COMPANY UPDATE

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Finance/Consumer Goods Team

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DB Insurance (005830)

Update to corporate value enhancement plan

- DB Insurance has set a total payout ratio target of 40% on the consolidated basis and 50% on the parent basis by 2030, with a commitment to annual DPS growth of at least 10%.
- The company has introduced the dividend coverage ratio (DCR)—measuring distributable earnings against projected dividends—as a core metric alongside K-ICS.
- This approach should not only expand scale of shareholder returns but also enhance the predictability. We increase our target price to KRW250,000.

▶ Stock information

BUY

Target price	250,000 KRW	33.4%
Current price	**187,400 KRW**	
Market cap	KRW12.3t	
Shares outstanding (float ratio)	65,500,349 shares (65.0%)	
52-week high/low	119,300 KRW/205,500 KRW	
Avg daily trading value (60-day)	KRW35.83b	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
DB Insurance (%)	17.9	2.3	42.0
vs Kospi (%pts)	4.6	-5.9	-33.2

▶ KEY CHANGES

(KRW)	New	Old	Chg
Rating	BUY	BUY	
Target price	250,000	220,000	13.6%
2026E EPS	27,527	27,527	0.0%
2027E EPS	30,654	30,654	0.0%

▶ SAMSUNG vs THE STREET

Number of covering brokerages	14
Target price	221,000
Recommendation Score	3.9

※ Rating: 4 (BUY), 3 (HOLD), 2 (SELL)

WHAT'S THE STORY?

Raising total payout ratio targets: DB Insurance has elevated its total payout ratio targets under its updated corporate value enhancement plan, setting a consolidated payout ratio of 40% and a parent-based payout ratio of 50% by 2030—the latter up 15%pts from the prior target of 35% by 2028. For the first time, the insurer explicitly includes a consolidated target. It also commits to annual DPS growth of at least 10%. Shareholder returns should be primarily executed through cash dividends, and share buybacks should be reserved as a strategic tool only under exceptional circumstances, such as significant undervaluation of the stock.

Introducing the dividend coverage ratio (DCR) as core metric: The cornerstone of the new framework is the adoption of the DCR (= distributable earnings / projected dividends), to be used alongside K-ICS as dual pillars. The company should use a dual-axis framework: 1) expansion trigger—additional shareholder returns should be considered if both K-ICS exceeds 220% and DCR exceeds 400%; 2) adjustment trigger—shareholder returns should be moderated if K-ICS falls below 150% or DCR falls below 100%; and 3) safety floor—a buffer of K-ICS ≥180% and DCR ≥200% should be maintained to ensure proactive capital management. This is the first instance among Korean insurers to formally quantify the gap between accounting profits and distributable earnings after the adoption of IFRS 17.

Distributable earnings sufficient; volatility management is key: DB Insurance's distributable earnings stood at KRW1.8t as of end-2025 and KRW2.6t as of 1H26. Based on our 2026 dividend forecast of KRW545.8b, DCR stands at 470%, indicating ample headroom. However, future predictability of shareholder returns should hinge on managing two key sources of volatility: 1) fluctuations in net asset value from interest rate movements; and 2) regulatory impacts (eg, surrender value reserves).

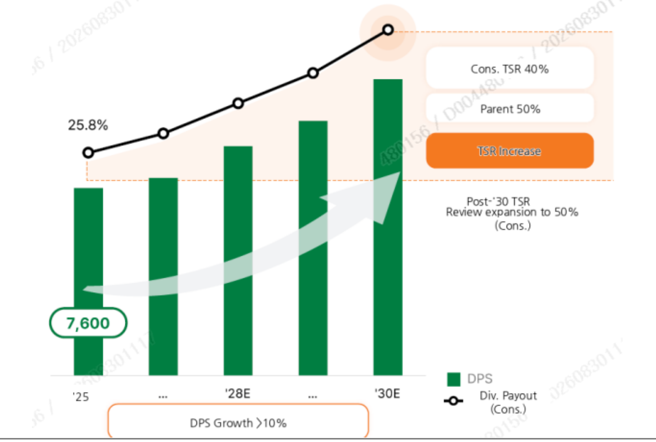
(Continued on the next page)

Samsung Securities

Prioritizing stable growth in distributable profits over topline growth: The company has explicitly prioritized securing sustainable growth in distributable profits over aggressive topline expansion. Internal simulations show that under two scenarios—20% growth in new business vs balanced growth—the difference in CSM growth is negligible (0.1%pt). Yet, by 2030, distributable earnings should diverge sharply to KRW400b vs KRW2.9t, with DCR at 48% vs 300%. This reflects broader industry challenges under IFRS 17, where intensified new business competition has led to higher experience adjustment and increased surrender reserve burdens. DB Insurance's approach thus sets a new benchmark for prudent capital policy in the insurance sector.

