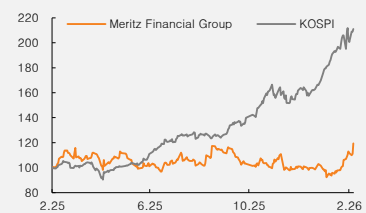


(Maintain)	<b>Buy</b>
Target price	<b>▲ W161,000</b>
Current price (2/11/26)	W131,200
Upside	22.7%

OP (25, Wbn)	2,873
Consensus OP (25F, Wbn)	3,255
EPS growth (25, %)	5.0
Market EPS growth (25F, %)	36.0
P/E (25, x)	8.8
Market P/E (25F, x)	18.4
KOSPI	5,354.49

Market cap (Wbn)	22,989
Shares outstanding (mn)	169
Free float (%)	38.9
Foreign ownership (%)	14.8
Beta (12M)	0.34
52-week low (W)	101,500
52-week high (W)	131,200

(%)	1M	6M	12M
Absolute	29.3	17.6	17.8
Relative	10.7	-29.6	-44.2



Mirae Asset Securities Co., Ltd.

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# Meritz Financial Group

## On track to reach a P/E of 10x

### Raise TP to W161,000; maintain Buy

We maintain our Buy rating on Meritz Financial Group (Meritz) and raise our target price to W161,000 (from W157,000). Our target price is based on a 2026F P/E of 10x and corresponds to a 2026F P/B of 2.29x. In line with its previously announced corporate value enhancement plan, the company has continued to execute a shareholder return policy centered on buybacks/cancellations, with its 2025 shareholder return ratio exceeding 60%. As our target price implies 22.7% upside, we maintain our Buy rating on Meritz. We continue to recommend the stock as our top pick in the insurance sector.

### 4Q25 review: Below-consensus results

For 4Q25, Meritz reported net profit attributable to owners of the parent of W310.7bn, below our estimate of W371.7bn. While underwriting profit was better than expected thanks to the reversal of onerous contract provisions, investment profit was weak due to one-off losses from bond disposals. With a negative CSM adjustment (-W596bn) stemming from a higher education tax rate and an increase in lapse rate assumptions, the end-2025 CSM balance declined 0.8% YoY. However, management indicated that the company is likely to be the most resilient to the upcoming application of regulatory guidelines on loss ratio and expense assumptions.

### 2026 outlook

For 2026, we expect Meritz to post an 18.2% YoY increase in net profit attributable to owners of the parent and a 25.3% YoY increase in EPS. For the non-life insurance business, we forecast net profit to grow 8.4% YoY, driven by reduced losses from adverse experience variance. For the securities arm, we expect net profit to expand 9.1% YoY, aided by solid market conditions.

Meanwhile, our expectation that EPS growth will outpace net profit growth reflects the effects of Meritz's consistent buybacks/cancellations. For 2026, we estimate shareholder return ratio to reach 55.2%, implying a yield of 7.3%.

(Dec.)	2023	2024	2025	2026F	2027F
Underwriting profit (Wbn)	1,497	1,534	1,425	1,427	1,526
OP (Wbn)	2,944	3,189	2,873	3,484	3,575
NP (Wbn)	2,050	2,306	2,300	2,719	2,787
EPS (W)	10,967	12,238	12,853	16,100	17,703
BPS (W)	52,163	54,489	59,248	70,525	83,039
P/E (x)	5.4	8.5	8.8	8.1	7.4
P/B (x)	1.13	1.91	1.91	1.86	1.58
ROE (%)	28.2	23.4	22.5	24.9	23.2
Shareholder return yield (%)	9.7	6.6	7.7	7.3	7.9
K-ICS ratio (%)	242.2	248.2	237.4	237.0	253.3

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



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**Table 1. TP calculation**

(W, x, %)

	Value	Notes
Previous TP	157,000	
2026F ROE	23.4	Mirae Asset Securities est.
Adj. discount rate	10.8	
Target P/B	2.18	
2026F BPS	72,209	Mirae Asset Securities est.
Revised TP	161,000	
2026F ROE	24.9	Mirae Asset Securities est.
Adj. discount rate	10.9	
Target P/B	2.29	
2026F BPS	70,525	Mirae Asset Securities est.
Current price	131,200	
Upside	22.7	
Rating	Buy	20% upside

Source: Mirae Asset Securities Research

**Table 2. 4Q25 review**

(Wbn, %)

	Mirae Asset	4Q25	Notes
Underwriting profit	191	401	
CSM release	295	298	
RA release	38	50	
Adj. for experience variances	-89	-129	
Other expenses	-52	182	Reversal of onerous contract provisions
Investment profit	354	-62	Wider bond disposal losses
Excl. insurance fin. gains/losses	516	99	
OP	546	339	
Non-OP	-27	92	
Pretax profit	519	431	
Taxes	133	108	
NP	372	311	

Source: Mirae Asset Securities Research

**Table 3. Earnings and forecasts**

(Wbn)

