Smaller banks generally set lower CET-1 ratio targets—such banks are not classified as systematically important banks (SIBs) or systematically important financial institutions (SIFIs), thus are subject to less stringent capital requirements. In the US, for instance, Bank of America targets a CET-1 ratio of 10.5% whereas regional banks (*eg*, US Bancorp and Truist) set their CET-1 ratio targets at 10%.

Target CET-1 ratios, by global bank

Region	Company	3Q25 CET-1 ratio (%)	Target CET-1 ratio (%)
US	Bank of America	11.6	10.5
	Citi Group	13.3	12.8
	Wells Fargo	11.0	10.0-10.5
	PNC Financial	10.6	10.0-10.5
	US Bancorp	10.9	10.0
	Truist	11.0	10.0
	Capital One	14.4	11.0
Japan	Mitsubishi UFJ Financial Group	10.5	9.5-10.5
	Sumitomo Mitsui Financial Group	10.0	10.0
Europe	Banco Santander	13.1	12.0-13.0
	Unicredit	14.8	12.5-13.0
	BBVA	13.4	11.0-12.0
	ING Group	13.4	13.0
	Barclays	14.1	13.0-14.0

Source: Company data, Samsung Securities

Is maintaining a high CET-1 ratio truly advantageous for investors?

From a risk management perspective, it may seem undesirable for Korean banks to lower their CET-1 ratios. However, in light of how global banks are currently valued, it is necessary to consider whether downwardly adjusting Korean banks' CET-1 levels (which are the highest in the word) would truly maximize investor value.

Lower target CET-1 ratios did not heighten market concerns

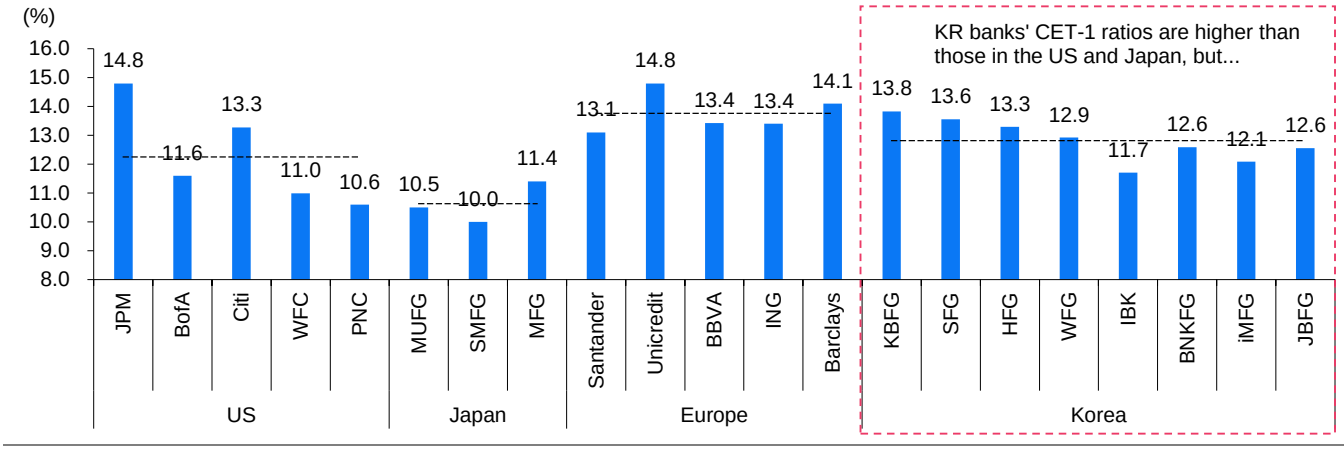
CET-1 ratios at global banks do not appear to correlate with investor confidence. First, MUFG and SMFG in Japan both target CET-1 ratios of 10%, below the levels of most Korean banks. Their actual CET-1 ratios in 3Q25 were close to their targets, but their implied COE was around 9%, the lowest among their global peers. Second, European banks operate with CET-1 ratios of roughly 13%, higher than Japanese banks, but their implied COE is higher (in the low-10% range). Third, large Korean banks have set CET-1 ratio targets of about 13% and are currently above that level, but their implied COE ranges 14.5-22.1%, which is twice the average of the five major US banks.

Setting CET-1 ratio target too high can raise risk concerns

Rather, managing the ratio at a level deemed more conservative than an optimal level can raise concerns over bad debt risks at banks. For instance, if a bank sets its CET-1 ratio target too high, investors may suspect that the bank is trying to cover up risks that only insiders know about.

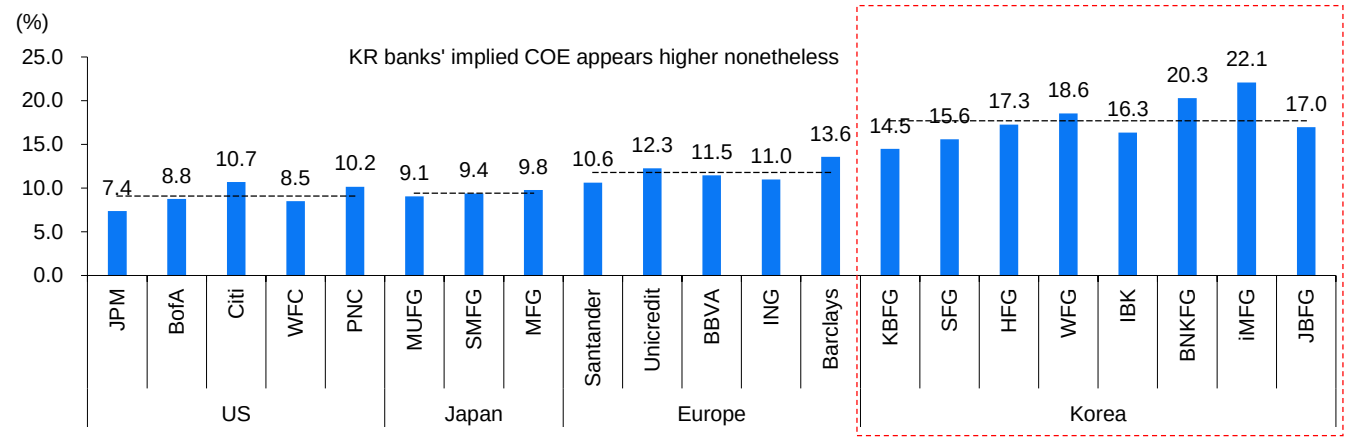
Such doubts can mount when the given bank's P/B is below 1x. A key example was the case of Credit Suisse (Europe) in 2023.

CET-1 ratios, by global bank



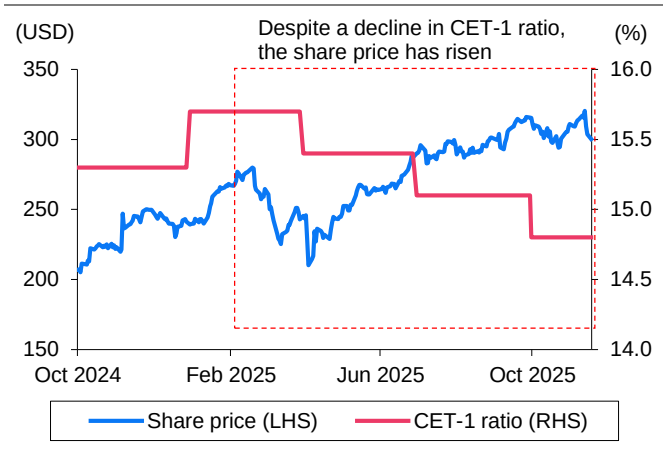
Note: As of 3Q25
Source: Company data, Samsung Securities

Implied COE, by global bank



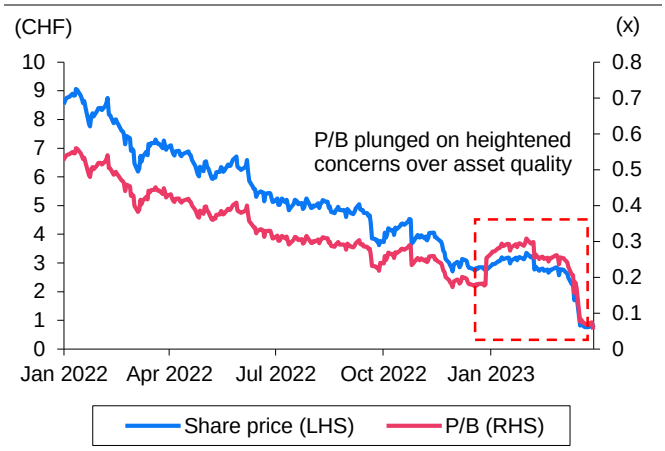
Source: Bloomberg, Samsung Securities estimates

JP Morgan: Share price vs CET-1 ratio



Source: Bloomberg, Samsung Securities

Credit Suisse: Share price vs P/B



Source: Bloomberg, Samsung Securities

Two core values—1) risk control; and 2) effective capital management

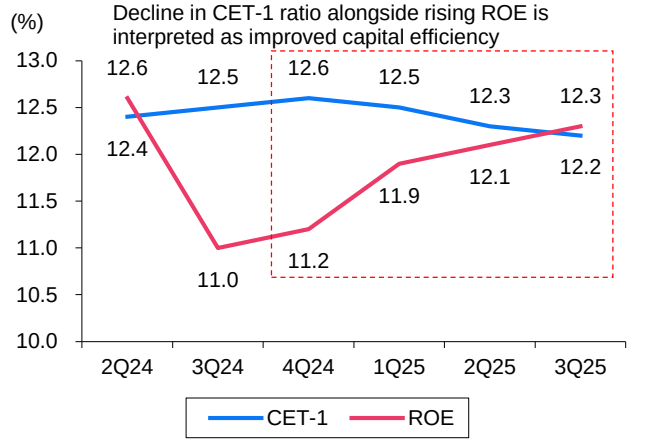
Stability indicators (*eg*, CET-1 ratio) do matter to bank investors. But what matters the most to them is banks' ability to: 1) control risks; and 2) manage capital effectively. Noteworthy is that a company excelling in risk-taking and capital management eventually has a high ROE. This has been well-proven by the rally of shares by US and European banks.

US banks—Shares hit all-time highs despite decline in CET-1 ratios

Key US banks' CET-1 ratios fell for the third consecutive quarter in 3Q, but their shares hit all-time-highs. For instance, the five key US banks suffered a 0.4%pts fall in their average CET-1 ratio from 12.6% at end-2024 to 12.2%, but their shares jumped 26.2% during the period. JP Morgan, which drove the sector's CET-1 ratio decline, has seen its shares hit new highs this year.

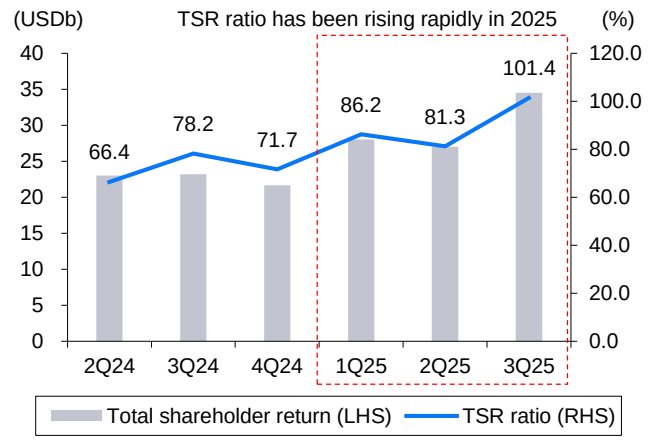
Moreover, these banks are hinting at further reduction in the ratios going forward. Under the Trump administration's capital-ratio deregulation stance, they intend to utilize their excess capital to boost loan growth and return more to shareholders. Thus far, the market has welcomed these moves.

US banks: CET-1 ratio vs ROE



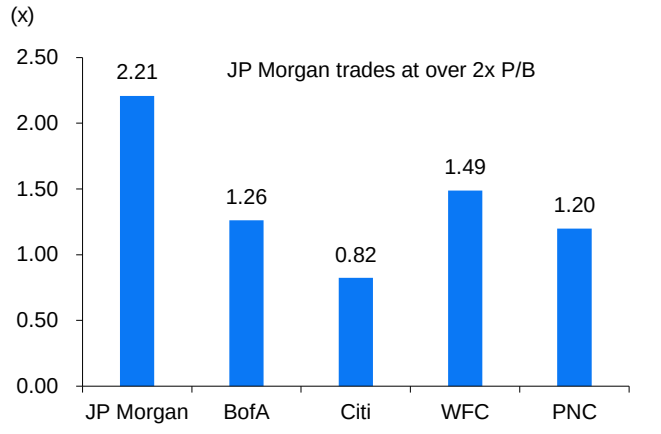
Note: Based on average of banks under our coverage
Source: Bloomberg, Samsung Securities

US banks: Total shareholder returns vs TSR ratio



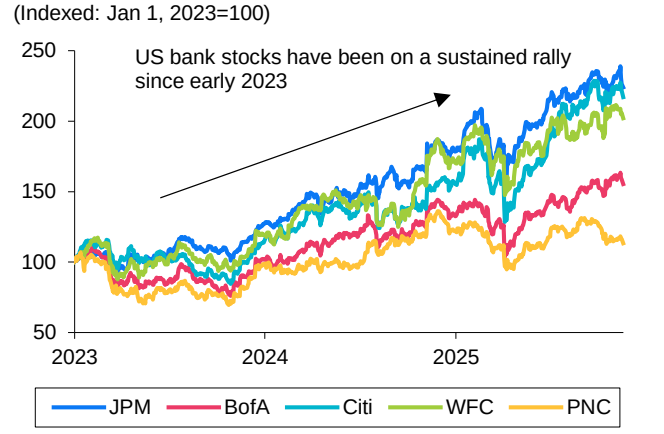
Note: Based on banks under our coverage
Source: Bloomberg, Samsung Securities

US banks: 2026E P/B



Note: As of Nov 17
Source: Bloomberg, Samsung Securities

US banks: Share performance



Source: Bloomberg, Samsung Securities

European banks—returning all capital in excess of CET-1 ratio target to shareholders; enjoying share-price rallies

In 2025, earnings improvement at European banks was limited, but their share-price rallies remained intact, which we owe to their aggressive shareholder returns. Consensus has their 2025 and 2026 total payout ratios hitting 76.8% (vs 48.7% for 2024) and 80.7%, respectively.

