



## Company report

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# SYARIKAT TAKAFUL MALAYSIA KELUARGA

(STMB MK EQUITY, TAKA.KL)

26 Nov 2025

Stronger takaful service and net investment results

BUY

(Maintained)

## Rationale for report: Company results

Price	RM3.12
Target Price	RM3.90
52-week High/Low	RM4.16/RM3.01

## Key Changes

Fair value  
EPS

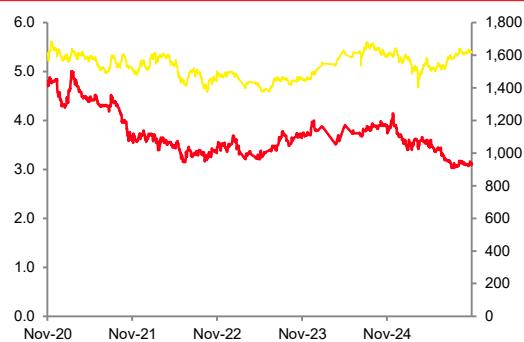
YE to Dec	FY24	FY25F	FY26F	FY27F
Takaful Revenue (RMmil)	3,576	3,611	3,848	4,084
Core net profit (RMmil)	378	364	378	390
FD Core EPS (Sen)	45	42	43	45
FD Core EPS growth (%)	9.0	-7.5	3.9	3.2
Consensus net profit (RMmil)		364	375	399
DPS (Sen)	17	19	18	19
BV/share (RM)	2.3	2.6	2.8	3.1
PE (x)	7.0	7.6	7.3	7.1
Div yield (%)	5.4	5.8	5.7	5.9
P/BV (x)	1.4	1.2	1.1	1.0
ROE (%)	19.4	16.0	15.2	14.4
Net Gearing (%)	nm	nm	nm	nm

## Stock and Financial Data

Shares Outstanding (million)	872.2
Market Cap (RMmil)	2,721.3
Book Value (RM/share)	2.3
P/BV (x)	1.4
ROE (%)	19.4
Net Gearing (%)	-

Major Shareholders	Lembaga Tabung Haji (30.8%)
	Employees Provident Fund (18.8%)
	Kumpulan Wang Persaraan (6.7%)
Free Float	43.7
Avg Daily Value (RMmil)	2.6

Price performance	3mth	6mth	12mth
Absolute (%)	(0.6)	(10.1)	(19.9)
Relative (%)	(1.9)	(14.7)	(21.4)



STMB MK FBMKLCI Index

## Investment Highlights

**STMK's 9MFY25 earnings beat expectations on stronger investment income. It retained leadership in family takaful with 28% market share and ranked second in general takaful at 22.8%. Family contributions grew 10% YoY, driven by credit-related products. CSM rose 5% YTD to RM1.43bil, signaling solid future profits. Valuation remains attractive at P/BV 1.1x with FY26F ROE of 15.2% and PER of 7.3%. ESG rating unchanged at neutral (3-star).**

- Recommendation and valuation.** We reiterate our BUY call on STMK with a higher TP of RM3.90 (from RM3.80), based on FY26F P/BV of 1.4x (vs. 1.3x) reflecting an improved ROE forecast of 15.2%. This follows a 1–3.4% upward revision in FY25F–27F earnings, driven by higher investment income estimate, fine tuning of our projection of takaful service results and inclusion of financing costs from the RM500mil Tier 2 Sukuk issuance. Valuation remains compelling at FY26F P/BV of 1.1x, supported by robust family takaful growth and CSM of RM1.43bil, signaling solid future profitability. Declared interim dividend of 18.5 sen/share, above our full-year estimate of 14 sen.
- 9MFY25 earnings surpassed expectations, achieving 83.5% of our forecast and 80.8% of consensus, driven mainly by stronger-than-anticipated investment income.** Net profit was largely unchanged at RM294mil (-0.7% YoY) as higher taxes from taxable wakalah fees and non-deductible bancatakaful fee amortization offset improved takaful service results and investment income. Takaful service results grew modestly by 4% YoY, supported by a 17% increase in CSM release to RM211mil, reduced losses on onerous contracts, and lower profit attributable to participants. Experience variances declined to RM40mil (-RM8mil YoY). STMB issued a Tier 2 Subordinated Sukuk (10 Years Non-Callable 5 Years) on 29 September 2025 at a profit rate of 3.83% payable semi-annually which is expected to result in an increase in finance cost to the group. On a QoQ basis, net profit rose 37.6% to RM115mil in 3QFY25, underpinned by stronger takaful service results and investment income.
- General takaful gross contributions gained momentum, rising 8% YoY, supported by fire, motor, and personal accident segments.** Family takaful contribution growth eased to 10% YoY from 19% in the prior quarter, mainly supported by credit-related products. Net investment results rose 9% YoY to RM291mil, driven by stronger expected investment returns and higher realized gains on financial assets.
- STMB's CSM rose 4% YTD to RM1.43bil.** The increase was primarily driven by higher new business CSM of RM184mil in 9MFY25 (vs. RM159mil in 9MFY24), supported by credit-related products along with a favorable RM44mil impact from changes in model estimates that boosted expected investment income and led to a larger surplus transfer to the Shareholders' fund.