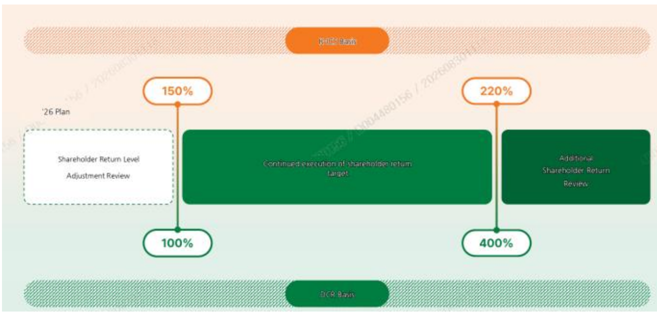
Raising DPS estimates and target price to KRW250,000: Factoring in the new framework, we revise up our DPS forecasts for FY2026 to KRW9,000 (up from KRW8,400), FY2027 to KRW10,800 (up from KRW9,300), and FY2028 to KRW11,800 (up from KRW10,300). This reflects a rising dividend payout ratio—32.7% in FY2026 and 35.2% in FY2027— consistent with the 2030 target trajectory. Reflecting the revised DPS estimates and higher sustainable ROE, we increase our target price by 13.6% to KRW250,000 and maintain BUY rating.

DB Insurance: Shareholder return target



Source: DB Insurance Corporate Value Enhancement Plan (Aug '26)

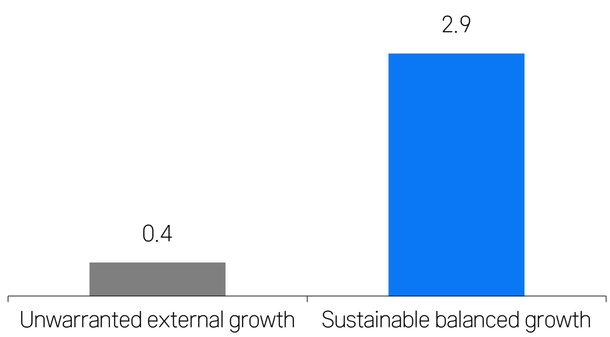
DB Insurance: Shareholder return target



Source: DB Insurance Corporate Value Enhancement Plan (Aug '26)

DB Insurance: Expected 2030 Distributable Earnings by New Contract Growth Strategy

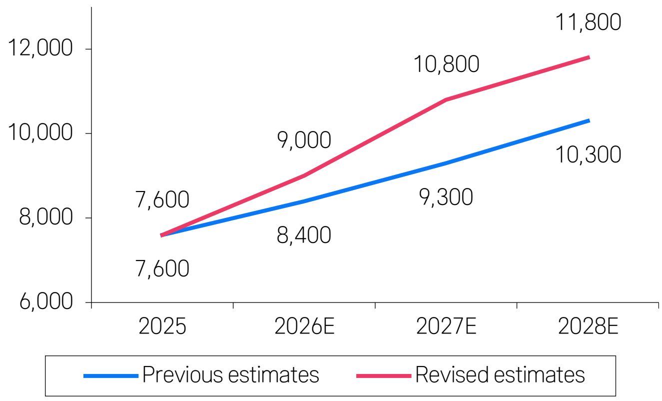
((KRWt))



Source: DB Insurance Corporate Value Enhancement Plan (Aug '26), compiled by Samsung Securities

DB Insurance: Changes in DPS estimates (reflecting the corporate value enhancement plan)

(KRW)



