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FWD Group Holdings Limited

富衛集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1828

Annual results for the year ended 31 December 2025

FWD Group delivers record full year 2025 results with profitable growth, improved capital and cash flow generation

US\$166 million net profit is a six-fold increase; significant growth in shareholder value creation with comprehensive tangible equity up 18 per cent and Group embedded value up 19 per cent*

Hong Kong, 16 March 2026 – FWD Group Holdings Limited (“FWD Group” or “FWD”) today announced its first set of full-year results as a Hong Kong listed company for the 12 months ended 31 December 2025.

- **New business sales were up 25 per cent to US\$2.446 billion compared to 2024 on an annualised premium equivalent (APE) basis. New business contractual service margin (CSM) was US\$1.476 billion, with year-on-year growth of 18 per cent.**
- **Operating profit after tax was up five per cent to US\$499 million with positive contributions from each of the company’s four geographic reporting segments – Hong Kong SAR & Macau SAR; Thailand & Cambodia; Japan; and Emerging Markets.**
- **Net profit of US\$166 million is a record IFRS 17 result and for the second consecutive year, FWD Group was operating cash flow positive as at 31 December 2025. Leverage ratio reduced to 21.3 per cent approaching the company’s target range of 15-20 per cent.**
- **Significantly increased important indicators of shareholder value creation, with comprehensive tangible equity (CTE) up 18 per cent to US\$8.72 billion compared to 31 December 2024 and Group embedded value (EV) up 19 per cent year-on-year to US\$6.85 billion. A strong capital position was maintained with a 265 per cent solvency ratio[^].**
- **In December 2025, FWD Group was added to the Hang Seng Composite Index and the eligible securities list for the Stock Connect programme, where Mainland Chinese investors connect via the Shanghai Stock Exchange and Shenzhen Stock Exchange with Hong Kong market opportunities via a southbound trading mechanism. FWD Group was also included in the MSCI Hong Kong Small Cap Index in February 2026.**

Huynh Thanh Phong, Group Chief Executive Officer and Executive Director of FWD Group, said, “2025 was a stand-out year for FWD Group. We successfully executed our customer-led strategy, underpinned by our digitally enabled business model. Record financial results were achieved. And of course, we began trading as a publicly listed company, following our July 2025 initial public offering. This fulfilled a long-held objective to ensure FWD Group has full capital market access, as a solid foundation for our future development and growth.”

The strong 2025 results were driven by organic growth across most of the 10 Asian markets where FWD Group operates, with a particularly outstanding performance in the Hong Kong SAR & Macau SAR segment.

A solid performance was posted in Japan, in a year where FWD began to diversify beyond its successful protection business into the retirement and savings segment, with its first offering – a yen-denominated single premium variable annuity product.

As an established market leader in Thailand, FWD remains well positioned to grow quality new business in future, despite headwinds from a lower rate environment which impacted 2025 results, in addition to the 2024 exit from underwriting new business in the corporate care segment.

Excellent growth was delivered in the Emerging Markets segment – which is comprised of five of the rest of FWD Group’s Southeast Asian markets – consistent with the longer-term demographic, wealth creation, and digital adoption trends in this region.

“With 2026 already underway, we remain firmly focused on executing our strategy as we build for the future – operating with customers at the heart of everything we do in high-growth Asian markets, with a focus on long-term sustainability and profitability,” added Huynh Thanh Phong.

About FWD Group

FWD Group (1828.HK) is a pan-Asian life and health insurance business that serves more than 38 million customers across 10 markets, including BRI Life in Indonesia. FWD’s customer-led and tech-enabled approach aims to deliver innovative propositions, easy-to-understand products and a simpler insurance experience. Established in 2013, the company operates in some of the fastest-growing insurance markets in the world with a vision of changing the way people feel about insurance. FWD Group is listed on the main board of the Hong Kong Stock Exchange under the stock code 1828.

For more information, please visit www.fwd.com

The results are for the 12 months ended 31 December 2025 and are compared to the same period in 2024.

Group LCSM cover ratio, group embedded value, comprehensive tangible equity values are December 2025 balances/ratios and growth rates are represented accordingly.

Growth rates are represented on a constant exchange rate (CER) basis, unless otherwise stated

Except for operating profit/(loss) after tax (non-IFRS measure), net profit/(loss), and comprehensive tangible equity, all other numbers are unaudited. Operating profit after tax and net profit after tax represent the amounts attributable to equity holders of the company and are presented net of non-controlling interests. New business sales are calculated on an annualised premium equivalent (APE) basis, based on 100 percent annualised first year premiums and 10 percent single premiums. Comprehensive tangible equity is calculated as total equity of the Group attributable to shareholders of the Company plus contractual service margin (net of tax and non-controlling interests), minus intangible assets (net of non-controlling interests).

* Actual exchange rate basis

^ Prescribed capital requirement (PCR) basis

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Chairman's statement

At FWD Group, we help our customers and communities across Asia to celebrate living, and in 2025 the company welcomed public investors for the first time in its 13-year history. The significant response to our initial public offering on the main board of the Hong Kong Stock Exchange (HKEX) on 7 July 2025 was a testament to the strong appeal and proven strategy of our business. We are very proud to now present FWD Group to an enlarged investor base.

Corporate governance

The Board of Directors continue to steer FWD Group's growth and governance across its 10 markets in Asia. Overall, the Board now consists of 13 directors, comprising nine independent non-executive directors, two executive directors, and two non-executive directors.

In 2025, we welcomed three new directors – Andrew Weir, Dominic Leung Ka Kui, and Laura Deal-Lacey – effective 18 February 2025. With these appointments, the Board is increasingly diverse with deep business experience in Asia, which is critical to realising FWD's vision of changing the way people feel about insurance.

Our focus remains on creating long-term value for our many stakeholders, including investors, and the more than 38 million customers that we serve in 10 markets in Asia, as well as the communities more broadly where we operate.

Financial strength and capital market access

FWD Group posted record financial results in 2025, reflecting strong organic growth across most of the markets in our pan-Asian footprint, with a particularly outstanding performance in our home market of Hong Kong. We significantly increased important indicators of shareholder value creation, with our comprehensive tangible equity (CTE) up 18 per cent to US\$8.72 billion compared to 31 December 2024 and our Group embedded value (EV) up 19 per cent year-on-year to US\$6.85 billion.

During the year, FWD Group further bolstered its financial foundations and strong liquidity position. Our group-wide solvency ratio increased to 265 per cent at the end of 2025, on a local capital summation method (LCSM) prescribed capital requirement (PCR) basis.

Shortly after our successful IPO, Moody's upgraded FWD Group's ratings in July 2025 to a notional insurer financial strength rating of A2. Fitch Ratings revised FWD Group's outlook in December 2025 to positive from stable, for our insurer financial strength rating of A for our core life insurance operating entities.

In December 2025, FWD Group was added to the Hang Seng Composite Index. This Hong Kong market benchmark covers the top 95th percentile of the total market capitalisation of HKEX main board listed companies. As a result of this inclusion, the Shanghai Stock Exchange and Shenzhen Stock Exchange added FWD Group to the eligible securities list for the Stock Connect programme, where Mainland Chinese investors connect with Hong Kong market opportunities via a southbound trading mechanism. FWD Group was also included in the MSCI Hong Kong Small Cap Index, which represents approximately 14 per cent of the free float-adjusted market capitalisation of the Hong Kong equity market, in February 2026.

Regulatory compliance

On the regulatory front, FWD Group continues to be designated for group-wide supervision (GWS) from the Hong Kong Insurance Authority, reflecting our scale as a Hong Kong headquartered insurance group operating across Asia. We are also recognised as an internationally active insurance group (IAIG) by the International Association of Insurance Supervisors (IAIS), alongside 10 other companies in Asia and approximately 60 globally.

With the listing of FWD Group, we are now subject to ongoing public company regulations – such as continuous material information disclosure and mandatory environmental, social and governance (ESG) reporting – as monitored by HKEX and the Securities and Futures Commission of Hong Kong.

Overall, the international regulatory environment continues to evolve rapidly – from insurance capital standards, to global corporate minimum tax rates, and measures to prevent financial crime. Regulatory compliance and risk

management capabilities remain top priorities for FWD Group. We are fully committed to ongoing investments in people, systems, and processes to ensure FWD Group meets the standards expected of us.

Committed to our role in the community

Our core business of life and health insurance is focused on helping people to live fulfilled lives, knowing that they – and their loved ones – have a financial plan and adequate protection in place. However, we believe that being a truly valuable – and valued – company in the community also extends beyond these responsibilities.

Like many people in Hong Kong, and around the world, we were deeply saddened by the terrible fire that occurred toward the end of 2025 in Wang Fuk Court in Tai Po. Our committed and hardworking teams in Hong Kong, as well as our agents and advisers, set up a dedicated 24/7 hotline, provided a HK\$10,000 cash allowance for life and employee benefits policyholders who were residents of Wang Fuk Court, and ensured that affected life policyholders received express claims settlements, an extension of grace periods for premium payments up to 12 months to maintain coverage, and a one-off waiver of interest on existing and future policy loans.

The company also donated HK\$10 million to charitable organisations to support emergency assistance and recovery efforts in the community and rolled out its first-ever employee donation matching campaign. This attracted employee contributions not only from our people in Hong Kong, but also from colleagues based in Japan, Malaysia, and Singapore which were matched dollar-for-dollar by FWD Group for six local charities focused on immediate relief, as well as the longer-term challenges of rehousing and emotional healing.

More broadly across Asia, our wider social and community programmes in areas like financial literacy and education continued in 2025, with more than 64,700 beneficiaries, alongside local charitable grants focused on health and well-being.

In 2025, employees across the Group brought our core value of caring to life. Our people contributed 11,200 volunteering hours, up 35 per cent from 2024, across a range of meaningful initiatives with community and charitable organisations.

Acknowledgments and appreciation

FWD Group completed a major milestone to become a listed company in 2025. On behalf of the Board, I would like to express our sincere gratitude to all who were involved for their unwavering support throughout the entire IPO process. To the investors, employees, agents and distributors who played a critical role in building this great company since inception – thank you for your support over so many years. Our customers place great trust in us, which is a responsibility that we take very seriously. We are grateful for the opportunity to help them to celebrate living.

I would also like to thank Richard Sun, who retired from the Board on 18 February 2025, for his many valuable contributions during his tenure since his appointment in October 2022.

To Hong Kong, our home, we also say thank you. The city is a vibrant international financial centre and a super connector for global capital. Our IPO was a clear example of that in action, with high quality cornerstone investors. It's also a recognition of the vast opportunities for Hong Kong businesses to serve the unique needs of customers across Asia – bridging protection gaps, meeting rising demand from the region's growing middle classes, and blazing new trails in digital innovation.

With best wishes for the year ahead,

Professor Ma Si Hang, Frederick, GBS, JP

Chairman and Independent Non-Executive Director, **FWD Group**

16 March 2026

Chief Executive Officer report

2025 was a stand-out year for FWD Group. We successfully executed our customer-led strategy, underpinned by our digitally enabled business model. Record financial results were achieved. And of course, we began trading as a publicly listed company, following our July 2025 initial public offering. This fulfilled a long-held objective to ensure FWD Group has full capital market access, as a solid foundation for our future development and growth.

Record financial results

In 2025, we posted a record IFRS 17 profit, off the back of our first-ever IFRS 17 profit in 2024. Our strong results were driven by organic growth across most of the 10 Asian markets where FWD Group operates.

We delivered a particularly outstanding performance in our Hong Kong SAR & Macau SAR segment. This reflected the growing demand from both local and offshore customers for investment, savings, and health protection products, alongside our high-net-worth (HNW) offering, FWD Private.

The Thailand & Cambodia segment had a more challenging year in the face of a lower rate environment, in addition to the impact from our 2024 exit from underwriting new business in the corporate care segment. As an established market leader in Thailand, our franchise remains well positioned in this important market.

Our Emerging Markets segment, which is made up of five of the rest of our Southeast Asian markets, demonstrated excellent growth overall. This validates the longer-term demographic, wealth creation, and digital adoption trends we see in this region.

In Japan, we posted a solid performance in a year where we also entered the savings market with our first product. This strategic move to diversify beyond our successful protection business into the retirement and savings segment reflects the growing needs of an ageing population in the country.

Strategic focus and progress

FWD Group was established 13 years ago to bring a new approach to an old industry, with customers at the heart of it all. Our strategy aims to help customers and communities in Asia to celebrate living – now and in the future, with relevant propositions and differentiated experiences.

Customer-led at heart

We're already serving more than 38 million customers and their families across 10 markets with our diversified pan-Asian footprint – a region that's home to some of the fastest growing life insurance markets in the world.

First and foremost, we're focused on marrying customer-driven product design and experiences, with digitally enabled services. In 2025, we continued to meet customer needs for protection, health, and savings, with over 40 new products introduced across FWD Group. Our customer metrics remained strong, with 92 per cent rating the onboarding experience as good or great, a claims net promoter score of 63, and the proportion of customer transactions with straight through processing up seven percentage points.

Locally relevant distribution

Tailoring a balanced, diverse distribution channel mix for each local market is a key focus. This includes steadily building a productive, high-quality agency force that's already 40,000 strong as at year end. We posted further gains in agency productivity during 2025, underpinned by the continued adoption of FWD Cube – our proprietary agency management platform with industry leading digital and generative AI capabilities – in Indonesia, Malaysia, the Philippines, Thailand, and Vietnam.

Strategic partnerships provide FWD Group with significant scale and customer reach. We closed the year with 33 bancassurance partnerships, representing an addressable market of more than 350 million customers. Among them are seven exclusive agreements, including with leading domestic 'national champion' banks. More than 30 ecosystem partners, from a range of industries, complete our distribution footprint.

Stewarding investment risk and returns

Our team stewards more than US\$60 billion in assets alongside diverse regulatory requirements across our 10 markets in Asia. Robust risk management, stability in asset-liability management, and guarding against market volatility are key considerations in the asset allocation decisions made to fulfil our policyholder commitments.

Responsibly investing the premiums we receive to deliver attractive risk-adjusted returns is also a key objective for FWD Group. Our strategy is focused on partnering with multiple world-class investment managers to ensure we're accessing the global scale, expertise, and opportunities that can best serve the unique needs of our policyholders.

Innovating with technology

When it comes to technology, FWD was an early adopter of artificial intelligence (AI) in 2019, followed by generative AI in 2022. We closed 2025 with over 300 active AI models and renewed our focus on scaling early successes – in areas like underwriting, customer service, and distributor productivity – further across FWD Group.

Our technology leadership was recognised by the Hong Kong Insurance Authority (IA) during 2025, when we were named as a core participant in the AI cohort programme. The IA initiative aims to establish centres of excellence, nurture talent, and foster experience sharing across the industry in Hong Kong.

We also announced an AI collaboration in Singapore in October, with the support of the Singapore Economic Development Board, focused on AI powered and data driven insurance solution development.

Building an industry leading team

Ultimately, it's our people who determine whether we execute our customer-led and technology-enabled strategy across Asia in a sustainable and profitable way. Our success – and our future – depends in large part on attracting, developing, and keeping an industry leading team that live our values of being proactive, innovative, committed, caring, and open.

In 2025, we attracted top talent from the market to join us, including Tsuyoshi Ijichi (Representative Director, President & CEO of FWD Japan) and Phuong Tien Minh (CEO of FWD Vietnam). The internal appointments of Lau Soon Liang (President & CEO of FWD Philippines) and Craig Tunstall (Acting Group Chief Risk Officer) were examples of talent development in action.

We take great pride in our caring culture of talented, high performing professionals who innovate with integrity and accountability. In 2025, we were pleased to see our overall FWD Group employee engagement score increase to 8.3, placing us in the top quartile of financial services companies as measured by Workday. This was driven by improvements in all of our 10 markets and head office.

Navigating a rapidly evolving world

The volatility and uncertainty that businesses faced in 2025 was unprecedented in my 40-year career in life insurance. Against this backdrop, FWD Group remained focused, disciplined, and maintained a strong balance sheet.

In September, we seized a window in the debt markets for refinancing, and with the successful IPO in July, we made great progress in reducing our overall debt, financing costs, and leverage. These were important steps to ensure that we can weather future storms – always critical in the life insurance industry, but even more so in the current environment, given the heightened and sustained volatility in global financial markets.

Evolving international regulatory standards and expectations were also a feature of 2025. To further strengthen our risk management capabilities, we prioritised additional important investments during 2025 in areas including compliance, investment risk, and persistency management.

Outlook

With 2026 – our first full year as a publicly-listed company – already well underway, we remain firmly focused on executing our strategy. There is no change to our commitment to operate with customers at the heart of everything we do in high-growth Asian markets, with a focus on long-term sustainability and profitability.

Insurance is a very local proposition and unique in each of the 10 markets that FWD operates in across Asia. However, the opportunity in changing the way people feel about insurance and making it easier is universal. It's also central to our purpose as a life insurer – closing the cross-generational protection and savings gap to help communities shape a more resilient, optimistic future.

There is – justifiably in our view – a lot of hype around AI, in addition to much uncertainty about the levels of investment and end-game beneficiaries. We believe that standing still or taking a 'wait and see' approach is not without its costs. The challenge is to prioritise the right technology investments, at a time of incredibly rapid and exciting developments. We see great opportunities to innovate and differentiate with industry-leading customer and distributor experiences, while delivering cost efficiencies. At FWD Group, we will continue to selectively invest in technology while also strengthening the necessary governance frameworks in this fast-moving space.

Of course, we also keep investing in the key enablers – people, culture, and risk management – to ensure that our business expands upon solid foundations. We've already taken steps in 2025, which will continue in 2026, to put our future target operating models in place, ensuring that we're set up for continued success in the years to come. Similarly, we will also continue to build our talent bench for the future to ensure we have the right mix of skills, experience, and fresh perspectives to navigate the next phase of FWD Group's growth and development as a Hong Kong listed company. Our leadership team is determined to strike the right balance between maintaining our unique 'new-kid-on-the-block' mindset and entrepreneurial culture, while ensuring a strong sense of accountability for good governance, risk management, and results.

Finally, as a newly listed company, we recognise the market will be watching as we build our track record. We believe that new business contractual service margin is a key leading indicator of value creation for shareholders. The strong 18 per cent growth in this metric in 2025 further strengthened our contractual service margin balance, which will, in turn, boost our future earnings. We will continue to focus on building and creating value in our business, and engaging with the investment community to ensure this is recognised in our stock price over time.

With the pace of change in the world and the industry around us accelerating, I've no doubt that 2026 will be another pivotal year for FWD, as we recommit to our original customer-led vision – changing the way people feel about insurance.

Huynh Thanh Phong, OBE

Group Chief Executive Officer

16 March 2026

Chief Financial Officer report

In 2025, FWD Group delivered record financial performance, reflecting a disciplined balance between growth, profitability, and risk management, reinforcing our commitment to sustainable long-term value creation for shareholders. In July, we achieved a significant milestone with the successful completion of the Group's IPO, which raised HK\$3,611 million (approximately US\$466 million), further strengthening the Group's capital position and enhancing financial flexibility.

Growth

Our growth in 2025 was underpinned by a strong distribution performance and product innovation across markets. New business sales (APE) reached US\$2,446 million, representing a 25 per cent increase compared to 2024. This growth was broad-based, with Hong Kong & Macau delivering an outstanding 51 per cent increase, supported by our balanced customer portfolio which includes our HNW offering, FWD Private.

The expansion of new business contractual service margin (NB CSM) to US\$1,476 million — up 18 per cent year-on-year — reflects improved operating leverage and APE growth. Value of new business (VNB) grew to US\$945 million, an increase of 11 per cent. NB CSM and VNB in 2025 were impacted by economic factors (including lower interest rates in Thailand), tax regulatory changes and operating assumption changes at year-end 2024. Adjusting for these factors, NB CSM and VNB in 2025 grew 25 per cent and 23 per cent, respectively.

Profitability

The Group's profitability in 2025 reflects the strength of our operating model and disciplined execution. Operating profit after tax (OPAT)¹ was US\$499 million, driven by higher contractual service margin (CSM) release. The CSM balance increased by 24 per cent to US\$6,562 million as at 31 December 2025, supported by strong new business growth and improved operating variances. All four segments remained profitable during the year, underscoring the sustainability of the Group's growth.

Net profit after tax (NPAT)² under IFRS 17 reached a record US\$166 million for the year ended 31 December 2025, exhibiting the continued maturity of the Group. Disciplined expense control was a key contributor to both the record net profit achieved under IFRS 17 and expense overrun improvement.

Value

Our commitment to creating sustainable shareholder value is reflected in the strong growth of both Group CTE and EV during 2025. CTE increased to US\$8,717 million which grew 18 per cent from US\$7,162 million as at 31 December 2024. EV increased to US\$6,850 million which grew 19 per cent year-on-year, up from US\$5,569 million at the end of 2024. This increase in shareholder value was driven by robust new business growth, improved operating variances and assumption changes, and disciplined asset liability management.

Risk & Capital

Solvency capital remains strong at 265 per cent solvency ratio (LCSM cover ratio on a PCR basis) as at 31 December 2025. Remittances from operating entities exceeded US\$500 million, with Thailand delivering a record amount.

Net underlying free surplus generation (net UFSG) in 2025 was US\$857 million and increased by 20 per cent from 2024, primarily from improvement in operating variances and free surplus uplift from reinsurance transactions as we continue to optimise capital and free surplus generation.

Our Group LCSM ratios will change following the adoption of the Japan regulatory solvency rules change which is moving to the Economic value-based Solvency Regulation (ESR) effective on 31 March 2026. We are supportive of the change in the Japan regime to ESR as the economic principles underpinning it aligns with our risk management approach in running the Group's business. As at 31 December 2025, the Japan business solvency ratio reduced from 1,622 per cent under the Solvency Margin Ratio (SMR) basis to 194 per cent under

¹ Operating profit after tax represents the amounts attributable to Equity Holders of the Company, and is presented net of non-controlling interests.

² Net profit after tax is profit attributable to Equity Holders of the Company, and is presented net of non-controlling interests.

the ESR basis. We do not expect any further constraints on the Group's current financial flexibility or material changes to holding company financial resources as a result of this change. As at 31 December 2025 our Group LCSM ratio (PCR basis) following the adoption of ESR is 210 per cent.

In September, the Group successfully completed a US\$575 million 5-year and a US\$575 million 10-year subordinated dated capital securities offering, which, together with the IPO proceeds, funded the refinancing of the US\$900 million Subordinated Notes due 2029 and the redemption of the US\$750 million Perpetual Capital Securities. This has enhanced the Group's financial flexibility by reducing annual debt-servicing costs by approximately US\$72 million and further optimises the overall cost of debt. It also contributed to the reduction in leverage from 25.5 per cent as at 31 December 2024 to 21.3 per cent as at 31 December 2025, which is near our target leverage range of 15 to 20 per cent.

Supported by increasing profitability and a robust balance sheet, FWD Group was operating cash flow positive for a second consecutive year as at 31 December 2025.

We are well positioned to continue delivering profitable growth, improved capital and cash flow generation, providing long-term value to our shareholders, and leveraging our further enhanced financial strength and flexibility along with our other competitive advantages.

Management discussion and analysis

Growth rates are on a constant exchange rate (CER) basis, unless otherwise stated, and figures may not be additive due to rounding.

Growth

New business performance by segment

US\$ millions, except for percentages	2025	2024	CER YoY	AER YoY
Annualised premium equivalent (APE)				
Hong Kong & Macau	1,207	802	51%	51%
Thailand & Cambodia	577	577	(6%)	—
Japan	132	118	11%	12%
Emerging Markets	529	420	27%	26%
Total APE	2,446	1,916	25%	28%
New business contractual service margin (NB CSM)				
Hong Kong & Macau	684	418	64%	64%
Thailand & Cambodia	358	398	(16%)	(10%)
Japan	213	192	10%	11%
Emerging Markets	221	214	4%	3%
Total NB CSM	1,476	1,222	18%	21%
NB CSM margin				
Hong Kong & Macau	57.0%	52.6%	4.4 pps	4.4 pps
Thailand & Cambodia	62.3%	65.5%	(3.2) pps	(3.2) pps
Japan	161.1%	162.7%	(2.0) pps	(1.6) pps
Emerging Markets	43.0%	52.6%	(9.5) pps	(9.5) pps
Total NB CSM margin	61.0%	63.4%	(2.5) pps	(2.4) pps
Value of new business (VNB)				
Hong Kong & Macau	478	333	44%	44%
Thailand & Cambodia	242	278	(18%)	(13%)
Japan	86	88	(4%)	(2%)
Emerging Markets	145	136	7%	7%
Operating entities total	951	834	11%	14%
Less: Global minimum tax provision	(7)	n/a	n/a	n/a
Total VNB	945	834	11%	13%
New business margin				
Hong Kong & Macau	39.6%	41.5%	(1.9) pps	(1.9) pps
Thailand & Cambodia	42.0%	48.1%	(6.2) pps	(6.2) pps
Japan	64.9%	74.5%	(9.7) pps	(9.6) pps
Emerging Markets	27.5%	32.3%	(5.0) pps	(4.9) pps
Operating entities total	38.9%	43.5%	(4.8) pps	(4.6) pps
Less: Global minimum tax provision	nm	n/a	n/a	n/a
Total new business margin	38.6%	43.5%	(5.1) pps	(4.9) pps

Hong Kong & Macau

Hong Kong & Macau APE increased by 51 per cent to US\$1,207 million in 2025. Onshore and offshore APE grew by 58 per cent and 44 per cent, respectively, compared to 2024. Our Hong Kong & Macau segment continues to focus on its multi-channel distribution strategy with strong sales growth across all channels.

FWD Private, our HNW offering serving the global high-end insurance market with diversified asset allocation, wealth management and legacy planning, has continued to contribute to new business growth, with approximately 25 per cent contribution to total Hong Kong & Macau APE growth.

NB CSM was up 64 per cent to US\$684 million in 2025, driven by APE growth and NB CSM margin increase of 4.4 pps to 57.0 per cent, mainly from higher acquisition expense underrun.

VNB increased by 44 per cent to US\$478 million in 2025, primarily driven by growth in new business sales. New business margin decreased by 1.9 pps to 39.6 per cent compared to 2024, mainly driven by higher risk discount rates and adjusting for this, new business margin in 2025 was broadly in line with prior year.

Thailand & Cambodia

Thailand & Cambodia APE was partly impacted by the exit from underwriting new business in the Thailand corporate care sector in late 2024. This partly contributed to the 6 per cent decline to US\$577 million in APE in 2025.

Our Thailand & Cambodia business remains well positioned in the market. Our partnership with Siam Commercial Bank (SCB) continues to be the main contributor to new business and maintained its number one market share position in Thailand bancassurance, and we remain the second largest insurer in new business sales¹.

NB CSM and VNB declined by 16 per cent to US\$358 million and 18 per cent to US\$242 million in 2025, respectively, impacted by lower APE and decline in margins from lower interest rates. Excluding the impact of lower interest rates, 2025 NB CSM margin and new business margin were broadly in line with that in 2024.

Japan

In the second half of 2025, we entered the individual savings market in Japan with the launch of a Japanese Yen single premium annuity (JSPA) product. Continued growth in our individual protection business, coupled with JSPA sales, supported an increase in Japan APE by 11 per cent to US\$132 million in 2025.

APE growth was offset by lower new business margins primarily due to medical product repricing which resulted in 4 per cent decline in VNB to US\$86 million in 2025, whilst NB CSM grew 10 per cent in 2025 to US\$213 million contributed by reduction in expense overrun.

Emerging Markets

Emerging Markets reported strong APE growth of 27 per cent to US\$529 million in 2025 despite ongoing headwinds in Vietnam.

NB CSM margin decreased 9.5 pps to 43.0 per cent and new business margin decreased 5.0 pps to 27.5 per cent, respectively, predominantly due to operating assumption changes updated at year-end 2024 and statutory tax changes. Excluding the impact of these, NB CSM margin and new business margin were broadly in line with 2024.

¹ According to Thai Life Assurance Association (TLAA), for the full year of 2025.

Profitability

Operating profit after tax

OPAT¹ was US\$499 million in 2025 and increased by 5 per cent from 2024, driven by CSM growth and partly offset by the methodology refinement in Emerging Markets. There are three main components of OPAT, as shown in the table below.

Insurance service result increased by US\$221 million to US\$795 million in 2025 primarily driven by higher CSM release from new business and in-force growth.

Net investment result was US\$272 million in 2025, which reduced by US\$47 million from 2024. This was primarily driven by changes in asset allocations with a lower mix of equity securities, and timing of debt refinancing which resulted in higher interest income in 2024.

Other revenue and expenses were US\$(413) million in 2025 compared to US\$(302) million in 2024. Non-attributable expenses showed marginal growth in 2025 reflective of disciplined expense management across our Business Units and Group Office. Net other income and expenses in 2025 were impacted by the methodology refinement in Emerging Markets.

US\$ millions, unless otherwise stated	2025	2024
CSM release	737	588
Operating variances	51	38
Risk adjustment release	79	64
Others	(72)	(116)
Insurance service result	795	574
Investment return	2,339	1,889
Net insurance/reinsurance finance expenses	(2,067)	(1,570)
Net investment result	272	319
Non-attributable expenses	(381)	(348)
Net other income and expenses	(32)	46
Other revenue and expenses	(413)	(302)
Operating profit before tax	654	591
Operating tax	(161)	(139)
Operating profit after tax	493	452
Operating profit after tax attributable to:		
Equity Holders of the Company	499	463
Shareholders of the Company	437	361
Perpetual securities	62	102
Non-controlling interests	(6)	(11)
Operating profit after tax	493	452
Adjusted basic OPAT per share (US cents)¹	35.60	30.69

Notes:

(1) The adjusted weighted average number of ordinary shares outstanding for the year ended 31 December 2025 is 1,225,488,773 (2024: 1,178,205,907), which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed at the beginning of each reporting period. Refer to notes 1.2 and 5.4 in the consolidated financial statements for further information.

¹ Represents operating profit after tax attributable to Equity Holders of the Company, and is presented net of non-controlling interests.

OPAT by segment

Hong Kong & Macau OPAT increased by 24 per cent to US\$270 million in 2025, primarily from higher CSM release driven by an increase in the CSM balance from in-force and new business growth.

Thailand & Cambodia OPAT increased by 18 per cent to US\$187 million in 2025, supported by growing CSM release and an improvement in claims and persistency. This was partially offset by lower investment returns due to the changes in asset allocations with a lower mix of equity securities.

Japan OPAT declined by 5 per cent to US\$186 million in 2025, primarily from persistency variances in a run-off portfolio.

Emerging Markets OPAT increased by 2 per cent to US\$34 million in 2025 as CSM release growth and persistency improvement driving OPAT growth was offset by methodology refinement.

Corporate and Others operating loss after tax increased by 39 per cent to US\$178 million, primarily from lower interest income in 2025. Interest income was higher in 2024 from increased cash holdings, owing to timing differences in the refinancing of borrowings in 2024. Tax increased in 2025 due to the recognition of GMT and higher withholding tax on higher dividend remittances from the operating subsidiaries in 2025. Group Office operating expenses remained broadly stable year-on-year.

US\$ millions, except for percentages	2025	2024	CER	AER
			YoY	YoY
Hong Kong & Macau	270	218	24 %	24 %
Thailand & Cambodia	187	148	18 %	27 %
Japan	186	193	(5)%	(4)%
Emerging Markets	34	32	2 %	6 %
Corporate and Others	(178)	(128)	39 %	39 %
OPAT¹	499	463	5 %	8 %

Note:

(1) Represents operating profit after tax attributable to Equity Holders of the Company, and is presented net of non-controlling interests.

Operating expenses and expense ratio

Operating expenses increased by 8 per cent to US\$1,112 million mainly from business growth, with total weighted premium income (TWPI) increasing by 14 per cent to US\$7,783 million in 2025. The expense ratio improved by 100 basis points to 14 per cent for 2025, reflecting disciplined expense management across our Business Units and Group Office.

US\$ millions, except for percentages	2025	2024	CER	AER
			YoY	YoY
Operating expenses ¹	1,112	1,016	8 %	9 %
TWPI ¹	7,783	6,632	14 %	17 %
Expense ratio ²	14 %	15 %	n/a	(1.0) pps

Note:

(1) Represents the amounts attributable to Equity Holders of the Company.

(2) Expense ratio is operating expenses expressed as a percentage of TWPI for the relevant period.

Contractual service margin

CSM in 2025 was US\$6,562 million which was an increase of US\$1,388 million from 2024.

