COMPANY UPDATE

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JB Financial Group (175330)

1Q review; must show earnings recovery is no fluke

- JB Financial Group reported a 1Q net profit of KRW166.1b, up 2.1% y-y but 12.1% below consensus.
- The slower-than-expected earnings improvement was driven by: 1) a decline in non-interest income due to rising interest rates; and 2) ERP-related costs. However, the hike in interest income and the fall in provisioning signaled underlying strength in earnings resilience.
- The stock trades at a 2026 P/B of 0.95x—the highest in the sector. Going forward, the key to unlocking further valuation upside should be demonstrating differentiated ROE expansion and strengthening shareholder returns through CET-1 ratio improvement.

WHAT'S THE STORY?

1Q net profit of KRW166.1b (up 2.1% y-y)—Focus on earnings resilience: JB Financial (JBFG) reported 1Q net profit of KRW166.1b (up 2.1% y-y but falling 12.1% short of the FnGuide consensus). The muted earnings growth stemmed from: 1) a 40.8% y-y drop in non-interest income due to higher interest rates; and 2) KRW27.3b in ERP implementation costs. Nevertheless, interest income rose 8.5% y-y and provisioning write-backs declined 2.7% y-y, reflecting solid underlying earnings momentum.

Quarterly dividend payout—Sustained commitment to shareholder returns: The company declared a 1Q DPS of KRW311 (vs full-year 2025 DPS of KRW1,140). To meet the requirements for the separate taxation of dividend income, the company has sought a minimum 10% annual dividend growth and a payout ratio of 50%. In addition, in 1Q, it adopted a quarterly dividend payout structure—demonstrating continued commitment to enhancing shareholder returns.

(Continued on the next page)

AT A GLANCE

HOLD

Target price	KRW36,000	25.4%
Current price	KRW28,700	
Market cap	KRW5.4t/USD3.6b	
Shares (float)	188,253,584 (81.7%)	
52-week high/low	KRW37,500/KRW17,010	
Avg daily trading value (60-day)	KRW18.6b/ USD12.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
JB Financial Group (%)	-0.9	29.6	61.0
Vs Kospi (%pts)	-15.0	-21.1	-37.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	36,000	36,000	0.0%
2026E EPS	4,007	4,007	0.0%
2027E EPS	4,445	4,445	0.0%

SAMSUNG vs THE STREET

No of estimates	15
Target price	38,267
Recommendation	3.8

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Operating profit	221.3	1.8	18.4	(15.6)	-
Pre-prov op profit	354.3	(2.6)	2.7	(4.2)	-
Provisioning	124.5	(9.9)	(12.3)	25.4	-
Net profit	166.1	2.1	26.2	(10.7)	(12.1)
Major indicators (%, %pts)					
Loan growth	1.37	(0.2)	0.5		
NIM	2.52	(0.0)	(0.0)		
NPLs below subs	0.91	0.1	0.0		

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	6.8	7.2	6.5
P/B	0.9	0.9	0.8
Div yield (%)	4.4	4.6	5.3
EPS growth (% y-y)	7.9	6.6	10.9
ROE (%)	13.6	13.2	13.3
Total payout ratio (%)	45.0	51.8	50.3
Per-share data (KRW)			
EPS	3,757	4,007	4,445
BVPS	28,532	31,564	34,530
DPS	1,140	1,318	1,511

Key focus areas–Payout ratio hike via differentiated ROE and CET-1 ratio improvements: Led by a high ROE, JBFG is currently trading at 0.95x 2026 P/B, among the highest in the sector. Its additional re-rating hinges on: 1) confirmation of differentiated ROE generation; 2) improving CET-1 ratios; and 3) enhanced shareholder returns. Key priorities include: 1) identifying and capturing niche markets to boost earnings growth; 2) stabilizing credit costs (CCR) even amid macro environment changes; and 3) accelerating CET-1 ratio improvement.

NIM rebound in 1Q—Meeting 2026 guidance is critical: Group NIM rose 2bps q-q to 3.13%, but bank NIM fell 1bp q-q to 2.52%. The company had previously guided for 2026 group NIM of 3.19% (up 9bps y-y) and bank NIM of 2.63% (up 7bps y-y). Meeting the guidance should be critical to reinforcing visibility into future ROE improvement.

Loan growth of 1.4% q-q—Signs of recovery: Loan growth came in at 1.4% q-q (vs up 0.9% q-q in 4Q25). While corporate loans declined 5.4% q-q (large corporates) and 0.5% q-q (SMEs), mortgages rose 8.0% q-q and other household loans—including government-guaranteed loans by Korea Inclusive Finance Agency—grew 10.1%, driving overall loan expansion.

