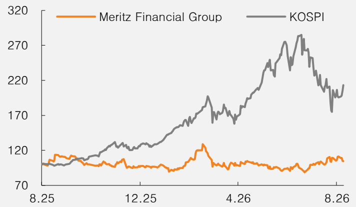
MIRAE ASSET Securities

Equity Research
August 13, 2026

(Maintain)	Buy
Target price	W161,000
Current price (8/13/26)	W118,600
Upside	35.8%

OP (26F, Wbn)	3,275
Consensus OP (26F, Wbn)	3,234
EPS growth (26F, %)	21.2
Market EPS growth (26F, %)	278.0
P/E (26F, x)	7.6
Market P/E (26F, x)	6.7
KOSPI	6,813.34
Market cap (Wbn)	19,847
Shares outstanding (mn)	167
Free float (%)	36.2
Foreign ownership (%)	14.3
Beta (12M)	0.01
52-week low (W)	100,600
52-week high (W)	146,200

(%)	1M	6M	12M
Absolute	1.4	-13.0	4.2
Relative	1.3	-29.7	-50.7



Mirae Asset Securities Co., Ltd.

Tae Joon Jeong, CFA
taejoon.jeong@miraeasset.com

138040 KS · Financials

Meritz Financial Group

Differentiated growth continues

Maintain Buy and TP of W161,000

We maintain our Buy rating and target price of W161,000 for Meritz Financial Group (Meritz). Thanks to its continued use of conservative actuarial assumptions, Meritz remains the only player in the industry to deliver sustained growth in new business volume. The latest actuarial assumption changes also resulted in a substantial increase in CSM. With ample distributable earnings available from both the non-life insurance business and the securities arm, we believe Meritz can continue to expand shareholder returns, primarily through share buybacks and cancellations, without difficulty. This should also enable it to sustain double-digit EPS growth. With our target price implying 35.8% upside, we maintain our Buy rating and retain the stock as our top pick in the insurance sector.

2Q26 review: Above estimates

For 2Q26, Meritz reported net profit attributable to owners of the parent of W775.1bn, exceeding both our estimate (W723.8bn) and the consensus (W678.0bn). Underwriting profit was better than expected, driven by reduced losses from adverse experience variance and higher CSM amortization income, while investment profit increased sharply both QoQ and YoY on favorable stock market conditions. Notably, CSM rose 7.3% QoQ, as: 1) new business volume increased 21% YoY; and 2) the firm's existing conservative assumptions resulted in a W850bn positive CSM adjustment from changes in actuarial assumptions.

2026 shareholder return yield projected at 7.8%

We expect Meritz to announce a new W750bn share buyback in September, up from W700bn in 1H26. Under this scenario, we estimate that its full-year shareholder return ratio would reach 56.4%—once again exceeding its 50% target—with a shareholder return yield of 7.8%. However, if Meritz opts to execute all shareholder returns through share buybacks and cancellations instead of a year-end dividend, as it did last year, we believe the shareholder return ratio could once again exceed 60%.

(Dec.)	2024	2025	2026F	2027F	2028F
Underwriting profit (Wbn)	1,534	1,425	1,355	1,699	1,830
OP (Wbn)	3,189	2,873	3,275	3,560	3,665
NP (Wbn)	2,306	2,300	2,570	2,774	2,851
EPS (W)	12,238	12,903	15,639	18,398	20,673
BPS (W)	54,489	59,139	72,870	87,580	105,537
P/E (x)	8.5	8.8	7.6	6.4	5.7
P/B (x)	1.91	1.91	1.63	1.35	1.12
ROE (%)	23.4	22.5	23.2	22.3	20.8
Shareholder return yield (%)	6.6	7.6	7.8	8.8	10.0
K-ICS ratio (%)	248.2	237.4	237.2	255.1	266.1

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

Table 1. 2Q26 review (Wbn, %)

	Mirae Asset	2Q26	Notes
Underwriting profit	306	363	
CSM release	309	322	
RA release	45	51	
Adj. for experience variances	-98	-78	
Other expenses	51	69	
Investment profit	661	605	
Excl. insurance fin. gains/losses	827	774	
OP	967	968	
Non-OP	49	107	
Pretax profit	1,017	1,075	
Taxes	280	283	
NP	724	775	

Source: Mirae Asset Securities Research

Table 2. Earnings and forecasts (Wbn)

	1Q26	2Q26	3Q26F	4Q26F	2025	2026F	2027F
Underwriting profit	335	363	333	325	1,425	1,355	1,699
CSM release	304	322	328	326	1,167	1,279	1,351
RA release	50	51	47	50	184	197	197
Adj. for experience variances	-107	-78	-89	-129	-190	-403	-206
Other expenses	87	69	47	78	264	281	357
Investment profit	520	605	561	234	1,447	1,920	1,861
Excl. insurance fin. gains/losses	686	774	731	404	2,089	2,595	2,539
OP	855	968	894	559	2,873	3,275	3,560
Non-OP	66	107	30	92	289	295	295
Pretax profit	921	1,075	924	651	3,162	3,571	3,855
Taxes	241	283	244	172	811	939	1,016
NP	667	775	664	463	2,300	2,570	2,774

Source: Mirae Asset Securities Research

Meritz Financial Group (138040 KS)