2025 operating change in CSM of US\$1,022 million increased significantly from US\$396 million in 2024, primarily due to higher new business contribution and improved operating variances and assumption changes in 2025. The CSM release rate remained stable year-on-year.

The positive economic variances and assumption changes were mainly due to favourable interest rate and credit spread movements in 2025.

The US\$115 million foreign exchange translation gain was mainly due to the weakening of the US dollar against Thai Baht.

US\$ millions, except for percentages	2025	2024
Opening CSM	5,174	5,046
New business CSM ¹	1,415	1,171
Expected return ²	345	278
Operating variances and assumption changes	(1)	(465)
CSM release	(737)	(588)
Operating change in CSM	1,022	396
Economic variances and assumption changes	153	(135)
Foreign exchange	115	(174)
Others	97	41
Closing CSM	6,562	5,174
CSM release rate ³	10 %	10 %

Notes:

- (1) New business CSM prepared under IFRS 17. Refer to note 17 in the consolidated financial statements for further information.
- (2) Expected return refers to the accretion of interest on general measurement model contracts, together with the expected return related to variable fee approach contracts based on the expected long-term investment return.
- (3) Calculated as CSM release divided by closing CSM balance (excluding CSM release and foreign exchange movement) and is shown on an annualised basis.

Net profit after tax

NPAT¹ was US\$166 million for the year ended 2025, which increased significantly from US\$24 million in 2024, driven by higher CSM release and reduction in expenses.

Non-operating: Market related

NPAT includes the short-term fluctuation impact of market movements related to equity securities, interests in investment funds, and investment property which are backing non-participating business and shareholder surplus, against long-term investment return assumptions. Short-term fluctuations in investment return resulted in US\$67 million losses in 2025, mainly due to lower returns on private equities compared with the expected long-term investment returns. Negative market movements on other non-operating investment return also contributed US\$15 million losses in 2025, mainly arising from costs of derivatives held for currency risk management. Positive movements in the loss component on onerous contracts contributed US\$42 million gains in 2025.

Non-operating: Non-market related

Non-market related expenses of US\$292 million in 2025, reduced by US\$126 million compared to 2024, which reflects our disciplined expense management and control.

¹ Represents net profit after tax attributable to Equity Holders of the Company, and is presented net of non-controlling interests.

US\$ millions, unless otherwise stated	2025	2024
Operating profit after tax	493	452
Tax on operating profit before tax	161	139
Operating profit before tax	654	591
<i>Non-operating items:</i>		
Short-term fluctuations in investment return related to equity securities, interests in investment funds and investment property	(67)	(38)
Other non-operating investment return	(15)	(40)
Loss component on onerous contracts	42	89
Market related non-operating items	(40)	11
Finance costs related to borrowings and long-term payables	(244)	(227)
M&A, business set up and restructuring related costs	(20)	(71)
IPO related costs including incentive costs	(16)	(11)
Implementation costs for IFRS 9 and 17 and Group-wide supervision	(8)	(36)
Other non-operating items	(4)	(73)
Non-market related non-operating items	(292)	(418)
Profit before tax	322	184
Tax on operating profit before tax	(161)	(139)
Tax impact from non-operating items	(1)	(35)
Net profit after tax	160	10
Net profit after tax attributable to:		
Equity Holders of the Company	166	24
Shareholders of the Company	104	(78)
Perpetual securities	62	102
Non-controlling interests	(6)	(14)
Net profit after tax	160	10
Adjusted basis earnings/(loss) per share (US cents)¹	8.45	(6.67)

Note:

- (1) The adjusted weighted average number of ordinary shares outstanding for the year ended 31 December 2025 is 1,225,488,773 (2024: 1,178,205,907), which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed at the beginning of each reporting period. Refer to notes 1.2 and 5.4 in the consolidated financial statements for further information.

CSM and profit before tax sensitivities

Sensitivities for CSM and profit before tax to changes in equity price, interest rate and foreign exchange rate movements, are shown below. The interest rate sensitivities apply a 50 basis points movement in current bond yields and the corresponding movement on discount rates applied to the calculation of liabilities. Further details are included in note 28 to the consolidated financial statements.

CSM sensitivities US\$ millions	As at 31 Dec 2025	As at 31 Dec 2024
Effect of equity price changes		
10 per cent increase in equity prices	137	122
10 per cent decrease in equity prices	(136)	(108)
Effect of interest rate changes		
50 basis points increase in interest rates	64	74
50 basis points decrease in interest rates	(69)	(106)
Effect of foreign exchange rate changes		
5 per cent strengthening of original currency		
United States dollar	—	—
Hong Kong dollar	37	40
Thai Baht	78	62
Japanese Yen	78	75
5 per cent strengthening of US dollar		
United States dollar	—	—
Hong Kong dollar	(31)	(36)
Thai Baht	(78)	(62)
Japanese Yen	(78)	(75)
Profit before tax sensitivities US\$ millions	2025	2024
Effect of equity price changes		
10 per cent increase in equity prices	124	128
10 per cent decrease in equity prices	(125)	(133)
Effect of interest rate changes		
50 basis points increase in interest rates	12	17
50 basis points decrease in interest rates	(44)	(24)
Effect of foreign exchange rate changes		
5 per cent strengthening of original currency		
United States dollar	36	32
Hong Kong dollar	(60)	(28)
Thai Baht	(1)	5
Japanese Yen	1	1
5 per cent strengthening of US dollar		
United States dollar	36	32
Hong Kong dollar	61	25
Thai Baht	1	(5)
Japanese Yen	(1)	(1)

Value

IFRS balance sheet

Consolidated statement of financial position

US\$ millions	As at 31 Dec 2025	As at 31 Dec 2024
Assets		
Intangible assets	3,190	3,085
Insurance contract assets	715	683
Reinsurance contract assets	2,722	2,696
Financial investments	52,196	43,669
Cash and cash equivalents	1,487	1,687
Other assets – other than the above	2,053	1,892
Total assets	62,363	53,712
Liabilities		
Insurance contract liabilities	49,653	41,646
Reinsurance contract liabilities	465	366
Investment contract liabilities	17	32
Derivative financial instruments	490	528
Borrowings	3,046	2,793
Other liabilities - other than the above	1,815	1,533
Total liabilities	55,486	46,898
Equity		
Share capital and share premium	9,477	9,010
Other reserves	205	190
Accumulated losses	(2,254)	(2,139)
Amounts reflected in other comprehensive income	(814)	(1,049)
Total equity of the Group attributable to:		
Shareholders of the Company	6,614	6,012
Perpetual securities	203	741
Non-controlling interests	60	61
Total equity	6,877	6,814
Total liabilities and equity	62,363	53,712

Movement in total equity

US\$ millions, unless otherwise stated	2025	2024
Opening total equity	6,814	7,632
Net profit after tax	160	10
<i>Other comprehensive income</i>		
Fair value gains on debt securities	969	408
Net finance expenses from insurance contracts and reinsurance contracts held	(1,096)	(340)
Cash flow hedges	87	48
Foreign currency translation adjustments	255	(205)
Share of other comprehensive loss of associates	(6)	(23)
Related income tax	31	(10)
Total comprehensive income/(loss) for the year	400	(112)
Shares issued pursuant to the IPO and the partial exercise of Over-allotment Option	466	–
Distributions paid for perpetual securities	(64)	(112)
Redemption of perpetual securities	(750)	(600)
Other movements	11	6
Closing total equity	6,877	6,814
Total equity of the Group attributable to:		
Shareholders of the Company	6,614	6,012
Perpetual securities	203	741
Non-controlling interests	60	61
Closing total equity	6,877	6,814
Total equity attributable to shareholders of the Company per share (US\$)¹	5.18	5.10

Note:

(1) The number of ordinary shares outstanding as at 31 December 2025 is 1,276,005,277. The adjusted number of ordinary shares outstanding as at 31 December 2024 is 1,178,205,907, which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed as of the reporting date. Refer to notes 1.2 in the consolidated financial statements for further information.

Assets

Total assets increased by US\$8,651 million to US\$62,363 million as at 31 December 2025 from US\$53,712 as at 31 December 2024, mainly driven by an increase in financial investments from business growth, fair value gains and positive foreign exchange rate movements in 2025, mainly from Thai Baht appreciation against US dollar.

Liabilities

Total liabilities increased to US\$55,486 million as at 31 December 2025 from US\$46,898 million as at 31 December 2024.

Insurance contract liabilities increased to US\$49,653 million as at 31 December 2025 compared to US\$41,646 million as at 31 December 2024, driven by business growth and positive foreign exchange rate movements.

Borrowings increased to US\$3,046 million as at 31 December 2025 compared to US\$2,793 million as at 31 December 2024, resulting from the issuance of US\$1.15 billion of subordinated dated capital securities and subsequent refinancing of the US\$900 million Subordinated Notes due 2029.

The maturity profile of bank and other borrowings of the Group, the currencies in which borrowings are made and in which cash and cash equivalents are held, and the extent to which borrowings are at fixed interest rates, are included in notes 22 and 24 to the consolidated financial statements.

Equity

Total equity increased by US\$63 million to US\$6,877 million as at 31 December 2025 from US\$6,814 million as at 31 December 2024.

Total equity includes other comprehensive income or loss which includes the unrealised market movements on debt securities, and the net finance expenses from insurance contracts and reinsurance contracts held. Fair value movements on debt securities of US\$969 million were offset by US\$1,096 million net finance expenses from insurance contracts and reinsurance contracts held.

Foreign currency translation gains reflected in other comprehensive income of US\$255 million was primarily due to the appreciation of Thai Baht against US dollar in 2025.

The Group completed its IPO in July 2025 with gross proceeds of US\$466 million including the partial exercise of the Over-allotment Option. The net proceeds from the IPO were utilised for our deleveraging and refinancing activities. Together with the proceeds from the issuance of US\$1.15 billion of subordinated dated capital securities, the Group redeemed US\$750 million Perpetual Capital Securities and refinanced US\$900 million Subordinated Notes due 2029.

Investments

US\$ millions, except for percentages	As at 31 Dec 2025	Percentage of total	As at 31 Dec 2024	Percentage of total
Total policyholder and shareholder	49,064	91 %	41,877	92 %
Total unit-linked contracts	4,589	9 %	3,417	8 %
Total investments ¹	53,653	100 %	45,294	100 %
US\$ millions, except for percentages	As at 31 Dec 2025	Percentage of total	As at 31 Dec 2024	Percentage of total
Participating funds and other participating business with distinct portfolios				
Debt securities				
Government bonds	2,497	5 %	2,484	6 %
Government agency bonds	541	1 %	651	2 %
Corporate bonds	8,259	17 %	5,304	13 %
Structured securities	3,543	7 %	2,312	6 %
Loans and deposits	19	–	23	–
Fixed income investments	14,859	30 %	10,774	26 %
Equity securities	164	–	130	–
Interests in investment funds	4,208	9 %	4,007	10 %
Cash and cash equivalents	361	1 %	246	1 %
Derivative financial instruments	(105)	–	(102)	–
Participating funds and other participating business with distinct portfolios	19,487	40 %	15,055	36 %
Other policyholder and shareholder				
Debt securities				
Government bonds	15,883	32 %	14,602	35 %
Government agency bonds	1,448	3 %	1,046	2 %
Corporate bonds	5,887	12 %	4,952	12 %
Structured securities	1,724	4 %	1,763	4 %
Others	19	–	44	–
Loans and deposits	919	2 %	879	2 %
Fixed income investments	25,880	53 %	23,286	56 %
Equity securities	106	–	91	–
Interests in investment funds	1,983	4 %	1,679	4 %
Investment property	460	1 %	466	1 %
Cash and cash equivalents	1,126	2 %	1,441	3 %
Derivative financial instruments	22	–	(141)	–
Other policyholder and shareholder	29,577	60 %	26,822	64 %
Total policyholder and shareholder	49,064	100 %	41,877	100 %

Note:

(1) Includes financial investments, investment property, cash and cash equivalents and derivative liabilities.

The discussion of our investment portfolio composition focuses on our policyholder and shareholder investments, excluding unit-linked policies.

Total financial investments held in respect of policyholders and shareholders increased to US\$49,064 million as at 31 December 2025 compared to US\$41,877 million as at 31 December 2024. Financial investments representing 40 per cent of total policyholder and shareholder investments as at 31 December 2025 are held to back participating fund business and other participating business with distinct portfolios, with 60 per cent held in respect of non-participating business and shareholder funds. Participating fund business and other participating business with distinct portfolios are generally measured under the variable fee approach (VFA), with investment returns offset by corresponding movements in insurance contract liabilities, and therefore there is no significant impact on the Group's net investment result.

We predominantly invest in fixed income investments based on our liability maturity profile and to generate predictable and stable income. As at 31 December 2025, 83 per cent of our investment portfolio (excluding unit-linked investments) was composed of fixed income investments, compared to 81 per cent as at 31 December 2024, reflecting business growth, and favourable interest rate and foreign exchange movements in Thailand.

Government bonds and government agency bonds were US\$20,369 million, which represented 50 per cent of fixed income investments as at 31 December 2025, compared to US\$18,783 million representing 55 per cent of fixed income investments as at 31 December 2024, with the lower proportion in 2025 partly driven by a shift in bond mix in Thailand from government bonds to corporate bonds.

Corporate bonds and structured securities of US\$19,451 million accounted for 48 per cent of fixed income investments as at 31 December 2025, compared to 42 per cent as at 31 December 2024, driven by asset allocation changes in Thailand and Hong Kong.

As at 31 December 2025, 96 per cent of our fixed income investment portfolio was rated investment grade. We had a small portion of investments rated below investment grade, which are primarily corporate bonds and deposits in Hong Kong, Thailand and Vietnam. As per the Fitch ratings, Thailand had an international sovereign debt rating of BBB+, while Vietnam had an international sovereign debt rating of BB+. As a result, many corporate bonds issued in these markets are below investment grade on an international rating scale.

As at 31 December 2025, we invested in US\$6,461 million equity securities and interests in investment funds to meet policyholder's reasonable expectations. US\$2,089 million of equity securities and interests in investment funds are backing non-participating business and shareholder funds, representing 7 per cent of our total other policyholder and shareholder investments, of which, 3 per cent are debt funds and money market funds.

For derivative financial instruments used for hedging purposes, please refer to note 19 to the consolidated financial statements.

Comprehensive tangible equity

US\$ millions, unless otherwise stated	As at 31 Dec 2025	As at 31 Dec 2024
Total equity of the Group attributable to shareholders of the Company	6,614	6,012
Contractual service margin (net of tax)	5,293	4,235
Comprehensive equity	11,907	10,247
Less: Intangible assets net of non-controlling interests	(3,190)	(3,085)
Comprehensive tangible equity (CTE)	8,717	7,162
CTE per share (US\$)¹	6.83	6.08

Note:

(1) The number of ordinary shares outstanding as at 31 December 2025 is 1,276,005,277. The adjusted number of ordinary shares outstanding as at 31 December 2024 is 1,178,205,907, which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed as of the reporting date. Refer to notes 1.2 in the consolidated financial statements for further information.

CTE as at 31 December 2025 was US\$8,717 million, which increased by US\$1,555 million from US\$7,162 million as at 31 December 2024. The increase was primarily driven by strong new business, positive operating and economic variances, and favourable foreign exchange movements primarily from the Thai Baht appreciation against the US dollar in 2025, partially offset by the US\$84 million negative impact from the GMT implementation.

The gross proceeds from the IPO of US\$466 million also contributed to the CTE increase. The proceeds were utilised for our deleveraging and refinancing activities, which included the redemption of the US\$750 million Perpetual Capital Securities with the redemption impact resulting in a reduction to CTE by US\$214 million.

Historical assets and liabilities

The following table sets out FWD's historical assets and liabilities data for the years indicated, which is derived from FWD's audited consolidated financial statements. This table is only a summary and should be read in conjunction with FWD's consolidated financial statements and the related notes included elsewhere in this announcement.

The Group adopted IFRS 9, 'Financial Instruments' and IFRS 17, 'Insurance Contracts' from 1 January 2023. The Group determined its date of transition to IFRS 17 to be 1 January 2022. From 2022 onwards, the financial information in the following table is presented after the adoption of IFRS 9 and IFRS 17. The financial information for 2021 is presented before this change.

IFRS financial results

US\$ millions	As at 31 Dec 2025	As at 31 Dec 2024	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2021
Total assets	62,363	53,712	52,674	50,590	63,653
Total liabilities	55,486	46,898	45,042	42,101	54,706
Total equity	6,877	6,814	7,632	8,489	8,947

Group embedded value

US\$ millions, unless otherwise stated	2025	2024
Opening Group EV	5,569	5,682
Acquisitions & partnerships/discontinued business	–	(53)
Expected return on EV	634	618
VNB	945	834
Operating variances and assumption changes	(32)	(300)
Total EV operating profit	1,547	1,152
Economic variances and assumption changes	(107)	(194)
Other non-operating variances	(148)	(290)
Total EV profit	1,292	668
Capital movements	466	–
Corporate centre expenses	(157)	(121)
Financing	(521)	(329)
Foreign exchange movements	200	(278)
Closing Group EV	6,850	5,569
EV operating profit per share (US cents)¹	126.21	97.75
EV per share (US\$)²	5.37	4.73

Notes:

- (1) The adjusted weighted average number of ordinary shares outstanding for the year ended 31 December 2025 is 1,225,488,773 (2024: 1,178,205,907), which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed at the beginning of each reporting period. Refer to notes 1.2 and 5.4 in the consolidated financial statements for further information.
- (2) The number of ordinary shares outstanding as at 31 December 2025 is 1,276,005,277. The adjusted number of ordinary shares outstanding as at 31 December 2024 is 1,178,205,907, which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed as of the reporting date. Refer to notes 1.2 in the consolidated financial statements for further information.

Group EV as at 31 December 2025 was US\$6,850 million, which increased by US\$1,281 million from 31 December 2024, representing AER growth of 23 per cent and CER growth of 19 per cent.

EV operating profit in 2025 was US\$1,547 million and increased by 33 per cent compared to 2024, primarily from strong new business growth and significant improvement in operating variances and operating assumption changes in 2025. Our operating leverage improved in 2025 with expense overrun of US\$13 million in 2025 compared to US\$59 million in 2024.

Economic variances and assumption changes were US\$(107) million in 2025, primarily from economic assumptions update in reflecting year-end economic conditions and lower than expected return in private equity impacting economic variances.

Other non-operating variances include implementation costs for new accounting standards and other mandatory regulatory changes, IPO related costs including incentive costs, integration and restructuring related costs, mergers and acquisitions and one-off adjustments such as the impact of payments related to distribution agreements, and methodology and regulatory changes on EV. For 2025, other non-operating variances also included a negative impact from the GMT implementation of US\$61 million.

Capital movements were from the gross proceeds from the IPO of US\$466 million. The proceeds were utilised for our deleveraging and refinancing activities, which included the redemption of the US\$750 million Perpetual Capital Securities with the redemption impact of US\$214 million resulting in higher financing cost.

Positive foreign exchange movements were primarily from the Thai Baht appreciation against the US dollar in 2025.

Group embedded value and value of new business sensitivities

Sensitivities for Group EV and VNB to changes in equity price, interest rate and foreign exchange rate movements, are shown below. The sensitivity tests on interest rates have been applied to the net investment returns (and corresponding adjustments to the market value of assets for debt securities and derivatives, statutory reserving bases, bonus/dividend scales for participating business, crediting rates for universal life business, unit fund growth rates for unit linked business) and risk discount rate. The direction of interest rate sensitivities varies by markets. Please refer to the section headed “Financial statements — Supplementary embedded value information” for more details.

Group EV sensitivities	As at	As at
US\$ millions	31 Dec 2025	31 Dec 2024
Effect of equity price changes		
10 per cent increase in equity prices	203	187
10 per cent decrease in equity prices	(203)	(183)
Effect of interest rate changes		
50 basis points increase in interest rates	(98)	(67)
50 basis points decrease in interest rates	93	54
Effect of presentation currency changes		
5 per cent appreciation of presentation currency	(324)	(287)
5 per cent depreciation of presentation currency	324	287
VNB sensitivities		
US\$ millions	As at	As at
	31 Dec 2025	31 Dec 2024
Effect of interest rate changes		
50 basis points increase in interest rates	48	53
50 basis points decrease in interest rates	(55)	(52)
Effect of presentation currency changes		
5 per cent appreciation of presentation currency	(24)	(27)
5 per cent depreciation of presentation currency	24	27

Risk & Capital

Free surplus

US\$ millions, unless otherwise stated	2025	2024
Opening free surplus	668	593
Acquisitions & partnerships/discontinued business	–	(62)
Underlying free surplus generation	893	722
Opening adjustment	202	(59)
Underlying free surplus generation before opening adjustment	691	782
Free surplus used to fund new business	(36)	(14)
Net underlying free surplus generation	857	709
<i>Net underlying free surplus generation before opening adjustment</i>	655	768
Investment return variances and other items	45	(80)
Capital movements	466	–
Corporate centre expenses	(147)	(162)
Financing and finance costs	(521)	(329)
Closing free surplus	1,369	668
Basic net UFSG per share (US cents)¹	69.93	60.16

Note:

(1) The adjusted weighted average number of ordinary shares outstanding for the year ended 31 December 2025 is 1,225,488,773 (2024: 1,178,205,907), which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed at the beginning of each reporting period. Refer to notes 1.2 and 5.4 in the consolidated financial statements for further information.

The total free surplus increased by US\$701 million to US\$1,369 million as at 31 December 2025, primarily from net UFSG. Net UFSG in 2025 was US\$857 million and increased by 20 per cent from 2024 resulting from an improvement in operating variances and free surplus uplift from reinsurance transactions (included in opening adjustment) as we continue to optimise in-force capital and free surplus generation.

Group LCSM solvency position

Under the Hong Kong IA's GWS framework, the Group capital requirements are determined in accordance with the Insurance (Group Capital) Rules, where the Group solvency is measured based on the LCSM. Group LCSM free surplus (PCR basis) is the difference between group available capital and group prescribed capital requirement, and Group LCSM cover ratio (PCR basis) is the ratio of group available capital to Group Prescribed Capital Requirement (GPCR). Group LCSM Tier 1 cover ratio (MCR basis) is the ratio of Group Tier 1 available capital to Group Minimum Capital Requirement (GMCR). We calculate these amounts as the sum of the available capital and the sum of the minimum and prescribed capital requirements, as applicable, of each entity within the Group as determined in accordance with local regulatory requirements, subject to any capital variation the IA considers necessary.

While the Group LCSM cover ratio (PCR basis) increased to 265 per cent from 260 per cent at 31 December 2024, the free surplus increased significantly largely due to free surplus generated from business growth, favourable foreign exchange movements from appreciation of the Thai Baht against the US dollar, and reinsurance transactions. The Group LCSM Tier 1 cover ratio (MCR basis) increased to 338 per cent from 282 per cent at 31 December 2024 with similar drivers.

US\$ millions, except for percentages	As at 31 Dec 2025	As at 31 Dec 2024
Group available capital	7,766	6,715
of which Tier 1 capital	5,398	4,139
Group minimum capital requirement (GMCR)	1,597	1,467
Group prescribed capital requirement (GPCR)	2,933	2,582
Group LCSM free surplus (PCR basis)	4,833	4,133
Group LCSM Tier 1 cover ratio (MCR basis)¹	338 %	282 %
Group LCSM cover ratio (PCR basis)²	265 %	260 %

Notes:

(1) Also defined as the "Tier 1 group capital coverage ratio".

(2) Also defined as the "eligible group capital resources coverage ratio".

Group LCSM cover ratio (PCR basis) sensitivities

Our Group LCSM cover ratio (PCR basis) sensitivities, arising from changes to the central assumptions from equity price, interest rate and foreign exchange rate movements and applied consistently with those in EV, are shown below. The interest rate sensitivities apply a 50 basis points movement in current bond yields and the corresponding movement on discount rates applied to the calculation of liabilities. The amount of eligible debt capital is unchanged in the sensitivity calculations.

	As at 31 Dec 2025	As at 31 Dec 2024
Central value	265 %	260 %
Effect of equity price changes		
10 per cent increase in equity prices	1 pps	2 pps
10 per cent decrease in equity prices	(2) pps	(2) pps
Effect of interest rate changes		
50 basis points increase in interest rates	(14) pps	(9) pps
50 basis points decrease in interest rates	3 pps	10 pps
Effect of foreign exchange rate changes		
5 per cent appreciation in presentation currency	(3) pps	(3) pps
5 per cent depreciation in presentation currency	4 pps	3 pps

Local solvency requirements

The Group's operating subsidiaries are subject to solvency and capital regulations of, and the supervision of insurance regulators in the jurisdictions in which they operate and the jurisdictions in which they are incorporated and/or domiciled. As at 31 December 2025, all operating subsidiaries were in compliance with the relevant solvency and capital requirements prescribed under applicable insurance laws.

The key developments in local solvency requirements are summarised as follows:

Japan

In October 2024, the JFSA announced proposed amendments to laws and regulations in relation to ESR and the use of internal models. On 23 July 2025, the JFSA announced the final ESR and the date of implementation from the fiscal year ended 31 March 2026. The Group has been taking part in field testing and continuously monitors the progress of such implementation to examine the potential impact on the Group.

As at 31 December 2025, we expect that the Japan entity solvency ratio will reduce from 1,622 per cent under current SMR basis to 194 per cent under ESR basis. Our Group LCSM cover ratio (PCR basis) and Group LCSM Tier 1 cover ratio (MCR basis) change to 210 per cent and 340 per cent, respectively, on a pro-forma basis. Consequently, as at 31 December 2025, we expect Group EV and the corresponding free surplus would decrease in the range of \$130 million to \$180 million and \$50 million to \$100 million, respectively. However, this change does not alter the underlying economics of our business and we do not anticipate any additional constraints on the Group's financial flexibility or any material changes to holding company financial resources as a result of the change.

Regulatory and international developments

Insurance capital standard (ICS)

The ICS, which applies to IAIGs, was adopted by the IAIS at its annual general meeting in December 2024. In January 2023, the IA identified the Group as an IAIG.

The ICS has been developed as a consolidated group-wide capital standard for IAIGs. It consists of three components: valuation, qualifying capital resources, and a standard method for the ICS capital requirement. The ICS implementation timeline recognises that it may take some time for jurisdictions to finalise any necessary regulatory and supervisory changes to align with the ICS, taking into account jurisdictional circumstances. In 2026, the IAIS will coordinate a baseline self-assessment by IAIS members of their progress in implementing the ICS, which will serve as a baseline for further implementation progress monitoring. The IAIS will then aim to start in-depth targeted jurisdictional assessments in 2027. The Group has been engaging with the IA on the implementation of the ICS and continuously monitors the progress of such implementation and its potential impact on the Group. Where the IA has identified the Group as an IAIG, the Group may be subject to additional capital and solvency requirements.

Global minimum tax

The Organisation for Economic Co-operation and Development (OECD) has been working on a project to address the tax challenges arising from the digitalisation of the economy. The project's second pillar involves the implementation of a global corporate minimum tax rate of 15 per cent to applicable multinational enterprise groups. The OECD has released model rules and other documents for this second pillar (Pillar Two model rules).

On 6 June 2025, Hong Kong enacted legislation to implement the Pillar Two model rules, with retrospective effect from 1 January 2025. Consequently, the entire group is subject to the Pillar Two rules from that date, except for Vietnam, where the rules became effective and applicable to us from 1 January 2024.

Under the Pillar Two framework, a top-up tax liability generally arises when the Group's effective tax rate in a jurisdiction falls below 15 per cent, unless an exemption applies. In our case, if the jurisdiction where the top-up tax arises has enacted domestic Pillar Two legislation covering domestic minimum tax, the liability will be payable locally. Otherwise, the top-up tax will be payable in Hong Kong. The Group will continue to monitor the Pillar Two rules development and assess the accounting implications accordingly.

Holding company financial resources

The Group maintains and manages sufficient holding company financial resources including its committed contingent liquidity facilities.

Net remittances from operating subsidiaries¹ of US\$529 million in the year ended 31 December 2025 were lower compared to that of US\$589 million in 2024, primarily due to our Hong Kong & Macau segment remitting excess capital in 2024 following the implementation of Hong Kong RBC.

The Group also completed its IPO in July 2025 with gross proceeds of US\$466 million including the partial exercise of the Over-allotment Option.

The Company's liquidity resources as at 31 December 2025 were US\$1,612 million, which included committed revolving facilities, which was slightly lower than the US\$1,656 million as at 31 December 2024. The Group's debt maturity profile has been extended with the early refinancing and repayment of the loan facilities which were due in December 2025, together with the early refinancing of US\$900 million Subordinated Notes due 2029 and redemption of the US\$750 million Perpetual Capital Securities. The Company's next loan maturity is in 2028 and bond maturity in 2031 as further disclosed in note 24 in the consolidated financial statements.

Global medium-term note and securities programme

Under our Global Medium-term Note (GMTN) and Securities Programme, the Company issued two listed subordinated dated securities in 2025.

On 22 September 2025, the Company issued US dollar-denominated fixed rate subordinated dated securities. The offering comprised US\$575 million of 5-year securities at an annual rate of 5.252 per cent and US\$575 million of 10-year securities at an annual rate of 5.836 per cent. The securities are listed on the Stock Exchange.

As at 31 December 2025, the aggregate carrying amount of the debt issued to the market under the programme was US\$2,055 million compared with US\$1,797 million at 31 December 2024.

Leverage ratio

Our leverage ratio, which is calculated as total borrowings divided by the sum of total borrowings, total equity of the Group attributable to shareholders of the Company and non-controlling interests, and contractual service margin (net of tax and non-controlling interests), was 21.3 per cent as at 31 December 2025, compared to 25.5 per cent as at 31 December 2024. The decrease was primarily due to deleveraging undertaken by the Company, the increase in both the CSM balances and total equity of the Group attributable to shareholders of the Company including the proceeds from our IPO.

Credit ratings

On 17 July 2025, Moody's upgraded our notional insurer financial strength rating to "A2" and the Company's issuer rating to "Baa1" as a result of our enhanced financial flexibility through various capital management actions, including through the IPO, as well as our improved financial performance.

On 9 December 2025, Fitch revised its outlook on the Company and our operating entities to "Positive" from "Stable" whilst affirming our operating entities' financial strength rating at "A (Strong)" and the Company's issuer default rating at "BBB+".

¹ Net remittances completed in first half of the financial year. Refers to Note 5.1 of Consolidated financial statements, excludes other adjustments and \$49m for subscription of additional interest in BRI Life in 2024.

Operational highlights

Our strategy

FWD is well positioned to capture Asia's significant protection gap, driven by favourable demographics, rising affluence, and rapid digital adoption. Our customer-led and tech-enabled model allows us to deliver relevant, easy-to-understand propositions and seamless experiences across diverse markets. Guided by our vision of *changing the way people feel about insurance*, we have built a multi-channel distribution model enabled by technology, strengthened by exclusive bancassurance partnerships, supported by a digitally native agency force and integrated ecosystem partnerships, and tailored to our markets' needs. Our proprietary digital platforms and AI models are designed for us to personalise offerings, optimise underwriting, and enhance customer engagement.

Key Strategic Priorities:

Winning in our home markets in Asia

- In high-growth Asian markets
- Proposition aligned with customer needs
- Focus on long-term margin

Distribution tailored for each market

- Balanced and diversified channel mix
- Scale through leadership in partnerships
- Steady build of quality agency

Transforming insurance through technology

- Scalable single architecture driving efficiency
- Advanced analytics based on unified data
- Industry-leading customer and distributor experience

Key differentiators:

Willing to challenge the convention

- Nimble organisation that is willing to experiment and challenge orthodoxy
- Investment capability leveraging leading partners to deliver superior risk-adjusted returns to customers

Customers at the heart of everything we do

- Customer-driven product design
- Recognised externally for truly differentiated customer experience

Entrepreneurial culture with an industry-leading team

- Balance of entrepreneurial mindset with strong accountability
- Environment that attracts, retains and develops the best team in the market

Changing the way people feel about insurance

Building on our vision and core strengths, we have defined clear strategic priorities and future differentiators to position FWD for long-term success:

Key strategic priorities:

- Strengthening our leadership in Asia's dynamic markets through customer-focused innovations and tailored propositions for sustainable growth;
- Continued focus on well-balanced and diversified distribution mix with leadership in bancassurance and growing a high-quality agency force powered by digital and AI; and
- Accelerate digital transformation through scalable, cost-efficient technology and advanced analytics to deliver enhanced customer experiences.