Non-interest income decline—Rapid recovery expected: One reason for the 1Q earnings miss was a 40.8% y-y drop in non-interest income to KRW41.6b (vs KRW70.3b in 1Q25), primarily due to valuation losses on bonds. The company, however, noted that the unrealized losses will reverse quickly over time, as they stem from repo fund investments with maturities under one year and the full principal and contracted interest should be repaid at maturity.

Group CCR of 0.88% (up 1bp q-q)—Consistent 2026 guidance of 0.86%: Group credit cost ratio (CCR) rose slightly 1bp q-q to 0.88%, consistent with the company's 2026 guidance of 0.86% (up 1bp y-y). Group non-performing loan (NPL) ratio increased 18bps q-q to 1.41%, while delinquency rate rose 25bps q-q to 1.63%. The narrower NPL increase reflects KRW35.3b in government-guaranteed loans that are delinquent but not classified as NPLs.

JB Woori Capital posts 1Q net profit of KRW72.7b (up 24.3% y-y): JB Woori Capital posted 1Q net profit of KRW72.7b, up 24.3% y-y. While the company had previously guided 2026 earnings at KRW280b (similar to 2025), factoring in volatility from securities valuation gains, 1Q results suggest stronger-than-expected performance driven by asset growth and NIM improvement.

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & equivalents	1,622	2,473	1,919	2,034	2,155
Financial securities	10,070	11,120	11,214	11,728	12,267
Net loans & credits	52,050	56,357	59,360	62,776	66,063
Interest-earning assets	**63,741**	**69,950**	**72,492**	**76,537**	**80,486**
Fixed assets	1,350	1,393	1,471	1,558	1,651
Other assets	1,631	1,780	2,136	1,865	1,872
Total assets	**66,722**	**73,124**	**76,099**	**79,961**	**84,009**
Customer deposits	44,141	47,780	50,677	53,563	56,281
Borrowings	2,655	2,870	2,667	2,797	2,933
Debentures	12,213	14,183	14,646	15,695	16,824
Interest-bearing liabilities	**59,008**	**64,833**	**67,991**	**72,055**	**76,039**
Other liabilities	1,989	2,116	1,523	922	259
Total liabilities	**60,997**	**66,949**	**69,513**	**72,978**	**76,298**
Paid-in capital	985	985	985	985	985
Hybrid securities	520	520	520	520	520
Capital surplus	703	709	709	709	709
Retained earnings	3,425	3,809	4,165	4,562	5,289
Capital adjustment	(56)	(68)	(66)	(66)	(66)
Other accumulated earnings and comprehensive income	4	(40)	12	13	14
Minority interest	144	261	261	261	261
Shareholder equity	**5,725**	**6,175**	**6,586**	**6,983**	**7,711**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Interest income	3,636	3,572	3,710	3,906	4,112
Interest expenses	(1,660)	(1,527)	(1,520)	(1,609)	(1,716)
Net interest income before provisioning	**1,976**	**2,045**	**2,190**	**2,297**	**2,396**
Provisioning for loan losses	(480)	(498)	(454)	(443)	(429)
Net interest income after provisioning	**1,496**	**1,547**	**1,737**	**1,854**	**1,967**
Fee income	79	54	48	49	50
Other non-interest income	161	259	138	134	130
Gross profit	**1,736**	**1,861**	**1,923**	**2,037**	**2,147**
G&A expenses	(830)	(908)	(893)	(922)	(952)
Operating profit	**906**	**952**	**1,030**	**1,115**	**1,196**
Other non-operating income	2	12	12	12	12
Pre-tax profit	**908**	**965**	**1,041**	**1,126**	**1,207**
Taxes	215	235	286	310	332
Net profit	**693**	**730**	**755**	**817**	**875**
Minority interest	15	20	18	18	18
Consolidated net profit	**677**	**710**	**737**	**798**	**857**
Pre-provisioning operating profit	1,386	1,450	1,483	1,558	1,625

Asset quality

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
NPL ratio (below substandard)	0.9	1.2	0.8	0.8	0.8
NPL ratio (below precautionary)	2.5	2.9	2.1	2.1	2.1
Cumulative provisioning /NPL below substandard	152.2	81.6	98.8	99.7	100.7
Cumulative provisioning /NPL below precautionary	40.9	27.7	29.1	29.3	29.6
Cumulative provisioning/credit	1.1	0.9	0.9	0.9	0.9
Net write-offs /NPL below substandard	96.8	54.0	58.8	55.1	52.4
Net write-offs/credit	0.7	0.6	0.5	0.5	0.5
Loan loss provisioning charges /total credit	0.80	0.67	0.61	0.57	0.54

