SECTOR UPDATE

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Finance/Consumer Goods Team

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AT A GLANCE

KB Financial Group (105560 KS, 174,000)		
Target price	KRW230,000	32.2%
BUY		
Shinhan Financial Group (055550 KS, 104,700)		
Target price	KRW138,000	31.8%
BUY		
Hana Financial Group(086790 KS, 132,600)		
Target price	KRW161,000	21.4%
BUY		
IBK(024110 KS, 20,550)		
Target price	KRW26,000	26.5%
HOLD		
BNK Financial Group (138930 KS, 18,100)		
Target price	KRW24,000	32.6%
BUY		
iM Financial Group(139130 KS, 18,140)		
Target price	KRW24,000	32.3%
BUY		
JB Financial Group(175330 KS, 26,000)		
Target price	KRW34,000	30.8%
HOLD		
Kakao Bank(323410 KS, 22,200)		
Target price	KRW28,000	26.1%
HOLD		
Kbank(279570 KS, 6,180)		
Target price	KRW7,500	21.4%
BUY		

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Banking (OVERWEIGHT)

2Q preview; breaking the 10% ROE myth

- We now believe the combined net profit of our covered banks rose 5.7% y-y in 2Q. Key drivers likely included: 1) resilient growth in interest income; and 2) stronger non-bank earnings, led by securities broker subsidiaries, despite deposit outflows into capital markets—the so-called “money move”.
- We believe increasingly favorable industry conditions, improving non-bank earnings (led by securities brokers), and digitally driven operating leverage will support a sector rerating by challenging the long-held view that bank ROE is capped at 10%.
- We remain positive on the banking sector. Investors should focus on attractive valuations, improving industry conditions, structural earnings growth, rising ROE, and stronger shareholder returns.

WHAT’S THE STORY?

2Q preview—Robust interest income growth and securities-led improvement in non-bank earnings: We expect banks’ 2Q results to beat initial forecasts, particularly at the large banks, supported by: 1) solid interest income growth on rising rates and continued corporate loan expansion; and 2) nonmeaningful upside in non-bank earnings, led by securities broker subsidiaries.

Key focus 1: Solid interest income growth—Loan growth and NIM: Robust interest income growth was likely the key driver of 2Q earnings improvement. Key factors include 1.7% q-q loan growth, led by corporate lending, and stable-to-slightly-improved NIM amid rising market rates.

Key focus 2: Broker subsidiaries to have driven non-bank earnings: With equity trading volumes surging throughout 2Q, financial groups’ securities broker subsidiaries should also report solid earnings growth. Banking groups’ performances likely diverged depending on whether they own securities brokers with strong brokerage capabilities.

Challenging the perception that Korean bank ROE is capped at 10%: Historically, rallies in Korean bank stocks have repeatedly stalled due to the entrenched view that Korean banks’ ROE is structurally capped at 10%. This year, stronger operating performances should challenge that narrative and support meaningful rerating.

(Continued on the next page)

Bank ROE to surpass 10%: We expect bank ROE to exceed 10%, supported by three factors: 1) an improving banking cycle, reflected in rising rates, loan growth, and declining credit costs; 2) structural growth in non-bank earnings, led by securities broker subsidiaries, which should lift group-wide ROE; and 3) digitalization, which is enabling revenue growth to outpace SG&A cost growth, which in turn is strengthening operating leverage.

Focus on leaders in shareholder returns and non-bank earnings: Within the sector, KB Financial Group is likely to lead, supported by stronger ROE from its non-bank businesses and differentiated shareholder returns. Shinhan Financial Group and Hana Financial Group also look attractively valued, with ROE approaching KBFG's and total payout ratios above 50%. Meanwhile, for smaller financial groups and internet-primary banks, the key question is whether they can generate alpha through differentiated earnings growth and corresponding increases in shareholder returns.

2Q preview: Interest income drives growth; non-bank profits provide support

2Q preview: Interest income growth and broker-led non-bank performance gains together driving improvement

Raising 2Q estimates to reflect interest income growth, securities-driven non-bank improvement

We now expect major Korean banks' 2Q results to top our initial expectations, supported by three things: 1) net interest margins (NIMs) likely stabilized or improved amid rising market rates; 2) interest income likely expanded at a solid pace on robust loan growth, primarily in corporate lending; and 3) non-bank profits—particularly led by securities broker subsidiaries—likely climbed again.

Thus, we raise our 2Q earnings estimates for our covered banks by 5.4%, which implies 2Q net profit growth of 2.2% q-q and 5.7% y-y. This outlook is underpinned by: 1) interest income growth supported by resilient NIMs and steady loan expansion; and 2) a decline in credit costs—which peaked at 0.52% in 2Q25—as a result of eased provisioning (following earlier proactive provisioning) and reduced provisioning requirements in non-bank segments.

2Q26 net profit estimates

(KRWb)	New	Change		Old	Diff	Consensus	Samsung vs consensus	Earnings call
		(% q-q)	(% y-y)		(%)		(%)	
KBFG	1,935.4	2.3	11.3	1,858.3	4.2	1,877.4	3.1	Jul 23
SFG	1,655.5	2.0	6.9	1,609.2	2.9	1,658.0	(0.1)	Jul 23
HFG	1,301.9	7.6	11.0	1,150.2	13.2	1,237.9	5.2	Jul 24
IBK	701.9	(6.3)	1.2	640.2	9.6	701.2	0.1	Jul 27
BNKFG	245.4	16.1	(20.6)	251.4	(2.4)	260.5	(5.8)	Jul 28
IMFG	146.4	(5.3)	(5.5)	144.9	1.0	153.3	(4.5)	Jul 27
JBFG	206.4	24.3	(0.6)	209.8	(1.6)	212.0	(2.6)	Jul 23
Kakao Bank	132.9	(29.0)	5.3	137.2	(3.1)	135.1	(1.6)	Aug 5
Kbank	37.5	12.9	(45.0)	36.6	2.5	N/A	-	Jul 30
Total	**6,363.3**	**2.2**	**5.7**	**6,037.7**	**5.4**	*** 6,235.4**	**1.4**	

Note: Consensus total excludes Kbank
Source: Company data, FnGuide, Samsung Securities estimates

Quarterly net profit forecasts

(KRWb)	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
KBFG	1,892.4	1,935.4	1,857.6	1,070.3	2,071.9	2,078.4	1,971.8	1,180.3
SFG	1,622.6	1,655.5	1,701.4	824.7	1,797.9	1,761.4	1,828.6	887.5
HFG	1,210.1	1,301.9	1,251.5	761.5	1,328.3	1,412.9	1,334.1	888.1
IBK	748.7	701.9	818.4	564.2	746.3	695.7	854.9	609.4
BNKFG	211.4	245.4	274.9	123.3	242.5	277.9	308.1	132.0
iMFG	154.5	146.4	164.4	58.0	160.8	171.8	185.6	69.5
JBFG	166.1	206.4	220.0	137.6	197.8	226.0	235.3	144.1
Kakao Bank	187.3	132.9	141.2	156.2	170.6	171.0	171.4	179.8
Kbank	33.2	37.5	43.6	29.9	61.4	65.8	49.2	37.6
Total	**6,226.3**	**6,363.3**	**6,473.0**	**3,725.9**	**6,777.4**	**6,860.9**	**6,939.0**	**4,128.3**

Source: Company data, Samsung Securities estimates

Annual profit upgrade: Divergent earnings outlooks

We raise our full-year 2026 earnings forecasts for our covered banks by 4.3% for three mains reasons: 1) the Bank of Korea (BOK) is expected to begin a rate-hike cycle, enhancing NIM upside vs early-year expectations; 2) loan demand from creditworthy borrowers—*eg*, export-oriented corporations—should keep rising, supported by stronger policy backing for productive finance; and 3) earnings at financial groups' securities broker subsidiaries are projected to exceed prior estimates, fueled by increased trading volumes in the domestic equity market driven by the "money move".

Notably, earnings differentiation between banks is likely to become more pronounced, particularly through non-bank segments. The core driver should be securities brokers: financial groups with broker subsidiaries that maintain strong capital buffers and diversified businesses (such as robust retail brokerage and investment-banking operations), such as KB Financial Group (KBFG), are expected to see the most-significant earnings improvements.

That said, not all indicators point to unqualified optimism. Three headwinds warrant attention: 1) ongoing geopolitical risks may lead banks to remain cautious with provisioning; 2) some banks are expected to recognize provisioning related to JTBC and its affiliates during 2Q; and 3) NIM is facing growing downward pressure, as retail deposit outflows linked to the money move have gradually increased since May, pressuring banks to raise funding costs.

Nevertheless, earnings momentum across financial institutions is expected to persist beyond this year and into 2027. First, the aforementioned concerns are largely short-term in nature and unlikely to materially alter medium- to long-term trends. Second, the key drivers of bank profitability—interest rates, loan growth, and asset quality—operate on multi-year cycles. Third, bank-centric financial groups are proactively responding to the money move environment by strengthening corporate banking, enhancing non-bank subsidiaries, and deepening intra-group synergies.

Full-year net profit forecasts

(KRWb)	2025	2026E	Chg (% y-y)	Old	Diff (%)	2027E	Chg (% y-y)	Old	Diff (%)
KBFG	5,833.2	6,755.7	15.8	6,339.0	6.6	7,302.3	8.1	6,893.8	5.9
SFG	4,971.6	5,804.3	16.7	5,544.1	4.7	6,275.4	8.1	6,150.8	2.0
HFG	4,002.9	4,628.3	15.6	4,386.4	5.5	4,963.4	7.2	4,932.8	0.6
IBK	2,711.1	2,833.1	4.5	2,799.5	1.2	2,906.4	2.6	2,966.6	(2.0)
BNKFG	815.0	876.5	7.5	869.4	0.8	956.5	9.1	980.9	(2.5)
IMFG	443.9	523.3	17.9	522.0	0.3	587.7	12.3	578.8	1.5
JBFG	710.4	730.2	2.8	736.8	(0.9)	803.2	10.0	798.4	0.6
Kakao Bank	480.3	617.7	28.6	620.0	(0.4)	692.8	12.2	660.4	4.9
Kbank	112.7	144.2	28.0	141.1	2.2	214.1	48.4	205.0	4.4
Total	20,080.9	22,913.3	14.1	21,958.4	4.3	24,701.6	7.8	24,167.5	2.2

Source: Company data, Samsung Securities estimates

Meanwhile, we fine-tune our target prices. We slightly raise our target prices for the top three financial groups, which hold strong positions in corporate banking and are poised to benefit from strengthening or recovering non-bank businesses. We trim our target prices for medium and small banks and internet-primary banks, given their relatively limited capacity to absorb pressures from the money-move trend and intensifying competition in corporate lending. As for Kbank, we further incorporate additional uncertainty related to Upbit.

Target-price changes

(KRW)	Recommendation	Old	New	Chg (%)	Current price	Upside (%)	2026 target P/B (x)
KBFG	BUY	200,000	230,000	15.0	174,400	32.2	1.4
SFG	BUY	128,000	138,000	7.8	104,700	31.8	1.2
HFG	BUY	157,000	161,000	2.5	132,600	21.4	1.0
IBK	HOLD	26,000	26,000	0.0	20,550	26.5	0.7
BNKFG	BUY	25,000	24,000	(4.0)	18,100	32.6	0.7
IMFG	BUY	25,000	24,000	(4.0)	18,140	32.3	0.7
JBFG	HOLD	36,000	34,000	(5.6)	26,000	30.8	1.1
Kakao Bank	HOLD	31,000	28,000	(9.7)	22,200	26.1	1.9
Kbank	BUY	9,000	7,500	(16.7)	6,180	21.4	1.1
Average							1.1

Note: As of Jul 21;
Average excludes Kakao Bank and Kbank
Source: Company data, Samsung Securities estimates

Loan growth: Corporates driving growth; household loan growth also tops expectations

Loan growth in 2Q likely aligned with banks' initial annual guidance of approximately 5%. According to the BOK, outstanding loans increased by 1.7% q-q and 3.9% y-y in 2Q. While corporate loan growth (led by productive finance) remained the primary driver of overall loan expansion, SME loan growth accelerated q-q, and household loan growth turned positive after a period of stagnation.

Household loans: Up 1.4% q-q, driven by increased real estate transactions and rising credit demand amid equity market strength

Banks' household loans rose 1.4% q-q in 2Q. By category, mortgages increased 1.1% q-q, while other loans rose 2.7% q-q. Although financial authorities maintained a firm stance on household debt management, housing loan demand strengthened (amid increased real estate transactions) ahead of the May expiration of the temporary exemption from the higher capital gains tax on sales by multiple-home owners. Demand for credit loans (*eg*, overdrafts) also increased, fueled by repeated record highs in the Kospi, albeit with elevated volatility.

Now it is worth assessing the increased uncertainty regarding whether banks can keep household loan growth within the 1.5% annual limit. There are three important points to note. First, the top five commercial banks already extended KRW3.7t in household loans in 1H, which, according to media reports, represents 85% of their full-year allocation of KRW4.3t. Second, as of end-June, the actual outstanding balance of overdrafts at the top five commercial banks stood at KRW43.3t, against a total approved limit of KRW96.7t, implying a utilization rate of only 44.8%—leaving substantial room for further growth. Third, financial authorities may take action to mitigate the adverse impacts of loan capacity limits on genuine homebuyers and expand inclusive finance initiatives.

That said, given the authorities' continued emphasis on tightening household lending, we expect the recent uptick in household loan growth to moderate significantly in 2H. Amid mass media reports that rising household incomes are putting upward pressure on real estate prices, financial regulators have explicitly called for stricter oversight of household loan growth across both banks and non-bank lenders. For instance, KB Kookmin Bank announced on Jul 10 that, pending further guidance, it would reduce the maximum loan limit for home purchase financing from KRW600m to KRW300m—even extending this cap to previously unregulated regions where no such limits previously applied.

Corporate loans: Up 1.9% q-q—Signs of spillover effect to SMEs amid "productive finance" push

Banks' corporate loans grew 1.9% q-q in 2Q, with large-enterprise loans rising 4.4% q-q and SME loans increasing 1.2% q-q. Large enterprises continue to dominate loan growth, accounting for 51.5% of the net increase in total corporate loans in 2Q.

However, focus should be given to the gradual broadening of corporate loan growth into the SME segment. Based on monthly net loan growth, the SME share of total corporate loans rose from 38.6% in January to exceed 50% consistently from March through May. This suggests that the productive-finance initiative is increasingly generating a trickle-down effect from large corporations to SMEs.

Given this trend, we expect SME loans to account for an even larger share of overall corporate loan growth in 2H. Corporate business conditions and business sentiment indices have shown signs of improvement since 2Q, and consumer sentiment—which turned downward in 1Q—is also recovering. These factors further support the likelihood of a sustained upward trend.

Banks: Monthly loan growth

(KRWt)	2025						2026							
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jun chg (% m-m)	Jun chg (% y-y)
Total household	2.7	4.1	1.9	3.5	1.9	(2.0)	(0.9)	(0.4)	0.5	2.1	6.9	7.6	0.6	2.4
Mortgages	3.3	3.9	2.4	2.1	0.7	(0.5)	(0.4)	0.3	0.0	2.7	3.2	4.2	0.4	2.4
General	(0.6)	0.2	(0.5)	1.4	1.2	(1.5)	(0.5)	(0.7)	0.5	(0.6)	3.7	3.4	1.4	2.5
Total corporate	3.4	8.4	5.3	5.9	6.2	(8.3)	5.7	9.6	7.8	10.7	10.6	5.1	0.4	5.2
Large corporate	0.5	3.9	1.3	0.2	2.4	(2.0)	3.5	5.2	3.3	5.0	5.2	3.4	1.1	11.1
SME	2.9	4.5	4.0	5.7	3.8	(6.3)	2.2	4.4	4.5	5.7	5.4	1.7	0.2	3.7
Total loans	6.1	12.5	7.2	9.4	8.1	(10.3)	4.8	9.2	8.3	12.8	17.5	12.7	0.5	3.9

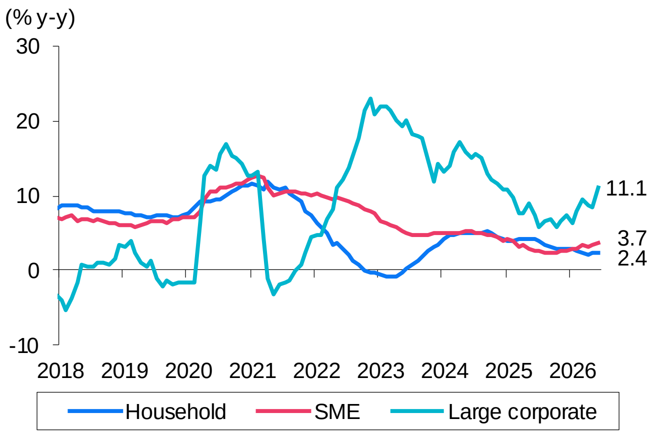
Source: BOK, Samsung Securities

Banks: Quarterly loan growth

Chg (% q-q)	2Q25	3Q25	4Q25	1Q26	2Q26
Total household	**1.4**	**0.7**	**0.3**	**(0.1)**	**1.4**
Mortgages	1.5	1.0	0.2	(0.0)	1.1
General	1.4	(0.4)	0.5	(0.3)	2.7
Total corporate	**1.4**	**1.3**	**0.3**	**1.7**	**1.9**
Large corporate	3.0	2.0	0.2	4.1	4.4
SME	1.0	1.1	0.3	1.0	1.2
Total loans	**1.4**	**1.0**	**0.3**	**0.9**	**1.7**

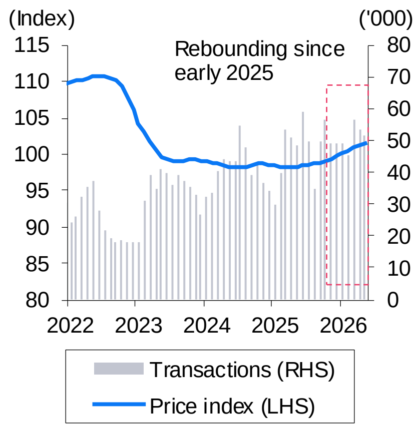
Note: Includes mortgage transfers
Source: BOK, Samsung Securities

Loan growth, by type



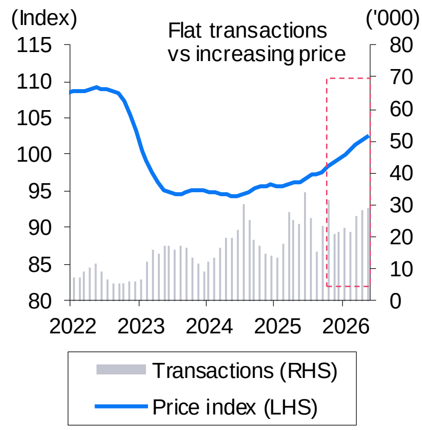
Source: BOK, Samsung Securities

Nationwide: Apartment transactions vs price index



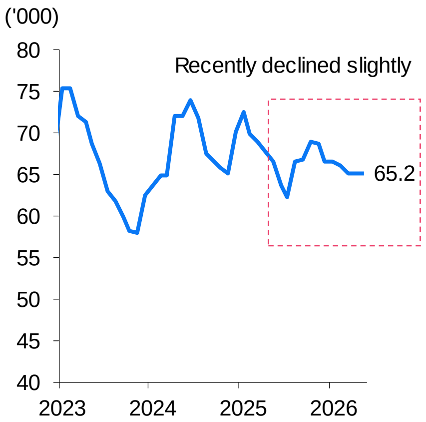
Source: K-REB, Samsung Securities

SMA: Apartment transactions vs price index



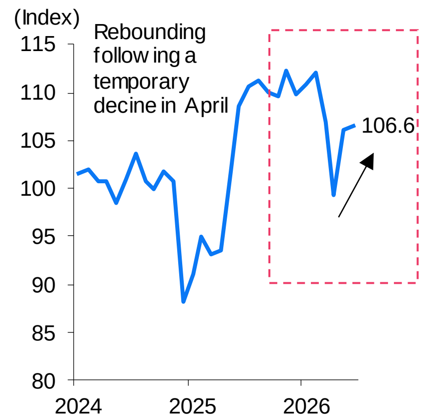
Source: K-REB, Samsung Securities

Unsold housing inventory



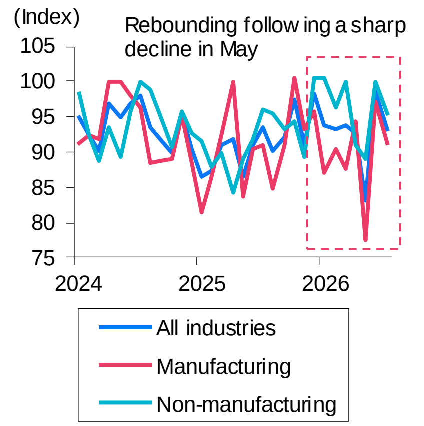
Source: MoLIT, Samsung Securities

Consumer Sentiment Index



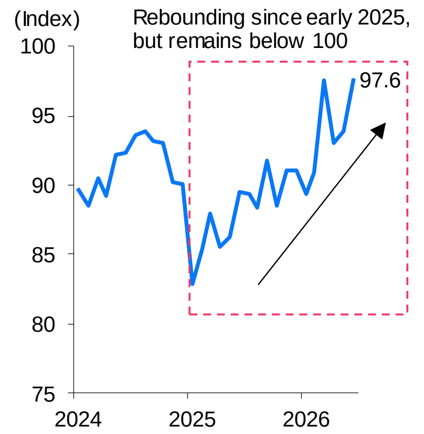
Source: BOK, Samsung Securities

Business Survey Index



Source: Korea Economic Research Institute, Samsung

Composite Business Sentiment Index



Source: BOK, Samsung Securities

NIM: Rate hikes support NIM, but money move to have caused bank-specific differences

Bank NIM likely remained stable or slightly improved q-q in 2Q. Indeed, according to BOK data, banks' NIS on their total balance stood at 2.28% in May, up 2bps from the 1Q average (simple average of January-March).

However, NIM divergence among banks is anticipated. Those with higher corporate loan ratios in their liability structure and those with a larger share of floating-rate loans are likely to exhibit more resilient NIM trends, as the former face relatively less funding cost pressure, and the latter benefit from loan repricing as market rates rise.

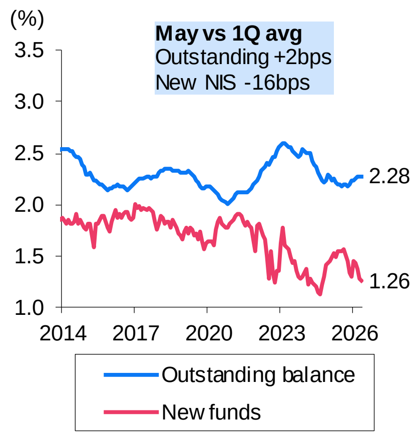
Positive factor 1: Rising interest rates

The primary driver of expected NIM expansion in 2Q should be rising interest rates and the associated repricing of loan portfolios. We note that: 1) the average COFIX rate for newly acquired funds in 2Q (based on rates published April-June) hit 2.87%, up 7bps q-q; 2) the 5-year bank debenture yield—the benchmark rate for hybrid housing loans—hit 4.24% in June, up 19bps from 4.05% in March; and 3) the 3-year KTB yield, a key indicator for corporate bond rates, hit 3.70% at end-June, up 15bps from 3.55% in March.