European banks: Revenue trend

(EURm)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	Chg (% q-q)	Chg (% y-y)
Banco Santander	14,695	14,401	15,818	14,258	14,941	17,240	15,960	14,480	14,216	(1.8)	(4.9)
Unicredit	6,099	5,991	6,516	6,365	6,161	6,031	6,571	6,150	6,186	0.6	0.4
BBVA	7,957	7,438	8,219	9,226	8,717	9,320	9,324	8,710	9,103	4.5	4.4
ING	5,842	5,408	5,583	5,716	5,908	5,406	5,637	5,703	5,898	3.4	(0.2)
Barclays	7,282	6,459	8,122	7,413	7,749	8,366	9,228	8,463	8,270	(2.3)	6.7
Total	41,875	39,697	44,258	42,978	43,476	46,363	46,720	43,506	43,673	0.4	0.5

Source: Bloomberg, Samsung Securities

European banks: Net profit trend

(EURm)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	Chg (% q-q)	Chg (% y-y)
Banco Santander	2,902	2,933	2,852	3,207	3,250	3,265	3,402	3,431	3,504	2.1	7.8
Unicredit	2,322	2,810	2,558	2,679	2,513	1,969	2,771	3,344	2,664	(20.3)	6.0
BBVA	2,083	2,058	2,200	2,794	2,627	2,433	2,698	2,749	2,531	(7.9)	(3.7)
ING	1,982	1,558	1,578	1,780	1,880	1,154	1,455	1,675	1,787	6.7	(4.9)
Barclays	1,784	125	2,113	1,744	2,150	1,433	2,509	2,250	1,976	(12.2)	(8.1)
Total	11,073	9,484	11,301	12,204	12,420	10,254	12,835	13,449	12,462	(7.3)	0.3

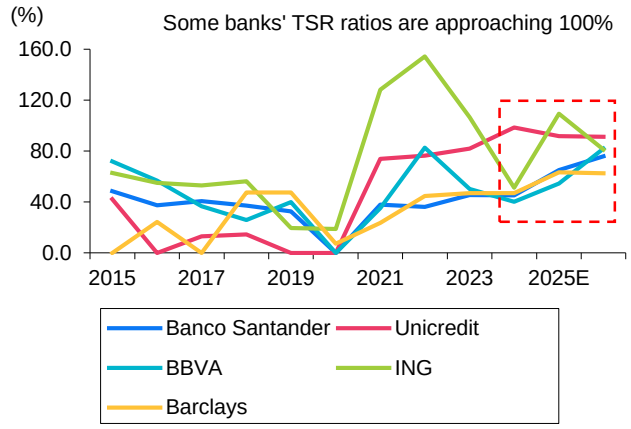
Source: Bloomberg, Samsung Securities

European banks: Breakdown of total shareholder returns (3Q25)

(EURm)	Total shareholder returns	Dividends	Share buyback	Net profit	TSR ratio (%)	Consensus of 2025 TSR ratio (%)	Consensus of 2026 TSR ratio (%)
Banco Santander	3,400	1,700	1,700	13,641	24.9	65	76.2
Unicredit	9,500	4,750	4,750	10,475	90.7	91.8	90.9
BBVA	2,833	1,840	993	10,516	26.9	54.5	94.5
ING	1,964	1,039	925	1,787	109.9	109.5	79.1
Barclays	3,302	1,592	1710	6,735	49	63.3	62.7
Total	20,999	10,921	10,078	43,154	48.7	76.8	80.7

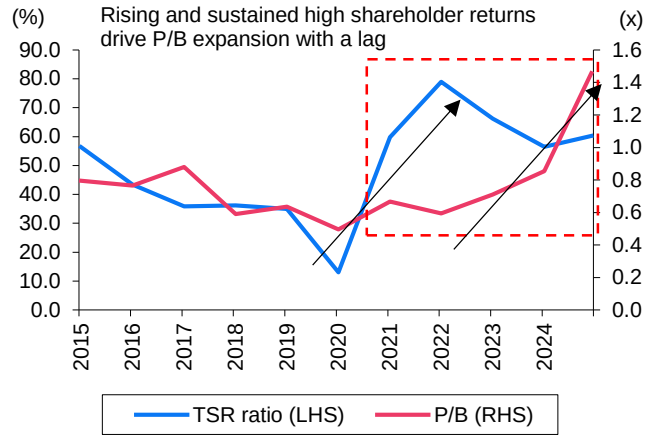
Note: Banco Santander, Unicredit, and BBVA are based on full-year consensus and guidance; ING is based on 3Q25; Barclays is based on 1Q-3Q25
Source: Company data, Bloomberg, Samsung Securities

Europe banks: TSR ratios trend



Note: 2025 and 2025 is based on consensus estimates
Source: Bloomberg, Samsung Securities

Europe banks: TSR ratios vs average P/B



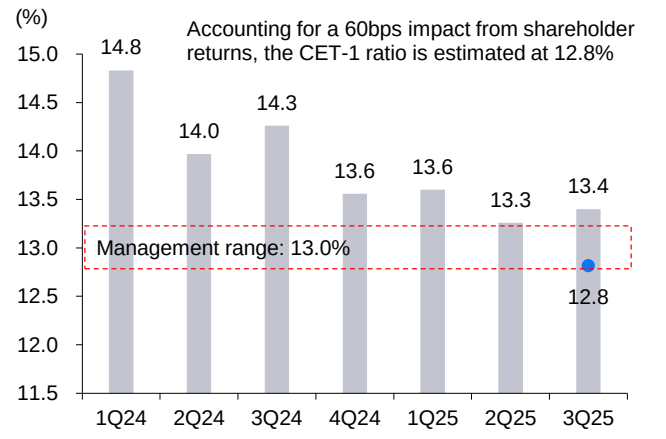
Note: TSR ratios are based on average of 5 banks
Source: Bloomberg, Samsung Securities

European banks: Confirmation of management's commitment to lifting shareholder value translates into enhanced investor confidence (*eg*, ING Group and BBVA)

Behind the improved shareholder return visibility lies managements' commitment to lifting shareholder value, as confirmed by 3Q results—*eg*, some banks set a CET-1 ratio target range, returning the capital in excess of the target band to shareholders. For instance, ING Group returned the capital in excess of its CET-1 ratio target (12-13%) to shareholders.

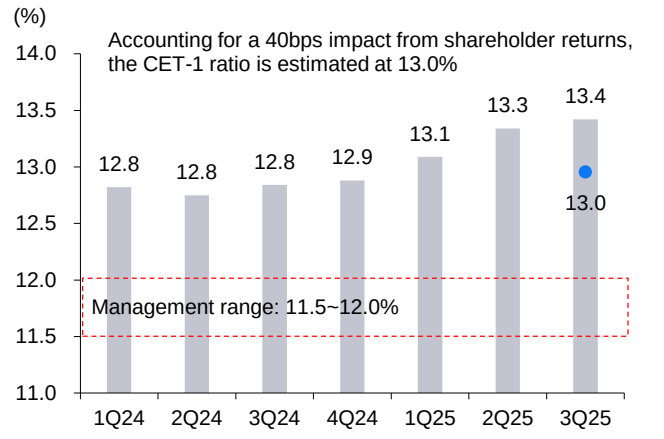
This principle equally applies to excess capital related to M&As—*eg*, BBVA announced a shareholder return plan on Oct 16, the same day when its attempt to take over Banco Sabadell failed. BBVA's payment of an interim dividend (of a record-high EUR1.84b) and release of an additional shareholder return policy drove its shares higher.

ING Group: CET-1 ratio vs impact of TSR enhancement



Source: ING Group, Samsung Securities

BBVA: CET-1 ratio vs impact of TSR enhancement



Source: BBVA, Samsung Securities

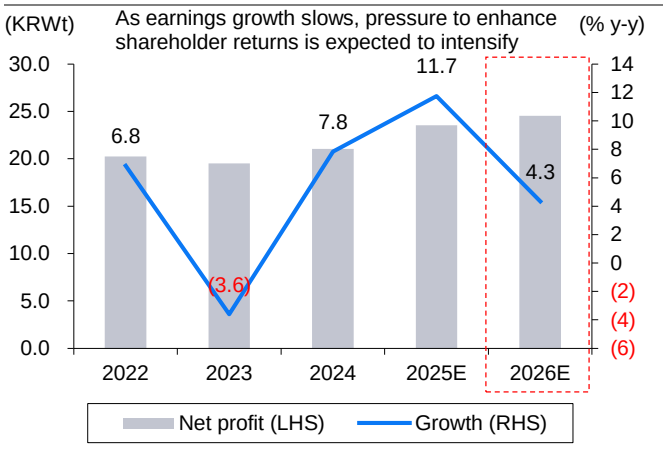
The answer is clear—whether banks make meaningful improvement in enterprise value enhancement plan (to be disclosed in early 2026) to be key

The premise that 'speedy enhancement of shareholder returns is key to lifting domestic banks' enterprise value' persists. The premise has been supported not only by domestic banks' unprecedented share-price hikes seen over the past two years but also by key global banks' valuation re-ratings.

From this perspective, improvement in banks' shareholder returns and enterprise value guidance for 2026 (to be disclosed in early 2026) should be key to their share performance. Of note, we believe that: 1) KB Financial Group's (KBFG) total payout ratio will top 50% in 2025; and 2) Shinhan Financial Group (SFG) and Hana Financial Group (HFG) will reach their 'total payout ratio target of 50%' ahead of schedule. Anticipation is high towards their 2026 guidance.

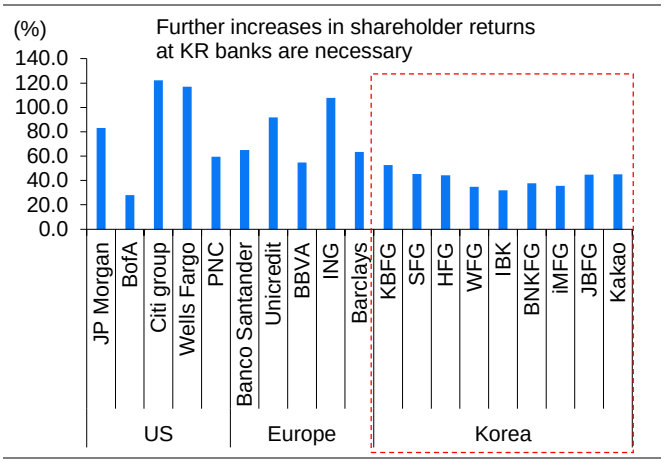
True, domestic banks' total payout ratios cannot reach the global level in 2026. What seems more realistic is that their total payout ratios (and total payout ratio visibility) should improve over the longer term (3-5 years)—*eg*: 1) banks could raise the upper end of their payout ratio target bands, speed up the pace they raise their shareholder returns, or adopt more shareholder friendly measures; 2) by doing so, banks could help investors predict their future earnings (over the next three- to five years); and 3) by doing so, banks could see the valuation gap with key overseas banks narrow. These moves (if any) would help domestic banks re-rate further in 2026.

Banks: Total net profit vs growth trend



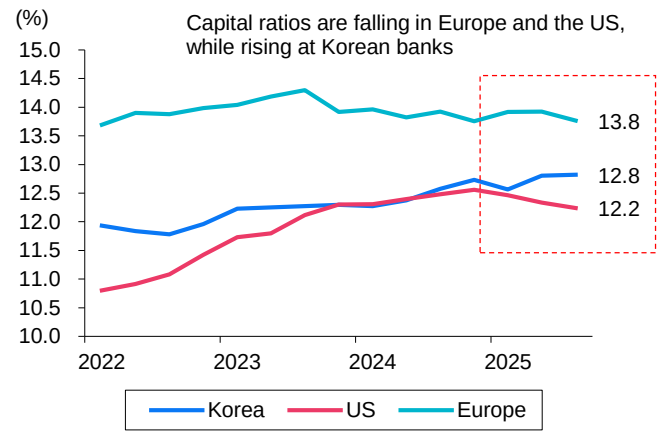
Note: Based on banks under our coverage
Source: Company, Samsung Securities

Korea vs US vs EU: 2025E TSR ratio



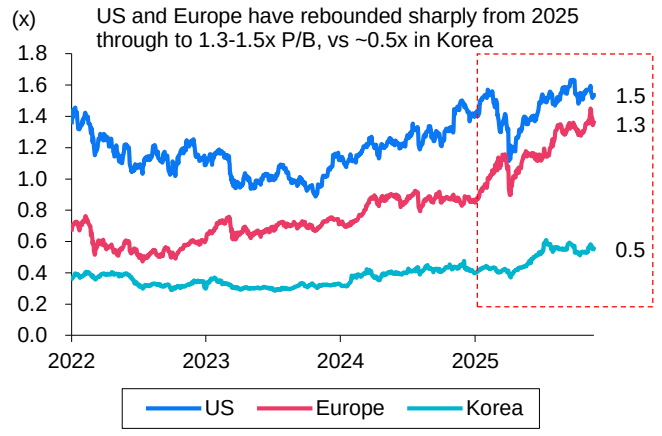
Source: Bloomberg, Samsung Securities estimates

Korea vs US vs EU: Global banks' CET-1 ratio trend



Note: Based on average of banks under our coverage
Source: Bloomberg, Samsung Securities

Korea vs US vs EU: Global banks' P/B multiple trend



Note: Based on average of banks under our coverage
Source: Bloomberg, Samsung Securities

Dividends—positive change in shareholder ownership structure to be key

Dividends stemming from capital reductions—financial groups have room to maneuver

Woori Financial Group's decides to pay capital-reduction dividends (dividends paid out of capital reserves following a reduction of capital); other financial groups to follow suit from 2026

Woori Financial Group's (WFG) in Mar 2025 decided to pay capital-reduction dividends (dividends from capital reserves; nontaxable). Other financial groups said during their 3Q earnings calls that they may follow suit from 2026—a step forward from their previous conservative stance towards doing so.

Top-four financial groups and iM Financial Group likely eligible for capital-reduction dividends

We believe that Korea's top-four financial groups and iM Financial Group are eligible for capital-reduction dividends. As of end-2024, the five companies' capital reserves topped their paid-in capital by 1.5x, a threshold that must be met before capital-reduction dividends can be paid.

For reference, not all capital reserves at banks can be used as dividend resources. WFG decided to use only KRW3t (out of its total capital reserves of about KRW5.4t) for dividends, or 55.4%. When applying the same rate (55.4%) to other banks, the top-three financial groups can pay more than KRW3t in capital-reduction dividends. This shows that banks can provide tax benefits to investors by offering tax-free dividends for the next 2-3 years.

Banks and financial holding groups: Estimated capital-reduction dividend capacity

(KRWb)	WFG	KBFG	SFG	HFG	iMFG	IBK	BNKFG	JBFG	Kakao Bank
Paid-in capital	3,802.7	2,090.6	2,969.6	1,501.2	845.7	4,211.4	1,629.7	984.9	2,384.8
Paid-in capital x 1.5 (A)	5,704.0	3,135.8	4,454.5	2,251.8	1,268.6	6,317.0	2,444.5	1,477.4	3,577.3
Capital surplus (B)	11,120.2	14,754.5	11,350.7	8,310.6	1,560.6	1,161.6	2,256.4	476.7	2,988.2
C = B-A	**5,416.2**	**11,618.6**	**6,896.3**	**6,058.8**	**292.0**	**(5,155.5)**	**(188.1)**	**(1,000.7)**	**(589.1)**
Capital-reduction dividend capacity at WFG (D)	**3,000.0**								
E = D/C (%)	**55.4**								
Estimated capital-reduction dividend capacity (F = C x E)	**3,000.0**	**6,435.5**	**3,819.8**	**3,355.9**	**161.8**				
FY25 cash dividend	**976.2**	**1,340.0**	**1,112.9**	**1,002.5**	**108.3**				
F / FY25 cash dividend	**3.1**	**4.8**	**3.4**	**3.3**	**1.5**				

Note: WFG announced capital-reduction dividend capacity of KRW3t, citing it as the maximum limit; Based on 2024 balance sheets
Source: Company data, Samsung Securities estimates

Capital-reduction dividends—a meaningful event from a capital-adjustment perspective

Utilization of capital reserves

Capital-reduction dividends have the impact of adjusting a financial group's capital. The dividends allow financial groups to utilize capital reserves as a dividend resource.

Easing of subsidiaries' dividend payout burden

Capital-reduction dividends also have the impact of lowering subsidiaries' dividend payout burden. When utilizing capital-reduction dividends, a financial group can allow its subsidiaries to cut their dividend payout. Capital-reduction dividends can be a useful tool for the financial group as non-banking subsidiaries need to better utilize their capital.

Capital-reduction dividends have shortfalls—financial groups need to manage parent-based, total shareholders' equity

However, capital-reduction dividends are not a magic bullet. When dividends from subsidiaries fall, the financial group can suffer declines in total shareholders' equity and financial ratios.

In sum, even when a financial group engages in capital-reduction dividends, it must receive a certain level of dividends from its subsidiaries.

Separate taxation of dividend income—eligibility standard to be key

Discussions relating to separate taxation of dividend income underway—who should be eligible for separate taxation to be key

Discussions are underway at the National Assembly over separate taxation of dividend income. Regarding the issue, what matters is who will be eligible. If the tax-reform plan applies to 'companies with a dividend payout ratio of more than 25% and those having increased dividends by more than 5% vs the three-year average', banks should be subject to separate taxation.

Eligibility standard of 25% payout ratio to enable banks to continue with their share buyback-centered shareholder return policies (positive for banks)

The tax-reform plan bodes well for banks, as it should allow them to continue with their share buyback-centered shareholder return policies. If banks' total payout ratio is limited to 50%, they may be forced to shrink their share buybacks if they have to rapidly increase their dividend payout ratios. If banks face only a mild hike in their dividend payout ratios, their share buyback programs should suffer little. For reference, share buybacks & cancellations (vs dividend payouts) contribute more to BVPS and EPS growth when a bank has a P/B of 1x or below and has subdued earnings growth, and institutional investors both at home and abroad (FGs' major shareholders) are not eligible for separate taxation.