### Company profile

STMK was incorporated on 29 Nov 1984. The holding company, Syarikat Takaful Malaysia Keluarga (STMK) manages the family takaful business while Syarikat Takaful Malaysia Am (STMAB) manages the general takaful business. STMK operates a network of branches in 24 locations nationwide.

For family takaful, STMK commands a market share of 28% in terms of gross direct premium/contribution, ranking 1<sup>st</sup> among 11 takaful operators. Meanwhile, on general takaful industry, STMAB has a market share of 22.8%, ranking 2<sup>nd</sup> of out 4 takaful operators. If compared to 19 general insurers and 4 takaful operators, STMAB's market share for stands at 4.8%, ranking 9<sup>th</sup> in the market.

### Investment thesis and catalysts

We maintain a BUY call with a revised TP of RM3.90. FY26F dividend yield is decent at 5.7%. The stock trades at a compelling 1.1x P/BV, supported by a solid 15.2% ROE and low PER of 7.3x.

### Valuation methodology

We value STMK using a Gordon Growth-based P/B of 1.4x, supported by a cost of equity of 11.6%, beta of 1.3, market risk premium of 6.5%, risk-free rate of 3.5%, and a long-term growth rate of 2%

### Risk factors.

Downside risks to our estimates:

- i) Weaker than expected economic growth impacting growth in gross contributions,
- ii) Unexpected increase in claims impacting insurance service results and
- iii) High interest rates held for much longer in developed markets resulting in a lower valuation of bonds/securities portfolio, impacting investment income.

### EXHIBIT 1: VALUATIONS

COE	11.6%
Beta	1.3
Market risk premium	6.5%
Risk free rate	3.5%
ROE	15.2% (from 14.5%)
Long term growth rate	2%
P/BV	FY26 1.4x (from 1.3x)
FY26 BVPS	RM2.82 (from RM2.86)
<b>TP</b>	<b>RM3.90 (from RM3.80)</b>
ESG Premium	0
<b>Adjusted TP</b>	<b>RM3.90 (from RM3.80)</b>