Positive factor 2: Loan repricing effect from mortgage rate reset cycles

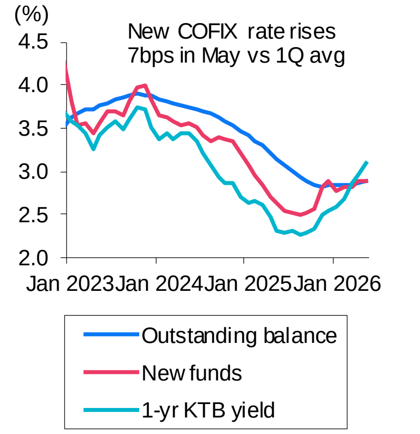
The repricing impact from mortgages with 5-year reset cycles continues to support NIM. The interest rate on mortgages issued in May 2021 stood at 2.69%, whereas the rate on new mortgages in May 2026 reached 4.32%—a 163bp increase.

NIS: Outstanding balance vs new funds



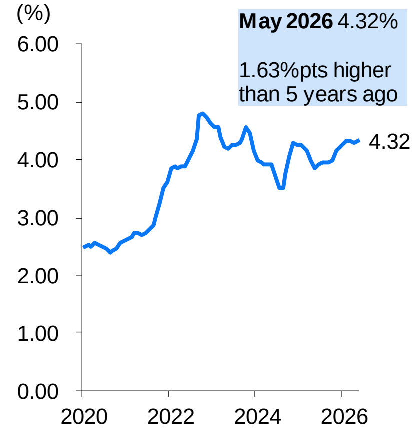
Source: BOK, Samsung Securities

COFIX rate vs 1-year KTB yield



Source: BOK, Samsung Securities

Banks: Average mortgage rate



Source: BOK, Samsung Securities

Household deposit outflows pressure bank NIM

Despite concerns that the unprecedented stock market rally from the start of the year would trigger significant fund outflows from banks, total bank deposits actually rose KRW70.8t in 2Q—surpassing the KRW18.6t and KRW21.6t increases seen in 2Q24 and 2Q25, respectively.

However, when broken down by segment, household deposit outflows have accelerated since May. Household deposits grew KRW4.4t over January-April, but the five major banks reportedly saw a KRW10t outflow of household deposits in May and a similar outflow in June.

This shift in household deposit behavior likely weighed on NIMs, as banks faced mounting pressure to raise deposit rates to stem outflows. First, the average rate on banks' time deposits rose 13bps to 3.06% in May (vs end-March). Second, during the same period, the average rate for new deposits increased by 12bps whereas new loan rates declined by 4bps. Third, an unusual net increase in time deposits in June suggests that banks actively attracted deposits to stabilize funding, further pushing up average funding costs.

Change in bank deposits

(KRWt)	2024				2025				2026				Jun 2026 balance
	2Q24	Apr	May	Jun	2Q25	Apr	May	Jun	2Q26	Apr	May	Jun	
Bank	18.6	(32.8)	25.0	26.4	21.6	(25.9)	20.2	27.3	70.8	(6.8)	48.8	28.8	2,622.5
Demand deposits	(9.4)	(45.0)	(1.2)	36.8	8.6	(36.8)	7.0	38.4	26.2	(18.8)	32.8	12.2	1,036.9
Time deposits	6.7	(4.7)	13.9	(2.5)	12.6	0.5	19.2	(7.1)	34.7	4.7	15.8	14.2	1,101.4
Bank bonds	9.6	8.1	5.8	(4.3)	0.2	2.1	(3.2)	1.3	6.6	(1.4)	2.8	5.2	353.1
CDs	4.5	4.9	1.6	(2.0)	(4.7)	3.9	(2.8)	(5.8)	1.4	6.2	(0.8)	(4.0)	58.0

Source: BOK, Samsung Securities

Banks deposits: Composition and change

(KRWt)	Dec	Jan	Feb	Mar	Apr	Net change over Jan-Apr 2026	Net change over Jan-Apr 2026 (%)
Total deposits	2,189.7	2,148.2	2,198.2	2,222.7	2,216.7	26.9	1.2
Household	997.3	995.1	997.9	998.2	1,001.80	4.4	0.4
Demand deposits	145.5	146.8	148.5	149.5	151.3	5.8	4.0
Time deposits	851.8	848.3	849.4	848.6	850.5	(1.3)	(0.2)
Corporate & other	1,192.4	1,153.1	1,200.3	1,224.5	1,214.9	22.5	1.9
Demand deposits	208.9	197.1	209	215.7	212.5	3.6	1.7
Time deposits	983.5	956.0	991.4	1,008.9	1,002.4	18.9	1.9

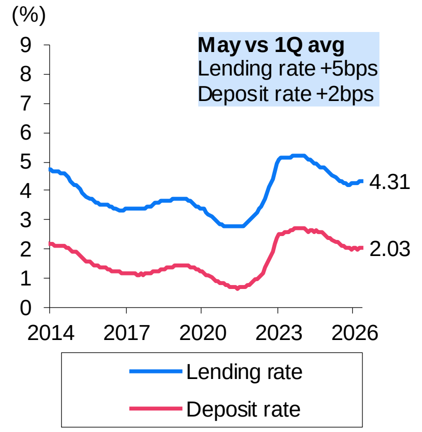
Source: BOK, Samsung Securities

Big-5 banks: Deposit change in May

(KRWb)		Net change
Corporate	Total	36,893.9
	Demand & MMDA	28,102.7
	Time deposits	8,791.2
Household	Total	(9,997.5)
	Demand deposits	(8,739.1)
	Time deposits	(1,258.4)
Total		26,896.4

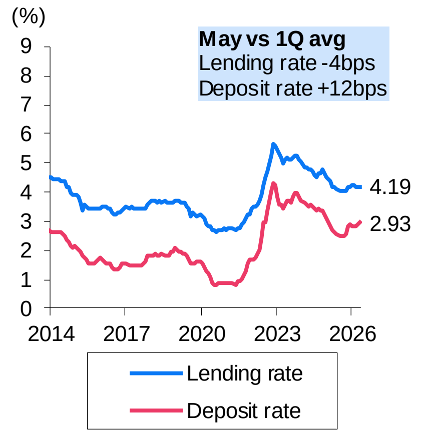
Source: Media reports, Samsung Securities

Outstanding balance: Lending rate vs deposit rate



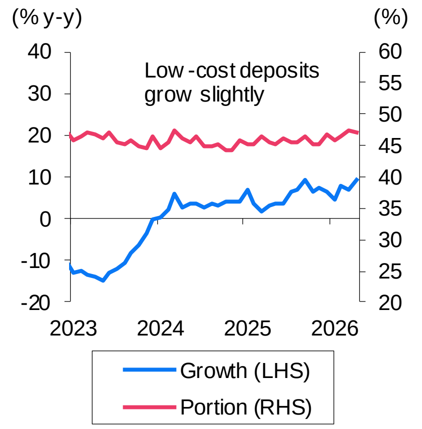
Source: BOK, Samsung Securities

New funds: Lending rate vs deposit rate



Source: BOK, Samsung Securities

Low-cost portion of deposits



Source: BOK, Samsung Securities

NIM divergence 1. Corporate deposit inflows provide NIM support

The impact of household deposit outflows likely varied significantly across banks, primarily because of differences in corporate deposit inflows. Through April, corporate deposits increased by KRW22.5t—accounting for 83.6% of total bank deposit growth ytd. In May, while household deposits at the five major banks fell by KRW10t, corporate deposits surged by KRW37t, fully offsetting the impact from the outflow. Much of these corporate funds flowed into demand deposits and MMDAs, which entail significantly lower funding costs. As a result, banks with higher exposure to corporate deposits likely experienced more-resilient NIM performance compared to those more reliant on household deposits.

NIM divergence 2. Floating-rate household loan exposure drives repricing gains

A second key differentiator is the share of floating-rate household loans in a bank's portfolio. These loans reprice frequently in response to rising market rates, leading to faster asset yield improvements.

This dynamic particularly benefited internet-primary banks—Kakao Bank and Kbank. While both face pressure from high household deposit ratios (which raise funding costs), over 90% of their loan books consist of floating-rate household loans with short repricing cycles. This is reflected in their results. In 1Q, Kakao Bank and Kbank posted q-q NIM increases of 6bps and 17bps, respectively. Even as funding costs rose further in 2Q, their NIMs likely sustained mid-single-digit growth.

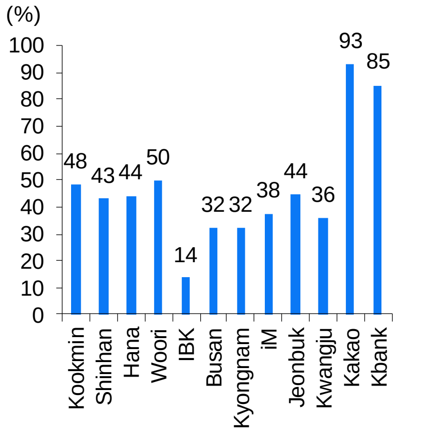
NIM divergence 3. One-offs

Finally, one-offs from 1Q must be considered. Banks that saw unusually large NIM gains in 1Q due to non-recurring items had to contend with a high base in 2Q. Investors should focus on sustainable NIM improvement potential, rather than solely on the NIM impact of one-offs.

Banks: Average 1-yr time deposit rate

Source: BOK, Samsung Securities

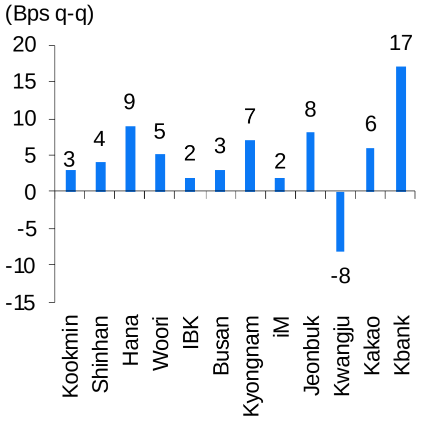
Banks: Household portion of loans



Note: As of 1Q26

Source: FISIS, Samsung Securities

Banks: NIM change in 1Q



Source: Company data, Samsung Securities

Interest income: Sustained growth signals strengthening fundamentals

We believe banks' interest income grew a solid 1.8% q-q and 9.4% y-y in 2Q, supported by robust loan growth and stable (or modestly improving) NIM.

Such interest income growth in 1H would be a positive indicator of banks' earnings-generating capabilities. Amid rising geopolitical risks and persistent inflationary pressures—factors that have fueled concerns over asset quality—the resilience of interest income serves as a critical buffer. More importantly, consistent growth in interest income signals a strengthening foundation for earnings generation and the potential for accelerated earnings improvement in 2026.

Banks: Interest income

(KRWb)	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	Chg (% y-y)	Chg (% q-q)
Kookmin Bank	2,579.9	2,515.8	2,575.3	2,596.7	2,607.7	2,683.1	2,770.4	2,767.6	2,801.0	7.4	1.2
Shinhan Bank	2,195.7	2,224.7	2,232.5	2,230.1	2,235.1	2,309.2	2,395.4	2,403.5	2,471.0	10.6	2.8
Hana Bank	1,913.6	1,900.2	1,955.9	1,935.9	1,962.4	2,041.1	2,133.4	2,184.3	2,198.7	12.0	0.7
IBK	1,975.3	1,956.6	1,982.4	1,920.9	1,882.7	1,952.8	1,993.1	1,991.9	2,027.4	7.7	1.8
Busan Bank	383.8	379.4	382.3	379.7	392.4	387.7	395.5	397.7	397.9	1.4	0.1
Kyongnam Bank	255.3	254.2	256.0	254.6	254.9	255.8	264.4	274.5	275.5	8.1	0.4
Daegu Bank	390.9	380.5	380.1	365.3	371.1	373.7	390.1	385.3	396.7	6.9	3.0
Jeonbuk Bank	174.3	175.2	180.0	182.3	186.2	188.9	194.0	193.0	200.0	7.4	3.7
Gwangju Bank	215.5	212.5	208.0	201.8	204.1	213.7	216.4	211.1	215.4	5.6	2.0
Kakao Bank	314.7	327.0	326.6	323.4	318.6	320.4	356.3	373.4	395.5	24.1	5.9
Kbank	128.6	107.4	109.9	108.5	103.3	111.5	121.0	125.2	130.0	25.8	3.8
Total	10,528	10,433	10,589	10,499	10,518	10,838	11,230	11,307	11,509	9.4	1.8

Note: Based on banking business units
Source: Company data, Samsung Securities estimates

Credit costs to stabilize gradually

We believe banks' credit costs fell y-y in 2Q.

Asset quality indicators continue to deteriorate…

Banks' asset quality indicators likely deteriorated further in 2Q, with: 1) delinquency rates hitting 0.61% at end-April (up 5bps m-m), according to the Financial Supervisory Service; 2) elevated interest rates and intensifying geopolitical risks likely continuing to strain borrower solvency; and 3) some banks likely suffering material losses from large corporate exposure.

...but credit costs improve modestly y-y in 2Q, aided by base effect

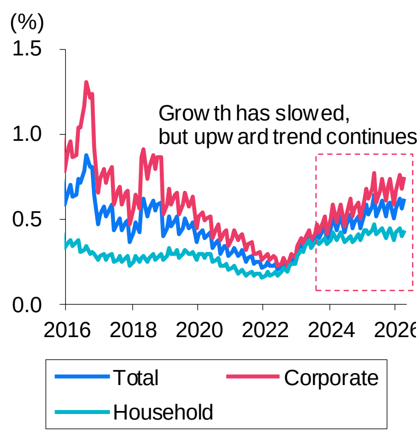
While asset quality indicators may have weakened in 2Q, banks' credit costs likely declined y-y on: 1) a high base—credit costs swelled in 1H25 due to banks' conservative stance on provisioning; and 2) strong collateral coverage on new large loans, limiting actual losses.

Any improvement in credit costs in 2Q was probably modest rather than sharp. Amid heightened geopolitical risks and rising uncertainty vis-à-vis the domestic economy, banks likely adopted a more conservative stance towards asset classification and loan-loss provisioning than expected.

Loan-loss provisioning to keep declining in 2H

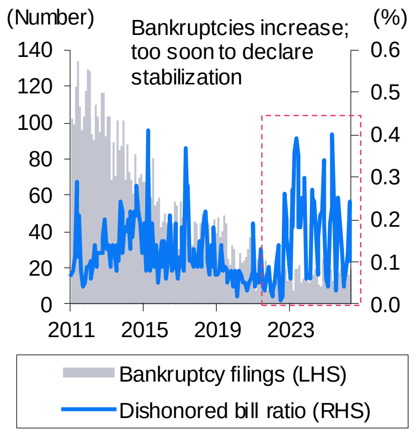
Despite lingering uncertainty around geopolitical risks, banks' loan-loss provisioning cycle is likely to improve this year. But banks' asset quality suggests credit costs may ease, with: 1) banks' productive-finance initiatives this year boosting liquidity supply; 2) record earnings at some export-oriented firms driviong reinvestment, wage growth, and higher tax revenues; and 3) sustained deleveraging since COVID-19 having significantly lowered the risks of losses associated with asset quality deterioration compared to 2-3 years ago.

Bank loans: Delinquency ratios



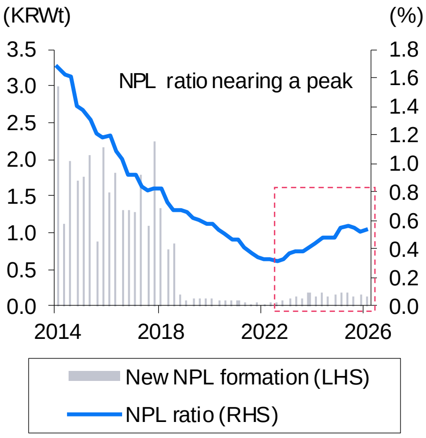
Source: FSS, Samsung Securities

Bankruptcy filings vs dishonored bills



Source: BOK, Samsung Securities

Banks: NPL ratio vs new NPL formation



Source: Company data, Samsung Securities

Banks: Credit-cost ratios

(%)	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E
KBFG	0.49	0.43	0.48	0.56	0.55	0.30	0.57	0.40	0.37
SFG	0.49	0.44	0.58	0.42	0.59	0.44	0.43	0.46	0.43
HFG	0.26	0.26	0.42	0.29	0.32	0.26	0.34	0.20	0.21
IBK	0.60	0.59	0.64	0.40	0.56	0.56	0.70	0.46	0.50
BNKFG	0.70	0.72	1.08	0.93	0.55	0.46	0.69	0.53	0.54
iMFG	1.94	0.74	0.95	0.46	0.53	0.64	0.47	0.51	0.54
JBFG	1.16	0.85	0.94	1.06	0.83	0.78	1.03	0.90	1.01
Average	**0.53**	**0.45**	**0.57**	**0.46**	**0.51**	**0.39**	**0.51**	**0.40**	**0.39**

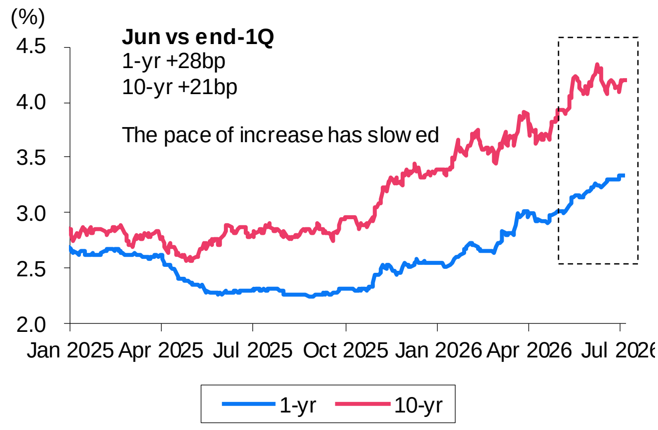
Source: Company data, Samsung Securities estimates

Check on other one-offs

Impact of rising interest rates on investment securities likely to ease

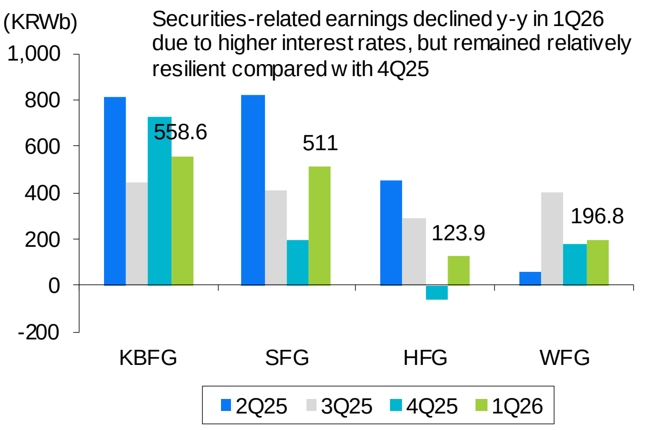
While a sustained rise in market yields weighed on banks' investment securities, the impact likely moderated q-q. As of end-June, yields on 1- and 10-year KTBs were up 28 bps and 21 bps q-q, respectively—significantly slower than the 46bp and 49bp increases seen in 1Q. Banks, faced with the risks of prolonged geopolitical risks and heightened expectations of a BOK rate hike, likely adjusted their duration profiles and increased hedging activity during the quarter. Although securities-related income dwindled y-y in 1Q26, it held up relatively well on a q-q basis.

KTB yields: 1-year vs 10-year



Source: KOFIA, Samsung Securities

Banks: Securities-related gains



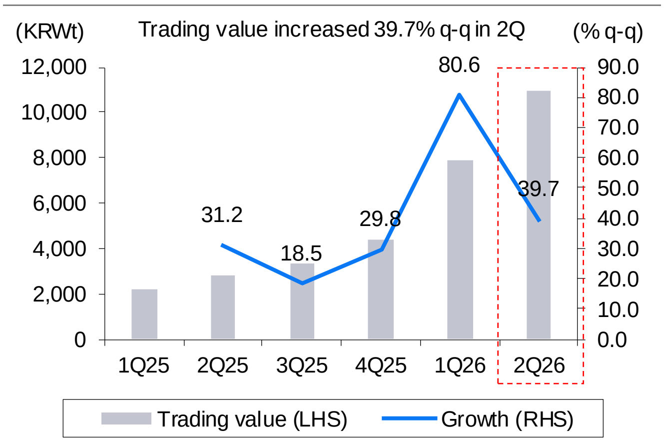
Source: Company data, Samsung Securities

Surge in trading volume and its impact on profits at brokers with strong brokerage operations

We believe financial group-affiliated securities brokers with strong brokerage networks provided an impetus again to financial groups' consolidated earnings in 2Q amid explosive growth in trading volumes in 1H. Trading volume at securities brokers affiliated to financial groups we cover surged 38.3% q-q and 315.9% y-y in 2Q, following a 217.7% q-q and 95.8% y-y jump in 1Q. This sustained momentum likely further boosted earnings at the affiliated securities brokers.

Notably, among our covered financial groups, KB Financial Group (KBFG) has the strongest brokerage business, followed by Shinhan Financial Group (SFG) and then Hana Financial Group (HFG). Their combined net income from their securities broker subsidiaries reached KRW739.5b in 1Q. With high brokerage-strong securities companies leading the charge, their 2Q earnings likely extended this upward trajectory, contributing meaningfully to their respective groups' profitability.