Future differentiators:

- Delivering sustainable, long-term, risk-adjusted returns for policyholders and shareholders through disciplined asset-liability management (ALM), robust risk management and strong strategic partnerships;
- Embedding a customer-first mindset across product design, service delivery, and overall experience, validated by strong external Net Promoter Score (NPS) recognition; and
- Fostering an empowered and entrepreneurial workforce grounded in accountability and innovation.

Together, they position FWD to capture growth opportunities across Asia's dynamic insurance landscape and deliver sustainable value for our customers and stakeholders.

Operational highlights – geographical markets

Hong Kong & Macau

Market and strategic overview

The Hong Kong and Macau insurance markets in 2025 continued to demonstrate remarkable growth with Hong Kong growing at 43 per cent¹ and Macau growing at 62 per cent² year over year, reaffirming their status as strategic growth engines for FWD. Hong Kong, in particular, stood out as a forward-looking financial hub, benefiting from its deep capital markets, comprehensive regulatory framework, and its pivotal role in cross-border wealth management in Asia.

FWD Hong Kong's growth strategy in 2025 focused on a multi-channel distribution approach in order to achieve sustainable growth. We have leveraged our solid agency force and partnerships with brokers and independent financial advisors (IFAs) to capture overseas and HNW customers. Bancassurance remained a key pillar, supported by deepened collaborations with major banking partners to drive cross-selling opportunities. At the same time, we have accelerated our digital transformation, enhancing online platforms and tools such as FWD eService and FWD MAX to deliver seamless customer experiences. These initiatives, combined with innovative product offerings tailored to evolving customer needs, have enabled us to achieve strong new business growth.

Business highlights

FWD Hong Kong & Macau delivered an outstanding performance in 2025, recording growth of 51 per cent in APE and 64 per cent in NB CSM. All distribution channels have achieved high double-digit growth, supported by favourable market conditions and our advanced digital capabilities, underscoring our commitment to innovation and customer-centricity. More than half of FWD Hong Kong & Macau's VNB was achieved domestically, demonstrating sustained demand from local customers. Business from visiting customers was also diversified with approximately 44 per cent of offshore VNB from outside of Mainland China.

Our brokerage/IFA channel has demonstrated robust momentum, supported by a network of over 280 partners. Our channel strategy includes deepening relationships with international and local IFAs and enhancing client experience through tailored events. We have engaged with business partners in key international wealth hubs to introduce our unique brand and product proposition. We also celebrated the completion and rollout of FWD Private's HNW hub in Asia with our guests and partners. In 2025, FWD Private contributed to 25 per cent of FWD Hong Kong & Macau's new business growth, supporting the strong growth of this segment.

Our agency force in FWD Hong Kong & Macau has been growing steadily, with the number of agents increasing by 7 per cent. We have consistently ranked among the top five insurers in Hong Kong for MDRT membership for six consecutive years³. Our recruitment effort is focused on new recruits and building fast-growing teams, supported by enhanced digital tools for sales and servicing. Agent productivity also increased by 40 per cent, reflecting our focus on building a quality agency force.

Bancassurance remained a cornerstone of our distribution strategy. Strategic investments in open-platform models and deeper penetration across retail, commercial, and private banking segments of key partners underpinned the growth in this channel.

We were one of the top four direct insurers by new business sales¹, and plan to further scale our direct and other channel⁴ as the fourth pillar of our distribution strategy. Our outstanding digital channel performance in Hong Kong was also recognised by various agencies, and winning multiple awards in 2025, including the Outstanding Digital Marketing Campaign Award for the fourth consecutive year from the Hong Kong Insurance Awards, and Bloomberg Businessweek's Online Platform Outstanding Award.

Digital transformation is a fundamental element of our strategy. FWD MAX, our award-winning lifestyle engagement platform, has reached over 447,000 members as of year-end 2025. Its integration into our broader digital ecosystem has further strengthened our positioning as a customer-centric insurer. In addition, we have implemented automated underwriting, and are accepting an increasing number of e-submissions of new insurance applications and providing digitalised customer management support for our distribution channels. Through automated underwriting, our Hong Kong agency straight-through underwriting (STU) achieved 67 per

¹ According to IA, for the first nine months of 2025, in terms of new business sales, with HSBC and Hang Seng Insurance combined as one insurer.

² According to Macau Monetary Authority, for the first nine months of 2025, in terms of new business sales.

³ Based on statistics published by MDRT as at July 2025.

⁴ Digital commerce and other channels.

cent in 2025 and our digital commerce channel's STU achieved 79 per cent in 2025. Together, these digital tools are transforming how FWD engages with customers and distributors.

In 2025, FWD Hong Kong & Macau also launched several innovative products, notably the GBAssure Outpatient Plan that meets rising demand for cross-border healthcare within the Greater Bay Area, offering comprehensive outpatient coverage across designated cities and with unique features. The recently launched indexed universal life (IUL) product caters to HNW and professional investor segments, combining flexible legacy planning with index-linked growth potential.

FWD Hong Kong & Macau's performance in 2025 reflects the successful execution of our strategic priorities and has positioned the business for continued growth in the Hong Kong and Macau insurance markets. We continue to focus on scaling our HNW proposition, enhancing digital capabilities, and deepening our multi-channel distribution reach to capture emerging opportunities across both onshore and offshore segments.

Financial highlights

FWD Hong Kong & Macau's overall new business sales increased by 51 per cent to US\$1,207 million in 2025 compared to 2024, driven by our fast growing onshore and offshore sales, as well as our robust HNW businesses.

NB CSM increased by 64 per cent to US\$684 million in 2025 compared to 2024, driven by new business sales growth and higher acquisition expense underrun.

VNB grew 44 per cent to US\$478 million in 2025 compared to 2024, driven by growth in new business sales.

OPAT increased by 24 per cent to US\$270 million in 2025 compared to 2024, primarily driven by higher CSM release driven by an increase in the CSM balance from in-force and new business growth.

Japan

Market and strategic overview

Japan is a strategically important market for FWD, offering stable growth in the individual protection segment and emerging growth opportunities in savings and retirement solutions. The market is characterised by an ageing population and high insurance literacy¹. Recent rising interest rates in Japan also benefits life insurance companies, particularly for sales of savings insurance products. The industry has seen a shift in customer preferences towards digital engagement, simplified products, and value-added services², which present further growth opportunities for FWD Japan.

We have built a competitive and sustainable business model focused on individual protection in Japan, supported by a lean and digitally enabled distribution structure. This year, we refreshed our protection portfolio, and launched a new savings product in July 2025 to meet evolving customer needs.

FWD Japan's products are mostly distributed through our professional IFA channel, assisted by our award-winning digital tools. We continue to invest in developing digital tools to enhance advisor productivity, customer experience, and operational efficiency. FWD Omne, our digital app for insurance customers' self-servicing, was expanded from a digital service app to a core customer platform, integrating policy and claim servicing, which drove rapid user adoption in 2025.

Business highlights

In 2025, FWD Japan focused on deepening product capabilities, enhancing digital infrastructure, and strengthening distribution partnerships. We have been rated as a leading insurer in individual protection, particularly in monthly income benefit and medical products³. The launch of a new medical insurance product in March 2025, designed for younger customers has achieved rapid traction, outperforming its predecessor during 2025⁴.

The entry into the savings and retirement segment with a Yen-denominated single premium annuity product has marked a strategic milestone. This product was developed to address the growing customer demand for long-term financial planning and asset diversification. Its launch was supported by tailored training and sales enablement for IFAs.

Technology transformation is a core enabler of FWD Japan's business execution. We have advanced our generative AI strategy, by identifying use cases across all functional areas and launching pilot projects, to maintain its position as a front-runner in AI adoption. FWD Omne was first introduced in 2023, and has expanded its functionality to include policy servicing and claims, including asset value viewing for savings product customers, providing services to over 352,000 users in Japan since initiation. We have achieved a 91 per cent "Great" and "Good" purchase emotion score in 2025, with the "Great" emotion rating percentage increasing from 42 per cent in 2024 to 53 per cent in 2025. A generative AI-powered chatbot for advisors was upgraded to support sales productivity and reduce manual touchpoints. We have also successfully deployed an agentic AI-powered underwriting engine, which handles digital underwriting cases requiring human complex judgement, and reduces average medical underwriting time per case by 40 per cent. It enables real-time decision-making support for underwriters and reduces manual intervention across the new business journey. These initiatives contributed to improved operational efficiency and enhanced customer experience.

Financial highlights

FWD Japan's APE increased by 11 per cent to US\$132 million in 2025 compared to 2024, which was offset by lower new business margin primarily due to medical product repricing which resulted in a 4 per cent decline in VNB to US\$86 million in 2025, whilst NB CSM grew 10 per cent in 2025 to US\$213 million contributed by reduction in expense overrun.

OPAT declined by 5 per cent to US\$186 million in 2025 compared to 2024, primarily from persistency variances in a run-off portfolio.

¹ According to Organisation for Economic Co-operation and Development, as at 2024.

² According to PWC report "What's next for Japanese insurers, 2026", and Tata Consultancy Services' report "Future insurance business growth".

³ According to "NEW Good Insurance / Bad Insurance 2026 (Tokuma Shoten)", FWD Monthly Income Benefit ranked No. 1 for seven consecutive years, FWD Simplified Monthly Income Benefit ranked No.1 for two consecutive years and FWD Medical II also ranked No.1.

⁴ The total 2025 sales of the new medical insurance product, since launch in March 2025 has achieved over 1.5 times more sales than that of the prior version of the same product, over the same period in 2024.

Thailand & Cambodia

Market and strategic overview

FWD Thailand & Cambodia operates in Southeast Asia's dynamic life insurance markets, characterised by the increasing need for retirement savings solutions from a growing ageing population and higher consumer awareness of health risks post the Covid pandemic. These factors along with economic development, improvement in financial literacy and an underinsurance gap, present a significant growth opportunity in this market.

FWD Thailand is well-positioned to capitalise on emerging opportunities, leveraging its brand strength, advanced digital capabilities, and a comprehensive multi-channel distribution strategy. Our exclusive bancassurance partnership with SCB remains a cornerstone of growth, where we have held the leading market share in bancassurance in Thailand since 2020¹. Complementing the bancassurance channel, we operate a diversified distribution model spanning agency, brokerage, strategic partnerships, and digital commerce — which allows us to extend customer reach, drive operational efficiency, and position the business for sustainable long-term growth.

FWD Thailand is responding to evolving customer needs through agile product development, enhanced underwriting, and generative AI-powered customer services. Our strategic focus continues to be to develop this multi-channel distribution model, through deepening collaboration with SCB to maximise bancassurance potential in the region and expanding the professional agency channel through the FutureMe programme, digital transformation and quality recruitment.

Business highlights

In 2025, FWD Thailand continued to be the second largest life insurer by new business sales and number one bancassurer in Thailand¹. We have continued our leadership in bancassurance, with SCB having approximately 26 per cent market share¹. Although top line growth in 2025 was partly impacted by our exit from the corporate care segment in 2024, and declining interest rates, we remained well-positioned to meet the demand for protection, medical and savings products from the ageing population.

In July 2025, we introduced the FutureMe programme (which is a full-time agent model aimed at attracting and leveraging high-potential individuals from non-insurance backgrounds) in the agency channel to improve organic recruitment and the long-term productivity of the agency force. The programme has shown improved productivity with higher active ratios and average number of cases when compared to the rest of the agency force. Campaigns such as Elite and MDRT sprint incentives were also launched to boost engagement and productivity. Digital tools including FWD Cube, Agent AI Assistant, and eRecruitment were deployed to enhance agent performance tracking, lead nurturing, and personalised sales recommendations. These initiatives reflect our commitment to building a high-quality, sustainable and digitally enabled agency force. We have maintained the number two ranking in MDRT in Thailand², showcasing our quality agency force and commitment to building a quality agency channel.

In 2025, FWD Cambodia partnered with True Money (Cambodia) Plc to allow customers to pay their FWD insurance premiums through the TrueMoney Wallet app or at any of the nationwide TrueMoney agent locations, and to increase sales opportunity both through True Money agents and online via the app. This partnership reinforces FWD's customer-centric and digitally enabled distribution strategy.

FWD Thailand also launched several products catering to the needs of onshore HNW customers: the Legacy Elite 99/5 and 99/9 plans for SCB clients, and similarly the Heritage Plus 99/6 and 99/12 whole life insurance plans through our agency channel for our HNW clients' financial legacy needs.

Technology played a pivotal role in boosting productivity and enhancing customer experience. Our generative AI voicebot handled close to 20 per cent of incoming calls in December 2025, doubling that in December 2024. AI tools also helped to retain customers, resulting in a decrease in surrender submissions by over 40 per cent from last year and about US\$15 million APE savings from policies at risk of surrender. Our transformation success has been recognised nationwide and regionally — earning Gold Award (first prize) for “2025 Best Technology Innovation Contact Centre” at the Thai Contact Centre Association and Platinum Award (first prize) for Technology and Innovation at the Contact Centre Association of Asia Pacific. FWD Omne, our digital app for insurance customers' self-servicing, achieved claims NPS of 87 in 2025, with 74 per cent customers rated the app

¹ According to Thai Life Assurance Association (TLAA), for the full year of 2025.

² Based on statistics published by MDRT as at July 2025.

servicing experience as 5 out of 5. In December 2025, we integrated FWD Omne inside SCB Easy, the banking app that serves over 15 million SCB customers, giving customers instant access to policy servicing and claims.

We remain confident in the medium- and long-term growth potential of the Thailand and Cambodia markets. With our multi-channel distribution network, comprehensive product suite, and robust digital and technology capabilities, we are well-positioned to grow with the markets and meet the insurance needs of our customers.

Financial highlights

FWD Thailand & Cambodia's overall APE decreased by 6 per cent to US\$577 million in 2025 compared to 2024, partially driven by the exit from the corporate care segment in late 2024.

NB CSM and VNB decreased by 16 per cent to US\$358 million and 18 per cent to US\$242 million in 2025, respectively, impacted by lower APE and decline in margins from lower interest rates.

OPAT increased by 18 per cent to US\$187 million in 2025 compared to 2024 supported by growing CSM amortisation and improvement in claims variance and operating assumption change impact. This was partially offset by lower investment returns due to the changes in asset allocations with a lower mix of equity securities.

Emerging Markets

Market and strategic overview

FWD's Emerging Markets segment spans five diverse and high-potential countries: the Philippines, Indonesia, Singapore, Vietnam, and Malaysia. Most of these markets share common characteristics such as rising middle-class populations, lower but growing insurance penetration¹, increasing awareness of health and protection needs, and accelerating digital adoption. Despite economic headwinds and regulatory shifts, the region continues to offer long-term growth opportunities driven by demographic tailwinds, financial inclusion efforts, and evolving customer expectations.

Our strategy in Emerging Markets is tailored to align with local dynamics, and anchored in a customer-led approach, with a focus on building scalable, multi-channel distribution platforms, launching relevant and simplified products, and embedding digital capabilities across the value chain. We, where applicable in each market, continue to invest in agency development, deepen bancassurance partnerships with national champion banks, expand our brokerage/IFA network, and strengthen our digital commerce ecosystem.

Digitalisation is a core enabler across all markets, with almost 100 per cent digital adoption in agency and brokerage/IFA channels. Our end-to-end process is made more efficient through the use of automated underwriting, and AI-powered tools supporting sales, servicing, and claims. These initiatives are designed to enhance customer experience, improve operational efficiency, and drive sustainable growth.

The Philippines

FWD Philippines is ranked the third largest life insurer in the Philippines by new business sales in 2025². Initiatives such as targeted bancassurance campaigns, collaborative product launches and joint marketing efforts for affluent segments and digital campaigns have strengthened our partnership and deepened penetration with Security Bank's customers across over 350 of their branches³.

The FWD Elite programme remained central to the development of a sustainable and productive agency force, supported by talent initiatives and digital tools. The agency force maintained its number two MDRT ranking in 2025⁴, reflecting strong agent productivity. FWD Cube, our proprietary agency management platform, has been rolled out in the agency channel. The digitalised sales process streamlined application processes, enhanced agents' product knowledge, and brought smarter selling capabilities. The tool also improved straight-through processing (STP), which reduced manual interventions and improved efficiency of reporting process.

Indonesia

Since FWD Indonesia was established in 2015, it has consistently focused on executing its bancassurance strategy, having partnered with seven banks as at 31 December 2025⁵.

FWD Indonesia is also focused on building a quality agency force, prioritising high productivity, and sustainable and profitable business growth. As part of this, FWD Indonesia implemented several agency initiatives, including enhancing training and development programmes and introducing recruitment programmes FutureMe and Switch (an agent recruitment programme targeting experienced bankers to transition into a life insurance career), with a view to expand these initiatives further in 2026.

The BRI Life Indonesia joint venture, in which we hold approximately 44 per cent as at 31 December 2025, maintained its number one market share in bancassurance in 2025⁶, assisted by the launch of a new platform MoDi (Mobile Digital Insurance) to provide customers with further access to our products and services.

¹ According to Swiss Re Sigma report (2025) and data sourced from Oxford Economics.

² According to Insurance Commission, in terms of new business annual premium equivalent – singleton basis, for the full year of 2025.

³ According to Security Bank's website, as at 31 December 2025.

⁴ Based on statistics published by MDRT as at July 2025.

⁵ FWD Indonesia's bancassurance partnerships include PT Bank Tabungan Negara (Persero) Tbk, PT Bank Syariah Indonesia Tbk, PT BFI Finance Indonesia, PT Bank Mestika Dharma Tbk, PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (Bank BJB), PT Bank OCBC NISP Tbk and PT Bank Permata Tbk.

⁶ According to Indonesian Life Insurance Association (Asosiasi Asuransi Jiwa Indonesia), BRI Life ranked as number one bancassurance insurer by new business sales for the full year of 2025.

Singapore

FWD Singapore delivered strong growth through its multi-channel distribution and digital-first execution. Our brokerage/IFA channel includes almost 6,000 advisors from 42 partners. To supplement our growing brokerage/IFA channel, FWD Singapore established non-exclusive bancassurance partnerships with Bank of China, Singapore branch and CIMB Bank Berhad, Singapore branch in 2024. In 2025, FWD Singapore scaled bancassurance distribution through launching several products, including both investment-linked products and participating products tailored for affluent and HNW customers. Its HNW proposition was also strengthened in 2025 through FWD Private with the launch of two IUL products: the protection and legacy planning focused Imperial Fortune and the savings-oriented Imperial Wealth products.

Customers of FWD Singapore enjoy a seamless insurance experience through its technology-enabled distribution channels. and its purchase and claim combined digital adoption rate are more than 99 per cent. We have also launched a generative AI voicebot in 2025, driving operational efficiency through reduced call centre resource requirements.

Vietnam

FWD Vietnam operates a multi-channel distribution business. The partnership with Vietcombank (VCB) has strengthened over time where FWD Vietnam offers investment and insurance solutions that cater to diverse client needs. In 2025, FWD Vietnam deployed campaigns to target mass affluent segment and rolled out digital health insurance products via VCB Digibank.

Our agency force delivered strong growth amid market challenges, through improvement in both activity and productivity from higher frontline engagement and continued emphasis on sales discipline. In 2025, FWD maintained its number two MDRT ranking in Vietnam¹.

FWD Vietnam seeks to continuously adjust its products and distribution strategies in line with regulatory reforms, and aims to bring greater transparency and consumer confidence to the life insurance industry, and eventually to close the large protection gap in Vietnam.

Malaysia

In Malaysia, we operate our business through FWD Takaful, which is our licensed takaful operator, and FWD Life Malaysia, which is our conventional life insurance operation.

Our key takaful bancassurance partners, HSBC Amanah and Alliance Bank, provide extensive market access through their combined network of over 130 branches in Malaysia². In addition, we are also seeing a steady increase in new business sales from our digital commerce channel, driven by stronger market awareness and increased digital adoption.

FWD Life Malaysia distributes a broad range of products providing protection and investment solutions to our policyholders. We leverage the extensive nationwide network of our partner, Bank Simpanan Nasional, to distribute both digitally and offline. Bank Simpanan Nasional's stronghold in rural areas allowed us to launch micro-insurance products for underserved customers in 2025, which has helped to further close the protection gap in Malaysia.

Financial highlights

Emerging Markets reported strong APE growth of 27 per cent to US\$529 million in 2025 compared to 2024, despite ongoing headwinds in Vietnam.

OPAT increased by 2 per cent to US\$34 million in 2025 compared to 2024, principally due to higher CSM release and persistency improvement, offset by the impact from methodology refinement.

¹ Based on statistics published by MDRT as at July 2025.

² According to HSBC's website and Alliance Bank's 2025 annual report.

Operational highlights – propositions

We are committed to putting customers at the heart of everything we do. This commitment drives our product innovation, service design, and engagement models. We strive to make every touchpoint deliver meaningful value and relevance for our customers. Our approach is rooted in understanding and solving real customer pain points across savings, protection, and health needs, helping customers secure their future and closing critical financial and protection gaps. In 2025, we continued to meet customer needs for savings, protection, and health, with over 40 new products launched across FWD Group.

High-net-worth offering — FWD Private

In 2025, FWD Group completed the build-out of our HNW hub, FWD Private, in Asia. FWD Private serves the global high-end insurance market with diversified asset allocation, wealth management and legacy planning solutions. In Bermuda and Singapore, we launched Imperial Fortune – an IUL product that combines uncapped index returns with minimum guarantees. FWD Hong Kong also launched its own IUL product, which was among the first wave of offerings in the market in response to recent regulatory guidance from the IA and the Hong Kong Monetary Authority. FWD Private's products are primarily distributed via international brokers across Hong Kong, Singapore, Dubai and Switzerland, who provide personalised services and innovative wealth planning solutions to HNW and ultra HNW customers worldwide.

Accident and health offering — FWD HealthyMe

In 2025, our accident and health proposition continued to focus on enhancing the FWD HealthyMe ecosystem to become our customers' trusted partner for lifelong health needs across Asia. We aim to create an ecosystem starting with prevention and diagnostic services leveraging advanced health technology and research, alongside comprehensive accident and health insurance.

Strategic partnerships: We are building local and regional partnerships across the health industry to strengthen our health ecosystem in key markets, creating seamless care experiences for our customers.

Innovative health solutions: We are launching market-first initiatives, including the Liver Health Programme with Roche in Thailand, where we are also the only insurer providing liver health solutions in the market. Developed in collaboration with Roche, this programme promotes preventive healthcare by using blood-based tumour markers and an FDA Thailand-approved digital medical algorithm designed to detect early-stage Hepatocellular Carcinoma in at-risk individuals. The programme is currently available at three partner hospitals.

Enhanced access and experience: We are expanding our hospital network in Hong Kong and Thailand, giving health insurance customers greater access to day surgery services and cashless payment experiences for added convenience.

Strengthened health insurance capabilities: We continue to build our core health insurance capabilities across health claims management, health data analytics, customer retention initiatives, and the development of new products and propositions.

Innovative propositions

We design propositions by deeply analysing the unique needs of our customers across our 10 markets and distribution channels. In 2025, we launched numerous innovative market-specific products tailored to local needs, including:

- **GBAssure Outpatient Plan** in Hong Kong: the product addresses the increasing demand for cross-border medical services within the Greater Bay Area and the evolving healthcare needs of residents in the region. The plan offers comprehensive outpatient coverage across designated cities and unique features such as a family plan spanning three generations, psychiatric consultation benefits, colonoscopy coverage, and co-payment waivers for consultations without prescriptions.
- **Japanese Yen-denominated single premium annuity** in Japan: the product marked FWD Japan's entry into the savings and retirement space. It is the only Japanese Yen-denominated investment product in the market as at 31 December 2025, with a capital guarantee combined with a daily highest watermark feature. With increased life expectancy and evolving retirement choices, the JSPA product will support Japanese individuals and families to create a steady stream of retirement income.

- **Legacy Elite 99/5 and 99/9 plans** in Thailand: the product targets the needs of onshore HNW customers from our bancassurance partner, SCB. Similarly for the agency channel, FWD Thailand designed the Heritage Plus 99/6 and 99/12 whole life insurance plans for HNW individuals to create and pass on financial legacy.
- **FWD Hayaat and FWD LegacyGuard/FWD Legacy Guard+** in Malaysia: the products aim at addressing the dynamic needs of Malaysia's middle income segment. FWD Hayaat is designed to address Malaysians' growing concerns around retirement and healthcare needs as they age by offering financial support in the case of old-age-related illnesses such as Alzheimer's Disease, Dementia or Parkinson's Disease. FWD LegacyGuard/FWD Legacy Guard+ plans offer guaranteed legacy cash payment benefit through which customers can build a sustainable income stream for future generations.
- **Wealth+** in the Philippines: the product is tailored to the affluent segment's long-term aspirations. Wealth+ offers policyholders guaranteed life coverage up to age 100, alongside the flexibility to customise their plan according to their personal financial goals. This is to fill the gap of popular single-pay investment-linked products offering fixed protection and limited supplementary benefits.
- **FWD Growing Protection** in Vietnam: FWD Vietnam leveraged the introduction of new product regulations as an opportunity to revamp its flagship universal life product. The refreshed product offers several customer benefits such as enhanced protection coverage, inflation shield, guaranteed growth, and flexibility in terms of premium payments, top-up and withdrawal options.

Operational highlights – distribution

Asia is home to hundreds of millions of individuals who need life and health insurance protection but do not have the requisite knowledge of such products or lack potential access to traditional insurance distribution channels¹. To address this issue, we have adopted a distribution model based on pillars of “**Enhance, Extend and Empower**”:

- **Enhance** — We have enhanced traditional face-to-face channels with new technologies to help our bank partners, agents and brokers/IFAs engage and serve their customers in flexible, dynamic and digital ways.
- **Extend** — We have extended our reach to individuals underserved by traditional channels by offering multi-device mobile access, enabling our customers to assess their protection needs, understand our propositions, purchase our products and services, and submit claims. In addition, we leverage our digital commerce channels for online Direct-to-customer (D2C) sales and have extended our agency channel through our social media engagement platform.
- **Empower** — We have empowered our customers to celebrate living by providing clear and easy-to-understand information that helps them choose the right protection whenever, wherever and however through all our channels. Our approach combines simple propositions, advanced data analytics and high-quality sales leads. We also leverage AI for customer insights and personalised solutions while streamlining and simplifying the purchase journey. We continue to invest in AI-enabled sales capabilities and tailored distribution models to serve all customer segments, from micro-insurance customers to ultra-HNW clients.

We strive to broaden customer touchpoints by offering options for how they engage with us, based on their protection needs and preferred channels. Digitalisation of our distribution channels is a key element of this strategy, enabling us to expand reach, boost productivity, and deliver seamless experiences.

We distribute our products through a multi-channel distribution model, including bancassurance, agency, brokerage/IFA, as well as other channels, which include D2C distribution via digital commerce channels. In 2025, we continued to strengthen our distribution, with a focus on maintaining a diversified channel mix. The breakdown of the overall Group APE by distribution channels for bancassurance, brokerage/IFA, agency and others, was 37 per cent, 37 per cent, 19 per cent and 8 per cent, respectively, in 2025.

US\$ millions, except for percentages	APE			VNB		
	2025	2024	CER YoY	2025	2024	CER YoY
Bancassurance	900	752	15 %	373	388	(8)%
Brokerage/IFA	895	589	51 %	367	265	38 %
Agency	453	414	8 %	150	127	16 %
Others	198	162	19 %	61	54	13 %
Less: Global minimum tax provision	n/a	n/a	n/a	(7)	n/a	n/a
Total	2,446	1,916	25 %	945	834	11 %

¹ According to NMG report, dated May 2025.

Bancassurance channel

We are one of the leading bancassurers in Southeast Asia, both in terms of the breadth and depth of our bancassurance partnerships, and our demonstrated track record of delivering value through our bancassurance channel. We were the number one bancassurer in Thailand and Indonesia (through our joint venture BRI Life)¹. As at 31 December 2025, we had 33 ongoing bancassurance partnerships, including seven exclusive bancassurance partnerships in Southeast Asia. The APE generated by our bancassurance channel increased by 15 per cent in 2025 to US\$900 million from US\$752 million in 2024.

Our strategy for the bancassurance channel has been to partner exclusively and non-exclusively with local champion banks in each of our markets, using digital tools to enhance our bank partners' customer experience and productivity.

We had access to our exclusive and non-exclusive bancassurance partners' customer base of over 350 million customers as at December 2025. By efficiently integrating our products and services into our bank partners' networks and introducing new offerings, we have enhanced bancassurance productivity² with exclusive bank partners in key markets, and improved sales processes through digitalisation, delivering value to our partners and their customers.

In particular, our strategy is to partner with banks with strong financial performance, active participation and impact on their home country's economy. For example, we have formed exclusive partnerships with national champion banks in Southeast Asia: SCB in Thailand, VCB in Vietnam and Bank BRI in Indonesia. Our bancassurance partnerships, particularly exclusive bancassurance arrangements, typically have a duration of 10 to 15 years, which adds long term value and growth potential to our business.

Our ambition is to maintain and grow our leading position through continuous innovation, deeper collaboration with our partners, and tailored solutions for each customer segment. Our continued focus on digital integration, advanced customer analytics, and dedicated partner enablement ensures that our bancassurance channel remains a key contributor to FWD's growth and customer reach. We deployed AI models such as Propensity to Buy and Next Best Offer, in targeted campaigns, that enable us to anticipate customer needs and deliver recommendations that are timely and relevant. In Thailand, Propensity to Buy models were used to retarget customers during key life and policy milestones. These targeted campaigns contributed to over 20 per cent of total Thailand bancassurance APE.

In the Philippines, through our partnership with Security Bank, we have jointly deployed a digital customer engagement tool — FitForMe — to provide customers insurance product recommendations that are tailored to their life style and to help our customers identify protection gaps in their current coverage and suggest ways to strengthen it. We are able to acquire new customers and retarget existing customers via this interactive digital engagement tool. This initiative has enhanced our solutions to better align with customers' needs and deepened our strategic partnership with Security Bank through digital enablement. Through the campaign's expansion in 2025, we generated seven times more leads and more than three times of APE under the programme, compared to that in 2024.

As part of our bancassurance strategy of deepening engagement with SCB's HNW segment, we have enhanced our distributors' capabilities to deliver an advisory-led experience, along with introducing differentiated underwriting to address complex HNW needs. In addition, we are building an end-to-end onshore value proposition that strengthens relationships and drives sustainable growth within this valuable segment. We have also integrated FWD Omne within SCB Easy, which is the banking app for over 15 million SCB customers. This gives SCB customers instant access to policy linking, servicing and claims without needing to switch apps, thereby making it a single and seamless experience.

To engage with our partners, foster best practices and keep abreast of the latest developments, we host HiVE, our annual networking forum for senior FWD and bank partner executives. We also run the FWD Elite bancassurance programme in collaboration with Yale University. These initiatives support future thinking, capability building, knowledge sharing, and relationship building across our regional bancassurance network.

¹ According to Thai Life Assurance Association (TLAA) for the full year of 2025, and according to Indonesian Life Insurance Association (Asosiasi Asuransi Jiwa Indonesia), BRI Life ranked as number one bancassurance insurer by APE for the full year of 2025.

² Measured by APE per active seller, for the year ended 31 December 2025.

Brokerage/IFA channel

Our brokerage/IFA channel consists of insurance distributors that employ brokers and IFAs to offer products from multiple insurers on a non-exclusive basis. This channel, along with our agency and bancassurance channels, enables us to deliver a well-balanced and diversified approach across key markets. As at 31 December 2025, we had close to 2,800 IFA and brokerage partners across our various markets. APE generated by our brokerage/IFA channel increased by 51 per cent to US\$895 million in 2025 from US\$589 million in 2024, making this our fastest growing channel.

To strengthen partnerships, we have implemented several initiatives, including dedicated relationship management teams that engage regularly with partner leadership, as well as tailored sales and underwriting support and customised product solutions where required.

Our FWD Private offering, which is exclusively dedicated to serving HNW individuals through our brokerage/IFA channel, has brought meaningful business value to us since its establishment in 2023. With our successful build-out of this HNW hub across Hong Kong, Singapore and Bermuda, we are catering for HNW customers' global investment and legacy planning needs, which has been enhanced by our recent launch of IUL products.

Driven by these initiatives, our brokerage/IFA channel became the fastest-growing distribution channel in 2025. Growth was especially strong in Hong Kong and Singapore, where we successfully leveraged our HNW brand, FWD Private, to deepen relationships with top advisory partners and capture increasing demand from HNW customers.

