COMPANY UPDATE

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Finance/Consumer Goods Team

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# DB Insurance (005830)

## Waiting for insurance profit to stabilize

- DB Insurance's 1Q net profit missed consensus by 25%
- The shortfall was primarily driven by one-off factors, including higher corporate tax expenses and concentration of commercial accident payouts
- However, ongoing volatility in underlying insurance profit remains a concern, necessitating greater stability

### AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW220,000 | 42.4% |
| **Current price** | **KRW154,500** | |
| Market cap | KRW10.1t/USD6.7b | |
| Shares (float) | 65,500,349 (65.1%) | |
| 52-week high/low | KRW205,500/KRW95,100 | |
| Avg daily trading value (60-day) | KRW45.5b/ USD30.0m | |

### ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| DB Insurance (%) | -10.2 | 29.5 | 62.5 |
| Vs Kospi (%pts) | -26.6 | -36.4 | -46.3 |

### KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 220,000 | 220,000 | 0.0% |
| 2026E EPS | 25,300 | 27,851 | -9.2% |
| 2027E EPS | 30,356 | 29,842 | 1.7% |

### SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 17 |
| Target price | 218,647 |
| Recommendation | 3.9 |

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

### WHAT'S THE STORY?

**1Q results miss consensus due to fall in insurance profit:** DB Insurance posted a 1Q net profit of KRW268.5b (down 40% y-y and missing consensus by 25%), weighed on by: 1) higher corporate tax rates (impact of KRW80b); and 2) concentration of commercial accident payouts (KRW69b).

**Insurance profit:** Insurance profit fell 43.7% y-y to KRW226.6b, as: 1) claims variances fell KRW110b y-y due to a loss ratio hike and the resultant increase in IBNR reserve provisioning (long-term line); and 2) auto- and commercial-line insurance profit also shrank by KRW46b y-y due to premium cuts and commercial accident payouts.

**Investment profit:** Investment profit dipped 3.2% y-y to KRW236.1b, remaining resilient despite rising interest rates.

**CSM:** The contractual service margin (CSM) rose 5% q-q to KRW12.8t, supported by a KRW213b experience adjustment. Of this, approximately KRW300b stemmed from one-off factors (eg, RA calculation methodology change, separate loss ratio segmentation for health insurance by age).

*(Continued on the next page)*

### DB Insurance 1Q26 review

| (KRWb) | 1Q26 | 4Q25 | Chg (% q-q) | 1Q25 | Chg (% y-y) | Consensus | Diff (%) |
|---|---|---|---|---|---|---|---|
| Insurance profit | 226.6 | 263.4 | -14.0 | 402.7 | -43.7 | n/a | n/a |
| Investment profit | 236.1 | 188.0 | 25.6 | 244.0 | -3.2 | n/a | n/a |
| Operating profit | 462.7 | 451.5 | 2.5 | 646.7 | -28.5 | 494.6 | -6.4 |
| Net income | 268.5 | 335.0 | -19.8 | 447.0 | -39.9 | 355.9 | -24.6 |
| Closing CSM | 12,822.2 | 12,205.3 | 5.1 | 12,869.3 | -0.4 | n/a | n/a |
| *Investment yield (%) | 3.1 | 2.7 | 0.4 | 3.4 | -0.3 | n/a | n/a |

Note: Parent basis; **Other investment income / Avg invested assets

Source: Company data, FnGuide, Samsung securities

### Valuations

| (KRWb) | Insurance profit | Investment profit | Net profit | BVPS (KRW) | EPS (KRW) | P/B (x) | P/B (x) | ROE (%) | Dividend yield (%) |
|---|---|---|---|---|---|---|---|---|---|
| 2023 | 1,550 | 467 | 1,537 | 144,488 | 25,594 | 0.6 | 3.3 | 17.2 | 6.3 |
| 2024 | 1,619 | 744 | 1,772 | 140,165 | 29,516 | 0.7 | 3.5 | 20.7 | 6.6 |
| 2025 | 1,036 | 1,078 | 1,535 | 164,129 | 25,563 | 1.1 | 6.8 | 16.8 | 4.4 |
| 2026E | 1,077 | 1,054 | 1,519 | 179,362 | 25,300 | 1.0 | 6.8 | 14.7 | 5.2 |
| 2027E | 1,293 | 1,140 | 1,823 | 203,871 | 30,356 | 0.8 | 5.7 | 15.8 | 5.8 |

