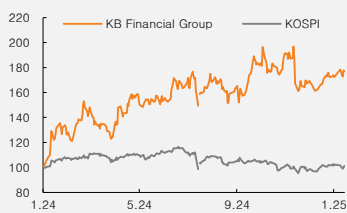


(Maintain)	<b>Buy</b>
Target price	<b>W120,000</b>
Current price (2/5/25)	W91,000
Upside	31.9%

NP (24, Wbn)	5,078
Consensus NP (24F, Wbn)	5,090
EPS growth (24, %)	2.5
Market EPS growth (24F, %)	68.4
P/E (24, x)	6.5
Market P/E (24F, x)	10.7
KOSPI	2,509.27

Market cap (Wbn)	35,811
Shares outstanding (mn)	394
Free float (%)	79.4
Foreign ownership (%)	76.9
Beta (12M)	1.15
52-week low (W)	62,300
52-week high (W)	101,200

(%)	1M	6M	12M
Absolute	8.6	18.5	45.1
Relative	5.7	15.3	49.9



Mirae Asset Securities Co., Ltd.

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# KB Financial Group

## Effective management of risk-weighted asset growth holds the key

### Maintain Buy and TP of W120,000

We maintain our Buy rating and target price of W120,000 on KB Financial Group (KBFG), as the group is following through on its previously announced corporate value enhancement plans. However, its CET1 ratio fell 33bps QoQ in 4Q24, significantly reducing its capacity for shareholder returns; as a result, share buybacks and cancellations in 1H25 are likely to amount to only W520bn, about half of our initial estimate (W1tr). The steep drop in the CET1 ratio was due to a 2.9% QoQ increase in risk-weighted assets, as the bank pursued asset growth to defend profitability despite won weakness.

To enhance shareholder returns in 2025, management plans to: 1) keep annual risk-weighted asset growth at around 4.5%; and 2) adopt a more flexible timeline for deciding additional shareholder returns (potentially announcing measures later in 2H rather than during the 2Q earnings release). However, delaying shareholder return decisions could reduce the shareholder return ratio for the following year. As such, the key is whether the bank can control risk-weighted asset growth within the target level.

For 4Q24, KBFG reported net profit attributable to owners of the parent of W682.9bn, lower than our estimate (W735.3bn) but in line with the consensus (W697.5bn). Net operating revenue exceeded our estimate, supported by better-than-expected non-interest income.

Interest income increased 3.8% YoY and 4.4% QoQ, in line with our estimates. NIM improved, rising 3bps QoQ for the group and 1bp QoQ for the bank, while won-denominated loans grew 0.5% QoQ.

Non-interest income declined 13.9% YoY and 73.4% QoQ but still exceeded our estimates. Fee/commission income remained solid, increasing 10.0% YoY and 5.8% QoQ.

Credit costs fell 59.5% YoY but increased 13.5% QoQ, coming in line with our estimates. Credit cost ratio was 48bps (-65bps YoY, +5bps QoQ).

(Dec.)	2022	2023	2024	2025F	2026F
Net operating revenue (Wbn)	13,738	16,221	17,028	17,194	16,578
OP (Wbn)	5,247	6,427	8,045	7,628	7,438
NP (Wbn)	4,122	4,626	5,078	5,469	5,329
EPS (W)	10,334	11,580	12,784	14,392	14,374
BPS (W)	135,583	150,344	154,035	168,857	182,515
P/E (x)	4.7	4.7	6.5	6.3	6.3
P/B (x)	0.36	0.36	0.54	0.54	0.50
ROE (%)	8.2	8.4	8.8	9.2	8.6
Shareholder return yield (%)	7.7	8.5	6.0	8.7	6.7
CET1 ratio (%)	13.2	13.6	13.5	13.6	13.8

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

**Table 1. KBFG: 4Q24 review**

(Wbn, %)