Source: Samsung Securities estimates

DB Insurance valuation

		2026E~2027E
A. Fair PB-ROE Method		
Forward ROA (%)		2.9
Total Assets/Total Capital (x)		5.2
* Sustainable ROE (%)	(A)	11.2
Cost of capital (%)	(B)	7.88
Long-term growth (%)	(C)	0.0
Target P/ B (x)	(D = {A-C}/{B-C})	1.4
Forward BVPS (KRW)	(E)	205,725
Fair Stock Price (KRW)	(F = D*E)	311,112
B. Fair Shareholder Return Yield Method		
Target Total Shareholder Yield (%)	(I = G * {1-H})	4.5
24E Total Shareholder Returns (KRW bn)	(J)	545.8
Forecasted total shareholder return ratio (%)		32.7
Target Market Cap (KRW 100mn)	(K = J / I)	13,341.6
Fair Stock Price (KRW)	(L)	222,198
C. Target Price		
Fair Stock Price (KRW)	(F+L) / 2	266,655
Target Price (KRW)		250,000
Current stock price (KRW)		187,400
Upside (%)		33.4%
Previous Target Price (KRW)		220,000
Diff (%)		13.6%

Note: Based on 10-year forward ROE estimates
Current stock price as of May 15 close
Source: DB Insurance, Samsung Securities estimates

Balance Sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Total Assets	**52,859**	**57,424**	**58,914**	**59,094**	**58,991**
Invested assets	**49,627**	**56,076**	**56,880**	**58,231**	**59,613**
Cash & dues from banks	750	1,112	575	589	603
Equities	122	115	112	115	118
Bonds	14,401	12,787	14,413	14,755	15,105
Loans	13,022	14,807	15,227	15,589	15,959
Overseas	8,397	10,015	9,064	9,279	9,500
Real estate	1,203	1,242	1,328	1,360	1,392
Other (including profit-sharing securities, etc.)	11,733	15,999	16,161	16,544	16,937
Other assets	3,231	3,333	2,034	864	-623
Total liabilities	**44,443**	**49,554**	**46,440**	**44,936**	**43,122**
Reserves for policy liabilities	41,063	44,530	39,590	38,086	36,272
Insurance contract liabilities	31,937	31,580	27,098	26,069	24,827
Contractual Service Margin (CSM)	**11,516**	**11,537**	**7,868**	**6,839**	**5,597**
Best Estimate Liabilities (BEL)	10,922	10,015	9,520	9,520	9,520
Risk Adjustment (RA)	1,675	1,777	1,161	1,161	1,161
Other liabilities	3,366	5,006	6,825	6,825	6,825
Special Account Liabilities	13	18	25	25	25
Total equity	**8,416**	**9,855**	**12,476**	**14,160**	**15,871**
Capital stock	35	35	35	35	35
Capital surplus	38	107	88	88	88
Retained earnings	10,105	11,201	11,784	13,643	15,531
Surrender value reserves	3,239	4,541	5,340	6,183	7,039
Capital adjustment	-152	-124	-69	-69	-69
Accumulated other comprehensive income	-1,609	-2,229	-1,108	-1,283	-1,460
Additional Tier 1 Capital Securities	0	865	1,745	1,745	1,745
Non-controlling interests	0	0	0	0	0

Comprehensive Income Statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Insurance profit	**1,619**	**1,036**	**1,466**	**1,707**	**1,592**
Long-term	1,346	1,076	1,559	1,780	1,645
Experience variance	55	-247	-323	-258	-206
CSM amortization	1,287	1,287	1,560	1,727	1,553
RA amortization	132	155	183	187	187
Other (Loss Factor Allocation, Reinsurance Gains/Losses)	-128	-119	138	124	112
Autos	171	-55	-119	-98	-77
General	103	15	26	24	24
Investment income/loss	**744**	**1,078**	**899**	**823**	**977**
Other investment income	1,514	1,734	1,731	1,640	1,738
Insurance financial income/loss	-770	-656	-832	-817	-761
Operating profit	**2,363**	**2,114**	**2,365**	**2,530**	**2,569**
Non-operating income	59	40	29	0	0
Non-operating expenses	55	46	28	0	0
Pre-tax profit	**2,366**	**2,108**	**2,366**	**2,530**	**2,569**
Income tax expense	594	573	696	671	681
Net income attributable to parent	**1,772**	**1,535**	**1,669**	**1,859**	**1,888**

