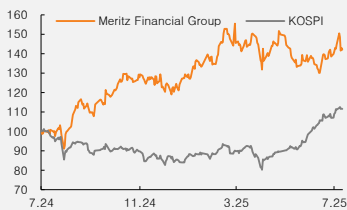


(Upgrade)	Buy
Target price	▲ W145,000
Current price (7/18/25)	W116,200
Upside	24.8%

OP (25F, Wbn)	3,456
Consensus OP (25F, Wbn)	3,170
EPS growth (25F, %)	18.0
Market EPS growth (25F, %)	24.5
P/E (25F, x)	8.0
Market P/E (25F, x)	11.7
KOSPI	3,188.07

Market cap (Wbn)	20,918
Shares outstanding (mn)	180
Free float (%)	42.1
Foreign ownership (%)	15.7
Beta (12M)	0.58
52-week low (W)	74,500
52-week high (W)	127,200

(%)	1M	6M	12M
Absolute	7.9	3.9	44.0
Relative	0.6	-17.7	27.6



Mirae Asset Securities Co., Ltd.

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Meritz Financial Group

Strong shareholder return policy to stand out

Upgrade to Buy and lift TP to W145,000

We lift our target price for Meritz Financial Group (Meritz) to W145,000 (from W136,000). Our target price is based on our 2025 BPS estimate and a P/B of 2.28x, which corresponds to a P/E of 10x. We assigned a higher valuation to Meritz than its peers for two key reasons: 1) the company continues to actively implement shareholder return measures focused on steady share buybacks/cancellations; and 2) it communicates its plans and progress transparently. With our target price implying more than 20% upside, we upgrade the stock to Buy (from Trading Buy) and present it as our top insurance pick.

Strong shareholder return policy to stand out

Insurance stocks have rallied recently on hopes for shareholder-friendly policy changes such as mandatory share cancellation and separate taxation on dividend income. However, Meritz has been somewhat sidelined from the rally—ironically due to its already strong shareholder return policy (which leaves little room for further improvement). That said, if peers fail to meet expectations after policy changes are enacted, Meritz's strong shareholder returns could come back into focus.

2Q25 preview

For 2Q25, we expect Meritz to post net profit attributable to owners of the parent of W690.8bn, in line with the consensus. For the non-life insurance business, we estimate new business CSM and net profit held steady QoQ. We also estimate securities net profit grew QoQ, supported by a recovery in trading gains due to a strong stock market and falling yields. Meanwhile, the company's Homeplus bond holdings are unlikely to have affected earnings, as general reserves related to the bonds were set aside in 1Q25, and no conditions have arisen that would have required reclassifying those reserves into actual loss provisions.

(Dec.)	2023	2024	2025F	2026F	2027F
Underwriting profit (Wbn)	1,497	1,534	1,426	1,534	1,611
Pretax profit (Wbn)	2,854	3,141	3,488	3,760	3,849
NP (Wbn)	2,050	2,306	2,544	2,749	2,838
EPS (W)	10,967	12,238	14,446	16,557	18,304
BPS (W)	52,163	54,489	63,543	74,277	86,936
P/E (x)	5.4	8.5	8.0	7.0	6.3
P/B (x)	1.10	1.90	1.80	1.60	1.34
ROE (%)	28.2	23.4	23.9	23.4	22.1
Shareholder return yield (%)	6.7	6.2	6.5	7.7	8.8
K-ICS ratio (%)	242	248	243	238	249.2

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. Meritz Financial Group: TP calculation

(W, x, %)

	Value	Notes
Previous 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.
Revised TP	145,000	
2025F ROE (G)	23.9	Mirae Asset Securities est.
Adj. discount rate	10.5	
Target P/B	2.28	
2025F BPS	63,543	Mirae Asset Securities est.
Current price	116,200	
Upside	24.8	(K) = (J) ÷ (A)
Rating	Buy	

Source: Company data, Mirae Asset Securities Research

Table 2. Meritz Financial Group: Earnings and forecasts

(Wbn)

	1Q25	2Q25F	3Q25F	4Q25F	2024	2025F	2026F
Underwriting profit	360	366	366	334	1,534	1,426	1,534
CSM release	288	289	291	300	1,150	1,167	1,224
RA release	43	40	40	38	158	160	160
Adj. for experience variances	38	11	11	11	169	70	43
Other expenses	-9	27	25	-15	57	28	107
Investment profit	362	597	564	508	1,655	2,031	2,194
Excl. insurance fin. gains/losses	524	759	726	670	2,330	2,678	2,841
OP	722	963	930	842	3,189	3,456	3,729
Non-OP	117	-18	-41	-27	-48	31	31
Pretax profit	839	945	889	815	3,141	3,488	3,760
Taxes	218	243	229	210	808	899	967
NP	610	691	649	595	2,306	2,544	2,749

