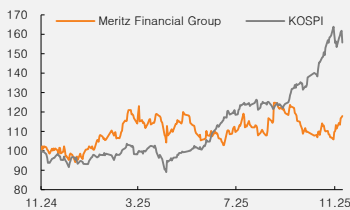


(Maintain)	Buy
Target price	▲ W157,000
Current price (11/14/25)	W121,900
Upside	28.8%

OP (25F, Wbn)	3,314
Consensus OP (25F, Wbn)	3,183
EPS growth (25F, %)	15.6
Market EPS growth (25F, %)	32.0
P/E (25F, x)	8.6
Market P/E (25F, x)	14.1
KOSPI	4,011.57

Market cap (Wbn)	21,360
Shares outstanding (mn)	175
Free float (%)	41.1
Foreign ownership (%)	15.2
Beta (12M)	0.31
52-week low (W)	97,300
52-week high (W)	129,000

(%)	1M	6M	12M
Absolute	10.2	4.5	19.0
Relative	-2.1	-31.2	-28.2



Mirae Asset Securities Co., Ltd.

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Meritz Financial Group

Consistent shareholder returns and resilient earnings

Raise TP to W157,000; maintain Buy

We lift our target price for Meritz Financial Group (Meritz) to W157,000 (from W145,000). Our target price is based on a 2026F P/B of 2.18x and implies a P/E of 10x. Our higher valuation for Meritz relative to peers reflects: 1) the three-year extension of its existing corporate value enhancement plan; and 2) the resulting expectation that the firm will continue to execute a shareholder return policy centered on buybacks/cancellations to achieve its long-term P/E target of 10x. With our target price implying 28.8% upside, we maintain our Buy rating and retain the stock as our top pick in the insurance sector.

3Q25 review: In-line results

For 3Q25, the company reported net profit attributable to owners of the parent of W654.7bn, broadly in line with the consensus (W650bn). Underwriting profit declined both YoY and QoQ due to adverse experience variance, but investment profit remained resilient. Management attributed the industry-wide deterioration in experience variance to: 1) the normalization of medical activity; and 2) the lingering impact of excessive competition in 2023–24. However, as the latter factor had a limited impact on Meritz, we expect the firm to maintain a competitive edge.

2026 outlook

For 2026, we forecast Meritz to post a 5.6% YoY increase in net profit attributable to owners of the parent and an 11.1% YoY rise in EPS. For the non-life insurance business, we forecast net profit to grow 4.7% YoY, driven by reduced losses from adverse experience variance. For the securities arm, we expect net profit to expand 5.7% YoY, aided by improved subsidiary earnings.

Meanwhile, our expectation that EPS growth will outpace net profit growth reflects the effect of Meritz's consistent share buybacks and cancellations. For 2026, we estimate its shareholder return ratio to reach 55.2%, implying a yield of 7.8%.

(Dec.)	2023	2024	2025F	2026F	2027F
Underwriting profit (Wbn)	1,497	1,534	1,216	1,398	1,488
Pretax profit (Wbn)	2,854	3,141	3,483	3,679	3,836
NP (Wbn)	2,050	2,306	2,535	2,678	2,799
EPS (W)	10,967	12,238	14,147	15,715	17,613
BPS (W)	52,163	54,489	62,605	72,209	84,953
P/E (x)	5.4	8.5	8.6	7.8	6.9
P/B (x)	1.13	1.91	1.95	1.69	1.43
ROE (%)	28.2	23.4	24.0	23.4	22.5
Shareholder return yield (%)	6.7	6.2	6.2	7.8	8.4
K-ICS ratio (%)	242.2	248.2	232.2	234.0	250.8

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	145,000	
2025F ROE	23.9	Mirae Asset Securities est.
Adj. discount rate	10.5	
Target P/B	2.28	
2025F BPS	63,532	Mirae Asset Securities est.
Revised TP	157,000	
2026F ROE (G)	23.4	Mirae Asset Securities est.
Adj. discount rate	10.8	
Target P/B	2.18	
2026F BPS	72,209	Mirae Asset Securities est.
Current price	121,900	
Upside	28.8	
Rating	Buy	

Source: Company data, Mirae Asset Securities Research

Table 2. Meritz Financial Group: Earnings and forecasts

(Wbn)

