COMPANY UPDATE

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iM Financial Group (139130)

4Q review: Earnings turn around

- iM Financial Group reported a 4Q net profit of KRW12.2b. marking a y-y return to profitability. For the full year, its net profit increased 106.6% to KRW443.9b, demonstrating a clear turnaround.
- iMFG declared a year-end DPS of KRW700 (for a dividend payout ratio of 25.3%), lifting its annual total payout ratio to 38.8%. In addition, it announced plans to buy back shares of KRW40b in 1H while pursuing capital-reduction dividends.
- iMFG currently trades at an undervalued 0.53x 2026 P/B. Given ongoing improvements in its CET-1 ratio and ROE driven by asset rebalancing, as well as accelerating shareholder return enhancements, we maintain our positive view on the stock.

WHAT'S THE STORY?

2025 net profit up 106.6% at KRW443.9b—clear turnaround confirmed: iM Financial Group reported a 4Q net profit of KRW12.2b. marking a y-y return to profitability. For the full year, its net profit increased 106.6% to KRW443.9b, demonstrating a clear turnaround. Meanwhile, its CET-1ratio rose 3bps q-q to 12.11%.

Announces capital-reduction dividends and buybacks for 2026—corporate value enhancement plan to be updated shortly: iMFG declared a 2025 year-end DPS of KRW700 (for a dividend payout ratio of 25.3%), lifting its annual total payout ratio to 38.8%. In addition, it announced plans for: 1) capital-reduction dividends; and 2) share buybacks of KRW40b in 1H. It indicated that it will soon update its corporate value enhancement plan.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW19,000	6.3%
Current price	KRW17,870	

Market cap	KRW2.9t/USD2.0b
Shares (float)	160,624,583 (86.4%)
52-week high/low	KRW17,870/KRW8,520
Avg daily trading value (60-day)	KRW9.9b/ USD6.7m

ONE-YEAR PERFORMANCE

	1M	6M	12M
iM Financial Group (%)	23.3	28.5	92.6
Vs Kospi (%pts)	6.8	-22.2	-8.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	19,000	19,000	0.0%
2025P EPS	2,624	2,624	0.0%
2026E EPS	3,001	3,001	0.0%

SAMSUNG vs THE STREET

No of estimates	12
Target price	18,555
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	19.8	(146.9)	(87.3)	(41.4)	-
Pre-prov op profit	109.5	(9.7)	(59.4)	(27.5)	-
Provisioning	78.4	(48.6)	(25.4)	(26.0)	-
Net profit	12.2	n/a	(90.0)	(51.4)	(36.1)
Major indicators (%, %pts)					
Loan growth	(0.31)	0.0	0.0		
NIM	1.83	(0.1)	(0.0)		
NPLs below subs	1.49	0.0	0.0		

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025P	2026E
Valuations (x)			
P/E	6.4	5.9	6.0
P/B	0.3	0.5	0.5
Div yield (%)	6.1	4.5	4.4
EPS growth (% y-y)	(44.6)	106.6	14.4
ROE (%)	4.1	8.4	9.2
Total payout ratio (%)	38.7	38.8	41.8
Per-share data (KRW)			
EPS	1,270	2,624	3,001
BVPS	30,612	31,672	33,284
DPS	500	700	780

Full-year credit cost falls 63bps to 0.51%—set to normalize further: The group's credit cost fell 63bps to 0.51% for the full year. Group NPL and delinquency ratios dropped 2bps q-q each to 1.49% and 1.43%. Guidance has credit cost falling to the low-to-mid 0.4% range in 2026. The group anticipates that credit cost normalization will differentiate its pace of earnings improvement.

Earnings normalization to lead to higher CET-1 ratio and shareholder returns: Trading at 0.53x 2026 P/B, iMFG is the most attractively valued in the banking sector. We anticipate a valuation rerating, driven by: 1) downward stabilization in credit costs supporting earnings normalization; 2) asset rebalancing leading to higher profits and ROE; and 3) accelerated buybacks and shareholder renumeration. We expect a total payout ratio of 41.8% for 2026 and find its shareholder yield (dividends + buybacks) of 7.5% attractive.