Agency channel

Our agency force of over 40,000 agents is a key distribution channel to access our customers. The APE generated by our agency channel increased by 8 per cent in 2025 to US\$453 million from US\$414 million in 2024. Our agency force includes both full-time and part-time tied agents, who sell our products exclusively. Continued emphasis on quality, professionalism, and capability development has underpinned the channel's performance.

Our commitment towards building a high-performing and future-ready agency force is central to our long-term strategy to deliver sustainable business growth. We continued to rank in the top 10 among multi-national insurers globally in terms of the number of MDRT-registered members in 2025. Our MDRT-registered agency force ranked number two in Thailand, the Philippines and Vietnam in 2025¹. Our agent productivity² rose by over 50 per cent, reflecting improvements in the quality of agents, the strength of our agency leadership, and increasing adoption of our digital sales and service tools.

During the year, we advanced our flagship agency productivity tool, FWD Cube, through generative AI technology. The platform enables agents to expand their networks, generate high-quality leads and improve operational efficiency. By reducing administrative workload, FWD Cube allows agents to spend more time on meaningful customer interactions. This supports our ambition to transform our agency force into a "high-touch, high-tech" distribution engine, where technology deepens customer relationships, enhances engagement and elevates the quality of professional advice delivered by our agents. As at 31 December 2025, FWD Cube has been rolled out for our agents in Thailand, the Philippines, Indonesia, Vietnam and Malaysia, where we have achieved an average of approximately 75 per cent STU in December 2025.

Growing and developing our agency force is key to our success. In 2025, we rolled out the FutureMe Professional Agency Model in Thailand and Indonesia. The programme has shown early success demonstrated by higher productivity and active ratio in Thailand. We also rolled out LIMRA Pacesetter new leader training programme across our markets and have trained agency leaders across five markets.

To recognise our top producers and agency leaders across markets, we held two flagship events during the year — Agency HiVE and the Elite Leaders Summit. These platforms bring together our best talent for deep-dive sessions on best practices, strategic alignment and leadership excellence. We also continued to invest in world-class leadership development through developing top-performing Elite agents in the FWD Elite Signature Programme at INSEAD, an intensive executive programme designed to accelerate the growth of next-generation agency leaders. This initiative strengthens our leadership talent pool and supports the long-term sustainability of our agency network.

As a result of these collective investments, our agency channel continues to improve in quality, contributing to stronger, more resilient and sustainable growth for the Group.

¹ Based on statistics published by MDRT as at July 2025.

² Agent productivity is measured by average APE per active agent.

Other channels

Our digital commerce channel offers simple and typically smaller-ticket solutions such as life, health and accident insurance through eCommerce initiatives. It provides a fast and seamless 24/7 access through both desktop and mobile devices for customers who prefer self-service. Beyond being an important distribution channel, it also drives referrals and O2O lead generation to boost sales across the other channels. We acquire our digital commerce customers by leveraging our eCommerce platform in the following three key areas: (1) digital D2C, (2) through digital platforms of partner banks and ecosystem partnerships, and (3) O2O referrals from other channels. We believe that D2C and online engagement are and continue to be an emerging and fast-growing trend in the life insurance market. STP for digital commerce increased to 75 per cent in 2025 from 53 per cent in 2024.

To drive growth, we optimised our customer-led eCommerce platforms with simplified design to be more customer friendly. We also seek to maximise cost efficiency through O2O sales conversion, via effective online lead management, digital referrals and data analytics capabilities.

Our ecosystem partnerships form a key piece of our digital commerce channel. By partnering with businesses across the eCommerce, telecommunications, retail and fintech industries, we are able to further penetrate various customer demographics and offer them seamless, integrated and customised insurance via the partner's services. As at 31 December 2025, we had over 30 ecosystem partners, including but not limited to HKT, Traveloka, yuu and GCash.

Our other distribution channels include our affinity partnerships in Thailand where our products are distributed through these partners, our employee benefits business in certain markets as well as direct marketing and telemarketing channels.

Operational highlights – investments

Investment strategy and core principles

Our investment strategy is designed to deliver sustainable, long-term, risk-adjusted returns for policyholders and shareholders, within the Group's risk appetite. It is anchored in disciplined ALM and a robust risk governance framework aligned with our strategic objectives and regulatory requirements. We aim to meet our financial obligations to shareholders, the reasonable expectations of policyholders, and regulatory capital requirements. The strategy reflects product characteristics and capital needs across each Business Unit and the Group. Every investment decision begins with the nature of the long-dated liabilities, rather than potential asset returns in isolation. Core principles of our investment strategy are:

- (i) **Capital preservation:** Policyholders, debt holders and shareholders entrust us with their capital; therefore, safeguarding it is paramount within our investment strategy.
- (ii) **Unlocking illiquidity premium:** Given the long-term nature of our liabilities, we look to capture illiquidity premia in private markets to deliver better returns for our stakeholders.
- (iii) **Risk-first approach:** Risk-based capital charges are broadly proportional to potential volatility. Where we lack clear visibility on appropriate risk-adjusted returns, we hedge or avoid the exposure.

Strategic partnership model for Asset Management

The asset management industry has evolved rapidly over the past decade, with specialist asset managers emerging, such as in private assets, ESG, quantitative strategies, and others expanding alongside consolidation among traditional firms.

Against this backdrop, we employ a core-satellite strategic partnership model that combines in-house capabilities with leading external asset managers to deliver value for our stakeholders. This collaborative approach is integrated into our Strategic Asset Allocation (SAA) and Tactical Asset Allocation (TAA) processes and informs product pricing. It is designed to enhance policyholder returns, improve shareholder outcomes and maintain balance sheet discipline.

- Core in-house capabilities: Asset-liability management expertise, manager selection, efficient allocation and operations, and strong governance to manage conflicts of interest.
- Asset manager partnerships: Engagement of internationally reputable external managers to access secular growth opportunities, deploy yield-enhancement strategies and gain exposure to traditional assets while minimising fund costs.

This model enables agile asset allocation across Business Units to ensure appropriate alignment with our liabilities.

Strategic Asset Allocation

Our portfolio management follows a two-tiered structure: SAA sets long-term asset mix targets based on liability profiles, capital needs, and the market outlook; and TAA allows short-term adjustments to capture market opportunities while operating within Board defined risk limits. Execution combines internal expertise with external managers for specialised asset classes to deliver outcomes expected by stakeholders.

Asset-Liability Management

Asset-liability management is overseen by dedicated committees at both Group and Business Unit levels under our enterprise risk management (ERM) framework and ALM policy, and operating within Board defined risk limits. Key actions include matching asset duration to liability profiles, hedging interest-rate and currency exposures where economically optimal, and managing discretionary policyholder benefits and product pricing to mitigate volatility. Together, these measures support returns, financial resilience and long-term value creation.

ESG integration

We embed ESG considerations into our investment process to manage high ESG risks and build resilient and sustainable investment performance over the long term.

Operational highlights – digital & technology

Technological innovation is at the core of FWD Group's business strategy. The Company takes a customer-led approach across the entire insurance journey, harnessing integrated, scalable, and a modular technology architecture complemented by AI, advanced data analytics, and cloud computing.

Scalable, cost-efficient operational platforms

FWD's operational efficiency is based on a cloud-native, modular architecture that drives scalability and cost optimisation. FWD Opus, our operations management platform, integrates with FWD Omne and FWD Cube to deliver end-to-end automation for new business underwriting, policy servicing, and claims. This approach aims to increase volumes to be handled with the same or fewer resources while improving turnaround times for underwriting, policy servicing, and claims.

Our OneMod architecture standardises technology modules across markets, enabling application programming interface (API)-driven integration and legacy system retirement. OneMod has digitised end-to-end insurance processing which has enabled us to decommission all our legacy applications. As part of our cloud-first project, 99 per cent of utilised applications were migrated to cloud as at 31 December 2025.

The OneMod platform has successfully unified the customer and operations platforms, and experience across Japan, Thailand, Cambodia, the Philippines and Indonesia, as well as enabled instant capabilities across servicing, claims and new business sales. For example, through OneMod, FWD Thailand has been able to provide advanced capabilities like instant claims payment for over 15 per cent of total claims through the FWD Omne app. Furthermore, FWD Japan has improved operational efficiency through the reduction of over 20 per cent of the unit cost for claims assessment and management.

These platforms operate on FWD's cloud environment, which helps ensure security, resilience, and strong data governance. This transformation has accelerated software development and deployment, reduced time-to-market, and improved reliability. Automated infrastructure provisioning has shortened operational lead times and enhanced consistency across markets, delivering a robust foundation for scalable, cost-efficient growth.

Advanced data analytics and generative AI execution

FWD Group's digital and technology strategy is anchored in a data-driven approach, with AI and analytics embedded across operations to enhance decision-making, automation, and customer experience. By the end of 2025, FWD operated over 320 active AI models, the number of which has increased by 50 per cent from two years ago, reflecting the rapid scale-up of AI-powered tools across the enterprise. The core of this transformation is FWD's proprietary One Data Platform, which processed close to 600,000 data points and curates more than 10,000 attributes for the customer view in real time across all our markets. This platform underpins all active AI models and more than 100 in-house applications, enabling end-to-end visibility and data-driven decisions across the business.

Our AI capabilities extend beyond operational efficiency to risk management and profitability. For example, FWD's AI fraud detection system, fully integrated into claims platforms in Hong Kong, Thailand, and Japan, monitors claims in real time to identify anomalies and prevent fraud, safeguarding both the company and customers. These enhancements accelerate the legitimisation of claim settlements, often instantly via the FWD Omne app, while reducing leakage from the fraudulent claims. Furthermore, AI-powered lapse prevention models prioritise at-risk policies for proactive engagement and, in 2025, prevented the lapse of policies resulting in US\$30 million of APE savings from policies at risk of surrender.

As we scale advanced data and generative AI capabilities, FWD remains committed to responsible AI practices. Our Responsible AI Standards, guided by seven principles of fairness, accuracy, accountability, transparency, auditability, explainability, and human-centricity, aim to ensure ethical deployment and mitigate bias. Governance is reinforced through market-level AI and Data Committees and a Group AI and Data Subcommittee, established to ensure consistency, compliance, and risk oversight. Complementing this, our Technology & Operations Academy fosters lifelong learning, with employees completing about 20,000 courses and earning over 1,100 certifications since 2021.

Customer experience and digital platforms

FWD Group is committed to making insurance simple, fast, and intuitive by embedding digital innovation across every customer and partner touchpoint. We have built a suite of advanced platforms and tools that transform traditional processes into seamless and streamlined journeys for our customers and distribution channels.

FWD Vision AI automates data extraction and document authentication with 92 per cent optical character recognition accuracy, enabling fast onboarding and remote selling. For example, in Japan, generative AI in underwriting reduced case review time by 40 per cent and 98 per cent of complex cases were automated by the end of 2025. Claims are streamlined through the FWD Omne app, which processes low-risk claims instantly using AI-powered fraud detection and optical character recognition. This innovation helped to achieve a claims NPS of 80 and over 92 per cent of “Great” and “Good” customer servicing emotion in 2025.

To further enhance engagement efficiency, FWD has deployed generative AI voicebots in Thailand and Singapore, reducing manual call handling efforts and shortening customer wait time. These 24/7 assistants deliver instant, high-quality responses to routine enquiries, with chatbots covering close to 50 per cent of consumer calls in Thailand by end of December 2025. As a result, first contact resolution jumped from nine per cent in 2024 to 20 per cent in 2025, and call centre seats were cut by 45 per cent from 2021, reflecting cost savings from voicebot and digital initiatives.

Digital distribution and sales enablement

Our tech-enabled distribution strategy blends the human touch of agents and partners with powerful digital tools. At its core is FWD Cube, our proprietary agency management platform accessible via tablet, web, or mobile. It consolidates financial needs analysis, quotations, e-submissions, and automated underwriting into one intuitive interface.

Generative AI powers our AI Agent Assistant and virtual coach that help agents understand customer needs, identify opportunities, and improve conversion. In the Philippines, our agents using our AI Agent Assistant, achieved over 10 per cent higher APE production compared to non-users in 2025, demonstrating measurable productivity gains through adopting AI for distribution force.

In 2025, we introduced the Advisor and Customer Engagement (ACE) tool within FWD Cube, leveraging generative AI for lead generation and personalised content creation. ACE enables agents to engage prospects quickly, while agency leaders benefit from real-time dashboards for team performance insights.

Our strength in digital extends to bancassurance. In Thailand, FWD was able to integrate our own customer tool FWD Omne with SCB’s banking app SCB Easy within a six-month timeframe, integrating our insurance products access into the bank’s mobile ecosystem. Similar integration models are being deployed across other bank and ecosystem partners, enabling shared data-driven campaigns and streamlined purchase journeys. These initiatives exemplify how FWD’s digital distribution strategy broadens reach, enhances productivity, and delivers enhanced experiences for customers and partners alike.

Operational highlights – customers

Turning customer-centric vision into reality

Customers are at the heart of everything we do, and our ambition is to be the most customer-led insurer in every market we serve. This commitment is embedded across our operations, from product design to service delivery. In 2025, we further strengthened our customer-first strategy, earning external recognition, with FWD's NPS ranking among top three in five out of eight markets¹.

Customer experience across key markets remains strong, with purchase emotion score remaining high at 92 per cent², reflecting our focus on seamless and supportive interactions. Claims NPS reached a robust 63 points in 2025, underscoring our continued progress in delivering fast, transparent, and empathetic claims experiences.

We also remain focused on proactively reducing customer complaints through regular training and raising awareness across teams. Our complaint ratio – measured as the number of complaints received per transaction over a calendar year – has remained consistently low at around 0.2 per cent for each year between 2022 and 2025. Together, these outcomes reinforce our unwavering commitment to put customers first and to continuously enhance service excellence.

Redefining customer ease through digital innovation

FWD accelerated its digital transformation journey in 2025, delivering tangible improvements in customer experience and operational efficiency across markets. We achieved a 73 per cent e-submission rate across customer purchase, service and claims journeys, with 91 per cent of new business applications submitted digitally, up from 86 per cent in 2024. Our continued focus on paperless, mobile-first and electronic Know-Your-Customer solutions has enhanced customer convenience while enabling scalable efficiency across the organisation.

End-to-end STP increased to 47 per cent, from 40 per cent in 2024, supported by sustained progress across purchase, service and claims journeys. In parallel, our Fraud, Waste and Abuse detection model was deployed in Hong Kong, Thailand and Japan, further strengthening trust and reliability in our claims processes.

Innovation and technology remain central to FWD's customer-centric strategy. Our FWD Omne app continues to empower customers through instant claims and real-time engagement, earning the Customer Experience Excellence Award at the InsurInnovator Connect Asia 2025 Awards. In Hong Kong, FWD MAX further deepens customer relationships by creating more meaningful and connected experiences.

In 2025, we expanded digital engagement through local messaging platforms to meet customers where they are. In Indonesia, FWD became the first life insurer to enable customers to purchase digital insurance products via WhatsApp. We have also introduced WhatsApp as a channel to re-engage customers with abandoned applications in Hong Kong.

Together, these achievements underscore FWD's strength in customer experience, digital innovation and operational excellence, as we continue redefining ease and confidence for our customers across every interaction.

Driving customer value and loyalty

FWD's efforts to deepen customer relationships continued to deliver strong results. In 2025, 31 per cent of new policies were sold to existing policyholders – up from 24 per cent in 2024 – demonstrating the effectiveness of our cross-sell and up-sell strategies and the growing strength of customer loyalty.

Looking ahead, we remain focused on delivering relevant and personalised solutions that anticipate evolving customer needs and maximise lifetime value across every stage of the customer journey. Over 2025, we made solid progress towards this ambition by accelerating our digitalisation agenda, deepening customer engagement, and setting new benchmarks for innovation and service excellence.

We remain committed to empowering customers as we advance our vision of *changing the way people feel about insurance*.

¹ According to independent benchmarking by Qualtrics in 2025. In-scope markets are Hong Kong, Japan, Thailand, the Philippines, Indonesia, Singapore, Vietnam and Malaysia.

² Purchase emotion score calculated as percentage of customers rating experience as "good" (4 out of 5) or "great" (5 out of 5).



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report

To the shareholders of FWD Group Holdings Limited 富衛集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of FWD Group Holdings Limited 富衛集團有限公司 (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 199, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (continued)

Key audit matter #1	How our audit addressed the key audit matter
<p>Recognition and measurement of insurance contract liabilities and contractual service margin (“CSM”)</p>	
<p>The Group recorded a net insurance contract liabilities of US\$48,938 million at 31 December 2025 in its consolidated statement of financial position and recognised a release of CSM of US\$763 million for services provided in its consolidated income statement for the year ended 31 December 2025.</p>	<p>In conjunction with our internal specialists, the procedures we performed to address the key audit matter included:</p>
<p>The IFRS 17 best estimate liabilities (BEL) are calculated using complex actuarial models and are sensitive to economic and non-economic assumptions set by management. Judgement is involved in setting economic assumptions, particularly discount rates (including the illiquidity premium adjustment); and in determining non-economic assumptions in respect of mortality, morbidity, persistency and expenses. The actuarial models used to determine the IFRS 17 BEL is also complex due to the complexity in building the IFRS 17 logics into the models.</p>	<p>Assumptions</p> <ul style="list-style-type: none"> ● Obtained an understanding of management’s process for setting economic and non-economic assumptions and assessed the key controls; ● For economic assumptions: <ul style="list-style-type: none"> – Tested that discount rates have been set appropriately by reference to yield curves and economic scenario generators (ESG); – Compared the information used to determine the illiquidity premium to the characteristics of the liabilities and the asset portfolios; ● For non-economic assumptions: <ul style="list-style-type: none"> – Compared the key assumptions other than expense assumption set by management with the results of management’s experience studies; – Compared the expense assumptions to the Group’s historical, current and projected expense levels and policy relating to the attribution of expenses to insurance contracts;
<p>Release of CSM is a key component of insurance revenue under IFRS 17 and the calculation of coverage units on which the release of CSM is based involves significant management judgement.</p>	<p>Model</p> <ul style="list-style-type: none"> ● Obtained an understanding and assessed the calculation logics and functionalities within the model, particularly on changes applied in the model during the year; ● Reviewed the execution of the model, including the use of data inputs, valuation controls conducted, and the outputs reconciliation with the reported figures, as well as reviewing the result reasonableness;
<p>Auditing the IFRS 17 BEL and release of CSM were complex and required the application of significant auditor judgment due to the complexity of the actuarial models, the selection and use of assumptions. The audit procedures involved specialised skill and knowledge to assist in evaluating the audit evidence obtained.</p>	<p>CSM</p> <ul style="list-style-type: none"> ● Obtained an understanding and assessed management’s processes in determining the coverage units on which the release of CSM is based upon; ● For a sample of group of contracts, validated the accuracy of the CSM calculation, including the appropriateness of coverage units and release of CSM through independent model reperformance testing; ● For a sample of contracts issued during the period, we tested the calculation of the initial CSM and the identification of onerous contracts; ● Performed analytical review procedures over the movements in the CSM during the year;
<p>The Group’s disclosures about insurance contract liabilities and CSM are included in Notes 2.3, 3.1, 3.2, 6 and 17 which explain the movements of insurance contract liabilities and the CSM impacting profit or loss for the period and total equity.</p>	<p>We assessed the adequacy of the relevant disclosures in the context of the applicable financial reporting framework.</p>

Key audit matters (continued)

Key audit matter #2	How our audit addressed the key audit matter
<p>Goodwill impairment assessment</p> <p>At 31 December 2025, the Group recorded goodwill of US\$1,544 million. The Group’s impairment assessment of goodwill is performed by comparing the carrying amount of the cash generating unit (“CGU”), including goodwill, to the recoverable amount of that CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the goodwill allocated to that CGU shall be regarded as not impaired. The recoverable amount is the value in use of the CGU unless otherwise stated. The value in use is calculated as an actuarially determined appraisal value, based on the embedded value with respect to the in-force business together with the value of future new business (“VNB”).</p> <p>The estimation of recoverable amounts required management to make significant estimates and assumptions. Auditing the Group’s impairment assessment of goodwill required significant auditor judgment due to the high degree of subjectivity applied by management in determining the projected cashflows and discount rates which have a significant impact on the carrying value of goodwill, the amount of any impairment charge, or both.</p> <p>The Group’s disclosures about goodwill related intangible asset are included in Notes 2.7, 2.8, 3.5 and 13, which give details of the accounting policies, the amounts of the recognised goodwill and the corresponding impairment assessment.</p>	<p>In conjunction with our internal specialists, the procedures we performed to address the key audit matter included:</p> <ul style="list-style-type: none">● Evaluated the methodology applied by management;● Tested the impairment assessment conducted by management for goodwill in accordance with IAS 36 and challenges the following aspects:<ul style="list-style-type: none">– Management’s forecast cashflows, including assumptions about the projected growth rates;– The discount rate used in the impairment assessment, considering uncertainties related to general economic volatility;– Performed sensitivity analysis to evaluate the impact on the impairment test by adjusting the significant assumptions to evaluate the changes in recoverable amounts that would result from reasonably possible changes in the assumptions;– Compared historical actual results to those budgeted to assess the quality of management’s forecasting process.

Key audit matters (continued)

Key audit matter #3	How our audit addressed the key audit matter
<p>Impairment assessment of distribution rights intangible assets</p> <p>At 31 December 2025, the Group recorded US\$1,526 million of acquired distribution rights related intangible assets. Distribution rights represent contractual relationships for exclusive access to distribution networks. The distribution rights intangible is amortized over the life of the relevant contracts based on the expected pattern of consumption of the expected future economic benefits embodied in the intangible asset.</p> <p>The Group performs an impairment assessment on distribution rights intangible assets when events and circumstances have occurred that may indicate that the carrying amount of the intangibles exceeded its recoverable amount. Determining the recoverable amount of the intangibles is sensitive to significant assumptions, in particular the discount rate, which reflects the markets assessments of the time value of money and the risks specific to the operations.</p> <p>Auditing the distribution rights intangible assets required significant auditor judgment due to the high degree of subjectivity by the management in determining the discount rates used to estimate future cash flows for impairment assessment purpose. Changes in this assumption could have a significant impact on either the carrying value of distribution rights intangible assets, the amount of any impairment charge, or both.</p> <p>The Group's disclosures about the distribution rights intangible asset are included in Notes 2.7, 2.8, 3.5 and 13, which give details of the accounting policies and amounts of the recognised distribution rights intangible assets.</p>	<p>In conjunction with our internal specialists, the procedures we performed to address the key audit matter included:</p> <ul style="list-style-type: none">● Obtained an understanding of management's impairment assessment process;● Reviewed management's assessment of the existence of impairment indicators by:<ul style="list-style-type: none">– Validating the information on new business sales and margins that was used in the impairment indicator assessment;– Reviewing management's key internal and external triggers considered in the assessment. <p>Where an impairment indicator was identified and quantitative assessment was performed, we:</p> <ul style="list-style-type: none">● Considered the appropriateness of the impairment methodology and challenged and assessed the projected cash flows from future new business profits from the distribution agreements and discount rate used by management, and assessed the sensitivity of the recoverable amount calculation to reasonably possible alternative assumptions in respect of new business volumes and profitability;● Assessed the consistency of the underlying cash flows (including budgeted sales) used in the impairment model with supporting evidence such as actual results, legal agreements or budgets approved by management.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that gives a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Kai Chun (practising certificate number: P08013).

Ernst & Young

Certified Public Accountants

Hong Kong

16 March 2026

Consolidated income statement

US\$m	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Insurance revenue	6,17	2,911	2,724
Insurance service expenses	8,17	(2,050)	(2,012)
Net expenses from reinsurance contracts held	17	(26)	(42)
Insurance service result		835	670
Interest revenue on			
Financial assets not measured at fair value through profit or loss		1,317	1,088
Financial assets measured at fair value through profit or loss		86	97
Other investment gains		504	93
Net impairment loss on financial assets		(6)	(16)
Investment return	7	1,901	1,262
Net finance expenses from insurance contracts		(1,775)	(1,051)
Net finance income from reinsurance contracts held		66	31
Movement in investment contract liabilities		(2)	(1)
Net investment result	7	190	241
Net insurance and investment result		1,025	911
Other revenue		23	36
General and other expenses	8	(486)	(550)
Borrowings and other finance costs	9	(271)	(249)
Profit before share of profit from associates		291	148
Share of profit from associates	14	31	36
Profit before tax		322	184
Tax expense	10	(162)	(174)
Net profit		160	10
Net profit attributable to:			
Equity Holders of the Company	5	166	24
Shareholders of the Company		104	(78)
Perpetual securities		62	102
Non-controlling interests		(6)	(14)
		160	10
Earnings/(loss) per share (US cents):			
Basic	11	12.88	(18.26)
Diluted	11	12.67	(18.26)

Consolidated statement of comprehensive income

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Net profit	160	10
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss		
Fair value gains/(losses) on debt securities at fair value through other comprehensive income	658	(40)
Fair value losses on debt securities at fair value through other comprehensive income transferred to income on disposal and impairment	311	448
Net finance expenses from insurance contracts	(599)	(47)
Net finance expenses from reinsurance contracts held	(497)	(293)
Cash flow hedges	87	48
Foreign currency translation adjustments	255	(205)
Share of other comprehensive loss from associates	(6)	(23)
Related income tax	31	(10)
Total other comprehensive income/(loss)	240	(122)
Total comprehensive income/(loss)	400	(112)
Total comprehensive income/(loss) attributable to:		
Equity Holders of the Company	400	(91)
Shareholders of the Company	338	(193)
Perpetual securities	62	102
Non-controlling interests	—	(21)
	400	(112)

Consolidated statement of financial position

US\$m	Notes	As at 31 December 2025	As at 31 December 2024
ASSETS			
Intangible assets	13	3,190	3,085
Investments in associates	14	460	438
Property, plant and equipment	15	152	139
Investment property	16	460	466
Insurance contract assets	17	715	683
Reinsurance contract assets	17	2,722	2,696
Financial investments	18,20		
At fair value through other comprehensive income debt securities		37,505	31,408
At fair value through profit or loss			
Debt securities		2,315	1,750
Equity securities		270	221
Interests in investment funds		10,761	9,103
Derivative financial instruments	19	407	285
Loans and deposits		938	902
		52,196	43,669
Deferred tax assets	10	323	176
Current tax recoverable		3	51
Other assets	21	655	622
Cash and cash equivalents	22	1,487	1,687
Total assets		62,363	53,712
LIABILITIES			
Insurance contract liabilities	17	49,653	41,646
Reinsurance contract liabilities	17	465	366
Investment contract liabilities	23	17	32
Borrowings	24	3,046	2,793
Derivative financial instruments	19	490	528
Provisions		42	40
Deferred tax liabilities	10	186	172
Current tax liabilities		305	147
Other liabilities	25	1,282	1,174
Total liabilities		55,486	46,898

Consolidated statement of financial position (continued)

US\$m	Notes	As at 31 December 2025	As at 31 December 2024
EQUITY			
Share capital and share premium	26	9,477	9,010
Other reserves	26	205	190
Accumulated losses		(2,254)	(2,139)
Amounts reflected in other comprehensive income		(814)	(1,049)
Fair value reserve	26	(1,720)	(2,584)
Insurance finance reserve	26	1,349	2,292
Cash flow hedge reserve	26	76	6
Defined benefit obligation revaluation reserve		3	3
Foreign currency translation reserve	26	(464)	(714)
Share of other comprehensive income of associates		(58)	(52)
Total equity of the Group attributable to:			
Equity Holders of the Company		6,817	6,753
Shareholders of the Company		6,614	6,012
Perpetual securities	26	203	741
Non-controlling interests		60	61
Total equity		6,877	6,814
Total liabilities and equity		62,363	53,712

Approved and authorised for issue by the Board of Directors on 16 March 2026.

Ma Si Hang, Frederick
Director

Huynh Thanh Phong
Director

Consolidated statement of changes in equity

US\$m	Attributable to shareholders of the Company												Perpetual securities	Non-controlling interests	Total equity
	Notes	Share capital and share premium	Other reserves	Accumulated losses	Amounts reflected in other comprehensive income	Fair value reserve	Insurance finance reserve	Cash flow hedge reserve	Defined benefit obligation revaluation reserve	Foreign currency translation reserve	Share of other comprehensive income of associates				
Balance as at 1 January 2025		9,010	190	(2,139)	(1,049)	(2,584)	2,292	6	3	(714)	(52)	741	61	6,814	
Net profit		—	—	104	—	—	—	—	—	—	—	62	(6)	160	
<u>Other comprehensive income items that may be reclassified subsequently to profit or loss</u>															
Fair value gains on debt securities at fair value through other comprehensive income		—	—	—	651	651	—	—	—	—	—	—	7	658	
Fair value losses on debt securities at fair value through other comprehensive income transferred to income on disposal and impairment		—	—	—	312	312	—	—	—	—	—	—	(1)	311	
Net finance expenses from insurance contracts		—	—	—	(594)	—	(594)	—	—	—	—	—	(5)	(599)	
Net finance expenses from reinsurance contracts held		—	—	—	(497)	—	(497)	—	—	—	—	—	—	(497)	
Cash flow hedges		—	—	—	87	—	—	87	—	—	—	—	—	87	
Foreign currency translation adjustments		—	—	—	250	—	—	—	—	250	—	—	5	255	
Share of other comprehensive loss of associates		—	—	—	(6)	—	—	—	—	—	(6)	—	—	(6)	
Related income tax		—	—	—	31	(99)	148	(17)	—	—	(1)	—	—	31	
Total comprehensive income for the year		—	—	104	234	864	(943)	70	—	250	(7)	62	—	400	
Shares issued pursuant to the Initial Public Offering and the partial exercise of Over-allotment Option	1.2	466	—	—	—	—	—	—	—	—	—	—	—	466	
Shares issued under share-based compensation plans	30	7	(7)	—	—	—	—	—	—	—	—	—	—	—	
Distributions paid	26	—	—	—	—	—	—	—	—	—	—	(64)	—	(64)	
Redemption of perpetual securities	26	—	—	(214)	—	—	—	—	—	—	—	(536)	—	(750)	
Share-based compensation	30	—	18	—	—	—	—	—	—	—	—	—	—	18	
Transfer to legal reserve		—	4	(4)	—	—	—	—	—	—	—	—	—	—	
Others		(6)	—	(1)	1	—	—	—	—	—	1	—	(1)	(7)	
Balance as at 31 December 2025		9,477	205	(2,254)	(814)	(1,720)	1,349	76	3	(464)	(58)	203	60	6,877	

Consolidated statement of changes in equity (continued)

US\$m	Attributable to shareholders of the Company												Perpetual securities	Non-controlling interests	Total equity
	Notes	Share capital and share premium	Other reserves	Accumulated losses	Amounts reflected in other comprehensive income	Fair value reserve	Insurance finance reserve	Cash flow hedge reserve	Defined benefit obligation revaluation reserve	Foreign currency translation reserve	Share of other comprehensive income of associates				
Balance as at 1 January 2024		9,010	124	(1,956)	(944)	(2,934)	2,558	(32)	3	(510)	(29)	1,348	50	7,632	
Net profit		—	—	(78)	—	—	—	—	—	—	—	102	(14)	10	
<u>Other comprehensive income items that may be reclassified subsequently to profit or loss</u>															
Fair value losses on debt securities at fair value through other comprehensive income		—	—	—	(42)	(42)	—	—	—	—	—	—	2	(40)	
Fair value losses on debt securities at fair value through other comprehensive income transferred to income on disposal and impairment		—	—	—	448	448	—	—	—	—	—	—	—	448	
Net finance expenses from insurance contracts		—	—	—	(38)	—	(38)	—	—	—	—	—	(9)	(47)	
Net finance expenses from reinsurance contracts held		—	—	—	(293)	—	(293)	—	—	—	—	—	—	(293)	
Cash flow hedges		—	—	—	48	—	—	48	—	—	—	—	—	48	
Foreign currency translation adjustments		—	—	—	(205)	—	—	—	—	(205)	—	—	—	(205)	
Share of other comprehensive loss of associates		—	—	—	(23)	—	—	—	—	—	(23)	—	—	(23)	
Related income tax		—	—	—	(10)	(59)	59	(10)	—	—	—	—	—	(10)	
Total comprehensive loss for the year		—	—	(78)	(115)	347	(272)	38	—	(205)	(23)	102	(21)	(112)	
Distributions paid	26	—	—	—	—	—	—	—	—	—	—	(112)	—	(112)	
Acquisition of non-controlling interests	26	—	—	(26)	—	—	—	—	—	—	—	—	—	(26)	
Transaction with non-controlling interests	26	—	—	—	—	—	—	—	—	—	—	—	32	32	
Redemption of a perpetual security	26	—	—	(4)	—	—	—	—	—	—	—	(596)	—	(600)	
Transfer to legal reserve		—	66	(66)	—	—	—	—	—	—	—	—	—	—	
Others		—	—	(9)	10	3	6	—	—	1	—	(1)	—	—	
Balance as at 31 December 2024		9,010	190	(2,139)	(1,049)	(2,584)	2,292	6	3	(714)	(52)	741	61	6,814	

Consolidated statement of cash flows

US\$m	Notes	Year ended 31 December 2025	Year ended 31 December 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		322	184
Adjustments for:			
Financial investments		(9,255)	(3,067)
Insurance and reinsurance contract balances		6,955	1,597
Investment contract liabilities		(15)	(24)
Other non-cash operating items, including the effect of exchange rate changes on certain operating items		603	642
Operating cash items:			
Dividend received		295	248
Interest received		1,400	1,251
Interest paid		(9)	(9)
Income tax paid, net of tax refund		(49)	(296)
Net cash provided by operating activities		247	526
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of interest in an associate	14	—	(49)
Dividend and distribution from associates and a joint venture	14	4	7
Payments for intangible assets		(77)	(131)
Payments for property, plant and equipment		(12)	(25)
Proceeds from disposals of intangible assets		1	1
Proceeds from disposals of investment properties		—	85
Restricted cash for acquisitions		—	2
Net cash used in investing activities		(84)	(110)

Consolidated statement of cash flows (continued)

US\$m	Notes	Year ended 31 December 2025	Year ended 31 December 2024
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	1.2	466	—
Repayment of a medium-term note	24	—	(325)
Repayment of a subordinated note	24	(900)	(900)
Repayment of bank borrowings	24	(1,000)	(50)
Proceeds from bank borrowings	24	1,000	50
Proceeds from issuance of a subordinated note	24	—	900
Proceeds from issuance of subordinated dated capital securities	24	1,150	600
Distributions paid on perpetual securities	26.3	(64)	(112)
Redemption of perpetual securities	26.3	(750)	(600)
Transactions with non-controlling interests	26.4	—	6
Principal portion of lease payments		(40)	(39)
Finance costs paid on lease liabilities		(6)	(5)
Interest expenses paid on borrowings		(204)	(197)
Transaction costs paid on borrowings		(36)	(31)
Payment for listing related expenses	1.2	(9)	(2)
Net cash used in financing activities		(393)	(705)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(230)	(289)
Cash and cash equivalents at beginning of the year		1,687	2,008
Effect of exchange rate changes on cash and cash equivalents		30	(32)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		1,487	1,687
Included in cash and cash equivalents per the consolidated statement of financial position	22	1,487	1,687

Notes to the consolidated financial statements and material accounting policies

1. Corporate information

1.1 General information

FWD Group Holdings Limited 富衛集團有限公司 (the “Company”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 18 March 2013. The address of the Company’s registered office is Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is a holding company. The Company and its subsidiaries (collectively, “FWD Group” or the “Group”) are principally engaged in the provision of products and services focusing on life insurance. The Group also provides general insurance and investment related products and services.

