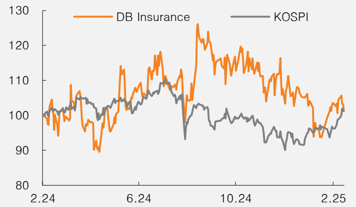
MIRAE ASSET Securities

Equity Research
February 24, 2025

(Maintain)	**Buy**
Target price	**W130,000**
Current price (2/21/25)	W98,900
Upside	31.4%

OP (24, Wbn)	2,363
Consensus OP (24F, Wbn)	2,409
EPS growth (24, %)	9.0
Market EPS growth (24F, %)	68.1
P/E (24, x)	3.8
Market P/E (24F, x)	11.3
KOSPI	2,654.58
Market cap (Wbn)	7,002
Shares outstanding (mn)	71
Free float (%)	61.6
Foreign ownership (%)	47.5
Beta (12M)	0.79
52-week low (W)	87,500
52-week high (W)	123,200

(%)	1M	6M	12M
Absolute	6.0	-19.7	1.0
Relative	0.5	-18.3	1.0



Mirae Asset Securities Co., Ltd.

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005830 KS · Insurance

DB Insurance

Stable increase in dividend payout expected

Maintain Buy and TP of W130,000

We maintain our Buy rating and target price of W130,000 on DB Insurance. The company's 4Q24 net profit attributable to owners of the parent was in line with our estimate, and its DPS exceeded our expectation of W6,700. Encouragingly, despite being one of the insurers most affected by IFRS guideline changes for zero/low-surrender-value policies, DB Insurance met its target dividend payout ratio (23%) while maintaining a K-ICS ratio above 200%. In 2025, we expect the company to gradually increase its payout ratio while keeping its K-ICS ratio above 200%.

For 4Q24, net profit attributable to owners of the parent came in at W194.3bn, in line with our estimate (W203.3bn) but below the consensus (W223.4bn). Despite improved performance in reinsurance, overall underwriting profit fell short of expectations due to: 1) decreased CSM release; 2) worsening experience variance resulting from adjustments to incurred claims; and 3) expenses related to loss-making contracts. That said, investment profits were better than expected.

CSM declined 7.2% QoQ to W12.2tr, mainly due to a significant (approximately W1.3tr) negative adjustment resulting from the implementation of zero/low-surrender-value policy guidelines. While the impact was the largest among industry peers, we note that this was largely a one-off factor, and any additional negative adjustments in 2025 should be modest.

The preliminary K-ICS ratio fell by 27.3%p QoQ to 201.5%, affected by: 1) the new zero/low-surrender-value policy guidelines (-16%p); and 2) a drop in the value of overseas assets stemming from the widening interest rate gap between Korea and the US (-5%p). In 1Q25, discount rate assumption changes could drive down the ratio by 6%p, but the impact should be offset by the issuance of W800bn in subordinated bonds (Feb. 20).

(Dec.)	2022	2023	2024	2025F	2026F
Underwriting profit (Wbn)		1,550	1,619	1,576	1,668
Pretax profit (Wbn)		2,025	2,366	2,355	2,447
NP (Wbn)		0	0	0	0
EPS (W)		24,556	26,769	29,729	30,893
BPS (W)	IFRS 4	170,486	160,472	156,635	181,700
P/E (x)		3.4	3.8	3.3	3.2
P/B (x)		0.50	0.60	0.60	0.50
ROE (%)		18.7	20.7	21.5	20.9
Shareholder return yield (%)		6.3	6.6	7.8	9.1
K-ICS ratio (%)		231	202	207	208

Notes: Under non-consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. DB Insurance: 4Q24 review (Wbn, %)

	Mirae Asset	4Q24	Notes
Underwriting profit	203	160	
CSM release	325	282	Negative CSM adjustments of W1.65tr
RA release	26	36	
Adj. for experience variances	-20	-101	Adj. of incurred claims
Other expenses	-127	-56	Expenses related to loss-making contracts (W118bn) vs. increased reinsurance income
Investment profit	70	124	
Excl. insurance fin. gains/losses	265	342	
OP	273	285	
Non-OP	-3	-2	
Pretax profit	270	283	
Taxes	67	88	
NP	203	194	

Source: Mirae Asset Securities Research

Table 2. DB Insurance: Earnings and forecasts (Wbn)