## EXHIBIT 2: FINANCIAL HIGHLIGHTS OF SYARIKAT TAKAFUL MALAYSIA KELUARGA (GROUP LEVEL)

Income Statement (RM Mil, FYE 31 Dec)	3Q24	2Q25	3Q25	% QoQ	% YoY	9M24	9M25	% YoY
Takaful revenue	976	867	903	4.1	-7.5	2,664	2,751	3.2
Takaful service expenses	-862	-833	-849	1.9	-1.5	-2,468	-2,531	2.5
<b>Takaful service result before retakaful contracts held</b>	<b>114</b>	<b>34</b>	<b>54</b>	<b>58.0</b>	<b>-52.9</b>	<b>196</b>	<b>220</b>	<b>12.1</b>
Net expense from retakaful contracts held	-9	-12	-12	3.1	31.5	-21	-38	82.6
<b>Takaful service result</b>	<b>105</b>	<b>22</b>	<b>42</b>	<b>93.2</b>	<b>-60.3</b>	<b>175</b>	<b>182</b>	<b>3.6</b>
Investment income on financial assets not measured at FVTPL	130	137	138	0.7	5.9	380	406	7.0
Investment income - others	12	11	10	-5.8	-18.9	31	32	3.7
Net realised gains and losses	4	14	16	13.8	>100	13	52	>100
Net fair value gains and losses on financial assets	-36	19	42	>100	>100	31	-24	-177.4
Net impairment loss on financial instruments	-13	2	3	-94.1	126.9	-13	5	-138.2
<b>Net investment income</b>	<b>97</b>	<b>182</b>	<b>209</b>	<b>15.2</b>	<b>116.2</b>	<b>442</b>	<b>471</b>	<b>6.5</b>
Takaful finance expenses from takaful contracts issued	-62	-75	-78	3.9	26.9	-203	-209	3.0
Retakaful finance income from retakaful contracts held	10	10	10	-1.8	-0.5	27	30	14.0
<b>Net takaful financial results</b>	<b>-52</b>	<b>-65</b>	<b>-69</b>	<b>4.8</b>	<b>32.0</b>	<b>-177</b>	<b>-179</b>	<b>1.3</b>
Other operating income	0	0	1	>100	>100	2	2	5.4
Other operating expenses	-2	-2	-3	20.6	13.0	-7	-7	-3.2
Finance cost	0	0	0	n.m.	n.m.	0	0	n.m.
<b>Profit before zakat and taxation</b>	<b>148</b>	<b>136</b>	<b>181</b>	<b>33.2</b>	<b>22.0</b>	<b>435</b>	<b>468</b>	<b>7.5</b>
Tax expense	-48	-52	-66	26.1	37.3	-139	-174	25.6
Minority interest	0	0	0	-351.6	-45.5	0	0	-98.1
<b>Reported Net Profit for the period</b>	<b>101</b>	<b>84</b>	<b>115</b>	<b>37.6</b>	<b>14.7</b>	<b>296</b>	<b>294</b>	<b>-0.7</b>
<b>PATAMI</b>	<b>101</b>	<b>84</b>	<b>115</b>	<b>37.6</b>	<b>14.8</b>	<b>296</b>	<b>294</b>	<b>-0.7</b>
<b>Core EPS (sen)</b>	<b>12.0</b>	<b>9.6</b>	<b>13.2</b>	<b>37.8</b>	<b>10.2</b>	<b>35.4</b>	<b>33.7</b>	<b>-4.7</b>

Source: Company, AmlInvestment Bank Bhd

## EXHIBIT 3: FINANCIAL HIGHLIGHTS OF GENERAL TAKAFUL

Income Statement (RM Mil, FYE 31 Dec)	3Q24	2Q25	3Q25	% QoQ	% YoY	9M24	9M25	% YoY
Takaful revenue	378	351	354	0.9	-6.2	1,094	1,049	-4.2
Takaful service expenses	-376	-350	-350	0.0	-6.8	-1,092	-1,039	-4.8
<b>Takaful service result before retakaful contracts held</b>	<b>2</b>	<b>1.1</b>	<b>4.3</b>	<b>295.4</b>	<b>95.5</b>	<b>3</b>	<b>10</b>	<b>268.5</b>
Net expense from retakaful contracts held	-9	-10	-10	1.4	9.1	-26	-31	17.3
<b>Takaful service result</b>	<b>-7</b>	<b>-9</b>	<b>-6</b>	<b>-34.4</b>	<b>-17.7</b>	<b>-23</b>	<b>-20</b>	<b>-12.6</b>
Investment income on financial assets not measured at FVTPL	15	16	17	2.5	9.3	44	49	11.5
Investment income - others	0	0	0	-75.6	-114.2	0	0	>100
Net realised gains and losses	0	1	0	-100.0	-100.0	0	2	>100
Net fair value gains and losses on financial assets	0	0	0	-50.0	n.m.	0	0	n.m.
Net impairment loss on financial instruments	-2	0	1	102.1	-135.0	-2	1	>100
<b>Net investment income</b>	<b>13</b>	<b>17</b>	<b>17</b>	<b>0.4</b>	<b>28.3</b>	<b>42</b>	<b>51</b>	<b>21.5</b>
Takaful finance expenses from takaful contracts issued	-16	-17	-17	0.7	11.7	-45	-52	14.4
Retakaful finance income from retakaful contracts held	9	10	10	1.4	9.1	26	31	17.3
<b>Net takaful financial results</b>	<b>-6</b>	<b>-7</b>	<b>-7</b>	<b>-0.2</b>	<b>15.7</b>	<b>-19</b>	<b>-21</b>	<b>10.4</b>
Other operating income	0	0	0	86.7	16.7	0	0	122.4
Other operating expenses	0	0	0	181.3	-72.9	0	0	43.5