	1Q25	2Q25	3Q25	4Q25F	2024	2025F	2026F
Underwriting profit	360	364	300	192	1,534	1,216	1,398
CSM release	288	287	295	296	1,150	1,165	1,222
RA release	43	45	47	38	158	172	172
Adj. for experience variance	12	16	-89	-89	172	-150	53
Other expenses	17	17	48	-52	54	29	-50
Investment profit	362	585	562	588	1,655	2,098	2,275
Excl. insurance fin. gains/losses	524	742	724	750	2,330	2,739	2,921
OP	722	950	862	780	3,189	3,314	3,672
Non-OP	117	49	30	-27	-48	170	6
Pretax profit	839	999	892	753	3,141	3,483	3,679
Taxes	218	261	224	194	808	897	946
NP	610	725	655	546	2,306	2,535	2,678

Source: Company data, Mirae Asset Securities Research

Meritz Financial Group (138040 KS)

Income statement

(Wbn)	2024	2025F	2026F	2027F
Underwriting profit	1,534	1,216	1,398	1,488
CSM release	1,150	1,165	1,222	1,288
RA release	158	172	172	172
Adj. for experience variance	172	-150	53	53
Other	54	29	-50	-26
Investment profit	1,655	2,098	2,275	2,348
Excl. insurance fin. Gains/losses	2,330	2,739	2,921	2,994
Interest income	2,044	2,124	2,079	2,132
Fee/commission income	497	647	812	853
OP	3,189	3,314	3,672	3,836
Non-OP	-48	170	6	6
Pretax profit	3,141	3,483	3,679	3,842
Tax	808	897	946	988
Tax rate	26	26	26	25.7
Consolidated NP	2,333	2,586	2,733	2,854
Attr. to owners of the parent	2,306	2,535	2,678	2,799

Key ratios

(x, %, W, Wbn)	2024	2025F	2026F	2027F
P/E	8.5	8.6	7.8	6.9
P/B	1.90	1.90	1.70	1.43
Dividend yield	1.3	1.1	0.4	0.4
EPS	12,238	14,147	15,715	17,613
BPS	54,489	62,605	72,209	84,953
DPS	1,350	1,300	500	500
ROE	23.4	24.0	23.4	22.5
ROA	2.12	2.03	1.99	2.04
K-ICS ratio	248.2	232.2	234.0	250.8
Available capital	13,517	13,288	15,049	16,838
Required capital	5,445	5,723	6,431	6,714
Dividend payout ratio	10.4	8.6	2.9	2.6
Common	10.4	8.6	2.9	2.6
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	133,614	135,961	138,635
Cash	5,000	7,343	7,753	8,175
Financial assets	84,587	90,912	95,466	100,143
FVPL	52,935	56,582	59,883	63,283
FVOCI	31,652	32,960	34,213	35,490
Investment in associates	745	1,371	1,371	1,371
Other assets	25,992	33,988	31,372	28,946
Liabilities	104,648	121,553	123,039	124,591
Insurance liabilities	24,377	25,711	26,839	28,022
BEL	8,592	9,362	9,984	10,619
CSM	11,188	11,509	12,116	12,768
RA	1,413	1,435	1,334	1,230
Other	3,184	3,405	3,405	3,405
Other liabilities	2	0	0	0
Equity	10,930	12,061	12,922	14,043
Attr. to owners of the parent	10,094	11,018	11,879	13,000
Capital stock	113	113	113	113
Capital surplus	125	125	125	125
Retained earnings	8,791	9,495	11,956	14,677
Surrender value reserves	1,793	2,722	3,270	3,495
Capital adj.	307	926	-474	-1,874
AOCI	-133	-743	-943	-1,143
Hybrid securities	892	1,102	1,102	1,102
Minority interests	836	1,043	1,043	1,043

CSM chg.

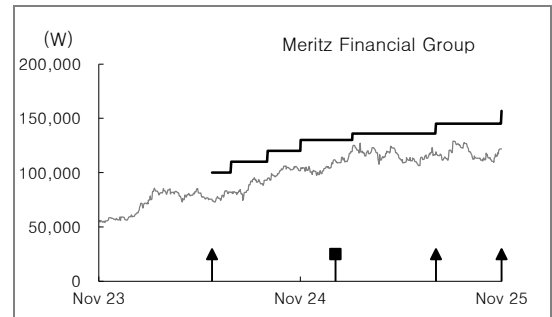
(Wbn)	2024	2025F	2026F	2027F
Starting CSM	10,469	11,188	11,509	12,116
New business	1,380	1,576	1,692	1,692
Discount unwind	338	360	361	361
Adj.	152	-450	-225	-113
Release	-1,150	-1,165	-1,222	-1,288
Ending CSM	11,188	11,509	12,116	12,768

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Meritz Financial Group (138040)	11/17/25	Buy	157,000
	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	78.61%	1.73%	19.08%	0.58%
Investment banking services	84.62%	0%	15.38%	0%

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

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