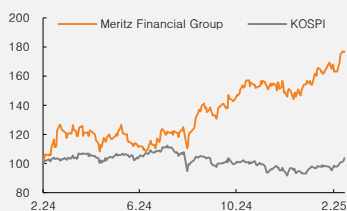


(Maintain)	Trading Buy
Target price	▲ W136,000
Current price (2/19/25)	W119,400
Upside	13.9%

OP (24, Wbn)	3,189
Consensus OP (24F, Wbn)	3,261
EPS growth (24, %)	11.6
Market EPS growth (24F, %)	68.1
P/E (24, x)	8.5
Market P/E (24F, x)	11.4
KOSPI	2,671.52

Market cap (Wbn)	22,772
Shares outstanding (mn)	191
Free float (%)	42.0
Foreign ownership (%)	16.0
Beta (12M)	0.80
52-week low (W)	73,100
52-week high (W)	119,500

(%)	1M	6M	12M
Absolute	6.8	31.2	51.9
Relative	0.9	31.3	52.4



Mirae Asset Securities Co., Ltd.

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Meritz Financial Group

Cautious optimism

Raise TP to W136,000; maintain Trading Buy

We maintain our Trading Buy rating on Meritz Financial Group (Meritz) and lift our target price to W136,000 (from W130,000), as we revised up our 2025F EPS to W13,587 (from W13,054). While 4Q24 net profit attributable to owners of the parent fell short of expectations, DPS was set at W1,350, higher than our estimate (W1,200).

For 4Q24, net profit attributable to owners of the parent came in at W340.2bn, missing the consensus (W368.9bn) and our estimate (W396.6bn) due to larger-than-expected experience variance losses. However, actuarial assumption updates led to a positive CSM adjustment (+W430.5bn), causing the year-end CSM balance to rise 6.9% YoY.

Meritz expects the new business environment to improve in 2025. Unlike its competitors, the company is unaffected by IFRS guideline changes for zero/low-surrender-value policies. Until last year, differences in lapse rate assumptions had put the company at a price disadvantage; now that assumptions have been standardized, the pricing gap with rivals should narrow, leading to a more favorable sales environment for Meritz. Accordingly, we project the firm's CSM balance to rise 6.4% YoY in 2025.

In 4Q24, investment profit fell 12.9% QoQ due to impairment losses on real estate but increased 2.4% on a YoY basis. Starting this year, management expects impairment losses to narrow amid a recovery in overseas real estate markets.

Management aims to achieve annual net profit of W3tr within the next two to three years. For 2025, we estimate net profit attributable to owners of the parent at W2.4tr (+4.1% YoY).

(Dec.)	2022	2023	2024	2025F	2026F
Underwriting profit (Wbn)	1,545	1,497	1,534	1,512	1,551
Pretax profit (Wbn)	2,914	2,854	3,141	3,316	3,576
NP (Wbn)	1,392	2,050	2,306	2,402	2,593
EPS (W)	8,356	10,967	12,238	13,587	15,444
BPS (W)	40,840	52,163	54,489	64,468	75,552
P/E (x)	5.1	5.4	8.5	8.8	7.7
P/B (x)	1.00	1.10	1.90	1.90	1.60
ROE (%)	0.0	28.2	23.4	22.3	21.5
Shareholder return yield (%)	3.1	6.7	6.2	6.1	6.9
K-ICS ratio (%)	0	242	248	243	240

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. TP calculation

(W, x, %)

	Value	Notes
Previous TP	130,000	
2025F ROE	21.5	Mirae Asset Securities est.
Adj. discount rate	11.5	
Target P/B	1.88	
2025F BPS	69,224	Mirae Asset Securities est.
Revised TP	136,000	
2025F ROE	22.3	Mirae Asset Securities est.
Adj. discount rate	10.6	
Target P/B	2.11	
2025F BPS	64,468	Mirae Asset Securities est.
Current price	119,400	
Upside	13.9	
Rating	Trading Buy	10-20% upside

Source: Mirae Asset Securities Research

Table 2. 4Q24 review

(Wbn, %)

	Mirae Asset	4Q24	Notes
Underwriting profit	246	129	
CSM release	282	292	CSM increased by W430.0bn
RA release	42	38	
Adj. for experience variances	-18	-173	Absence of IBNR-related provision reversals
Other expenses	-60	-27	
Investment profit	353	382	
Excl. insurance fin. gains/losses	527	553	
OP	599	511	
Non-OP	-71	-27	
Pretax profit	528	484	
Taxes	125	134	
NP	397	340	