Key ratios

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Return on avg assets	1.0	1.0	1.0	1.0	1.0
Return on avg equity	14.0	13.6	13.2	13.3	13.1
Loan growth* (% y-y)	5.8	8.3	5.3	5.8	5.2
Deposit growth* (% y-y)	2.8	8.2	6.1	5.7	5.1
Asset growth (% y-y)	5.2	9.6	4.1	5.1	5.1
Loan/deposit ratio*	101.0	98.5	98.5	98.5	98.5
Net interest margin**	2.68	2.61	2.67	2.65	2.61
Net interest spread**	3.15	3.04	3.09	3.07	3.03
Cost-to-income ratio	37.5	38.5	37.6	37.2	36.9
BIS CAR**	14.3	14.7	16.3	16.1	16.5
Tier-1 ratio**	13.6	14.1	14.2	14.2	14.8
Tier-2 ratio**	0.7	0.6	2.0	1.9	1.8
Common Equity Capital Ratio	12.2	12.6	12.8	12.9	13.6
Equity/assets	8.6	8.4	8.7	8.7	9.2

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS	3,483	3,757	4,007	4,445	4,877
BVPS	26,019	28,532	31,564	34,530	39,429
DPS	995	1,140	1,318	1,511	1,707
Dividend payout ratio	28.0	30.0	32.8	34.0	35.0
Total Shareholder Payout Ratio	32.4	45.0	51.8	50.3	50.2

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 (%)
2024	1,386	677	3,483	17.1	26,019	4.7	0.6	1.0	14.0	12.2	6.1
2025	1,450	710	3,757	7.9	28,532	6.8	0.9	1.0	13.6	12.6	4.4
2026E	1,483	737	4,007	6.6	31,564	7.2	0.9	1.0	13.2	12.8	4.6
2027E	1,558	798	4,445	10.9	34,530	6.5	0.8	1.0	13.3	12.9	5.3
2028E	1,625	857	4,877	9.7	39,429	5.9	0.7	1.0	13.1	13.6	5.9

Source: Company data, Samsung Securities estimates

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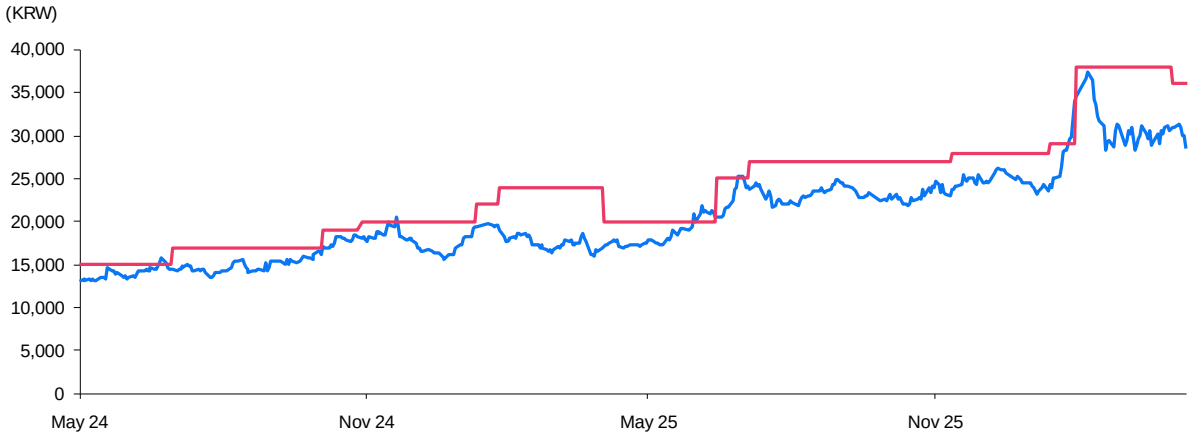
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/4/15	7/12	10/17	11/11	2025/1/23	2/7	4/15	6/27	7/18	11/25	2026/1/27	2/13
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	15000	17000	19000	20000	22000	24000	20000	25000	27000	28000	29000	38000
Gap* (average)	-8.89	-12.61	-6.18	-10.99	-11.17	-27.13	-7.02	-7.20	-14.05	-11.68	-3.39	-18.83
(max or min)**	5.73	-2.94	-2.74	2.25	-10.14	-22.04	9.50	1.40	-7.78	-6.07	17.41	-1.32

Date	4/16
Recommendation	HOLD
Target price (KRW)	36000
Gap* (average)	
(max or min)**	

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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Percentage of ratings in 12 months prior to 2026.03.31

BUY (85.2%)·HOLD (14.8%)·SELL (0%)

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