COMPANY UPDATE

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JB Financial Group (175330)

2Q review: Non-interest income recovers

- JB Financial Group (JBFG) reported a 2Q net profit of KRW219.6b (up 5.7% y-y and 32.2% q-q; topping consensus by 3.3%). ROE stood at 13% in 1H26.
- The earnings rebound was driven by a 4% q-q increase in interest income and a strong 103.2% q-q recovery in non-interest income.
- The narrowing ROE gap between JBFG and large peers is burdensome. The ability to generate differentiated ROE and strengthen shareholder returns should be critical to unlocking a valuation premium.

AT A GLANCE

HOLD

Target price	KRW34,000	33.1%
Current price	**KRW25,550**	
Market cap	KRW4.8t/USD3.3b	
Shares (float)	186,521,824 (81.1%)	
52-week high/low	KRW37,500/KRW21,750	
Avg daily trading value (60-day)	KRW19.2b/ USD13.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
JB Financial Group (%)	3.0	5.1	5.8
Vs Kospi (%pts)	19.1	-26.1	-52.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	34,000	34,000	0.0%
2026E EPS	3,952	3,952	0.0%
2027E EPS	4,410	4,410	0.0%

SAMSUNG vs THE STREET

No of estimates	16
Target price	37,556
Recommendation	3.9

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

WHAT'S THE STORY?

2Q net profit of KRW219.6b (up 5.7% y-y)—Positive improvement in earnings resilience: JBFG reported 2Q net profit of KRW219.6b (up 5.7% y-y and beating the FnGuide-based consensus by 3.3%). The earnings rebound was driven by: 1) a 4% q-q increase in interest income, supported by a 3.6% q-q rise in won-denominated loans; and 2) a strong 103.2% q-q recovery in non-interest income, which had declined sharply in 1Q.

Non-interest income recovery confirms guidance execution: The 103.2% q-q surge in non-interest income was primarily fueled by gains on investment securities (accounting for 42.4% of the increase). However, this rebound owed much to a low base from 1Q, when valuation losses from rising rates weighed on results. Notably, non-interest income in 1H26 expanded only 14.6% y-y. While announcing 1Q results, the company had said that the unrealized losses would reverse quickly over time.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Operating profit	305.6	14.5	38.1	5.7	-
Pre-prov op profit	429.6	11.1	20.5	2.5	-
Provisioning	115.0	3.0	(9.2)	(5.0)	-
Net profit	219.6	5.7	32.2	6.4	3.3
Major indicators (%, %pts)					
Loan growth	3.59	0.1	2.2		
NIM	2.53	(0.0)	0.0		
NPLs below subs	1.43	0.3	0.0		

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	6.8	6.5	5.8
P/B	0.9	0.8	0.8
Div yield (%)	4.4	4.9	5.5
EPS growth (% y-y)	7.9	5.2	11.6
ROE (%)	13.6	13.1	13.5
Total payout ratio (%)	45.0	50.9	50.0
Per-share data (KRW)			
EPS	3,757	3,952	4,410
BVPS	28,532	30,955	34,021
DPS	1,140	1,251	1,396

Samsung Securities

Announcing share buyback of KRW100b—On track for 50% payout target: JBFG approved a KRW100b share repurchase program, with KRW82b to be executed in 2026 and the remaining KRW18b in 1Q27. At the firm's full-year net profit guidance of KRW75b, this implies a 2026 total payout of around 50%.

Key focus areas–Payout ratio hike via differentiated ROE and CET-1 ratio improvements: The stock is trading at a 2026 P/B of 0.83x. Yet, the narrowing ROE gap with large peers is burdensome. Its additional re-rating hinges on: 1) confirmation of differentiated ROE generation; 2) improving CET-1 ratios; and 3) enhanced shareholder returns.

NIM remains steady q-q: Group NIM fell 1bp q-q to 3.12%, and bank NIM rose 1bp q-q to 2.53%. Given the 2026 group NIM guidance of 3.19%, we believe a more pronounced and sustained NIM recovery is now the primary prerequisite for achieving full-year earnings and ROE targets.

Loan growth of 3.6% q-q: The won-denominated loan growth came in at 3.6% q-q and 6.9% y-y. Banks' loans expanded KRW1.6t, with SME and household loans each contributing KRW600b. Meantime, the company said that foreigner loan growth lagged expectations in 1H due to internal system upgrades (aimed at strengthening credit risk control) and such growth should improve gradually from 2H.

Group CCR of 0.83% (up 5bp q-q)—Efforts to achieve 2026 guidance of 0.86%: Group credit cost ratio (CCR) improved 5bps q-q to 0.83% on a cumulative basis. This aligns closely with the 2026 guidance of 0.86% (down 1 bp y-y). For reference, group non-performing loan (NPL) ratio delinquency rate rose a respective 1bp and 2bps q-q to 1.64% and 1.43%.

JB Woori Capital posts 2Q net profit of KRW104.1b (up 43.1% y-y): JB Woori Capital posted 2Q net profit of KRW104.1b, up 42.1% y-y and 43.1% q-q. While total loans grew just 1.3% q-q and interest income rose only 1.7% q-q, securities gains of KRW74.7b (up 109.1% q-q, or KRW39b) were the primary driver.

