COMPANY UPDATE

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KB Financial Group (105560)

Banking and non-banking units drive 1Q earnings

- KB Financial Group (KBFG) reported a 1Q net profit of KRW1.89t (up 11.5% y-y), exceeding consensus by 5.8% and setting a new record high. The CET-1 ratio declined 19bps q-q to 13.63%.
- Defying concerns about the 'money move,' bank earnings rose 7.3% y-y, supported by robust interest income. Non-banking earnings also grew 13.1% y-y, led by the securities brokerage unit.
- KBFG remains a sector top pick. We believe its sector-leading total payout ratio, backed by differentiated earnings generation capabilities and CET-1 ratio, will continue to support a premium valuation.

WHAT'S THE STORY?

1Q net profit hits KRW18.9t, exceeding consensus and setting new high: KB Financial Group (KBFG) reported a 1Q net profit of KRW1.89t (up 11.5% y-y), exceeding consensus by 5.8% and setting a new record high. The CET-1 ratio, which serves as the basis for shareholder return calculations, declined 19bps q-q to 13.63%, but we believe the group retains sufficient capacity for stronger shareholder returns in 2H.

Bank and non-bank earnings robust amid 'money move' concerns: Despite early-year concerns about 'money move,' both bank and non-bank earnings grew 7.3% and 13.1% y-y, respectively, in 1Q. Bank earnings were supported by a 6.6% y-y rise in interest income and a 12bps y-y fall in credit costs, while non-bank earnings growth was led by the securities brokerage unit.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW200,000	27.1%
Current price	**KRW157,400**	
Market cap	KRW58.7t/USD39.5b	
Shares (float)	354,687,734 (83.6%)	
52-week high/low	KRW168,800/KRW84,600	
Avg daily trading value (60-day)	KRW209.4b/ USD141.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
KB Financial Group (%)	7.1	38.3	86.1
Vs Kospi (%pts)	-8.1	-15.8	-27.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	200,000	200,000	0.0%
2026E EPS	18,358	18,358	0.0%
2027E EPS	20,768	20,768	0.0%

SAMSUNG vs THE STREET

No of estimates	19
Target price	199,053
Recommendation	4.0

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Operating profit	2,727.6	19.0	55.3	12.7	-
Pre-prov op profit	3,276.5	9.1	30.8	9.5	-
Provisioning	493.2	(24.8)	(28.3)	(4.4)	-
Net profit	1,892.4	11.5	166.0	6.2	5.8
Major indicators (%, %pts)					
Loan growth	0.41	(0.54)	(0.13)		
NIM	1.77	0.01	0.02		
NPLs below subs	0.68	0.24	0.05		

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	7.7	8.6	7.6
P/B	0.8	1.0	0.9
Div yield (%)	3.5	2.9	3.3
EPS growth (% y-y)	19.7	12.9	13.1
ROE (%)	10.9	11.4	11.8
Total payout ratio (%)	52.4	57.1	60.2
Per-share data (KRW)			
EPS	16,267	18,358	20,768
BVPS	151,973	165,664	180,566
DPS	4,367	4,637	5,186

Shareholder return efforts ongoing—scale of 2H buybacks to be key: Key points to watch going forward are 1H earnings and the size of 2H buybacks. KBFG has already committed to full-year dividends of KRW1.62t and 1H buybacks of KRW1.2t—totaling KRW2.82t or 47.6% of our full-year earnings estimate of KRW6.3t. A CET-1 ratio of 13.63% and RWA of KRW36.6t as of end-1Q suggests an additional KRW470b in buybacks is theoretically feasible under KBFG's shareholder return formula. That would lift total payout ratio for this year to 55.1%. Should CET-1 improve in 2Q on a firmer won and solid earnings, the 2026 total payout ratio could rise well above 55%.

Differentiated earnings and shareholder returns to continue—still a sector top pick: We keep KBFG among our sector top picks, as it is trading at 0.95x 2026 P/B and should keep driving sector-wide valuation rerating. It is likely to restore its distinctive valuation, on: 1) the continuation of solid earnings improvement this year; 2) its strengthening non-bank capabilities, backed by differentiated capital power; and 3) sector-leading total payout ratio, supported by differentiated earnings and capital ratio.