Source: Company data, Samsung Securities

**Need insurance profit stabilization:** DB Insurance's core competitive edge has historically been superior profit management relative to peers. However, of late, volatility in insurance profit has widened. While some fluctuations reflect timing-specific events (eg, IBNR recognition lags and concentration of commercial accident payouts), these trends are eroding its competitive advantage. Management is preparing to disclose a revised value-up plan based on consolidated financials by mid-August. The nature of this update may serve as a catalyst for potential re-rating.

## Calculation of target price

### DB Insurance: Valuation

| | | 2026E-2027E |
|---|---|---|
| **I. P/B-ROE valuation** | | |
| Forward ROA (%) | | 2.6 |
| Total asset / total equity (x) | | 5.8 |
| Sustainable ROE (%) | (A) | 10.5 |
| Cost of capital (%) | (B) | 7.71 |
| Long-term growth (%) | (C) | 0.0 |
| Target P/B (x) | (D = {A-C}/{B-C}) | 1.4 |
| Forward BVPS (KRW) | (E) | 179,362 |
| Fair price (KRW) | (F = D*E) | 260,122 |
| **II. Total shareholder return yield valuation** | | |
| Industry target yield (%) | (G) | 4.0 |
| * discount(premium) rate (%) | (H) | 0% |
| Company target yield (%) | (I = G * {1-H}) | 4.0 |
| Total shareholder return amount (KRWb) | (J) | 546.0 |
| Estimated total payout ratio (%) | | 35.6 |
| Target market cap (KRWb) | (K = J / I) | 13,080.3 |
| Fair price (KRW) | (L) | 217,847 |
| **III. Target price** | | |
| Fair price (KRWb) | (F+L) / 2 | 238,985 |
| Target price (KRW) | | 220,000 |
| **Current price (KRW) | | 164,500 |
| Upside (%) | | 33.7% |
| Previous target price (KRW) | | 220,000 |
| Diff (%) | | 0.0% |

Note: * The discount (or premium) rate is derived based on: the 1) company's capital policy, and 2) its capital adequacy (K-ICS ratio).
** As of May 14, 2026
Source: Samsung Securities estimates

## Balance sheet

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|
| **Total assets** | **48,514** | **52,859** | **57,424** | **61,380** | **64,102** |
| **Invested assets** | **44,932** | **49,627** | **56,076** | **55,324** | **54,582** |
| Cash & Deposits | 994 | 750 | 1,112 | 603 | 595 |
| Equity | 149 | 122 | 115 | 117 | 115 |
| Bond | 13,358 | 14,401 | 12,787 | 14,008 | 13,820 |
| Loans | 11,177 | 13,022 | 14,807 | 13,197 | 13,020 |
| Overseas securities | 7,379 | 8,397 | 10,015 | 11,110 | 10,961 |
| Real estate | 1,181 | 1,203 | 1,242 | 1,250 | 1,233 |
| Others (Beneficiary certificates, etc) | 10,694 | 11,733 | 15,999 | 15,039 | 14,837 |
| Other assets | 3,581 | 3,231 | 3,333 | 6,056 | 9,520 |
| **Total liabilities** | **39,838** | **44,443** | **49,554** | **50,610** | **51,860** |
| Policy reserves | 36,769 | 41,063 | 44,530 | 43,910 | 45,160 |
| Insurance contract liabilities | 29,395 | 31,937 | 31,580 | 31,083 | 31,968 |
| **Contractual service margin (CSM)** | **11,351** | **11,516** | **11,537** | **13,345** | **14,230** |
| Best estimate liability (BEL) | 8,857 | 10,922 | 10,015 | 7,516 | 7,516 |
| Risk adjustment (RA) | 1,351 | 1,675 | 1,777 | 1,607 | 1,607 |
| Other liabilities | 3,059 | 3,366 | 5,006 | 6,680 | 6,680 |
| Separate account liabilities | 11 | 13 | 18 | 20 | 20 |
| **Shareholders' equity** | **8,676** | **8,416** | **9,855** | **10,770** | **12,241** |
| Paid-in capital | 35 | 35 | 35 | 35 | 35 |
| Capital surplus | 38 | 38 | 107 | 88 | 88 |
| Retained earnings | 8,651 | 10,105 | 11,201 | 11,653 | 13,476 |
| Surrender value provisions | 2,646 | 3,239 | 4,541 | 5,117 | 5,918 |
| Capital adjustment | -152 | -152 | -124 | -69 | -69 |
| Accumulated other comprehensive income | 104 | -1,609 | -2,229 | -2,245 | -2,596 |
| Hybrid bonds | 0 | 0 | 865 | 1,306 | 1,306 |
| Non-Controlling Interests | 0 | 0 | 0 | 0 | 0 |