Dividend payout ratio and DPS, by bank

		KBFG	SFG	HFG	WFG	IBK	BNKFG	iMFG	JBFG	Kakao Bank
Dividend payout ratio (%)	2024A	23.6	24.5	26.0	28.9	32.1	28.5	38.7	28.0	39.0
	2025E	23.4	21.3	24.5	30.0	32.0	26.0	23.0	28.0	45.0
DPS (KRW)	2023A	3,060.0	2,100.0	3,400.0	1,000.0	984.0	510.0	550.0	855.0	150.0
	2024A	3,174.0	2,160.0	3,400.0	1,200.0	1,065.0	650.0	500.0	995.0	360.0
	2025E	3,699.6	2,280.0	3,500.0	1,330.0	1,110.0	700.0	640.0	1,020.0	440.0
	2023-25 Avg	3,311.2	2,180.0	3,433.3	1,176.7	1,053.0	620.0	563.3	956.7	316.7
	2026E	4,302.0	2,920.0	3,900.0	1,460.0	1,160.0	780.0	700.0	1,120.0	530.0
	Avg vs 2026E (%)	29.9	33.9	13.6	24.1	10.2	25.8	24.3	17.1	67.4

Source: Company data, Samsung Securities estimates

Change in shareholder ownership structure—banking shares are major dividend stocks

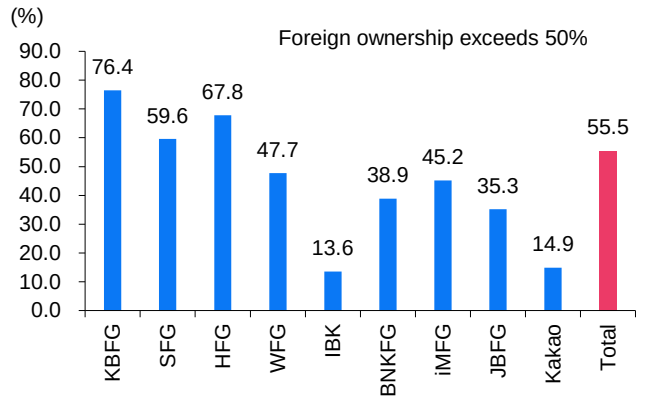
Foreign investors own 55.5% of domestic banks and 67.2% (weighted average) of the top-3 financial groups. As the National Pension Service (NPS) has a nearly a 10% stake in each of the top-three banks, and regional financial groups' largest shareholders have at least a 10% stake in all three, retail investors have limited exposure to banks.

Considering the bank ownership structure, banks' response to the capital-reduction dividends and separate taxation on dividend income should not benefit existing shareholders much. Given retail investors' low exposure to banks, any hike in the retail investor portion of total ownership (driven by capital-reduction dividends and separate taxation), should improve sector share supply-demand dynamics.

In particular, retail investors' buying of banking shares (driven by increased benefits as dividend stocks) should boost banks' share-price stability. Going forward, retail and institutional investors' interest in dividend stocks should rise. Amid this, banks' investment merit should draw further attention for their progressive dividend policies—they keep dividends flat y-y and are pursuing a steady y-y hike in DPS.

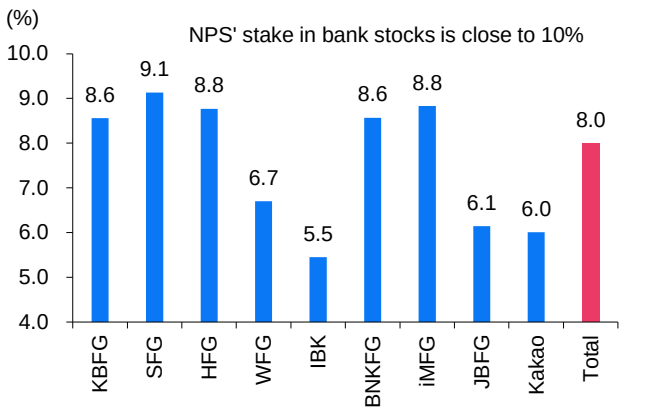
For reference, when a bank's P/B tops 1x, banks are advised to boost their dividend yield by raising the dividend portion of their total shareholder returns (dividends + buybacks). In 2025, banks should offer a dividend yield of 4% (a level deemed somewhat low) but should offer a total shareholder yield of 6.1%. If their total payout ratio rises above 50%, the yield can rise further.

Foreign ownership, by financial group



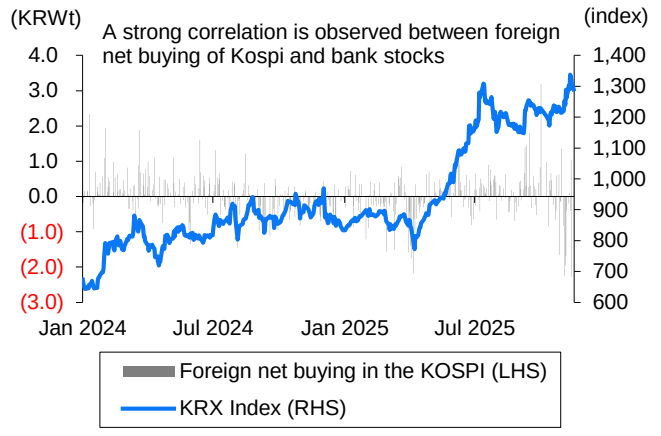
Note: As of Nov 17
Source: QuantiWise, Samsung Securities

NPS ownership, by financial group



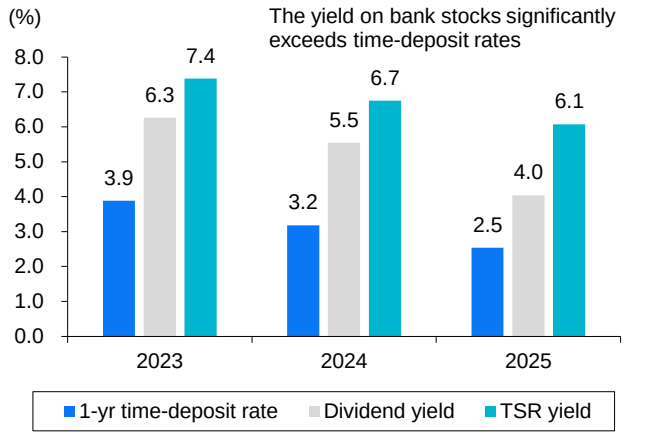
Note: Based on the latest filings
Source: DART, QuantiWise, Samsung Securities

Foreign net buying of Kospi vs KR bank sector index



Source: KRX, Samsung Securities

1-yr time-deposit rate vs dividend yield vs TSR yield



Note: Based on end-2023 and end-2024, 2025 is as of Nov 17
Source: BOK, Samsung Securities

Appendix: Overseas banks' dividend payout ratio? Rising demand for gradual hike in payout ratio

Overseas banks' average dividend payout ratio stands at 30-40%

US, European, and Japanese banks (based on five key US banks, five key European banks, and three key Japanese banks) have an average dividend payout ratio of 30-40%. We estimate their share buyback and dividend mix at 50:50.

Global banks: Shareholder returns (dividends vs share buybacks)

Region	(USDm)	Total shareholder returns	Dividends	Share buybacks	Net profit	TSR ratio (%)	Dividend payout ratio (%)	Share buyback ratio (%)
US	JP Morgan	32,627.0	13,786.0	18,841.0	58,471.0	55.8	23.6	32.2
	Bank of America	21,448.1	7,855.5	13,592.6	27,132.0	79.1	29.0	50.1
	Citi Group	6,718.0	4,218.0	2,500.0	12,682.0	53.0	33.3	19.7
	Wells Fargo	24,739.2	5,139.2	19,600.0	19,722.0	125.4	26.1	99.4
	PNC Financial	3,179.2	2,513.7	665.5	5,889.0	54.0	42.7	11.3
	Total	88,711.5	33,512.4	55,199.1	123,896.0	71.6	27.0	44.6
Europe	Banco Santander	6,151.9	2,785.4	3,366.5	13,602.3	45.2	20.5	24.7
	Unicredit	10,353.9	4,002.8	6,351.1	10,513.8	98.5	38.1	60.4
	BBVA	4,375.8	3,530.9	844.9	10,876.2	40.2	32.5	7.8
	ING Group	3,541.7	3,541.7	0.0	6,914.7	51.2	51.2	0.0
	Barclays	3,797.3	1,548.0	2,249.3	8,060.3	47.1	19.2	27.9
	Total	28,220.6	15,408.8	12,811.7	49,967.3	56.5	30.8	25.6
Japan	MUFG	7,618.0	4,871.1	2,746.9	12,230.0	62.3	39.8	22.5
	SMFG	4,770.6	3,118.7	1,651.9	7,733.4	61.7	40.3	21.4
	MFG	2,996.0	2,320.4	675.7	5,812.7	51.5	39.9	11.6
	Total	15,384.6	10,310.1	5,074.5	25,776.1	59.7	40.0	19.7

Note: As of 2024
Source: Bloomberg, Samsung Securities

No DPS cuts even when earnings decline

Overseas banks—considered as dividend stocks—do not cut their DPS even when their earnings decline, as dividend cuts can signal that they face severe financial difficulties (a factor that can fuel concerns over their financials) and undermine their status as dividend stocks. For instance, the five key US banks kept their DPS steady during COVID-19 (a time of earnings decline) by raising their dividend payout ratios. In contrast, New York Community Bank (NYCB; a small US bank) cut its dividend following a heavy CRE-related loss in early 2024, suffering a 73.7% plunge in its share price in the wake.

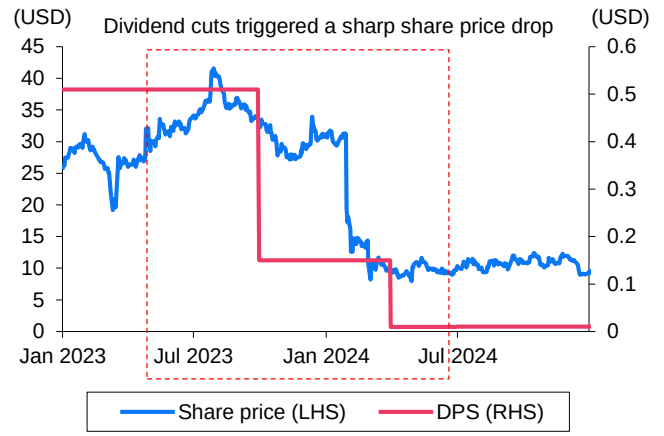
Mindful of this, when announcing their shareholder return policies, most domestic banks set up the structure of: 1) pursuing progressive dividend policies (raising DPS in a stable way); and 2) speeding up total payout ratio hikes via utilization of capital reserves for share buybacks.

US banks: DPS vs dividend payout ratio

(USD, %)	2019		2020		2021		2022	
	DPS	Dividend payout ratio	DPS	Dividend payout ratio	DPS	Dividend payout ratio	DPS	Dividend payout ratio
JPM	3.4	31.7	3.6	40.5	3.8	24.7	4.0	33.1
BofA	0.7	24.0	0.7	38.5	0.8	21.8	0.9	27.0
Citi	1.9	23.9	2.0	43.2	2.0	20.1	2.0	29.1
WFC	1.9	46.9	1.2	283.7	0.6	12.1	1.1	33.6
PNC	4.2	43.9	4.6	72.3	4.8	37.8	5.8	41.5
Total	12.1	34.4	12.2	54.7	12.0	25.7	13.8	34.9

Source: Bloomberg, Samsung Securities

NYCB share price vs DPS

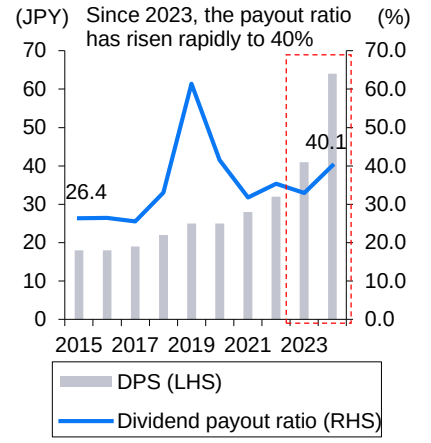


Source: Bloomberg, Samsung Securities

Japanese banks have dividend payout ratio of 40%

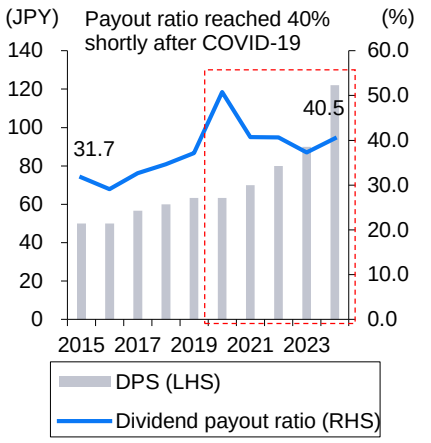
Meanwhile, three key Japanese banks (MUFG, SMFG, and Mizuho) have raised their dividend payout ratio to 40% (each). Their basic shareholder return policies: They possess a dividend payout ratio of 40% and buy back shares via capital reserves. As such, their dividend payout ratios rapidly rose to 40% and have stayed there since 2023.

MUFG: DPS vs dividend payout ratio



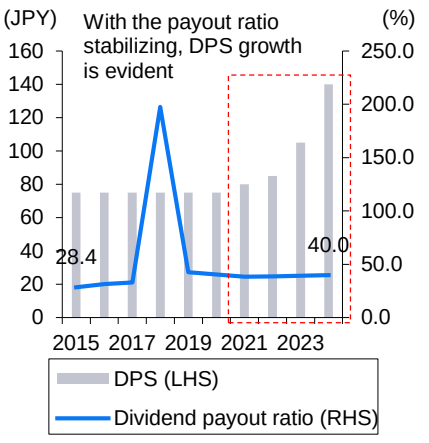
Source: Bloomberg, Samsung Securities

SMFG: DPS vs dividend payout ratio



Source: Bloomberg, Samsung Securities

Mizuho: DPS vs dividend payout ratio



Source: Bloomberg, Samsung Securities

Domestic banks need to raise dividend payout ratios over longer term, though more in-depth discussions required

Domestic banks are motivated to raise their dividend payout ratios, as: 1) the top-three financial groups' dividend payout ratios average just 25% (far lower than their global counterparts'); and 2) their dividend yields have fallen following recent share-price runups.

That said, a hike in their dividend payout ratios would require in-depth discussions over the longer term, as: 1) share buybacks & cancellations (vs cash dividend payouts) are more beneficial to banks' shareholder value when banks' P/Bs are less than 1x and considering banks' ownership structure (*eg*, foreign investors' large stakes); and 2) high dividend payout ratios can raise forex concerns.

Investment strategy—hike in BVPS and total payout ratio deserve attention

Alpha for domestic banks—rise in BVPS

Banking shares to grow more attractive over longer term—focus on BVPS growth

Domestic banking stocks should boast even more upside over the longer term. Major US and Japanese banks currently have an implied cost of equity (COE) of 7-9% (based on 2025 estimates). Even under a conservative assumption of a 12-15% implied COE for domestic banks, their fair P/B multiple would be 0.6-0.9x (based on 2027E ROE), implying considerable upside from their current share-price levels.

Actual upside could be even greater given the rapid pace of BVPS growth. BVPS is set to grow closer to 10% *pa*, driven by: 1) share buybacks and cancellations—conducted at P/B multiples well below 1x—accounting for more than 50% of total shareholder returns; and 2) the cancellation of treasury shares, which should accelerate the pace at which the number of shares outstanding declines.

BVPS growth accelerates when share price remains sluggish

When share prices underperform, BVPS growth tends to accelerate—share buybacks and cancellations drive down the share count more aggressively. When share-price gains are weaker, higher-than-expected BVPS growth should enhance the investment case for domestic banks.