Record quarter, despite one-off costs and concerns over securities-related gains amid rising rates: KBFG's 1Q net profit rose 11.5% y-y to KRW1.89t, backed by: 1) a 4.0% y-y rise in securities-related gains to KRW558.6b, defying concerns over rising market interest rates eroding such gains; and 2) a 7.3% y-y growth in bank earnings, contrary to concerns over margin contraction amid the 'money move.' Even after setting aside KRW98b in ELS penalty provisions in 1Q (on top of KRW263.3b in 4Q25), it delivered its highest quarterly profit on record that exceeds expectations, underscoring its enhanced earnings power.

Quarterly and annual net profit

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	Chg (% q-q)	Chg (% y-y)
Net profit	1,697.3	1,738.4	1,686.0	711.4	1,892.4	166.0	11.5
		2022	2023	2024	2025		Chg (% y-y)
Annual net profit		4,153.0	4,594.8	5,078.2	5,833.2		14.9

Source: Company data, Samsung Securities

1Q26 one-off costs

1Q26	(KRWb)
Provisioning for ELS	(98.0)
Total	(98.0)

Source: Company data, Samsung Securities

Group interest income up 2.2% y-y—pace to accelerate as NIM further improves: Group interest income rose a healthy 2.2% q-q. While won-denominated bank loans grew only 0.4% q-q, bank NIM and group NIM expanded by 2bps and 4bps q-q, respectively. Given the faster-than-anticipated improvement in NIM, driven by rising market interest rates and core deposit growth in 1Q, interest income growth is likely to accelerate over the coming quarters.

Won-denominated loan grows 0.4% q-q—full-year guidance around 4%: Won-denominated bank loans got off to a quiet start this year, growing 0.4% q-q in 1Q. While lending to households fell 0.4% q-q, lending to SMEs and large companies rose 1.4% and 1.1% q-q, respectively. Growth in lending to large enterprises has been relatively subdued.

Loan growth is likely to pick up gradually, as: 1) KBFG has set a 2026 loan growth target of around 4%; 2) macroeconomic uncertainties will probably ease in 2H; and 3) productive finance initiatives, once on track, should boost demand for corporate loans—not only from large enterprises but also from SMEs.

Interest income and key indicators

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	Chg (% q-q)	Chg (% y-y)
Interest income	3,262.2	3,106.5	3,336.2	3,368.2	3,334.8	(1.0)	2.2
NIM (Bank) (%)	1.76	1.73	1.74	1.75	1.77	0.02	0.01
NIM (Group) (%)	2.01	1.96	1.96	1.95	1.99	0.04	(0.02)
Won-denominated loans (KRWt)	367.0	372.2	375.5	377.5	379.0	0.4	3.3
Household	179.1	180.8	182.0	183.4	182.7	(0.4)	2.0
Corporate	187.9	191.4	193.4	194.0	196.4	1.2	4.5
SME	146.4	148.5	149.2	149.7	151.4	1.1	3.5
Large corporate	41.6	42.9	44.2	44.3	44.9	1.4	8.2

Source: Company data, Samsung Securities

Credit cost down 13bps y-y to 0.40%—full-year guidance for low-to-mid 40bps range reaffirmed despite heightened macro risks: Group credit cost came to 0.40% in 1Q, up 12bps q-q and 13bps y-y. The y-y improvement reflects both the reduced burden from earlier, conservative provisioning and a base effect.

Meanwhile, the group has reaffirmed its 2026 credit cost guidance in the low-to-mid 40bps range, set at the beginning of the year. Its expectation of downward stabilization in credit costs, amid heightened geopolitical risks necessitating prudent provisioning, is a positive signal.

Credit costs and asset quality

(%)	1Q25	2Q25	3Q25	4Q25	1Q26	Growth (%, %pts q-q)	Growth (%, %pts y-y)
Total credit (KRWt)	469.8	473.0	478.6	484.2	490.5	1.3	4.4
Loan loss provisioning (KRWb)	624.8	645.4	365.8	633.8	478.3	(24.5)	(23.4)
Credit cost (quarterly)	0.53	0.55	0.31	0.52	0.40	(0.12)	(0.13)
Credit cost (cumulative)	0.54	0.54	0.46	0.48	0.40	(0.08)	(0.14)
NPL ratio	0.40	0.35	0.35	0.28	0.34	0.06	(0.05)
Delinquency ratio	0.35	0.31	0.34	0.28	0.35	0.07	0.00
		2022A	2023A	2024A	2025A		Chg (% y-y)
Credit costs		0.43	0.67	0.43	0.48		0.05

Source: Company data, Samsung Securities

Non-banking contributes 43.4% to earning—demonstrating differentiated earnings-generating capabilities: Non-banking affiliates contributed KRW845.4b (up 13.1% y-y) or 43.4% of earnings in 1Q—up 1.3%pts y-y and the highest in the industry. The improvement was led by the securities brokerage unit, which recorded KRW347.8b in net profit (up 93.3% y-y). Card and consumer finance units contributed KRW107.5b (up 27.2% y-y) and KRW72.8b (up 4.9% y-y), respectively.