## Dividend & per-share data

| Year-end Dec 31 (KRW, %) | 2023 | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|
| EPS | 25,594 | 29,516 | 25,563 | 25,300 | 30,356 |
| BVPS | 144,488 | 140,165 | 164,129 | 179,362 | 203,871 |
| PER | 3.3 | 3.5 | 6.8 | 6.8 | 5.7 |
| PBR | 0.6 | 0.7 | 1.1 | 1.0 | 0.8 |
| ROA | 3.3 | 3.5 | 2.8 | 2.6 | 2.9 |
| ROE | 17.2 | 20.7 | 16.8 | 14.7 | 15.8 |
| DPS | 5,300 | 6,800 | 7,600 | 9,000 | 10,000 |
| Dividend yield | 6.3 | 6.6 | 4.4 | 5.2 | 5.8 |
| Payout ratio | 20.7 | 23.0 | 30.0 | 35.6 | 32.9 |
| Total shareholder return (%) | 20.7 | 23.0 | 30.0 | 35.6 | 32.9 |
| Solvency ratio (K-ICS ratio) (%) | 233.1 | 203.1 | n/a | n/a | n/a |

Note: Parent basis

Source: Company data, Samsung Securities estimates

## Income Statement

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|
| Insurance service profit | 1,550 | 1,619 | 1,036 | 1,077 | 1,293 |
| Long-term insurance profit | 1,351 | 1,346 | 1,076 | 1,158 | 1,353 |
| Adjustment for experience variance | 226 | 55 | -247 | -251 | -201 |
| Amortization of CSM | 1,264 | 1,287 | 1,287 | 1,365 | 1,498 |
| Release of RA | 111 | 132 | 155 | 173 | 173 |
| Other insurance profit | -249 | -128 | -119 | -129 | -117 |
| Auto insurance profit | 321 | 171 | -55 | -80 | -59 |
| P&C insurance profit | -122 | 103 | 15 | -1 | -1 |
| Investment profit | 467 | 744 | 1,078 | 1,054 | 1,140 |
| Other investment income | 1,256 | 1,514 | 1,734 | 1,845 | 1,959 |
| Insurance finance profit | -789 | -770 | -656 | -791 | -819 |
| Operating profit | 2,017 | 2,363 | 2,114 | 2,132 | 2,433 |
| Non-operating income | 45 | 59 | 40 | 15 | 0 |
| Non-operating expenses | 36 | 55 | 46 | 18 | 0 |
| Pre-tax profit | 2,025 | 2,366 | 2,108 | 2,129 | 2,433 |
| Income taxes | 489 | 594 | 573 | 610 | 610 |
| Net profit | 1,537 | 1,772 | 1,535 | 1,519 | 1,823 |