Source: Company data, Mirae Asset Securities Research

Meritz Financial Group (138040 KS)

Income statement

(Wbn)	2024	2025F	2026F	2027F
Underwriting profit	1,534	1,426	1,534	1,611
CSM release	1,150	1,167	1,224	1,278
RA release	158	160	160	160
Adj. for experience variances	169	70	43	43
Other	57	28	107	131
Investment profit	1,655	2,031	2,194	2,238
Excl. insurance fin. gains/losses	2,330	2,678	2,841	2,885
Interest income	2,044	2,170	2,194	2,248
Fee/commission income	497	646	742	787
OP	3,189	3,456	3,729	3,849
Non-OP	-48	31	31	31
Pretax profit	3,141	3,488	3,760	3,880
Taxes	808	899	967	998
Tax rate	26	26	26	25.7
Consolidated NP	2,333	2,588	2,793	2,882
Attr. to owners of the parent	2,306	2,544	2,749	2,838

Key ratios

(x, %, W, Wbn)	2024	2025F	2026F	2027F
P/E	8.5	8.0	7.0	6.3
P/B	1.90	1.80	1.60	1.34
Dividend yield	1.3	1.2	1.2	1.2
EPS	12,238	14,446	16,557	18,304
BPS	54,489	63,543	74,277	86,936
DPS	1,350	1,350	1,350	1,350
ROE	23.4	23.9	23.4	22.1
ROA	2.12	2.14	2.23	2.26
K-ICS ratio	248.2	242.7	238.4	249.2
Available capital	13,517	13,886	15,207	16,424
Required capital	5,445	5,722	6,378	6,591
Dividend payout ratio	10.4	8.9	7.8	7.0
Common	10.4	8.9	7.8	7.0
Preferred	0.0	0.0	0.0	0.0

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet

(Wbn)	2024	2025F	2026F	2027F
Assets	115,578	122,268	124,580	126,865
Cash	5,000	6,756	7,096	7,413
Financial assets	84,587	89,603	93,598	97,330
FVPL	52,935	56,367	59,421	62,268
FVOCI	31,652	32,142	33,083	33,968
Investment in associates	745	1,094	1,094	1,094
Other assets	25,992	24,815	22,791	21,028
Liabilities	104,648	110,044	111,234	112,394
Insurance liabilities	24,377	26,834	27,776	28,706
BEL	8,592	10,527	11,093	11,668
CSM	11,188	11,648	12,131	12,599
RA	1,413	1,387	1,280	1,167
Other	3,184	3,272	3,272	3,272
Other liabilities	2	0	0	0
Equity	10,930	12,224	13,346	14,471
Attr. to owners of the parent	10,094	11,185	12,307	13,432
Capital stock	113	113	113	113
Capital surplus	125	125	125	125
Retained earnings	8,791	10,581	13,102	15,727
Surrender value reserves	1,793	2,505	2,805	2,928
Capital adj.	307	-7	-1,207	-2,507
AOCI	-133	-520	-719	-919
Hybrid securities	892	893	893	893
Minority interests	836	1,039	1,039	1,039

CSM chg.

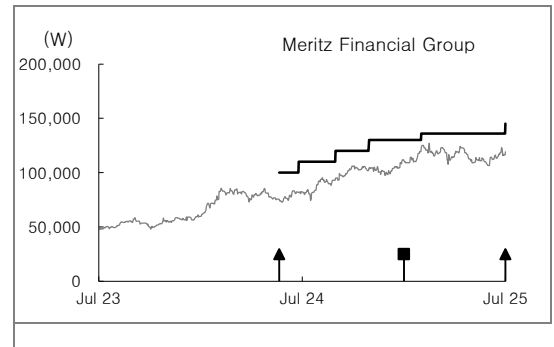
(Wbn)	2024	2025F	2026F	2027F
Starting CSM	10,469	11,188	11,648	12,131
New business	1,380	1,427	1,427	1,427
Discount unwind	338	358	358	358
Adj.	152	-157	-79	-39
Release	-1,150	-1,167	-1,224	-1,278
Ending CSM	11,188	11,648	12,131	12,599

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Meritz Financial Group (138040)	07/21/25	Buy	145,000
	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 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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