The market has traditionally viewed 'money move' as a headwind for bank stocks, but 1Q results show this narrative is outdated—rising profit contributions from non-banking units have altered the earnings dynamic within financial groups. KBFG, in particular, has top-tier non-banking subsidiaries, so it

already benefits from economies of scale. But it can go even further, by leveraging cross-subsidiary synergies to strengthen those non-banking businesses even more.

Non-banking earnings

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	Chg (% q-q)	Chg (% y-y)	2024	2025	Chg (% y-y)
Card	84.5	96.8	99.3	49.6	107.5	116.7	27.2	402.7	330.2	(18.0)
Securities	179.9	159.0	157.8	177.2	347.8	96.3	93.3	585.7	673.9	15.1
Life insurance	86.9	102.2	65.7	(10.8)	79.8	Turned pos	(8.2)	164.3	244.0	48.5
Insurance	313.5	244.6	208.8	11.3	200.7	1,676.1	(36.0)	839.5	778.2	(7.3)
Capital	69.4	54.7	70.4	40.7	72.8	78.9	4.9	222.0	235.2	5.9
Other	13.0	(27.5)	24.8	(12.8)	36.8	Turned pos	183.1	(51.8)	(2.5)	(95.2)
Total	747.2	629.8	626.8	255.2	845.4	231.3	13.1	2,162.4	2,259.0	4.5
Non-banking portion (%, %pts)	42.1	35.2	34.8	33.9	43.4	9.5	1.3	39.9	36.9	(3.0)

Source: Company data, Samsung Securities

CET-1 ratio dips to 13.63%—but ROE growth offsets pressure from forex and shareholder returns: As of end-1Q, its CET-1 ratio was down 19bps q-q at 13.63%. Excluding the 19bps impact from a weaker won, the CET-1 ratio held flat q-q despite higher shareholder returns. This was possible because ROE reached 13.94%, close to 14%, driving a 52bps improvement in CET-1 ratio through retained earnings. In other words, 1Q results not only show that higher ROE directly enables increased shareholder returns, but also hints that if the won gets stronger, the group can return even more to shareholders.

Total payout ratio exceeds 50%—visibility on further increases is key to re-rating: Better visibility on further rises in the total payout ratio will be the most critical catalyst for further valuation rerating. KBFG's total payout ratio exceeded 50% last year, and now the market is watching to see if it can go even higher. If the group can boost its ROE further—and also raise its total payout ratio quickly this year—that could create stronger upward pressure on its P/B multiple.

Shareholder return efforts ongoing—scale of 2H buybacks to be key: Key points to watch going forward are 1H earnings and the size of 2H buybacks. KBFG has already committed to full-year dividends of KRW1.62t and 1H buybacks of KRW1.2t—totaling KRW2.82t or 47.6% of our full-year earnings estimate of KRW6.3t. A CET-1 ratio of 13.63% and RWA of KRW36.6t as of end-1Q suggests an additional KRW470b in buybacks is theoretically feasible under KBFG's shareholder return formula. That would lift total payout ratio for this year to 55.1%. Should CET-1 ratio improve q-q in 2Q on a firmer won, disciplined RWA growth, and sustaining solid profit generation, the 2026 total payout ratio could rise well above 55%, ultimately boosting investor sentiment toward the group.

