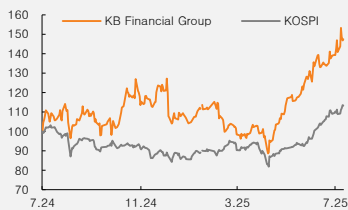


(Maintain)	Buy
Target price	▲ W167,000
Current price (7/11/25)	W117,300
Upside	42.4%

NP (25F, Wbn)	5,703
Consensus NP (25F, Wbn)	5,648
EPS growth (25F, %)	7.8
Market EPS growth (25F, %)	24.6
P/E (25F, x)	7.8
Market P/E (25F, x)	11.6
KOSPI	3,175.77

Market cap (Wbn)	44,746
Shares outstanding (mn)	381
Free float (%)	79.3
Foreign ownership (%)	77.9
Beta (12M)	0.80
52-week low (W)	70,500
52-week high (W)	122,000

(%)	1M	6M	12M
Absolute	9.4	33.6	37.4
Relative	0.2	5.8	25.1



Mirae Asset Securities Co., Ltd.

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105560 KS • Banks

KB Financial Group

The final step toward a P/B of 1.0x

Retain Buy and raise TP to W167,000

We maintain our Buy rating on KB Financial Group (KBFG) and raise our target price to W167,000 (from W120,000), applying a target P/B of 1.0x to our 2025 BPS estimate. Notably, KBFG is the only bank in the sector that has committed to returning all excess capital above a specified CET1 ratio threshold to shareholders. This reflects a disciplined capital management approach—an essential condition for resolving undervaluation. Accordingly, we believe our target P/B of 1.0x is justified. With our target price implying 42.4% upside, we maintain our Buy rating and present the stock as our top pick in the banking sector.

Poised to set a new benchmark for shareholder returns

We estimate that KBFG's CET1 ratio has risen to 13.71%, surpassing the 1H25 baseline of 13.5%. Accordingly, we expect the group to announce a share buyback/cancellation program worth around W740bn during its upcoming 2Q25 earnings call. (For 2Q25, we estimate risk-weighted assets at W355tr, with the 0.21%p CET1 surplus above the baseline translating to W740bn.) As a result, KBFG's annual shareholder return ratio is likely to exceed 50%, setting a new benchmark for shareholder returns in the banking sector.

2Q25 preview

For 2Q25, we estimate net profit attributable to owners of the parent at W1.66tr, in line with the consensus. Interest income likely edged up 1.4% YoY and 0.3% QoQ amid a 3bp QoQ decline in NIM and a 1.4% QoQ increase in won-denominated loans. Credit costs likely rose 7.7% YoY but fell 9.2% QoQ. The CET1 ratio likely expanded 4bps QoQ to 13.71%. While growth in won-denominated loans likely accelerated QoQ, we believe the impact was largely offset by the won's sharp appreciation.

(Dec.)	2023	2024	2025F	2026F	2027F
Net operating revenue (Wbn)	16,221	17,028	17,188	17,629	18,377
OP (Wbn)	6,427	8,045	7,712	8,219	8,808
NP (Wbn)	4,626	5,078	5,703	6,075	6,312
EPS (W)	11,483	12,879	14,970	16,602	18,088
BPS (W)	149,718	154,949	167,071	182,787	200,823
P/E (x)	4.7	6.4	7.8	7.1	6.5
P/B (x)	0.36	0.54	0.70	0.64	0.58
ROE (%)	8.4	8.8	9.7	9.9	9.8
Shareholder return yield (%)	8.5	6.5	7.0	8.0	9.2
CET1 ratio (%)	13.6	13.5	13.6	13.7	13.7

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. KBFG: TP calculation

(W, x, %)