Quarterly interest income improves on asset rebalancing strategy—2026 guidance highlights growth-led interest income expansion: The group's interest income rose 4.4% y-y and 3% q-q in 4Q, but fell 1.8% for the full year. While full-year loan growth was managed at 1% y-y, full-year group NIM tightened 10bps.

For 2026, iMFG has guided for faster growth in interest income. It said it will keep its RoRWA-based strategy, but plans RWA growth slightly above 5% in 2026, as 2025 growth was subdued. It added there is room for NIM to widen by around 5bps, given recent increases in market interest rates and the repricing of older low-rate loans.

Non-bank operations return to full-year net profit—normalization of securities and consumer finance units to be key going forward: iMFG's non-bank operations turned around y-y to a net profit of KRW164.2b in 2025. iM Securities and iM Capital struggled for several years due to provisioning costs, but after cleaning up bad assets, returned to profitability in 2025. Going forward, building a new business model for non-bank operations that could lead to higher profits and ROE appears to be a key factor to valuation rerating. With regards to iM Capital, the group noted that improved credit ratings are helping lower funding costs, and growth in auto financing will support ROE gains.

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash & equivalents	5,068	4,473	5,354	5,680	6,028
Financial securities	22,434	20,561	24,529	25,728	26,992
Net loans & credits	63,907	67,697	66,062	72,242	75,923
Interest-earning assets	**91,506**	**92,786**	**94,831**	**103,710**	**109,008**
Fixed assets	1,351	1,405	1,422	1,497	1,576
Other assets	503	(43)	3,144	3,295	3,455
Total assets	**93,360**	**94,149**	**98,861**	**108,502**	**114,038**
Customer deposits	57,288	59,807	59,344	62,491	65,424
Borrowings	12,034	9,701	11,146	12,660	13,443
Debentures	8,243	7,827	9,825	10,538	11,287
Interest-bearing liabilities	**82,940**	**83,410**	**86,757**	**92,393**	**97,129**
Other liabilities	4,136	4,533	5,667	9,395	9,928
Total liabilities	**87,076**	**87,943**	**92,424**	**101,788**	**107,057**
Paid-in capital	846	846	846	846	846
Hybrid securities	614	813	863	863	863
Capital surplus	1,562	1,563	1,563	1,563	1,563
Retained earnings	3,289	3,385	3,631	3,981	4,307
Capital adjustment	(21)	(20)	(1)	(19)	(19)
Other accumulated earnings and comprehensive income	(342)	(595)	(682)	(740)	(798)
Minority interest	335	215	217	221	221
Shareholder equity	**6,284**	**6,206**	**6,437**	**6,714**	**6,981**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Interest income	4,027	4,175	3,784	3,840	3,986
Interest expenses	(2,392)	(2,489)	(2,136)	(2,148)	(2,227)
Net interest income before provisioning	**1,636**	**1,686**	**1,656**	**1,692**	**1,759**
Provisioning for loan losses	(587)	(749)	(344)	(317)	(285)
Net interest income after provisioning	**1,048**	**937**	**1,312**	**1,375**	**1,474**
Fee income	230	191	218	208	206
Other non-interest income	292	213	184	255	270
Gross profit	**1,570**	**1,341**	**1,734**	**1,838**	**1,949**
G&A expenses	(1,036)	(1,078)	(1,130)	(1,139)	(1,175)
Operating profit	**534**	**263**	**583**	**700**	**774**
Other non-operating income	(2)	(11)	(2)	17	19
Pre-tax profit	**532**	**253**	**581**	**716**	**794**
Taxes	120	51	124	197	218
Net profit	**412**	**202**	**458**	**519**	**575**
Minority interest	24	(13)	14	12	13
Consolidated net profit	**388**	**215**	**444**	**508**	**563**
Pre-provisioning operating profit	1,155	1,048	966	1,055	1,099