Shareholder returns and CET-1 ratio

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	Growth (%, %pts q-q)	Growth (%, %pts y-y)	2024	2025	Growth (%, %pts y-y)
CET-1 ratio (%)	13.69	13.77	13.83	13.82	13.63	(0.19)	(0.06)	13.53	13.82	0.30
RWA (KRWt)	346.0	347.9	353.5	358.0	357.0	(0.3)	3.2	346.0	358.0	3.5
Total shareholder returns	854.9	634.9	784.9	785.3	1,005.0	28.0	17.6	2,020.0	3,060.0	51.5
Share buybacks	520.0	300.0	450.0	210.0	600.0	185.7	15.4	820.0	1,480.0	80.5
Dividends	334.9	334.9	334.9	575.3	405.0	(29.6)	20.9	1,200.0	1,580.0	31.7
Total payout ratio (%, %pts)	50.4	36.5	46.6	110.4	53.1			39.8	52.4	12.6

Source: Company data, Samsung Securities

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & equivalents	29,930	34,842	36,566	38,387	40,308
Financial securities	218,720	229,307	241,316	254,022	267,482
Net loans & credits	474,706	495,204	518,839	543,323	569,008
Interest-earning assets	**723,356**	**759,354**	**796,420**	**835,405**	**876,445**
Fixed assets	10,516	10,553	11,083	11,642	12,233
Other assets	23,974	28,017	29,902	31,925	34,097
Total assets	**757,847**	**797,924**	**837,405**	**878,972**	**922,775**
Customer deposits	429,357	451,749	473,927	496,744	520,719
Borrowings	68,077	70,728	75,017	79,598	84,490
Debentures	76,171	80,049	84,398	89,015	93,917
Interest-bearing liabilities	**635,856**	**670,024**	**703,581**	**738,446**	**775,184**
Other liabilities	62,175	67,070	70,275	74,233	78,577
Total liabilities	**698,031**	**737,094**	**773,856**	**812,679**	**853,761**
Paid-in capital	2,091	2,091	2,091	2,091	2,091
Hybrid securities	5,083	4,359	4,359	4,359	4,359
Capital surplus	17,124	17,111	17,111	17,111	17,111
Retained earnings	34,808	38,334	41,053	43,797	46,518
Capital adjustment	(1,713)	(2,379)	(2,379)	(2,379)	(2,379)
Other accumulated earnings and comprehensive income	497	(467)	(467)	(467)	(467)
Minority interest	1,926	1,782	1,782	1,782	1,782
Shareholder equity	**59,815**	**60,830**	**63,549**	**66,293**	**69,014**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Interest income	30,491	29,156	30,350	32,067	33,614
Interest expenses	(17,665)	(16,083)	(16,060)	(17,046)	(18,145)
Net interest income before provisioning	**12,827**	**13,073**	**14,290**	**15,021**	**15,468**
Provisioning for loan losses	(2,044)	(2,363)	(2,219)	(2,068)	(1,993)
Net interest income after provisioning	**10,782**	**10,710**	**12,071**	**12,953**	**13,475**
Fee income	3,850	4,098	4,707	4,864	5,055
Other non-interest income	352	774	(479)	(497)	(531)
Gross profit	**14,984**	**15,582**	**16,299**	**17,320**	**17,999**
G&A expenses	(6,939)	(7,065)	(7,396)	(7,651)	(7,916)
Operating profit	**8,045**	**8,518**	**8,903**	**9,669**	**10,083**
Other non-operating income	(1,060)	(335)	(1)	12	25
Pre-tax profit	**6,985**	**8,183**	**8,902**	**9,680**	**10,107**
Taxes	1,957	2,342	2,448	2,662	2,780
Net profit	**5,029**	**5,841**	**6,454**	**7,018**	**7,328**
Minority interest	(50)	8	115	125	135
Consolidated net profit	**5,078**	**5,833**	**6,339**	**6,894**	**7,193**
Pre-provisioning operating profit	10,301	11,111	11,367	11,992	12,344

Asset quality

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
NPL ratio (below substandard)	0.6	0.6	0.6	0.6	0.6
NPL ratio (below precautionary)	1.6	1.5	1.4	1.4	1.4
Cumulative provisioning /NPL below substandard	174.3	155.8	133.0	107.7	84.8
Cumulative provisioning /NPL below precautionary	70.7	66.0	55.3	44.9	35.4
Cumulative provisioning/credit	1.1	1.0	0.8	0.6	0.5
Net write-offs /NPL below substandard	44.1	67.6	71.7	69.3	67.0
Net write-offs/credit	0.3	0.4	0.4	0.4	0.4
Loan loss provisioning charges /total credit	0.44	0.49	0.44	0.39	0.36