Sensitivity test: BVPS growth and fair value per share, by bank

(KRW)	2024 BVPS	2027E BVPS	Growth (%)	2027E ROE (%)	COE (%)	Fair P/B (x)	2027E BVPS	Fair value per share	Current price	Upside (%)
KBFG	140,598	181,446	29.1	10.8	12.6	0.86	181,446	156,173	126,000	23.9
SFG	99,328	127,072	27.9	10.3	13.1	0.79	127,072	100,094	78,400	27.7
HFG	133,682	166,914	24.9	10.4	13.1	0.79	166,914	132,244	93,000	42.2
WFG	40,691	51,088	25.6	10.3	14.4	0.72	51,088	36,692	27,950	31.3
BNKFG	31,117	38,922	25.1	8.7	14.2	0.61	38,922	23,776	15,540	53.0
iMFG	30,612	35,171	14.9	9.6	15.6	0.62	35,171	21,632	14,500	49.2
JBFG	26,019	34,536	32.7	12.9	14.2	0.91	34,536	31,474	25,050	25.6

Note: As of Dec 9

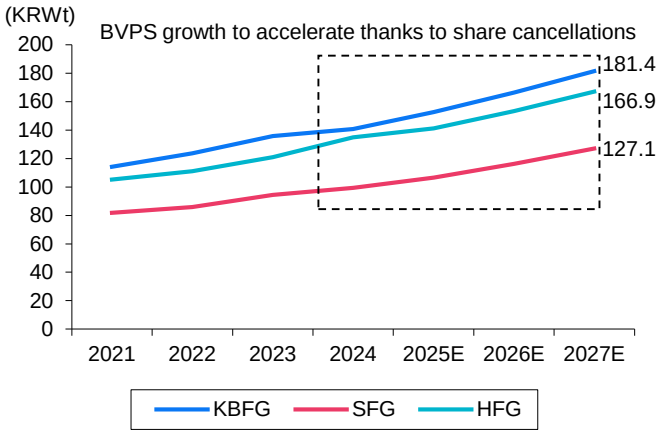
Source: Samsung Securities estimates

Share-price stagnation would imply irrational derating

Some may argue that banking shares will remain stuck at current levels, but such a view is irrational, as it effectively assumes: 1) banks' corporate value enhancement efforts will prove meaningless; and 2) valuation multiples will derate. For share prices to stay flat, banks' P/B multiples would have to fall from their current levels, implying an increase in the market's perceived COE. Such a scenario seems unlikely unless banks were to: 1) abandon their ROE and payout ratio expansion plans; and 2) face a severe systemic shock.

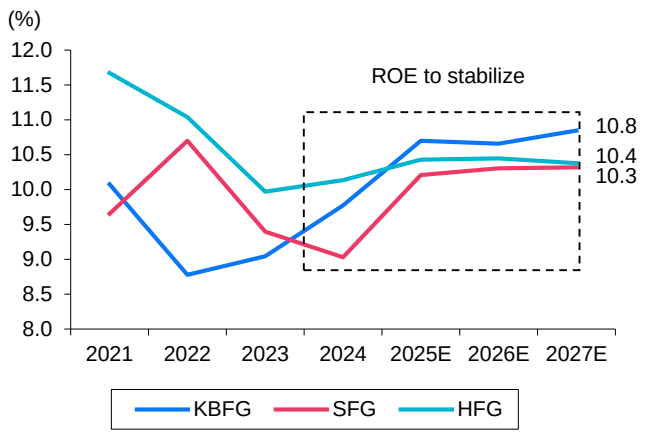
A more reasonable expectation is that banking stocks will: 1) at least track their BVPS growth; and 2) benefit from higher valuations if payout ratio increases match or beat expectations.

Big 3 financial groups: BVPS trends and forecasts



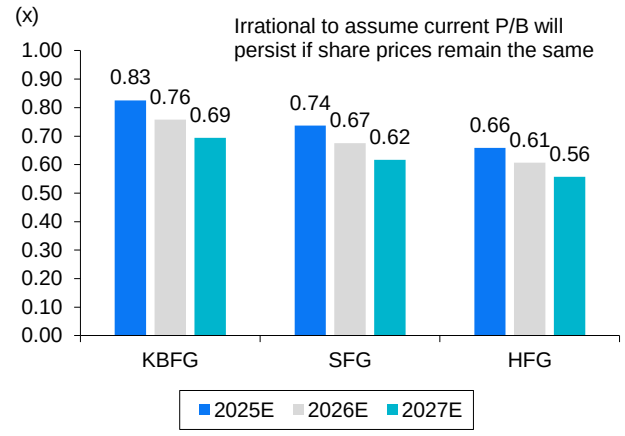
Source: Company data, Samsung Securities

Big 3 financial groups: ROE trends and forecasts



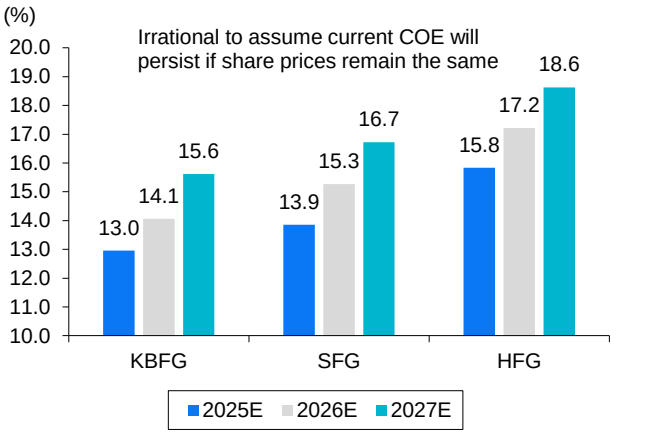
Source: Company data, Samsung Securities

Big 3 financial groups: Annual P/B forecasts



Note: As of Dec 9
Source: QuantiWise, Samsung Securities

Big 3 financial groups: Annual COE forecasts



Note: As of Dec 9
Source: QuantiWise, Samsung Securities

Remaining bullish on sector: Pace of payout ratio hike is key

Despite this year's rally, we remain bullish towards the sector for three reasons: 1) improving industry conditions should support earnings growth; 2) banks have laid out credible corporate value enhancement plans, with some on track to reach their targets ahead of schedule; and 3) valuations remain attractive from a longer-term perspective.

Total payout ratio to be key—KBFG to lead banking sector's payout ratio hike led by capital-reduction dividends, re-leveraging, and competitiveness of diversified subsidiaries

We see the pace of payout ratio hikes as being key to the sector's rerating. We believe that KBFG will drive the sector's payout ratio hike, as: 1) it has a differentiated total payout ratio; 2) it has ample room for capital-reduction dividends (vs industry peers); 3) it has ample room for re-leveraging (vs industry peers); and 4) it has a competitive, diversified non-banking lineup, a prime condition for an ROE hike.

Expectations valid that SFG and HFG will reach 50% total payout ratio target ahead of schedule

SFG and HFG should narrow the valuation gap with KBFG, as their total payout ratio should hit 44-45% in 2025 (a level higher than their guidance) and should either come closer to 50% or hit 50% in 2026 (ahead of schedule).

BNKFG and iMFG—To enjoy differentiated earnings growth and hike in total payout ratio

BNKFG and iMFG began posting full-blown earnings growth in 2025 after finally cleaning up real-estate financing-related bad debts. Their differentiated earnings growth should continue in 2026, as: 1) their business strategy of primarily managing return on risk-weighted assets (RoRWA) has taken firm root amid sustained high credit costs; 2) unlike commercial banks, they face little burden related to constructive financing and penalty issues; and 3) they stand to gain more when the SME market improves. They now trade at 0.4x P/B, the lowest in the sector, and their upside is greater than their downside.

WFG—Whether structural changes lead to tangible improvements in shareholder value is key

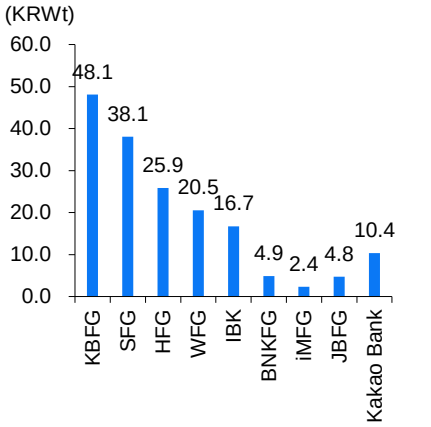
WFG's valuation level and dividend yield, supported by capital reduction dividends, are considered sufficiently attractive. However, further narrowing of its valuation gap will hinge on several key factors: 1) easing uncertainties of the earnings impact stemming from the full consolidation and integration of Tongyang Life Insurance and ABL Life Insurance as wholly owned subsidiaries; 2) confirmation of its profit growth potential driven by a strengthening of its non-banking businesses; and ultimately 3) the establishment of market confidence in its enhanced shareholder return policies based on earnings improvement and capital ratio reinforcement.

JBFG—Already at highest valuation in sector; next catalyst must come from 'plus alpha'

JBFG is currently trading at a 2026E P/B of 0.74x, exceeding even KB Financial Group's valuation multiple. This reflects its differentiated ROE within the banking sector. That said, the stock may still appear undervalued relative to its ROE, and further upside will depend on: 1) the sustainability of its high ROE; and 2) a more aggressive and differentiated enhancement in its shareholder return policy.

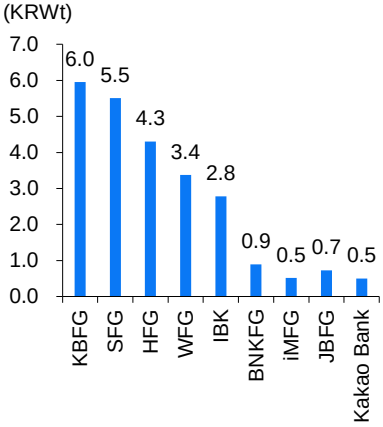
Even assuming a 45% shareholder return ratio in 2026, JBFG's shareholder return yield would stand at 7.5%, which is comparable to SFG's but lower than that of BNKFG and iMFG's. From this perspective, whether the company raises its shareholder return ratio in early 2026 will be a key catalyst.

Banks/financial groups: Market cap



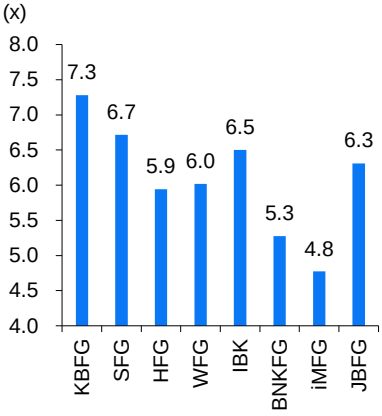
Note: As of Dec 9
Source: QuantiWise, Samsung Securities

Banks/FGs: 2026E net income



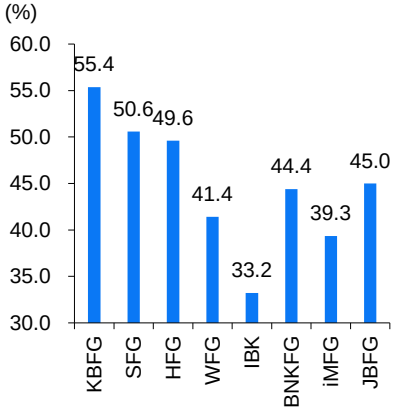
Source: Samsung Securities estimates

Banks/financial groups: 2026E P/E



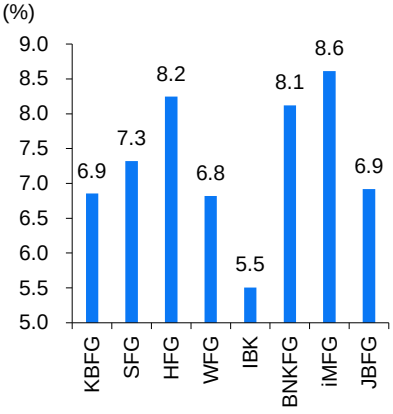
Note: As of Dec 9
Source: QuantiWise, Samsung Securities

Banks/financial groups: 2026E total payout ratio*



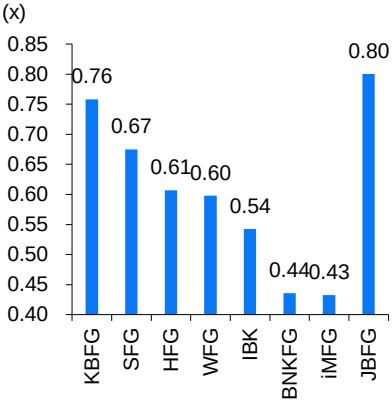
Note: *(Dividends + share buybacks) / net profit
Source: Samsung Securities estimates

Banks/financial groups: 2026E total shareholder yield*



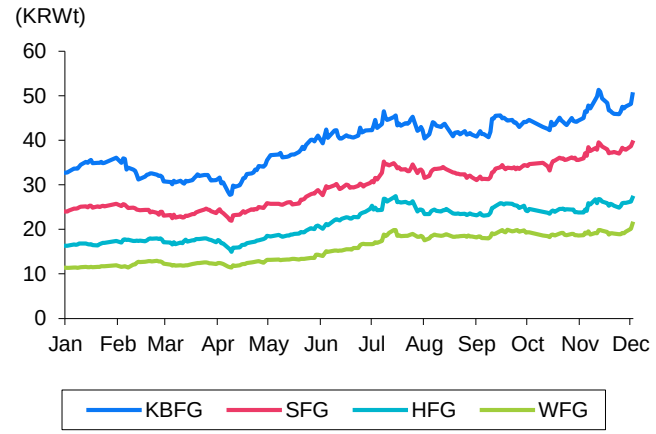
Note: As of Dec 9;
*(Dividends + share buybacks) / mkt cap
Source: QuantiWise, Samsung Securities estimates

Banks/financial groups: 2026E P/B



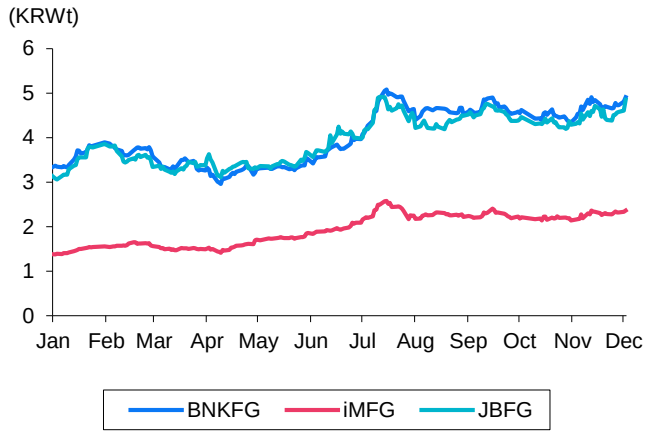
Note: As of Dec 9
Source: QuantiWise, Samsung Securities