Equity market trading value vs growth



Source: Infomax, Samsung Securities

Trading value at bank-affiliated brokers

(KRWt)	2Q25	3Q25	4Q25	1Q26	2Q26	Chg (% q-q)	Chg (% y-y)
KBFG	160.9	189.7	262.3	507.4	720.9	42.1	348.1
SFG	235.3	299.4	404.9	705.1	937.3	32.9	298.3
HFG	52.9	63.3	82.8	145.4	205.5	41.3	288.5
BNKFG	21.9	30.3	37.7	68.0	113.1	66.3	416.3
iMFG	19.8	23.2	29.6	49.5	64.2	29.7	224.4
Total	490.8	605.9	817.3	1,475.4	2,041.0	38.3	315.9

Source: Infomax, Samsung Securities

Bank-affiliated brokers: Market share

(%)	2Q25	3Q25	4Q25	1Q26	2Q26	Chg (%pts q-q)	Chg (%pts y-y)
KBFG	5.69	5.66	6.03	6.46	6.57	0.11	0.88
SFG	8.33	8.94	9.31	8.97	8.54	(0.43)	0.21
HFG	1.87	1.89	1.90	1.85	1.87	0.02	0.00
BNKFG	0.78	0.90	0.87	0.87	1.03	0.16	0.25
iMFG	0.70	0.69	0.68	0.63	0.59	(0.04)	(0.11)

Source: Infomax, Samsung Securities

Bank-affiliated brokers: Net profit

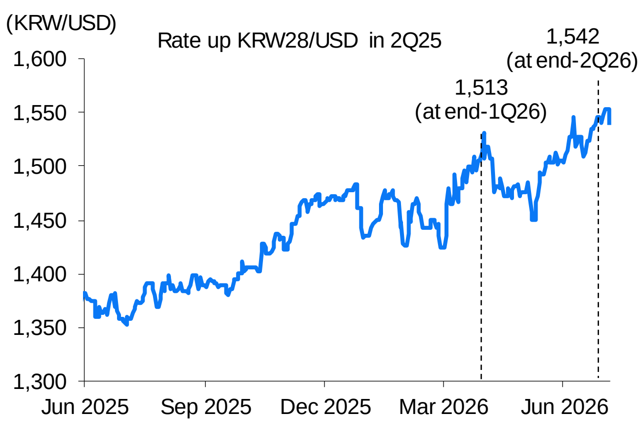
(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	Chg (%pts q-q)	Chg (%pts y-y)
KBFG	179.9	159.0	157.8	177.2	347.8	96.3	93.3
SFG	107.9	151.0	100.5	22.3	288.4	1193.3	167.3
HFG	75.3	31.5	62.8	42.4	103.3	143.6	37.2
Subtotal	**363.1**	**341.5**	**321.1**	**241.8**	**739.5**	**205.8**	**103.7**
BNKFG	5.7	16.8	6.7	(6.2)	9.3	Turned profitable	63.2
iMFG	25.9	26.6	12.9	7.6	23.9	214.5	(7.7)
Total	**394.7**	**384.9**	**340.7**	**243.2**	**772.7**	**217.7**	**95.8**

Source: Company data, Samsung Securities

Forex-related losses due to won depreciation

Some banks likely suffered forex-related losses in 2Q due to won depreciation against the US dollar. However, we do not think such losses had a significant impact on earnings, since the weakening was confined to KRW28/USD (based on quarter-end exchange rates).

KRW/USD exchange rate



Source: BOK, Samsung Securities

HFG: Forex translation losses estimate

(KRWb)	1Q26 won depreciation*	1Q26 FX translation losses	Translation change per KRW10 of depreciation	2Q26 won depreciation*	2Q26 FX translation losses
HFG	78.5	82.3	10.5	28.1	29.5

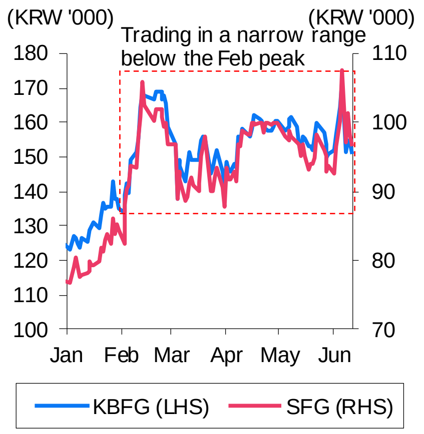
Note: *Based on quarter-end exchange rates
Source: Company data, Samsung Securities estimates

Banks' ROE to surpass 10%, with room for structural improvement and rerating

Macroeconomic uncertainty from geopolitical risks: The primary factor behind global bank stocks' range-bound movement

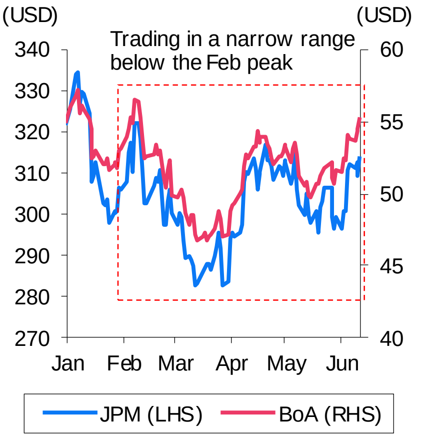
Despite the Kospi's unprecedented rally, bank stocks have repeatedly failed to surpass their February highs, as elevated geopolitical tensions fuel inflationary pressures, dampen economic activity, and lead to asset quality deterioration through higher interest rates. This range-bound performance in Korean bank shares mirrors trends observed among major US and European banks, reinforcing the view that geopolitical uncertainty is the primary constraint on bank valuations.

Korea: Major bank share prices



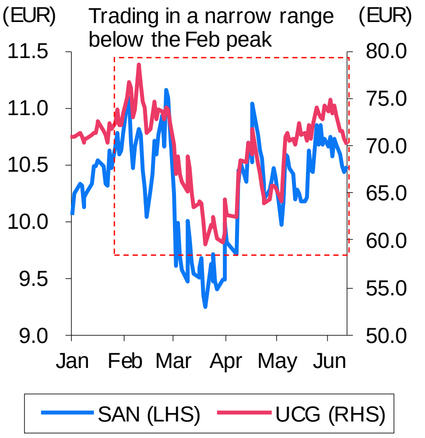
Source: QuantiWise, Samsung Securities

US: Major bank share prices



Source: Bloomberg, Samsung Securities

Europe: Major bank share prices

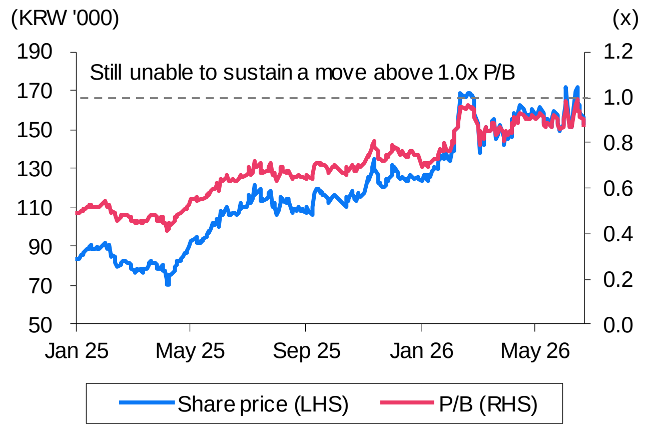


Source: Bloomberg, Samsung Securities

Korean bank stocks face another barrier at 1x P/B, underpinned by the persistent perception that ROE is capped at 10%

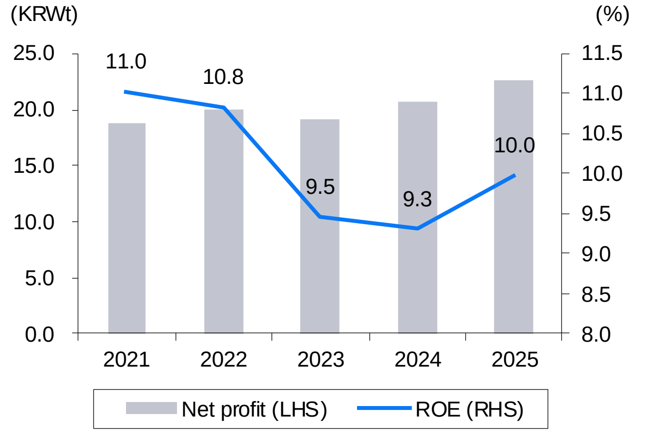
Korean bank valuations are further capped by a psychological barrier at 1x P/B. Historically, Korean bank stock rallies have repeatedly stalled as KBFG approaches 1x P/B. This pattern reflects a deeply entrenched belief that Korean banks' ROE is structurally capped at 10%. For years, the sector's ROE has struggled to sustainably exceed this level. This perception has acted as a ceiling on valuation multiples.

KBFG: Share price vs P/B ratio



Source: QuantiWise, Samsung Securities

Banking sector: ROE vs net profit

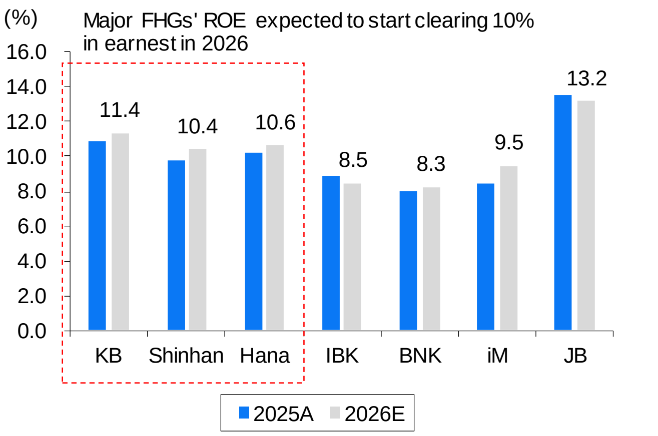


Note: Average ROE and aggregate net profit of our covered banks
Source: Company data, Samsung Securities

Banks likely to challenge the entrenched belief with solid operating results

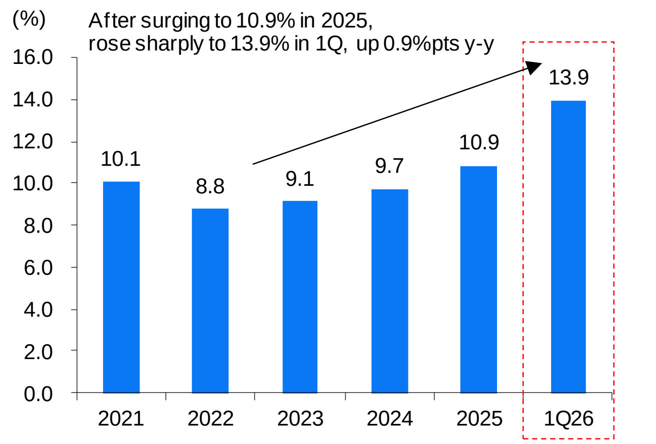
Ultimately, however, we believe banks' solid operating results will overcome the entrenched belief this year. KBFG delivered a 10.9% ROE last year despite significant provisioning related to Hong Kong ELS losses and a conservative loan-loss provisioning stance in 1H25. This outcome demonstrated that underlying earnings momentum has been steadily building. Should banks now leverage this accumulated operational strength to exceed market expectations, they could not only break the entrenched narrative but also establish a new consensus, unlocking a meaningful rerating.

Banks' ROE: 2025A vs 2026E



Source: Company data, Samsung Securities estimates

KBFG: ROE



Note: 1Q26 annualized
Source: KBFG, Samsung Securities

Bank ROE to top 10% (1): Industry cycle set to improve

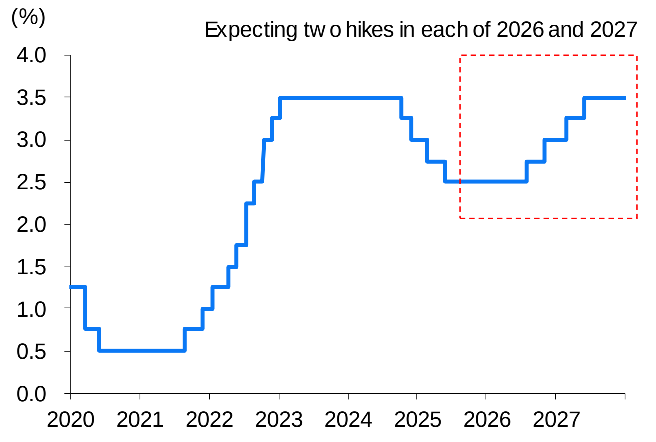
The banking industry environment has been structurally unfavorable for a long time. Until the Covid-19 pandemic, ultra-low interest rates persisted. Immediately after, a combination of the US Fed's monetary tightening and the Russia-Ukraine war triggered sharp inflation and rapid rate hikes, creating headwinds across the board: deteriorating asset quality due to real-estate project financing (PF) loan stress, worsening asset quality, and shrinking demand from high-rated borrowers. This year, however, the banking cycle is showing clear signs of improvement.

Interest rate cycle: NIM to head north

The Bank of Korea (BOK) has begun raising its policy rate. Following a 25bp hike on July 16, our economist forecasts one more hike in 2026 and two more in 2027.

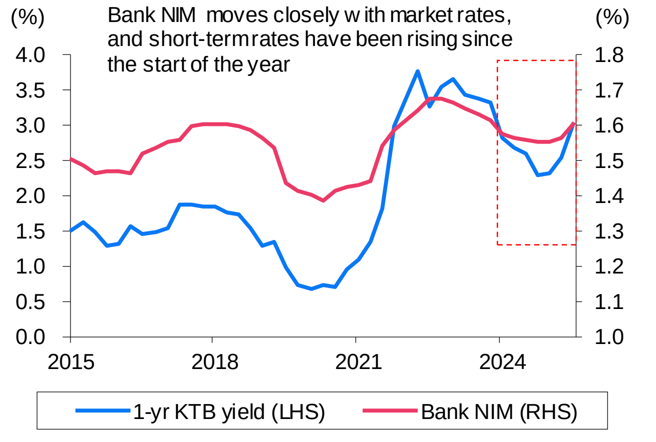
While market rates have already priced in much of the anticipated tightening, a direct, immediate boost to NIM from further hikes is unlikely. Nevertheless, the critical inflection point lies in the transition from a prolonged period of rate cuts to a tightening cycle. Historically, banking margins have risen consistently during prior rate-hike cycles.

BOK: Base rate trend and outlook



Source: QuantiWise, Samsung Securities estimates

1-year KTB yields vs bank NIM



Note: NIM is the average of the 4 major banks
Source: QuantiWise, FISIS, Samsung Securities

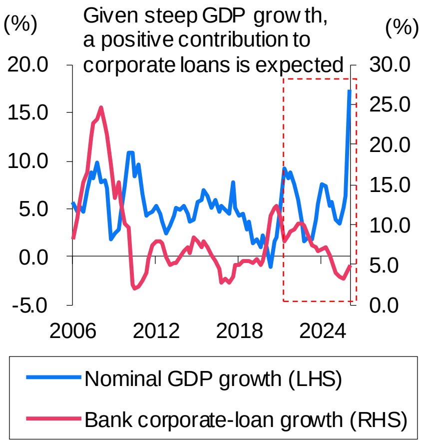
Loan growth: An upward cycle begins, driven by corporate loans

Banks' loan growth has also entered an upturn, led by corporate loans. Two key drivers are at work: 1) productive-finance initiatives are increasing liquidity flows to businesses; and 2) sharp earnings improvements among semiconductor firms—coupled with their aggressive capex plans—are expected to gradually have gradual spillover effects for SMEs.

Furthermore, investors need to pay attention to the domestic consumption recovery. Strong corporate earnings are translating into higher wages and increased investment, which in turn lift incomes across supply chains and boost household income. The government, benefiting from improved tax revenues, is likely to reinvest in infrastructure and public projects, amplifying the economic rebound. This virtuous circle should ultimately translate into stronger household consumption—improving the operating environment for small businesses and the self-employed, who have faced persistent headwinds over the past several years.

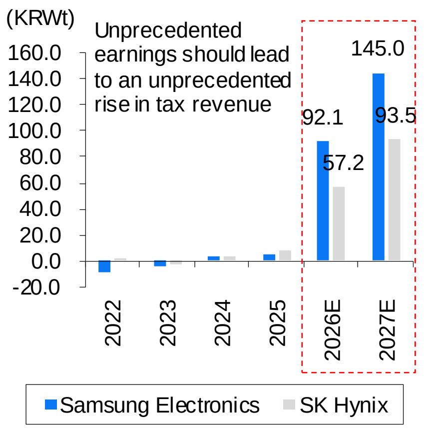
For banks, this signals growing demand from high-rated borrowers. The source of loan demand is shifting from export-dependent firms to domestic-oriented businesses. Lending conditions for small enterprises and self-employed borrowers are likely to become favorable. As better cash flows reduce default risk, banks' lending attitude could improve.

Nominal GDP growth vs bank corporate loan growth



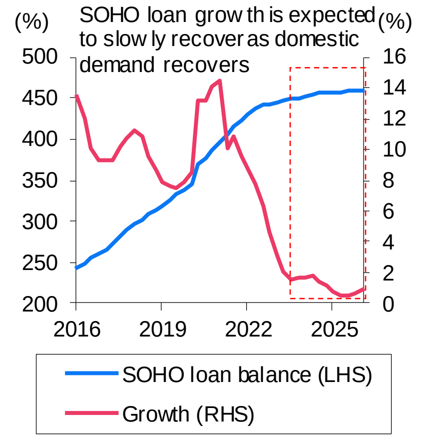
Source: BOK, Samsung Securities

Corporate tax payments: Samsung Electronics vs SK Hynix



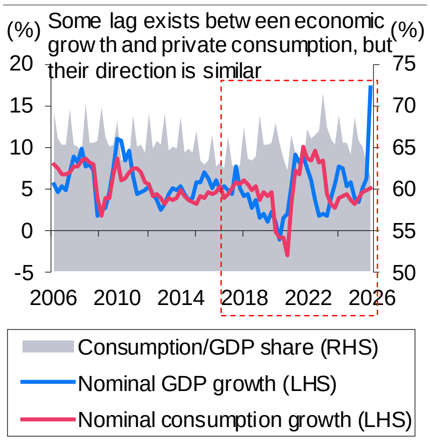
Note: 2026 and 2027 figures are our estimates
Source: Company data, Samsung Securities estimates

Banks: SOHO loan balance and growth



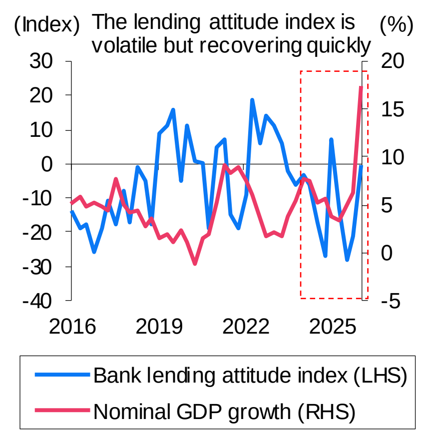
Source: BOK, Samsung Securities

Nominal GDP growth vs nominal consumption growth



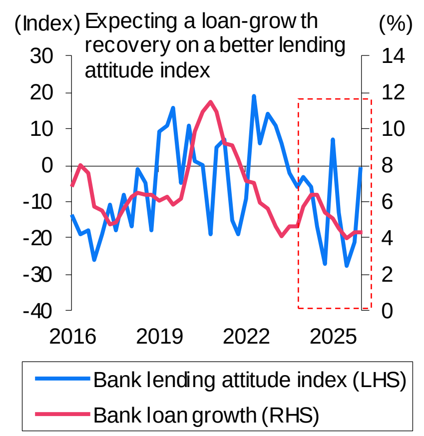
Source: BOK, Samsung Securities

Bank lending attitude index vs nominal GDP growth



Source: BOK, Samsung Securities

Bank lending attitude index vs bank loan growth



Source: BOK, Samsung Securities

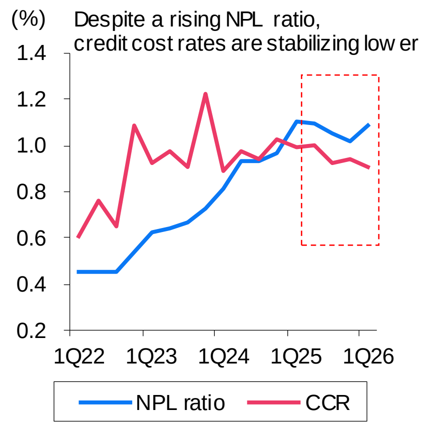
Asset quality to perk up again

Asset quality indicators, which weakened in 1H, are now poised to turn upward gradually thanks to: 1) rising loan growth and improved liquidity conditions; 2) spillover benefits from stronger corporate earnings—led by export-oriented firms—and banks' productive-finance initiatives; and 3) expectations of a rebound in domestic consumption.

Equally important is the reduced burden from conservative risk management. Since the Covid-19 pandemic, banks have recognized and absorbed large amounts of provisioning for real-estate PF loans. Their exposure to high-risk sectors has been mitigated through enhanced collateralization and portfolio trimming. Government-led restructuring in sectors such as real estate PF and petrochemicals has reduced structural vulnerabilities. This is evidenced by banks' credit costs in 1Q26, which improved despite lingering pressures on asset quality metrics.

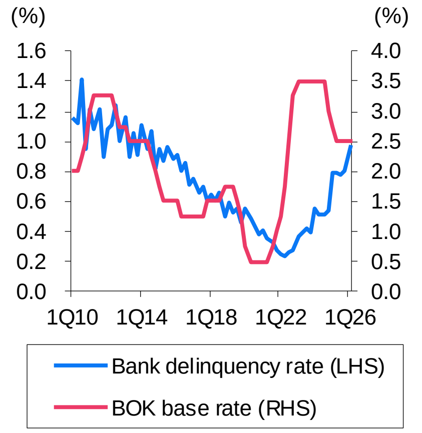
While the BOK's policy rate hikes could reignite asset-quality concerns, the dominant narrative should center on the strength of the export-led economic recovery. Over the past decade, delinquency rates in Korea have correlated more closely with interest rate changes than with GDP growth. Notably, delinquency rates surged during the rate-hike cycle that began in 2H21. However, the current environment differs meaningfully: 1) rate hikes should be gradual, reducing shock to borrowers; 2) banks have already undergone multi-year restructuring and loss recognition in vulnerable sectors since the prior rate-hike cycle; and 3) robust economic growth observed in 1Q26 is likely to outweigh the negative impact of modest rate hikes.

Bank NPL ratio vs CCR



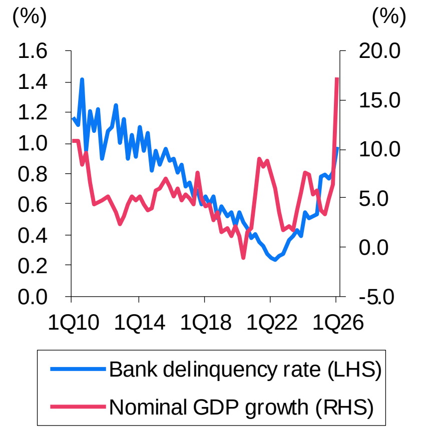
Note: Based on banks under coverage
Source: Company data, Samsung Securities

Bank delinquency rate vs BOK base rate



Source: BOK, FISIS, Samsung Securities

Bank delinquency rate vs nominal GDP growth



Source: BOK, FISIS, Samsung Securities

Net profit growth to accelerate in 2026

We expect the combined net profit of the banks under our coverage to grow 14% to KRW22.9t in 2026. This momentum should continue well into 2027.

