



AmInvestment Bank

Company report

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ALLIANZ MALAYSIA

(ALLZ MK EQUITY, AINM.KL)

26 Sept 2025

Closing the Gap: Allianz Strengthens Position Among Top Life Insurers

BUY

(Maintained)

Rationale for report: Company Update

Price	RM18.50
Target Price	RM21.80
52-week High/Low	RM21.06/RM16.50

Key Changes

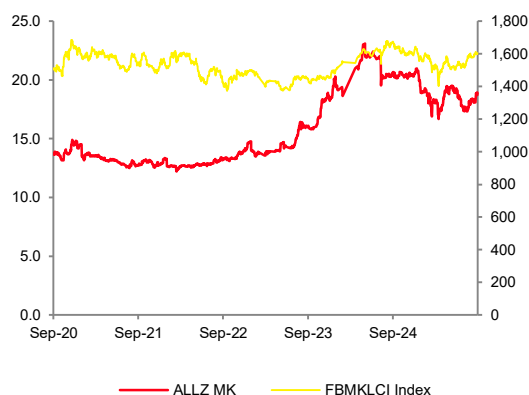
Target Price	⇄
EPS	⇄

YE to Dec	FY24	FY25F	FY26F	FY27F
Insurance Revenue (RMmil)	5,651	6,008	6,342	6,709
Core net profit (RMmil)	770	785	840	887
FD Core EPS (Sen)	223	227	243	257
FD Core EPS growth (%)	5.7	2.0	7.0	5.6
Consensus net profit (RMmil)		793	829	857
DPS (Sen)	90	110	118	124
BV/share (RM)	32.6	34.7	36.9	39.2
PE (x)	8.4	8.2	7.7	7.3
Div yield (%)	4.8	5.9	6.3	6.6
P/BV (x)	0.6	0.5	0.5	0.5
ROE (%)	14.0	13.1	13.1	13.0
Net Gearing (%)	nm	nm	nm	nm

Stock and Financial Data

Shares Outstanding (million)	180.2
Market Cap (RMmil)	3,369.7
Book Value (RM/share)	32.6
P/BV (x)	0.6
ROE (%)	14.0
Net Gearing (%)	-
Major Shareholders	Allianz SE (63.2%) Employees Provident Fund (6.4%)
Free Float	30.4
Avg Daily Value (RMmil)	1.1

Price performance	3mth	6mth	12mth
Absolute (%)	(1.9)	3.8	(9.1)
Relative (%)	(7.1)	(2.4)	(5.1)



Investment Highlights

Allianz is closing in on the top three life insurers in agency-driven annualized new premiums. Since the stock was upgraded to BUY on 26 August 2025, it has risen nearly 4%. Market share rose to 15.1% in general insurance and 12.1% in life. The life segment outperformed industry averages in terms of growth across distribution channels. Allianz has minimal exposure to Sabah, limiting flood-related losses to under RM5 million. Event risk is capped at RM15 million via reinsurance, thus mitigating financial impacts of large claims. Lower life policy loss ratios compared to the market and expected investment gains from bond and equity are expected to support earnings.

- **Recommendation and valuation.** We reiterate our BUY call on Allianz with an unchanged target price of RM21.80, based on sum-of-parts valuation. Our earnings forecast and 3-star ESG rating remain intact. The stock is attractively valued, trading at just 0.5x FY26F price-to-book and 7.7x price-to-earnings, while offering a compelling dividend yield of 6.3%.
- **Allianz is narrowing the gap with the top three life insurers.** We anticipate solid 3Q25 results, following a strong 2Q25 performance, supported by recent market share gains in both general and life insurance segments. In general insurance, Allianz's market share rose to 15.1% (+1% YoY), while its life insurance share increased to 12.1% (+0.9% YoY). The life segment outperformed the industry, with growth in agency, bancassurance, and employee benefits channels at +4.5%, -7.6%, and +13.3% respectively, compared to the industry's -7.6%, -10.1%, and +11.3%. Notably, Allianz's agency channel is closing in on the top three players in terms of annualized new business premium, driven by active promotion of a new co-payment medical product.
- **Allianz's general insurance has minimal exposure in Sabah, while its life business shows lower loss ratios in both investment-linked and traditional policies.** Recent reports have highlighted floods and landslides in Sabah. Fortunately, Allianz's general insurance exposure in Sabah remains minimal, with potential losses estimated at under RM5 million. On the bright side, Allianz's net exposure to any event risk in general insurance is limited to RM15 million, as any claims beyond this threshold are covered by reinsurance — effectively limiting the financial impact on the company from large claims. In 6M2025, Allianz Life reported lower loss ratios for its investment-linked and traditional life insurance policies at 81.9% and 82.5% respectively, below the industry averages of 91.5% and 87.1%.
- **Expect a strong investment income in 3Q25.** This will be supported by fair value gains in the securities portfolio, driven by improved performance in the domestic equity market. Also, a quarter-to-date decline of close to 5bps in the 10-year MGS yield in 3Q25 to 3.427% should enhance the valuation of bonds held within the general and life insurance investment portfolios.