Big 3 financial holding groups: Market cap trend



Source: QuantiWise, Samsung Securities

Mid-sized financial holding groups: Market cap trend



Source: QuantiWise, Samsung Securities

Valuation matrix

(KRWb, KRW)		KBFG	SFG	HFG	WFG	IBK	BNKFG	iMFG	JBFG	Kakao Bank	Sector
Ticker		105560 KS	055550 KS	086790 KS	316140 KS	024110 KS	138930 KS	139130 KS	175330 KS	323410 KS	
Recommendation		BUY	BUY	BUY	HOLD	HOLD	BUY	BUY	HOLD	HOLD	OVERWEIGHT
Current price (KRW)		126,000	78,400	93,000	27,950	21,000	15,540	14,500	25,050	21,700	
Target price (KRW)		150,000	94,000	119,000	32,000	23,000	20,000	19,000	28,000	27,000	
Upside (%)		19.0	19.9	28.0	14.5	9.5	28.7	31.0	11.8	24.4	
Target P/B (x)		0.98	0.88	0.84	0.74	0.63	0.61	0.60	0.99	1.89	
Target P/E (x)		9.4	8.8	8.2	7.3	7.1	7.4	6.8	7.7	27.6	
Market cap (KRWt)		48.1	38.1	25.9	20.5	16.7	4.9	2.4	4.8	10.4	171.6
P/E (x)	2024A	6.1	5.4	4.4	3.7	4.6	4.5	6.4	4.7	22.8	5.4
	2025E	7.9	7.4	6.4	6.4	6.5	5.8	5.2	6.9	22.2	7.3
	2026E	7.3	6.7	5.9	6.0	6.5	5.3	4.8	6.3	20.6	7.0
P/B (x)	2024A	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.6	1.5	0.5
	2025E	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.9	1.5	0.7
	2026E	0.8	0.7	0.6	0.6	0.5	0.4	0.4	0.8	1.4	0.7
EPS (KRW)	2024A	13,593	8,816	13,017	4,156	3,106	2,274	1,270	3,483	923	
	2025E	16,028	10,661	14,469	4,370	3,249	2,701	2,791	3,643	976	
	2026E	17,307	11,672	15,647	4,646	3,230	2,946	3,038	3,970	1,052	
BVPS (KRW)	2024A	140,598	99,328	133,682	40,680	34,537	31,117	30,612	26,019	13,712	
	2025E	152,605	106,435	141,257	43,081	36,633	32,887	31,833	28,316	14,268	
	2026E	166,262	116,167	153,231	46,766	38,702	35,659	33,532	31,301	15,320	
ROA (%)	2024A	0.7	0.6	0.6	0.6	0.6	0.8	0.2	1.0	0.8	0.7
	2025E	0.8	0.7	0.6	0.6	0.6	0.9	0.5	1.0	0.7	0.7
	2026E	0.7	0.7	0.6	0.6	0.5	1.0	0.5	1.0	0.6	0.7
ROE (%)	2024A	9.8	9.0	10.1	10.6	9.3	7.5	4.1	14.0	7.0	9.5
	2025E	10.7	10.2	10.4	10.5	9.1	8.4	8.9	13.2	7.0	10.1
	2026E	10.7	10.3	10.4	10.4	8.6	8.5	9.3	13.1	7.1	10.1
DPS (KRW)	2026E	4,302	2,920	3,900	1,460	1,160	780	700	1,120	530	
Div. yield (%)	2026E	3.4	3.7	4.2	5.2	5.5	5.0	4.8	4.5	2.4	
Total payout ratio (%)	2026E	55.4	50.6	49.6	41.4	33.2	44.4	39.3	45.0	50.0	
Total shareholder yield (%)	2026E	6.9	7.3	8.2	6.8	5.5	8.1	8.6	6.9	2.4	

Note: As of Dec 9

Source: QuantiWise, Samsung Securities estimates

KB Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & dues	29,917	29,930	34,991	36,667	38,434
Financial instruments	203,951	218,720	227,929	239,839	252,452
Net loans & credit	445,790	474,706	489,980	512,858	536,483
Interest earning assets	**679,658**	**723,356**	**752,480**	**788,911**	**826,878**
Tangible assets	9,637	10,516	5,305	5,568	5,845
Other assets	26,431	23,974	39,328	41,748	44,335
Total assets	**715,726**	**757,847**	**797,113**	**836,227**	**877,057**
Customer deposits	401,290	429,357	441,987	463,636	485,896
Borrowing	69,578	68,077	71,925	76,132	80,621
Debentures	69,182	76,171	76,031	80,033	84,291
Interest bearing liabilities	**595,927**	**635,856**	**657,523**	**690,125**	**723,987**
Other liabilities	61,164	62,175	77,867	81,723	86,035
Total liabilities	**657,090**	**698,031**	**735,389**	**771,847**	**810,021**
Paid-in capital	2,091	2,091	2,091	2,091	2,091
Hybrid securities	5,033	5,083	5,162	5,162	5,162
Capital surplus	17,129	17,124	17,123	17,123	17,123
Retained earnings	31,935	34,808	37,458	40,114	42,771
Capital adjustment	(1,647)	(1,713)	(1,719)	(1,719)	(1,719)
Other accumulated earnings and comprehensive income	2,153	497	(277)	(277)	(277)
Minority interest	1,944	1,926	1,885	1,885	1,885
Shareholder equity	**58,636**	**59,815**	**61,724**	**64,379**	**67,036**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	29,142	30,491	29,277	30,215	31,736
Interest expense	(16,961)	(17,665)	(16,429)	(16,743)	(17,702)
Net interest income before prov.	**12,181**	**12,827**	**12,848**	**13,472**	**14,034**
Loan-loss provisioning	(3,146)	(2,044)	(2,396)	(2,187)	(1,995)
Net interest income after prov.	**9,034**	**10,782**	**10,451**	**11,285**	**12,039**
Fee income	3,674	3,850	3,834	3,898	3,955
Other non-interest income	324	352	538	640	600
Gross income	**13,032**	**14,984**	**14,824**	**15,823**	**16,594**
G&A expenses	(6,647)	(6,939)	(7,200)	(7,433)	(7,654)
Operating profit	**6,385**	**8,045**	**7,624**	**8,390**	**8,940**
Other non-operating income	(265)	(1,060)	165	(144)	(146)
Pre-tax profit	**6,120**	**6,985**	**7,789**	**8,246**	**8,794**
Taxes	1,594	1,957	2,030	2,247	2,397
Net profit	**4,526**	**5,029**	**5,759**	**5,999**	**6,396**
Minority interest	(69)	(50)	34	49	53
Net profit (consolidated)	**4,595**	**5,078**	**5,725**	**5,950**	**6,343**
Pre-provisioning operating profit	9,719	10,301	10,243	10,808	11,177

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	0.6	0.6	0.5	0.5	0.5
NPL ratio (below precautionary)	1.6	1.6	1.2	1.2	1.2
NPL coverage ratio (below substandard)	279.0	134.3	197.3	190.4	181.5
NPL coverage ratio (below precautionary)	99.6	54.4	74.2	71.8	68.6
Cumulative provisioning / credit	1.6	0.9	0.9	0.9	0.8
Net write-offs / NPL (below substandard)	42.4	44.5	70.4	65.1	61.5
Net write-offs / credit	0.2	0.3	0.3	0.3	0.3
Loan loss provisioning charges / credit	0.72	0.44	0.50	0.43	0.38

Key ratios

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	0.7	0.7	0.8	0.7	0.8
Return on avg equity	9.0	9.8	10.7	10.7	10.8
Loan growth (bank basis)	4.0	6.4	4.0	4.8	4.7
Deposit growth (bank basis)	3.0	7.1	2.7	4.8	4.7
Asset growth (bank basis)	2.4	6.2	4.0	4.6	4.5
Loans-to-deposit (bank basis)	98.5	97.8	98.6	98.6	98.6
Net interest margin (bank basis)	1.83	1.78	1.74	1.70	1.66
Net interest spread (bank basis)	1.76	1.72	1.68	1.64	1.60
Cost-to-income	41.1	40.7	41.8	41.3	41.2
BIS CAR, total	16.7	16.4	16.3	16.4	16.4
BIS CAR, Tier 1	15.4	15.2	15.3	15.4	15.5
BIS CAR, Tier 2	1.4	1.3	1.0	0.9	0.9
BIS CAR, CET-1	13.6	13.5	13.7	13.7	13.7
Equity-to-assets	8.2	7.9	7.7	7.7	7.6

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS (KRW)	12,134	13,593	16,028	17,307	19,241
BVPS (KRW)	135,703	140,598	152,605	166,262	181,446
DPS (KRW)	3,060	3,174	3,700	4,302	4,772
Dividend payout ratio (%)	25.4	23.6	23.4	25.2	25.2
Total payout ratio (%)	37.8	39.8	52.6	55.4	58.1

Year-end Dec 31	Pre-prov operating profit (KRWb)	Net profit (KRWb)	FD EPS (KRW)	Chg (%)	Adj. BVPS (KRW)	P/E (x)	P/B (x)	ROA (%)	ROE (%)	CET-1 (%)	Div. yield (%)
2023	9,719	4,595	12,134	13.8	135,703	4.5	0.4	0.7	9.0	13.6	5.7
2024	10,301	5,078	13,593	12.0	140,598	9.3	0.9	0.7	9.8	13.5	3.8
2025E	10,243	5,725	16,028	17.9	152,605	7.9	0.8	0.8	10.7	13.7	2.9
2026E	10,808	5,950	17,307	8.0	166,262	7.3	0.8	0.7	10.7	13.7	3.4
2027E	11,177	6,343	19,241	11.2	181,446	6.5	0.7	0.8	10.8	13.7	3.8

Source: Company data, Samsung Securities estimates

Shinhan Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & dues	34,764	40,689	40,745	42,515	44,365
Financial instruments	199,781	206,801	211,178	220,576	230,407
Net loans & credit	413,015	450,560	464,745	487,821	512,289
Interest earning assets	**647,560**	**698,050**	**716,668**	**750,913**	**787,061**
Tangible assets	7,139	7,544	4,116	4,358	4,609
Other assets	37,097	34,170	53,824	55,838	57,932
Total assets	**691,795**	**739,764**	**774,609**	**811,108**	**849,602**
Customer deposits	381,932	423,378	437,119	457,508	478,880
Borrowing	56,901	49,920	55,007	56,469	57,983
Debentures	81,817	94,027	90,608	92,971	95,433
Interest bearing liabilities	**570,649**	**619,713**	**636,490**	**661,244**	**687,137**
Other liabilities	64,824	61,230	76,843	85,754	95,605
Total liabilities	**635,473**	**680,943**	**713,333**	**746,998**	**782,742**
Paid-in capital	2,970	2,970	2,970	2,970	2,970
Hybrid securities	4,002	4,600	4,800	4,800	4,800
Capital surplus	12,095	12,095	12,102	12,102	12,102
Retained earnings	36,387	39,021	41,535	44,257	46,894
Capital adjustment	(659)	(807)	(578)	(578)	(578)
Other accumulated earnings and comprehensive income	(1,074)	(1,824)	(2,616)	(2,616)	(2,616)
Minority interest	2,601	2,767	3,062	3,175	3,288
Shareholder equity	**56,322**	**58,821**	**61,276**	**64,110**	**66,860**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	27,579	29,209	28,287	29,594	30,798
Interest expense	(16,761)	(17,807)	(16,678)	(17,503)	(18,250)
Net interest income before prov.	**10,818**	**11,402**	**11,609**	**12,091**	**12,548**
Loan-loss provisioning	(2,130)	(1,960)	(2,309)	(1,861)	(1,632)
Net interest income after prov.	**8,688**	**9,442**	**9,300**	**10,231**	**10,917**
Fee income	2,647	2,715	2,897	2,967	3,039
Other non-interest income	661	418	1,071	928	801
Gross income	**11,996**	**12,575**	**13,268**	**14,125**	**14,757**
G&A expenses	(5,895)	(6,116)	(6,295)	(6,519)	(6,756)
Operating profit	**6,101**	**6,459**	**6,973**	**7,606**	**8,001**
Other non-operating income	(136)	(430)	145	145	142
Pre-tax profit	**5,965**	**6,029**	**7,118**	**7,752**	**8,144**
Taxes	(1,487)	(1,471)	(1,786)	(2,132)	(2,239)
Net profit	**4,478**	**4,558**	**5,332**	**5,620**	**5,904**
Minority interest	(110)	(108)	(113)	(113)	(113)
Net profit (consolidated)	**4,368**	**4,450**	**5,219**	**5,507**	**5,791**
Pre-provisioning operating profit	8,376	8,572	9,516	9,654	9,834

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	0.6	0.7	0.8	0.8	0.8
NPL ratio (below precautionary)	1.7	1.6	1.6	1.6	1.7
NPL coverage ratio (below substandard)	198.4	149.8	169.0	169.1	164.6
NPL coverage ratio (below precautionary)	65.7	65.9	82.1	82.2	80.0
Cumulative provisioning / credit	1.1	1.1	1.3	1.4	1.3
Net write-offs / NPL (below substandard)	66.5	56.6	24.9	40.5	36.7
Net write-offs / credit	1.1	1.1	1.3	1.4	1.3
Loan loss provisioning charges / credit	0.54	0.46	0.52	0.40	0.33

Key ratios

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	0.6	0.6	0.7	0.7	0.7
Return on avg equity	9.4	9.0	10.2	10.3	10.3
Loan growth (bank basis)	3.2	10.3	4.7	4.8	4.8
Deposit growth (bank basis)	(0.6)	11.1	3.1	4.8	4.8
Asset growth (bank basis)	4.1	6.9	4.7	4.7	4.7
Loans-to-deposit (bank basis)	118.4	118.2	118.6	118.6	118.6
Net interest margin (bank basis)	1.62	1.58	1.56	1.52	1.49
Net interest spread (bank basis)	2.02	1.88	1.75	1.71	1.68
Cost-to-income	43.1	41.7	40.0	40.9	41.1
BIS CAR, total	16.0	15.8	15.8	15.8	15.8
BIS CAR, Tier 1	14.8	14.8	15.0	15.0	15.0
BIS CAR, Tier 2	1.2	1.0	0.8	0.8	0.7
BIS CAR, CET-1	13.2	13.1	13.4	13.4	13.4
Equity-to-assets	8.1	8.0	7.9	7.9	7.9

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS (KRW)	8,500	8,816	10,661	11,672	12,812
BVPS (KRW)	94,294	99,328	106,435	116,167	127,072
DPS (KRW)	2,100	2,160	2,280	2,920	3,200
Dividend payout ratio (%)	24.7	24.5	21.3	25.2	25.1
Total payout ratio (%)	35.8	40.3	45.3	50.6	54.5

Year-end Dec 31	Pre-prov operating profit (KRWb)	Net profit (KRWb)	FD EPS (KRW)	Chg (%)	Adj. BVPS (KRW)	P/E (x)	P/B (x)	ROA (%)	ROE (%)	CET-1 (%)	Div. yield (%)
2023	8,376	4,368	8,500	(5.6)	94,294	4.7	0.4	0.6	9.4	13.2	5.2
2024	8,572	4,450	8,816	3.7	99,328	5.4	0.5	0.6	9.0	13.1	4.5
2025E	9,516	5,219	10,661	20.9	106,435	7.4	0.7	0.7	10.2	13.4	2.9
2026E	9,654	5,507	11,672	9.5	116,167	6.7	0.7	0.7	10.3	13.4	3.7
2027E	9,834	5,791	12,812	9.8	127,072	6.1	0.6	0.7	10.3	13.4	4.1

Source: Company data, Samsung Securities estimates

Hana Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & dues	34,480	40,405	37,353	38,870	40,448
Financial instruments	133,030	151,450	147,883	154,722	161,890
Net loans & credit	382,300	403,979	416,136	436,957	458,916
Interest earning assets	**550,874**	**596,148**	**601,700**	**630,912**	**661,655**
Tangible assets	9,878	11,503	12,278	12,776	13,295
Other assets	31,174	30,196	46,378	48,261	50,220
Total assets	**591,926**	**637,848**	**660,355**	**691,949**	**725,171**
Customer deposits	372,040	390,531	393,058	412,729	433,439
Borrowing	44,160	47,115	49,499	51,509	53,600
Debentures	58,702	64,880	67,951	70,710	73,581
Interest bearing liabilities	**485,930**	**513,637**	**522,421**	**547,345**	**573,521**
Other liabilities	65,814	80,634	92,074	94,398	96,883
Total liabilities	**551,744**	**594,271**	**615,356**	**644,686**	**675,686**
Paid-in capital	1,501	1,501	1,501	1,501	1,501
Hybrid securities	3,606	4,140	3,900	3,900	3,900
Capital surplus	10,583	10,579	10,578	10,578	10,578
Retained earnings	25,126	27,640	29,888	32,111	34,293
Capital adjustment	(182)	(325)	(637)	(637)	(637)
Other accumulated earnings and comprehensive income	(1,291)	(834)	(1,105)	(1,105)	(1,105)
Minority interest	838	876	874	914	955
Shareholder equity	**40,182**	**43,577**	**44,999**	**47,263**	**49,485**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	23,276	24,117	22,389	23,014	24,070
Interest expense	(14,397)	(15,356)	(13,386)	(13,761)	(14,545)
Net interest income before prov.	**8,879**	**8,761**	**9,003**	**9,253**	**9,524**
Loan-loss provisioning	(1,785)	(1,239)	(1,561)	(1,214)	(1,025)
Net interest income after prov.	**7,094**	**7,522**	**7,442**	**8,039**	**8,499**
Fee income	1,296	1,524	1,876	1,886	1,915
Other non-interest income	712	340	706	670	619
Gross income	**9,102**	**9,385**	**10,024**	**10,594**	**11,033**
G&A expenses	(4,408)	(4,530)	(4,628)	(4,781)	(4,950)
Operating profit	**4,693**	**4,855**	**5,396**	**5,813**	**6,083**
Other non-operating income	(12)	197	159	204	213
Pre-tax profit	**4,681**	**5,052**	**5,555**	**6,017**	**6,296**
Taxes	1,213	1,284	1,412	1,655	1,731
Net profit	**3,468**	**3,769**	**4,143**	**4,362**	**4,565**
Minority interest	47	30	51	60	61
Net profit (consolidated)	**3,422**	**3,739**	**4,092**	**4,303**	**4,503**
Pre-provisioning operating profit	6,634	6,272	7,152	7,229	7,318