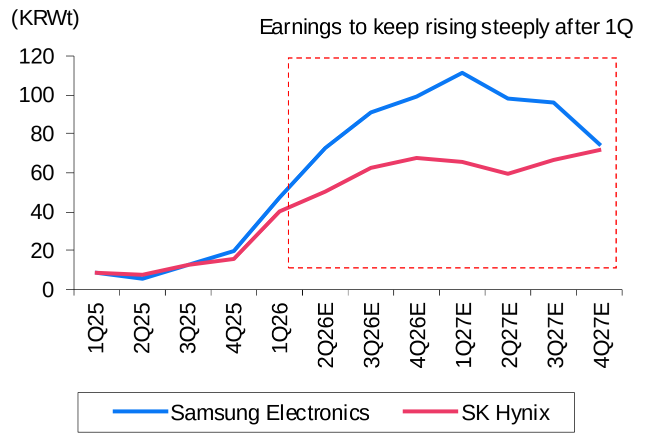
Banks: Annual net profit and forecasts

(KRWb)	2020	2021	2022	2023	2024	2025	2026E	Chg (% y-y)	2027E	Chg (% y-y)
KBFG	3,468.5	4,409.6	4,153.0	4,594.8	5,078.2	5,833.2	6,755.7	15.8	7,302.3	8.1
SFG	3,414.6	4,019.3	4,665.7	4,368.0	4,450.2	4,971.6	5,804.3	16.7	6,275.4	8.1
HFG	2,637.2	3,526.1	3,570.6	3,421.7	3,738.9	4,002.9	4,628.3	15.6	4,963.4	7.2
IBK	1,535.7	2,412.5	2,667.7	2,669.7	2,644.5	2,711.1	2,833.1	4.5	2,906.4	2.6
BNKFG	519.4	791.0	785.0	639.8	728.6	815.0	876.5	7.5	956.5	9.1
iMFG	342.2	503.1	410.5	387.8	214.9	443.9	523.3	17.9	587.7	12.3
JBFG	363.5	506.6	601.0	586.0	677.5	710.4	730.2	2.8	803.2	10.0
Kakao Bank	131.0	204.1	263.1	354.9	440.1	480.3	617.7	28.6	692.8	12.2
Kbank	(105.4)	22.5	83.6	12.8	132.6	112.7	144.2	28.0	214.1	48.4
Total	12,306.7	16,394.6	17,200.1	17,035.6	18,105.4	20,080.9	22,913.3	14.0	24,701.6	7.8

Source: Company data, Samsung Securities estimates

This momentum stems from: 1) strong earnings growth among semiconductor giants, which are currently driving corporate earnings; 2) the inherently prolonged nature of the banking sector's cycle; and 3) large financial groups strategically deploying capital to strengthen non-bank businesses and overseas operations, enhancing structural profitability. For reference, consensus estimates project that the combined 2027 net profit of SEC and SK Hynix will reach 33% of Korea's 2025 GDP. Investors need to take note of a structural shift in the domestic economy's fundamentals.

Samsung Electronics vs SK Hynix: Net profit and consensus



Note: FnGuide consensus from 2Q26
Source: QuantiWise, Samsung Securities

Samsung Electronics and SK Hynix: OP vs 2025 GDP

(KRWt)	2024	2025	2026E	2027E
Samsung Electronics	32.7	43.6	363.1	497.1
SK Hynix	23.5	47.2	264	382.7
Total	56.2	90.8	627.2	879.8
vs 2025 GDP (%)		3.4	23.4	32.9

Note: 2026 and 2027 forecasts are FnGuide consensus
Source: Company data, FnGuide, Samsung Securities

Bank ROE to top 10% (2): Brokerage-led earnings improvement to lift group-level ROE

Financial groups' non-bank earnings to keep gaining momentum—surpassing 40% at KBFG

The rising contribution of non-bank operations within bank-led financial groups also warrants investor attention. Historically, banks dominated the earnings of Korean financial groups. In 2018, non-bank subsidiaries accounted for just 23.5% of total profit across the four major groups. But if we apply the US approach—in which credit card operations are classified under banking—the non-bank contribution falls to only 14.4%. This means, by global standards, most of Korea's financial group earnings had long come from affiliated banks.

Since the mid-2010s, banks have systematically expanded non-bank operations. While real estate PF-related losses from 2022 onward weighed on 2025 earnings, the structural shift is now clearly visible: as of 1Q26, non-bank earnings contributed an average of 31.9% to total profit across the four major groups, or 26.2% if card operations are classified under banking. KBFG led the pack, with non-bank earnings contributing 43.4% of total profits.

Big-4 FHGs: Non-bank portion of profit

(KRWt)	2018	2019	2020	2021	2022	2023	2024	2025	1Q26
Bank	8.7	8.4	7.8	10.0	12.0	12.3	13.4	14.0	3.9
Non-bank	2.7	3.0	3.5	5.6	4.6	3.6	4.3	4.7	1.8
Total	11.3	11.4	11.3	15.6	16.7	16.0	17.6	18.7	5.7
Non-bank profit contribution (%)	23.5	25.9	31.4	35.7	27.8	22.9	24.2	25.1	31.9
Card	1.0	1.0	1.2	1.5	1.4	1.3	1.3	1.2	0.3
Non-bank, non-card	1.6	2.0	2.3	4.0	3.2	2.4	2.9	3.5	1.5
Non-bank, non-card profit contribution (%)	14.4	17.2	20.7	25.9	19.3	15.0	16.6	18.8	26.2

Source: Company data, Samsung Securities

Big-4 FHGs: Non-bank portion of profit (quarterly)

(KRWb)		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
KBFG	Bank	931.5	927.0	996.9	406.1	389.5	1,116.4	1,112.0	633.9	1,026.4	1,161.2	1,176.9	487.7	1,101.0
	Non-bank	656.5	624.2	432.5	(91.8)	742.1	680.2	609.1	131.0	747.2	629.8	626.8	255.2	845.4
	Profit contribution (%)	41.3	40.2	30.3	(29.2)	65.6	37.9	35.4	17.1	42.1	35.2	34.8	34.4	43.4
SFG	Bank	934.0	753.1	921.9	462.6	931.9	1,126.2	1,051.7	593.5	1,130.3	1,142.6	1,092.4	420.0	1,160.3
	Non-bank	543.5	582.1	388.9	145.4	493.3	422.4	428.9	(163.9)	462.8	499.5	457.9	155.5	612.3
	Profit contribution (%)	36.8	43.6	29.7	23.9	34.6	27.3	29.0	(38.2)	29.1	30.4	29.5	27.0	34.5
HFG	Bank	970.7	868.3	927.4	710.2	843.2	907.7	1,029.9	575.6	992.9	1,092.2	1,048.2	614.2	1,104.2
	Non-bank	198.2	114.3	99.9	(232.6)	244.7	182.6	159.5	48.9	195.6	93.3	186.3	48.9	244.0
	Profit contribution (%)	17.0	11.6	9.7	(48.7)	22.5	16.7	13.4	7.8	16.5	7.9	15.1	7.4	18.1
WFG	Bank	861.7	610.3	817.8	215.8	789.5	884.0	850.8	515.0	634.1	923.6	735.6	296.3	531.2
	Non-bank	93.1	72.7	79.8	(59.1)	74.9	93.1	98.1	25.9	65.1	96.1	110.3	97.8	123.0
	Profit contribution (%)	9.8	10.6	8.9	(37.7)	8.7	9.5	10.3	4.8	9.3	9.4	13.0	24.8	18.8

Source: Company data, Samsung Securities

Bank-affiliated securities brokers: Demonstrating earnings profile distinct from the past

Of note, the key driver behind rising non-bank portions of financial groups' profits is securities broker subsidiaries. With all major Korean banking groups or bank-centric financial groups—except JB Financial Group—owning broker subsidiaries, these brokerage arms have significantly benefited from the recent bull market. For the top three financial groups, the combined net profit of bank-affiliated securities brokers reached KRW0.7t in 1Q26, a y-y increase of 103.7%. Their contribution to group profitability leapt 6.6%pts from 8% to 14.6% over the same period.

Bank-affiliated securities brokers: Net profit and contribution to group net profit (quarterly)

(KRWb, %)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	(%, %pts y-y)
KBFG's broker	198.0	178.1	170.7	38.9	179.9	159.0	157.8	177.2	347.8	93.3
Profit contribution (%)	17.5	9.9	9.9	5.1	10.1	8.9	8.7	23.9	17.9	7.7
SFG's broker	75.7	131.5	41.7	(69.7)	107.9	151.0	100.5	22.3	288.4	167.4
Profit contribution (%)	5.3	8.5	2.8	(16.2)	6.8	9.2	6.5	3.9	16.3	9.5
HFG's broker	89.9	41.3	50.6	43.3	75.3	31.5	62.8	42.4	103.3	37.1
Profit contribution (%)	8.3	3.8	4.3	6.9	6.3	2.7	5.1	6.4	7.7	1.3
Total	363.6	350.8	263.0	12.6	363.1	341.5	321.1	241.8	739.4	103.7
Profit contribution (%)	10.0	7.9	6.0	0.7	8.0	7.4	7.0	12.2	14.6	6.6

Note: Based on the big-3 FHGs
Source: Company data, Samsung Securities

Market skepticism toward bank-affiliated securities brokers remains high…

Despite recent improvements in earnings, market skepticism toward bank-affiliated securities brokers remains high. This stems from a clear performance gap when compared to independent securities brokers, as evidenced by their historical earnings trends:

Sluggish profit growth—Divergent risk appetites between banks and securities brokers: Comparing net profit trends since 2011, bank-affiliated securities brokers have shown markedly slower improvement than their independent counterparts. Between 2011 and 2025, the combined net profit of the five major bank-affiliated securities brokers increased by 341%. In contrast, leading independent firms Korea Investment & Securities and Kiwoom Securities achieved growth of 858.6% and 1,027.8%, respectively, over the same period.

While factors such as lack of economies of scale contribute, the primary driver appears to be differing risk approaches. Independent securities brokers, having navigated the difficult market conditions of the 2010s, more successfully diversified revenue streams through increased capital utilization, PF financing, retirement pension services, and wealth management—areas where bank-affiliated firms lagged.

Post-Covid earnings deterioration: Following the pandemic, Hana Securities and smaller bank-affiliated firms experienced sharp earnings declines due to heavy exposure to real estate-linked financial products. During the late 2010s, ultra-low interest rates and a booming real estate market prompted bank-affiliated firms to aggressively enter this space, driving rapid initial profit growth. However, as interest rates rose sharply afterward, their weaker risk management capabilities became evident. While independent securities brokers also suffered losses from real estate exposure, their broader revenue diversification limited the impact on overall profitability.

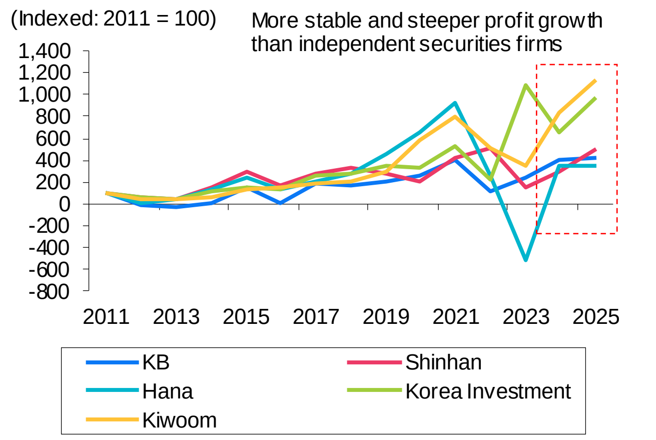
Still weak MTS foundation: The key link to retail investors today is the Mobile Trading System (MTS). Leading new entrants like Toss Securities and dominant independent firms all share a strong foundation in MTS monthly active users (MAU). By contrast, among bank-affiliated firms, only KB Securities has achieved MAU levels comparable to independent peers.

Securities brokers: Annual net profit

(KRWb)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	vs. 2011 (%)
KBFG's broker	146.9	(19.7)	(43.8)	17.6	220.5	(0.3)	271.5	237.5	289.5	374.3	597.6	170.3	352.4	582.4	613.4	317.7
SFG's broker	73.2	38.1	29.3	112.5	217.1	123.3	200.5	245.7	208.7	149.0	313.6	369.6	108.3	215.3	359.0	390.3
HFG's broker	61.1	7.7	23.5	82.0	149.1	76.5	122.6	174.3	276.5	402.6	563.9	155.8	(318.7)	212.8	215.3	252.1
BNKFG's broker	4.0	1.8	(0.5)	5.7	7.9	9.3	1.9	11.4	20.9	53.7	115.5	59.8	17.7	15.2	23.0	481.0
iMFG's broker	5.9	3.6	(9.2)	18.7	26.4	1.3	6.3	45.9	81.6	106.8	167.4	42.0	0.2	(163.2)	73.0	1,137.0
Bank-affiliated subtotal	**291.1**	**31.4**	**(0.6)**	**236.4**	**621.0**	**210.1**	**602.8**	**714.7**	**877.2**	**1,086.3**	**1,758.1**	**797.5**	**159.8**	**862.6**	**1,283.7**	**341.0**
Korea I&S	181.0	103.5	75.5	220.1	256.1	243.7	472.3	503.5	633.9	587.0	962.2	413.7	1,960.3	1,194.9	1,735.2	858.6
Kiwoom	97.5	40.8	42.4	56.3	135.0	140.5	183.3	190.8	286.0	566.0	772.5	493.1	338.4	815.1	1,099.4	1,027.8
Total	**569.6**	**175.8**	**117.3**	**512.8**	**1,012.0**	**594.3**	**1,258.4**	**1,409.0**	**1,797.1**	**2,239.3**	**3,492.8**	**1,704.3**	**2,458.5**	**2,872.6**	**4,118.3**	**623.0**

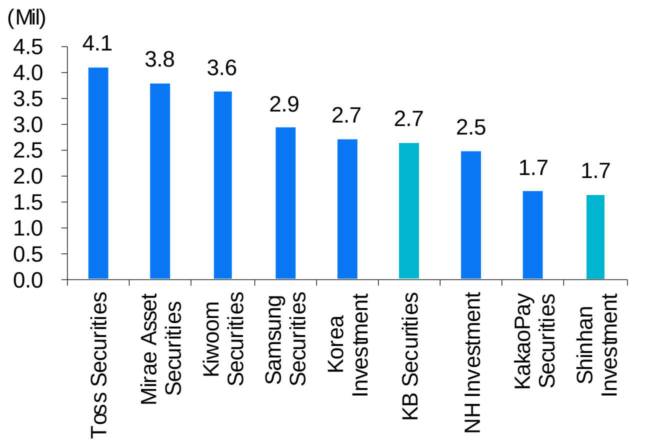
Source: Company data, Samsung Securities

Securities brokers: Annual net profit relative to 2011



Note: Company data, Samsung Securities

Securities brokers: Mobile trading system MAU



Note: Based on Apr 2026 for all except Toss Securities, which is based on Jul 2025
Source: WiseApp Retail, media reports, Samsung Securities

Key differentiators for bank-affiliated brokers (1): Ability to strengthen capital

However, focus should be given to the facts that the broader securities and financial industry continues to evolve, and amid this, bank-affiliated securities brokers can demonstrate a distinct competitive edge unlike in the past.

Financial environment and regulatory changes have expanded the strategic value of capital scale in securities. For instance: 1) brokers with over KRW4t in capital may obtain a commercial paper (CP) license, enabling CP issuance up to 200% of their own capital; and 2) those reaching KRW8t in capital can acquire an integrated investment account (IMA) license, allowing leverage expansion up to 300% of their own capital.

In this new environment, bank-affiliated brokers hold structural advantages over independent players in building capital. Independent securities brokers must rely on retained earnings or equity raises to grow capital. However, under the current trend of heightened shareholder returns, profit retention should be slow, and large-scale equity offerings by listed firms remain challenging. In contrast, most bank-affiliated securities brokers are wholly owned by financial groups, granting them two critical advantages: 1) they are less constrained by shareholder return pressures, enabling faster profit retention for capital accumulation; and 2) financial groups can rapidly inject capital through intra-group capital reallocation—*eg*, rights offerings—or debt financing.

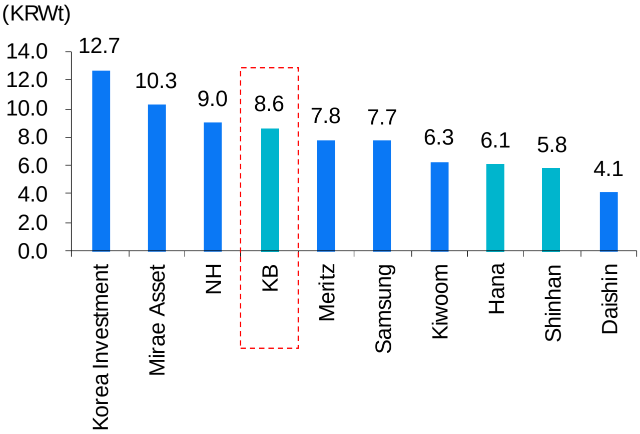
This dynamic is already evident: major financial groups have swiftly leveraged this flexibility to help their securities broker subsidiaries secure key licenses. For example, in 2026, KBFG conducted two separate equity infusions into KB Securities totaling KRW1.7t to ensure the broker met the capital threshold for IMA licensing by 2028.

Large-scale IB license framework

Minimum equity, by tier	Permitted businesses and features	Designated firms (as of June 2026)
KRW3t	- Corporate credit extension: loans to companies, discounting and purchase of notes (excluding CP) - Prime brokerage (PBS): comprehensive financial services such as securities lending to hedge funds - Internal order execution: multilateral OTC trading of listed and unlisted shares	Mirae Asset, Korea Investment, NH, KB, Samsung, Shinhan, Meritz, Hana, Kiwoom, Daishin
KRW4t	- Debentures: issuance of notes with maturities within 1 year (requires short-term finance authorization)	Mirae Asset, Korea Investment, NH, KB, Kiwoom
KRW8t	- Comprehensive investment account (IMA): invests client deposits in various areas such as corporate-finance-related assets (70%+) to pursue returns - The managing jongtusa bears a principal-repayment obligation, enabling stability and profitability (not deposit-insurance protected)	Mirae Asset, Korea Investment, NH

Source: Media reports, Samsung Securities

Top 10 securities brokers, by total equity (1Q26)



Note: KB Securities' figure reflects KRW1t injected by KBFG in Jun 2026—the second of two injections via rights offering

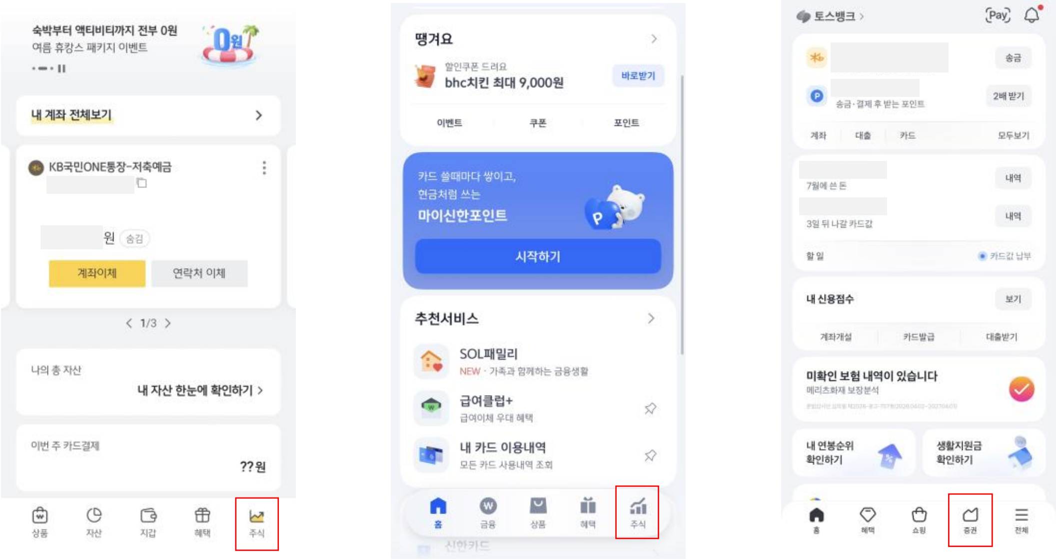
Source: FISIS, Samsung Securities

Key differentiators for bank-affiliated brokers (2): Able to leverage group's customer base

Another distinct advantage of bank-affiliated securities brokers lies in their ability to tap into the vast, pre-existing customer base of their parent banking groups—a capability independent brokers cannot easily replicate. As the money move becomes a central competitive battleground, securities brokers across the industry have intensified efforts to secure new clients and enhance lock-in. In the process, bank-affiliated securities brokers are taking a distinct approach—*ie*, they are actively deploying strategies to tap into the customer base already held within their financial group, particularly by their banking subsidiaries. For reference, KB, Shinhan, and Hana Banks each serve 14m-17m monthly active users (MAU)—far exceeding the 2.7m-4.1m MAU of leading independent securities brokers. This creates substantial latent potential for customer conversion.

Super-app integration—Breaking down silos between banking and brokerage: The three major financial groups are consolidating services into unified digital platforms. A common approach is embedding brokerage functionality directly within banking apps—such as adding a dedicated "stock trading" tab at the bottom of the mobile interface. Notably, Shinhan Financial Group (SFG) launched Super SOL, an upgraded super-app featuring SOL Link, a hybrid account system that allows customers to use funds held in their bank accounts directly as trading capital for securities transactions. This seamless integration effectively removes the traditional barrier between banking and brokerage, enabling bank customers to transition effortlessly into brokerage customers without opening a new account.

FHG integrated apps and the Toss app with a stock tab



Note: KB Star Banking (LHS), Shinhan SOL (center), Toss app (RHS)
Source: Screen captures of each apps

Offline branch network—Strengthening HNW client acquisition: Commercial banks are actively leveraging their physical branch networks to attract high-net-worth (HNW) clients. Key strategies include: 1) expanding integrated branches that physically co-locate banking and securities services; and 2) strengthening dedicated PB centers for high-net-worth individuals. Through these measures, banks not only deliver tailored wealth management services to affluent clients but also deepen cross-selling opportunities within the financial group ecosystem (this approach allows banks to convert existing customers—primarily acquired through savings, loan, and credit products—into brokerage clients by introducing them to investment services).

Corporate loan customer base—Unlocking synergies in corporate finance: Banks' biggest advantage over other financial institutions is their deep corporate lending relationships. By extending credit to businesses, banks: 1) build long-term relationships with corporate clients; 2) gain access to those clients' employees as potential individual customers; and 3) now increasingly leverage their affiliated securities brokers to offer comprehensive corporate financial solutions—such as succession planning for family-owned businesses, M&A advisory, and private equity structuring.