	Mirae Asset	4Q24	Notes
Net operating revenue	3,453	3,661	
Interest income	3,163	3,304	Group NIM +3bps, bank NIM +1bp QoQ
Bank	2,060	2,088	
Non-bank	1,104	1,216	
Non-interest income	290	357	Fee/commission income: +10.0% YoY, +5.8% QoQ
SG&A expenses	1,899	2,066	SG&A ratio: 56.4% (+2.9%p YoY, +19.8%p QoQ)
PPOP	1,554	1,595	
Provisioning	582	565	Credit cost ratio: 48bps (-65bps YoY, +5bps QoQ)
OP	972	1,030	
Non-OP	-33	-106	
Pretax profit	939	925	
Taxes	248	266	
Consolidated NP	691	659	
NP attr. to owners of the parent	735	683	

Source: Company data, Mirae Asset Securities Research

**Table 2. KBFG: Earnings and forecasts**

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2023	2024	2025F
Net operating revenue	4,412	4,449	4,506	3,661	16,221	17,028	17,194
Interest income	3,152	3,206	3,165	3,304	12,030	12,827	13,063
Bank	2,167	2,164	2,053	2,088	8,239	8,472	8,402
Non-bank	985	1,042	1,112	1,216	3,791	4,355	4,661
Non-interest income	1,261	1,243	1,341	357	4,191	4,202	4,131
SG&A expenses	1,628	1,594	1,651	2,066	6,647	6,939	7,438
PPOP	2,784	2,855	2,856	1,595	9,574	10,090	9,756
Provisioning	428	553	498	565	3,146	2,044	2,128
OP	2,355	2,302	2,358	1,030	6,427	8,045	7,628
Non-OP	-948	67	-73	-106	-265	-1,060	-265
Pretax profit	1,407	2,369	2,284	925	6,162	6,985	7,363
Taxes	344	659	688	266	1,605	1,957	1,944
Consolidated NP	1,063	1,711	1,596	659	4,557	5,029	5,419
NP attr. to owners of the parent	1,049	1,732	1,614	683	4,626	5,078	5,469

Source: Company data, Mirae Asset Securities Research

## KB Financial Group (105560 KS)

## Income statement

(Wbn)	2023	2024F	2025F	2026F
Net operating revenue	16,221	17,028	17,194	16,578
Interest income	12,030	12,827	13,063	12,282
Bank	8,239	8,472	8,402	8,569
Non-bank	3,791	4,355	4,661	3,713
Non-interest income	4,191	4,202	4,131	4,295
SG&A expenses	6,647	6,939	7,438	7,164
PPOP	9,574	10,090	9,756	9,413
Provisioning	3,146	2,044	2,128	1,976
OP	6,427	8,045	7,628	7,438
Non-OP	-265	-1,060	-265	-265
Pretax profit	6,162	6,985	7,363	7,173
Taxes	1,605	1,957	1,944	1,894
NP	4,557	5,029	5,419	5,279
Attr. to owners of the parent	4,626	5,078	5,469	5,329
Minority interests	-68	-50	-50	-50

Growth (%)	2023	2024F	2025F	2026F
Net operating revenue	18.1	5.0	1.0	-3.6
Interest income	5.6	6.6	1.8	-6.0
Bank	8.7	2.8	-0.8	2.0
Non-bank	-0.6	14.9	7.0	-20.3
Non-interest income	78.7	0.3	-1.7	4.0
SG&A expenses	0.1	4.4	7.2	-3.7
PPOP	34.9	5.4	-3.3	-3.5
Provisioning	70.3	-35.0	4.1	-7.2
OP	22.5	25.2	-5.2	-2.5
Non-OP	-264.9	300.2	-75.0	0.0
Pretax profit	14.0	13.4	5.4	-2.6
Taxes	6.5	21.9	-0.7	-2.6
NP	16.9	10.3	7.8	-2.6
Attr. to owners of the parent	12.2	9.8	7.7	-2.6
Minority interests	-69.1	-27.5	0.0	0.0

## Performance indicators

(%, Wbn)	2023	2024F	2025F	2026F
NIM	1.79	1.79	1.69	1.64
NIS	1.75	1.71	1.63	1.59
Cost-to-income ratio	41.0	40.7	43.3	43.2
Credit cost ratio	0.72	0.44	0.43	0.38
Asset growth	3.9	5.9	5.1	4.5
Equity growth (attr. to owners)	7.7	1.7	4.6	5.3
BIS capital	53,744	56,910	59,570	62,775
Tier 1 capital	49,390	52,531	55,192	58,396
CET1 capital	43,664	46,846	49,507	52,711
Tier 2 capital	4,353	4,379	4,379	4,379
Risk-weighted assets	321,319	346,868	364,535	380,837
BIS capital adequacy ratio	16.7	16.4	16.3	16.5
Tier 1 capital	15.4	15.1	15.1	15.3
CET1 capital	13.6	13.5	13.6	13.8
Tier 2 capital	1.4	1.3	1.2	1.1