Key ratios

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Return on avg assets	0.7	0.8	0.8	0.8	0.8
Return on avg equity	9.8	10.9	11.4	11.8	11.7
Loan growth* (% y-y)	6.4	3.8	4.8	4.7	4.7
Deposit growth* (% y-y)	7.1	4.5	4.8	4.7	4.7
Asset growth (% y-y)	6.2	3.9	4.7	4.6	4.6
Loan/deposit ratio*	97.8	98.5	98.5	98.5	98.5
Net interest margin**	1.78	1.74	1.78	1.76	1.72
Net interest spread**	1.72	1.69	1.70	1.69	1.65
Cost-to-income ratio	40.7	39.4	39.9	39.5	39.6
BIS CAR**	16.4	16.2	16.7	16.8	16.9
Tier-1 ratio**	15.2	15.2	15.8	15.9	16.0
Tier-2 ratio**	1.3	1.0	0.9	0.9	0.9
Common Equity Capital Ratio	13.5	13.8	13.7	13.8	13.8
Equity/assets	7.9	7.6	7.6	7.5	7.5

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS	13,593	16,267	18,358	20,768	22,560
BVPS	140,598	151,973	165,664	180,566	196,484
DPS	3,174	4,367	4,637	5,186	5,771
Dividend payout ratio	23.6	27.1	25.6	25.4	26.0
Total Shareholder Payout Ratio	39.8	52.5	57.1	60.2	62.2

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	10,301	5,078	13,593	12.0	140,598	6.1	0.6	0.7	9.8	13.5	3.8
2025	11,111	5,833	16,267	19.7	151,973	7.7	0.8	0.8	10.9	13.8	3.5
2026E	11,367	6,339	18,358	12.9	165,664	8.6	1.0	0.8	11.4	13.7	2.9
2027E	11,992	6,894	20,768	13.1	180,566	7.6	0.9	0.8	11.8	13.8	3.3
2028E	12,344	7,193	22,560	8.6	196,484	7.0	0.8	0.8	11.7	13.8	3.7

Source: Company data, Samsung Securities estimates

Compliance notice

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- As of 4/24 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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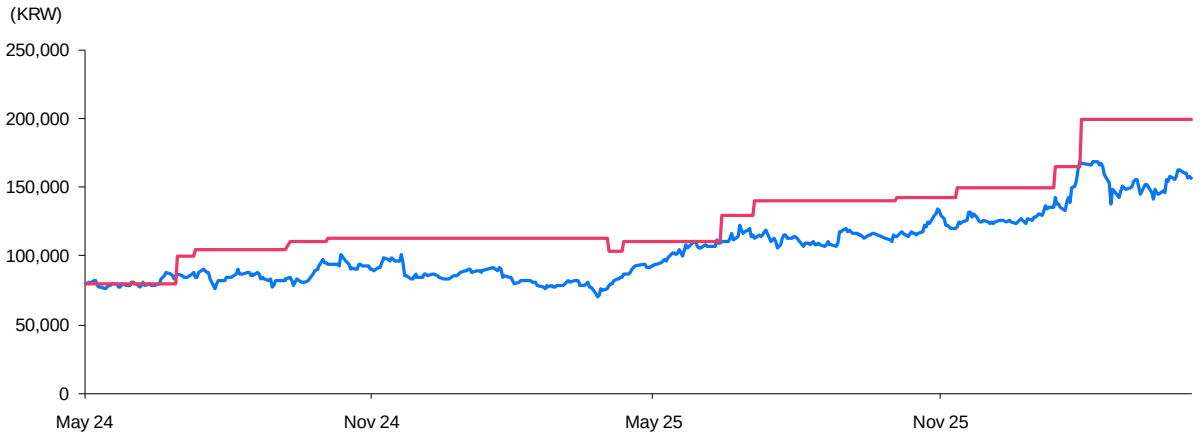
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/3/5	7/12	7/24	9/23	10/17	2025/4/15	4/25	6/27	7/18	10/17	11/25	2026/1/27
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	80000	100000	105000	110000	113000	104000	110000	130000	140000	143000	150000	165000
Gap* (average)	-5.45	-14.59	-19.39	-21.04	-23.75	-20.54	-8.40	-11.01	-19.36	-14.92	-14.99	-11.40
(max or min)**	10.25	-11.70	-13.52	-11.64	-10.44	-18.27	2.09	-6.15	-14.57	-5.80	-8.80	2.12

Date	2/13
Recommendation	BUY
Target price (KRW)	200000
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

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

*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 2026.03.31

BUY (85.2%)·HOLD (14.8%)·SELL (0%)

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