Banks: HNW customer thresholds and services

Bank	Flagship brand	Asset threshold	Ultra-HNW brand	Ultra-HNW threshold	Number of branches
KB	Gold&Wise (general KRW300m+, Star PB KRW500m+)	From KRW300m	Gold&Wise *The First* (KRW1b/3b+)	KRW3b+	About 21-23 centers, with 4 *The First*
Shinhan	PWM (Semi-affluent KRW 100m+, affluent KRW1b+)	From KRW100m	PWM Family Office / PIB	KRW10b+	About 26 WM centers
Hana	Club1 KRW3b+	From KRW3b	The Next Family Office / Family Office & Trust	KRW30b+	3 centers of Club1

Source: Media reports, Samsung Securities

Hybrid branch status, by bank

Bank	Features
KB	- Bank + securities hybrid branches: 9 (Gangnam Star, Myeongdong Star, Mokdong, Samseong-dong, Seocho, Yeoksam, Ichon, Jamsil Lotte, Cheongdam Star) - KB Gold&Wise The First: 3 centers (Dogok, Banpo, Apgujeong)
Shinhan	- Hybrid channels under the HNW-only integrated brand 'Shinhan Premier' expanded to 25 nationwide - PIB Gangnam Center and 4 specialized hubs including Family Office Banpo, Cheongdam, and Seoul
Hana	Placed the Retail, WM, and Capital Markets divisions under the newly created Sustainable Growth Division to strengthen cross-affiliate synergy

Source: Media reports, Samsung Securities

Key differentiators for bank-affiliated brokers (3): Strength in structured-finance delivery

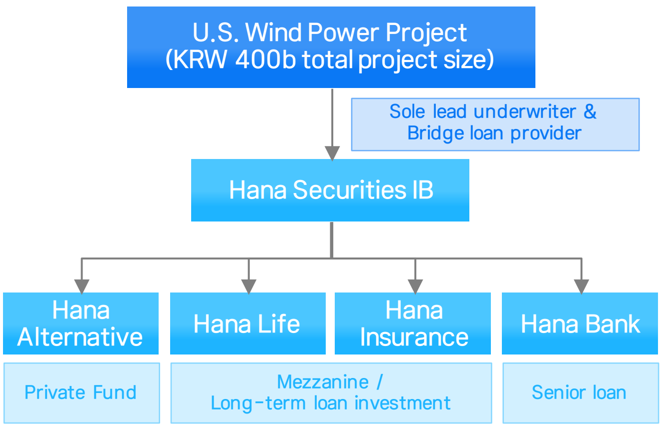
The ability to generate sales synergies with banks is another key differentiator for bank-affiliated brokers. As productive finance and venture capital activation have become central themes in the financial industry, growing attention is being paid to the alignment of three core capabilities: 1) the securities broker's deal-sourcing expertise; 2) the bank's liquidity provision capacity; and 3) the group's structured-finance coordination capabilities enabled by collaboration across other group entities (*eg*, insurance and consumer financing companies). In actual cases of large financial groups' IB deals, it appears that bank-affiliated brokers are developing a differentiated business model in which they structure the deal, while other affiliated entities—such as banks and financial subsidiaries—provide the funding.

Bank-based FHGs: Capital, by subsidiary type

(KRWt)	KB	Shinhan	Hana	Woori	BNK	iM	JB
Bank	39.1	37.7	36.1	30.7	9.4	5.4	4.4
Securities	7.9	5.9	6.1	1.2	1.2	1.1	-
Life insurance	2.9	6.5	0.5	1.8	-	0.3	-
Non-life insurance	5.9	0.2	0.6	-	-	-	-
Capital	2.6	2.3	2.8	1.8	1.5	0.9	1.9

Note: As of 1Q26; shading denotes subsidiaries with KRW1t+ in capital
Source: Company data, Samsung Securities

HFG's US wind-farm IB deal



Source: Media reports, Samsung Securities

Profit improvement at broker subsidiaries as a key driver of group ROE enhancement

One of the most notable trends in financial groups' performances this year's should be the accelerating contribution of securities broker subsidiaries to group-wide ROE improvement. In 1Q26, the combined net profit of bank-affiliated securities brokers at the top three financial groups reached 58.3% of the equivalent full-year 2025 level. Their contribution to consolidated group net income thus rose to 6.6%—up significantly y-y. Given sustained market momentum—including higher trading volumes in 2Q, their profit growth is expected to have remained on an upward trajectory.

Even assuming conservative growth for the remainder of the year—*ie*, 2Q and 3Q match 1Q levels, and 4Q is half the average of 1Q-Q3 due to year-end effects—the combined net profit of bank-affiliated securities brokers at the top three financial groups would double in 2026. This would equate to 16.4% of 2025 group earnings (up 8.4%pts y-y) and boost group ROE by 0.8%pts based on end-2025 capital.

For instance, KBFG is expected to post a 2026 ROE of 12% (vs 10.9% in 2025) driven primarily by improved earnings at its securities broker subsidiary alone. This momentum could propel the financial group above the long-held upper end (1x P/B) of its trading band.

Financial groups: Net profit sensitivity to net profit improvement at affiliated securities brokers

(KRWb)	Broker's 1Q26 net profit	Broker's 2025A net profit*	Ratio* (%)	Group's 2025A net profit	Broker's contribution (%) (A)	1Q26 x 3.5	Ratio** (%) (B)	Change in contribution to group net profit (%pts) (B-A)	2025A consolidated total equity	ROE improvement effect (%pts)
KB	347.8	673.9	51.6	6,111.2	11.0	1,217.3	19.9	8.9	60,830.0	0.9
Shinhan	288.4	381.6	75.6	5,360.9	7.1	1,009.3	18.8	11.7	60,372.3	1.0
Hana	103.3	212.0	48.7	4,271.6	5.0	361.4	8.5	3.5	45,645.6	0.3
Total	739.4	1,267.5	58.3	15,743.7	8.1	2,588.0	16.4	8.4	166,847.9	0.8

Note: *Sum of subsidiaries' net profits;
** Broker's 1Q26 net profit in ratio to broker's 2025 net profit;
*** Broker's "annualized" 1Q26 net profit in ratio to group's 2025 net profit (where annualized figure is calculated as 1Q26 x 3.5)
Source: Company data, Samsung Securities

Bank ROE to top 10% (3): Digitalization of finance—Driving banks' structural ROE growth

Global banks' ROE guidance trending up

At the beginning of each year, major global banks issue ROE guidance. US banks disclose guidance not only for the year's ROE but also for interest income and allowance for credit losses (ACL) coverage ratio. European banks go further, with senior executives directly announcing medium- to long-term ROE targets out to three years through formal IR materials, followed by Q&A sessions.

This year, global banks set their ROE guidance higher than last year's levels. Citigroup raised its guidance to 10-11%, up 2-3%pts from last year's 7.7%, and set a target of 13% by 2028. Bank of America announced a medium- to long-term target of 16-18%, higher than last year's 14.2%. Leading European banks BBVA and Banco Santander, both of which already exceeded a 15% return on tangible equity (ROTE) in 2025, have set medium- to long-term targets of 20-22% through 2028.

US banks' ROTCE guidance and European banks' RoTE guidance

Bank	2025A	2026E target	Medium- to long-term target	Note
ROTCE				
JPMorgan Chase	20.0%	17.0%	17.0%	Through-the-cycle
Bank of America	14.2%		16-18%	Next 3-5 years
Wells Fargo	15.0%		17-18%	Medium term
Citigroup	7.7%	10-11%	14-15%	2029-2031
ROTE				
BBVA	19.3%	20.0%	22.0%	2025-2028 average
Banco Santander	16.3%		20.0%	2028
UniCredit	19.3%	20%+	23%+	2028
ING	13.6%	14%+	15%+	2027

Note: US banks guide on ROTCE, European banks guide on RoTE
Source: Company data, Samsung Securities

At heart of global banks' improved ROE guidance lies interest income and…

At the heart of global banks' improved ROE guidance lies the improvement in the interest income cycle. Early in the year, they anticipated rate cuts—so instead of betting on NIM expansion, they foresaw loan volume growth as the true engine of interest income. Indeed, major US and European banks guided for high single-digit interest income growth in 2026.

US banks: NII trends and guidance

(USDb)	2025 NII	2024 NII	Chg (% y-y)	2026 guidance	Chg (% y-y)
JP Morgan	95.4	92.6	3.1	103.0	7.9
Bank of America	60.1	56.1	7.2	64.3	7.0
Citigroup	59.8	54.1	10.5	63.4	6.0
Wells Fargo	47.5	47.7	(0.4)	50.0	5.3

Source: Company data, Samsung Securities

European banks: NII trends and guidance

(EURb)	2024 NII	2025 NII	Chg (% y-y)	2026 guidance
Santander	46.0	43.8	(4.7)	Mid-single digit
UniCredit	14.8	14.7	(0.8)	5% CAGR over 3 years
BBVA	25.3	26.3	4.0	Low-to-mid single digit
ING	15.1	14.7	(2.7)	Around 11.5% y-y

Source: Company data, Samsung Securities

…digital-led operating leverage

What has equally captured investor attention is digital-driven operating leverage. During Q&A sessions, a recurring theme was how major banks are enhancing operating leverage. Banks argue that, as loan growth accelerates, digital-driven process automation will allow revenue to grow significantly faster than SG&A expenses—making profit growth and ROE improvement more tangible. Some banks have even quantified the earnings improvement from operating leverage: Bank of America, for instance, has set 2026 operating leverage guidance of 200bps.

Banks: Operating leverage guidance

(%)	BofA	Citi	Wells Fargo	PNC
Interest-income growth	5-7	5-6	~5	~11
Non-interest expense growth	~4	~3	~2	~7
Operating-leverage improvement	~2	Positive	Positive	~4

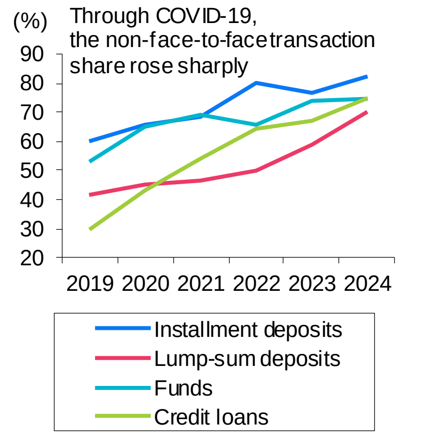
Source: Company data, Samsung Securities

Korean banks have already made substantial progress in digital transformation

Considering the level of digital transformation embedded in Korean banks' operational processes, their capacity to expand operating leverage is not behind that of global peers. In fact, Korean banks have widely adopted fully digital workflows: 1) for household lending—spanning credit loans and mortgages—applications, management, and even refinancing are processed via mobile and online platforms, largely eliminating human involvement; 2) in retail deposit services, account opening, product comparison, and enrollment are entirely conducted via mobile platforms; and 3) Jeju Bank, in collaboration with Douzone Bizon, is now building an online platform that enables SOHOs and SMEs to apply for and undergo loan underwriting digitally.

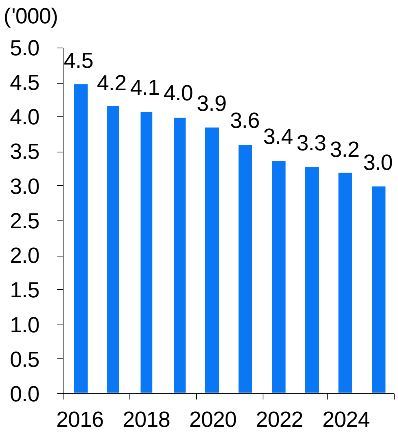
This automation replaces labor-intensive tasks with digital solutions, strengthening the foundation for profit generation. Previously, growth in loans or deposits required proportional increases in staff and time, constraining the speed of asset growth. Today, digitalization enables both cost reduction and immediate scalability. This has been reflected across multiple indicators over an extended period: 1) among the five major Korean banks, remote onboarding for key financial products has surged to 70-80%, accelerated by the Covid-19 pandemic: and 2) the number of physical branches and employees has been steadily declining year over year.

Remote enrollment, by product



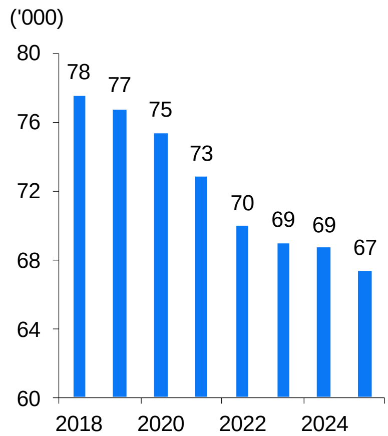
Note: Simple average of the 5 major banks
Source: Media reports, Samsung Securities

Korean banks: Offline branches



Source: FISIS, Samsung Securities

Korean banks: Employees



Source: FISIS, Samsung Securities

Korean banks are already expanding operating leverage through digitalization

This shift is already boosting operating leverage at Korean banks. For this analysis, we conservatively calculated indicators based on interest income rather than total operating profit. This is because: 1) non-interest income (like gains and losses from securities) swings a lot with interest rate changes; and 2) in Korea, fees like credit card charges are often recorded in separate, non-bank subsidiaries—not in the bank itself—unlike in many other countries.

In short: 1) banks' interest income has been growing more quickly than SG&A costs, except during brief periods when NIM dropped sharply—indicating that revenue growth has outpaced input cost increases; 2) the ratio of SG&A costs to total assets is stabilizing at a lower level, which signals better profitability from both ROA and ROE perspectives; and 3) the ratio of SG&A costs to interest income—akin to the cost-to-income ratio (CIR)—has also shown a similar improvement trajectory, resulting in a structural decline in groups' CIR.

Notably, this year may see a temporary slowdown in operating leverage improvement. This would be due to one-off factors unique to 2026, including the redefinition of "ordinary wages" and an education tax hike. Nevertheless, ongoing digitalization and improved workforce efficiency are driving lasting structural improvements, so the real impact on operating leverage is expected to continue.

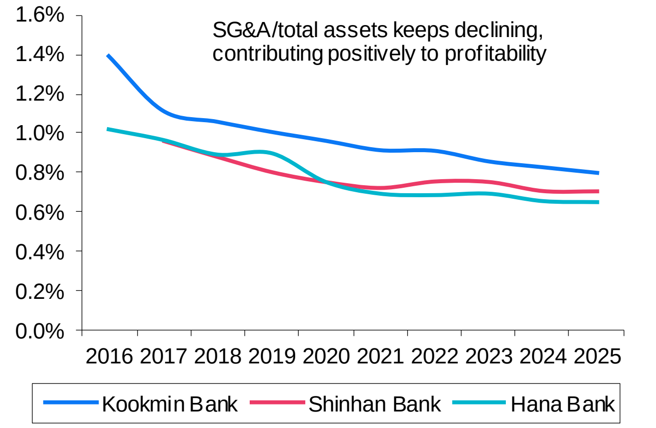
When banks improve their operating leverage, their ROE rises. This, in turn, can elevate the recurring ROE of Korea's financial groups by one distinct tier. The belief that Korean financial groups have limited room for ROE improvement stems from the fact that banks—which contribute the largest share of profits within these groups—have historically faced ROE constraints. However, if banks can push their ROE above 10% through digital-led operating leverage, it could not only challenge this long-held view but also unlock meaningful upside for consolidated ROE.

Chart 1. 3 major banks: Interest income vs SG&A growth

Bank / indicator	2017	2018	2019	2020	2021	2022	2023	2024	2025
Kookmin Bank									
NII growth	11.7%	13.1%	4.3%	6.1%	14.4%	20.2%	6.2%	3.6%	4.2%
SG&A growth	(14.1%)	2.8%	3.2%	8.1%	4.8%	6.7%	(3.8%)	2.5%	0.3%
NII growth - SG&A growth	25.8%pts	10.3%pts	1.1%pts	(1.9%pts)	9.6%pts	13.5%pts	10.0%pts	1.1%pts	3.9%pts
Shinhan Bank									
NII growth		11.9%	5.1%	1.0%	11.5%	24.1%	2.4%	5.2%	3.8%
SG&A growth		(1.8%)	2.6%	1.9%	4.9%	10.2%	3.0%	2.6%	7.0%
NII growth - SG&A growth		13.7%pts	2.5%pts	(1.0%pts)	6.6%pts	13.9%pts	-0.6%pts	2.6%pts	(3.2%pts)
Hana Bank									
NII growth	11.2%	10.0%	2.2%	(2.0%)	15.9%	23.7%	4.1%	(2.3%)	4.3%
SG&A growth	(2.2%)	(2.1%)	9.4%	(10.2%)	0.0%	11.6%	3.9%	0.9%	3.8%
NII growth - SG&A growth	13.4%pts	12.2%pts	(7.2%pts)	8.2%pts	15.9%pts	12.1%pts	0.1%pts	-3.1%pts	0.5%pts

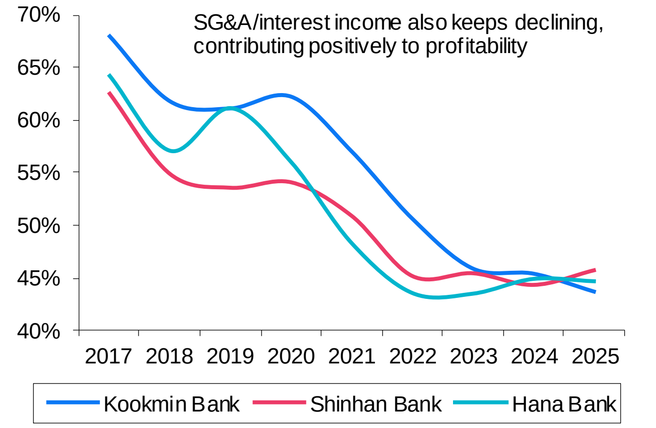
Source: Company data, Samsung Securities

3 major banks: SG&A costs-to-total assets



Source: Company data, Samsung Securities

3 major banks: SG&A cost-to-interest income



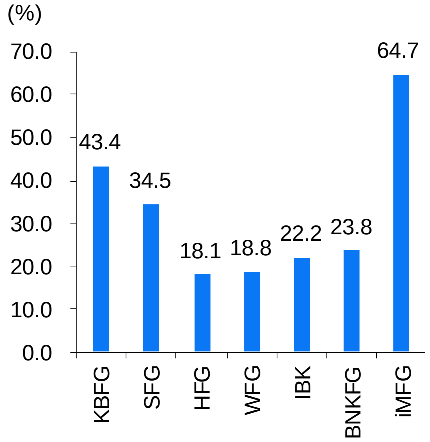
Source: Company data, Samsung Securities

Banking sector: Focus on three major financial groups, and especially KBFG

KBFG: Driving up sector's valuation ceiling through superior fundamentals, shareholder returns

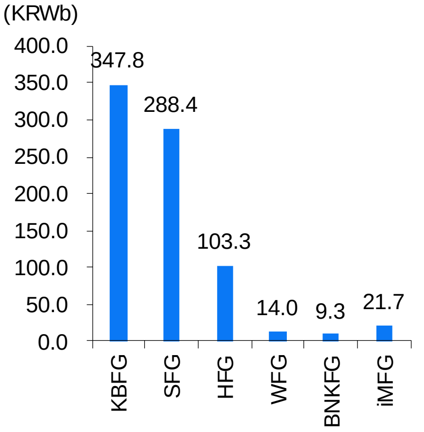
KBFG is likely to continue driving an upward shift in the Korean bank sector's valuation ceiling. First, it leads the sector in both the magnitude and diversification of non-bank profit contributions. Second, KB Securities is likely to deliver differentiated performance in scale and business scope, driving group-wide ROE improvement. Third, its total payout ratio is already among the highest in the industry and is likely to keep rising.

FHGs: Non-bank portion of net profit (1Q26)



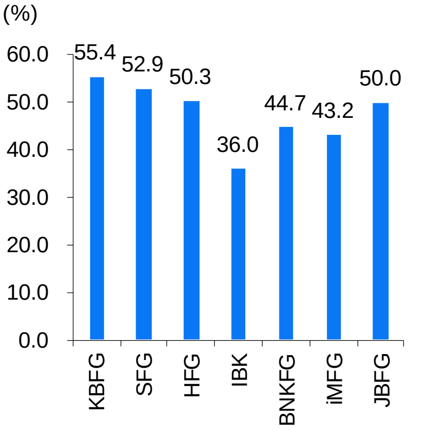
Source: Company data, Samsung Securities

FHGs: Affiliated broker net profit (1Q26)



Source: Company data, Samsung Securities

Bank-led FHGs: Total payout ratio (2026E)

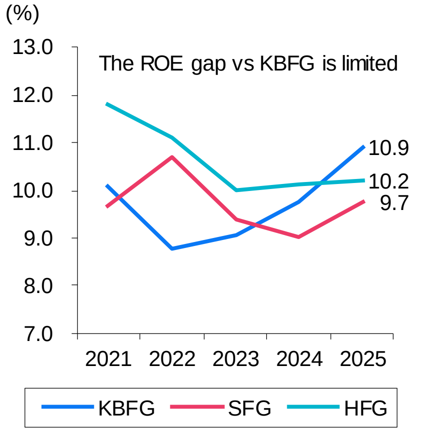


Source: Company data, Samsung Securities estimates

SFG and HFG: Improving earnings create room to narrow valuation gaps

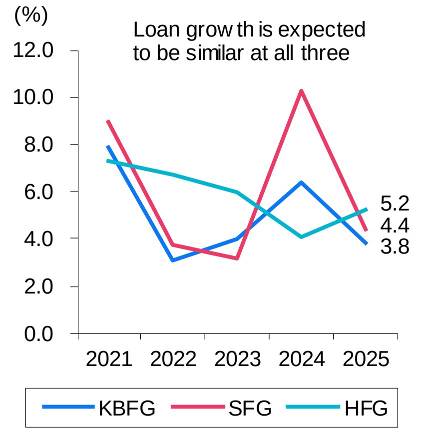
SFG and HFG still earn less than KBFG from their non-bank businesses and securities broker subsidiaries. However, as previously noted, bank-centric financial groups are working hard to strengthen their brokerage arms. Right now, SFG and HFG are trading at P/B multiples a respective 11.2% and 23.8% below KBFG's, while their ROE gaps are narrow. They are also returning more money to shareholders—over 50% of net profit—and plan to keep increasing this. As KBFG's share price rises, it could help lift SFG and HFG's valuations, too.

3 major FHGs: ROE



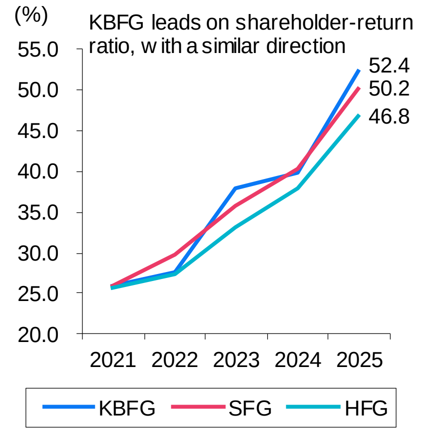
Source: Company data, Samsung Securities

3 major FHGs: Loan growth



Source: Company data, Samsung Securities

3 major FHGs: Total payout ratio



Source: Company data, Samsung Securities

Regional financial groups: Significantly discounted to ROE + differentiated growth and ROE recovery as key catalysts

Regional bank-centric financial groups are currently trading at a significant discount to their ROE, making their valuations attractive. JBFG has a relatively higher P/B multiple, but with an expected 2026 ROE of 13.1%, it still boasts ample upside. BNKFG and iMFG are trading at just 0.5x 2026 P/B—an excessive discount vs their projected ROE.