## Assumptions

| Year-end Dec 31 | 2023 | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|
| **Insurance profitability (%)** | | | | | |
| CSM Amortization rate | 11.1 | 11.2 | 11.2 | 10.2 | 10.5 |
| RA Amortization rate | 8.2 | 7.9 | 8.7 | 10.8 | 10.8 |
| Combined ratio (Auto) | 92.4 | 95.9 | 101.3 | 102.0 | 101.5 |
| Combined ratio (P&C) | 109.5 | 92.5 | 99.0 | 100.1 | 100.1 |
| **Investment profitability (%)** | | | | | |
| Investment yield | 2.8 | 3.1 | 3.1 | 3.3 | 3.6 |
| Interest rates on liability | 3.9 | 3.4 | 3.0 | 3.8 | 3.8 |
| **CSM Movement (KRWb)** | | | | | |
| Opening CSM | 11,643 | 12,152 | 12,232 | 12,205 | 13,345 |
| New Business CSM | 2,826 | 3,078 | 2,933 | 2,214 | 2,047 |
| Amortization of CSM | -1,262 | -1,298 | -1,285 | -1,365 | -1,498 |
| Unwind of Discount | 364 | 441 | 443 | 425 | 457 |
| Experience & Assumption change | -1,420 | -2,142 | -2,117 | -135 | -122 |
| Closing CSM | 12,152 | 12,232 | 12,205 | 13,345 | 14,230 |

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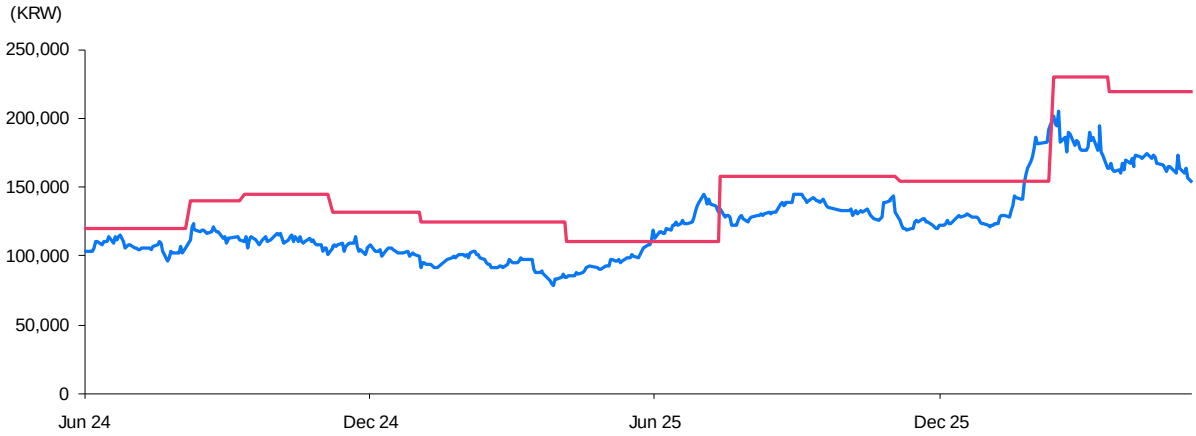


## Rating changes over past two years (adjusted share prices)

| Date | 2024/5/16 | 8/19 | 9/23 | 11/18 | 2025/1/14 | 4/17 | 7/25 | 11/17 | 2026/2/23 | 3/31 |
|---|---|---|---|---|---|---|---|---|---|---|
| Recommendation | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY |
| Target price (KRW) | 120000 | 140000 | 145000 | 132000 | 125000 | 111000 | 158000 | 155000 | 230000 | 220000 |
| Gap* (average) | -11.66 | -16.55 | -23.42 | -20.50 | -24.85 | -0.25 | -15.13 | -13.52 | -20.14 | |
| (max or min)** | -3.75 | -12.00 | -19.38 | -13.86 | -17.44 | 30.99 | -7.91 | 24.06 | -10.65 | |

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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| | |
|---|---|
| **BUY** | Expected to increase in value by 15% or more within 12 months and is highly attractive within sector |
| **HOLD** | Expected to increase/decrease in value by less than 15% within 12 months |
| **SELL** | Expected to decrease in value by 15% or more within 12 months |

**Industry**

| | |
|---|---|
| **OVERWEIGHT** | Expected to outperform market by 5% or more within 12 months |
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| **UNDERWEIGHT** | Expected to underperform market by 5% or more within 12 months |

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

**Percentage of ratings in 12 months prior to 2026.03.31**

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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