Dividends and Per-Share Metrics

As of December 31 (KRW, %)	2024	2025	2026E	2027E	2028E
EPS	29,516	25,915	27,527	30,654	31,136
BPS	140,165	166,391	205,725	233,497	261,705
PER	3.5	5.1	6.8	6.1	6.0
PBR	0.7	0.8	0.9	0.8	0.7
ROA	3.5	2.8	2.9	3.2	3.2
ROE	20.7	16.8	15.0	14.0	14.2
DPS	6,800	7,600	9,000	10,800	11,800
Dividend yield (common)	6.6	5.8	4.8	5.8	6.3
Payout ratio	23.0	30.0	32.7	35.2	37.9
Total shareholder return ratio (%)	23.0	30.0	32.7	35.2	37.9

Key Assumptions

As of December 31	2024	2025	2026E	2027E	2028E
Insurance business profitability (%)					
CSM amortization rate	11.2	11.2	19.8	25.3	27.7
RA amortization rate	7.9	8.7	15.8	16.1	16.1
Combined ratio (Autos)	95.9	101.3	102.9	102.4	101.9
Combined ratio (General)	92.5	99.0	98.4	98.5	98.5
Investment business profitability (%)					
Investment operating income margin	3.1	3.1	3.0	2.8	2.9
Cost of debt	3.4	3.0	4.8	5.0	5.0
Change in CSM (KRW 100m)					
Opening CSM	12,152	12,232	12,205	11,890	10,861
New Business CSM	3,078	2,933	2,236	1,572	1,096
CSM amortization	-1,298	-1,285	-1,561	-1,727	-1,553
CSM interest burden	441	443	414	390	352
CSM experience adjustment	-2,142	-2,117	-1,404	-1,263	-1,137
Ending CSM	12,232	12,205	11,890	10,861	9,619

Note: Based on separate financial statements
Source: DB Insurance, Samsung Securities estimates

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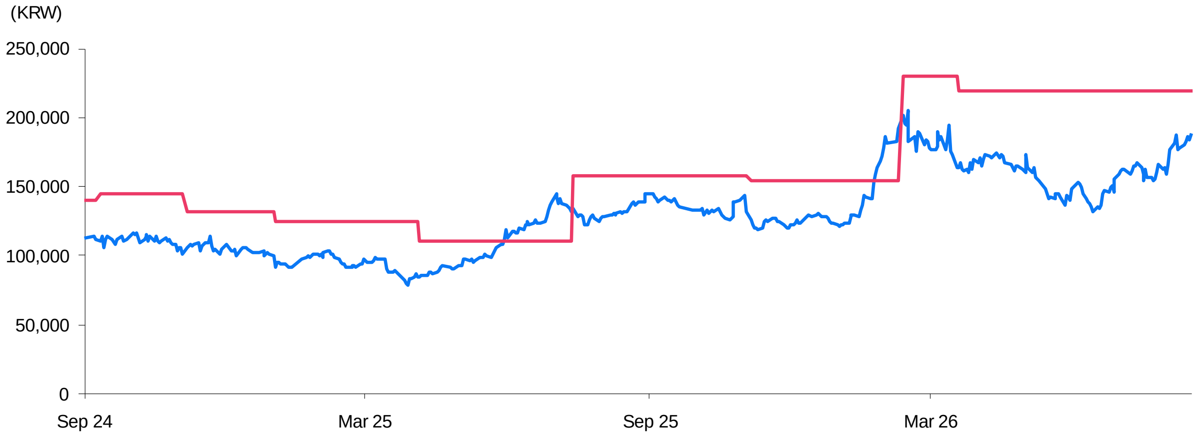

Rating changes over past two years (adjusted share prices)

Date	2024/8/19	9/23	11/18	2025/1/14	4/17	7/25	11/17	2026/2/23	3/31	8/31
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	140000	145000	132000	125000	111000	158000	155000	230000	220000	250000
Gap* (average)	-16.55	-23.42	-20.50	-24.85	-0.25	-15.13	-13.52	-20.14	-27.55	
(max or min)**	-12.00	-19.38	-13.86	-17.44	30.99	-7.91	24.06	-10.65	-14.77	

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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Industry

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* 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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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