Company profile

Allianz commenced operations in Malaysia in 2001 by acquiring Malaysia British Assurance (MBA) Berhad and MBA Life Assurance Berhad from the Lion Group. Subsequently in 2007, the group took over Commerce Assurance Berhad (CAB), the property and casualty insurance arm of Bumiputra Commerce Holdings Berhad (BCHB). The acquisition of CAB entailed a 10-year (2007-2017) bancassurance agreement with CIMB Bank Berhad (CIMB Bank). The banca partnership with CIMB Bank was subsequently terminated upon expiry of the contract in 2017.

Allianz Malaysia Berhad (holding company) holds 100.0% in both Alliance General Insurance Company (Malaysia) Bhd (AGIC) and Alliance Life Insurance Malaysia Bhd (ALIM) operating the general and life insurance business respectively. Allianz General is one of the leading general insurers in Malaysia with a market share of 15.1%, ranking no.1. Allianz Life offers a comprehensive range of life and health insurance as well as investment-linked products with a market share of 12.1% as of 6MFY25 in terms of ANP.

Investment thesis and catalysts

We maintain BUY with unchanged target price of RM21.80 per share based on a sum-of-parts valuation. The dividend yield remains attractive at 6.3% for FY26F. The upgrade reflects a stronger earnings outlook for its life insurance segment and attractive valuation, trading at FY26F PB of 0.5x and PE of 7.7x

Valuation methodology

Our valuation of Allianz Malaysia follows a sum-of-parts approach, applying a price-to-book value (P/BV) multiple of 1.2x to AGIC's forecasted FY26 shareholders' funds and a 1x multiple to ALIM's projected FY26 contractual service margin (CSM).

Risk factors

Potential risks to our projections include:

- i) Slower-than-anticipated economic expansion, which could hinder growth in Gross Written Premium (GWP).
- ii) A surge in unforeseen claims, negatively affecting insurance service performance.
- iii) Prolonged high interest rates in developed markets, leading to a reduced valuation of bond and securities portfolios, thereby impacting investment income.

EXHIBIT 1: VALUATION: ALLIANZ

SOP per share for AGIC (general business)	RM10.60
SOP per share for ALIM (life business)	RM11.20
ESG Premium	0% premium
12-month target price	RM21.80

Source: AmlInvestment Bank

EXHIBIT 2: VALUATIONS

Companies	Shareholders' funds (RM Mil)	Equity Stake	Book Value Multiple	Basis	Valuation (RM mil)	SOP per share (RM)
Allianz General (AGIC)	3,185	100%	1.2	Based on forecast for FY26	3,663	10.6
Allianz Life (ALIM)	4,070	100%	0.9	1x projected contractual service margin for FY26	3,858	11.2
SOP Valuation					7,521	21.8
No of ordinary shares					180	
Effects of conversion of ICPS					166	
Diluted number of ordinary shares					346	
TP					21.80	