The Company completed its initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1828” on 7 July 2025 (the “Initial Public Offering”).

1.2 Significant events of the Group

Immediately prior to the completion of the Initial Public Offering, the Company underwent the below:

- a. all Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares were mandatorily converted into 2,594,663,913 ordinary shares (which became 864,887,971 ordinary shares after the Share Consolidation as described below) of the Company through the consolidation, redesignation and reclassification of the Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares by operation of the laws of the Cayman Islands (the “Conversion of Shares”). After the Conversion of Shares, the Company only has ordinary shares in issue;
- b. the authorised ordinary shares of the Company was increased from US\$25m to US\$51m; and
- c. the issued and unissued ordinary shares of the Company with a nominal or par value of US\$0.01 each were consolidated at a ratio of 1-for-3, such that the authorised ordinary share capital of the Company was consolidated from US\$51m divided into 5,100,000,000 shares of a nominal or par value of US\$0.01 each, to US\$51m divided into 1,700,000,000 shares of a nominal or par value of US\$0.03 each (the “Share Consolidation”).

Pursuant to the Initial Public Offering, 91,342,100 ordinary shares with a par value of US\$0.03 each were issued at an offer price of HK\$38.00 per share (the “Listing Price”) with gross proceeds of US\$442m. The Over-allotment Option, as defined in the Company’s prospectus dated 26 June 2025, was partially exercised on 1 August 2025, pursuant to which there were 5,001,400 ordinary shares with a par value of US\$0.03 each issued at the Listing Price with gross proceeds of US\$24m on 6 August 2025.

In connection with the Initial Public Offering, the Group incurred listing expenses, which included professional fees, underwriting commissions and other fees.

- For the year ended 31 December 2025, the Group incurred listing expenses of US\$15m, of which US\$6m has been charged to the consolidated income statement of the Group and US\$9m was accounted for as a deduction from share premium directly upon Initial Public Offering.
- As of 31 December 2024, the Group incurred listing expenses of US\$37m, of which US\$29m has been charged to the consolidated income statement of the Group and US\$8m was accounted for as a deduction from share premium directly upon Initial Public Offering.

2. Material accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”), which includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IAS”) and Interpretations, issued by the International Accounting Standards Board. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board Listing Rules) and the applicable requirements of the Hong Kong Companies Ordinance (Chapter 622).

The consolidated financial statements have been prepared, on a going concern basis, under the historical cost convention, except for investment property, the re-measurement of financial assets measured at fair value through other comprehensive income (“FVOCI”), certain financial assets and liabilities measured or designated at fair value through profit or loss (“FVTPL”) and derivative financial instruments, all of which are carried at fair value. Additionally, insurance and reinsurance contract assets and liabilities are measured using a fulfilment cash flow and contractual service margin basis.

The accounting policies adopted are consistent with those adopted in the previous financial year, except as described as follows.

(a) Mandatory for the year ended 31 December 2025

The following amendments have been adopted by the Group from 1 January 2025 and have no material impact to the Group:

- Amendments to IAS 21, Lack of Exchangeability (2025)

(b) Issued but not yet effective and have not been early adopted for the year ended 31 December 2025

The following relevant new standards and amendments to standards have been issued but are not yet effective and have not been early adopted for the reporting year presented:

- IFRS 18, Presentation and Disclosure in Financial Statements (2027) introduces new presentation requirements in the income statement, including mainly the classification of income and expense items by categories, defined subtotals and totals. It also requires the disclosure of management performance measures (“MPMs”) defined by management with a reconciliation between the MPMs and IFRS results. The standard is expected to change the presentation and disclosures of the Group’s consolidated financial statements but is not expected to impact the financial results of the Group.
- Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (2026) provide clarification on a number of areas such as the classification of financial assets with Environmental, Social and Governance (“ESG”) and similar contingent features, contractually linked instruments, financial assets with non-recourse features, and some new disclosure requirements. The amendments are not expected to have material impacts to the Group.

In addition, the Group has assessed the impact of the below amendments and does not expect material impacts to the Group.

- Annual Improvements to IFRS Accounting Standards - Volume 11, Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (2026)
- Amendments to IFRS 9 and IFRS 7, Contracts Referencing Nature-dependent Electricity (2026)
- Amendments to IAS 21, Translation to a Hyperinflationary Presentation Currency (2027)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

2. Material accounting policies (continued)

2.1 Basis of preparation (continued)

Certain amounts in the consolidated financial statements of prior year have been reclassified to conform to current year presentation.

Items included in the consolidated financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in millions of US dollars (US\$m) unless otherwise stated, which is the Company's functional currency, and the presentation currency of the Company and the Group.

2.2 Basis of consolidation

The consolidated financial statements are for the group consisting of the Company and its subsidiaries.

Profit or loss and each component of other comprehensive income are attributed to the Equity Holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(1) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directly by means of contractual arrangement.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation from the date at which the Group no longer has control.

The Group utilises the acquisition method of accounting to account for the acquisition of subsidiaries, unless the acquisition forms part of the Group reorganisation of entities under common control. Under this method, the cost of an acquisition is measured as the fair value of the considerations transferred, considerations payable, shares issued or liabilities assumed at the date of acquisition. For each acquisition of subsidiary, the Group elects whether to measure the non-controlling interests in the entity at fair value ("fair value approach") or at the proportionate share of the entity's identifiable net assets ("proportionate share approach"). The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill (Note 2.7). The Group recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the subsidiary. Any surplus of the acquirer's interest in subsidiary's net assets over the cost of acquisition is credited to the consolidated income statement. Acquisition-related costs are expensed as incurred.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. Material accounting policies (continued)

2.2 Basis of consolidation (continued)

(2) *Investment funds*

Investment funds in which the Group has interests and power to direct their relevant activities that affect the return of the funds are consolidated in the financial statements. In conducting the assessment, the Group considers substantive contractual rights as well as de facto control. De facto control of an entity may arise from circumstances where the Group does not have more than 50 per cent of the voting power but it has the practical ability to direct the relevant activities of the entity. If the Group has power to remove or control over the party having the ability to direct the relevant activities of the fund based on the facts and circumstances and that the Group has exposure to variable returns of the investment funds, they are consolidated. Variable returns include both rights to the profits or distributions as well as the obligation to absorb losses of the investees.

(3) *Non-controlling interests*

Non-controlling interests are presented within equity except when they arise through the minority's interest in puttable liabilities, which they are recognised as a liability. Acquisitions and disposals of non-controlling interests, except when they arise through the minority's interest in puttable liabilities, are treated as transactions between equity holders. As a result, any difference between the amount by which the carrying amounts of the non-controlling interests are adjusted and the amount of the fair value of consideration received is recognised in the respective components of the equity attributable to the Equity Holders of the Company.

Profit or loss and each component of OCI are attributable to the shareholders of the Company and the non-controlling interests after adjusting for any cumulative distributions on the perpetual securities, whether or not such distributions have been declared.

(4) *Investments in associates*

Associates are entities over which the Group has significant influence, but which it does not have control or joint control. Generally, it is presumed that the Group has significant influence if it has between 20 per cent and 50 per cent of voting rights.

Investments in associates are accounted for using the equity method of accounting. Under this method, the cost of the investment in an associate, together with the Group's share of that entity's post-acquisition changes to equity, is included as an asset in the consolidated statement of financial position. The Group's share of the post-acquisition profits or losses and other comprehensive income is recognised in the consolidated income statement and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Losses are also eliminated, unless the transaction provides evidence of an impairment of an asset transferred between entities.

2.3 Insurance and Investment contracts

2.3.1 Classification

Insurance contracts comprise insurance contracts issued, including reinsurance contracts issued, and reinsurance contracts held. Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder. A contract is considered to have significant insurance risk if an insured event could cause the Group to pay significant additional amounts in any single scenario with commercial substance.

Reinsurance contracts held are contracts held by the Group under which it transfers significant insurance risk arising from underlying insurance contracts to other parties, along with the associated premiums. The purpose of the reinsurance contracts held is to mitigate the significant insurance risk that the Company may have from the underlying insurance contracts.

Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.1 Classification (continued)

Both insurance and reinsurance contracts are accounted for in accordance with IFRS 17 Insurance Contracts. Contracts under which the Group does not accept significant insurance risk are either classified as investment contracts or considered as service contracts and are accounted for in accordance with IFRS 9 Financial Instruments or IFRS 15 Revenue from Contracts with Customers, respectively. Once a contract has been classified as an insurance contract, it remains in this status until all rights and obligations are extinguished or the contract is derecognised.

Certain investment contracts contain discretionary participation features (“DPF”), whereby the policyholder has the right to receive, as a supplement to guaranteed benefits, additional non-guaranteed benefits:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Group; and
- that are contractually based on:
 - the performance of a specified pool of contracts or a specified type of contract;
 - realised and/or unrealised investment returns on a specified pool of assets held by the Group; or
 - the profit or loss of the Group, fund or other entity that issues the contract.

The Group applies the same accounting policies for the recognition and measurement of investment contracts with DPF as it does for insurance contracts.

Participating business and Other participating business

In some jurisdictions, participating business is written in a participant fund which is distinct from the other assets of the Group. The allocation of benefits from the assets held in such participating funds is subject to minimum policyholder participation mechanisms which are established by regulation. The extent of such policyholder participation may change over time. The current policy participation in declared dividends for locations with participating funds is set out below:

Country	Current policyholder participation
Malaysia	90 %
Vietnam	70%/75%
Singapore	90 %

Participating business which is not written in a distinct fund is referred to as other participating business.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.2 Separating components from insurance contracts and reinsurance contracts held

At inception, the Group separates the following components from an insurance contract or reinsurance contract held and accounts for them under other IFRS standards:

- derivatives embedded in the contract which economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract;
- distinct investment components which are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction; and
- distinct service components which are promises to transfer goods or non-insurance if the policyholder can benefit from them either on its own or with other resources that are readily available to the policyholder. The service component is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the service component are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the service component with the insurance component.

2.3.3 Aggregation and recognition of insurance contracts and reinsurance contracts held

The unit of account for the measurement of insurance contracts (and reinsurance contracts held) is a group of insurance contracts (and reinsurance contracts held).

Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together. Each portfolio is divided into annual cohorts (i.e. by year of issue) and each annual cohort is further divided into three groups based on the profitability of contracts:

- contracts that are onerous on initial recognition;
- contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When an insurance contract is recognised, it is added to an existing group of insurance contracts or, if the insurance contract does not qualify for inclusion in an existing group, it forms a new group to which future insurance contracts are added. Groups of insurance contracts are established on initial recognition and their composition is not revised once all insurance contracts have been added to the group.

Groups of reinsurance contracts held are established such that each group comprises a single reinsurance contract or multiple reinsurance contracts with similar risks. Although certain reinsurance contracts held cover underlying insurance contracts across different groups, the Group determines that the single contract legal form reflects the substance of the Group's contractual rights and obligations, as the covers lapse concurrently and are not sold separately. Accordingly, the reinsurance contracts are not separated into multiple insurance components that linked to different underlying groups.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.3 Aggregation and recognition of insurance contracts and reinsurance contracts held (continued)

A group of reinsurance contracts held is recognised as follows:

- reinsurance contracts held that provide proportionate coverage are recognised on the date the related underlying insurance contracts are initially recognised; and
- other reinsurance contracts held are recognised at the beginning of their coverage period. If the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date.

Insurance contracts and reinsurance contracts held acquired in a business combination are recognised on the date of acquisition.

2.3.4 Boundaries of insurance contracts and reinsurance contracts held

The measurement of a group of insurance contracts and reinsurance contracts held includes all the future cash flows within the boundary of each contract in the group. The contract boundary is reassessed at each reporting date to reflect changes in circumstances affecting the Group's substantive rights and obligations and therefore, may change over time.

For insurance contracts, cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

A substance obligation to provide services ends when the Group has the practical ability to:

- reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Group, which may include both insurance and financial risks.

For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substance obligation to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.5 Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method based on all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts, they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals reflects the manner in which the Group expects to recover those cash flows.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, they are allocated to groups in the portfolio using a systematic and rational method.

At each reporting date, the Group revises the amounts allocated to groups to reflect changes in assumptions used in the allocation method. Amounts allocated to a group are not revised once all contracts have been added to that group

2.3.6 Measurement of insurance contracts

There are three measurement models for insurance contracts:

- Variable fee approach (“VFA”): The Group applies this approach to insurance contracts with direct participating features. The direct participating feature is identified at inception:
 - the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
 - the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
 - the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.
- Premium allocation approach (“PAA”): The Group applies this simplified approach for certain insurance contracts without direct participating features.
- General measurement model (“GMM”): The Group applies this model to the remaining insurance contracts not measured using the VFA or the PAA.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.6 Measurement of insurance contracts (continued)

(1) *Insurance contracts measured under the GMM and the VFA*

Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the sum of:

- the fulfilment cash flows, comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- the Contractual Service Margin, (“CSM”).

The fulfilment cash flows do not reflect the Group’s non-performance risk.

The risk adjustment for non-financial risk represents, the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk and is determined separately from the other estimates.

The CSM represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, the group is not onerous. In this case, the CSM is measured as an amount equal and opposite to the net inflow, resulting in no gain or loss on initial recognition.

For groups of contracts acquired in a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

If the total is a net outflow, the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is established to depict the amount of the net cash outflow, which determines the amounts subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Subsequent measurement

At each reporting date, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to future services; and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for claims and related expenses that have been incurred but not yet paid, including claims incurred but not yet reported.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.6 Measurement of insurance contracts (continued)

(1) Insurance contracts measured under the GMM and the VFA (continued)

(a) Subsequent measurement of fulfilment cash flows

The fulfilment cash flows are measured at each reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

- changes relating to future services are adjusted against the CSM, or recognised in the insurance service result in profit or loss if the group is onerous;
- changes relating to current or past services are recognised in the insurance service result in profit or loss; and
- effects of the time value of money, financial risk and changes therein are recognised as insurance finance income or expenses for insurance contracts without direct participation features or adjust against CSM for insurance contracts with direct participation features.

(b) Subsequent measurement of CSM under the GMM

For insurance contracts without direct participation features, the carrying amount of the CSM at the end of reporting period is the opening balance, adjusted for:

- the CSM of any new contracts that are added to the group during the reporting period;
- interest accreted on the carrying amount of the CSM, measured at the discount rates determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - increases exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates or increases a loss component; or
 - decreases are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences; and
- CSM release during the reporting period.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition;
- changes in the risk adjustment for non-financial risk that relate to future services, measured at the discount rates determined on initial recognition; and
- differences between actual and expected investment component that becomes payable in the period. The same applies to a policyholder loan that becomes repayable in the period.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.6 Measurement of insurance contracts (continued)

(1) *Insurance contracts measured under the GMM and the VFA (continued)*

(b) Subsequent measurement of CSM under the GMM (continued)

CSM release represents the amount of the CSM recognised as insurance revenue in each reporting period. The amount of CSM release is determined by identifying the coverage units in the group of insurance contracts. The CSM remaining at the end of the reporting period, before allocation, is allocated equally to each coverage unit provided in the period and expected to be provided in future years. The amount allocated to coverage units provided in the period is recognised in profit or loss. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

(c) Subsequent measurement of CSM under the VFA

For insurance contracts with direct participating features, the Group's obligation to the policyholder is the net of:

- the obligation to pay an amount equal to the fair value of the underlying items; and
- a variable fee for future services, representing the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items.

At each reporting date, the Group adjusts the fulfilment cash flows for changes in the obligation to pay policyholders amounts equal to the policyholder's share of the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss.

The carrying amount of the CSM at each reporting date is the opening balance, adjusted for:

- the CSM of any new contracts that are added to the group during the reporting period;
- changes in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
 - the risk mitigation option is applied;
 - a decrease in the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, resulting in a loss recognised in profit or loss and creates or increases a loss component; or
 - an increase in the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences; and
- CSM release during the reporting period.

Changes in fulfilment cash flows that do not vary with the returns on underlying items and relate to future services are treated consistently with insurance contracts without direct participation features, including changes in the time value of money and financial risks not arising from underlying items.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.6 Measurement of insurance contracts (continued)

(2) Insurance contracts measured under the PAA

The Group applies the PAA to simplify the measurement of groups of contracts in the following circumstances:

- the coverage period of each contract in the group is one year or less; or
- the Group reasonably expects that the resulting measurement of the liabilities for remaining coverage would not differ materially from that under the GMM.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured as the premiums received, less any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows for life insurance contracts). For non-life insurance contracts, insurance acquisition cash flows are expensed when incurred.

Subsequently, the carrying amount of the liability for remaining coverage is:

- increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses; and
- decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

As the Group expects that the time between providing services and the related premium due date is no more than a year, the liability for remaining coverage is not adjusted for the time value of money or the effect of financial risk.

If, during the coverage period, facts and circumstances indicate that a group of contracts is onerous, the Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows relating to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted at current rates when the related liability for incurred claims is also discounted.

The liability for incurred claims is measured as the fulfilment cash flows relating to claims and related expenses that have been incurred but not yet paid. Future cash flows are discounted at current rates unless they are expected to be paid in one year or less from the date the claims are incurred.

2.3.7 Measurement of reinsurance contracts held

(1) Reinsurance contracts held measured under the GMM

To measure a group of reinsurance contracts held, the Group applies the same accounting policies as those applied to insurance contracts without direct participation features, with the following modifications.

At each reporting date, the carrying amount of a group of reinsurance contracts held is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group measures the present value of future cash flows using assumptions that are consistent with those used to measure the present value of future cash flows for the underlying insurance contracts, adjusted for the risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.7 Measurement of reinsurance contracts held (continued)

(1) Reinsurance contracts held measured under the GMM (continued)

On initial recognition, the CSM of a group of reinsurance contracts held represents the net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the opening balance, adjusted for:

- the CSM of any new contracts that are added to the group during the reporting period;
- interest accreted on the carrying amount of the CSM, measured using the discount rates determined on initial recognition;
- income recognised in profit or loss on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they do not relate to changes in fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured using the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences; and
- CSM release during the reporting period.

Reinsurance of onerous underlying insurance contracts

When the Group recognises a loss on initial recognition of onerous underlying insurance contracts, it adjusts the CSM of the related group of reinsurance contracts and recognises income, provided that the reinsurance contract was entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying insurance contracts; and
- the percentage of claims on the underlying insurance contracts that the Group expects to recover from the reinsurance contracts held.

For reinsurance contracts held acquired in a business combination that covers onerous underlying insurance contracts, the adjustment to the CSM is determined by multiplying:

- the amount of the loss component that relates to the underlying insurance contracts at the date of acquisition; and
- the percentage of claims on the underlying insurance contracts that the Group expects at the date of acquisition to recover from the reinsurance contracts held.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.7 Measurement of reinsurance contracts held (continued)

(1) Reinsurance contracts held measured under the GMM (continued)

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Group applies a systematic and rational method to determine the portion of losses recognised on the onerous group that relates to underlying insurance contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts held to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

(2) Reinsurance contracts held measured under the PAA

The Group applies the same accounting policies to measure groups of reinsurance contracts held under the PAA, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component is created for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

2.3.8 Derecognition and contract modification

The Group derecognises an insurance contract when the rights and obligations relating to the contract are extinguished – i.e. expired, discharged or cancelled.

The Group also derecognises a contract when its terms are modified in a manner that would have resulted in a materially different accounting outcome had the modified terms existed from inception, in which case the modified contract is accounted for as a new contract. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

When a contract within a group of contracts not measured under the PAA is derecognised:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the derecognised rights and obligations;
- the CSM of the group is adjusted for the related changes in fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the remaining expected services is adjusted to reflect the coverage units derecognised.

If a contract is derecognised because it is transferred to a third party, the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised in the case of modification, the CSM is adjusted for the premium that the Group would have charged for a contract with the modified terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured on the basis that, at the date of modification, the Group received the premium that it would have charged for the modified contract, less any additional premium charged.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.9 Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the income statement and statement of other comprehensive income into (a) insurance service result, comprising insurance revenue, insurance service expenses and net expenses from reinsurance contracts held; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from those arising from insurance contracts.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

(1) Insurance revenue

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts.

For insurance contracts measured under the GMM and the VFA, insurance revenue represents the changes in the liability for remaining coverage that relate to insurance services for which the Group expects to receive consideration. Insurance revenue comprises:

- expected claims and other expenses directly attributable to fulfilling insurance contracts, measured at the amounts expected at the beginning of the period, excluding investment components and amounts allocated to the loss component
- changes in the risk adjustment for non-financial risk, excluding amounts allocated to the loss component;
- CSM release, measured based on coverage units provided;
- amortisation of insurance acquisition cash flows to the extent relating to service provided in the current period;
- premium experience adjustments that relate to current or past service; and
- expected amounts related to income taxes specifically chargeable to the policyholders.

For insurance contracts measured under the PAA, insurance revenue for each period represents the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period based on the passage of time.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.9 Presentation (continued)

(2) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss as they are incurred. They exclude repayments of investment components and comprise:

- claims incurred during the period, excluding investment components and amounts allocated to the loss component.
- expenses incurred that are directly attributable to fulfilling the insurance contracts;
- losses on onerous contracts and reversals of such losses;
- changes related to past service, including changes in the liability for incurred claims in periods subsequent to the claim being incurred;
- amortisation of insurance acquisition cash flows to the extent relating to past and current service;
- insurance acquisition cash flows expensed as incurred relating to insurance contracts measured under the PAA; and impairment losses and reversals of impairment losses on assets for insurance acquisition cash flows.

(3) Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held comprise the allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises the allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts held. For reinsurance contracts held measured under the GMM, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For reinsurance contracts held measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts held covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts held.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.9 Presentation (continued)

(4) Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein. This includes changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

The Group disaggregates insurance finance income or expenses between profit or loss and other comprehensive income.

For insurance contracts with direct participation features and with the underlying items held, the amount included in profit or loss exactly match the income or expenses included in profit or loss for the underlying items, resulting in the net of the two separately presented items being nil.

For other contracts, the amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined as follows:

- contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders:
 - for insurance finance income or expenses arising from the estimates of future cash flows, using a rate that either allocates the remaining revised expected insurance finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield), or allocates based on the amounts credited in the period and expected to be credited in future periods; and
 - for insurance finance income or expenses arising from the CSM, using the discount rates determined on initial recognition of the group of contracts.

This selection of the rate applied is based on the characteristics of contracts

- contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholders, using the discount rates determined on initial recognition of the group of contracts.

Amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss.

2.3.10 Investment contracts without DPF

Investment contracts without DPF that do not contain sufficient insurance risk are not considered as insurance contracts and are accounted for as a financial liability in accordance with IFRS 9 Financial Instruments. Revenue from these contracts comprises various charges, including policy fees, handling fees, management fees and surrender charges, which are levied against the contract for the cost of insurance, expenses and early surrender. First year charges are amortised over the life of the contract as the related services are provided.

2. Material accounting policies (continued)

2.3 Insurance and Investment contracts (continued)

2.3.10 Investment contracts without DPF (continued)

(1) *Investment contract fee revenue*

Customers are charged fees for policy administration, investment management, surrenders and other contract services. The fees may be fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholder's account balance. The fees are recognised as revenue in the period in which they are received unless they relate to services to be provided in future periods, in which case they are deferred and recognised as the services are provided. Origination and other “upfront” fees (fees that are assessed against the account balance as consideration for origination of the contract) are charged on some non-participating investment and pension contracts. Where the investment contract is measured at fair value, the front-end fees that relate to the provision of investment management services are amortised and recognised as revenue over the period in which those services are provided.

(2) *Investment contract liabilities*

Deposits collected and benefit payments under investment contracts without DPF are not recognised in the consolidated income statement, except for the investment income and fees attributed to those contracts. Instead, they are recognised directly through the consolidated statement of financial position as an adjustment to the investment contract liability, which reflects the account balance.

The majority of the Group's contracts classified as investment contracts are unit-linked contracts, with measurement directly linked to the underlying investment assets, which are portfolios maintained to meet specific investment objectives and for which policyholders generally bear the associated credit and market risks. The liabilities are carried at fair value determined with reference to the accumulation value (current unit value) and an unearned revenue liability and sales inducement liability where applicable. The costs of policy administration, investment management, surrender charges and certain policyholder taxes assessed against customers' account balances are included in revenue, and accounted for as described under “Investment contract fee revenue” above.

2. Material accounting policies (continued)

2.4 Financial Instruments

2.4.1 Classification and measurement of financial instruments

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”), based on the business model used to manage the financial asset and the contractual cash flow characteristics of the asset. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Group is exposed to changes in the fair value of the asset.

Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the assets.

(1) *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest revenue from financial assets measured at amortised cost is included in the consolidated income statement using the effective interest rate method. Any gain or loss arising on derecognition and foreign exchange gains and losses are recognised in the consolidated income statement and presented in other investment gains/(losses). Impairment losses are presented as a separate line item in the consolidated income statement.

(2) *Financial assets at fair value through other comprehensive income*

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVOCI are initially recognised at fair value plus directly attributable transaction costs. The difference between the initial recognition amount and par value is amortised. Interest revenue from FVOCI debt securities is recognised in the consolidated income statement using the effective interest method. FVOCI debt securities are subsequently measured at fair value. Changes in the fair value, except for relevant foreign exchange gains and losses and impairment losses, are recognised in other comprehensive income and accumulated in a separate fair value reserve within equity. Foreign currency translation differences on these debt securities are calculated as if they were carried at amortised cost and are recognised in the consolidated income statement and presented in other investment gains/(losses). Impairment losses are recognised in the consolidated income statement and presented as a separate line item. Realised gains and losses of FVOCI debt securities are determined as the difference between the sale proceeds and amortised costs and the related cumulative gains and losses, which are reclassified to the consolidated income statement from other comprehensive income upon derecognition.

2. Material accounting policies (continued)

2.4 Financial Instruments (continued)

2.4.1 Classification and measurement of financial instruments (continued)

(2) *Financial assets at fair value through other comprehensive income (continued)*

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis. Cumulative gains and losses recognised in other comprehensive income on FVOCI equity securities are not reclassified to the consolidated income statement but are transferred to retained earnings upon derecognition.

(3) *Financial assets at fair value through profit or loss*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Dividend income from equity securities or investment funds at fair value through profit or loss is recognised as other investment gains/(losses) in the consolidated income statement, generally when the security becomes ex-dividend. Interest revenue from debt securities is recognised in the consolidated income statement on an accrued basis. For all financial assets at fair value through profit or loss, changes in fair value are recognised in other investment gains/(losses) in the consolidated income statement.

Transaction costs in respect of financial assets at fair value through profit or loss are expensed as they are incurred.

Financial liabilities

The Group classifies its financial liabilities, into one of the following categories:

- financial liabilities at FVTPL, and within this category as:
 - held-for-trading;
 - derivative instruments; or
 - designated as at FVTPL; and
- financial liabilities at amortised cost.

A financial liability is recognised when the Group becomes a party to the contractual rights and obligations in the contract and is required to recognise those contractual rights and obligations on initial recognition. All financial liabilities are initially recognised at fair value, minus, in the case of a financial liability that is not at FVTPL, transaction costs that are directly attributable to issuing the financial liability. Transaction costs in respect of financial liabilities at fair value through profit or loss are expensed as they are incurred.

Financial liabilities are generally derecognised when their contractual obligations expire or are discharged or cancelled.

2. Material accounting policies (continued)

2.4 Financial Instruments (continued)

2.4.1 Classification and measurement of financial instruments (continued)

Contract modification

If the terms of a financial instrument are modified, the Group evaluates whether the cash flows of the modified financial instrument are substantially different. If the cash flows are substantially different, the Group derecognises the original financial instrument and recognises a new financial instrument based on the modified terms at fair value. If a financial instrument is modified but not substantially, it is not derecognised.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.4.2 Fair values of non-derivative financial instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, having regard to the specific characteristics of the asset or liability concerned, and assuming that the transfer takes place in the most advantageous market to which the Group has access. The fair values of financial instruments traded in active markets (such as financial instruments at fair value through profit or loss and at fair value through other comprehensive income) are based on quoted market prices at the date of the consolidated statement of financial position. The quoted market price used for financial assets held by the Group is the current bid price, which is considered to be the price within the bid-ask spread that is most representative of the fair value in the circumstances. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Group applies a variety of valuation techniques with assumptions that are based on market conditions at each reporting date. The objective of using a valuation technique is to estimate the price at which an orderly transaction would take place between market participants at the date of the consolidated statement of financial position.

Financial instruments carried at fair value are measured using a fair value hierarchy described in Note 20.

2. Material accounting policies (continued)

2.4 Financial Instruments (continued)

2.4.3 Impairment of financial assets

(1) *General*

The Group recognises loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost and debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to 12-month ECL, except for Stage 2 and Stage 3 assets where lifetime ECL is recognised.

ECL is assessed in three stages:

Stage 1: if the financial asset is not credit-impaired upon origination and the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month ECL;

Stage 2: if the financial asset is not credit-impaired upon origination but the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime ECL. Lifetime ECL results from all possible default events over the expected life of the financial instrument; and

Stage 3: if the financial asset is credit-impaired, with one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, the loss allowance is also measured at an amount equal to the lifetime ECL.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

For debt securities at low credit risk at the reporting date, it is assumed that the credit risk has not increased significantly since initial recognition, and hence, the loss allowance is measured at an amount equal to 12-month ECL.