Source: Company, AmlInvestment Bank Bhd

## EXHIBIT 4: FINANCIAL HIGHLIGHTS OF FAMILY TAKAFUL

Income Statement (RM Mil, FYE 31 Dec)	3Q24	2Q25	3Q25	% QoQ	% YoY	9M24	9M25	% YoY
Takaful revenue	555	486	528	8.6	-4.8	1,484	1,623	9.3
Takaful service expenses	-579	-566	-622	9.9	7.3	-1,699	-1,802	6.1
<b>Takaful service result before retakaful contracts held</b>	<b>-24</b>	<b>-79</b>	<b>-94</b>	17.9	282.8	<b>-215</b>	<b>-180</b>	-16.3
Net expense from retakaful contracts held	3	0	0	>100	-85.1	16	0	-98.0
<b>Takaful service result</b>	<b>-22</b>	<b>-79</b>	<b>-93</b>	17.5	>100	<b>-198</b>	<b>-179</b>	-9.6
Investment income on financial assets not measured at FVTPL	90	95	98	3.3	8.4	265	283	6.7
Investment income - others	11	9	9	-5.0	-18.7	26	28	7.8
Net realized gains and losses	3	10	2	-78.7	-34.7	10	28	>100
Net fair value gains and losses on financial assets	-35	18	41	>100	>-100	31	-23	>-100
Net impairment loss on financial instruments	-11	1	2	93.8	-121.1	-11	3	>100
<b>Net investment income</b>	<b>58</b>	<b>134</b>	<b>153</b>	14.1	162.1	<b>322</b>	<b>321</b>	-0.4
Takaful finance expenses from takaful contracts issued	-37	-46	-49	4.8	31.5	-123	-123	-0.5
Retakaful finance income from retakaful contracts held	0	0	0	>100	-182.1	0	0	-176.9
<b>Net takaful financial results</b>	<b>-37</b>	<b>-46</b>	<b>-49</b>	5.5	34.3	<b>-123</b>	<b>-123</b>	0.2
Other operating income	0	0	1	>100	145.3	1	1	49.6
Other operating expenses	0	0	0	39.2	233.3	-2	-1	-39.4

Source: Company, AmlInvestment Bank Bhd

## EXHIBIT 5: CHANGE IN EARNINGS

RMm	FY25F			FY26F			FY27F		
	Old	New	%	Old	New	%	Old	New	%
Net profit	352	364	3.4%	366	378	3.3%	387	390	1.0%
Takaful service result	278	242	-12.7%	291	303	4.1%	331	330	-0.4%
Total investment income	587	671	14.2%	618	671	8.5%	632	687	8.8%
Finance cost	0	(5)	nm	-	(19)	nm	0	(19)	nm

## EXHIBIT 6: 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%	*	*	*		
3	Scope 2 GHG Emissions to insurance service results	t/Co2e/RM'Mil	15%	*	*	*		
4	Scope 3 GHG Emissions to insurance service results	t/Co2e/RM'Mil	15%	*	*	*		6.15 in 2024
5	Electricity consumption to insurance service results	MWh/RM'Mil	10%	*	*	*		21.4 in 2024
6	Water consumption to insurance service results	m3/RM'Mil	5%	*	*	*		0.08 in 2024 VS. 0.19 in 2023 and 0.17 in 2022
	<b>Weighted score for environmental assessment</b>		<b>100%</b>	*	*	*		
	<b>Social assessment</b>							
1	Customer policy renewal ratio	%	30%	*	*	*		
2	Corporate Social Responsibility investments or spend	% of total insurance service results	25%	*	*	*	*	RM10.07mil invested in 2024 (+15% YoY)
3	Claims settlement ratio	%	20%	*	*	*		
4	Workforce diversity - women in senior management and above (excluding board directors)	% of total workforce	15%	*	*	*		23% in 2024
5	Average training hours per employee	hours	10%	*	*	*		
	<b>Weighted score for social assessment</b>		<b>100%</b>	*	*	*		
	<b>Governance assessment</b>							
1	Board age diversity	% under the 61 to 70 years old category	20%	*	*			33.3% in 2024
2	Board women representation	% of total board directors	15%	*	*	*		83.3% in 2024 vs. 37.5% representation in 2023
3	Directors with tenure of 3-6 years	% in the 3 to 6 years or more category	15%	*	*	*	*	71%
4	Independent board directors	% of total board directors	20%	*	*	*	*	85.7% independent directors
5	Remuneration to directors	% of insurance service expenses	10%	*	*	*		
6	Cybersecurity, Privacy and Data Protection	Confirmed incidents	20%	*	*	*		
	<b>Weighted score for governance assessment</b>		<b>100%</b>	*	*	*		
	Environmental score		40%	*	*	*		
	Social score		25%	*	*	*		
	Governance score		35%	*	*	*		
	<b>Overall ESG Score</b>		<b>100%</b>	*	*	*		