Source: Company, AmlInvestment Bank

EXHIBIT 3: ESG SCORE

	Environmental assessment	Parameters	Weightage	Rating					Rationale
1	Allocation of investments in high risk ESG sectors	% of total investments allocated	40%	*	*	*			
2	Scope 1 GHG Emissions to insurance service results	t/Co2e/RM'Mil	15%	*	*	*	*		0.05 in 2024 vs. 0.04 in 2023
3	Scope 2 GHG Emissions to insurance service results	t/Co2e/RM'Mil	15%	*	*	*	*		Zero in 2024 and 2023
4	Scope 3 GHG Emissions to insurance service results	t/Co2e/RM'Mil	15%	*	*				3.75 in 2024 vs. 1.81 in 2023
5	Electricity consumption to insurance service results	MWh/RM'Mil	10%	*	*	*			
6	Water consumption to insurance service results	m3/RM'Mil	5%	*	*				43.0 in 2024 vs 38.5 in 2023
	Weighted score for environmental assessment		100%	*	*	*			
	Social assessment								
1	Customer policy renewal ratio	%	30%	*	*	*			
2	Corporate Social Responsibility investments or spend	% of total insurance service results	25%	*	*	*			RM2.55mil in 2024 vs. RM2mil in 2023
3	Claims settlement ratio	%	20%	*	*	*			
4	Workforce diversity - women in managerial role (excluding board directors)	% of total workforce	15%	*	*	*	*		60.7% in 2024 vs. 58.9% in 2023
5	Average training hours per employee	hours	10%	*	*				71 in 2024 vs. 95.7 in 2023
	Weighted score for social assessment		100%	*	*	*			
	Governance assessment								
1	Board age diversity	% under the 61 to 70 years old category	20%	*	*	*			38%
2	Board women representation	% of total board directors	15%	*	*				25% representation
3	Directors with tenure of 3-6 years	% in the 3 to 6 years or more category	15%	*	*	*			
4	Independent board directors	% of total board directors	20%	*	*	*	*		75% independent directors in 2024
5	Remuneration to directors	% of insurance service expenses	10%	*	*	*			
6	Cybersecurity, Privacy and Data Protection	Confirmed incidents	20%	*	*				4 in 2024 and 2 in 2023
	Weighted score for governance assessment		100%	*	*	*			
	Environmental score		40%	*	*	*			
	Social score		25%	*	*	*			
	Governance score		35%	*	*	*			
	Overall ESG Score		100%	*	*	*			

Source: Company, AmInvestment Bank

EXHIBIT 4: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Insurance revenue	4,942	5,651	6,008	6,342	6,709
Insurance service expenses	(3,897)	(4,553)	(4,629)	(4,939)	(5,156)
Insurance service result before reinsurance	1,045	1,098	1,379	1,403	1,553
Net expense/income from reinsurance contracts held	(229)	(280)	(300)	(317)	(335)
Insurance service result	817	818	1,078	1,086	1,218
Investment income	520	711	1,035	1,106	1,214
Realised gains and losses	(2)	5	-	-	-
Fair value gains and lossesv and other income	476	860	-	-	-
Other income	148	0	-	-	-
Total investment income	1,142	1,577	1,035	1,106	1,214
Net finance results	(832)	(1,177)	(958)	(996)	(1,053)
Other operating income	1	5	81	100	-
Other operating expenses	(170)	(217)	(179)	(198)	(219)
Finance costs	-	-	-	-	-
Share of profit after tax of equity accounted associate company	-	-	-	-	-
Profit before tax	957	1,005	1,057	1,098	1,159
Tax expense	(226)	(235)	(272)	(258)	(272)
Net profit	731	771	785	840	887
Core net profit	731	771	785	840	887
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Cash & deposits with FIs	1,562	2,027	6,549	5,017	6,550
Loans & receivables	-	-	-	-	-
Insurance receivables	126	180	168	157	146
Investment securities	23,052	25,121	27,971	31,143	34,676
Investment properties	-	-	-	-	-
Reinsurance assets	542	525	544	562	582
Fixed assets	117	124	122	120	119
Other assets	523	511	416	419	423
Total assets	25,922	28,488	35,769	37,419	42,496
Insurance contract liabilities	19,316	21,220	23,424	25,856	28,541
Reinsurance contract liabilities	70	132	145	160	176
Borrowings	-	-	-	-	-
Deferred tax liabilities	539	615	717	835	974
Other liabilities	852	673	5,280	3,972	5,776
Total liabilities	20,776	22,639	29,565	30,823	35,467
Share capital	236	241	241	241	241
Reserves	4,905	5,587	5,963	6,355	6,770
Shareholders' funds	5,141	5,828	6,204	6,596	7,011
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
ROE (%)	15	14	13	13	13
ROA (%)	3	3	2	2	2
Insurance service result (%)	3	0	32	1	12
Core net profit growth (%)	19	5	2	7	6
EPS growth (%)	19	5	2	7	6
Book value per share growth (%)	10	13	6	6	6
Key Assumptions (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Net claims incurred ratio (%)	58	57	57	57	55
Expense ratio (%)	27	25	25	24	24
Combined ratio (%)	85	82	81	82	79
Yield from investment portfolio (%)	4	4	4	4	4

Source: Company, AmlInvestment Bank Bhd estimates

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