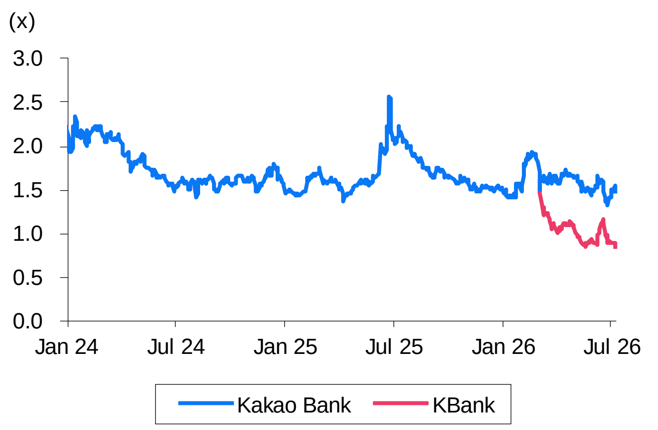
However, for these financial groups to achieve fair valuations, the critical factor will be generating enough alpha to break out of their current overlooked status. The key will be demonstrating: 1) a strong pace of ROE recovery; 2) differentiated growth that meets investor expectations for small- and mid-cap stocks; and 3) accelerated shareholder return growth, underpinned by improving profitability and high growth.

Internet-primary banks: SOHO loan growth pivotal to differentiated growth

Internet-primary banks are trading at a valuation premium to traditional banks, but this has significantly narrowed due to: 1) lower-than-expected profit contribution from their platform businesses; 2) slowing growth due to household-loan regulatory tightening; and 3) resulting declines in capital efficiency and ROE levels that now lag even those of traditional banks.

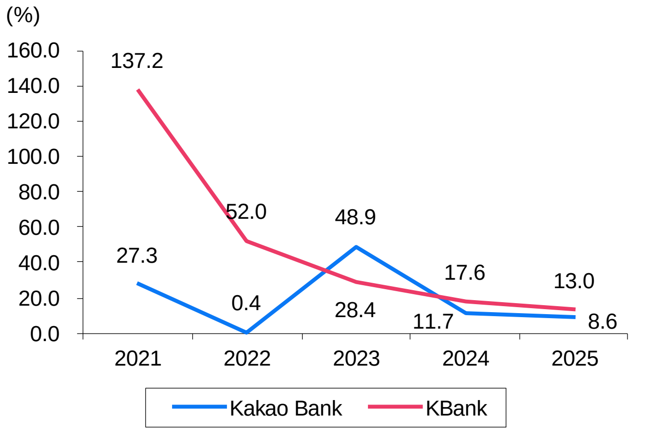
This implies that, to reestablish a valuation premium, the most critical priority for internet-primary banks is reviving loan growth. Improving profit contribution from platform businesses is unlikely to outpace the speed of interest income growth, and under tighter household lending regulations, relying solely on household loans for growth has clear limits. In the short term, the pace of growth in lending to SOHOs should be pivotal. In the medium-to-long term, the most significant opportunity lies in SME lending now made feasible by recent legal amendments.

P/B ratio: Kakao Bank vs Kbank



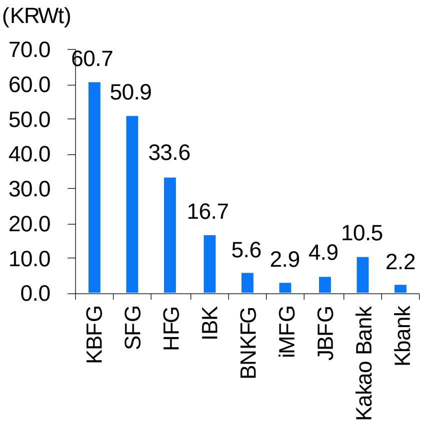
Source: QuantiWise, Samsung Securities

Loan growth: Kakao Bank vs Kbank



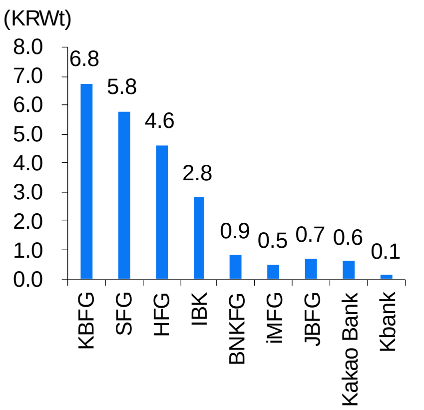
Source: Company data, Samsung Securities

Banks: Market cap



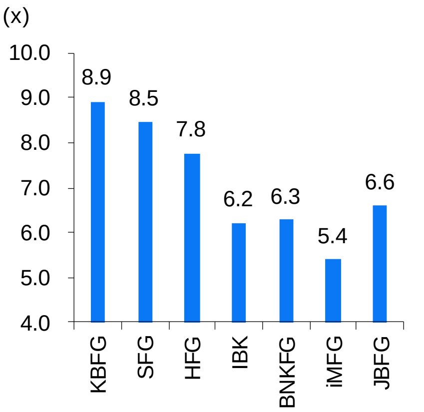
Note: As of Jul 21
Source: QuantiWise, Samsung Securities

Banks: 2026E net income



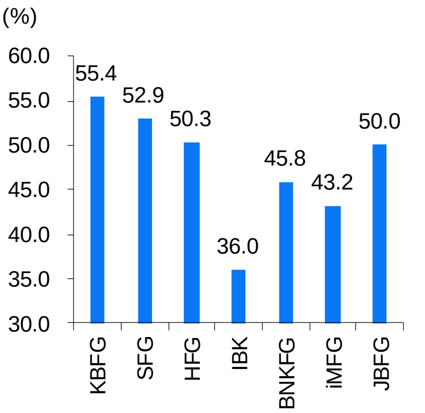
Source: Samsung Securities estimates

Banks: 2026E P/E



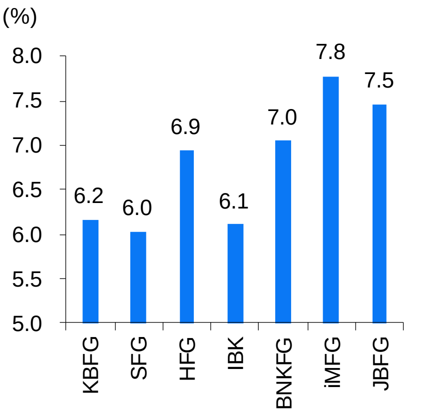
Note: As of Jul 21
Source: QuantiWise, Samsung Securities

Banks: 2026E total payout ratio*



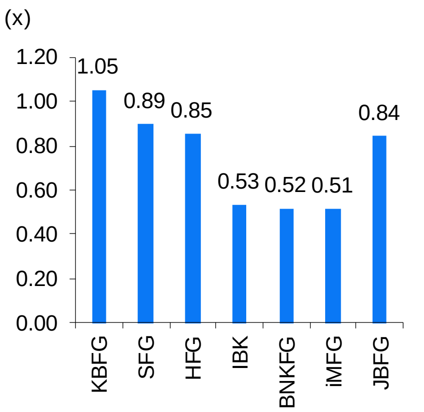
Note: *(Dividends + share buybacks) / net profit
Source: Samsung Securities estimates

Banks: 2026E total shareholder yield*



Note: As of Jul 21;
*(Dividends + share buybacks) / mkt cap
Source: QuantiWise, Samsung Securities estimates

Banks: 2026E P/B



Note: As of Jul 21
Source: QuantiWise, Samsung Securities

Valuation matrix

(KRW)		KBFG	SFG	HFG	IBK	BNKFG	iMFG	JBFG	Kakao Bank	Kbank	Sector
Ticker		105560 KS	055550 KS	086790 KS	024110 KS	138930 KS	139130 KS	175330 KS	323410 KS	279570 KS	
Recommendation		BUY	BUY	BUY	HOLD	BUY	BUY	HOLD	HOLD	BUY	OVERWEIGHT
Current price		174,000	104,700	132,600	20,550	18,100	18,140	26,000	22,200	6,180	
Target price		230,000	138,000	161,000	26,000	24,000	24,000	34,000	28,000	7,500	
Upside (%)		32.2	31.8	21.4	26.5	32.6	32.3	30.8	26.1	21.4	
Target P/B (x)		1.39	1.18	1.04	0.67	0.69	0.68	1.10	1.89	1.09	
Target P/E (x)		11.8	11.1	9.4	7.9	8.3	7.2	8.6	21.6	21.1	
Market cap (KRWt)		60.7	50.9	33.6	16.7	5.6	2.9	4.9	10.5	2.2	187.9
P/E (x)	2025A	7.7	7.6	6.5	6.6	6.1	5.7	6.8	21.5	-	7.5
	2026E	8.9	8.5	7.8	6.2	6.3	5.4	6.6	17.1	17.4	8.2
	2027E	7.9	7.5	7.0	6.1	5.6	4.6	5.9	15.3	11.7	7.6
P/B (x)	2025A	0.8	0.7	0.7	0.6	0.5	0.5	0.9	1.5	-	0.7
	2026E	1.1	0.9	0.9	0.5	0.5	0.5	0.8	1.5	0.9	0.9
	2027E	1.0	0.8	0.8	0.5	0.5	0.5	0.8	1.4	0.8	0.8
EPS	2025A	16,267	10,151	14,382	3,184	2,592	2,739	3,757	1,007	300	
	2026E	19,509	12,380	17,046	3,302	2,881	3,354	3,938	1,295	356	
	2027E	21,918	14,024	19,038	3,364	3,259	3,956	4,433	1,452	528	
BVPS	2025A	151,973	105,947	144,244	37,049	32,738	32,350	28,532	14,150	5,781	
	2026E	165,581	117,027	155,468	38,638	35,029	35,327	30,880	14,788	6,855	
	2027E	180,949	128,676	170,753	40,650	37,902	38,747	33,817	16,240	7,383	
ROA (%)	2025A	0.8	0.7	0.6	0.6	0.9	0.5	1.0	0.7	0.4	0.7
	2026E	0.8	0.7	0.7	0.6	0.9	0.5	1.0	0.8	0.4	0.7
	2027E	0.9	0.7	0.7	0.5	1.0	0.5	1.0	0.8	0.6	0.7
ROE (%)	2025A	10.9	9.7	10.2	8.9	8.0	8.4	13.6	7.2	5.4	9.9
	2026E	12.1	10.9	11.2	8.7	8.4	9.5	13.1	8.9	5.8	10.7
	2027E	12.4	11.2	11.4	8.5	8.8	10.2	13.6	9.4	7.4	10.9
DPS	2026E	4,626	2,960	4,600	1,184	830	840	1,311	650	-	
Div. yield (%)	2026E	2.7	2.8	3.5	5.8	4.6	4.6	5.0	2.9	-	
Total payout ratio (%)	2026E	55.4	52.9	50.3	36.0	44.7	43.2	50.0	50.0	-	
Total shareholder yield (%)	2026E	6.2	6.0	6.9	6.1	7.0	7.8	7.5	2.9	-	

Note: As of Jul 21

Source: QuantiWise, Samsung Securities estimates

KB Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & dues	29,930	34,842	33,785	35,437	37,182
Financial instruments	218,720	229,307	247,377	260,479	274,364
Net loans & credit	474,706	495,204	518,648	543,884	570,500
Interest earning assets	**723,356**	**759,354**	**799,518**	**839,485**	**881,705**
Tangible assets	10,516	10,553	5,299	5,562	5,839
Other assets	23,974	28,017	59,566	63,116	66,904
Total assets	**757,847**	**797,924**	**864,384**	**908,162**	**954,447**
Customer deposits	429,357	451,749	479,801	504,568	530,713
Borrowing	68,077	70,728	74,432	78,840	83,558
Debentures	76,171	80,049	82,249	86,098	90,204
Interest bearing liabilities	**635,856**	**670,024**	**703,635**	**739,386**	**777,192**
Other liabilities	62,175	67,070	97,480	102,555	108,218
Total liabilities	**698,031**	**737,094**	**801,115**	**841,941**	**885,409**
Paid-in capital	2,091	2,091	2,091	2,091	2,091
Hybrid securities	5,083	4,359	3,940	3,940	3,940
Capital surplus	17,124	17,111	9,580	9,580	9,580
Retained earnings	34,808	38,334	48,523	51,476	54,292
Capital adjustment	(1,713)	(2,379)	(2,160)	(2,160)	(2,160)
Other accumulated earnings and comprehensive income	497	(467)	(497)	(497)	(497)
Minority interest	1,926	1,782	1,791	1,791	1,791
Shareholder equity	**59,815**	**60,830**	**63,268**	**66,221**	**69,037**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Interest income	30,491	29,156	29,358	31,110	32,646
Interest expense	(17,665)	(16,083)	(15,553)	(16,396)	(17,418)
Net interest income before prov.	**12,827**	**13,073**	**13,804**	**14,714**	**15,228**
Loan-loss provisioning	(2,044)	(2,363)	(2,098)	(2,077)	(2,010)
Net interest income after prov.	**10,782**	**10,710**	**11,707**	**12,637**	**13,218**
Fee income	3,850	4,098	5,586	5,741	5,937
Other non-interest income	352	774	63	50	67
Gross income	**14,984**	**15,582**	**17,356**	**18,428**	**19,222**
G&A expenses	(6,939)	(7,065)	(7,490)	(7,780)	(8,052)
Operating profit	**8,045**	**8,518**	**9,867**	**10,649**	**11,170**
Other non-operating income	(1,060)	(335)	(423)	(428)	(432)
Pre-tax profit	**6,985**	**8,183**	**9,443**	**10,221**	**10,738**
Taxes	1,957	2,342	2,588	2,811	2,953
Net profit	**5,029**	**5,841**	**6,855**	**7,410**	**7,784**
Minority interest	(50)	8	99	107	116
Net profit (consolidated)	**5,078**	**5,833**	**6,756**	**7,302**	**7,668**
Pre-provisioning operating profit	10,301	11,111	12,206	12,979	13,444

Asset quality

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
NPL ratio (below substandard)	0.6	0.6	0.7	0.7	0.7
NPL ratio (below precautionary)	1.6	1.5	1.6	1.6	1.6
NPL coverage ratio (below substandard)	174.3	155.8	167.4	177.7	184.8
NPL coverage ratio (below precautionary)	70.7	66.0	72.1	76.6	79.7
Cumulative provisioning / credit	1.1	1.0	1.1	1.2	1.3
Net write-offs / NPL (below substandard)	44.1	67.6	30.1	28.6	27.2
Net write-offs / credit	0.3	0.4	0.2	0.2	0.2
Loan loss provisioning charges / credit	0.44	0.49	0.41	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	0.9	0.8
Return on avg equity	9.8	10.9	12.1	12.4	12.4
Loan growth (bank basis)	6.4	3.8	5.1	5.1	5.1
Deposit growth (bank basis)	7.1	4.5	5.8	5.1	5.1
Asset growth (bank basis)	6.2	3.9	7.8	4.7	4.7
Loans-to-deposit (bank basis)	97.8	98.5	97.6	97.6	97.6
Net interest margin (bank basis)	1.78	1.74	1.78	1.78	1.74
Net interest spread (bank basis)	1.72	1.69	1.72	1.72	1.68
Cost-to-income	40.7	39.4	38.5	37.9	37.9
BIS CAR, total	16.4	16.2	18.6	18.6	18.6
BIS CAR, Tier 1	15.2	15.2	17.7	17.8	17.8
BIS CAR, Tier 2	1.3	1.0	0.9	0.8	0.8
BIS CAR, CET-1	13.5	13.8	13.8	13.8	13.8
Equity-to-assets	7.9	7.6	7.3	7.3	7.2

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS (KRW)	13,593	16,267	19,509	21,918	23,998
BVPS (KRW)	140,598	151,973	165,581	180,949	197,459
DPS (KRW)	3,174	4,367	4,626	5,170	5,758
Dividend payout ratio (%)	23.6	27.1	24.0	24.0	24.4
Total payout ratio (%)	39.8	52.4	55.4	59.6	63.3

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 (%)
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	12,206	6,756	19,509	19.9	165,581	8.9	1.1	0.8	12.1	13.8	2.7
2027E	12,979	7,302	21,918	12.3	180,949	7.9	1.0	0.9	12.4	13.8	3.0
2028E	13,444	7,668	23,998	9.5	197,459	7.3	0.9	0.8	12.4	13.8	3.3

Source: Company data, Samsung Securities estimates

Shinhan Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & dues	40,689	40,407	42,018	43,704	45,470
Financial instruments	206,801	217,672	227,484	233,632	240,246
Net loans & credit	450,560	465,488	493,229	517,671	543,792
Interest earning assets	**698,050**	**723,567**	**762,660**	**794,829**	**829,215**
Tangible assets	7,544	7,850	4,361	4,619	4,887
Other assets	34,170	54,597	71,607	74,340	77,183
Total assets	**739,764**	**786,013**	**838,628**	**873,788**	**911,285**
Customer deposits	423,378	449,171	478,439	501,402	525,900
Borrowing	49,920	55,395	57,259	58,739	60,272
Debentures	94,027	93,279	89,528	91,815	94,198
Interest bearing liabilities	**619,713**	**649,909**	**674,931**	**702,162**	**731,080**
Other liabilities	61,230	75,732	100,287	105,394	111,209
Total liabilities	**680,943**	**725,641**	**775,218**	**807,555**	**842,289**
Paid-in capital	2,970	2,970	2,970	2,970	2,970
Hybrid securities	4,600	4,750	4,720	4,720	4,720
Capital surplus	12,095	12,099	2,233	2,233	2,233
Retained earnings	39,021	41,796	53,872	56,589	59,247
Capital adjustment	(807)	(1,180)	(773)	(773)	(773)
Other accumulated earnings and comprehensive income	(1,824)	(2,475)	(2,107)	(2,107)	(2,107)
Minority interest	2,767	2,413	2,495	2,601	2,707
Shareholder equity	**58,821**	**60,372**	**63,410**	**66,233**	**68,997**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Interest income	29,209	27,989	29,030	30,519	32,003
Interest expense	(17,807)	(16,294)	(16,509)	(17,297)	(18,275)
Net interest income before prov.	**11,402**	**11,694**	**12,521**	**13,221**	**13,728**
Loan-loss provisioning	(1,960)	(2,049)	(2,181)	(2,058)	(2,023)
Net interest income after prov.	**9,442**	**9,645**	**10,341**	**11,163**	**11,704**
Fee income	2,715	2,921	3,911	4,132	4,325
Other non-interest income	418	859	429	237	86
Gross income	**12,575**	**13,426**	**14,680**	**15,532**	**16,116**
G&A expenses	(6,116)	(6,403)	(6,787)	(6,942)	(7,132)
Operating profit	**6,459**	**7,023**	**7,893**	**8,590**	**8,983**
Other non-operating income	(430)	(94)	206	212	220
Pre-tax profit	**6,029**	**6,929**	**8,099**	**8,802**	**9,203**
Taxes	(1,471)	(1,844)	(2,189)	(2,421)	(2,531)
Net profit	**4,558**	**5,085**	**5,910**	**6,382**	**6,672**
Minority interest	(108)	(113)	(106)	(106)	(106)
Net profit (consolidated)	**4,450**	**4,972**	**5,804**	**6,275**	**6,566**
Pre-provisioning operating profit	8,572	9,257	10,178	10,720	11,070

Asset quality

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
NPL ratio (below substandard)	0.7	0.7	0.8	0.8	0.8
NPL ratio (below precautionary)	1.6	1.6	1.6	1.7	1.7
NPL coverage ratio (below substandard)	149.8	133.6	161.3	164.7	166.8
NPL coverage ratio (below precautionary)	65.9	61.4	80.1	81.9	83.0
Cumulative provisioning / credit	1.1	1.0	1.3	1.4	1.4
Net write-offs / NPL (below substandard)	56.6	72.8	7.6	38.7	36.2
Net write-offs / credit	1.1	1.0	1.3	1.4	1.4
Loan loss provisioning charges / credit	0.46	0.46	0.46	0.42	0.39

Key ratios

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Return on avg assets	0.6	0.7	0.7	0.7	0.7
Return on avg equity	9.0	9.7	10.9	11.2	11.1
Loan growth (bank basis)	10.3	4.4	4.7	4.9	5.0
Deposit growth (bank basis)	11.1	5.6	6.3	4.9	5.0
Asset growth (bank basis)	6.9	6.3	6.7	4.2	4.3
Loans-to-deposit (bank basis)	118.2	118.3	117.4	117.4	117.4
Net interest margin (bank basis)	1.58	1.56	1.60	1.59	1.55
Net interest spread (bank basis)	1.88	1.77	1.78	1.78	1.74
Cost-to-income	41.7	41.3	41.3	40.6	40.9
BIS CAR, total	15.7	15.9	15.6	15.7	15.8
BIS CAR, Tier 1	14.7	15.0	14.7	14.8	14.9
BIS CAR, Tier 2	1.0	0.9	0.9	0.9	0.8
BIS CAR, CET-1	13.0	13.4	13.3	13.4	13.5
Equity-to-assets	8.0	7.7	7.6	7.6	7.6

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS (KRW)	8,816	10,151	12,380	14,024	15,320
BVPS (KRW)	99,328	105,947	117,027	128,676	140,523
DPS (KRW)	2,160	2,590	2,960	3,352	3,849
Dividend payout ratio (%)	24.5	25.1	23.6	24.0	25.3
Total payout ratio (%)	40.3	50.2	52.9	56.7	59.5

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 (%)
2024	8,572	4,450	8,816	3.7	99,328	5.4	0.5	0.6	9.0	13.0	4.5
2025	9,257	4,972	10,151	15.1	105,947	7.6	0.7	0.7	9.7	13.4	3.4
2026E	10,178	5,804	12,380	22.0	117,027	8.5	0.9	0.7	10.9	13.3	2.8
2027E	10,720	6,275	14,024	13.3	128,676	7.5	0.8	0.7	11.2	13.4	3.2
2028E	11,070	6,566	15,320	9.2	140,523	6.8	0.7	0.7	11.1	13.5	3.7

