COMPANY UPDATE

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Finance/Consumer Goods Team

Jaewoo Kim
Team Leader
jaewoo79.kim@samsung.com

Heejae Yoon
Research Associate
heejae23.yoon@samsung.com

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BNK Financial Group (138930)

4Q review; attractive pace of dividend growth

- BNK Financial Group reported a 4Q net profit of KRW45b, up 91.8% y-y. Full-year 2025 net profit reached KRW815b, up 11.9% y-y.
- Shareholder returns in 2025 were also positive, with the company meeting the requirements for high-dividend company status and total payout ratio hitting 40.4% (up 7.4%pts y-y). As for 2026, the company targets a payout ratio in the mid-40% range.
- We maintain a positive view on the stock, supported by its attractive valuation (0.52x 2026 P/B), improving core earnings, expected earnings normalization in 2026, and continued enhancement of shareholder returns.

WHAT'S THE STORY?

4Q25 review—Net profit of KRW45b and full-year figure of KRW815b—solid earnings improvement: BNK Financial Group reported a 4Q net profit of KRW45b, up 91.8% y-y. Despite one-off costs of KRW97.9b and a decline in securities-related income, the company managed to defend its earnings through interest income growth and prudent provisioning management. Although the company faced a large provisioning burden in 1Q25, full-year net profit reached KRW815b, up 11.9% y-y, reflecting solid earnings improvement.

Positive shareholder returns in 2025—Separate taxation of dividend income + payout ratio of 40.4%: BNK Financial Group's shareholder returns in 2025 were also positive. The company increased its dividend by 10.6%, achieving a dividend payout ratio of 28.1% and meeting the requirements for separate taxation of dividend income. The full-year payout ratio reached 40.4%, up 7.4%pts y-y. For 2026 guidance, the company targets a payout ratio in the mid-40% range.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW20,000	2.8%
Current price	**KRW19,450**	
Market cap	KRW6.0t/USD4.1b	
Shares (float)	310,327,033 (85.7%)	
52-week high/low	KRW19,450/KRW9,300	
Avg daily trading value (60-day)	KRW15.6b/ USD10.6m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
BNK Financial Group (%)	27.1	32.7	66.8
Vs Kospi (%pts)	10.0	-19.6	-20.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	20,000	20,000	0.0%
2025E EPS	2,635	2,635	0.0%
2026E EPS	3,027	3,027	0.0%

SAMSUNG vs THE STREET

No of estimates	11
Target price	19,136
Recommendation	3.9

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Operating profit	60.8	112.6	(84.0)	46.6	-
Pre-prov op profit	282.5	(20.8)	(47.1)	(16.4)	-
Provisioning	207.3	(34.0)	48.9	(26.5)	-
Net profit	45.0	91.8	(84.7)	2.9	0.4
Major indicators (%, %pts)					
Loan growth	1.39	0.6	(0.2)		
NIM	1.83	(0.0)	0.0		
NPLs below subs	0.73	0.5	(0.0)		

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025P	2026E
Valuations (x)			
P/E	4.5	6.1	6.5
P/B	0.3	0.5	0.5
Div yield (%)	6.3	4.3	4.3
EPS growth (% y-y)	14.5	14.7	15.5
ROE (%)	7.5	8.0	8.7
Total payout ratio (%)	33.0	40.4	45.1
Per-share data (KRW)			
EPS	2274	2609	3,013
BVPS	31117	32954	35630
DPS	650	735	830

Valuation recovery requires additional catalysts: However, to accelerate valuation recovery, it needs additional catalysts, as: 1) the top three financial groups and JB Financial Group have achieved a payout ratio of around 50%, with further increases expected this year; and 2) the top four financial groups and iM Financial Group are enhancing shareholder returns through capital-reduction dividend payments. Therefore, key to its re-rating should be further strengthening of shareholder returns or increasing the volume of returns through higher earnings growth.

Attractive valuation – Focus on 2026 earnings normalization and enhanced shareholder returns: We maintain a positive view on the stock, as: 1) the company trades at 0.52x 2026 P/B, offering high valuation appeal within the sector; 2) it should post earnings improvements in 2026 via earnings normalization; and 3) it should continue enhancing shareholder returns via strong capital management.

4Q earnings slightly disappointing – But focus on core earnings growth: 4Q net profit declined 84.7% q-q to KRW45b, significantly below recurring earnings. This was due to: 1) a decline in securities-related income amid rising market interest rates; and 2) one-off costs totaling KRW97.9b, including KRW60.3b in early retirement costs, KRW25.2b related to expanded ordinary wage base, and KRW12.4b for the New Leap Fund.

However, we believe the focus should be on the company's core earnings growth. Interest income increased 3.8% q-q and 2.6% y-y and the full-year credit cost (CCR) was 0.64%, down 13bpsy-y.

