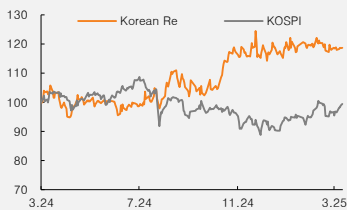


(Maintain)	Buy
Target price	W10,000
Current price (3/21/25)	W8,110
Upside	23.3%

OP (24, Wbn)	362
Consensus OP (24F, Wbn)	351
EPS growth (24, %)	-31.5
Market EPS growth (24F, %)	68.0
P/E (24, x)	7.0
Market P/E (24F, x)	11.3
KOSPI	2,643.13

Market cap (Wbn)	1,580
Shares outstanding (mn)	195
Free float (%)	70.4
Foreign ownership (%)	27.2
Beta (12M)	0.08
52-week low (W)	6,476
52-week high (W)	8,500

(%)	1M	6M	12M
Absolute	-1.3	14.4	14.4
Relative	-0.9	12.3	19.3



Mirae Asset Securities Co., Ltd.

Tae Joon Jeong, CFA

taejoon.jeong@miraeasset.com

Korean Re

Growth potential steadily expanding

Maintain Buy and TP of W10,000

We maintain our Buy rating on Korean Re with a target price of W10,000. In our view, the insurer's growth potential is steadily expanding amid shifts in the industry landscape. We note that financial authorities are incentivizing the use of coinsurance as a tool to help primary insurers manage risk and comply with upcoming changes to capital regulations. Specifically, regulators are set to introduce a new requirement based on tier 1 capital ratios.

Moreover, due to changes in economic assumptions and falling interest rates, many primary insurers have seen their capital ratios decline; some have even been unable to pay dividends due to the depletion of distributable earnings. This has increased the relative appeal of Korean Re, which is one of the few insurers to have seen a YoY improvement in its K-ICS ratio in 2024. As a result, the firm was able to maintain a dividend payout ratio in the 30% range.

Korean Re also boasts strong capital adequacy relative to peers; as of 3Q24, its tier 1 capital ratio stands at 159.6%, which is the second-highest level among the eight insurers under our coverage. The industry average stands at just 132.6%, and half of the insurers under our coverage have ratios below 100%.

For 4Q24, Korean Re reported solid net profit of W62.7bn, exceeding both our estimate (W55.2bn) and the consensus (W60.2bn). Notably, the firm announced a DPS of W515 (vs. our forecast of W450) for 2024. This translates into a dividend yield of 6.5%, which is among the highest in the industry. While shares of most primary insurers have risen recently, Korean Re's stock has remained largely unchanged since end-2024, increasing the relative appeal of its dividend yield.

For 2025, we forecast net profit to decline 8.1% YoY, mainly due to losses related to the Los Angeles wildfires in January (likely to be reflected in 1Q25). However, we project recurring net profit (excluding one-off impacts) to rise 4.5% YoY. For 2026, we look for notable earnings growth on a favorable comparison.

(Dec.)	2022	2023	2024	2025F	2026F
Underwriting profit (Wbn)		209	198	161	222
Pretax profit (Wbn)		363	359	327	389
NP (Wbn)		287	285	262	311
EPS (W)		1,655	1,134	853	874
BPS (W)		18,407	16,571	14,889	13,381
P/E (x)	IFRS 4	3.7	7.0	9.5	9.3
P/B (x)		0.30	0.50	0.50	0.60
ROE (%)		8.9	8.4	7.4	8.3
Shareholder return yield (%)		7.6	6.5	5.9	7.1
K-ICS ratio (%)		183	187	190	194

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. Korean Re: 4Q24 review

(Wbn, %)

	Mirae Asset	4Q24	Notes
Underwriting profit	18	57	
CSM release	19	23	
RA release	6	6	
Adj. for experience variances	-65	-98	
Other expenses	59	127	
Investment profit	51	22	Losses on bond sales
Excl. insurance fin. gains/losses	23	303	Won depreciation effects
OP	69	79	
Non-OP	1	-2	
Pretax profit	70	77	
Taxes	14	14	
NP	55	63	