	1Q25	2Q25	3Q25	4Q25	2024	2025	2026F
Underwriting profit	360	364	300	401	1,534	1,425	1,427
CSM release	288	287	295	298	1,150	1,167	1,217
RA release	43	45	47	50	158	184	184
Adj. for experience variances	12	16	-89	-129	172	-190	-103
Other expenses	17	17	48	182	54	264	128
Investment profit	362	585	562	-62	1,655	1,447	2,057
Excl. insurance fin. gains/losses	524	742	724	99	2,330	2,089	2,703
OP	722	950	862	339	3,189	2,873	3,484
Non-OP	117	49	30	92	-48	289	244
Pretax profit	839	999	892	431	3,141	3,162	3,729
Taxes	218	261	224	108	808	811	959
NP	610	725	655	311	2,306	2,300	2,719

Source: Mirae Asset Securities Research

## Meritz Financial Group (138040 KS)

**Income statement**

(Wbn)	2024	2025	2026F	2027F
Underwriting profit	1,534	1,425	1,427	1,526
CSM release	1,150	1,167	1,217	1,258
RA release	158	184	184	184
Adj. for experience variances	172	-190	-103	-59
Other	54	264	128	143
Investment profit	1,655	1,447	2,057	2,050
Excl. insurance fin. gains/losses	2,330	2,089	2,703	2,695
FVPL valuation gains/losses	2,044	2,110	2,179	2,185
Disposal gains/losses	497	652	960	914
OP	3,189	2,873	3,484	3,575
Non-OP	-48	289	244	244
Pretax profit	3,141	3,162	3,729	3,820
Tax	808	811	959	982
Tax rate	25.7	25.7	25.7	25.7
Consolidated NP	2,333	2,350	2,770	2,838
Attr. to owners of the parent	2,306	2,300	2,719	2,787

**Key ratios**

(x, %, W, Wbn)	2024	2025	2026F	2027F
P/E	8.5	8.8	8.1	7.4
P/B	1.91	1.91	1.86	1.58
Dividend yield	1.3	0.0	0.0	0.0
EPS	12,238	12,853	16,100	17,703
BPS	54,489	59,248	70,525	83,039
DPS	1,350	0	0	0
ROE	23.4	22.5	24.9	23.2
ROA	2.12	1.83	1.99	2.01
K-ICS ratio	248.2	237.4	237.0	253.3
Available capital	13,517	13,347	14,799	16,418
Required capital	5,445	5,622	6,244	6,481
Dividend payout ratio	10.4	0.0	0.0	0.0
Common	10.4	0.0	0.0	0.0
Preferred	0.0	0.0	0.0	0.0

Source: Company data, Mirae Asset Securities Research estimates

**Balance sheet**

(Wbn)	2024	2025	2026F	2027F
Assets	115,578	135,458	137,684	140,013
Cash	5,000	9,292	9,788	10,250
Financial assets	84,587	92,328	101,341	105,472
FVPL	52,935	58,383	61,621	64,613
FVOCI	31,652	33,945	35,019	36,159
AC	745	4,700	4,700	4,700
Other assets	25,992	33,838	21,855	19,590
Liabilities	104,648	124,197	125,264	126,505
Insurance liabilities	24,377	23,793	24,512	25,437
BEL	8,592	8,339	8,903	9,488
CSM	11,188	11,104	11,407	11,886
RA	1,413	1,316	1,167	1,029
Other	3,184	3,035	3,035	3,035
Other liabilities	2	0	0	0
Equity	10,930	11,261	12,420	13,508
Attr. to owners of the parent	10,094	10,323	11,481	12,569
Capital stock	113	113	113	113
Capital surplus	125	125	125	125
Retained earnings	8,791	9,238	11,957	14,744
Surrender value reserves	1,793	2,977	4,059	4,502
Capital adj.	307	540	-960	-2,460
AOCI	-133	-696	-757	-956
Hybrid securities	892	1,002	1,002	1,002
Minority interests	836	939	939	939

**CSM chg.**

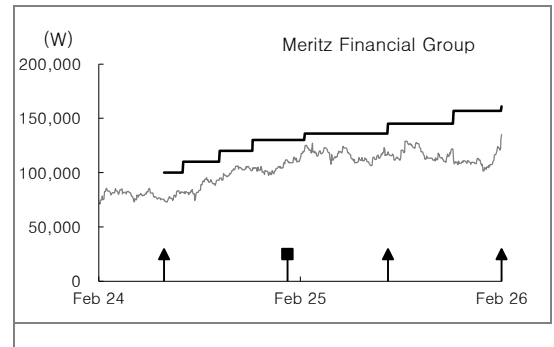
(Wbn)	2024	2025	2026F	2027F
Starting CSM	10,469	11,188	11,104	11,407
New business	1,380	1,588	1,588	1,588
Discount unwind	338	362	366	366
Adj.	152	-867	-433	-217
Release	-1,150	-1,167	-1,217	-1,258
Ending CSM	11,188	11,104	11,407	11,886

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (W)
Meritz Financial Group (138040)	02/12/26	Buy	161,000
	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	79.76%	1.19%	19.05%	0%
Investment banking services	83.33%	0%	16.67%	0%

\* Based on recommendations in the last 12-months (as of December 31, 2025)

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