	1Q24	2Q24	3Q24	4Q24	2023	2024	2025F
Underwriting profit	563	534	361	160	1,550	1,619	1,576
CSM release	327	336	342	282	1,264	1,287	1,310
RA release	20	36	40	36	111	132	132
Adj. for experience variances	22	77	57	-101	228	55	38
Other expenses	194	85	-77	-56	-53	146	95
Investment profit	204	171	245	124	467	744	787
Excl. insurance fin. gains/losses	384	368	420	342	1,256	1,514	1,545
OP	767	705	606	285	2,017	2,363	2,362
Non-OP	-4	13	-3	-2	9	3	-7
Pretax profit	762	718	603	283	2,025	2,366	2,355
Taxes	179	177	149	88	489	594	570
NP	583	541	454	194	1,537	1,772	1,785

Source: Mirae Asset Securities Research

DB Insurance (005830 KS)

Income statement

(Wbn)	2023	2024F	2025F	2026F
Underwriting profit	1,550	1,619	1,576	1,668
CSM release	1,264	1,287	1,310	1,439
RA release	111	132	132	132
Adj. for experience variances	228	55	38	19
Other	-53	146	95	78
Investment profit	467	744	787	787
Excl. insurance fin. gains/losses	1,256	1,514	1,545	1,545
FVPL valuation gains/losses	70	48	48	48
Disposal gains/losses	4	117	117	117
OP	2,017	2,363	2,362	2,454
Non-OP	9	3	-7	-7
Pretax profit	2,025	2,366	2,355	2,447
Taxes	489	594	570	592
Tax rate	24	25	24	24
NP	1,537	1,772	1,785	1,855

Key ratios

(x, %, W, Wbn)	2023	2024F	2025F	2026F
P/E	3.4	3.8	3.3	3.2
P/B	0.50	0.60	0.60	0.50
Dividend yield	6.3	6.6	7.8	9.1
EPS	24,556	26,769	29,729	30,893
BPS	170,486	160,472	156,635	181,700
DPS	5,300	6,800	7,700	9,000
ROE	18.7	20.7	21.5	20.9
ROA	3.39	3.50	3.25	3.13
K-ICS ratio	231.1	201.5	206.6	208.0
Available capital	19,567	19,000	21,752	24,291
Required capital	8,467	9,400	10,528	11,680
Dividend payout ratio	20.7	23.0	25.9	29.1
Common	20.7	23.0	25.9	29.1
Preferred	0.0	0.0	0.0	0.0

Balance sheet

(Wbn)	2023	2024F	2025F	2026F
Assets	48,514	52,859	57,151	61,229
Cash	994	750	811	869
Financial assets	31,580	34,652	37,466	40,140
FVPL	11,174	11,407	12,333	13,214
FVOCI	19,545	22,226	24,031	25,745
AC	0	0	0	0
Other assets	15,940	17,456	18,873	20,220
Liabilities	39,838	44,443	48,936	51,700
Insurance liabilities	29,395	31,937	34,830	37,594
BEL	13,432	15,467	16,961	18,465
CSM	12,152	12,232	13,585	14,809
RA	1,575	1,884	1,929	1,964
Other	2,235	2,355	2,355	2,355
Other liabilities	10,443	12,506	14,106	14,106
Equity	8,676	8,416	8,215	9,529
Capital stock	35	35	35	35
Capital surplus	38	38	38	38
Retained earnings	8,651	10,105	11,427	12,742
Surrender value reserves	2,646	3,239	4,013	4,330
Capital adj.	-152	-152	-152	-152
AOCI	104	-1,609	-3,133	-3,133
Hybrid securities	0	0	0	0

CSM chg.

(Wbn)	2023	2024F	2025F	2026F
Starting CSM	11,643	12,152	12,232	13,585
New business	2,826	3,078	3,078	3,078
Discount unwind	364	441	468	468
Adj.	-1,420	-2,142	-883	-883
Release	-1,262	-1,298	-1,310	-1,439
Ending CSM	12,152	12,232	13,585	14,809

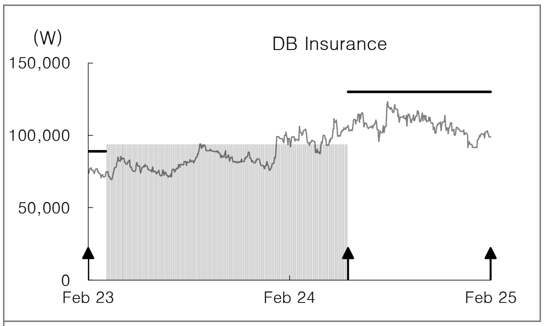
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
DB Insurance (005830)	06/10/24	Buy	130,000
	03/30/23	No Coverage	
	04/08/22	Buy	89,000



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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