(2) *Measurement of ECL*

ECL is calculated as a probability-weighted forward-looking estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

(3) *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets measured at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to mitigating actions. The criteria of “default” are consistent with those of “credit-impaired”.

2. Material accounting policies (continued)

2.4 Financial Instruments (continued)

2.4.3 Impairment of financial assets (continued)

(3) *Credit-impaired financial assets (continued)*

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- the debtor entering bankruptcy or other financial reorganisation becoming probable; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the debtor's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

(4) *Presentation of loss allowances in the statement of financial position*

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets; and
- debt investments measured at FVOCI: the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

ECL is recognised as "Net impairment loss on financial assets" in the consolidated income statement.

(5) *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Although the Group expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities and company activities, that may result in recovery of written off amounts.

2. Material accounting policies (continued)

2.4 Financial Instruments (continued)

2.4.4 Derivative financial instruments

Derivative financial instruments primarily include foreign exchange contracts, interest rate swaps, bond forwards and equity derivatives that derive their values mainly from underlying foreign exchange rates, interest rates, bond prices and equity prices. All derivatives are initially recognised in the consolidated statement of financial position at their fair values, which represent their cost excluding transaction costs which are expensed as incurred. They are subsequently remeasured at their fair values, with movements in fair value recognised in profit or loss. Fair values are obtained from quoted market prices or, if these are not available, by using valuation techniques such as discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

(1) *Derivative instruments for economic hedges*

Whilst the Group enters into derivative transactions to provide economic hedges under the Group's risk management framework, it adopts hedge accounting to these transactions only in certain circumstances. This is either because the economic hedges do not meet the specific IFRS requirements to be eligible for hedge accounting or because the documentation requirements would be unduly onerous. Where hedge accounting does not apply, these derivative instruments are treated as held for trading and fair value movements are recognised in other investment gains/(losses) in the consolidated income statement.

(2) *Derivative instruments for hedge accounting*

Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or of a highly probable forecast transaction or of the foreign currency risk of a committed future transaction, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated separately in the cash flow hedge reserve under equity. The ineffective portion of any gain or loss is recognised immediately in the consolidated income statement.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognised within OCI in the costs of hedging reserve within equity.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated cumulative gain or loss and the deferred time value of the option contracts or deferred forward points, if any, are removed from equity and recognised in the consolidated income statement in the same period or periods during which the asset acquired or liability assumed affects the consolidated income statement (such as when the interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the consolidated income statement in the same period or periods during which the hedged forecast transaction affects the consolidated income statement.

When a hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting, or the Group revokes the designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the associated cumulative gain or loss and deferred costs of hedging at that point remain in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss and deferred costs of hedging recognised in equity are recognised immediately in the consolidated income statement.

2. Material accounting policies (continued)

2.4 Financial Instruments (continued)

2.4.4 Derivative financial instruments (continued)

(3) *Embedded derivatives*

Embedded derivatives are derivatives embedded within other non-derivative host financial instruments to create hybrid instruments. When the host contract is a financial asset in the scope of IFRS 9, the hybrid financial instrument as a whole is assessed for classification and the embedded derivative is not separated from the host contract.

A derivative embedded in a host insurance contract or reinsurance contract is not accounted for separately from the host contract if the embedded derivative itself meets the definition of an insurance contract or reinsurance contract.

For other contracts, where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative is bifurcated and carried at fair value as a derivative in accordance with IFRS 9.

2.5 Foreign currency translation

(1) *Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the "functional currency"). The consolidated financial statements are presented in the United States dollars ("US dollar" or "US\$"), which is the functional currency of the Company, unless otherwise stated.

(2) *Transactions and balances*

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies into functional currency, are generally recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency, including the CSM, are treated as monetary items.

Translation differences on financial assets measured at fair value through profit or loss are included in investment return. For monetary financial assets measured at fair value through other comprehensive income, exchange differences on the amortised cost are recognised in profit or loss and other exchange differences in the carrying amount are recognised in other comprehensive income.

Exchange differences relate to groups of insurance and reinsurance contracts to the extent which changes in the carrying amount of the groups of contracts that are recognised in profit or loss, are recognised in profit or loss. Exchange differences relate to groups of insurance and reinsurance contracts to the extent which changes in the carrying amount of the groups of contracts that are recognised in other comprehensive income, are recognised in other comprehensive income.

(3) *Group companies*

Income statement and cash flows of foreign entities are translated into the Group's presentation currency at average exchange rates for the period as this approximates to the exchange rates prevailing at the transaction date. Their statement of financial position are translated at year or period end exchange rates. All resulting exchange differences are recognised in other comprehensive income and accumulated separately in the foreign currency translation reserve within equity. On disposal of a foreign operation, such exchange differences are transferred out of the foreign currency translation reserve and are recognised in the consolidated income statement as part of the gain or loss on disposal.

2. Material accounting policies (continued)

2.6 Investment property

Property held for long-term rental or capital appreciation, or both that is not occupied by the Group is classified as investment property. Investment property, including land and buildings, is initially recognised at cost with changes in fair values in subsequent periods recognised in the consolidated income statement.

If an investment property becomes held for own use, it is reclassified as property, plant and equipment. Where a property is partly used as an investment property and partly for the use by the Group, these elements are recorded separately within investment property and property, plant and equipment, respectively, where the component used as investment property would be capable of separate sale or lease.

2.7 Goodwill and other intangible assets

(1) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill arising on the Group's investment in subsidiaries is shown as a separate asset and is carried at cost less any accumulated impairment losses, whilst that on associates is included within the carrying value of those investments. All acquisition-related costs are expensed as incurred.

(2) *Distribution rights*

Distribution rights represent contractual relationships for exclusive access to distribution networks.

Costs (including contingent considerations where applicable) associated with acquiring rights to access distribution networks are amortised on the basis of the expected pattern of consumption of the expected future economic benefits embodied in the intangible asset. These amortisation charges are subsequently allocated to groups of insurance contracts if they are directly attributable to insurance acquisition or other fulfilment activities.

(3) *Other intangible assets*

Other intangible assets consist primarily of computer software.

Purchased computer software are capitalised at cost, being the costs directly attributable to acquiring and bringing the software into use. Costs relating to maintenance and support are expensed as incurred. Development costs relating to internally generated software are capitalised only when the Group can demonstrate that:

- the software is technically feasible to complete;
- the Group intends to complete and use or sell the software;
- the Group has the ability to use or sell the software;
- the software is expected to generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development; and
- the related development costs can be reliably measured.

Costs of computer software is amortised on a straight-line basis over the estimated useful life, which generally ranges from 3 to 15 years. The amortisation charge is included in general and other expenses in the consolidated income statement.

2. Material accounting policies (continued)

2.8 Impairment of non-financial assets

Property, plant and equipment, and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment at least annually, or more frequently when events or change in circumstances indicate that the carrying value may be impaired.

For the purposes of impairment assessment, assets are allocated to each of the Group's cash-generating units ("CGUs") or group of CGUs, being the lowest level at which there are separately identifiable cash flows.

An impairment loss is recognised to the extent that the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of the fair value of the asset less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

The Group assesses at the end of each reporting year whether there is any objective evidence that its investments in associates are impaired. If such indication exists, the recoverable amount of the investment, including goodwill, is assessed. An impairment loss is recognised in profit or loss to the extent that the carrying amount exceeds the recoverable amount. Any subsequent reversal of an impairment loss is recognised in profit or loss.

2.9 Collateral

The Group receives and pledges collateral, in the form of cash or non-cash assets, in respect of derivative transactions and reinsurance arrangements to mitigate counterparty credit risk. The amount and type of collateral required are determined based on an assessment of the credit risk of the counterparty.

Cash collateral received, which is not legally segregated from the Group is recognised as an asset in the consolidated statement of financial position, with a corresponding liability for the obligation to return the collateral. Non-cash collateral received is not recognised on the consolidated statement of financial position unless the Group sells the collateral in the absence of default, at which case an obligation to return the collateral is recognised as a liability.

Cash collateral pledged which is legally segregated from the Group is derecognised from the consolidated statement of financial position, with a corresponding receivable established for its return. Non-cash collateral pledged is not derecognised (except in the event of default) and therefore continues to be recognised in the consolidated statement of financial position within the appropriate financial instrument classification.

The financial condition of counterparties is monitored on an ongoing basis to further minimise credit risk.

2.10 Borrowings

Borrowings are recognised initially at their issue proceeds less transaction costs directly attributable to the issue. Subsequently, borrowings are stated at amortised cost, and any difference between net proceeds and redemption value is recognised in the consolidated income statement over the term of the borrowings, using the effective interest method. All borrowing costs are expensed in profit or loss as incurred, except for borrowing costs directly attributable to the development of qualifying assets, which are capitalised as part of the cost of those asset.

2. Material accounting policies (continued)

2.11 Income taxes

Income tax comprises current and deferred tax. The current tax expense is based on the taxable profits for the period, including any adjustments in respect of prior years. Tax is allocated to profit or loss and to amounts charged or credited to equity, as appropriate.

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except as described below.

- Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. In countries where there is a history of tax losses, deferred tax assets are only recognised in excess of deferred tax liabilities if there is evidence that future profits will be available.
- Deferred tax is not provided in respect of temporary differences arising from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction which is not a business combination and which affects neither accounting nor taxable profit or loss at the time of the transaction.

The principal temporary differences arise from the basis of recognition of insurance and investment contract liabilities, and revaluation of certain financial assets and liabilities including derivative contracts. Deferred tax is measured using the tax rates enacted or substantively enacted at the date of the consolidated statement of financial position.

Deferred tax related to fair value remeasurement of investments measured at fair value through other comprehensive income, and other amounts taken directly to equity, is recognised initially within the applicable component of equity. It is subsequently recognised in the consolidated income statement, together with the gain or loss arising on the underlying item.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules income taxes.

In addition to paying tax on shareholders' profits, certain of the Group's life insurance businesses pay tax on policyholders' investment returns ("policyholder tax") at policyholder tax rates. Policyholder tax is accounted for as income tax and is included in the income tax expense in the consolidated income statement or OCI depending on where the underlying transactions or events that generated the policyholders' investment returns were originally recognised.

2.12 Share-based compensation

The Group's share-based compensation plans are equity-settled. Under the share-based compensation plan, the fair value of the employee services received in exchange for the awards is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted at the respective grant date or, where applicable, fixed monetary value. Non-market vesting conditions are included in assumptions about the number of awards that are expected to be vested. Market vesting conditions are included in the determination of the fair value of the awards. At each reporting date, the Group revises its estimates of the number of RSUs that are expected to be vested. Any impact of revisions to original estimates is recognised in profit or loss with a corresponding adjustment to equity. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate award, and accordingly the fair value of each tranche is recognised over the applicable vesting period.

Where a modification or cancellation of an equity-settled share-based compensation plan occurs, the grant date fair value continues to be recognised, together with any incremental value arising on the date of modification provided that the non-market vesting conditions are satisfied.

2. Material accounting policies (continued)

2.13 Share capital

Ordinary shares, preference shares and convertible preference shares are classified as equity when there is no contractual obligation to transfer cash or other assets or to deliver a variable number of the Group's own equity instruments to the holders.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the issue.

Dividends are recognised when they have been declared, being appropriately authorised and no longer at the discretion of the Company.

2.14 Presentation of the consolidated statement of financial position

The Group's insurance and investment contract liabilities and related assets are realised and settled over periods of several years, reflecting the long-term nature of the Group's products. Accordingly, the Group presents the assets and liabilities in its statement of financial position in approximate order of liquidity, rather than distinguishing current and non-current assets and liabilities. The Group regards its intangible assets, investments in associates, property, plant and equipment and investment property as non-current assets as these are held for the longer-term use of the Group.

2.15 Consolidated statement of cash flows

The consolidated statement of cash flows presents movements in cash and cash equivalents and bank overdrafts as shown in the consolidated statement of financial position.

Purchases and sales of financial investments are included in operating cash flows as the purchases are funded from cash flows associated with the origination of insurance and investment contracts, net of payments of related benefits and claims. Purchases and sales of investment property are included within cash flows from investing activities.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results can always differ from those estimates, possibly significantly. Key judgments, estimates and assumptions are described below.

3.1 Level of aggregation and recognition of group of insurance contracts

For insurance contracts issued which are not measured under the PAA, the judgements exercised in determining whether contracts that are not onerous on initial recognition and would have no significant possibility of becoming onerous subsequently are:

- based on the likelihood of changes in assumptions which, if they occur, would result in the contracts becoming onerous; and
- using information about profitability estimation for the relevant group of products.

The accounting policy on the level of aggregation and recognition of group of insurance contracts is described in Note 2.3.

3.2 Insurance contracts not measured under the premium allocation approach

(1) *Measurement*

The asset or liability for groups of insurance contracts is measured as the total of fulfilment cash flows and CSM.

The fulfilment cash flows of insurance contracts (including investment contracts with DPF) represent the present value of estimated future cash outflows, less the present value of estimated future cash inflows, and adjusted to reflect the risk adjustment for non-financial risk. The assumptions used and the techniques for estimating fulfilment cash flows and the risk adjustment for non-financial risk are based on actual experience in each geographical market and policy form. The Group exercises significant judgement in making appropriate assumptions and applying appropriate techniques.

CSM represents the unearned profits that the Group will recognise as it provides services under the insurance contracts in a group. The amounts of CSM recognised in profit or loss are determined by identifying the coverage units in the group, allocating the CSM at the end of the reporting period equally to each coverage unit provided in the current period and expected to be provided in the future. The number of coverage units in a group is the quantity of the services provided by the contracts in the group, determined by considering for each contract the quantity of the services provided under a contract and its expected coverage period. The Group exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the consolidated financial statements as insurance revenue from insurance contracts issued.

The judgements exercised in the valuation of insurance contracts (including investment contracts with DPF) affect the amounts recognised in the consolidated financial statements as assets or liabilities of insurance contracts and investment contracts with DPF. Further details of the related accounting policies in respect of insurance contracts are provided in Note 2.3.

3. Significant accounting judgments, estimates and assumptions (continued)

3.2 Insurance contracts not measured under the premium allocation approach (continued)

(2) Determination of coverage unit

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Group applies judgement in these determinations.

Expected coverage period is derived based on the likelihood of an insured event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage period is judgemental since it involves making an expectation of when claims and lapse will occur.

3.3 Fair value of financial assets

The Group determines the fair values of financial assets traded in active markets using quoted bid prices as at each reporting date. The fair values of financial assets that are not traded in active markets are typically determined using a variety of other valuation techniques, such as prices observed in recent transactions and values obtained from current bid prices of comparable investments. More judgement is used in measuring the fair value of financial assets for which market observable prices are not available or are available only infrequently.

The degree of judgement used in measuring the fair value of financial assets generally correlates with the level of pricing observability. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

Changes in the fair value of financial assets held by the Group's participating funds affect not only the value of financial assets, but are also reflected in corresponding movements in insurance and investment contract liabilities. This is due to an insurance liability being recorded for the proportion of the net assets of the participating funds that would be allocated to policyholders if all relevant surplus at the date of the consolidated statement of financial position were to be declared as a policyholder dividend based on current local regulations. Both of the foregoing changes are reflected in the consolidated income statement.

Changes in the fair value of financial assets held to back the Group's unit-linked contracts result in a corresponding change in insurance and investment contract liabilities. Both of the foregoing changes are also reflected in the consolidated income statement.

Further details of the fair value of financial assets and the sensitivity analysis to interest rates and equity prices are provided in Notes 20 and 28.

3.4 Fair value of investment property

The Group uses independent professional valuers to determine the fair value of investment property on the basis of the highest and best use of the investment property that is physically possible, legally permissible and financially feasible. In most cases, current use of the investment property is considered to be the highest and best use for determining the fair value. The discounted cash flow approach is used by reference to net rental income allowing for reversionary income potential to estimate the fair value of the investment property.

Further details of the fair value of investment property are provided in Notes 16 and 20.

3. Significant accounting judgments, estimates and assumptions (continued)

3.5 Impairment of goodwill and other intangible assets

For the purposes of impairment testing, goodwill and other intangible assets are grouped into cash-generating units or groups of cash generating units. These assets are tested for impairment by comparing the carrying amount of the cash-generating unit (group of units), including goodwill, to the recoverable amount of that cash-generating unit (group of units). The determination of the recoverable amount requires significant judgement regarding the selection of appropriate valuation techniques and assumptions. Further details of the impairment of goodwill and other intangible assets during the period are provided in Note 13.

3.6 Income taxes

Significant management judgment on the future tax treatment of certain transactions is required in determining income tax provisions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reviewed periodically to reflect developments in tax laws. Tax laws evolve over time, and in some cases taxation positions are uncertain because the tax laws are subject to varying interpretation. When this is the case, management seeks to adopt a supportable and prudent tax treatment after consultation with professional tax advisers. However, as judicial and non-judicial interpretations develop, these taxation positions may change in the future.

3.7 Valuation of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits with future tax planning strategies. Further details are contained in Note 10 to the consolidated financial statements.

3.8 Impairment of financial assets

The Group recognises loss allowances for ECL on financial assets measured at amortised cost and debt securities measured at FVOCI. The measurement of ECL uses probability weighted forward-looking models with significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk since initial recognition;
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing the methodology for incorporating forward-looking information into the measurement of ECL.

When determining whether the credit risk (i.e. risk of default) on a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, credit assessment performed by internal and external experts and forward-looking information. The Group determines a significant increase in credit risk based on various criteria for different categories of assets, including rating notch downgrade, days past due, expert judgement and other qualitative factors.

The Group assumes that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment-grade", with credit rating equivalent to be Baa3 or above. As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, unless there are other indications that there is no significant increase in credit risk.

Details are further disclosed in Note 28.

4. Exchange rates

The Group's principal operations during the reporting year were located within the Asia region. The results and cash flows of these operations have been translated into US dollars at the following average rates:

	US dollar exchange rate	
	Year ended 31 December 2025	Year ended 31 December 2024
Hong Kong	7.80	7.80
Japan	149.65	151.45
Thailand	32.88	35.28

Assets and liabilities have been translated into US dollars at the following year end rates:

	US dollar exchange rate	
	As at 31 December 2025	As at 31 December 2024
Hong Kong	7.78	7.76
Japan	156.57	156.18
Thailand	31.53	34.26

Exchange rates are expressed in units of local currency per US\$1.

5. Segment information

The Group's operating segments, based on the reports received by the Group's Executive Committee, are the geographical markets in which the Group operates.

Each of the reportable segments, other than the "Corporate and Others" segment, writes life insurance business, providing life insurance, accident and health insurance and savings plans to customers in its local market, and distributes related investment and other financial service products. Certain businesses also write general insurance business. The reportable segments are Hong Kong & Macau, Thailand & Cambodia, Japan, Emerging Markets, and Corporate and Others. Emerging Markets includes the Group's insurance operations in the Philippines, Indonesia, Singapore, Vietnam and Malaysia. The activities of the Corporate and Others segment consist of the Group's corporate functions, shared services and eliminations of intragroup transactions.

As each reportable segment other than the Corporate and Others segment focuses on serving the life insurance needs of its local market, there are limited transactions between reportable segments. The key performance indicators reported in respect of each segment are:

- Operating profit after tax attributable to Equity Holders of the Company¹ (Note 5.2);
- Operating expenses attributable to Equity Holders of the Company¹ (Note 5.1);
- Expense ratio, measured as operating expenses attributable to Equity Holders of the Company¹ divided by TWPI (Note 5.1); and
- Total weighted premium income attributable to Equity Holders of the Company¹ ("TWPI") (Note 5.5);

The segment information has been prepared by (i) consolidating the carrying amounts of assets, liabilities, equities, income and expenses of the Group and (ii) eliminating the inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group. A reconciliation of operating profit after tax to profit after tax has been included in Note 5.2.

In presenting net capital inflows/(outflows) to reportable segments, capital outflows consist of dividends and profit distributions to the Corporate and Others segment and capital inflows consist of capital injections into reportable segments by the Corporate and Others segment. Emerging Markets' capital inflows also include capital allocation for corporate functions. For the Group, net capital inflows/(outflows) reflect the amount received from shareholders by way of capital contributions.

Note:

¹ Equity Holders of the Company represents shareholders of the Company and holders of perpetual securities of the Company.

5. Segment information (continued)

5.1 Segment results

US\$m	Hong Kong & Macau	Thailand & Cambodia	Japan	Emerging Markets	Corporate and Others	Total
Year ended 31 December 2025						
Insurance revenue	966	827	648	470	—	2,911
Insurance service expenses	(622)	(589)	(504)	(375)	—	(2,090)
Net expenses from reinsurance contracts held	(14)	(7)	(2)	(3)	—	(26)
Insurance service result	330	231	142	92	—	795
Investment return	1,320	522	130	360	7	2,339
Net finance income/(expenses) from insurance contracts and reinsurance contracts held and movement of investment contract liabilities	(1,275)	(469)	7	(330)	—	(2,067)
Net insurance and investment result	375	284	279	122	7	1,067
Other revenue	6	—	2	9	—	17
General and other expenses	(57)	(42)	(44)	(125)	(164)	(432)
Borrowings and other finance costs	(8)	(1)	(1)	(16)	(1)	(27)
Operating profit/(loss) before share of profit from associates	316	241	236	(10)	(158)	625
Share of profit from associates	—	—	—	29	—	29
Operating profit/(loss) before tax	316	241	236	19	(158)	654
Tax on operating profit/(loss) before tax	(46)	(54)	(50)	9	(20)	(161)
Operating profit/(loss) after tax	270	187	186	28	(178)	493
<i>Operating profit/(loss) after tax attributable to:</i>						
Equity Holders of the Company	270	187	186	34	(178)	499
Non-controlling interests	—	—	—	(6)	—	(6)
Key operating ratio						
Expense ratio	10.4 %	8.4 %	14.7 %	23.6 %	—	14.3 %
Operating profit/(loss) before tax includes:						
Operating expenses ¹	(303)	(221)	(181)	(243)	(164)	(1,112)

Note:

¹ Represents the amount attributable to the Equity Holders of the Company.

5. Segment information (continued)

5.1 Segment results (continued)

Segment information below represents the financial position of the Group:

US\$m	Hong Kong & Macau	Thailand & Cambodia	Japan	Emerging Markets	Corporate and Others	Total
31 December 2025						
Total assets	26,904	21,957	6,651	6,614	237	62,363
Total liabilities	(23,873)	(18,526)	(5,353)	(4,579)	(3,155)	(55,486)
Total equity	3,031	3,431	1,298	2,035	(2,918)	6,877
Net capital inflows/(outflows)	(251)	(245)	(95)	78	979	466
Total assets include:						
Investment in associates	2	—	—	458	—	460

Segment information is reconciled to the consolidated income statement, as shown below:

US\$m	Segment information	Short-term fluctuations in investment return related to equity securities and property investments and other non-operating investment return	Other non-operating items	Total	
Year ended 31 December 2025					
Insurance service result	795	—	40	835	Insurance service result
Investment return	2,339	(438)	—	1,901	Investment return
Net finance income/(expenses) from insurance contracts and reinsurance contracts held and movement of investment contract liabilities	(2,067)	356	—	(1,711)	Net finance income/(expenses) from insurance contracts and reinsurance contracts held and movement of investment contract liabilities
Net insurance and investment result	1,067	(82)	40	1,025	Net insurance and investment result
Other revenue	17	—	6	23	Other revenue
General and other expenses	(432)	—	(54)	(486)	General and other expenses
Borrowings and other finance costs	(27)	—	(244)	(271)	Borrowings and other finance costs
Operating profit/(loss) before share of profit from associates	625	(82)	(252)	291	Profit/(loss) before share of profit from associates
Share of profit from associates	29	—	2	31	Share of profit from associates
Operating profit/(loss) before tax	654	(82)	(250)	322	Profit/(loss) before tax

5. Segment information (continued)

5.1 Segment results (continued)

US\$m	Hong Kong & Macau	Thailand & Cambodia	Japan	Emerging Markets	Corporate and Others	Total
Year ended 31 December 2024						
Insurance revenue	973	760	583	350	—	2,666
Insurance service expenses	(711)	(590)	(406)	(350)	—	(2,057)
Net income/(expenses) from reinsurance contracts held	(15)	5	(24)	(1)	—	(35)
Insurance service result	247	175	153	(1)	—	574
Investment return	1,067	454	135	198	35	1,889
Net finance income/(expenses) from insurance contracts and reinsurance contracts held and movement of investment contract liabilities	(1,007)	(401)	7	(169)	—	(1,570)
Net insurance and investment result	307	228	295	28	35	893
Other revenue	7	—	1	27	—	35
General and other expenses	(45)	(38)	(54)	(59)	(152)	(348)
Borrowings and other finance costs	(8)	—	(1)	(12)	(1)	(22)
Operating profit/(loss) before share of profit from associates	261	190	241	(16)	(118)	558
Share of profit from associates	—	—	—	33	—	33
Operating profit/(loss) before tax	261	190	241	17	(118)	591
Tax on operating profit/(loss) before tax	(43)	(42)	(48)	4	(10)	(139)
Operating profit/(loss) after tax	218	148	193	21	(128)	452
<i>Operating profit/(loss) after tax attributable to:</i>						
Equity Holders of the Company	218	148	193	32	(128)	463
Non-controlling interests	—	—	—	(11)	—	(11)
Key operating ratio						
Expense ratio	12.5 %	8.1 %	14.1 %	27.6 %	—	15.3 %
Operating profit/(loss) before tax includes:						
Operating expenses ¹	(264)	(201)	(176)	(224)	(151)	(1,016)

Note:

¹ Represents the amount attributable to the Equity Holders of the Company.

5. Segment information (continued)

5.1 Segment results (continued)

Segment information below represents the financial position of the Group:

US\$m	Hong Kong & Macau	Thailand & Cambodia	Japan	Emerging Markets	Corporate and Others	Total
31 December 2024						
Total assets	22,016	18,906	7,347	5,137	306	53,712
Total liabilities	(19,076)	(15,590)	(6,102)	(3,205)	(2,925)	(46,898)
Total equity	2,940	3,316	1,245	1,932	(2,619)	6,814
Net capital inflows/(outflows)	(400)	(95)	(128)	123	474	(26)

Total assets include:

Investment in associates	1	—	—	437	—	438
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Segment information is reconciled to the consolidated income statement, as shown below:

US\$m	Segment information	Short-term fluctuations in investment return related to equity securities and property investments and other non-operating investment return	Other non-operating items	Total	
Year ended 31 December 2024					
Insurance service result	574	—	96	670	Insurance service result
Investment return	1,889	(627)	—	1,262	Investment return
Net finance income/(expenses) from insurance contracts and reinsurance contracts held and movement of investment contract liabilities	(1,570)	549	—	(1,021)	Net finance income/(expenses) from insurance contracts and reinsurance contracts held and movement of investment contract liabilities
Net insurance and investment result	893	(78)	96	911	Net insurance and investment result
Other revenue	35	—	1	36	Other revenue
General and other expenses	(348)	—	(202)	(550)	General and other expenses
Borrowings and other finance costs	(22)	—	(227)	(249)	Borrowings and other finance costs
Operating profit/(loss) before share of profit from associates	558	(78)	(332)	148	Profit/(loss) before share of profit from associates
Share of profit from associates	33	—	3	36	Share of profit from associates
Operating profit/(loss) before tax	591	(78)	(329)	184	Profit/(loss) before tax

5. Segment information (continued)

5.2 Operating profit

The long-term nature of the Group's operations means that, for management's decision-making and internal performance management purposes, the Group evaluates its results and its operating segments using a financial performance measure referred to as "operating profit". Operating profit is provided to assist in the comparison of business trends in different reporting years on a consistent basis and to enhance overall understanding of financial performance.

Operating profit includes among others the expected long-term investment returns for investments in equity securities, interests in investment funds and investment property based on the assumptions applied by the Group in the calculations of Embedded Value. The Group defines operating profit as net profit/(loss) of the Group adjusted to exclude the following items:

Market related

- Short-term fluctuations in investment return related to equity securities, interests in investment funds and investment property;
- Loss component on onerous contracts measured under VFA, relating to market movements; and
- Any other items which, in the Directors' view, should be disclosed separately to enable a full understanding of the Group's financial performance.

Non-market related

- Finance costs related to borrowings and long-term payables;
- M&A, business set up and restructuring related costs;
- IPO related costs including incentive costs;
- Implementation costs for IFRS 9 and 17 and Group-wide supervision;
- Any other items which, in the Directors' view, should be disclosed separately to enable a full understanding of the Group's financial performance.

The Group considers that the presentation of operating profit enhances the understanding and comparability of its performance and that of its operating segments on an ongoing basis. The Group considers that trends can be more clearly identified without the significant impact of the one-off costs of integration activities and the costs of servicing debt used to finance acquisition activities and the fluctuating effects of other non-operating items which are largely dependent on market factors.

5. Segment information (continued)

5.2 Operating profit (continued)

Operating profit after tax is reconciled to net profit as follows:

US\$m	Note	Year ended 31 December 2025	Year ended 31 December 2024
Operating profit after tax		493	452
Tax on operating profit before tax		161	139
Operating profit before tax	5.1	654	591
Non-operating items:			
Market related:			
Short-term fluctuations in investment return related to equity securities, interests in investment funds and investment property		(67)	(38)
Other non-operating investment return		(15)	(40)
Loss component on onerous contracts		42	89
		(40)	11
Non-market related:			
Finance costs related to borrowings and long-term payables		(244)	(227)
M&A, business set up and restructuring related costs		(20)	(71)
IPO related costs including incentive costs		(16)	(11)
Implementation costs for IFRS 9 and 17 and Group-wide supervision		(8)	(36)
Other non-operating items		(4)	(73)
		(292)	(418)
Profit before tax		322	184
Tax on operating profit before tax		(161)	(139)
Tax impact from non-operating items		(1)	(35)
Net profit		160	10
Operating profit after tax attributable to:			
Equity Holders of the Company		499	463
Shareholders of the Company		437	361
Perpetual securities		62	102
Non-controlling interests		(6)	(11)
		493	452

5. Segment information (continued)

5.3 Comprehensive tangible equity

Comprehensive tangible equity is defined as total equity of the Group attributable to shareholders of the Company plus contractual service margin (net of tax), minus intangible assets.

US\$m	As at 31 December 2025	As at 31 December 2024
Total equity of the Group attributable to shareholders of the Company	6,614	6,012
Contractual service margin (net of tax) ¹	5,293	4,235
Comprehensive equity	11,907	10,247
Intangible assets ²	(3,190)	(3,085)
Comprehensive tangible equity	8,717	7,162

Notes:

¹ After allowing for reinsurance and taxes and net of non-controlling interests.

² Net of non-controlling interests

5.4 Adjusted earnings/(loss) per share

The Conversion of Shares completed on 7 July 2025 resulted in a change in the number of outstanding ordinary shares of the Company. To provide financial information for management's decision-making and internal performance management purposes, the earnings/(loss) per share for the years ended 31 December 2025 and 2024 are adjusted on the basis that the Conversion of Shares was completed at the beginning of both reporting periods (the "Adjusted EPS").

A. Adjusted basic earnings/(loss) per share

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Net profit/(loss) attributable to shareholders of the Company (US\$m)	D(i)	104	(78)
Adjusted weighted average number of ordinary shares outstanding	D(ii)	1,225,488,773	1,178,205,907
Adjusted basic earnings/(loss) per share (US cents)		8.45	(6.67)

B. Adjusted diluted earnings/(loss) per share

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Net profit/(loss) attributable to shareholders of the Company (US\$m)	D(i)	104	(78)
Adjusted weighted average number of ordinary shares and dilutive potential ordinary shares outstanding	D(ii)	1,238,299,043	1,178,205,907
Adjusted diluted earnings/(loss) per share (US cents)		8.36	(6.67)

5. Segment information (continued)

5.4 Adjusted earnings/(loss) per share (continued)

C. Adjusted basic operating profit after tax per share

Adjusted basic operating profit after tax per share is calculated by dividing:

- the Operating profit after tax attributable to shareholders of the Company
- by the weighted average number of ordinary shares used as the denominator in calculating adjusted basic earnings/(loss) per share

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Operating profit after tax attributable to shareholders of the Company (US\$m)	5.2	437	361
Adjusted weighted average number of ordinary shares outstanding	D(ii)	1,225,488,773	1,178,205,907
Adjusted basic operating profit after tax per share (US cents)		35.60	30.69

D. Information concerning the calculation of Adjusted EPS

(i) Earnings/(loss) used in calculating Adjusted EPS

Prior to the Conversion of Shares on 7 July 2025, profit/(loss) was allocated to Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares on the basis that the outstanding Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares had been converted to ordinary shares on a 1 to 1 basis. Profit/(loss) attributable to Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares are excluded in the earnings/(loss) used in calculating earnings/(loss) per share as disclosed in Note 11.