Group interest income growth – Targeting 9% growth in 2026: Group interest income declined 0.8% y-y, as loan growth of 4.2% was offset by a 4bp decline in group NIM and a KRW47.8b impact from the sale of the Gangnam Fund (non-controlling interest). Excluding this one-off factor, interest income would have increased by KRW23.6b or 0.8% y-y.

To improve ROE, the company needs to accelerate interest income growth. In 2026, it needs to leverage the likely economic recovery and improved corporate liquidity (driven by productive finance initiatives by major financial groups). Regarding this, the company plans to target: 1) RWA growth of less than 4%; 2) NIM expansion of 5–7bps; and 3) group interest income growth of 9%.

Credit cost stabilization – Further improvement remains key: 4Q credit cost (CCR) was 0.68%, and the full-year group CCR was 0.64% (down 13bps y-y). Group NPL and delinquency ratios improved to 1.42% and 1.14%, down 4bps and 18bps q-q, respectively.

However, CCR remains above normalized levels, which is weighing on ROE. Therefore, the key to 2026 earnings improvement should be the speed of further CCR stabilization. The company plans to reduce credit cost provisions from KRW7.776t in 2025 to the low KRW7t range in 2026, which, considering asset growth, could bring the CCR slightly below 0.6%.

CET-1 ratio at 12.34% (down 25bps q-q and up 6bps y-y) – Continued capacity for enhanced shareholder returns: The CET-1 ratio came in at 12.34% in 4Q, down 25bps q-q but up 6bps y-y. The company managed RWA growth at 1.6% y-y in 2025, with strong earnings recovery contributing to the improvement. The company's CET-1 target range is 12–12.5%, indicating sufficient capital buffer for enhanced shareholder returns.

No capital-reduction dividend payouts–But dividend appeal remains strong: The company cannot implement capital reduction dividend payouts, unlike the major financial groups, due to insufficient capital surplus. However, it still offers strong dividend appeal. The company paid a DPS of KRW735 in 2025, with a total dividend payout of KRW229b. To meet the requirements for separate dividend income taxation, the company needs to increase its dividend payouts by more than 10% pa. Meanwhile, the company buys back shares, too. With share buybacks reducing the share count, its DPS growth rate is expected to top the 10% annual increase required for the separate taxation. For example, assuming a conservative 10% y-y increase in DPS to KRW836 in 2026, the stock's expected dividend yield would be 4.5%, offering strong appeal.

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & equivalents	5,359	5,818	5,647	5,947	6,263
Financial securities	23,766	26,356	28,374	29,903	31,525
Net loans & credits	109,214	112,081	119,565	122,501	129,236
Interest-earning assets	**138,339**	**144,256**	**156,353**	**158,351**	**167,023**
Fixed assets	2,126	2,127	1,386	1,461	1,542
Other assets	5,319	6,087	3,356	8,213	8,195
Total assets	**145,784**	**152,470**	**161,095**	**168,025**	**176,761**
Customer deposits	106,761	107,855	112,285	117,337	123,558
Borrowings	8,816	11,302	11,446	12,282	13,030
Debentures	13,035	14,122	16,445	17,173	18,327
Interest-bearing liabilities	**128,613**	**133,279**	**141,368**	**146,791**	**154,915**
Other liabilities	120,391	125,526	9,398	9,543	9,654
Total liabilities	**135,110**	**141,323**	**149,854**	**156,451**	**164,692**
Paid-in capital	1,630	1,630	1,630	1,630	1,630
Hybrid securities	728	728	498	349	349
Capital surplus	785	791	790	791	791
Retained earnings	7,122	7,605	8,017	8,474	8,969
Capital adjustment	(0)	(20)	0	(37)	(37)
Other accumulated earnings and comprehensive income	(39)	(34)	(142)	(82)	(82)
Minority interest	449	449	449	449	449
Shareholder equity	**10,674**	**11,148**	**11,242**	**11,573**	**12,069**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	6,692	6,949	6,468	6,614	6,981
Interest expenses	(3,786)	(3,972)	(3,531)	(3,529)	(3,785)
Net interest income before provisioning	**2,905**	**2,977**	**2,953**	**3,085**	**3,196**
Provisioning for loan losses	(951)	(895)	(782)	(696)	(656)
Net interest income after provisioning	**1,954**	**2,082**	**2,171**	**2,388**	**2,540**
Fee income	241	220	179	209	224
Other non-interest income	82	140	242	261	266
Gross profit	**2,277**	**2,443**	**2,592**	**2,858**	**3,030**
G&A expenses	(1,476)	(1,567)	(1,689)	(1,669)	(1,733)
Operating profit	**801**	**876**	**903**	**1,189**	**1,297**
Other non-operating income	74	116	192	99	104
Pre-tax profit	**876**	**992**	**1,095**	**1,288**	**1,402**
Taxes	197	242	259	354	385
Net profit	**679**	**750**	**836**	**934**	**1,016**
Minority interest	39	21	21	23	25
Consolidated net profit	**640**	**729**	**815**	**911**	**992**
Pre-provisioning operating profit	1,806	1,826	1,747	1,946	2,017