Source: Company data, Mirae Asset Securities Research estimates

## Balance sheet

(Wbn)	2023	2024F	2025F	2026F
Assets	715,739	757,846	796,444	832,062
Cash/cash equivalents	29,836	29,869	31,390	32,794
Securities	199,238	210,460	221,179	231,070
Loans	444,805	472,072	496,116	518,302
Won-denominated bank loans	341,644	363,590	382,109	399,197
Tangible assets	9,264	9,286	9,286	9,286
Other	41,860	45,445	38,474	40,609
Liabilities	656,865	698,030	733,968	766,382
Deposits	406,512	435,688	457,878	478,355
Won-denominated bank deposits	354,428	377,577	396,808	414,554
Borrowings	138,760	144,249	151,675	158,374
Other	111,592	118,094	124,415	129,653
Equity	58,873	59,815	62,476	65,680
Attr. to owners of the parent	56,930	57,889	60,550	63,754
Capital stock	2,091	2,091	2,091	2,091
Capital surplus	16,648	16,647	16,647	16,647
Capital adj.	-1,166	-1,236	-1,236	-1,236
AOCI	2,295	497	497	497
Retained earnings	32,029	34,808	37,469	40,674
Other	5,033	5,083	5,083	5,083
Minority interests	1,944	1,926	1,926	1,926

## Investment indicators

(x, %, W)	2023	2024F	2025F	2026F
Valuation				
P/E	4.7	6.5	6.3	6.3
P/B	0.36	0.54	0.54	0.50
Dividend yield	5.7	3.8	3.7	4.1
Per-share indicators				
EPS	11,580	12,784	14,392	14,374
BPS	150,344	154,035	168,857	182,515
DPS	3,060	3,174	3,408	3,699
Growth				
EPS	10.9	2.5	9.6	8.1
BPS	10.9	2.5	9.6	8.1
Profitability				
ROE	8.4	8.8	9.2	8.6
ROA	0.66	0.69	0.70	0.65
PPOP margin	59.0	59.3	56.7	56.8
OP margin	39.6	47.2	44.4	44.9
Pretax margin	38.0	41.0	42.8	43.3
Net margin	28.5	29.8	31.8	32.1

## No. of shares &amp; dividend payout ratio

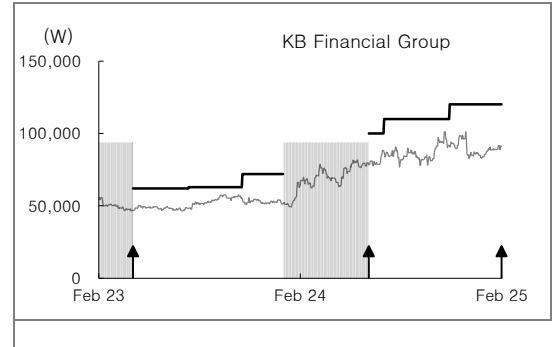
('000, %)	2023	2024F	2025F	2026F
Issued shares (year-end)	403,511	392,430	375,200	365,921
Common	403,511	392,430	375,200	365,921
Preferred	0	0	0	0
Dividend payout ratio	25.2	23.6	22.7	24.0
Common	25.2	23.6	22.7	24.0
Preferred	0.0	0.0	0.0	0.0

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (W)
KB Financial Group (105560)	11/04/24	Buy	120,000
	07/08/24	Buy	110,000
	06/10/24	Buy	100,000
	01/08/24	No Coverage	
	10/25/23	Buy	72,000
	07/20/23	Buy	63,000
	04/10/23	Buy	62,000



### Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

### Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

\* Our investment rating is a guide to the expected return of the stock over the next 12 months.

\* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

\* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

\* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

### Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.62%	7.14%	8.24%	0%
Investment banking services	85.71%	0%	14.29%	0%

\* Based on recommendations in the last 12-months (as of December 31, 2024)

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