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	0.5	0.6	0.4	0.4	0.4
NPL ratio (below precautionary)	2.0	2.1	1.4	1.4	1.4
NPL coverage ratio (below substandard)	154.7	119.8	223.2	226.2	227.6
NPL coverage ratio (below precautionary)	39.0	35.0	66.8	67.8	68.3
Cumulative provisioning / credit	0.8	0.7	1.0	1.0	1.0
Net write-offs / NPL (below substandard)	61.0	45.6	32.3	49.7	38.7
Net write-offs / credit	0.3	0.3	0.1	0.2	0.2
Loan loss provisioning charges / credit	0.45	0.30	0.37	0.27	0.22

Key ratios

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	0.6	0.6	0.6	0.6	0.6
Return on avg equity	10.0	10.1	10.4	10.4	10.4
Loan growth (bank basis)	7.0	4.0	5.9	5.0	5.0
Deposit growth (bank basis)	4.4	3.9	4.5	5.0	5.0
Asset growth (bank basis)	4.1	7.8	3.5	4.8	4.8
Loans-to-deposit (bank basis)	99.2	99.5	101.2	101.2	101.2
Net interest margin (bank basis)	1.59	1.47	1.49	1.46	1.42
Net interest spread (bank basis)	1.52	1.39	1.41	1.37	1.33
Cost-to-income	40.5	42.6	39.9	40.5	41.0
BIS CAR, total	15.6	15.6	14.7	14.7	14.6
BIS CAR, Tier 1	14.7	14.8	14.0	14.0	13.9
BIS CAR, Tier 2	1.0	0.8	0.7	0.7	0.7
BIS CAR, CET-1	13.2	13.2	13.2	13.3	13.3
Equity-to-assets	6.4	6.4	6.7	7.1	7.4

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS (KRW)	11,704	13,017	14,469	15,647	16,989
BVPS (KRW)	120,263	133,682	141,257	153,231	166,914
DPS (KRW)	3,400	3,400	3,500	3,900	4,300
Dividend payout ratio (%)	28.8	26.0	24.5	25.2	25.2
Total payout ratio (%)	33.1	38.0	44.1	49.6	54.1

Year-end Dec 31	Pre-prov operating profit (KRWb)	Net profit (KRWb)	FD EPS (KRW)	Chg (%)	Adj. BVPS (KRW)	P/E (x)	P/B (x)	ROA (%)	ROE (%)	CET-1 (%)	Div. yield (%)
2023	6,634	3,422	11,704	(3.0)	120,263	3.7	0.4	0.6	10.0	13.2	7.8
2024	6,272	3,739	13,017	11.2	133,682	7.1	0.7	0.6	10.1	13.2	3.7
2025E	7,152	4,092	14,469	11.2	141,257	6.4	0.7	0.6	10.4	13.2	3.8
2026E	7,229	4,303	15,647	8.1	153,231	5.9	0.6	0.6	10.4	13.3	4.2
2027E	7,318	4,503	16,989	8.6	166,914	5.5	0.6	0.6	10.4	13.3	4.6

Source: Company data, Samsung Securities estimates

Woori Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & dues	32,546	29,986	32,719	34,080	35,499
Financial instruments	82,610	88,025	80,264	83,554	86,980
Net loans & credit	358,494	385,235	393,509	413,170	433,901
Interest earning assets	**473,651**	**503,246**	**506,492**	**530,804**	**556,380**
Tangible assets	5,339	5,700	3,369	3,522	3,682
Other assets	19,015	16,807	32,342	33,931	35,608
Total assets	**498,005**	**525,753**	**542,202**	**568,257**	**595,670**
Customer deposits	357,802	367,423	375,168	394,345	414,542
Borrowing	30,987	30,117	32,133	33,615	35,172
Debentures	41,239	48,207	50,618	53,665	56,918
Interest bearing liabilities	**430,028**	**445,747**	**457,919**	**481,625**	**506,632**
Other liabilities	33,766	43,494	46,881	47,190	47,563
Total liabilities	**464,607**	**489,858**	**505,461**	**529,508**	**554,922**
Paid-in capital	3,803	3,803	3,803	3,803	3,803
Hybrid securities	3,611	3,810	3,511	3,511	3,511
Capital surplus	936	934	934	934	934
Retained earnings	24,986	26,951	28,746	30,724	32,694
Capital adjustment	(1,688)	(1,735)	(1,835)	(1,835)	(1,835)
Other accumulated earnings and comprehensive income	19	334	28	28	28
Minority interest	1,731	1,798	1,554	1,583	1,613
Shareholder equity	**33,397**	**35,895**	**36,741**	**38,748**	**40,748**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	20,642	22,013	20,398	20,640	21,624
Interest expense	(11,899)	(13,127)	(11,333)	(11,400)	(12,284)
Net interest income before prov.	**8,743**	**8,886**	**9,065**	**9,240**	**9,340**
Loan-loss provisioning	(1,840)	(1,715)	(2,123)	(1,426)	(1,248)
Net interest income after prov.	**6,903**	**7,171**	**6,942**	**7,814**	**8,092**
Fee income	1,454	1,833	1,901	2,023	2,105
Other non-interest income	(414)	(281)	9	(105)	(31)
Gross income	**7,942**	**8,724**	**8,852**	**9,732**	**10,166**
G&A expenses	(4,443)	(4,469)	(4,943)	(5,115)	(5,277)
Operating profit	**3,499**	**4,255**	**3,910**	**4,618**	**4,890**
Other non-operating income	18	(32)	454	63	65
Pre-tax profit	**3,517**	**4,223**	**4,364**	**4,681**	**4,954**
Taxes	891	1,051	1,067	1,287	1,362
Net profit	**2,627**	**3,171**	**3,296**	**3,394**	**3,592**
Minority interest	121	85	51	16	15
Net profit (consolidated)	**2,506**	**3,086**	**3,245**	**3,377**	**3,577**
Pre-provisioning operating profit	5,459	6,105	6,262	6,308	6,412

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	0.4	0.6	0.6	0.6	0.6
NPL ratio (below precautionary)	1.3	1.4	1.3	1.3	1.3
NPL coverage ratio (below substandard)	229.4	151.9	160.1	166.0	169.8
NPL coverage ratio (below precautionary)	63.1	63.1	74.0	77.0	79.0
Cumulative provisioning / credit	0.8	0.9	1.0	1.0	1.0
Net write-offs / NPL (below substandard)	23.5	31.5	23.4	32.8	25.8
Net write-offs / credit	0.1	0.2	0.1	0.2	0.2
Loan loss provisioning charges / credit	0.81	0.86	0.99	1.01	1.01

Key ratios

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	0.5	0.6	0.6	0.6	0.6
Return on avg equity	9.4	10.6	10.5	10.4	10.3
Loan growth (bank basis)	6.8	12.2	9.9	7.4	10.3
Deposit growth (bank basis)	12.5	7.4	4.9	7.3	10.5
Asset growth (bank basis)	11.4	9.4	8.9	8.1	9.9
Loans-to-deposit (bank basis)	97.3	100.4	97.4	97.4	97.4
Net interest margin (bank basis)	1.56	1.44	1.46	1.44	1.38
Net interest spread (bank basis)	1.51	1.42	1.45	1.43	1.37
Cost-to-income	45.4	42.8	45.0	45.8	46.2
BIS CAR, total	15.8	15.7	15.9	16.1	16.3
BIS CAR, Tier 1	14.1	14.2	14.6	14.9	15.1
BIS CAR, Tier 2	1.7	1.5	1.3	1.2	1.2
BIS CAR, CET-1	12.0	12.1	12.8	13.0	13.2
Equity-to-assets	6.7	6.8	6.8	6.8	6.8

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS (KRW)	3,333	4,156	4,370	4,646	5,075
BVPS (KRW)	37,191	40,680	43,081	46,766	51,088
DPS (KRW)	1,000	1,200	1,330	1,460	1,590
Dividend payout ratio (%)	29.8	28.9	30.0	31.0	31.0
Total payout ratio (%)	33.8	33.3	34.7	41.4	44.9

Year-end Dec 31	Pre-prov operating profit (KRWb)	Net profit (KRWb)	FD EPS (KRW)	Chg (%)	Adj. BVPS (KRW)	P/E (x)	P/B (x)	ROA (%)	ROE (%)	CET-1 (%)	Div. yield (%)
2023	5,459	2,506	3,333	(22.8)	37,191	8.4	0.8	0.5	9.4	12.0	3.6
2024	6,105	3,086	4,156	24.7	40,680	6.7	0.7	0.6	10.6	12.1	4.3
2025E	6,262	3,245	4,370	5.2	43,081	6.4	0.65	0.6	10.5	12.8	4.8
2026E	6,308	3,377	4,646	6.3	46,766	6.0	0.6	0.6	10.4	13.0	5.2
2027E	6,412	3,577	5,075	9.2	51,088	5.5	0.5	0.6	10.3	13.2	5.7

Source: Company data, Samsung Securities estimates

Industrial Bank of Korea

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & dues	28,335	18,354	22,975	23,908	24,878
Financial instruments	84,900	93,265	98,758	102,768	106,941
Net loans & credit	316,084	344,387	355,217	376,082	398,305
Interest earning assets	**429,319**	**456,006**	**476,950**	**502,758**	**530,124**
Tangible assets	3,655	3,940	4,068	4,233	4,405
Other assets	15,454	12,274	16,242	16,902	17,588
Total assets	**448,428**	**472,220**	**497,260**	**523,893**	**552,117**
Customer deposits	154,045	158,256	165,645	175,380	185,737
Borrowing	41,239	44,777	50,265	52,306	54,430
Debentures	181,992	193,151	199,496	207,597	216,026
Interest bearing liabilities	**377,276**	**396,184**	**426,922**	**447,476**	**469,106**
Other liabilities	39,336	41,805	33,900	38,085	42,560
Total liabilities	**416,612**	**437,989**	**460,822**	**485,561**	**511,666**
Paid-in capital	4,211	4,211	4,211	4,211	4,211
Hybrid securities	4,133	4,313	4,483	4,483	4,483
Capital surplus	1,178	1,170	1,169	1,169	1,169
Retained earnings	21,890	23,593	25,443	27,336	29,456
Capital adjustment	(0)	(0)	(0)	(0)	(0)
Other accumulated earnings and comprehensive income	244	659	850	850	850
Minority interest	160	284	282	282	282
Shareholder equity	**31,817**	**34,231**	**36,439**	**38,332**	**40,451**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	18,364	18,955	17,938	18,537	19,544
Interest expense	(10,438)	(11,063)	(10,486)	(11,162)	(11,827)
Net interest income before prov.	**7,927**	**7,892**	**7,452**	**7,374**	**7,716**
Loan-loss provisioning	(2,324)	(1,832)	(1,630)	(1,339)	(1,281)
Net interest income after prov.	**5,603**	**6,059**	**5,822**	**6,036**	**6,435**
Fee income	477	472	455	473	492
Other non-interest income	38	(124)	504	445	492
Gross income	**6,118**	**6,407**	**6,781**	**6,954**	**7,419**
G&A expenses	(2,686)	(2,813)	(3,151)	(3,234)	(3,351)
Operating profit	**3,432**	**3,594**	**3,630**	**3,720**	**4,068**
Other non-operating income	61	(27)	84	117	127
Pre-tax profit	**3,493**	**3,568**	**3,713**	**3,837**	**4,195**
Taxes	818	913	929	1,055	1,154
Net profit	**2,675**	**2,654**	**2,784**	**2,782**	**3,041**
Minority interest	6	10	8	4	4
Net profit (consolidated)	**2,670**	**2,645**	**2,776**	**2,778**	**3,037**
Pre-provisioning operating profit	5,794	5,366	5,196	4,994	5,285

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	1.1	1.3	0.7	0.6	0.6
NPL ratio (below precautionary)	2.6	2.9	1.7	1.6	1.5
NPL coverage ratio (below substandard)	250.2	197.3	348.0	359.3	369.4
NPL coverage ratio (below precautionary)	102.4	90.1	140.3	144.8	148.9
Cumulative provisioning / credit	2.6	2.6	2.4	2.3	2.2
Net write-offs / NPL (below substandard)	51.6	28.6	56.8	47.2	45.0
Net write-offs / credit	0.5	0.4	0.4	0.3	0.3
Loan loss provisioning charges / credit	0.77	0.57	0.49	0.38	0.34

Key ratios

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	0.6	0.6	0.6	0.5	0.6
Return on avg equity	10.2	9.3	9.1	8.6	8.8
Loan growth (bank basis)	2.5	8.9	2.9	5.9	5.9
Deposit growth (bank basis)	(0.6)	2.7	4.7	5.9	5.9
Asset growth (bank basis)	4.0	5.3	5.3	5.4	5.4
Loans-to-deposit (bank basis)	2.4	2.4	2.5	2.5	2.5
Net interest margin (bank basis)	1.79	1.70	1.57	1.52	1.50
Net interest spread (bank basis)	1.70	1.61	1.51	1.44	1.42
Cost-to-income	31.8	34.1	37.5	39.0	38.5
BIS CAR, total	14.6	14.1	15.2	15.2	15.2
BIS CAR, Tier 1	13.2	12.9	13.0	13.0	13.0
BIS CAR, Tier 2	1.4	1.2	2.3	2.2	2.2
BIS CAR, CET-1	11.3	11.3	11.9	11.9	12.0
Equity-to-assets	7.1	7.2	7.3	7.3	7.3

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS (KRW)	3,098	3,106	3,249	3,230	3,515
BVPS (KRW)	32,097	34,537	36,633	38,702	40,972
DPS (KRW)	984	1,065	1,110	1,160	1,310
Dividend payout ratio (%)	29.4	32.1	32.0	33.2	34.4
Total payout ratio (%)	29.4	32.1	32.0	33.2	34.4

Year-end Dec 31	Pre-prov operating profit (KRWb)	Net profit (KRWb)	FD EPS (KRW)	Chg (%)	Adj. BVPS (KRW)	P/E (x)	P/B (x)	ROA (%)	ROE (%)	CET-1 (%)	Div. yield (%)
2023	5,794	2,670	3,098	(5.9)	32,097	3.8	0.4	0.6	10.2	11.3	8.3
2024	5,366	2,645	3,106	0.2	34,537	4.6	0.4	0.6	9.3	11.3	7.4
2025E	5,196	2,776	3,249	4.6	36,633	6.5	0.57	0.6	9.1	11.9	5.3
2026E	4,994	2,778	3,230	(0.6)	38,702	6.5	0.5	0.5	8.6	11.9	5.5
2027E	5,285	3,037	3,515	8.8	40,972	6.0	0.5	0.6	8.8	12.0	6.2