Source: Company data, Samsung Securities estimates

Hana Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & dues	40,405	43,340	47,334	49,256	51,256
Financial instruments	151,450	153,140	166,263	178,297	191,484
Net loans & credit	403,979	434,787	440,200	464,950	491,460
Interest earning assets	**596,148**	**631,564**	**654,129**	**692,882**	**734,630**
Tangible assets	11,503	12,673	13,227	13,764	14,323
Other assets	30,196	30,354	44,905	46,728	48,626
Total assets	**637,848**	**674,591**	**712,261**	**753,375**	**797,579**
Customer deposits	390,531	409,840	416,360	438,045	461,112
Borrowing	47,064	51,619	53,338	55,503	57,757
Debentures	64,880	72,813	74,857	77,897	81,060
Interest bearing liabilities	**513,586**	**546,648**	**556,973**	**584,367**	**613,376**
Other liabilities	80,685	82,297	105,618	114,001	123,264
Total liabilities	**594,271**	**628,945**	**664,365**	**702,812**	**744,104**
Paid-in capital	1,501	1,501	1,501	1,501	1,501
Hybrid securities	4,140	4,270	4,270	4,270	4,270
Capital surplus	10,579	10,576	3,176	3,176	3,176
Retained earnings	27,640	29,691	39,432	41,744	43,964
Capital adjustment	(325)	(549)	(645)	(645)	(645)
Other accumulated earnings and comprehensive income	(834)	(909)	(830)	(830)	(830)
Minority interest	876	1,066	992	1,347	2,039
Shareholder equity	**43,577**	**45,646**	**47,896**	**50,563**	**53,475**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Interest income	24,117	22,460	22,805	24,205	25,741
Interest expense	(15,356)	(13,296)	(12,485)	(13,014)	(13,780)
Net interest income before prov.	**8,761**	**9,163**	**10,319**	**11,191**	**11,960**
Loan-loss provisioning	(1,239)	(1,298)	(1,112)	(1,001)	(964)
Net interest income after prov.	**7,522**	**7,865**	**9,207**	**10,190**	**10,996**
Fee income	1,524	1,628	2,211	2,250	2,271
Other non-interest income	340	(426)	(445)	(217)	(67)
Gross income	**9,385**	**9,067**	**10,973**	**12,223**	**13,201**
G&A expenses	(4,530)	(4,688)	(4,941)	(5,113)	(5,293)
Operating profit	**4,855**	**4,380**	**6,032**	**7,110**	**7,908**
Other non-operating income	197	108	255	257	263
Pre-tax profit	**5,052**	**4,488**	**6,287**	**7,367**	**8,171**
Taxes	1,284	1,422	1,710	2,026	2,247
Net profit	**3,769**	**3,066**	**4,577**	**5,341**	**5,924**
Minority interest	30	34	(52)	378	718
Net profit (consolidated)	**3,739**	**4,003**	**4,628**	**4,963**	**5,206**
Pre-provisioning operating profit	6,272	5,880	7,354	8,329	9,098

Asset quality

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
NPL ratio (below substandard)	0.6	0.7	0.4	0.4	0.4
NPL ratio (below precautionary)	2.1	2.1	1.4	1.4	1.4
NPL coverage ratio (below substandard)	119.8	100.3	210.6	211.1	211.4
NPL coverage ratio (below precautionary)	35.0	33.5	69.1	69.4	69.5
Cumulative provisioning / credit	0.7	0.7	0.9	0.9	0.9
Net write-offs / NPL (below substandard)	45.6	38.7	5.9	37.5	33.5
Net write-offs / credit	0.3	0.3	0.0	0.2	0.1
Loan loss provisioning charges / credit	0.30	0.29	0.25	0.21	0.20

Key ratios

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Return on avg assets	0.6	0.6	0.7	0.7	0.7
Return on avg equity	10.1	10.2	11.2	11.4	11.3
Loan growth (bank basis)	4.0	4.9	5.1	5.7	5.8
Deposit growth (bank basis)	3.9	6.2	3.3	5.2	5.3
Asset growth (bank basis)	7.8	5.8	5.6	5.8	5.9
Loans-to-deposit (bank basis)	99.5	99.4	100.6	100.6	100.6
Net interest margin (bank basis)	1.47	1.50	1.59	1.59	1.55
Net interest spread (bank basis)	1.39	1.41	1.54	1.54	1.50
Cost-to-income	42.6	45.2	40.9	38.7	37.4
BIS CAR, total	15.6	15.6	14.4	14.3	14.1
BIS CAR, Tier 1	14.8	14.9	13.8	13.6	13.5
BIS CAR, Tier 2	0.8	0.7	0.6	0.6	0.6
BIS CAR, CET-1	13.2	13.4	13.0	13.1	13.1
Equity-to-assets	6.4	6.5	6.7	7.2	7.6

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS (KRW)	13,017	14,382	17,046	19,038	20,839
BVPS (KRW)	133,682	144,244	155,468	170,753	186,934
DPS (KRW)	3,400	4,105	4,600	5,250	6,030
Dividend payout ratio (%)	26.0	27.9	26.5	27.2	28.5
Total payout ratio (%)	38.0	46.8	50.3	53.4	57.4

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 (%)
2024	6,272	3,739	13,017	11.2	133,682	4.4	0.4	0.6	10.1	13.2	6.0
2025	5,880	4,003	14,382	10.5	144,244	6.5	0.7	0.6	10.2	13.4	4.4
2026E	7,354	4,628	17,046	18.5	155,468	7.8	0.9	0.7	11.2	13.0	3.5
2027E	8,329	4,963	19,038	11.7	170,753	7.0	0.8	0.7	11.4	13.1	4.0
2028E	9,098	5,206	20,839	9.5	186,934	6.4	0.7	0.7	11.3	13.1	4.5

Source: Company data, Samsung Securities estimates

Industrial Bank of Korea

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & dues	18,354	24,611	16,960	17,649	18,366
Financial instruments	93,265	99,228	108,029	112,416	116,980
Net loans & credit	344,387	358,677	380,044	400,496	422,046
Interest earning assets	**456,006**	**482,516**	**505,033**	**530,560**	**557,392**
Tangible assets	3,940	4,057	4,199	4,370	4,547
Other assets	12,274	14,121	18,722	19,483	20,274
Total assets	**472,220**	**500,693**	**527,955**	**554,413**	**582,213**
Customer deposits	158,256	168,163	170,225	179,422	189,102
Borrowing	44,777	50,380	50,319	52,362	54,488
Debentures	193,151	203,390	214,610	223,324	232,392
Interest bearing liabilities	**396,184**	**421,934**	**443,216**	**463,606**	**484,937**
Other liabilities	41,805	41,903	45,644	49,815	54,197
Total liabilities	**437,989**	**463,837**	**488,860**	**513,421**	**539,135**
Paid-in capital	4,211	4,211	4,211	4,211	4,211
Hybrid securities	4,313	4,683	5,182	5,182	5,182
Capital surplus	1,170	1,179	1,179	1,179	1,179
Retained earnings	23,593	25,396	27,157	29,053	31,140
Capital adjustment	(0)	(1)	(0)	(0)	(0)
Other accumulated earnings and comprehensive income	659	986	965	965	965
Minority interest	284	401	402	402	402
Shareholder equity	**34,231**	**36,856**	**39,095**	**40,991**	**43,078**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Interest income	18,955	17,764	17,907	18,731	19,678
Interest expense	(11,063)	(10,015)	(9,835)	(10,446)	(10,997)
Net interest income before prov.	**7,892**	**7,749**	**8,072**	**8,285**	**8,680**
Loan-loss provisioning	(1,832)	(1,827)	(1,753)	(1,664)	(1,618)
Net interest income after prov.	**6,059**	**5,922**	**6,319**	**6,621**	**7,063**
Fee income	472	432	472	477	481
Other non-interest income	(124)	484	205	172	193
Gross income	**6,407**	**6,838**	**6,996**	**7,269**	**7,737**
G&A expenses	(2,813)	(3,183)	(3,251)	(3,362)	(3,478)
Operating profit	**3,594**	**3,656**	**3,745**	**3,907**	**4,259**
Other non-operating income	(27)	9	124	131	138
Pre-tax profit	**3,568**	**3,665**	**3,869**	**4,038**	**4,397**
Taxes	913	946	1,016	1,110	1,209
Net profit	**2,654**	**2,719**	**2,853**	**2,927**	**3,188**
Minority interest	10	8	19	21	23
Net profit (consolidated)	**2,645**	**2,711**	**2,833**	**2,906**	**3,165**
Pre-provisioning operating profit	5,366	5,413	5,429	5,501	5,805

Asset quality

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
NPL ratio (below substandard)	1.3	1.3	1.1	1.1	1.0
NPL ratio (below precautionary)	2.9	3.0	2.7	2.6	2.4
NPL coverage ratio (below substandard)	197.3	197.5	218.3	229.8	241.0
NPL coverage ratio (below precautionary)	90.1	85.1	91.3	96.3	101.3
Cumulative provisioning / credit	2.6	2.5	2.5	2.5	2.4
Net write-offs / NPL (below substandard)	28.6	29.1	34.5	33.8	33.3
Net write-offs / credit	0.4	0.4	0.4	0.4	0.3
Loan loss provisioning charges / credit	0.57	0.55	0.50	0.45	0.42

Key ratios

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Return on avg assets	0.6	0.6	0.6	0.5	0.6
Return on avg equity	9.3	8.9	8.7	8.5	8.7
Loan growth (bank basis)	8.9	4.0	5.8	5.4	5.4
Deposit growth (bank basis)	2.7	6.3	1.2	5.4	5.4
Asset growth (bank basis)	5.3	6.0	5.4	5.0	5.0
Loans-to-deposit (bank basis)	2.4	2.4	2.5	2.5	2.5
Net interest margin (bank basis)	1.70	1.58	1.60	1.56	1.55
Net interest spread (bank basis)	1.61	1.53	1.55	1.51	1.50
Cost-to-income	34.1	36.7	37.2	37.6	37.2
BIS CAR, total	14.1	14.1	15.1	15.1	15.1
BIS CAR, Tier 1	12.9	12.9	12.9	12.9	13.0
BIS CAR, Tier 2	1.2	1.1	2.2	2.2	2.1
BIS CAR, CET-1	11.3	11.5	11.8	11.8	12.0
Equity-to-assets	7.2	7.4	7.4	7.4	7.4

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS (KRW)	3,106	3,184	3,302	3,364	3,646
BVPS (KRW)	34,537	37,049	38,638	40,650	42,863
DPS (KRW)	1,065	1,114	1,184	1,242	1,383
Dividend payout ratio (%)	32.1	35.0	36.0	37.0	38.0
Total payout ratio (%)	32.1	35.0	36.0	37.0	38.0

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 (%)
2024	5,366	2,645	3,106	0.2	34,537	4.6	0.4	0.6	9.3	11.3	7.4
2025	5,413	2,711	3,184	2.5	37,049	6.6	0.6	0.6	8.9	11.5	5.3
2026E	5,429	2,833	3,302	3.7	38,638	6.2	0.5	0.6	8.7	11.8	5.8
2027E	5,501	2,906	3,364	1.9	40,650	6.1	0.5	0.5	8.5	11.8	6.0
2028E	5,805	3,165	3,646	8.4	42,863	5.6	0.5	0.6	8.7	12.0	6.7

Source: Company data, Samsung Securities estimates

BNK Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & dues	5,818	7,143	5,110	5,401	5,708
Financial instruments	26,356	27,976	30,056	31,698	33,441
Net loans & credit	112,081	119,565	124,103	130,716	137,726
Interest earning assets	**144,256**	**154,684**	**159,270**	**167,814**	**176,874**
Tangible assets	2,127	2,151	1,322	1,384	1,450
Other assets	6,087	4,261	8,564	8,559	8,515
Total assets	**152,470**	**161,095**	**169,156**	**177,758**	**186,839**
Customer deposits	107,855	224,994	116,937	122,949	129,291
Borrowing	11,302	11,446	13,074	13,904	14,792
Debentures	14,122	16,445	18,225	19,410	20,680
Interest bearing liabilities	**133,279**	**129,923**	**148,236**	**156,262**	**164,762**
Other liabilities	125,526	19,835	9,240	9,337	9,407
Total liabilities	**141,323**	**149,854**	**157,574**	**165,702**	**174,277**
Paid-in capital	1,630	1,630	1,630	1,630	1,630
Hybrid securities	728	498	498	498	498
Capital surplus	791	791	792	792	792
Retained earnings	7,605	8,017	8,433	8,906	9,413
Capital adjustment	(20)	(0)	(0)	(0)	(0)
Other accumulated earnings and comprehensive income	(34)	(142)	(220)	(220)	(220)
Minority interest	449	449	449	449	449
Shareholder equity	**11,148**	**11,242**	**11,582**	**12,055**	**12,562**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Interest income	6,949	6,473	6,459	6,788	7,159
Interest expense	(3,972)	(3,519)	(3,383)	(3,562)	(3,817)
Net interest income before prov.	**2,977**	**2,953**	**3,076**	**3,226**	**3,342**
Loan-loss provisioning	(895)	(785)	(779)	(761)	(702)
Net interest income after prov.	**2,082**	**2,168**	**2,297**	**2,466**	**2,640**
Fee income	220	179	283	300	312
Other non-interest income	140	244	407	448	473
Gross income	**2,443**	**2,592**	**2,987**	**3,213**	**3,425**
G&A expenses	(1,567)	(1,690)	(1,802)	(1,867)	(1,936)
Operating profit	**876**	**903**	**1,184**	**1,346**	**1,489**
Other non-operating income	116	192	2	2	2
Pre-tax profit	**992**	**1,095**	**1,186**	**1,348**	**1,490**
Taxes	242	259	310	364	403
Net profit	**750**	**836**	**877**	**984**	**1,087**
Minority interest	21	21	22	24	26
Net profit (consolidated)	**729**	**815**	**855**	**960**	**1,062**
Pre-provisioning operating profit	1,826	1,768	2,046	2,193	2,281

Asset quality

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
NPL ratio (below substandard)	0.7	1.2	1.3	1.2	1.1
NPL ratio (below precautionary)	1.7	2.3	2.4	7.1	6.5
NPL coverage ratio (below substandard)	218.5	123.7	109.3	114.8	125.9
NPL coverage ratio (below precautionary)	94.5	61.9	57.7	19.8	21.7
Cumulative provisioning / credit	1.6	1.4	1.4	1.4	1.4
Net write-offs / NPL (below substandard)	59.7	44.7	38.6	28.7	25.5
Net write-offs / credit	0.4	0.5	0.5	0.4	0.3
Loan loss provisioning charges / credit	0.43	0.52	0.49	0.35	0.29

Key ratios

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Return on avg assets	0.8	0.9	0.9	1.0	1.1
Return on avg equity	7.5	8.0	8.2	8.8	9.3
Loan growth (bank basis)	2.1	3.8	4.7	4.8	4.8
Deposit growth (bank basis)	0.3	5.9	1.8	4.8	4.8
Asset growth (bank basis)	2.7	5.7	3.0	4.6	4.7
Loans-to-deposit (bank basis)	95.0	92.8	95.6	95.6	95.6
Net interest margin (bank basis)	1.89	1.85	1.88	1.88	1.84
Net interest spread (bank basis)	2.19	2.10	2.14	2.14	2.10
Cost-to-income	47.8	49.8	48.9	48.0	48.4
BIS CAR, total	14.1	15.2	15.7	15.5	15.3
BIS CAR, Tier 1	13.6	13.3	13.9	13.7	13.6
BIS CAR, Tier 2	0.6	1.9	1.9	1.8	1.7
BIS CAR, CET-1	12.3	12.3	12.2	12.2	12.2
Equity-to-assets	7.3	7.0	6.8	6.8	6.7

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS (KRW)	2,274	2,592	2,811	3,272	3,765
BVPS (KRW)	31,117	32,738	34,959	37,843	41,187
DPS (KRW)	650	735	830	940	1,080
Dividend payout ratio (%)	28.5	28.1	29.5	28.8	28.7
Total payout ratio (%)	33.0	40.4	45.8	50.7	52.3

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 (%)
2024	1,826	729	2,274	14.5	31,117	4.5	0.3	0.8	7.5	12.3	6.3
2025	1,768	815	2,592	14.0	32,738	6.1	0.5	0.9	8.0	12.3	4.6
2026E	2,046	855	2,811	8.4	34,959	6.4	0.5	0.9	8.2	12.2	4.6
2027E	2,193	960	3,272	16.4	37,843	5.5	0.5	1.0	8.8	12.2	5.2
2028E	2,281	1,062	3,765	15.1	41,187	4.8	0.4	1.1	9.3	12.2	6.0

Source: Company data, Samsung Securities estimates

iM Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & dues	4,126	4,641	4,499	4,781	5,084
Financial instruments	20,963	24,068	27,209	28,488	29,834
Net loans & credit	67,697	67,706	72,945	77,115	81,547
Interest earning assets	**92,786**	**96,415**	**104,652**	**110,385**	**116,465**
Tangible assets	1,405	1,427	1,483	1,561	1,644
Other assets	(43)	1,019	3,047	3,203	3,367
Total assets	**94,149**	**98,861**	**109,182**	**115,149**	**121,477**
Customer deposits	59,807	59,344	62,270	65,604	69,131
Borrowing	9,701	11,146	12,804	13,461	14,153
Debentures	7,827	9,825	10,627	11,217	11,840
Interest bearing liabilities	**83,410**	**86,515**	**91,908**	**96,741**	**101,846**
Other liabilities	4,533	5,909	10,576	11,427	12,339
Total liabilities	87,943	92,424	102,483	108,168	114,184
Paid-in capital	846	846	846	846	846
Hybrid securities	813	863	863	863	863
Capital surplus	1,563	1,563	1,273	1,273	1,273
Retained earnings	3,385	3,631	4,262	4,598	4,969
Capital adjustment	(20)	(1)	(19)	(19)	(19)
Other accumulated earnings and comprehensive income	(595)	(682)	(743)	(798)	(857)
Minority interest	215	217	218	218	218
Shareholder equity	**6,206**	**6,437**	**6,699**	**6,981**	**7,293**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Interest income	4,175	3,804	3,895	4,136	4,368
Interest expense	(2,489)	(2,149)	(2,119)	(2,229)	(2,347)
Net interest income before prov.	**1,686**	**1,656**	**1,776**	**1,907**	**2,021**
Loan-loss provisioning	(749)	(344)	(391)	(379)	(385)
Net interest income after prov.	**937**	**1,312**	**1,386**	**1,527**	**1,636**
Fee income	191	218	350	360	383
Other non-interest income	213	184	149	139	152
Gross income	**1,341**	**1,714**	**1,885**	**2,027**	**2,171**
G&A expenses	(1,078)	(1,131)	(1,192)	(1,229)	(1,269)
Operating profit	**263**	**583**	**693**	**797**	**902**
Other non-operating income	(11)	(2)	33	36	40
Pre-tax profit	**253**	**582**	**726**	**834**	**942**
Taxes	51	124	187	229	259
Net profit	**202**	**457**	**539**	**604**	**683**
Minority interest	(13)	14	15	17	18
Net profit (consolidated)	**215**	**444**	**523**	**588**	**665**
Pre-provisioning operating profit	1,048	978	1,135	1,229	1,340

Asset quality

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
NPL ratio (below substandard)	0.7	0.9	0.8	0.8	0.8
NPL ratio (below precautionary)	1.8	1.8	1.7	1.7	1.6
NPL coverage ratio (below substandard)	222.8	189.7	222.7	221.9	220.9
NPL coverage ratio (below precautionary)	91.1	92.8	104.9	104.6	104.1
Cumulative provisioning / credit	1.6	1.7	1.8	1.8	1.7
Net write-offs / NPL (below substandard)	65.6	57.5	50.8	44.0	42.4
Net write-offs / credit	0.5	0.5	0.4	0.3	0.3
Loan loss provisioning charges / credit	0.6	0.5	0.4	0.4	0.4

Key ratios

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Return on avg assets	0.2	0.5	0.5	0.5	0.6
Return on avg equity	4.1	8.4	9.5	10.2	11.0
Loan growth (bank basis)	6.0	0.9	5.7	5.3	5.4
Deposit growth (bank basis)	0.7	4.6	7.9	5.3	5.4
Asset growth (bank basis)	0.8	5.0	10.4	5.5	5.5
Loans-to-deposit (bank basis)	101.5	103.7	104.6	104.6	104.6
Net interest margin (bank basis)	1.91	1.80	1.84	1.84	1.82
Net interest spread (bank basis)	2.25	2.07	2.11	2.11	2.09
Cost-to-income	50.1	51.6	52.6	51.5	50.7
BIS CAR, total	16.6	17.3	17.5	17.6	17.8
BIS CAR, Tier 1	14.6	15.7	15.9	16.1	16.3
BIS CAR, Tier 2	2.0	1.6	1.6	1.5	1.5
BIS CAR, CET-1	11.7	12.1	12.3	12.4	12.5
Equity-to-assets	14.9	14.5	14.7	14.4	14.2

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS (KRW)	1,270	2,739	3,354	3,956	4,775
BVPS (KRW)	30,612	32,350	35,327	38,747	43,167
DPS (KRW)	500	700	840	990	1,190
Dividend payout ratio (%)	38.7	25.3	25.0	25.0	25.0
Total payout ratio (%)	38.7	38.8	43.2	46.3	48.3

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 (%)
2024	1,048	215	1,270	(44.6)	30,612	6.4	0.3	0.2	4.1	11.7	6.1
2025	978	444	2,739	115.6	32,350	5.7	0.5	0.5	8.4	12.1	4.5
2026E	1,135	523	3,001	9.6	35,327	6.0	0.5	0.5	9.5	12.3	4.6
2027E	1,229	588	3,956	31.8	38,747	4.6	0.5	0.5	10.2	12.4	5.5
2028E	1,340	665	4,775	20.7	43,167	3.8	0.4	0.6	11.0	12.5	6.6

Source: Company data, Samsung Securities estimates

JB Financial Group

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & dues	1,622	2,473	1,834	1,948	2,068
Financial instruments	10,070	11,120	11,523	12,060	12,625
Net loans & credit	52,050	56,357	60,759	65,162	69,872
Interest earning assets	**63,741**	**69,950**	**74,116**	**79,170**	**84,565**
Tangible assets	1,350	1,393	1,471	1,560	1,654
Other assets	1,631	1,780	2,246	1,962	1,971
Total assets	**66,722**	**73,124**	**77,834**	**82,692**	**88,190**
Customer deposits	44,141	47,780	51,034	54,850	58,935
Borrowing	2,655	2,870	3,194	3,350	3,515
Debentures	12,213	14,183	15,211	16,301	17,475
Interest bearing liabilities	**59,008**	**64,833**	**69,439**	**74,502**	**79,925**
Other liabilities	1,989	2,116	1,869	1,264	602
Total liabilities	**60,997**	**66,949**	**71,308**	**75,766**	**80,527**
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	4,086	4,486	5,222
Capital adjustment	(56)	(68)	(51)	(51)	(51)
Other accumulated earnings and comprehensive income	4	(40)	(3)	(1)	(0)
Minority interest	144	261	279	279	279
Shareholder equity	**5,725**	**6,175**	**6,525**	**6,926**	**7,663**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Interest income	3,636	3,572	3,760	4,019	4,282
Interest expense	(1,660)	(1,527)	(1,545)	(1,644)	(1,774)
Net interest income before prov.	**1,976**	**2,045**	**2,215**	**2,375**	**2,508**
Loan-loss provisioning	(480)	(498)	(507)	(526)	(526)
Net interest income after prov.	**1,496**	**1,547**	**1,708**	**1,848**	**1,982**
Fee income	79	54	60	59	54
Other non-interest income	161	259	209	215	205
Gross income	1,736	1,861	1,977	2,122	2,242
G&A expenses	(830)	(908)	(958)	(992)	(1,027)
Operating profit	**906**	**952**	**1,019**	**1,130**	**1,215**
Other non-operating income	2	12	10	12	13
Pre-tax profit	**908**	**965**	**1,029**	**1,142**	**1,228**
Taxes	215	235	274	314	338
Net profit	**693**	**730**	**755**	**828**	**890**
Minority interest	15	20	25	25	25
Net profit (consolidated)	**677**	**710**	**730**	**803**	**866**
Pre-provisioning operating profit	1,386	1,450	1,526	1,657	1,741