Source: Mirae Asset Securities Research

Table 3. Earnings and forecasts

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2023	2024	2025F
Underwriting profit	458	483	463	129	1,497	1,534	1,512
CSM release	289	287	282	292	1,070	1,150	1,213
RA release	41	40	40	38	133	158	158
Adj. for experience variances	97	115	130	-173	269	169	84
Other expenses	31	41	12	-27	25	57	57
Investment profit	313	522	438	382	1,447	1,655	1,851
Excl. insurance fin. gains/losses	482	688	607	553	2,066	2,330	2,543
OP	771	1,006	902	511	2,944	3,189	3,363
Non-OP	38	-18	-41	-27	-90	-48	-48
Pretax profit	809	987	860	484	2,854	3,141	3,316
Taxes	218	251	204	134	722	808	875
NP	586	730	650	340	2,050	2,306	2,402

Source: Mirae Asset Securities Research

Meritz Financial Group (138040 KS)

Income statement

(Wbn)	2023	2024F	2025F	2026F
Underwriting profit	1,497	1,534	1,512	1,551
CSM release	1,070	1,150	1,213	1,294
RA release	133	158	158	158
Adj. for experience variances	269	169	84	42
Other	25	57	57	57
Investment profit	1,447	1,655	1,851	2,072
Excl. insurance fin. gains/losses	2,066	2,330	2,543	2,764
Interest income	2,050	2,044	2,180	2,311
Fee/commission income	583	497	621	667
OP	2,944	3,189	3,363	3,624
Non-OP	-90	-48	-48	-48
Pretax profit	2,854	3,141	3,316	3,576
Taxes	722	808	875	944
Tax rate	25	26	26	26
Consolidated NP	2,133	2,333	2,440	2,632
Attr. to owners of the parent	2,050	2,306	2,402	2,593

Key ratios

(x, %, W, Wbn)	2023	2024F	2025F	2026F
P/E	5.4	8.5	8.8	7.7
P/B	1.10	1.90	1.90	1.60
Dividend yield	4.0	1.3	1.1	1.1
EPS	10,967	12,238	13,587	15,444
BPS	52,163	54,489	64,468	75,552
DPS	2,360	1,350	1,350	1,350
ROE	28.2	23.4	22.3	21.5
ROA	2.14	2.12	2.05	2.17
K:ICS ratio	242.2	247.6	243.1	240.1
Available capital	12,950	13,495	15,001	16,649
Required capital	5,346	5,450	6,171	6,935
Dividend payout ratio	21.9	10.4	9.5	8.3
Common	21.9	10.4	9.5	8.3
Preferred	0.0	0.0	0.0	0.0

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet

(Wbn)	2023	2024F	2025F	2026F
Assets	102,263	115,578	118,194	120,941
Cash	4,928	5,000	5,183	5,444
Financial assets	74,829	84,587	88,216	92,108
FVPL	46,911	52,935	54,910	57,759
FVOCI	27,918	31,652	32,560	33,604
Investment in associates	1,039	745	745	745
Other assets	22,505	25,992	24,049	22,643
Liabilities	92,165	104,648	105,955	107,437
Insurance liabilities	21,577	24,377	25,561	26,833
BEL	6,226	8,592	9,131	9,731
CSM	10,469	11,188	11,904	12,653
RA	1,746	1,413	1,342	1,265
Other	3,136	3,184	3,184	3,184
Other liabilities	1	2	0	0
Equity	10,098	10,930	12,239	13,503
Attr. to owners of the parent	9,582	10,094	11,403	12,668
Capital stock	113	113	113	113
Capital surplus	125	125	125	125
Retained earnings	7,619	8,791	10,952	13,317
Surrender value reserves	0	2	0	10,313
Capital adj.	587	307	-693	-1,793
AOCI	546	-133	14	14
Hybrid securities	593	892	892	892
Minority interests	515	836	836	836

CSM chg.

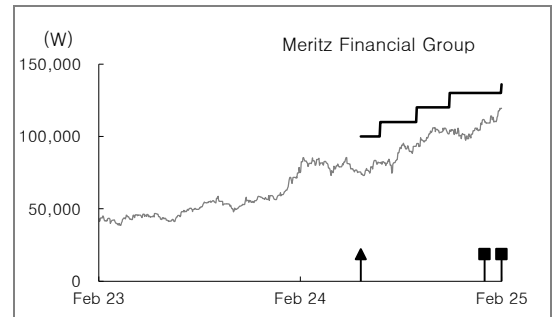
(Wbn)	2023	2024F	2025F	2026F
Starting CSM	9,638	10,469	11,188	11,904
New business	1,601	1,380	1,518	1,669
Discount unwind	298	338	336	336
Adj.	2	152	76	38
Release	-1,070	-1,150	-1,213	-1,294
Ending CSM	10,469	11,188	11,904	12,653

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Meritz Financial Group (138040)	02/20/25	Trading Buy	136,000
	01/20/25	Trading Buy	130,000
	11/18/24	Buy	130,000
	09/19/24	Buy	120,000
	07/15/24	Buy	110,000
	06/10/24	Buy	100,000



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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