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash & equivalents	1,622	2,473	1,834	1,948	2,068
Financial securities	10,070	11,120	11,523	12,060	12,625
Net loans & credits	52,050	56,357	60,759	65,162	69,872
Interest-earning assets	**63,741**	**69,950**	**74,116**	**79,170**	**84,565**
Fixed assets	1,350	1,393	1,471	1,560	1,654
Other assets	1,631	1,780	2,239	2,032	1,823
Total assets	**66,722**	**73,124**	**77,827**	**82,762**	**88,042**
Customer deposits	44,141	47,780	51,034	54,850	58,935
Borrowings	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	4,079	4,555	5,074
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**	**6,518**	**6,996**	**7,516**

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 expenses	(1,660)	(1,527)	(1,545)	(1,644)	(1,774)
Net interest income before provisioning	**1,976**	**2,045**	**2,215**	**2,375**	**2,508**
Provisioning for loan losses	(480)	(498)	(507)	(526)	(526)
Net interest income after provisioning	**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 profit	**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
Consolidated net profit	**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
Cumulative provisioning /NPL below substandard	152.2	110.7	74.1	74.7	74.6
Cumulative provisioning /NPL 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 /total 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	13.5	13.4
Loan growth* (% y-y)	5.8	8.3	7.8	7.2	7.2
Deposit growth* (% y-y)	2.8	8.2	6.8	7.5	7.4
Asset growth (% y-y)	5.2	9.6	6.4	6.3	6.4
Loan/deposit ratio*	101.0	99.6	98.0	98.0	98.0
Net interest margin**	2.68	2.61	2.74	2.77	2.73
Net interest spread**	3.15	3.04	3.19	3.22	3.18
Cost-to-income ratio	37.5	38.5	38.6	37.5	37.1
BIS CAR**	14.3	14.7	15.9	15.7	15.5
Tier-1 ratio**	13.6	14.1	13.9	13.8	13.8
Tier-2 ratio**	0.7	0.6	2.0	1.9	1.7
Common equity capital ratio	12.2	12.6	12.6	12.7	12.7
Equity/assets	8.6	8.4	8.4	8.5	8.5

Source: Company data, Samsung Securities estimates

Per-share data

Year-end Dec 31 (KRW)	2024	2025	2026E	2027E	2028E
EPS	3,483	3,757	3,952	4,410	4,806
BVPS	26,019	28,532	30,955	34,021	37,291
DPS	995	1,140	1,251	1,396	1,521
Dividend payout ratio	28.0	30.0	31.6	31.6	31.6
Total shareholder payout ratio	32.4	45.0	50.9	50.0	50.0

Year-end Dec 31	Pre-prov op prof (KRWb)	Net prof (KRWb)	EPS (KRW)	Chg (%)	BVPS (KRW)	P/E (x)	P/B (x)	ROAA (%)	ROAE (%)	CET-1 Ratio (%)	Div yield (%)
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	3,952	5.2	30,955	6.5	0.8	1.0	13.1	12.6	4.9
2027E	1,657	803	4,410	11.6	34,021	5.8	0.8	1.0	13.5	12.7	5.5
2028E	1,741	866	4,806	9.0	37,291	5.3	0.7	1.0	13.4	12.7	6.0

Source: Company data, Samsung Securities estimates

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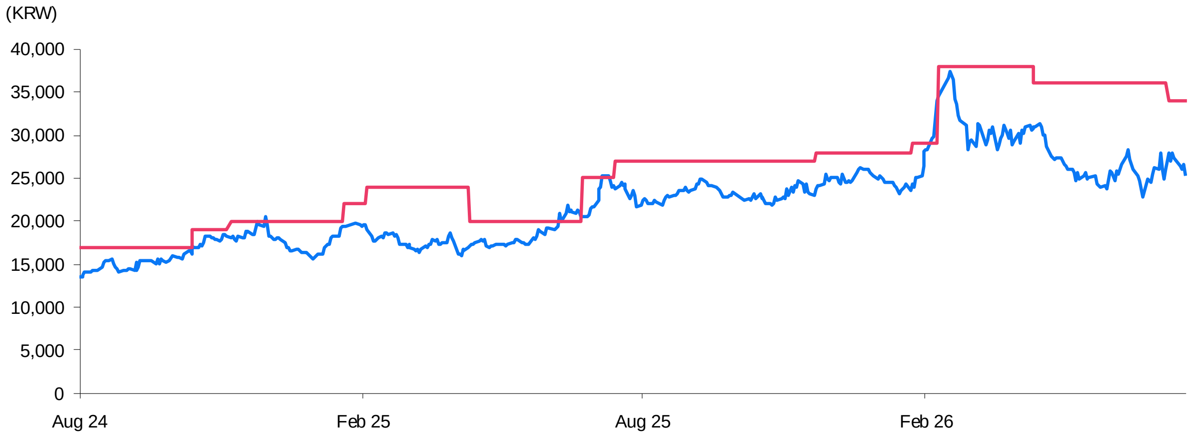

Rating changes over past two years (adjusted share prices)

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)												
(max or min)**												

Date	7/13
Recommendation	HOLD
Target price (KRW)	34000
Gap* (average)	
(max or min)**	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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* 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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