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	0.4	0.7	1.2	1.0	1.0
NPL ratio (below precautionary)	0.9	1.7	2.3	2.6	2.4
Cumulative provisioning /NPL below substandard	364.7	218.5	112.5	129.7	137.6
Cumulative provisioning /NPL below precautionary	165.1	94.5	56.4	51.6	54.8
Cumulative provisioning/credit	1.5	1.6	1.3	1.3	1.3
Net write-offs /NPL below substandard	52.9	59.7	55.9	30.7	28.1
Net write-offs/credit	0.2	0.4	0.7	0.3	0.3
Loan loss provisioning charges /total credit	0.22	0.43	0.65	0.32	0.27

Key ratios

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
Return on avg assets	0.8	0.8	0.9	1.0	1.1
Return on avg equity	6.9	7.5	8.2	8.7	9.0
Loan growth* (% y-y)	5.7	2.1	2.5	5.2	5.2
Deposit growth* (% y-y)	4.5	0.3	3.1	5.2	5.2
Asset growth (% y-y)	5.5	2.7	3.5	4.9	5.0
Loan/deposit ratio*	94.1	95.0	94.7	95.2	95.2
Net interest margin**	1.93	1.89	1.88	1.81	1.77
Net interest spread**	2.24	2.19	2.14	2.05	2.01
Cost-to-income ratio	45.1	47.8	46.4	46.3	46.6
BIS CAR**	13.5	14.1	15.8	15.5	15.4
Tier-1 ratio**	12.7	13.6	13.9	13.7	13.6
Tier-2 ratio**	0.8	0.6	1.9	1.8	1.8
Common Equity Capital Ratio	11.8	12.3	12.5	12.4	12.4
Equity/assets	7.3	7.3	7.1	6.9	6.8

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS	1,986	2,274	2,609	3,013	3,420
BVPS	29,487	31,117	32,954	35,630	38,871
DPS	510	650	735	830	950
Dividend payout ratio	25.7	28.5	28.1	27.5	27.8
Total Shareholder Payout Ratio	28.2	33.0	40.4	45.1	50.0

Year-end Dec 31	Pre-prov op prof (KRWb)	Net prof (KRWb)	EPS (KRW)	Chg (%)	BVPS (KRW)	P/E (x)	P/B (x)	ROAA (%)	ROAE (%)	CET-1 Ratio (%)	Div yield (%)
2023	1,806	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	1,747	815	2,609	14.7	32,954	6.1	0.5	0.9	8.0	12.7	4.6
2026E	1,946	911	3,013	15.5	35,630	6.5	0.5	1.0	8.7	12.4	4.3
2027E	2,017	992	3,420	13.5	38,871	5.7	0.5	1.1	9.0	12.4	4.9

Source: Company data, Samsung Securities estimates

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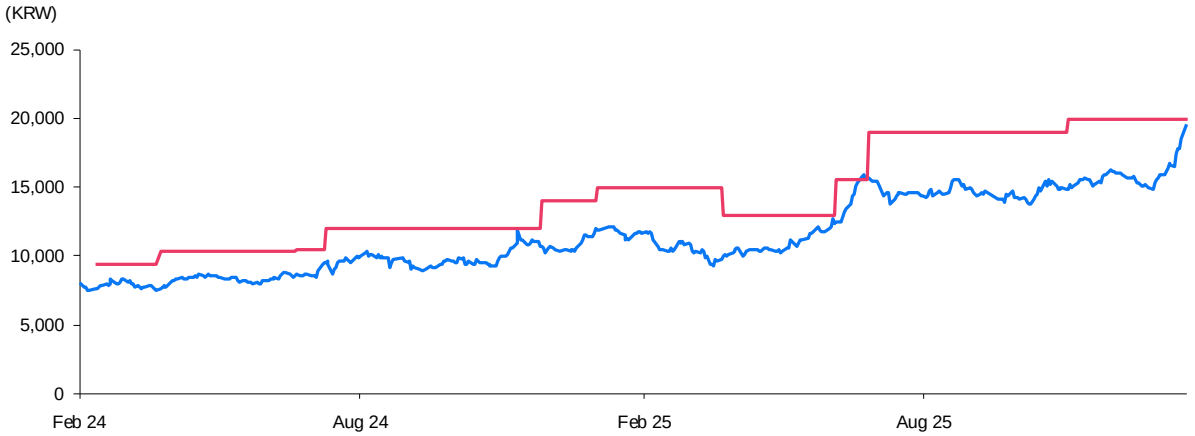

Rating changes over past two years (adjusted share prices)

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	

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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Percentage of ratings in 12 months prior to 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

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