	Value	Notes
Previous TP	120,000	
2025F ROE	9.6	Mirae Asset Securities est.
Adj. discount rate	13.5	
Target P/B	0.71	
2025F BPS	168,564	Mirae Asset Securities est.
Revised TP	167,000	
2025F ROE	9.7	Mirae Asset Securities est.
Adj. discount rate	9.7	
Target P/B	1.00	
2025F BPS	167,071	Mirae Asset Securities est.
Current price	117,300	
Upside	42.4	
Rating	Buy	

Source: Company data, Mirae Asset Securities Research

Table 2. KBFG: Earnings and forecasts

(Wbn)

	1Q25	2Q25F	3Q25F	4Q25F	2024	2025F	2026F
Net operating revenue	4,554	4,464	4,457	3,713	17,028	17,188	17,629
Interest income	3,262	3,271	3,283	3,293	12,827	13,109	13,357
Bank	2,158	2,141	2,151	2,166	8,472	8,615	8,856
Non-bank	1,105	1,130	1,132	1,127	4,355	4,494	4,501
Non-interest income	1,292	1,194	1,173	420	4,202	4,078	4,273
SG&A expenses	1,606	1,652	1,649	2,042	6,939	6,948	7,135
PPOP	2,949	2,813	2,808	1,671	10,090	10,239	10,494
Provisioning	656	596	604	672	2,044	2,527	2,275
OP	2,293	2,217	2,203	999	8,045	7,712	8,219
Non-OP	14	14	-43	-33	-1,060	-49	-49
Pretax profit	2,307	2,231	2,160	966	6,985	7,663	8,170
Taxes	608	589	570	255	1,957	2,022	2,157
Consolidated NP	1,699	1,642	1,590	711	5,029	5,642	6,013
NP attr. to owners of the parent	1,697	1,663	1,607	735	5,078	5,703	6,075

Source: Company data, Mirae Asset Securities Research

KB Financial Group (105560 KS)

Income statement

(Wbn)	2024	2025F	2026F	2027F
Net operating revenue	17,028	17,188	17,629	18,377
Interest income	12,827	13,109	13,357	13,901
Bank	8,472	8,615	8,856	9,346
Non-bank	4,355	4,494	4,501	4,555
Non-interest income	4,202	4,078	4,273	4,477
SG&A expenses	6,939	6,948	7,135	7,444
PPOP	10,090	10,239	10,494	10,934
Provisioning	2,044	2,527	2,275	2,126
OP	8,045	7,712	8,219	8,808
Non-OP	-1,060	-49	-49	-49
Pretax profit	6,985	7,663	8,170	8,759
Taxes	1,957	2,022	2,157	2,509
NP	5,029	5,642	6,013	6,250
Attr. to owners of the parent	5,078	5,703	6,075	6,312
Minority interests	-50	-62	-62	-62

Growth (%)	2024	2025F	2026F	2027F
Net operating revenue	5.0	0.9	2.6	4.2
Interest income	6.6	2.2	1.9	4.1
Bank	2.8	1.7	2.8	5.5
Non-bank	14.9	3.2	0.1	1.2
Non-interest income	0.3	-2.9	4.8	4.8
SG&A expenses	4.4	0.1	2.7	4.3
PPOP	5.4	1.5	2.5	4.2
Provisioning	-35.0	23.6	-10.0	-6.6
OP	25.2	-4.1	6.6	7.2
Non-OP	300.2	-95.4	0.0	0.0
Pretax profit	13.4	9.7	6.6	7.2
Taxes	21.9	3.3	6.7	16.3
NP	10.3	12.2	6.6	3.9
Attr. to owners of the parent	9.8	12.3	6.5	3.9
Minority interests	-27.5	24.8	0.0	0.0