Income statement

(Wbn)	2025	2026F	2027F	2028F
Underwriting profit	1,425	1,355	1,699	1,830
CSM release	1,167	1,279	1,351	1,419
RA release	184	197	197	197
Adj. for experience variances	-190	-403	-206	-107
Other	264	281	357	321
Investment profit	1,447	1,920	1,861	1,835
Excl. insurance fin. gains/losses	2,089	2,595	2,539	2,512
FVPL valuation gains/losses	2,110	1,966	1,968	1,981
Disposal gains/losses	652	653	594	577
OP	2,873	3,275	3,560	3,665
Non-OP	289	295	295	295
Pretax profit	3,162	3,571	3,855	3,960
Taxes	811	939	1,016	1,044
Tax rate	25.7	26.3	26.4	26.4
Consolidated NP	2,350	2,632	2,839	2,916
Attr. to owners of the parent	2,300	2,570	2,774	2,851

Key ratios

(x, %, W, Wbn)	2025	2026F	2027F	2028F
P/E	8.5	8.8	7.6	6.4
P/B	1.91	1.91	1.63	1.35
Dividend yield	1.3	0.0	0.0	0.0
EPS	12,238	12,903	15,639	18,398
BPS	54,489	59,139	72,870	87,580
DPS	1,350	0	0	0
ROE	23.4	22.5	23.2	22.3
ROA	2.12	1.83	1.80	1.83
K-ICS ratio	248.2	237.4	237.2	255.1
Available capital	13,517	13,347	15,235	17,322
Required capital	5,445	5,622	6,424	6,791
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)	2025	2026F	2027F	2028F
Assets	135,458	149,895	153,013	156,236
Cash	9,292	11,984	12,669	13,390
Financial assets	92,328	101,337	106,231	111,185
FVPL	58,383	62,378	65,824	69,438
FVOCI	33,945	34,371	35,819	37,158
AC	4,700	4,588	4,588	4,588
Other assets	33,838	31,985	29,524	27,074
Liabilities	124,197	136,608	138,452	140,374
Insurance liabilities	23,793	21,333	22,544	23,790
BEL	8,339	8,304	9,020	9,756
CSM	11,104	12,275	12,919	13,587
RA	1,316	983	834	677
Other	3,035	-229	-229	-229
Other liabilities	0	0	0	0
Equity	11,261	13,286	14,561	15,862
Attr. to owners of the parent	10,323	11,801	13,075	14,377
Capital stock	113	113	113	113
Capital surplus	125	125	125	125
Retained earnings	9,238	10,877	13,652	16,503
Surrender value reserves	2,977	4,001	4,486	4,684
Capital adj.	540	-157	-1,657	-3,207
AOCI	-696	-320	-320	-319
Hybrid securities	1,002	1,162	1,162	1,162
Minority interests	939	1,486	1,486	1,486

CSM chg.

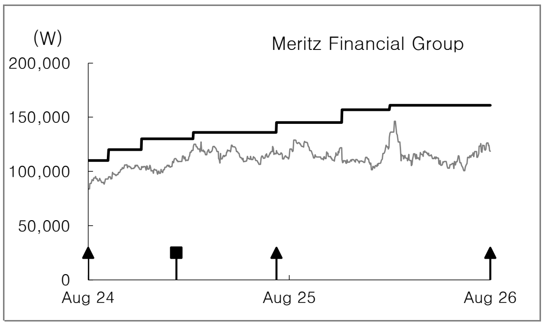
(Wbn)	2025	2026F	2027F	2028F
Starting CSM	11,188	11,104	12,275	12,457
New business	1,588	1,816	1,816	1,816
Discount unwind	362	362	364	364
Adj.	-867	273	-185	-92
Release	-1,167	-1,279	-1,351	-1,419
Ending CSM	11,104	12,275	12,919	13,587

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



Stock ratings		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	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	83.02%	0%	16.35%	0.63%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of June 30, 2026)

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. and/or its affiliates do not have any special interest with the subject company and do not own 1% or more of the subject company's shares outstanding.

Analyst certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Securities Co., Ltd. ("Mirae Asset Securities") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director, or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset Securities, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and private client divisions. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset Securities except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset Securities, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset Securities makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report.
The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset Securities or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.
This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of Mirae Asset Securities by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future

returns are not guaranteed, and a loss of original capital may occur. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents do not accept any liability for any loss arising out of the use hereof.
Mirae Asset Securities may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. Mirae Asset Securities may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset Securities and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under applicable laws and regulations.
No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset Securities. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeasset.us.com or +1 (212) 407-1000.

Distribution
United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.
United States: Mirae Asset Securities is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Mirae Asset Securities or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset Securities. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.
Hong Kong SAR: This report is distributed in Hong Kong SAR by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong SAR. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong SAR (Cap. 571, Laws of Hong Kong SAR) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong SAR to any person.
India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.
All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Mirae Asset Securities or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset Securities and its affiliates to any registration or licensing requirement within such jurisdiction.

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 (HK) Ltd.** Units 8501, 8507-8508, 85/F International Commerce Centre 1 Austin Road West Kowloon Hong Kong SAR Tel: 852-2845-6332	**Mirae Asset Securities (UK) Ltd.** 41st Floor, Tower 42 25 Old Broad Street, London EC2N 1HQ United Kingdom Tel: 44-20-7982-8000
Mirae Asset Securities (USA) Inc. 810 Seventh Avenue, 37th Floor New York, NY 10019 USA Tel: 1-212-407-1000	**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	**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 (Singapore) Pte. Ltd. 6 Battery Road, #11-01 Singapore 049909 Republic of Singapore Tel: 65-6671-9845	**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)	**Mirae Asset Securities Mongolia UTsK LLC** #406, Blue Sky Tower, Peace Avenue 17 1 Khoroo, Sukhbaatar District Ulaanbaatar 14240 Mongolia Tel: 976-7011-0806
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	**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)	**Shanghai Representative Office** 38T31, 38F, Shanghai World Financial Center 100 Century Avenue, Pudong New Area Shanghai 200120 China Tel: 86-21-5013-6392
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 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	