Source: Company data, Samsung Securities estimates

BNK Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & dues	5,359	5,818	5,244	5,517	5,805
Financial instruments	23,766	26,356	28,371	29,906	31,535
Net loans & credit	109,214	112,081	116,229	121,994	128,071
Interest earning assets	**138,339**	**144,256**	**149,844**	**157,417**	**165,410**
Tangible assets	2,126	2,127	1,403	1,479	1,561
Other assets	5,319	6,087	7,963	7,994	7,970
Total assets	**145,784**	**152,470**	**159,209**	**166,891**	**174,941**
Customer deposits	106,761	107,855	111,959	117,269	122,837
Borrowing	8,816	11,302	11,857	12,584	13,362
Debentures	13,035	14,122	15,227	16,255	17,358
Interest bearing liabilities	**128,613**	**133,279**	**139,043**	**146,108**	**153,557**
Other liabilities	120,391	125,526	8,823	8,936	9,050
Total liabilities	**135,110**	**141,323**	**147,982**	**155,166**	**162,735**
Paid-in capital	1,630	1,630	1,630	1,630	1,630
Hybrid securities	728	728	449	449	449
Capital surplus	785	791	791	791	791
Retained earnings	7,122	7,605	8,031	8,529	9,010
Capital adjustment	(0)	(20)	(40)	(40)	(40)
Other accumulated earnings and comprehensive income	(39)	(34)	(82)	(82)	(82)
Minority interest	449	449	449	449	449
Shareholder equity	**10,674**	**11,148**	**11,227**	**11,725**	**12,206**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	6,692	6,949	6,471	6,592	6,936
Interest expense	(3,786)	(3,972)	(3,536)	(3,523)	(3,765)
Net interest income before prov.	**2,905**	**2,977**	**2,935**	**3,068**	**3,171**
Loan-loss provisioning	(951)	(895)	(836)	(655)	(629)
Net interest income after prov.	**1,954**	**2,082**	**2,099**	**2,413**	**2,542**
Fee income	241	220	188	203	216
Other non-interest income	81	140	230	179	186
Gross income	**2,277**	**2,443**	**2,518**	**2,795**	**2,944**
G&A expenses	(1,476)	(1,567)	(1,602)	(1,666)	(1,726)
Operating profit	**801**	**876**	**916**	**1,129**	**1,218**
Other non-operating income	75	116	230	136	141
Pre-tax profit	**876**	**992**	**1,146**	**1,266**	**1,359**
Taxes	197	242	277	348	374
Net profit	**679**	**750**	**870**	**918**	**985**
Minority interest	39	21	21	23	25
Net profit (consolidated)	**640**	**729**	**848**	**894**	**960**
Pre-provisioning operating profit	1,805	1,826	1,813	1,846	1,911

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	0.4	0.7	1.0	1.0	0.9
NPL ratio (below precautionary)	0.9	1.7	2.5	2.4	2.3
NPL coverage ratio (below substandard)	364.7	218.5	128.6	134.9	143.8
NPL coverage ratio (below precautionary)	165.1	94.5	52.9	55.5	59.2
Cumulative provisioning / credit	1.5	1.6	1.3	1.3	1.3
Net write-offs / NPL (below substandard)	52.9	59.7	66.3	28.7	27.6
Net write-offs / credit	0.2	0.4	0.7	0.3	0.3
Loan loss provisioning charges / credit	0.22	0.43	0.68	0.29	0.26

Key ratios

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	0.8	0.8	0.9	1.0	1.0
Return on avg equity	6.9	7.5	8.4	8.5	8.7
Loan growth (bank basis)	5.7	2.1	2.8	4.6	4.6
Deposit growth (bank basis)	4.5	0.3	3.5	4.6	4.6
Asset growth (bank basis)	5.5	2.7	3.8	4.4	4.5
Loans-to-deposit (bank basis)	94.1	95.0	94.7	94.7	94.7
Net interest margin (bank basis)	1.93	1.89	1.85	1.81	1.77
Net interest spread (bank basis)	2.24	2.19	2.11	2.05	2.01
Cost-to-income	45.1	47.8	47.3	48.7	49.1
BIS CAR, total	13.5	14.1	15.8	15.7	15.6
BIS CAR, Tier 1	12.7	13.6	13.9	13.9	13.8
BIS CAR, Tier 2	0.8	0.6	1.9	1.8	1.8
BIS CAR, CET-1	11.8	12.3	12.5	12.6	12.6
Equity-to-assets	7.3	7.3	7.1	7.0	7.0

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS (KRW)	1,986	2,274	2,701	2,946	3,304
BVPS (KRW)	29,487	31,117	32,887	35,659	38,922
DPS (KRW)	510	650	700	780	890
Dividend payout ratio (%)	25.7	28.5	26.0	26.5	27.0
Total payout ratio (%)	28.2	33.0	37.8	44.4	49.9

Year-end Dec 31	Pre-prov operating profit (KRWb)	Net profit (KRWb)	FD EPS (KRW)	Chg (%)	Adj. BVPS (KRW)	P/E (x)	P/B (x)	ROA (%)	ROE (%)	CET-1 (%)	Div. yield (%)
2023	1,805	640	1,986	(17.5)	29,487	3.6	0.2	0.8	6.9	11.8	7.1
2024	1,826	729	2,274	14.5	31,117	4.5	0.3	0.8	7.5	12.3	6.3
2025E	1,813	848	2,701	18.8	32,887	5.8	0.5	0.9	8.4	12.5	4.5
2026E	1,846	894	2,946	9.1	35,659	5.3	0.4	1.0	8.5	12.6	5.0
2027E	1,911	960	3,304	12.2	38,922	4.7	0.4	1.0	8.7	12.6	5.7

Source: Company data, Samsung Securities estimates

iM Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & dues	5,068	4,473	5,502	5,819	6,157
Financial instruments	22,434	20,561	24,226	25,395	26,626
Net loans & credit	63,907	67,697	69,394	73,080	76,984
Interest earning assets	**91,506**	**92,786**	**99,176**	**104,353**	**109,831**
Tangible assets	1,351	1,405	1,447	1,524	1,604
Other assets	503	(43)	2,094	2,174	2,257
Total assets	**93,360**	**94,149**	**102,717**	**108,050**	**113,692**
Customer deposits	57,288	59,807	60,483	63,495	66,664
Borrowing	12,034	9,701	12,878	13,680	14,538
Debentures	8,243	7,827	9,138	9,762	10,432
Interest bearing liabilities	**82,940**	**83,410**	**88,907**	**93,605**	**98,573**
Other liabilities	4,136	4,533	7,393	7,741	8,137
Total liabilities	87,076	87,943	96,300	101,346	106,710
Paid-in capital	846	846	846	846	846
Hybrid securities	614	813	813	813	813
Capital surplus	1,562	1,563	1,563	1,563	1,563
Retained earnings	3,289	3,385	3,717	4,060	4,397
Capital adjustment	(21)	(20)	(40)	(40)	(40)
Other accumulated earnings and comprehensive income	(342)	(595)	(701)	(756)	(816)
Minority interest	335	215	220	220	220
Shareholder equity	**6,284**	**6,206**	**6,417**	**6,705**	**6,982**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	4,027	4,175	3,825	3,906	4,062
Interest expense	(2,392)	(2,489)	(2,162)	(2,169)	(2,253)
Net interest income before prov.	**1,636**	**1,686**	**1,663**	**1,737**	**1,808**
Loan-loss provisioning	(587)	(749)	(402)	(314)	(299)
Net interest income after prov.	**1,048**	**937**	**1,261**	**1,423**	**1,510**
Fee income	230	191	206	202	200
Other non-interest income	292	213	288	255	267
Gross income	**1,570**	**1,341**	**1,756**	**1,879**	**1,976**
G&A expenses	(1,036)	(1,078)	(1,121)	(1,157)	(1,194)
Operating profit	**534**	**263**	**635**	**723**	**783**
Other non-operating income	(2)	(11)	2	12	15
Pre-tax profit	**532**	**253**	**637**	**735**	**797**
Taxes	120	51	147	202	219
Net profit	**412**	**202**	**490**	**533**	**578**
Minority interest	24	(13)	18	19	21
Net profit (consolidated)	**388**	**215**	**472**	**514**	**558**
Pre-provisioning operating profit	1,155	1,048	1,075	1,075	1,121

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	0.6	0.7	0.9	0.9	0.9
NPL ratio (below precautionary)	1.6	1.8	1.9	1.9	1.8
NPL coverage ratio (below substandard)	246.8	222.8	180.0	183.6	186.4
NPL coverage ratio (below precautionary)	101.9	91.1	87.2	88.9	90.3
Cumulative provisioning / credit	1.6	1.6	1.7	1.7	1.6
Net write-offs / NPL (below substandard)	77.0	63.2	41.8	30.4	27.4
Net write-offs / credit	0.5	0.5	0.4	0.3	0.2
Loan loss provisioning charges / credit	0.6	0.6	0.5	0.3	0.3

Key ratios

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	0.4	0.2	0.5	0.5	0.5
Return on avg equity	7.4	4.1	8.9	9.3	9.6
Loan growth (bank basis)	7.1	6.0	2.1	5.0	5.0
Deposit growth (bank basis)	(2.1)	0.7	9.3	5.0	5.0
Asset growth (bank basis)	3.8	0.8	9.1	5.2	5.2
Loans-to-deposit (bank basis)	99.0	101.5	103.7	103.7	103.7
Net interest margin (bank basis)	2.04	1.91	1.79	1.78	1.78
Net interest spread (bank basis)	2.44	2.25	2.06	2.05	2.05
Cost-to-income	50.6	50.1	49.2	49.0	48.4
BIS CAR, total	16.5	16.6	17.6	18.0	18.4
BIS CAR, Tier 1	14.2	14.6	15.9	16.3	16.7
BIS CAR, Tier 2	2.3	2.0	1.7	1.7	1.7
BIS CAR, CET-1	11.2	11.7	12.1	12.3	12.4
Equity-to-assets	15.0	14.9	14.5	14.0	13.6

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS (KRW)	2,293	1,270	2,791	3,038	3,296
BVPS (KRW)	31,541	30,612	31,833	33,532	35,171
DPS (KRW)	550	500	640	700	860
Dividend payout ratio (%)	24.0	38.7	23.0	23.0	26.0
Total payout ratio (%)	29.1	38.7	35.7	39.3	45.4

Year-end Dec 31	Pre-prov operating profit (KRWb)	Net profit (KRWb)	FD EPS (KRW)	Chg (%)	Adj. BVPS (KRW)	P/E (x)	P/B (x)	ROA (%)	ROE (%)	CET-1 (%)	Div. yield (%)
2023	1,155	388	2,293	(5.5)	31,541	3.7	0.3	0.4	7.4	11.2	6.5
2024	1,048	215	1,270	(44.6)	30,612	6.4	0.3	0.2	4.1	11.7	6.1
2025E	1,075	472	2,791	119.7	31,833	5.2	0.46	0.5	8.9	12.1	4.4
2026E	1,075	514	3,038	8.8	33,532	4.8	0.4	0.5	9.3	12.3	4.8
2027E	1,121	558	3,296	8.5	35,171	4.4	0.4	0.5	9.6	12.4	5.9

Source: Company data, Samsung Securities estimates

JB Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & dues	1,903	1,622	1,403	1,491	1,584
Financial instruments	9,061	10,070	10,657	11,143	11,653
Net loans & credit	49,219	52,050	55,602	58,598	61,766
Interest earning assets	**60,183**	**63,741**	**67,662**	**71,232**	**75,003**
Tangible assets	1,264	1,350	1,658	1,733	1,813
Other assets	1,957	1,631	3,070	2,836	2,589
Total assets	**63,404**	**66,722**	**72,390**	**75,801**	**79,404**
Customer deposits	42,958	44,141	47,510	50,020	52,667
Borrowing	2,748	2,655	2,566	2,692	2,825
Debentures	10,617	12,213	13,508	14,457	15,478
Interest bearing liabilities	**56,322**	**59,008**	**63,584**	**67,169**	**70,970**
Other liabilities	1,966	1,989	2,790	2,215	1,593
Total liabilities	**58,288**	**60,997**	**66,374**	**69,385**	**72,563**
Paid-in capital	985	985	985	985	985
Hybrid securities	405	520	520	520	520
Capital surplus	704	703	709	709	709
Retained earnings	2,983	3,425	3,730	4,131	4,555
Capital adjustment	(46)	(56)	(78)	(78)	(78)
Other accumulated earnings and comprehensive income	(29)	4	6	7	7
Minority interest	113	144	143	143	143
Shareholder equity	**5,116**	**5,725**	**6,016**	**6,417**	**6,841**

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	0.9	0.9	0.8	0.8	0.8
NPL ratio (below precautionary)	2.3	2.5	2.0	2.0	2.0
NPL coverage ratio (below substandard)	159.2	152.2	101.2	103.3	104.8
NPL coverage ratio (below precautionary)	48.5	40.9	29.6	30.2	30.6
Cumulative provisioning / credit	1.2	1.1	0.9	0.9	0.9
Net write-offs / NPL (below substandard)	89.3	96.8	81.8	115.5	156.5
Net write-offs / credit	0.7	0.7	0.7	1.0	1.4
Loan loss provisioning charges / credit	0.75	0.80	0.81	1.14	1.55

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS (KRW)	2,975	3,483	3,643	3,970	4,316
BVPS (KRW)	23,341	26,019	28,316	31,301	34,536
DPS (KRW)	855	995	1,020	1,120	1,210
Dividend payout ratio (%)	28.0	28.0	28.0	28.0	28.0
Total payout ratio (%)	33.1	32.4	44.7	45.0	45.1

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	3,396	3,636	3,489	3,560	3,734
Interest expense	(1,489)	(1,660)	(1,507)	(1,523)	(1,624)
Net interest income before prov.	**1,907**	**1,976**	**1,982**	**2,036**	**2,110**
Loan-loss provisioning	(495)	(480)	(498)	(441)	(413)
Net interest income after prov.	**1,412**	**1,496**	**1,484**	**1,595**	**1,697**
Fee income	79	79	45	53	54
Other non-interest income	81	161	264	282	260
Gross income	1,572	1,736	1,793	1,929	2,010
G&A expenses	(772)	(830)	(861)	(905)	(928)
Operating profit	**800**	**906**	**932**	**1,024**	**1,083**
Other non-operating income	(0)	2	15	15	16
Pre-tax profit	**799**	**908**	**947**	**1,040**	**1,098**
Taxes	196	215	236	286	302
Net profit	**604**	**693**	**711**	**754**	**796**
Minority interest	18	15	22	24	24
Net profit (consolidated)	**586**	**677**	**689**	**730**	**772**
Pre-provisioning operating profit	1,295	1,386	1,431	1,466	1,495

Key ratios

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	1.0	1.0	1.0	1.0	1.0
Return on avg equity	13.4	14.0	13.2	13.1	12.9
Loan growth (bank basis)	4.5	5.8	6.8	5.4	5.4
Deposit growth (bank basis)	2.6	2.8	7.6	5.3	5.3
Asset growth (bank basis)	6.0	5.2	8.5	4.7	4.8
Loans-to-deposit (bank basis)	98.6	101.0	99.6	99.6	99.6
Net interest margin (bank basis)	2.81	2.68	2.60	2.56	2.52
Net interest spread (bank basis)	3.28	3.15	3.02	2.97	2.93
Cost-to-income	37.4	37.5	37.6	38.2	38.3
BIS CAR, total	14.1	14.3	15.6	15.6	15.5
BIS CAR, Tier 1	13.4	13.6	13.5	13.6	13.7
BIS CAR, Tier 2	0.7	0.7	2.1	2.0	1.8
BIS CAR, CET-1	12.2	12.2	12.2	12.4	12.5
Equity-to-assets	8.1	8.6	8.3	8.5	8.6

Source: Company data, Samsung Securities estimates

Year-end Dec 31	Pre-prov operating profit (KRWb)	Net profit (KRWb)	FD EPS (KRW)	Chg (%)	Adj. BVPS (KRW)	P/E (x)	P/B (x)	ROA (%)	ROE (%)	CET-1 (%)	Div. yield (%)
2023	1,295	586	2,975	(2.5)	23,341	3.8	0.5	1.0	13.4	12.2	7.5
2024	1,386	677	3,483	17.1	26,019	4.7	0.6	1.0	14.0	12.2	6.1
2025E	1,431	689	3,643	4.6	28,316	6.9	0.9	1.0	13.2	12.2	4.1
2026E	1,466	730	3,970	9.0	31,301	6.3	0.8	1.0	13.1	12.4	4.5
2027E	1,495	772	4,316	8.7	34,536	5.8	0.7	1.0	12.9	12.5	4.8