Asset quality

Year-end Dec 31 (%)	2023	2024	2025E	2026E	2027E
NPL ratio (below substandard)	0.6	0.7	0.9	0.8	0.8
NPL ratio (below precautionary)	1.6	1.8	1.8	1.8	1.8
Cumulative provisioning /NPL below substandard	246.8	222.8	189.3	206.0	209.6
Cumulative provisioning /NPL below precautionary	101.9	91.1	92.6	92.0	93.6
Cumulative provisioning/credit	1.6	1.6	1.7	1.7	1.7
Net write-offs /NPL below substandard	77.0	63.2	44.3	33.9	30.6
Net write-offs/credit	0.5	0.5	0.4	0.3	0.2
Loan loss provisioning charges /total 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	8.4	9.2	9.8
Loan growth* (% y-y)	7.1	6.0	1.0	4.6	4.7
Deposit growth* (% y-y)	(2.1)	0.7	7.7	4.6	4.7
Asset growth (% y-y)	3.8	0.8	5.0	5.1	5.1
Loan/deposit ratio*	99.0	101.5	104.1	104.1	104.1
Net interest margin**	2.04	1.91	1.80	1.78	1.78
Net interest spread**	2.44	2.25	2.07	2.05	2.05
Cost-to-income ratio	50.6	50.1	50.9	50.2	49.6
BIS CAR**	16.5	16.6	17.6	17.9	18.3
Tier-1 ratio**	14.2	14.6	15.9	16.3	16.6
Tier-2 ratio**	2.3	2.0	1.6	1.6	1.6
Common Equity Capital Ratio	11.2	11.7	12.1	12.2	12.3
Equity/assets	15.0	14.9	14.2	13.8	13.5

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2023	2024	2025E	2026E	2027E
EPS	2,293	1,270	2,624	3,001	3,328
BVPS	31,541	30,612	31,672	33,284	34,866
DPS	550	500	700	780	870
Dividend payout ratio	24.0	38.7	25.3	26.0	26.0
Total Shareholder Payout Ratio	29.1	38.7	38.8	41.8	45.5

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	1,155	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	966	444	2,624	106.6	31,672	5.9	0.5	0.5	8.4	12.1	4.5
2026E	1,055	508	3,001	14.4	33,284	6.0	0.5	0.5	9.2	12.2	4.4
2027E	1,099	563	3,328	10.9	34,866	5.4	0.5	0.5	9.8	12.3	4.9

Source: Company data, Samsung Securities estimates

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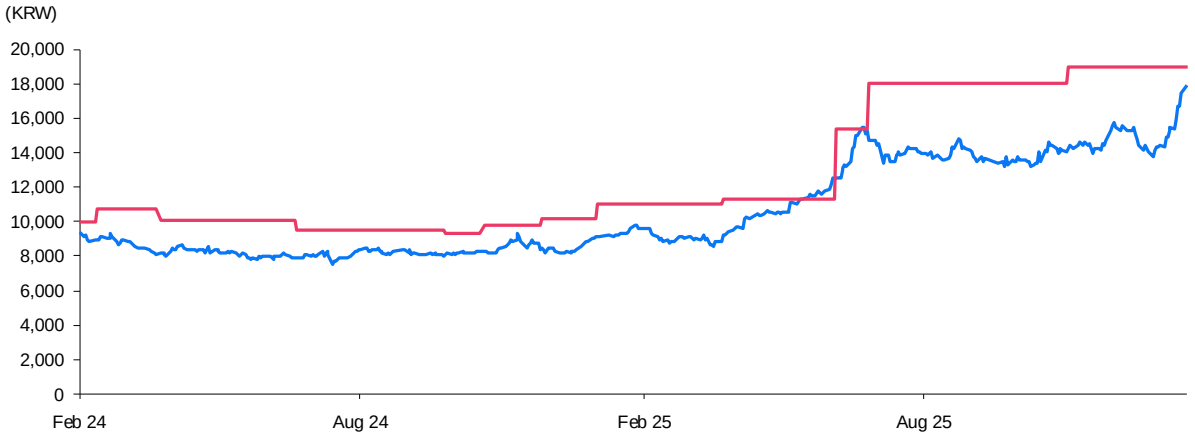
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

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	

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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* 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 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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