Source: Company, AmlInvestment Bank

## EXHIBIT 6: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Insurance revenue	2942	3576	3611	3848	4084
Insurance service expenses	-2571	-3299	-3322	-3494	-3696
<b>Insurance service result before reinsurance</b>	<b>371</b>	<b>277</b>	<b>289</b>	<b>354</b>	<b>388</b>
Net expense/income from reinsurance contracts held	-197	-59	-47	-51	-58
<b>Insurance service result</b>	<b>175</b>	<b>218</b>	<b>242</b>	<b>303</b>	<b>330</b>
Investment income	515	554	603	620	633
Realised gains and losses	24	4	63	46	51
Fair value gains and losses and other income	-3	43	5	4	3
Other income	-6	3	0	0	0
<b>Total investment income</b>	<b>530</b>	<b>605</b>	<b>671</b>	<b>671</b>	<b>687</b>
<b>Net takaful finance results</b>	<b>-190</b>	<b>-241</b>	<b>-224</b>	<b>-239</b>	<b>-253</b>
Other operating income	3	2	2	1	1
Other operating expenses	-9	-9	-124	-133	-142
Finance costs	0	0	-5	-19	-19
Share of profit after tax of equity accounted associate company	0	0	0	0	0
<b>Profit before tax</b>	<b>508</b>	<b>575</b>	<b>563</b>	<b>584</b>	<b>603</b>
Tax expense	-161	-184	-197	-205	-211
Minority interest	0	-13	-1	-2	-2
<b>Net profit</b>	<b>347</b>	<b>378</b>	<b>364</b>	<b>378</b>	<b>390</b>
<b>Core net profit</b>	<b>347</b>	<b>378</b>	<b>364</b>	<b>378</b>	<b>390</b>
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Cash & deposits with FIs	851	650	972	838	726
Loans & receivables	0	0	0	0	0
Insurance receivables	0	0	0	0	0
Investment securities	0	0	0	0	0
Investment properties	40	57	79	111	155
Retakaful assets	1,107	1,517	1,659	1,979	2,398
Fixed assets	236	235	236	237	238
Other assets	12,172	14,208	15,474	19,125	21,690
<b>Total assets</b>	<b>14,408</b>	<b>16,666</b>	<b>18,421</b>	<b>22,290</b>	<b>25,207</b>
Takaful contract liabilities	12,050	14,060	15,041	18,653	21,336
Retakaful contract liabilities	268	257	248	238	229
Borrowings	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	0
Other liabilities	375	385	362	409	426
<b>Total liabilities</b>	<b>12,692</b>	<b>14,702</b>	<b>15,651</b>	<b>19,300</b>	<b>21,991</b>
Share capital	241	241	358	358	358
Reserves	1,473	1,710	1,879	2,132	2,358
<b>Shareholders' funds</b>	<b>1,714</b>	<b>1,951</b>	<b>2,237</b>	<b>2,490</b>	<b>2,716</b>
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
ROE (%)	20.2	19.4	16.0	15.2	14.4
ROA (%)	2.5	2.4	2.1	1.9	1.6
Insurance service results growth (%)	-15.2	24.7	11.2	25.2	8.8
Core net profit growth (%)	22.6	9.0	-3.7	3.9	3.2
EPS growth (%)	22.5	9.0	-7.5	3.9	3.2
Book value per share growth (%)	24.5	14.2	12.0	9.8	9.2
Key Assumptions (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Yield from investment portfolio (%)	5.1	4.8	5.5	5.0	4.8

Source: Company, AmlInvestment Bank Bhd estimates

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