Performance indicators

(%, Wbn)	2024	2025F	2026F	2027F
NIM	1.79	1.73	1.69	1.70
NIS	1.71	1.68	1.64	1.64
Cost-to-income ratio	40.7	40.4	40.5	40.5
Credit cost ratio	0.44	0.52	0.44	0.39
Asset growth	5.9	5.7	5.1	5.1
Equity growth (attr. to owners)	1.7	4.0	4.8	4.5
BIS capital	56,849	59,676	62,582	65,407
Tier 1 capital	52,477	55,658	58,565	61,390
CET1 capital	46,794	49,586	52,492	55,318
Tier 2 capital	4,372	4,017	4,017	4,017
Risk-weighted assets	345,981	363,837	383,881	405,029
BIS capital adequacy ratio	16.4	16.4	16.3	16.1
Tier 1 capital	15.2	15.3	15.3	15.2
CET1 capital	13.5	13.6	13.7	13.7
Tier 2 capital	1.3	1.1	1.0	1.0

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet

(Wbn)	2024	2025F	2026F	2027F
Assets	757,846	800,737	841,521	884,382
Cash/cash equivalents	29,869	31,849	33,471	35,176
Securities	210,460	223,200	234,568	246,515
Loans	472,072	493,629	518,771	545,193
Won-denominated bank loans	363,590	381,518	400,950	421,371
Tangible assets	9,286	9,436	9,436	9,436
Other	45,445	42,624	45,276	48,062
Liabilities	698,030	738,642	776,519	816,554
Deposits	435,688	451,515	474,512	498,680
Won-denominated bank deposits	377,577	394,799	414,907	436,040
Borrowings	144,249	150,230	157,934	166,077
Other	118,094	136,896	144,073	151,797
Equity	59,815	62,096	65,002	67,828
Attr. to owners of the parent	57,889	60,196	63,102	65,928
Capital stock	2,091	2,091	2,091	2,091
Capital surplus	16,647	16,603	16,603	16,603
Capital adj.	-1,236	-1,700	-1,700	-1,700
AOCI	497	-402	-402	-402
Retained earnings	34,808	38,118	41,024	43,850
Other	5,083	5,487	5,487	5,487
Minority interests	1,926	1,900	1,900	1,900

Investment indicators

(x, %, W)	2024	2025F	2026F	2027F
Valuation				
P/E	6.4	7.8	7.1	6.5
P/B	0.54	0.70	0.64	0.58
Dividend yield	3.8	3.2	3.5	3.9
Per-share indicators				
EPS	12,879	14,970	16,602	18,088
BPS	154,949	167,071	182,787	200,823
DPS	3,174	3,734	4,087	4,606
Growth				
EPS	3.5	7.8	9.4	9.9
BPS	3.5	7.8	9.4	9.9
Profitability				
ROE	8.8	9.7	9.9	9.8
ROA	0.69	0.73	0.74	0.73
PPOP margin	59.3	59.6	59.5	59.5
OP margin	47.2	44.9	46.6	47.9
Pretax margin	41.0	44.6	46.3	47.7
Net margin	29.8	33.2	34.5	34.3

No. of shares & dividend payout ratio

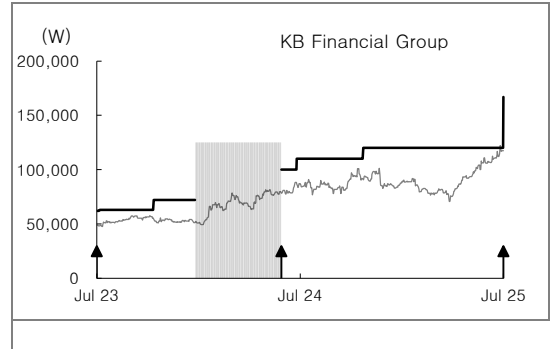
('000, %)	2024	2025F	2026F	2027F
Issued shares (year-end)	393,528	380,230	365,151	348,217
Common	393,528	380,230	365,151	348,217
Preferred	0	0	0	0
Dividend payout ratio	23.6	23.5	23.0	23.8
Common	23.6	23.5	23.0	23.8
Preferred	0.0	0.0	0.0	0.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
KB Financial Group (105560)	07/14/25	Buy	167,000
	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 return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

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

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

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	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

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