The Adjusted EPS retrospectively adjusted for the impact of Conversion of Shares on the basis that the Conversion of Shares was completed at the beginning of both reporting periods. Profit/(loss) attributable to these converted ordinary shares are included in the earnings/(loss) used in calculating Adjusted EPS.

5. Segment information (continued)

5.4 Adjusted earnings/(loss) per share (continued)

D. Information concerning the calculation of Adjusted EPS (continued)

(ii) Adjusted weighted average number of shares used as the denominator

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Issued ordinary shares at 1 January	26	939,953,815	939,953,815
Retrospective adjustment for Conversion of Shares	1.2	2,594,663,913	2,594,663,913
Retrospective adjustment for Share Consolidation	1.2	(2,356,411,821)	(2,356,411,821)
Effect of ordinary shares issued pursuant to the Initial Public Offering	1.2	44,544,915	—
Effect of ordinary shares issued under share-based compensation plans	30	709,986	—
Effect of ordinary shares issued pursuant to the partial exercise of Over-allotment Option	1.2	2,027,965	—
Weighted average number of ordinary shares for adjusted basic earnings/(loss) per share		1,225,488,773	1,178,205,907
Adjustments for calculation of adjusted diluted earnings/(loss) per share:			
RSUs and share options granted under share-based compensation plans ¹	11E(ii), 30	12,810,270	—
Weighted average number of ordinary shares and dilutive potential ordinary shares for adjusted diluted earnings/(loss) per share		1,238,299,043	1,178,205,907

Note:

¹ The weighted average number of dilutive potential ordinary shares used in calculating adjusted diluted earnings/(loss) per share are consistent with the weighted average number of dilutive potential ordinary shares used in calculating diluted earnings/(loss) per share as disclosed in Note 11.

5. Segment information (continued)

5.5 Total weighted premium income

For management decision-making and internal performance management purposes, the Group measures business volumes during the year using a performance measure referred to as TWPI.

TWPI consists of 100 per cent of renewal premiums, 100 per cent of first year premiums and 10 per cent of single premiums, before reinsurance ceded. TWPI represents the amount attributable to the Equity Holders of the Company.

Management considers that TWPI provides an indicative volume measure of transactions undertaken in the reporting year that have the potential to generate profits for shareholders. The amounts shown are not intended to be indicative of insurance revenue recorded in the consolidated income statement.

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
TWPI by geography		
Hong Kong & Macau	2,903	2,106
Thailand & Cambodia	2,621	2,468
Japan	1,232	1,249
Emerging Markets	1,027	809
Total	7,783	6,632
First year premiums by geography		
Hong Kong & Macau	854	623
Thailand & Cambodia	549	553
Japan	114	111
Emerging Markets	358	254
Total	1,875	1,541
Single premiums by geography		
Hong Kong & Macau	3,540	1,843
Thailand & Cambodia	99	153
Japan	56	—
Emerging Markets	1,066	653
Total	4,761	2,649
Renewal premiums by geography		
Hong Kong & Macau	1,695	1,299
Thailand & Cambodia	2,062	1,900
Japan	1,112	1,138
Emerging Markets	562	489
Total	5,431	4,826

6. Insurance revenue

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Contracts not measured under the PAA		
Amounts relating to changes in liabilities for remaining coverage:		
CSM recognised for services provided	763	608
Change in risk adjustment for non-financial risk for risk expired	85	71
Expected incurred claims and other insurance service expenses	1,166	1,023
Recovery of insurance acquisition cash flows	708	774
	2,722	2,476
Contracts measured under the PAA		
	189	248
Total insurance revenue	2,911	2,724
Represented by:		
Contracts measured under the modified retrospective approach	86	90
Contracts measured under the fair value approach	805	909
Other contracts	2,020	1,725
	2,911	2,724

7. Net investment result

Analysis of investment result in profit or loss and other comprehensive income:

US\$m	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Investment return:			
Interest revenue	A	1,403	1,185
Other investment gains	B	504	93
Net impairment loss on financial assets		(6)	(16)
Amounts recognised in OCI		1,056	456
Total investment return		2,957	1,718
Net finance expenses from insurance contracts:			
Changes in fair value of underlying items of direct participating contracts		(1,823)	(508)
Interest accreted		(470)	(392)
Effect of changes in interest rates and other financial assumptions		(47)	(122)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition		(39)	(41)
Net foreign exchange gain/(loss)		5	(35)
Total net finance expenses from insurance contracts	C	(2,374)	(1,098)
Net finance expenses from reinsurance contracts held:			
Interest accreted		10	(35)
Effect of changes in interest rates and other financial assumptions		(477)	(213)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition		28	(12)
Others		8	(2)
Total net finance expenses from reinsurance contracts held	C	(431)	(262)
Movement in investment contract liabilities		(2)	(1)
Net investment result		150	357
Represented by:			
Amounts recognised in profit or loss		190	241
Amounts recognised in OCI		(40)	116
		150	357

7. Net investment result (continued)

A. Interest revenue

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Interest revenue calculated using the effective interest method		
Debt securities measured at FVOCI	1,252	986
Financial investments measured at amortised cost	65	102
	1,317	1,088
Other interest revenue		
Financial investments mandatorily measured at FVTPL	86	97
	1,403	1,185

B. Other investment gains

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Financial investments mandatorily measured at FVTPL:		
Net fair value gains/(losses) on		
Debt securities	66	35
Derivatives	(215)	(372)
Equity securities	13	25
Interests in investment funds	569	400
Dividend income	296	249
Net foreign exchange gain	8	124
	737	461
Net losses on derecognition of debt investments measured at FVOCI	(305)	(437)
Net foreign exchange gain on instruments not measured at FVTPL	49	44
Lease income from investment property	21	23
Net fair value movement of investment property	2	(5)
Other investment income	—	7
Total	504	93

C. Insurance finance income and expenses

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Net finance expenses from insurance contracts		
Recognised in profit or loss	(1,775)	(1,051)
Recognised in OCI	(599)	(47)
	(2,374)	(1,098)
Net finance income/(expenses) from reinsurance contracts held		
Recognised in profit or loss	66	31
Recognised in OCI	(497)	(293)
	(431)	(262)

8. Expenses

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Claims and benefits	909	895
Loss on onerous insurance contracts	84	32
Commission and other acquisition expenses	2,120	1,697
Employee benefits expenses	643	605
Professional service fees	133	154
Information technology expenses	140	152
Depreciation	57	59
Amortisation	45	46
Marketing and advertising	35	52
Investment management expenses	69	60
Others	192	195
	4,427	3,947
Amounts attributed to insurance acquisition cash flows	(2,629)	(2,192)
Amortisation of insurance acquisition cash flows	738	807
Total	2,536	2,562
Represented by:		
Insurance service expenses	2,050	2,012
General and other expenses	486	550
	2,536	2,562

General and other expenses includes auditor's remunerations of:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Audit services	9	9
Non-audit services, including:		
Audit-related and other services	3	1
Total	12	10

8. Expenses (continued)

Depreciation consists of:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Leasehold improvements, furniture and fixtures, computer equipment and others	15	15
Right-of-use assets:		
Premises and car park	39	41
Equipment and others	3	3
Total	57	59

Employee benefits expenses consist of:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Wages and salaries	527	512
Share-based compensation	36	19
Pension costs	29	31
Other employee benefits expenses	51	43
Total	643	605

9. Borrowings and other finance costs

Borrowings and other finance costs may be analysed as follows:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Borrowings ¹	244	225
Lease liabilities	6	5
Others	21	19
Total	271	249

Note:

¹ For the year ended 31 December 2025, finance costs related to borrowings include costs incurred for early settlement of borrowings (Note 24).

10. Income tax

(1) Tax benefit/(expense)

Taxes on assessable profits have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates. The total tax benefit/(expense) comprises:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Current income tax	(201)	(226)
Deferred income tax	39	52
Total	(162)	(174)

The table below reflects the principal rates of corporate income tax as at the end of each reporting year. The rates reflect enacted or substantively enacted corporate tax rates throughout the year in each jurisdiction.

	Year ended 31 December 2025	Year ended 31 December 2024
Hong Kong	16.5 %	16.5 %
Thailand	20 %	20 %
Japan	28 %	28 %
Others	12%-25%	12%-25%

10. Income tax (continued)

(1) Tax benefit/(expense) (continued)

In 2023, Bermuda has introduced and enacted a corporate income tax rate of 15 per cent effective from 1 January 2025.

Japan has enacted a change in corporate income tax rate from 28 per cent to 28.93 per cent that will become effective from 1 April 2026.

The Organisation for Economic Co-operation and Development (“OECD”) is currently working on a project to address the tax challenges arising from the digitalisation of the economy. The project’s second pillar involves the implementation of a global corporate minimum tax rate of 15 per cent applicable to large multinational enterprises. The OECD has released model rules and other documents for this second pillar (the “Pillar Two model rules”).

On 6 June 2025, Hong Kong enacted legislation to implement the Pillar Two model rules, with retrospective effect from 1 January 2025. Consequently, the entire group is subject to the Pillar Two rules from that date, except for Vietnam, where the rules became effective and applicable from 1 January 2024.

Under the Pillar Two framework, a top-up tax liability generally arises when the Group’s effective tax rate in a jurisdiction falls below 15 per cent, unless an exemption applies. If the jurisdiction where the top-up tax arises has enacted domestic Pillar Two legislation, the liability will be payable locally. Otherwise, in our case, the top-up tax will be payable in Hong Kong.

The Group recognised US\$6m of current tax expenses related to Pillar Two model rules top-up tax for the year ended 31 December 2025 (2024: US\$nil).

The reconciliation of the relationship between income tax expense and profit before tax was as follows:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Income tax reconciliation		
Profit before tax	322	184
Tax expense calculated at domestic tax rates applicable to profits in the respective jurisdictions	(64)	(48)
Income not taxable or taxable at concessionary rates	26	50
Expense not deductible for tax purposes	(67)	(62)
Adjustment on deferred tax assets on tax losses and temporary differences	1	(50)
Adjustments to tax expenses related to prior years	13	(5)
Change in tax rate	4	—
Others	(75)	(59)
Total income tax expense	(162)	(174)

10. Income tax (continued)

(2) Deferred tax

The movement in net deferred tax assets/(liabilities) in the year may be analysed as set out below:

US\$m	Net deferred tax asset/(liability) as at 1 January	Credited/(charged) to income statement	Credited/(charged) to other comprehensive income	Foreign exchange movements	Net deferred tax asset/(liability) as at 31 December
31 December 2025					
Financial instruments	72	22	(63)	(24)	7
Insurance, reinsurance and investment contracts	(72)	18	150	25	121
Unused tax losses	20	(1)	—	2	21
Others	(16)	—	(1)	5	(12)
Total	4	39	86	8	137

US\$m	Net deferred tax asset/(liability) as at 1 January	Credited/(charged) to income statement	Credited/(charged) to other comprehensive income	Foreign exchange movements	Net deferred tax asset/(liability) as at 31 December
31 December 2024					
Financial instruments	424	(38)	(304)	(10)	72
Insurance, reinsurance and investment contracts	(263)	108	61	22	(72)
Unused tax losses	19	1	—	—	20
Others	5	(19)	—	(2)	(16)
Total	185	52	(243)	10	4

Deferred tax assets are recognised to the extent that sufficient future taxable profits will be available for realisation. The Group has not recognised deferred tax assets on unused tax losses of US\$744m as at 31 December 2025 (2024: US\$968m), as it is not considered probable that sufficient taxable profits will be available against which these tax losses can be further utilised in the foreseeable future. As at 31 December 2025, US\$340m of these unused tax losses will expire within the next ten years (2024: US\$540m), and the remainder of US\$404m has no expiry date (2024: US\$428m).

In some jurisdictions where the Group operates, earnings remitted by the subsidiaries, associates to the Group are subject to withholding tax. The Group has not provided deferred tax liabilities on certain unremitted earnings of US\$132m (2024: US\$130m) as at 31 December 2025 of these jurisdictions as the Group does not consider it is probable that this portion of unremitted earnings will be remitted in the foreseeable future.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules income taxes.

11. Earnings/(loss) per share

A. Basic earnings/(loss) per share

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Net profit/(loss) attributable to ordinary shareholders of the Company (US\$m)	C	101	(57)
Weighted average number of ordinary shares outstanding	D	782,381,787	313,317,936
Basic earnings/(loss) per share (US cents)		12.88	(18.26)

B. Diluted earnings/(loss) per share

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Net profit/(loss) attributable to the ordinary shareholders of the Company (US\$m)	C	101	(57)
Weighted average number of ordinary shares and dilutive potential ordinary shares outstanding	D	795,192,057	313,317,936
Diluted earnings/(loss) per share (US cents)		12.67	(18.26)

C. Reconciliation of earnings/(loss) used in calculating basic and diluted earnings/(loss) per share

US\$m	Note	Year ended 31 December 2025	Year ended 31 December 2024
Net profit/(loss) attributable to shareholders of the Company, as presented in the consolidated income statement		104	(78)
Less: net profit/(loss) attributable to Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares	E(i)	3	(21)
Net profit/(loss) attributable to the ordinary shareholders of the Company		101	(57)

11. Earnings/(loss) per share (continued)

D. Weighted average number of shares used as the denominator

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Issued ordinary shares at 1 January	26	939,953,815	939,953,815
Effect of Conversion of Shares	1.2, E(i)	1,265,342,949	—
Retrospective adjustment for Share Consolidation	1.2	(1,470,197,843)	(626,635,879)
Effect of ordinary shares issued pursuant to the Initial Public Offering	1.2	44,544,915	—
Effect of ordinary shares issued under share-based compensation plans	30	709,986	—
Effect of ordinary shares issued pursuant to the partial exercise of Over-allotment Option	1.2	2,027,965	—
Weighted average number of ordinary shares for basic earnings/(loss) per share		782,381,787	313,317,936
Adjustments for calculation of diluted earnings/(loss) per share: RSUs and share options granted under share-based compensation plans	E(ii), 30	12,810,270	—
Weighted average number of ordinary shares and dilutive potential ordinary shares for diluted earnings/(loss) per share		795,192,057	313,317,936

11. Earnings/(loss) per share (continued)

E. Information concerning the calculation of earnings/(loss) per share

(i) Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares

Prior to the Conversion of Shares on 7 July 2025, profit/(loss) was allocated to Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares on the basis that the outstanding Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares had been converted to ordinary shares on a 1 to 1 basis.

On 7 July 2025, Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares were mandatorily converted into 2,594,663,913 ordinary shares (which became 864,887,971 ordinary shares after the Share Consolidation) of the Company, please refer to Note 1.2 for details. The impact of conversion are not included in the calculation of basic and diluted earnings/(loss) per share for the year ended 31 December 2024 as the listing condition was not met at the end of the reporting year.

To provide financial information for management's decision-making and internal performance management purposes, the earnings/(loss) per share for the years ended 31 December 2025 and 2024 are adjusted on the basis that the Conversion of Shares was completed at the beginning of both reporting years. Please refer to Note 5.4 for details.

(ii) RSUs and share options granted to employees

RSUs and share options granted to employees under the Share Option and RSU Plan and the Share Award Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings/(loss) per share to the extent to which they are dilutive. The RSUs and share options have not been included in the determination of basic earnings/(loss) per share. Details relating to the RSUs and share options are set out in Note 30.

The RSUs and share options granted as at 31 December 2024 are not included in the calculation of diluted earnings/(loss) per share because they are anti-dilutive for the year ended 31 December 2024.

12. Dividends

For the year ended 31 December 2025, there were no dividends paid or declared to the shareholders of the Company (2024: US\$nil).

13. Intangible assets

US\$m	Goodwill	Distribution rights	Computer software and others	Total
Cost				
As at 1 January 2024	1,569	1,712	324	3,605
Additions	—	25	62	87
Disposals	—	—	(8)	(8)
Foreign exchange movements	(7)	(28)	(11)	(46)
As at 31 December 2024	1,562	1,709	367	3,638
Additions	—	52	28	80
Disposals	—	—	(13)	(13)
Foreign exchange movements	36	75	3	114
As at 31 December 2025	1,598	1,836	385	3,819
Accumulated amortisation and impairment				
As at 1 January 2024	(34)	(239)	(178)	(451)
Amortisation charge for the year	—	(37)	(46)	(83)
Disposals	—	—	6	6
Impairment	(21)	—	(17)	(38)
Foreign exchange movements	—	6	7	13
As at 31 December 2024	(55)	(270)	(228)	(553)
Amortisation charge for the year	—	(31)	(45)	(76)
Disposals	—	—	12	12
Foreign exchange movements	1	(9)	(4)	(12)
As at 31 December 2025	(54)	(310)	(265)	(629)
Net book value				
As at 31 December 2024	1,507	1,439	139	3,085
As at 31 December 2025	1,544	1,526	120	3,190

Goodwill

Goodwill arises in respect of the Group's insurance business and is allocated to each segment as follows:

US\$m	As at 31 December 2025	As at 31 December 2024
Hong Kong	915	915
Thailand	510	469
Japan	3	3
Emerging markets ¹	116	120
	1,544	1,507

Note:

¹ Includes goodwill of US\$106m (2024: US\$110m) and US\$10m (2024: US\$10m) from the operations in Indonesia and Vietnam, respectively, as at 31 December 2025.

13. Intangible assets (Continued)

Goodwill (Continued)

Impairment tests for goodwill

Goodwill is tested for impairment by comparing the carrying amount of the cash generating unit (“CGU”), including goodwill, to the recoverable amount of that CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the goodwill allocated to that CGU shall be regarded as not impaired. The recoverable amount is determined as the value in use of the CGU unless otherwise stated.

The value in use is calculated as an actuarially determined appraisal value, based on (i) the Embedded Value (“EV”) with respect to the in-force business together with (ii) the value of future new business.

EV is a measure of the value of shareholders’ interests in the distributable earnings from assets allocated to the in-force business after allowance for the aggregate risks in that business.

The value of future new business is the present value, at the point of sale, of the projected after-tax statutory profits less the cost of required capital (i.e. value of new business (“VNB”). This is calculated based on a combination of indicators which include, among others, taking into account recent production mix, business strategy, market trends and risk associated with the future new business projects.

The key assumptions used in the embedded value calculations include risk discount rate, investment returns, mortality, morbidity, persistency, expenses and inflation. The present value of expected future new business is calculated based on a combination of indicators which include, among others, taking into account recent production mix, business strategy, market trends and risk associated with the future new business projections. The Group projected new sales to estimate the VNB, using growth rates in the current three-year financial budgets approved by management which reflect management's best estimate of future profit based on historical experience and operating assumptions such as premium and expenses, and then grading down the growth rate until a perpetual growth rate of 1 per cent to 5 per cent to be used from year 6; the rate was determined by reference to the long-term expected Gross Domestic Product (“GDP”) growth or the industry growth of the geographical area in which the cash flows supporting the goodwill are generated. The Group may apply alternative method to estimate the value of future new business if the described method is not appropriate under the circumstances.

In 2024, the Group projected new sales over the next 15 years to estimate the VNB, using growth rates in the three-year financial budgets which reflect management's best estimate of future profit based on historical experience and operating assumptions such as premium and expenses, and grading down the growth rate to a constant growth rate of 2 per cent to 5 per cent to be used from year 6.

During the year ended 31 December 2024, impairment loss of US\$21m was recognised in "General and other expenses" for the goodwill of Emerging Market - Indonesia.

The risk discount rates that are used in calculating the value in use of in force business and present value of expected future new business are as follows:

	As at 31 December 2025	As at 31 December 2024
Hong Kong	8.45 %	8.20 %
Thailand	7.60 %	8.25 %
Japan	7.00 %	6.75 %
Indonesia	13.00 %	13.00 %
Vietnam	10.65 %	10.65 %

With regard to the assessment of value in use, management does not believe a reasonably possible change in any of the key assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

13. Intangible assets (Continued)

Distribution rights

Distribution rights represent exclusive bancassurance and distribution agreements in Thailand, Indonesia, Vietnam, the Philippines and Malaysia.

In May 2024, Commonwealth Bank of Australia completed the sale of PT Bank Commonwealth (“PTBC”) to PT Bank OCBC NISP Tbk. Accordingly, the Group’s existing exclusive distribution rights with PTBC were converted into non-exclusive rights in accordance with the terms of the contractual arrangements agreed with PT Bank OCBC NISP Tbk and PTBC.

On 11 December 2024, the Group entered into an amendment to the existing distribution agreement with Security Bank Corporation, pursuant to which the existing exclusive distribution right in the Philippines will be extended to no later than 31 December 2043. The regulatory approvals were obtained and the Group paid Security Bank Corporation a fee of US\$43m in 2025.

14. Investments in associates

US\$m	As at 31 December 2025	As at 31 December 2024
Investments in associates	460	438

The Group's interests in its key associate are as follows:

Entity	Place of incorporation	Principal activity	Type of investments	Type of shares held	Group's interest %	
					As at 31 December 2025	As at 31 December 2024
PT Asuransi BRI Life ("BRI Life")	Indonesia	Life insurance	Associate	Ordinary	43.96 %	43.96 %

All associates are unlisted.

On 1 March 2024, the Group acquired an additional interest of 4.14 per cent in BRI Life at a consideration of US\$49m, which resulted in the Group holding a total of 43.96 per cent effective ownership in BRI Life.

Dividends received from BRI Life during the year ended 31 December 2025 was US\$4m (2024: US\$2m).

Dividends received from One George Street LLP (“OGS”), a joint venture of the Group, during the year ended 31 December 2025 was US\$nil (2024: US\$2m). In addition, the Group received capital distribution of US\$nil from OGS during the year ended 31 December 2025 (2024: US\$3m). OGS was liquidated on 2 August 2025 and subsequent to this, the Group no longer has investments in joint ventures.

14. Investments in associates (continued)

(a) Summarised financial information of associate that is material to the Group

Financial information of BRI Life

Summarised statement of financial position of BRI Life:

US\$m	As at 31 December 2025	As at 31 December 2024
Assets	1,702	1,701
Liabilities	(933)	(989)
Net assets	769	712
The Group's share in net assets (43.96%)	338	313
Goodwill	105	109
Group's carrying amount of investment in BRI Life	443	422

Summarised income statement and other comprehensive income of BRI Life:

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Revenue	111	113
Expenses	(44)	(31)
Profit for the year	67	82
Other comprehensive loss for the year	—	(38)
Total comprehensive income of BRI Life for the year	67	44
Group's share of total comprehensive income of BRI Life for the year	30	19
Group's share of other comprehensive loss related to foreign currency translation of goodwill	(4)	(6)
	26	13

Reconciliation of the summarised financial information of BRI Life:

US\$m	As at 31 December 2025	As at 31 December 2024
Net assets		
At beginning of the year	712	625
Total comprehensive loss for the year	67	44
Capital injection	—	49
Dividends	(10)	(6)
At ending of the year	769	712

(b) Aggregated financial information of the associates that are not individually material

The following table analyses, in aggregate, the share of profit and other comprehensive loss of the associates that are not individually material.

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Net profit	1	—
Other comprehensive loss	(2)	—
Total comprehensive loss	(1)	—

15. Property, plant and equipment

US\$m	Property, plant and equipment				Right-of-use assets		Total
	Leasehold improvements	Furniture and fixtures and others	Computer equipment	Property held for own use	Premises and car parks	Equipment and others	
Cost							
As at 1 January 2024	59	12	81	1	207	20	380
Additions	18	3	5	—	38	—	64
Disposals	(9)	(2)	(6)	—	(20)	—	(37)
Foreign exchange movements	1	—	(3)	(1)	(3)	(2)	(8)
As at 31 December 2024	69	13	77	—	222	18	399
Additions	7	1	4	—	46	—	58
Disposals	(3)	(1)	(26)	—	(18)	(2)	(50)
Reclassifications	—	—	—	—	—	9	9
Foreign exchange movements	—	—	1	1	6	—	8
As at 31 December 2025	73	13	56	1	256	25	424
Accumulated depreciation							
As at 1 January 2024	(49)	(10)	(68)	—	(100)	(7)	(234)
Disposals	9	2	6	—	12	—	29
Depreciation charge for the year	(8)	(1)	(6)	—	(41)	(3)	(59)
Foreign exchange movements	—	—	1	—	3	—	4
As at 31 December 2024	(48)	(9)	(67)	—	(126)	(10)	(260)
Disposals	3	1	25	—	17	1	47
Depreciation charge for the year	(9)	(1)	(5)	—	(39)	(3)	(57)
Foreign exchange movements	(1)	—	(1)	—	—	—	(2)
As at 31 December 2025	(55)	(9)	(48)	—	(148)	(12)	(272)
Net book value							
As at 31 December 2024	21	4	10	—	96	8	139
As at 31 December 2025	18	4	8	1	108	13	152

The Group obtains right to use various office premises, residential units, car parks, office equipment, IT-related and other assets for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 13 years. Right-of-use assets are carried at cost less accumulated depreciation.

16. Investment property

US\$m

Fair value	
As at 1 January 2024	599
Disposals	(76)
Fair value losses	(5)
Foreign exchange movements	(52)
As at 31 December 2024	466
Additions	1
Reclassification	(9)
Fair value gains	2
As at 31 December 2025	460

The Group acquired commercial investment properties, residential property, hotel building and parcels of land in Japan and a commercial investment property and parcel of land in Malaysia.

Investment properties are carried at fair value at the reporting date as determined by independent professional valuers. Details of valuation techniques and process are disclosed in Note 20.

The Group leases out its investment properties under operating lease contracts with terms varying from 1 to 30 years. Rental income generated from investment properties amounted to US\$21m for the year ended 31 December 2025 (2024: US\$23m). Direct operating expenses, including repair and maintenance, amounted to US\$4m for the year ended 31 December 2025 (2024: US\$5m).

The future minimum operating lease rental income under non-cancellable operating leases that the Group expects to receive in future periods are disclosed in Note 33.

17. Insurance and reinsurance contract balances

Insurance contracts

US\$m	As at 31 December 2025	As at 31 December 2024
Insurance contract assets	715	683
Insurance contract liabilities	(49,653)	(41,646)
Total	(48,938)	(40,963)

Reinsurance contracts held

US\$m	As at 31 December 2025	As at 31 December 2024
Reinsurance contract assets	2,722	2,696
Reinsurance contract liabilities	(465)	(366)
Total	2,257	2,330

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be recovered/ (settled) more than 12 months after the reporting date.

US\$m	As at 31 December 2025	As at 31 December 2024
Insurance contract assets	2,276	1,400
Insurance contract liabilities	(39,594)	(32,580)
Reinsurance contract assets	2,701	2,227
Reinsurance contract liabilities	(1,032)	(394)

The estimates of the present value of future cash flows from insurance and reinsurance contract assets represent the Group's maximum exposure to credit risk from these assets.

Insurance and reinsurance contracts

(a) Movement in insurance and reinsurance contract balances

The following tables present the movements of net carrying amounts of insurance contracts issued and reinsurance contracts held during the year. The changes include amounts that are recognised in profit or loss and OCI, and movements due to cash flows.

There are two types of tables presented:

- Tables which analyse movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims separately, and reconcile these movements to the line items in the consolidated income statement and consolidated statement of comprehensive income.
- Tables which analyse movement of contracts by measurement components including estimates of the present value of future cash flows, risk adjustment for non-financial risk and the CSM.