Source: Mirae Asset Securities Research

Table 2. Korean Re: Earnings and forecasts

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2023	2024	2025F
Underwriting profit	50	43	49	57	209	198	161
CSM release	18	17	17	23	105	74	90
RA release	8	5	6	6	23	25	22
Adj. for experience variances	38	-134	-22	-98	-74	-217	-135
Other expenses	-14	155	49	127	154	316	184
Investment profit	31	80	31	22	156	163	174
Excl. insurance fin. gains/losses	142	188	-20	303	289	612	623
OP	81	122	80	79	365	362	335
Non-OP	-1	-1	1	-2	-2	-3	-8
Pretax profit	80	122	81	77	363	359	327
Taxes	17	30	14	14	76	74	65
NP	63	92	67	63	287	285	262

Source: Mirae Asset Securities Research

Korean Re (003690 KS)

Income statement

(Wbn)	2023	2024F	2025F	2026F
Underwriting profit	209	198	161	222
CSM release	105	74	90	100
RA release	23	25	22	22
Adj. for experience variances	-74	-217	-135	-45
Other	154	316	184	145
Investment profit	156	163	174	174
Excl. insurance fin. gains/losses	289	612	623	623
FVPL valuation gains/losses	27	25	24	24
Disposal gains/losses	-69	-12	0	0
OP	365	362	335	397
Non-OP	-2	-3	-8	-8
Pretax profit	363	359	327	389
Taxes	76	74	65	78
Tax rate	35	20	20	20
NP	287	285	262	311

Key ratios

(x, %, W, Wbn)	2023	2024F	2025F	2026F
P/E	3.7	7.0	9.5	9.3
P/B	0.30	0.50	0.50	0.60
Dividend yield	8.9	6.5	4.9	4.9
EPS	1,655	1,134	853	874
BPS	18,407	16,571	14,889	13,381
DPS	540	515	400	400
ROE	8.9	8.4	7.4	8.3
ROA	2.57	2.29	1.99	2.28
K-ICS ratio	183.2	186.9	190.2	194.1
Available capital	3,663	4,203	4,482	4,796
Required capital	1,999	2,248	2,357	2,472
Dividend payout ratio	27.7	31.9	32.4	32.7
Common	27.7	31.9	32.4	32.7
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	12,001	12,927	13,365	13,856
Cash	756	574	593	615
Financial assets	7,956	9,354	9,671	10,026
FVPL	2,198	2,514	2,599	2,694
FVOCI	2,641	4,650	4,807	4,984
AC	2,859	1,969	2,036	2,111
Other assets	3,289	3,000	3,101	3,215
Liabilities	8,700	9,474	9,737	10,027
Insurance liabilities	8,077	8,908	9,171	9,461
BEL	6,366	7,043	7,212	7,398
CSM	803	905	1,008	1,123
RA	499	498	487	478
Other	408	463	463	463
Other liabilities	623	566	566	566
Equity	3,301	3,453	3,629	3,829
Capital stock	70	71	71	71
Capital surplus	166	166	166	166
Retained earnings	2,179	2,344	2,521	2,730
Surrender value reserves	102	93	-229	-583
Capital adj.	-134	-135	-135	-135
AOCI	212	199	198	189
Hybrid securities	808	808	808	808

CSM chg.

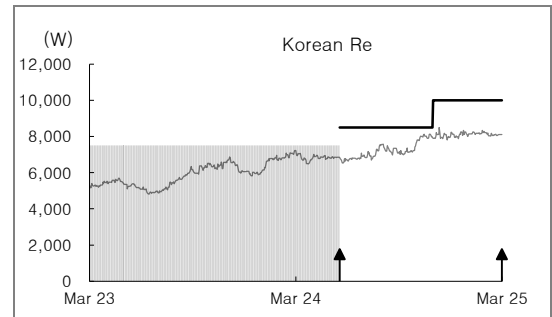
(Wbn)	2023	2024F	2025F	2026F
Starting CSM	1,064	803	905	1,008
New business	242	196	215	237
Discount unwind	48	33	33	33
Adj.	-443	-55	-55	-55
Release	-108	-72	-90	-100
Ending CSM	803	905	1,008	1,123

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Korean Re (003690)	11/22/24	Buy	10,000
	06/10/24	Buy	8,487



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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Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong
Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil
Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia
Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