Source: Company data, Samsung Securities estimates

Kakao Bank

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & dues	2,733.2	1,855.4	1,793.6	1,999.1	2,226.5
Financial instruments	11,729.3	15,277.8	24,396.5	27,192.9	30,285.4
Net loans	38,649.0	44,503.8	47,866.5	52,835.6	58,547.2
Interest earning assets	**53,111.5**	**61,636.9**	**74,056.5**	**82,027.6**	**91,059.1**
Other assets	1,376.6	1,168.4	1,772.5	1,918.6	2,076.7
Total assets	**54,488.2**	**62,805.3**	**75,829.0**	**83,946.2**	**93,135.8**
Deposits	47,142.8	54,971.0	67,386.0	74,381.6	82,422.3
Borrowings /debentures / other	0.0	0.0	0.0	0.0	0.0
Interest bearing liabilities	**47,142.8**	**54,971.0**	**67,386.0**	**74,381.6**	**82,422.3**
Other liabilities	1,227.6	1,294.1	1,637.3	2,257.0	2,838.5
Total liabilities	**48,370.5**	**56,265.2**	**69,023.3**	**76,638.6**	**85,260.8**
Paid-in capital	2,384.4	2,384.8	2,385.0	2,385.0	2,385.0
Capital surplus	2,987.5	2,988.2	2,988.2	2,988.2	2,988.2
Retained earnings	754.6	1,123.2	1,417.5	1,919.4	2,486.8
Capital adjustment	0.9	0.2	0.5	0.5	0.5
Other	(9.7)	43.7	14.6	14.6	14.6
Total shareholder equity	**6,117.7**	**6,540.1**	**6,805.7**	**7,307.6**	**7,875.0**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Net interest income before prov.	**1,116.0**	**1,269.4**	**1,292.2**	**1,426.0**	**1,568.1**
Loan—loss provisioning	(248.4)	(270.5)	(256.1)	(265.6)	(288.9)
Net interest income after prov.	**867.6**	**998.9**	**1,036.1**	**1,160.4**	**1,279.3**
Fee income	(2.0)	22.6	26.4	31.3	37.2
Other non-interest income	48.4	78.6	111.7	92.1	107.1
Gross income	**914.0**	**1,100.1**	**1,174.2**	**1,283.8**	**1,423.5**
SG&A expenses	(435.5)	(493.2)	(547.9)	(594.5)	(645.0)
Operating profit	**478.5**	**606.9**	**626.3**	**689.3**	**778.5**
Other non-operating income	(9.3)	(18.0)	(7.2)	(7.4)	(7.6)
Pre-tax profit	**469.2**	**588.9**	**619.2**	**682.0**	**771.0**
Taxes	114.3	148.8	153.4	180.0	203.5
Net profit	**354.9**	**440.1**	**465.8**	**501.9**	**567.4**
Pre-provisioning operating profit	726.8	877.4	882.4	954.9	1,067.4

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS (KRW)	744	923	976	1,052	1,190
BVPS (KRW)	12,680	13,352	13,828	14,790	15,920
DPS (KRW)	150	360	440	530	590
Dividend payout ratio (%)	20.2	39.0	45.0	50.0	50.0
Total payout ratio (%)	23.8	39.0	45.0	50.0	50.0

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	0.8	0.8	0.7	0.6	0.6
Return on avg equity	6.0	7.0	7.0	7.1	7.5
Loan growth	37.8	15.1	7.6	10.4	10.8
Deposit growth	42.6	16.6	22.6	10.4	10.8
Asset growth	37.9	15.3	20.7	10.7	10.9
Loans-to-deposit (KRW-denominated)	82.0	81.0	71.0	71.0	71.0
Net interest margin	2.4	2.2	1.9	1.8	1.8
Cost-to-income	59.9	56.2	62.1	62.2	60.4
BIS CAR, total	30.3	27.2	23.6	23.1	22.7
BIS CAR, Tier 1	29.1	26.1	22.5	22.1	21.7
BIS CAR, CET-1	29.1	26.1	22.5	22.1	21.7
Equity-to-assets	11.2	10.4	9.0	8.7	8.5

Source: Company data, Samsung Securities estimates

Year-end Dec 31	Pre-prov operating profit (KRWb)	Net profit (KRWb)	FD EPS (KRW)	Chg (%)	Adj. BVPS (KRW)	P/E (x)	P/B (x)	ROA (%)	ROE (%)	CET-1 (%)	Div. yield (%)
2023	726.8	354.9	744	34.9	12,680	38.3	2.2	0.8	6.0	29.1	0.5
2024	877.4	440.1	923	24.0	13,352	22.8	1.6	0.8	7.0	26.1	1.7
2025E	882.4	465.8	976	5.8	13,828	22.2	1.6	0.7	7.0	22.5	2.0
2026E	954.9	501.9	1,052	7.8	14,790	20.6	1.5	0.6	7.1	22.1	2.4
2027E	1,067.4	567.4	1,190	13.1	15,920	18.2	1.4	0.6	7.5	21.7	2.7

Source: Company data, Samsung Securities estimates

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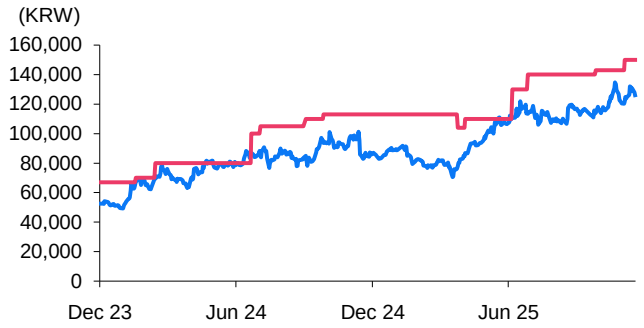
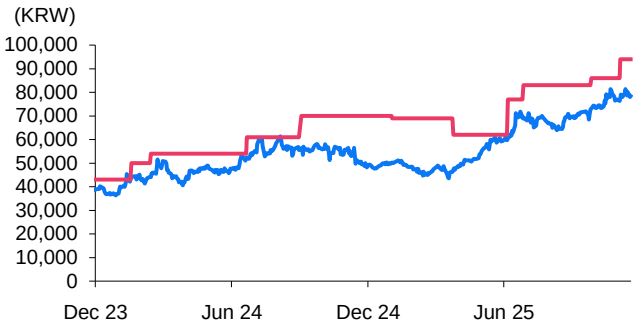
Target price changes in past two years

KB Financial Group



Shinhan Financial Group



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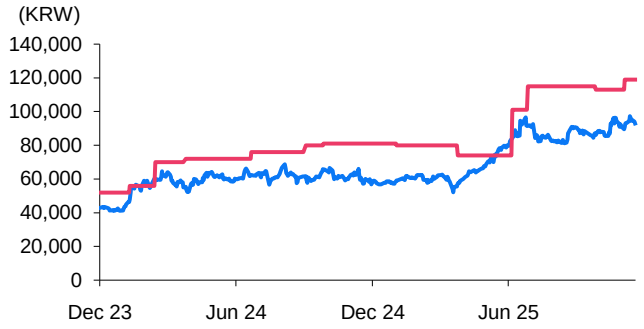

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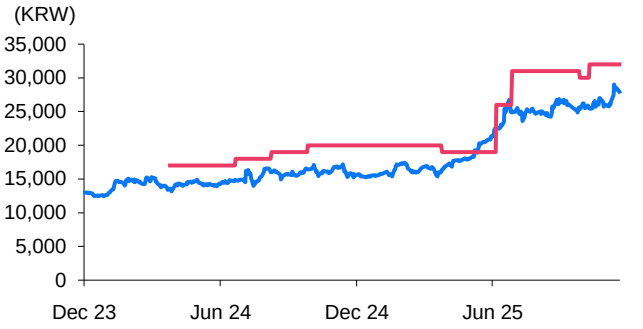
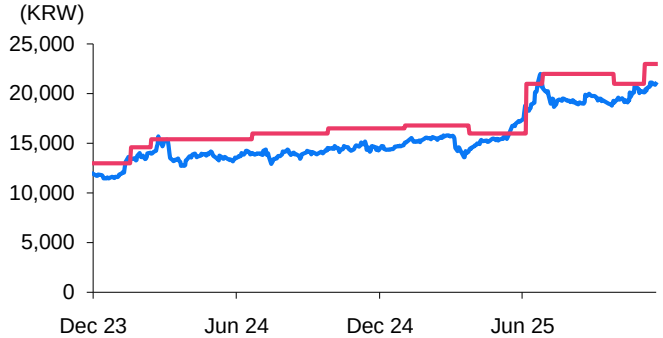
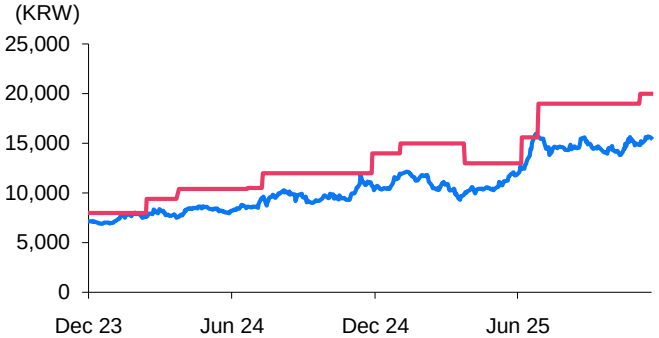


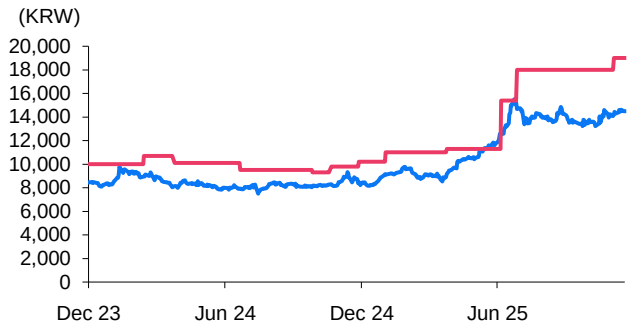
IBK



BNK Financial Group



iM Financial Group



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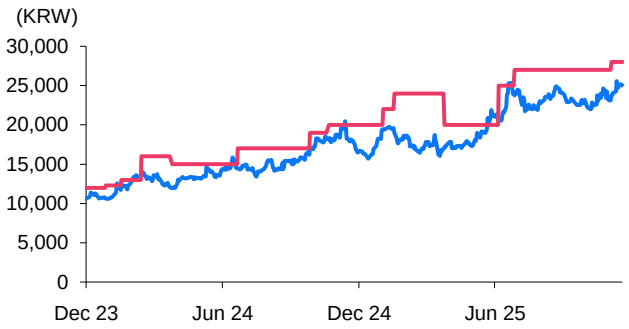
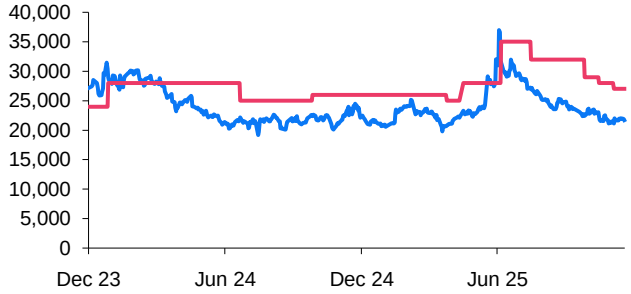


Kakao Bank



Rating changes over past two years (adjusted share prices)

KB Financial Group												
Date	2023/10/17	2024/2/8	3/5	7/12	7/24	9/23	10/17	2025/4/15	4/25	6/27	7/18	10/17
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	67000	70000	80000	100000	105000	110000	113000	104000	110000	130000	140000	143000
Gap* (average)	-20.14	-5.92	-5.45	-14.59	-19.39	-21.04	-23.75	-20.54	-8.40	-11.01	-19.36	-14.92
(max or min)**	-1.04	-0.43	10.25	-11.70	-13.52	-11.64	-10.44	-18.27	2.09	-6.15	-14.57	-5.80
Date	11/25											
Recommendation	BUY											
Target price (KRW)	150000											
Gap* (average)												
(max or min)**												

Shinhan Financial Group											
Date	2023/7/20	2024/2/8	3/5	7/12	9/23	2025/1/23	4/15	6/27	7/18	10/17	11/25
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	43000	50000	54000	61000	70000	69000	62000	77000	83000	86000	94000
Gap* (average)	-14.89	-13.28	-13.16	-7.88	-24.09	-31.23	-11.85	-12.80	-17.74	-11.41	
(max or min)**	5.35	-9.90	-0.93	0.66	-17.00	-25.94	-1.61	-6.75	-12.41	-5.35	

Hana Financial Group												
Date	2023/10/17	2024/1/31	3/5	4/15	7/12	9/23	10/17	2025/1/23	4/15	6/27	7/18	10/17
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	52000	56000	70000	72000	76000	80000	81000	80000	74000	101000	115000	113000
Gap* (average)	-19.31	-0.29	-14.66	-16.33	-17.99	-23.57	-25.40	-24.86	-5.81	-10.23	-25.24	-20.20
(max or min)**	-10.77	7.50	-7.71	-8.06	-9.47	-17.75	-17.90	-21.75	12.84	-4.46	-19.57	-14.69
Date	11/25											
Recommendation	BUY											
Target price (KRW)	119000											
Gap* (average)												
(max or min)**												

Woori Financial Group									
Date	2024/4/15	7/12	8/29	10/17	2025/4/15	6/27	7/18	10/17	10/30
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	17000	18000	19000	20000	19000	26000	31000	30000	32000
Gap* (average)	-15.86	-14.71	-16.59	-19.10	-0.72	-6.09	-18.43	-13.88	
(max or min)**	-12.47	-7.78	-12.79	-12.90	18.68	2.88	-13.39	-12.67	

IBK											
Date	2023/10/17	2024/2/8	3/5	7/12	10/17	2025/1/23	4/15	6/27	7/18	10/17	11/25
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	13000	14600	15400	16000	16500	16800	16000	21000	22000	21000	23000
Gap* (average)	-9.25	-6.50	-10.19	-13.03	-11.68	-9.61	-0.86	-5.01	-11.84	-5.60	
(max or min)**	4.85	-3.84	1.95	-9.25	-8.06	-5.95	17.44	4.76	-7.95	-1.19	

BNK Financial Group											
Date	2023/10/17	2024/3/5	4/15	7/12	7/31	12/18	2025/1/23	4/15	6/27	7/18	11/25
Recommendation	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	8000	9400	10400	10500	12000	14000	15000	13000	15600	19000	20000
Gap* (average)	-9.77	-15.65	-19.85	-16.59	-18.16	-22.55	-27.38	-16.06	-8.05	-22.78	
(max or min)**	0.25	-11.06	-15.38	-9.43	-1.00	-14.57	-18.93	-2.23	2.24	-17.79	

iM Financial Group												
Date	2023/10/17	2024/3/5	4/15	7/12	10/17	11/11	12/18	2025/1/23	4/15	6/27	7/18	11/25
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	BUY	BUY
Target price (KRW)	10000	10700	10100	9500	9300	9800	10200	11000	11300	15400	18000	19000
Gap* (average)	-14.77	-18.37	-19.25	-14.48	-11.94	-12.15	-16.48	-16.85	-4.73	-7.91	-22.67	
(max or min)**	-2.00	-13.08	-14.46	-11.05	-11.08	-4.80	-10.29	-11.18	11.33	0.71	-17.44	

JB Financial Group												
Date	2023/10/17	2024/1/17	2/7	3/5	4/15	7/12	10/17	11/11	2025/1/23	2/7	4/15	6/27
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	12000	12300	13000	16000	15000	17000	19000	20000	22000	24000	20000	25000
Gap* (average)	-11.31	-8.62	-1.56	-18.57	-8.89	-12.61	-6.18	-10.99	-11.17	-27.13	-7.02	-7.20
(max or min)**	-5.08	2.28	4.92	-12.44	5.73	-2.94	-2.74	2.25	-10.14	-22.04	9.50	1.40
Date	7/18	11/25										
Recommendation	HOLD	HOLD										
Target price (KRW)	27000	28000										
Gap* (average)	-14.05											
(max or min)**	-7.78											

Kakao Bank											
Date	2023/10/17	2024/1/17	7/12	10/17	2025/4/15	5/7	6/27	8/6	10/17	11/5	11/25
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	24000	28000	25000	26000	25000	28000	35000	32000	29000	28000	27000
Gap* (average)	3.86	-9.02	-14.31	-14.15	-13.63	-6.99	-16.34	-23.19	-20.16	-22.51	
(max or min)**	31.04	-27.68	-9.40	-3.27	-10.80	32.14	-8.57	-15.00	-18.45	-19.46	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
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* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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