Asset quality

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
NPL ratio (below substandard)	0.9	1.2	1.1	1.1	1.1
NPL ratio (below precautionary)	2.5	2.9	2.3	2.3	2.3
NPL coverage ratio (below substandard)	152.2	110.7	74.1	74.7	74.6
NPL coverage ratio (below precautionary)	40.9	37.6	29.0	29.3	29.2
Cumulative provisioning / credit	1.1	1.2	0.9	0.9	0.9
Net write-offs / NPL (below substandard)	96.8	46.8	52.9	52.0	46.3
Net write-offs / credit	0.7	0.5	0.6	0.6	0.6
Loan loss provisioning charges / credit	0.80	0.58	0.72	0.71	0.63

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	13.1	13.6	13.3
Loan growth (bank basis)	5.8	8.3	7.8	7.2	7.2
Deposit growth (bank basis)	2.8	8.2	6.8	7.5	7.4
Asset growth (bank basis)	5.2	9.6	6.4	6.2	6.6
Loans-to-deposit (bank basis)	101.0	99.6	98.0	98.0	98.0
Net interest margin (bank basis)	2.68	2.61	2.74	2.77	2.73
Net interest spread (bank basis)	3.15	3.04	3.19	3.22	3.18
Cost-to-income	37.5	38.5	38.6	37.5	37.1
BIS CAR, total	14.3	14.7	15.9	15.6	15.8
BIS CAR, Tier 1	13.6	14.1	13.9	13.7	14.1
BIS CAR, Tier 2	0.7	0.6	2.0	1.9	1.7
BIS CAR, CET-1	12.2	12.6	12.6	12.5	13.0
Equity-to-assets	8.6	8.4	8.4	8.4	8.7

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS (KRW)	3,483	3,757	3,938	4,433	4,876
BVPS (KRW)	26,019	28,532	30,880	33,817	38,664
DPS (KRW)	995	1,140	1,311	1,507	1,706
Dividend payout ratio (%)	28.0	30.0	33.2	34.0	35.0
Total payout ratio (%)	32.4	45.0	50.0	50.2	50.0

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 (%)
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	1,526	730	3,938	4.8	30,880	6.6	0.8	1.0	13.1	12.6	5.0
2027E	1,657	803	4,433	12.6	33,817	5.9	0.8	1.0	13.6	12.5	5.8
2028E	1,741	866	4,876	10.0	38,664	5.3	0.7	1.0	13.3	13.0	6.6

Source: Company data, Samsung Securities estimates

Kakao Bank

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & dues	1,855.4	2,113.4	899.4	992.5	1,095.3
Financial instruments	15,277.8	20,802.3	26,193.1	28,904.9	31,897.6
Net loans	44,503.8	51,745.6	55,097.2	60,520.4	66,477.3
Interest earning assets	**61,636.9**	**74,661.3**	**82,189.7**	**90,417.8**	**99,470.1**
Other assets	1,168.4	1,748.4	1,685.3	1,824.2	1,974.6
Total assets	**62,805.3**	**76,409.8**	**83,875.0**	**92,242.0**	**101,444.7**
Deposits	54,971.0	68,323.6	75,051.1	82,438.2	90,552.5
Borrowings /debentures / other	0.0	0.0	0.0	0.0	0.0
Interest bearing liabilities	**54,971.0**	**68,323.6**	**75,051.1**	**82,438.2**	**90,552.5**
Other liabilities	1,294.1	1,336.3	1,769.5	2,056.6	2,393.1
Total liabilities	**56,265.2**	**69,659.9**	**76,820.6**	**84,494.8**	**92,945.5**
Paid-in capital	2,384.8	2,385.1	2,385.6	2,385.6	2,385.6
Capital surplus	2,988.2	2,988.4	2,988.6	2,988.6	2,988.6
Retained earnings	1,123.2	1,432.0	1,830.5	2,523.3	3,275.2
Capital adjustment	0.2	0.1	(7.0)	(7.0)	(7.0)
Other	43.7	(55.7)	(143.3)	(143.3)	(143.3)
Total shareholder equity	**6,540.1**	**6,749.9**	**7,054.4**	**7,747.2**	**8,499.2**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Net interest income before prov.	**1,269.4**	**1,318.6**	**1,611.3**	**1,818.2**	**1,964.5**
Loan—loss provisioning	(270.5)	(243.8)	(285.7)	(316.6)	(347.7)
Net interest income after prov.	**998.9**	**1,074.8**	**1,325.7**	**1,501.6**	**1,616.7**
Fee income	22.6	24.3	40.9	46.5	54.4
Other non-interest income	78.6	67.7	(25.3)	45.1	60.9
Gross income	**1,100.1**	**1,166.8**	**1,341.3**	**1,593.2**	**1,732.0**
SG&A expenses	(493.2)	(517.5)	(580.9)	(633.2)	(690.2)
Operating profit	**606.9**	**649.4**	**760.3**	**960.0**	**1,041.8**
Other non-operating income	(18.0)	(9.3)	84.1	(4.4)	(4.6)
Pre-tax profit	**588.9**	**640.0**	**844.4**	**955.6**	**1,037.2**
Taxes	148.8	159.8	226.7	262.8	285.2
Net profit	**440.1**	**480.3**	**617.7**	**692.8**	**752.0**
Pre-provisioning operating profit	877.4	893.2	1,046.0	1,276.6	1,389.5

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS (KRW)	923	1,007	1,295	1,452	1,576
BVPS (KRW)	13,352	13,700	14,138	15,510	17,026
DPS (KRW)	360	450	650	730	790
Dividend payout ratio (%)	39.0	45.0	50.0	50.0	50.0
Total payout ratio (%)	39.0	45.0	50.0	50.0	50.0

Key ratios

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Return on avg assets	0.8	0.7	0.8	0.8	0.8
Return on avg equity	7.0	7.2	8.9	9.4	9.3
Loan growth	15.1	16.3	6.5	9.8	9.8
Deposit growth	16.6	24.3	9.8	9.8	9.8
Asset growth	15.3	21.7	9.8	10.0	10.0
Loans-to-deposit (KRW-denominated)	81.0	75.7	73.4	73.4	73.4
Net interest margin	2.2	1.9	2.1	2.1	2.1
Cost-to-income	56.2	57.9	55.5	49.6	49.7
BIS CAR, total	27.2	23.2	21.1	20.6	20.1
BIS CAR, Tier 1	26.1	22.0	20.1	19.7	19.3
BIS CAR, CET-1	26.1	22.0	20.1	19.7	19.3
Equity-to-assets	10.4	8.8	8.4	8.4	8.4

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 (%)
2024	877.4	440.1	923	24.0	13,352	22.8	1.6	0.8	7.0	26.1	1.7
2025	893.2	480.3	1,007	9.1	13,700	21.5	1.6	0.7	7.2	22.0	2.1
2026E	1,046.0	617.7	1,295	28.6	14,138	17.1	1.6	0.8	8.9	20.1	2.9
2027E	1,276.6	692.8	1,452	12.2	15,510	15.3	1.4	0.8	9.4	19.7	3.3
2028E	1,389.5	752.0	1,576	8.5	17,026	14.1	1.3	0.8	9.3	19.3	3.6

Source: Company data, Samsung Securities estimates

Kbank

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & dues	1,015.3	1,413.5	1,135.2	1,277.7	1,372.2
Financial instruments	5,247.1	5,832.9	9,077.5	10,216.8	10,972.5
Net loans	24,404.5	24,065.3	24,977.6	28,736.1	33,243.9
Interest earning assets	**30,667**	**31,312**	**35,190**	**40,231**	**45,589**
Other assets	516	553	643	724	815
Total assets	**31,183**	**31,864**	**35,833**	**40,954**	**46,403**
Deposits	28,569	28,432	30,977	35,028	39,695
Borrowings /debentures / other	0	0	0	0	4
Interest bearing liabilities	**28,569**	**28,432**	**30,977**	**35,028**	**39,699**
Other liabilities	619	1,261	2,075	2,931	3,450
Total liabilities	**29,188**	**29,693**	**33,052**	**37,959**	**43,149**
Paid-in capital	1,878	1,878	2,178	2,178	2,178
Capital surplus	0	0	99	99	99
Retained earnings	113	224	367	581	840
Capital adjustment	2	2	2	2	2
Other	2	67	135	135	135
Total shareholder equity	**1,996**	**2,172**	**2,781**	**2,995**	**3,254**

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Net interest income before prov.	**481.5**	**444.2**	**536.3**	**650.6**	**760.5**
Loan—loss provisioning	(246.8)	(212.5)	(208.5)	(215.9)	(219.8)
Net interest income after prov.	**234.8**	**231.7**	**327.8**	**434.7**	**540.7**
Fee income	(0.3)	(2.6)	1.7	2.4	3.5
Other non-interest income	85.7	116.1	60.3	78.2	95.4
Gross income	**320.1**	**345.1**	**389.8**	**515.4**	**639.6**
SG&A expenses	(182.6)	(227.9)	(249.0)	(273.9)	(298.6)
Operating profit	**137.5**	**117.2**	**140.8**	**241.5**	**341.0**
Other non-operating income	(0.2)	0.0	0.3	0.3	0.3
Pre-tax profit	**137.3**	**113.7**	**141.1**	**241.8**	**341.3**
Taxes	(4.7)	(1.0)	3.2	(27.7)	(82.6)
Net profit	**132.6**	**112.7**	**144.2**	**214.1**	**258.7**
Pre-provisioning operating profit	384.3	329.7	349.2	457.4	560.8

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS (KRW)	353	300	356	528	638
BVPS (KRW)	5,312	5,781	6,855	7,383	8,021
DPS (KRW)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Total payout ratio (%)	-	-	-	-	-

Key ratios

Year-end Dec 31 (%)	2024	2025	2026E	2027E	2028E
Return on avg assets	0.5	0.4	0.4	0.6	0.6
Return on avg equity	6.9	5.4	5.8	7.4	8.3
Loan growth	17.6	13.0	15.5	17.7	18.0
Deposit growth	49.8	(0.5)	9.0	13.1	13.3
Asset growth	45.6	2.2	12.5	14.3	13.3
Loans-to-deposit (KRW-denominated)	85.4	84.6	80.6	82.0	83.7
Net interest margin	1.9	1.4	1.6	1.7	1.8
Cost-to-income	32.2	40.9	41.6	37.5	34.7
BIS CAR, total	14.7	14.5	21.2	19.8	18.5
BIS CAR, Tier 1	13.5	12.4	20.2	18.9	17.7
BIS CAR, CET-1	13.5	13.4	21.0	19.7	18.5
Equity-to-assets	6.4	6.8	7.8	7.3	7.0

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 (%)
2024	384.3	132.6	353	934.9	5,312	n/a	n/a	0.5	6.9	13.5	0.0
2025	329.7	112.7	300	(15.0)	5,781	n/a	n/a	0.4	5.4	13.4	0.0
2026E	349.2	144.2	356	18.5	6,855	17.4	0.9	0.4	5.8	21.0	0.0
2027E	457.4	214.1	528	48.4	7,383	11.7	0.8	0.6	7.4	19.7	0.0
2028E	560.8	258.7	638	20.9	8,021	9.7	0.8	0.6	8.3	18.5	0.0

Source: Company data, Samsung Securities estimates

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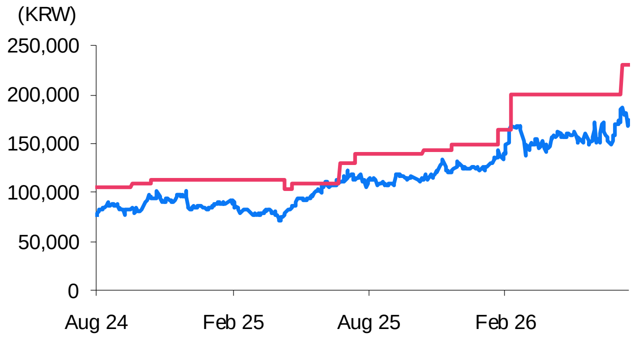
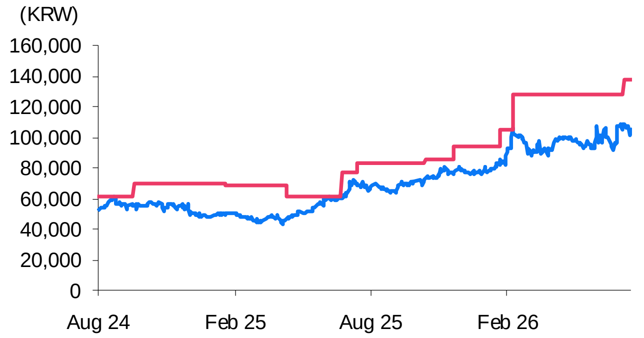
Target price changes in past two years

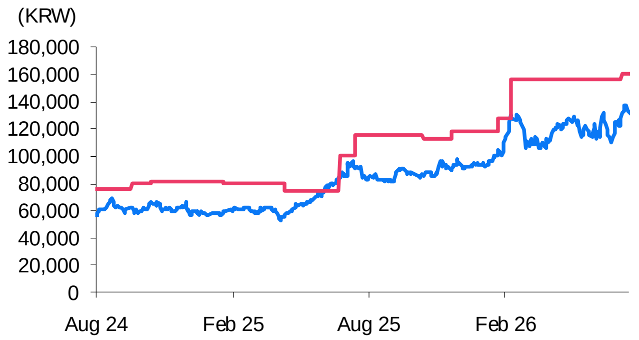
KB Financial Group



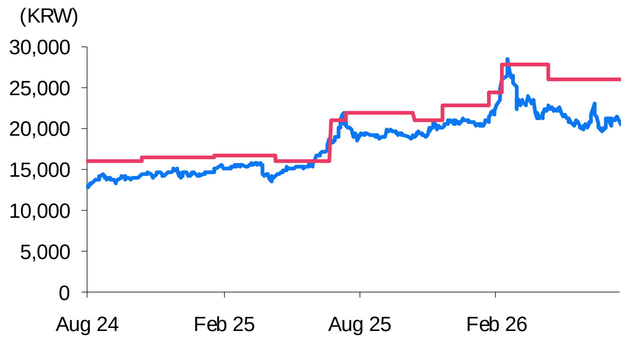
Shinhan Financial Group



Hana Financial Group



IBK



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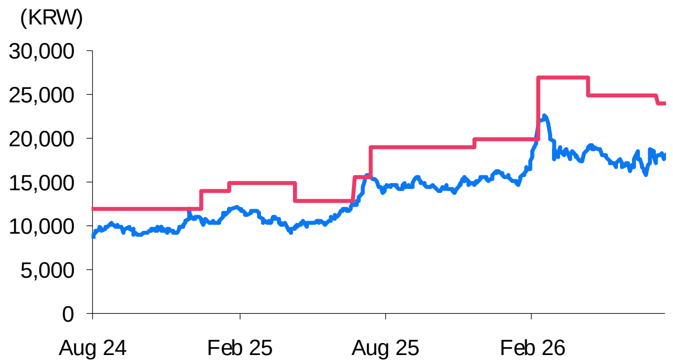
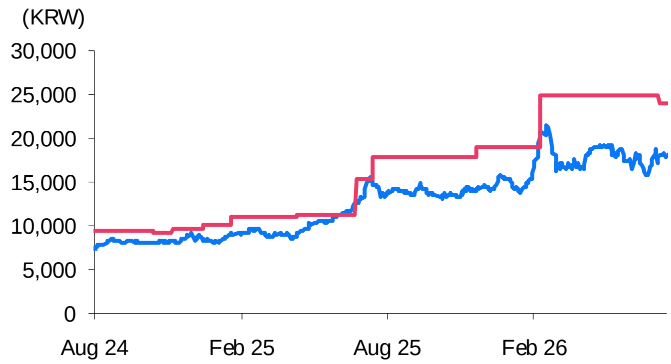
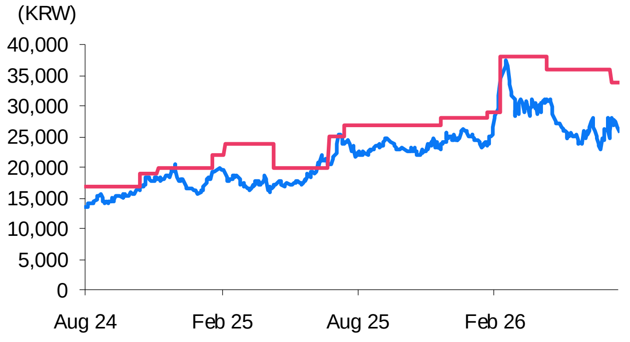


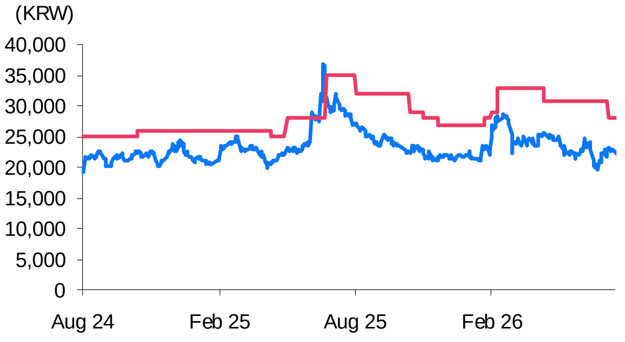
iM Financial Group



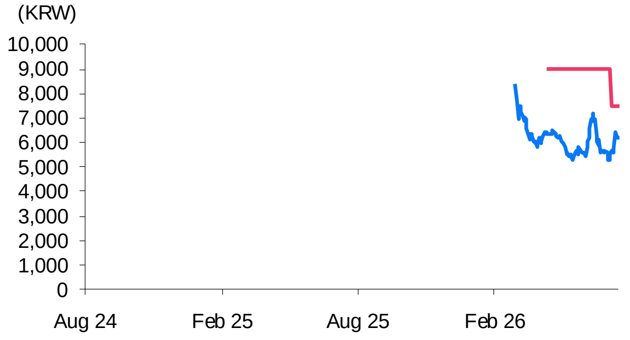
JB Financial Group



Kakao Bank



Kbank



Rating changes over past two years (adjusted share prices)

KB Financial Group

Date	2024/7/12	7/24	9/23	10/17	2025/4/15	4/25	6/27	7/18	10/17	11/25	2026/1/27	2/13
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	100000	105000	110000	113000	104000	110000	130000	140000	143000	150000	165000	200000
Gap* (average)	-14.59	-19.39	-21.04	-23.75	-20.54	-8.40	-11.01	-19.36	-14.92	-14.99	-11.40	-21.62
(max or min)**	-11.70	-13.52	-11.64	-10.44	-18.27	2.09	-6.15	-14.57	-5.80	-8.80	2.12	-7.80
Date	7/13											
Recommendation	BUY											
Target price (KRW)	230000											
Gap* (average)												
(max or min)**												

Shinhan Financial Group

Date	2024/7/12	9/23	2025/1/23	4/15	6/27	7/18	10/17	11/25	2026/1/27	2/13	7/13
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	61000	70000	69000	62000	77000	83000	86000	94000	105000	128000	138000
Gap* (average)	-7.88	-24.09	-31.23	-11.85	-12.80	-17.74	-11.41	-16.22	-12.96	-24.12	
(max or min)**	0.66	-17.00	-25.94	-1.61	-6.75	-12.41	-5.35	-10.74	0.95	-14.69	

Hana Financial Group

Date	2024/7/12	9/23	10/17	2025/1/23	4/15	6/27	7/18	10/17	11/25	2026/1/27	2/13	4/16
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	76000	80000	81000	80000	74000	101000	115000	113000	119000	128000	156000	157000
Gap* (average)	-17.99	-23.57	-25.40	-24.86	-5.81	-10.23	-25.24	-20.20	-20.43	-11.60	-26.52	-22.81
(max or min)**	-9.47	-17.75	-17.90	-21.75	12.84	-4.46	-19.57	-14.69	-14.96	1.56	-15.83	-15.92
Date	7/13											
Recommendation	BUY											
Target price (KRW)	161000											
Gap* (average)												
(max or min)**												

IBK

Date	2024/7/12	10/17	2025/1/23	4/15	6/27	7/18	10/17	11/25	2026/1/27	2/13	4/16
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	16000	16500	16800	16000	21000	22000	21000	23000	24600	28000	26000
Gap* (average)	-13.03	-11.68	-9.61	-0.86	-5.01	-11.84	-5.60	-9.51	-5.95	-16.00	
(max or min)**	-9.25	-8.06	-5.95	17.44	4.76	-7.95	-1.19	-7.17	6.30	1.96	

BNK Financial Group

Date	2024/7/12	7/31	12/18	2025/1/23	4/15	6/27	7/18	11/25	2026/2/13	4/16	7/13
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	10500	12000	14000	15000	13000	15600	19000	20000	27000	25000	24000
Gap* (average)	-16.59	-18.16	-22.55	-27.38	-16.06	-8.05	-22.78	-19.30	-30.12	-29.32	
(max or min)**	-9.43	-1.00	-14.57	-18.93	-2.23	2.24	-17.79	7.25	-16.11	-23.24	

iM Financial Group

Date	2024/7/12	10/17	11/11	12/18	2025/1/23	4/15	6/27	7/18	11/25	2026/2/13	7/13
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	9500	9300	9800	10200	11000	11300	15400	18000	19000	25000	24000
Gap* (average)	-14.48	-11.94	-12.15	-16.48	-16.85	-4.73	-7.91	-22.67	-20.20	-28.58	
(max or min)**	-11.05	-11.08	-4.80	-10.29	-11.18	11.33	0.71	-17.44	6.58	-13.40	

JB Financial Group

Date	2024/7/12	10/17	11/11	2025/1/23	2/7	4/15	6/27	7/18	11/25	2026/1/27	2/13	4/16
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	17000	19000	20000	22000	24000	20000	25000	27000	28000	29000	38000	36000
Gap* (average)	-12.61	-6.18	-10.99	-11.17	-27.13	-7.02	-7.20	-14.05	-11.68	-3.39	-18.83	-27.40
(max or min)**	-2.94	-2.74	2.25	-10.14	-22.04	9.50	1.40	-7.78	-6.07	17.41	-1.32	-13.06
Date	7/13											
Recommendation	HOLD											
Target price (KRW)	34000											
Gap* (average)												
(max or min)**												

Kakao Bank

Date	2025/5/7	6/27	8/6	10/17	11/5	11/25	2026/1/27	2/4	2/13	4/16	7/13
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	28000	35000	32000	29000	28000	27000	28000	29000	33000	31000	28000
Gap* (average)	-6.99	-16.34	-23.19	-20.16	-22.51	-19.53	-17.71	-6.06	-24.27	-26.10	
(max or min)**	32.14	-8.57	-15.00	-18.45	-19.46	-12.96	-15.71	-1.55	-13.03	-18.23	

Kbank

Date	2026/4/17	7/13
Recommendation	BUY	BUY
Target price (KRW)	9000	7500
Gap* (average)	-34.20	
(max or min)**	-20.00	

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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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