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(i) (a) Insurance contracts measured under the GMM and the VFA

Analysis by remaining coverage and incurred claims

US\$m	Year ended 31 December 2025				Total
	Notes	Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component		
Opening insurance contract assets		762	(24)	(69)	669
Opening insurance contract liabilities		(40,186)	(189)	(1,187)	(41,562)
Net opening balance		(39,424)	(213)	(1,256)	(40,893)
Contracts under the modified retrospective approach		86	—	—	86
Contracts under the fair value approach		805	—	—	805
Other contracts		1,831	—	—	1,831
Insurance revenue	6	2,722	—	—	2,722
Incurred claims and other insurance service expenses		—	49	(1,097)	(1,048)
Amortisation of insurance acquisition cash flows		(708)	—	—	(708)
Losses and reversals of losses on onerous contracts		—	(85)	—	(85)
Adjustments to liabilities for incurred claims		—	—	(36)	(36)
Insurance service expenses		(708)	(36)	(1,133)	(1,877)
Investment components		3,924	—	(3,924)	—
Insurance service result		5,938	(36)	(5,057)	845
Net finance income/(expenses) from insurance contracts	7	(2,373)	(9)	8	(2,374)
Foreign exchange movements		(1,459)	(4)	(9)	(1,472)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		2,106	(49)	(5,058)	(3,001)
Cash flows					
Premium received		(12,907)	—	—	(12,907)
Claims and other insurance service expenses paid; including investment components		—	—	5,398	5,398
Insurance acquisition cash flows		2,532	—	—	2,532
Total cash flows		(10,375)	—	5,398	(4,977)
Net closing balance		(47,693)	(262)	(916)	(48,871)
Closing insurance contract assets		916	(15)	(189)	712
Closing insurance contract liabilities		(48,609)	(247)	(727)	(49,583)
Net closing balance		(47,693)	(262)	(916)	(48,871)

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(i) (a) Insurance contracts measured under the GMM and the VFA (continued)

Analysis by remaining coverage and incurred claims (continued)

US\$m	Notes	Year ended 31 December 2024			Total
		Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component		
Opening insurance contract assets		838	(25)	(26)	787
Opening insurance contract liabilities		(38,909)	(224)	(831)	(39,964)
Net opening balance		(38,071)	(249)	(857)	(39,177)
Contracts under the modified retrospective approach		90	—	—	90
Contracts under the fair value approach		909	—	—	909
Other contracts		1,477	—	—	1,477
Insurance revenue	6	2,476	—	—	2,476
Incurred claims and other insurance service expenses		—	68	(1,055)	(987)
Amortisation of insurance acquisition cash flows		(774)	—	—	(774)
Losses and reversals of losses on onerous contracts		—	(31)	—	(31)
Adjustments to liabilities for incurred claims		—	—	11	11
Insurance service expenses		(774)	37	(1,044)	(1,781)
Investment components		4,333	—	(4,333)	—
Insurance service result		6,035	37	(5,377)	695
Net finance expenses from insurance contracts	7	(1,095)	(3)	—	(1,098)
Foreign exchange movements		629	2	(13)	618
Total changes in the consolidated income statement and consolidated statement of comprehensive income		5,569	36	(5,390)	215
Cash flows					
Premium received		(9,017)	—	—	(9,017)
Claims and other insurance service expenses paid; including investment components		—	—	4,991	4,991
Insurance acquisition cash flows		2,095	—	—	2,095
Total cash flows		(6,922)	—	4,991	(1,931)
Net closing balance		(39,424)	(213)	(1,256)	(40,893)
Closing insurance contract assets		762	(24)	(69)	669
Closing insurance contract liabilities		(40,186)	(189)	(1,187)	(41,562)
Net closing balance		(39,424)	(213)	(1,256)	(40,893)

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(i) (a) Insurance contracts under the GMM and the VFA (continued)

Analysis by measurement component

US\$m	Year ended 31 December 2025						Total
	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Other contracts	
				Contracts under modified retrospective transition approach	Contracts under fair value transition approach		
Opening insurance contract assets		1,678	(96)	—	(147)	(766)	669
Opening insurance contract liabilities		(36,635)	(560)	(156)	(1,397)	(2,814)	(41,562)
Net opening balance		(34,957)	(656)	(156)	(1,544)	(3,580)	(40,893)
CSM recognised for services provided	6	—	—	21	196	546	763
Change in risk adjustment for non-financial risk for risk expired	6	—	85	—	—	—	85
Experience adjustments		118	—	—	—	—	118
Changes related to current services		118	85	21	196	546	966
Contracts initially recognised during the year		1,716	(107)	—	—	(1,627)	(18)
Changes in estimates that adjust the CSM		504	(51)	1	(244)	(210)	—
Changes in estimates that result in losses and reversals of losses on onerous contracts		(59)	(8)	—	—	—	(67)
Changes related to future services		2,161	(166)	1	(244)	(1,837)	(85)
Adjustments to liabilities for incurred claims		(36)	—	—	—	—	(36)
Changes related to past services		(36)	—	—	—	—	(36)
Insurance service result		2,243	(81)	22	(48)	(1,291)	845
Net finance expenses from insurance contracts	7	(2,304)	—	(4)	(8)	(58)	(2,374)
Foreign exchange movements		(1,349)	(9)	(13)	(8)	(93)	(1,472)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		(1,410)	(90)	5	(64)	(1,442)	(3,001)
Cash flows							
Premium received		(12,907)	—	—	—	—	(12,907)
Claims and other insurance service expenses paid; including investment components		5,398	—	—	—	—	5,398
Insurance acquisition cash flows		2,532	—	—	—	—	2,532
Total cash flows		(4,977)	—	—	—	—	(4,977)
Net closing balance		(41,344)	(746)	(151)	(1,608)	(5,022)	(48,871)
Closing insurance contract assets		2,322	(150)	—	(122)	(1,338)	712
Closing insurance contract liabilities		(43,666)	(596)	(151)	(1,486)	(3,684)	(49,583)
Net closing balance		(41,344)	(746)	(151)	(1,608)	(5,022)	(48,871)

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(i) (a) Insurance contracts under the GMM and the VFA (continued)

Analysis by measurement component (continued)

Year ended 31 December 2024							
US\$m	Notes	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
				Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts	
Opening insurance contract assets		1,888	(109)	—	(162)	(830)	787
Opening insurance contract liabilities		(35,128)	(578)	(199)	(1,898)	(2,161)	(39,964)
Net opening balance		(33,240)	(687)	(199)	(2,060)	(2,991)	(39,177)
CSM recognised for services provided	6	—	—	22	180	406	608
Change in risk adjustment for non-financial risk for risk expired	6	—	71	—	—	—	71
Experience adjustments		36	—	—	—	—	36
Changes related to current services		36	71	22	180	406	715
Contracts initially recognised during the year		1,424	(98)	—	—	(1,344)	(18)
Changes in estimates that adjust the CSM		(619)	29	22	269	299	—
Changes in estimates that result in losses and reversals of losses on onerous contracts		(15)	2	—	—	—	(13)
Changes related to future services		790	(67)	22	269	(1,045)	(31)
Adjustments to liabilities for incurred claims		11	—	—	—	—	11
Changes related to past services		11	—	—	—	—	11
Insurance service result		837	4	44	449	(639)	695
Net finance expenses from insurance contracts	7	(1,035)	(1)	(4)	(7)	(51)	(1,098)
Foreign exchange movements		412	28	3	74	101	618
Total changes in the consolidated income statement and consolidated statement of comprehensive income		214	31	43	516	(589)	215
Cash flows							
Premium received		(9,017)	—	—	—	—	(9,017)
Claims and other insurance service expenses paid; including investment components		4,991	—	—	—	—	4,991
Insurance acquisition cash flows		2,095	—	—	—	—	2,095
Total cash flows		(1,931)	—	—	—	—	(1,931)
Net closing balance		(34,957)	(656)	(156)	(1,544)	(3,580)	(40,893)
Closing insurance contract assets		1,678	(96)	—	(147)	(766)	669
Closing insurance contract liabilities		(36,635)	(560)	(156)	(1,397)	(2,814)	(41,562)
Net closing balance		(34,957)	(656)	(156)	(1,544)	(3,580)	(40,893)

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(i) (b) Insurance contracts measured under the PAA

Analysis by remaining coverage and incurred claims

US\$m	Year ended 31 December 2025					Total
	Note	Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding loss component	Loss component	Estimates of PV of FCF	Risk Adjustment	
Opening insurance contract assets		(1)	—	15	—	14
Opening insurance contract liabilities		(24)	(3)	(55)	(2)	(84)
Net opening balance		(25)	(3)	(40)	(2)	(70)
Other contracts		189	—	—	—	189
Insurance revenue	6	189	—	—	—	189
Incurred claims and other insurance service expenses		—	—	(158)	(1)	(159)
Amortisation of insurance acquisition cash flows		(30)	—	—	—	(30)
Losses and reversals of losses on onerous contracts		—	1	—	—	1
Adjustments to liabilities for incurred claims		—	—	14	1	15
Insurance service expenses		(30)	1	(144)	—	(173)
Insurance service result		159	1	(144)	—	16
Foreign exchange movements		(2)	—	(2)	—	(4)
Total changes in the consolidated income statement and consolidated statement of comprehensive income		157	1	(146)	—	12
Cash flows						
Premium received		(190)	—	—	—	(190)
Claims and other insurance service expenses paid; including investment components		—	—	151	—	151
Insurance acquisition cash flows		30	—	—	—	30
Total cash flows		(160)	—	151	—	(9)
Net closing balance		(28)	(2)	(35)	(2)	(67)
Closing insurance contract assets		—	—	3	—	3
Closing insurance contract liabilities		(28)	(2)	(38)	(2)	(70)
Net closing balance		(28)	(2)	(35)	(2)	(67)

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(i) (b) Insurance contracts measured under the PAA (continued)

Analysis by remaining coverage and incurred claims (continued)

US\$m	Year ended 31 December 2024					Total
	Note	Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding loss component	Loss component	Estimates of PV of FCF	Risk Adjustment	
Opening insurance contract assets		—	—	11	—	11
Opening insurance contract liabilities		(53)	(4)	(50)	(2)	(109)
Net opening balance		(53)	(4)	(39)	(2)	(98)
Other contracts		248	—	—	—	248
Insurance revenue	6	248	—	—	—	248
Incurred claims and other insurance service expenses		—	—	(199)	(1)	(200)
Amortisation of insurance acquisition cash flows		(33)	—	—	—	(33)
Losses and reversals of losses on onerous contracts		—	1	—	—	1
Adjustments to liabilities for incurred claims		—	—	—	1	1
Insurance service expenses		(33)	1	(199)	—	(231)
Insurance service result		215	1	(199)	—	17
Foreign exchange movements		—	—	1	—	1
Total changes in the consolidated income statement and consolidated statement of comprehensive income		215	1	(198)	—	18
Cash flows						
Premium received		(222)	—	—	—	(222)
Claims and other insurance service expenses paid; including investment components		—	—	197	—	197
Insurance acquisition cash flows		35	—	—	—	35
Total cash flows		(187)	—	197	—	10
Net closing balance		(25)	(3)	(40)	(2)	(70)
Closing insurance contract assets		(1)	—	15	—	14
Closing insurance contract liabilities		(24)	(3)	(55)	(2)	(84)
Net closing balance		(25)	(3)	(40)	(2)	(70)

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(ii) (a) Reinsurance contracts held measured under the GMM

Analysis by remaining coverage and incurred claims

US\$m	Year ended 31 December 2025			Total
	Assets for remaining coverage		Assets for incurred claims	
	Excluding loss-recovery component	Loss-recovery component		
Opening reinsurance contracts held assets	2,302	24	355	2,681
Opening reinsurance contracts held liabilities	(439)	7	68	(364)
Net opening balance	1,863	31	423	2,317
Allocation of reinsurance premium paid	(305)	—	—	(305)
Recoveries of incurred claims and other insurance service expenses	—	(12)	248	236
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	52	—	52
Adjustments to assets for incurred claims	—	—	(6)	(6)
Amounts recoverable from reinsurers	—	40	242	282
Investment components and premium refunds	(441)	—	441	—
Net expenses from reinsurance contracts	(746)	40	683	(23)
Effect of changes in non-performance risk of reinsurers	2	—	—	2
Net finance income/(expenses) from reinsurance contracts	(432)	3	(4)	(433)
Foreign exchange movements	10	(1)	3	12
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(1,166)	42	682	(442)
Cash flows				
Premium paid	1,054	—	—	1,054
Amounts received	—	—	(676)	(676)
Total cash flows	1,054	—	(676)	378
Net closing balance	1,751	73	429	2,253
Closing reinsurance contracts held assets	2,395	48	274	2,717
Closing reinsurance contracts held liabilities	(644)	25	155	(464)
Net closing balance	1,751	73	429	2,253

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(ii) (a) Reinsurance contracts held measured under the GMM (continued)

Analysis by remaining coverage and incurred claims (continued)

US\$m	Year ended 31 December 2024			
	Assets for remaining coverage		Assets for incurred claims	Total
	Excluding loss-recovery component	Loss-recovery component		
Opening reinsurance contracts held assets	2,510	8	338	2,856
Opening reinsurance contracts held liabilities	(326)	1	23	(302)
Net opening balance	2,184	9	361	2,554
Allocation of reinsurance premium paid	(271)	—	—	(271)
Recoveries of incurred claims and other insurance service expenses	—	(7)	223	216
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	27	—	27
Adjustments to assets for incurred claims	—	—	(5)	(5)
Amounts recoverable from reinsurers	—	20	218	238
Investment components and premium refunds	(377)	—	377	—
Net expenses from reinsurance contracts	(648)	20	595	(33)
Effect of changes in non-performance risk of reinsurers	3	—	—	3
Net finance income/(expenses) from reinsurance	(267)	2	—	(265)
Foreign exchange movements	(217)	—	(10)	(227)
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(1,129)	22	585	(522)
Cash flows				
Premium paid	808	—	—	808
Amounts received	—	—	(523)	(523)
Total cash flows	808	—	(523)	285
Net closing balance	1,863	31	423	2,317
Closing reinsurance contracts held assets	2,302	24	355	2,681
Closing reinsurance contracts held liabilities	(439)	7	68	(364)
Net closing balance	1,863	31	423	2,317

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(ii) (a) Reinsurance contracts held measured under the GMM (continued)

Analysis by measurement component

US\$m	Year ended 31 December 2025					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Other contracts	
			Contracts under modified retrospective transition approach	Contracts under fair value transition approach		
Opening reinsurance contracts held assets	2,553	73	4	116	(65)	2,681
Opening reinsurance contracts held liabilities	(427)	12	2	(11)	60	(364)
Net opening balance	2,126	85	6	105	(5)	2,317
CSM recognised for services received	—	—	(3)	(15)	(8)	(26)
Change in risk adjustment for non-financial risk for risk expired	—	(6)	—	—	—	(6)
Experience adjustments	(37)	—	—	—	—	(37)
Changes related to current services	(37)	(6)	(3)	(15)	(8)	(69)
Contracts initially recognised during the year	(205)	11	—	—	199	5
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	—	27	20	47
Changes in estimates that adjust the CSM	87	22	1	(25)	(85)	—
Changes related to future services	(118)	33	1	2	134	52
Adjustments to assets for incurred claims	(6)	—	—	—	—	(6)
Changes related to past services	(6)	—	—	—	—	(6)
Net expenses from reinsurance contracts	(161)	27	(2)	(13)	126	(23)
Effect of changes in non-performance risk of reinsurers	2	—	—	—	—	2
Net finance income/ (expenses) from reinsurance	(437)	—	—	1	3	(433)
Foreign exchange movements	14	—	—	1	(3)	12
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(582)	27	(2)	(11)	126	(442)
Cash flows						
Premium paid	1,054	—	—	—	—	1,054
Amounts received	(676)	—	—	—	—	(676)
Total cash flows	378	—	—	—	—	378
Net closing balance	1,922	112	4	94	121	2,253
Closing reinsurance contracts held assets	3,107	35	3	103	(531)	2,717
Closing reinsurance contracts held liabilities	(1,185)	77	1	(9)	652	(464)
Net closing balance	1,922	112	4	94	121	2,253

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(ii) (a) Reinsurance contracts held measured under the GMM (continued)

Analysis by measurement component (continued)

US\$m	Year ended 31 December 2024					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other contracts	
Opening reinsurance contracts held assets	2,670	87	4	156	(61)	2,856
Opening reinsurance contracts held liabilities	(417)	10	2	58	45	(302)
Net opening balance	2,253	97	6	214	(16)	2,554
CSM recognised for services received	—	—	(1)	(17)	(2)	(20)
Change in risk adjustment for non-financial risk for risk expired	—	(7)	—	—	—	(7)
Experience adjustments	(28)	—	—	—	—	(28)
Changes related to current services	(28)	(7)	(1)	(17)	(2)	(55)
Contracts initially recognised during the year	(158)	9	—	—	155	6
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	4	—	—	11	6	21
Changes in estimates that adjust the CSM	257	(6)	1	(98)	(154)	—
Changes related to future services	103	3	1	(87)	7	27
Adjustments to assets for incurred claims	(5)	—	—	—	—	(5)
Changes related to past services	(5)	—	—	—	—	(5)
Net expenses from reinsurance contracts	70	(4)	—	(104)	5	(33)
Effect of changes in non-performance risk of reinsurers	3	—	—	—	—	3
Net finance income/ (expenses) from reinsurance contracts	(270)	—	—	3	2	(265)
Foreign exchange movements	(215)	(8)	—	(8)	4	(227)
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(412)	(12)	—	(109)	11	(522)
Cash flows						
Premium paid	808	—	—	—	—	808
Amounts received	(523)	—	—	—	—	(523)
Total cash flows	285	—	—	—	—	285
Net closing balance	2,126	85	6	105	(5)	2,317
Closing reinsurance contracts held assets	2,553	73	4	116	(65)	2,681
Closing reinsurance contracts held liabilities	(427)	12	2	(11)	60	(364)
Net closing balance	2,126	85	6	105	(5)	2,317

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(ii) (b) Reinsurance contract held measured under the PAA

Analysis by remaining coverage and incurred claims

US\$m	Year ended 31 December 2025				Total
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of PV of FCF	Risk Adjustment	
Opening reinsurance contracts held assets	2	—	12	1	15
Opening reinsurance contracts held liabilities	—	—	(2)	—	(2)
Net opening balance	2	—	10	1	13
Allocation of reinsurance premium paid	(10)	—	—	—	(10)
Recoveries of incurred claims and other insurance service expenses	—	—	10	—	10
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	—	—	—	—
Adjustments to assets for incurred claims	—	—	(3)	—	(3)
Amounts recoverable from reinsurers	—	—	7	—	7
Net expenses from reinsurance contracts	(10)	—	7	—	(3)
Foreign exchange movement	—	—	1	—	1
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(10)	—	8	—	(2)
Cash flows					
Premium paid	6	—	—	—	6
Amounts received	—	—	(13)	—	(13)
Total cash flows	6	—	(13)	—	(7)
Net closing balance	(2)	—	5	1	4
Closing reinsurance contracts held assets	(2)	—	7	—	5
Closing reinsurance contracts held liabilities	—	—	(2)	1	(1)
Net closing balance	(2)	—	5	1	4

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(a) Movement in insurance and reinsurance contract balances (continued)

(ii) (b) Reinsurance contract held measured under the PAA (continued)

Analysis by remaining coverage and incurred claims (continued)

US\$m	Year ended 31 December 2024				Total
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of PV of FCF	Risk Adjustment	
Opening reinsurance contracts held assets	(2)	1	20	1	20
Opening reinsurance contracts held liabilities	(1)	—	(1)	—	(2)
Net opening balance	(3)	1	19	1	18
Allocation of reinsurance premium paid	(18)	—	—	—	(18)
Recoveries of incurred claims and other insurance service expenses	—	—	16	—	16
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	(1)	—	—	(1)
Adjustments to assets for incurred claims	—	—	(6)	—	(6)
Amounts recoverable from reinsurers	—	(1)	10	—	9
Net expenses from reinsurance contracts	(18)	(1)	10	—	(9)
Total changes in the consolidated income statement and consolidated statement of comprehensive income	(18)	(1)	10	—	(9)
Cash flows					
Premium paid	23	—	—	—	23
Amounts received	—	—	(19)	—	(19)
Total cash flows	23	—	(19)	—	4
Net closing balance	2	—	10	1	13
Closing reinsurance contracts held assets	2	—	12	1	15
Closing reinsurance contracts held liabilities	—	—	(2)	—	(2)
Net closing balance	2	—	10	1	13

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(b) Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts held not measured under the PAA in the year.

(i) Insurance contracts

US\$m	Profitable contracts issued	Onerous contracts issued	Total
31 December 2025			
Claims and other insurance service expenses payable	(9,387)	(355)	(9,742)
Insurance acquisition cash flows	(2,546)	(74)	(2,620)
Estimates of present value of cash outflows	(11,933)	(429)	(12,362)
Estimates of present value of cash inflows	13,664	414	14,078
Risk adjustment for non-financial risk	(104)	(3)	(107)
Contractual Service Margin (CSM)	(1,627)	—	(1,627)
Amount included in insurance contract assets/liabilities for the year	—	(18)	(18)
31 December 2024			
Claims and other insurance service expenses payable	(7,216)	(210)	(7,426)
Insurance acquisition cash flows	(2,133)	(83)	(2,216)
Estimates of present value of cash outflows	(9,349)	(293)	(9,642)
Estimates of present value of cash inflows	10,787	279	11,066
Risk adjustment for non-financial risk	(94)	(4)	(98)
Contractual Service Margin (CSM)	(1,344)	—	(1,344)
Amount included in insurance contract assets/liabilities for the year	—	(18)	(18)

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(b) Effect of contracts initially recognised in the year (continued)

(ii) Reinsurance contracts held

US\$m	Contracts initiated
31 December 2025	
Estimates of present value of cash inflows	1,678
Estimates of present value of cash outflows	(1,883)
Risk adjustment for non-financial risk	11
Contractual Service Margin (CSM)	199
Amount included in reinsurance contract assets/liabilities for the year	5
31 December 2024	
Estimates of present value of cash inflows	1,057
Estimates of present value of cash outflows	(1,215)
Risk adjustment for non-financial risk	9
Contractual Service Margin (CSM)	155
Amount included in reinsurance contract assets/liabilities for the year	6

(c) Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

US\$m	As at 31 December 2025			As at 31 December 2024		
	Insurance contracts	Reinsurance contracts held	Total	Insurance contracts	Reinsurance contracts held	Total
Within one year	745	(22)	723	589	(19)	570
One to five years	2,176	(40)	2,136	1,677	(24)	1,653
Five to ten years	1,603	(21)	1,582	1,217	(4)	1,213
More than ten years	2,257	(136)	2,121	1,797	(59)	1,738
Total	6,781	(219)	6,562	5,280	(106)	5,174

17. Insurance and reinsurance contract balances (continued)

Insurance and reinsurance contracts (continued)

(d) Methodology and assumptions

Fulfilment cashflows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risk related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The determination of fulfilment cash flows involves the use of estimates and assumptions. Review of the valuation assumptions and methods is performed regularly to reduce the Group's exposure to uncertainty by ensuring assumptions for liability risks remain appropriate.

Estimates of future cash flows

The Group estimates the future cash flows by determining the expected value or probability-weighted mean of the full range of possible outcomes. Assumptions are made about mortality and morbidity rates, policyholder behaviour, expenses and other factors over the life of the products. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

Mortality

Mortality assumptions have been determined by each Business Unit based on historical experience where statistically credible and with reference to either pricing assumptions or industry experience where there is limited claims experience available. The assumptions have been expressed as a percentage of either a standard industry experience table or set as a percentage of reinsurance rates.

Morbidity

Similar to mortality, morbidity assumptions have been developed based on historical experience where statistically credible, with allowance for current and future trends, and with reference to pricing assumptions where the data available is limited or not statistically credible. The assumptions have either been set as a percentage of reinsurance rates or expressed as a loss ratio applied to the premium earned.

Persistency

Persistency assumptions include lapses, premium holidays, partial withdrawals and renewals, and policy loan take up and repayment. The assumptions differ by policy year and are usually split by product or product type. They have been determined by each Business Unit based on historical experience where statistically credible, with allowance for current and future trends and with reference to pricing assumptions where the data available is limited or not statistically credible.

Expenses

Expense assumptions are mainly based on recent expense analysis. The purpose of the expense analysis is to allocate total expenses between acquisition and maintenance activities, and then to allocate the acquisition and maintenance expenses that can be directly attributed to the portfolio of insurance contracts to derive unit cost assumptions.

Reinsurance

Reinsurance assumptions have been developed by each Business Unit based on the reinsurance arrangements in force as at the reporting date and the recent historical and expected future experience.

Policyholder dividends, profit sharing and interest crediting

The projected dividends, profit sharing and crediting rate assumptions have been determined by each Business Unit taking into account the investment return assumptions and profit sharing rules (from regulatory and/or internal governance requirements), as well as other commercial considerations such as market competition and policyholders' reasonable expectations.

17. Insurance and reinsurance contract balances (continued)

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group generally determines the risk-free rates using either government bond yields or swap yield curve. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only with changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined by adjusting the return of a reference portfolio to eliminate any factors that are not relevant to the insurance contracts.

The tables below set out the spot rates used to discount the cash flows of insurance contracts for major currencies.

As at 31 December 2025	1 year		5 years		10 years		15 years		20 years	
	Risk free	With illiquidity premium								
US\$	3.45 %	4.25 %	3.70 %	4.50 %	4.20 %	5.00 %	4.67 %	5.47 %	4.97 %	5.76 %
HKD	2.63 %	3.44 %	2.72 %	3.54 %	3.10 %	3.92 %	3.33 %	4.15 %	3.45 %	4.27 %
THB	1.08 %	1.67 %	1.30 %	1.88 %	1.73 %	2.32 %	2.18 %	2.76 %	2.63 %	3.22 %
JPY	0.91 %	1.04 %	1.56 %	1.69 %	2.10 %	2.22 %	2.61 %	2.73 %	3.12 %	3.25 %
CNY	1.34 %	1.75 %	1.64 %	2.05 %	1.87 %	2.28 %	2.27 %	2.68 %	2.68 %	3.09 %

As at 31 December 2024	1 year		5 years		10 years		15 years		20 years	
	Risk free	With illiquidity premium								
US\$	4.11 %	4.85 %	4.34 %	5.08 %	4.55 %	5.29 %	4.77 %	5.51 %	4.90 %	5.64 %
HKD	3.88 %	4.70 %	3.60 %	4.41 %	3.65 %	4.46 %	3.72 %	4.53 %	3.75 %	4.56 %
THB	1.96 %	2.74 %	2.09 %	2.87 %	2.29 %	3.07 %	2.52 %	3.30 %	2.88 %	3.66 %
JPY	0.41 %	0.43 %	0.73 %	0.75 %	1.12 %	1.14 %	1.56 %	1.58 %	1.97 %	2.00 %
CNY	1.08 %	1.64 %	1.42 %	1.98 %	1.70 %	2.25 %	2.09 %	2.65 %	2.52 %	3.08 %

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts in each segment for each of the geographical markets in which the Group operates, consistent with the way that non-financial risk is managed. Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

18. Financial investments

The following tables analyse the Group's financial investments by type and nature. The Group manages its financial investments in two distinct categories: Unit-linked Investments and Policyholder and Shareholder Investments.

Unit-linked contract holders are responsible for allocation of their policy values amongst investment options offered by the Group. The investment risk in respect of Unit-linked Investments is generally wholly borne by the customers and these investments are measured at fair value through profit or loss. Policyholder and Shareholder Investments include all financial investments other than Unit-linked Investments. The investment risk in respect of Policyholder and Shareholder Investments is partially or wholly borne by the Group.

Policyholder and Shareholder Investments are further categorised as Participating Funds, other participating business with discretionary expected sharing with policyholders and underlying distinct investment portfolios ("Other Participating Business with Distinct Portfolios") and Other Policyholder and Shareholder investments. Other Participating Business with Distinct Portfolios refers to business where it is expected that the policyholder will receive, at the discretion of the insurer, additional benefits based on the performance of underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory.

The reason for separately analysing financial investments held by Participating Funds and Other Participating Business with Distinct Portfolios is that Participating Funds are subject to local regulations that generally prescribe a minimum proportion of policyholder participation in declared dividends and for Other Participating Business with Distinct Portfolios is, as explained above, expected that the policyholder will receive, at the discretion of the insurer, additional benefits based on the performance of the underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory. For Participating Funds and Other Participating Business with Distinct Portfolios, the Group measures equity shares and interests in investment funds at fair value through profit or loss, and debt securities at fair value through other comprehensive income, except for those being mandatory measured at fair value through profit or loss.

Other Policyholder and Shareholder Investments are distinct from Unit-linked Investments, Participating Funds and Other Participating Business with Distinct Portfolios as there is not any direct contractual or regulatory requirement governing the amount, if any, for allocation to policyholders. The Group measures equity shares and interests in investment funds at fair value through profit or loss in this category, and debt securities at fair value through other comprehensive income except for those being mandatory measured or designated at fair value through profit or loss. The investment risk from investments in this category directly impacts the Group's financial statements.

In the following tables, "FVTPL" indicates financial investments classified as fair value through profit or loss and "FVOCI" indicates financial investments classified as fair value through other comprehensive income.

18. Financial investments (continued)

18.1 Debt securities

In compiling the tables below, external international issue ratings have been used in accordance with the Group's credit risk assessment framework. Where external international issue ratings are not readily available, external local issue ratings are used by mapping to external international ratings based on an internal rating methodology. Where there is no external international or local issue rating, the external credit rating of the issuer is used and if not available, the debt security is classified as not-rated.

Standard and Poor's and Fitch	Moody's	Internal ratings reported as
AAA	Aaa	AAA
AA+ to AA-	Aa1 to Aa3	AA
A+ to A-	A1 to A3	A
BBB+ to BBB-	Baa1 to Baa3	BBB
BB+ to BB-	Ba1 to Ba3	BB (Below investment grade)
B+ to B-	B1 to B3	B (Below investment grade)
CCC+ and below	Caa1 and below	CCC or Not rated

Debt securities by type comprise the following:

US\$m	Policyholder and shareholder investments						Total
	Participating funds and other participating business with distinct portfolios		Other policyholder and shareholder investments			Unit-linked	
	FVTPL (Mandatory)	FVOCI	FVTPL (Mandatory)	FVTPL (Designated) ¹	FVOCI	FVTPL (Mandatory)	
31 December 2025							
Government bonds							
United States	—	1,919	—	8	128	—	2,055
Japan	—	—	—	—	1,464	—	1,464
Thailand	—	—	—	—	13,872	—	13,872
Other	—	578	—	—	411	—	989
Sub-total	—	2,497	—	8	15,875	—	18,380
Government agency bonds²							
AAA	—	17	—	—	170	—	187
AA	—	342	—	—	118	—	460
A	—	117	—	—	548	—	665
BBB	—	60	—	—	598	—	658
Below investment grade	—	5	—	—	14	—	19
Sub-total	—	541	—	—	1,448	—	1,989
Corporate bonds							
AAA	—	197	—	—	53	—	250
AA	13	922	—	—	449	—	1,384
A	810	3,710	127	—	2,522	—	7,169
BBB	99	2,096	128	—	2,051	—	4,374
Below investment grade	20	237	—	—	476	—	733
CCC or not rated	82	73	5	—	76	19	255
Sub-total	1,024	7,235	260	—	5,627	19	14,165

18. Financial investments (continued)

18.1 Debt securities (continued)

US\$m	Policyholder and shareholder investments						Total
	Participating funds and other participating business with distinct portfolios		Other policyholder and shareholder investments			Unit-linked	
	FVTPL (Mandatory)	FVOCI	FVTPL (Mandatory)	FVTPL (Designated) ¹	FVOCI	FVTPL (Mandatory)	
31 December 2025							
Structured securities³							
AAA	411	751	1	—	647	—	1,810
AA	319	1,048	1	—	621	—	1,989
A	104	736	35	—	318	—	1,193
BBB	28	115	88	—	13	—	244
CCC or not rated	17	14	—	—	—	—	31
Sub-total	879	2,664	125	—	1,599	—	5,267
Others							
Certificate of deposits	—	—	—	—	19	—	19
Total	1,903	12,937	385	8	24,568	19	39,820

Notes:

¹ Debt securities backing certain insurance contract liabilities are designated at FVTPL to substantially reduce any accounting mismatch arising from changes in the fair value of these assets and changes in the carrying value of the related insurance contract liabilities.

² Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities and government-related entities.

³ Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.

18. Financial investments (continued)

18.1 Debt securities (continued)

US\$m	Policyholder and shareholder investments				Total
	Participating funds and other participating business with distinct portfolios		Other policyholder and shareholder investments		
	FVTPL (Mandatory)	FVOCI	FVTPL (Mandatory)	FVOCI	
31 December 2024					
Government bonds					
United States	—	1,853	—	229	2,082
Japan	—	—	—	1,722	1,722
Thailand	—	—	—	12,231	12,231
Other	—	631	—	420	1,051
Sub-total	—	2,484	—	14,602	17,086
Government agency bonds¹					
AAA	2	5	—	—	7
AA	—	432	—	188	620
A	—	138	—	398	536
BBB	—	71	—	454	525
Below investment grade	—	3	—	6	9
Sub-total	2	649	—	1,046	1,697
Corporate bonds					
AAA	—	166	—	9	175
AA	6	523	—	156	685
A	101	2,848	85	1,773	4,807
BBB	111	1,443	122	2,003	3,679
Below investment grade	—	10	20	703	733
CCC or not rated	27	69	45	36	177
Sub-total	245	5,059	272	4,680	10,256
Structured securities²					
AAA	63	362	52	558	1,035
AA	252	770	65	145	1,232
A	41	639	8	174	862
BBB	—	90	681	1	772
CCC or not rated	42	53	27	52	174
Sub-total	398	1,914	833	930	4,075
Others					
Certificate of deposits	—	—	—	44	44
Total	645	10,106	1,105	21,302	33,158

Notes:

¹ Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities and government-related entities.

² Structured securities include collateralised debt obligations, mortgage-backed securities and other asset-backed securities.

18. Financial investments (continued)

18.1 Debt securities (continued)

As at 31 December 2025, debt securities of US\$4,588m (2024: US\$3,954m), US\$664m (2024: US\$570m), US\$18m (2024: US\$18m) and US\$6m (2024: US\$6m) are restricted due to local regulatory requirements in Thailand, Macau, Indonesia and the Philippines, respectively.

As at 31 December 2025, debt securities of US\$213m (2024: US\$259m) are subject to repurchase and forward agreements, whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. The securities related to the repurchase and forward agreements are not derecognised from the consolidated statement of financial position, but are retained within the appropriate financial asset classification. During the term of the repurchase and forward agreements, the counterparty is restricted from selling or pledging the transferred debt securities. Refer to Note 25 for additional information on the associated liabilities.

18.2 Equity securities

Equity securities at fair value through profit or loss:

US\$m	Policyholder and shareholder investments		Total
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder investments	
31 December 2025	164	106	270
31 December 2024	130	91	221

18.3 Interests in investment funds

Interests in investment funds at fair value through profit or loss:

US\$m	Policyholder and shareholder investments			Total
	Participating funds and other participating business with distinct portfolios	Other policyholder and shareholder investments	Unit-linked	
31 December 2025	4,208	1,983	4,570	10,761
31 December 2024	4,007	1,679	3,417	9,103

As at 31 December 2025, interests in investment funds of US\$58m (2024: US\$99m) are restricted due to local regulatory requirements in Macau.

18.4 Loans and deposits

US\$m	As at 31 December 2025	As at 31 December 2024
Accreting notes and promissory notes	438	454
Term deposits	494	448
Other financial receivables	12	8
Provision for impairment	(6)	(8)
Total	938	902

Loans and deposits are measured at amortised cost. As at 31 December 2025, the accreting notes and promissory notes bear interest rates ranging from 3.8 per cent to 4.5 per cent (2024: 3.8 per cent to 4.5 per cent) per annum and are repayable upon maturity.

Certain term deposits of US\$40m as at 31 December 2025 (2024: US\$38m) are restricted due to local regulatory requirements.

19. Derivative financial instruments

The followings summarised the Group's derivative exposure:

US\$m	Notional amount	Fair value	
		Assets	Liabilities
31 December 2025			
Foreign exchange contracts			
Forwards	10,043	156	(356)
Cross-currency swaps	1,432	100	(21)
Total foreign exchange contracts	11,475	256	(377)
Interest rate swaps	159	4	—
Others			
Warrants and options	586	61	—
Bond forward contracts	2,724	69	(113)
Other equity derivatives	126	17	—
Total	15,070	407	(490)
31 December 2024			
Foreign exchange contracts			
Forwards	8,699	107	(377)
Cross-currency swaps	831	55	(3)
Total foreign exchange contracts	9,530	162	(380)
Interest rate swaps	8	—	—
Others			
Warrants and options	792	63	(10)
Bond forward contracts	2,409	47	(138)
Other equity derivatives	50	13	—
Total	12,789	285	(528)

19. Derivative financial instruments (continued)

Notional amount of foreign exchange contracts refers to the receive leg of foreign exchange derivative transactions. Notional amounts presented in the above table reflect the aggregated positions of individual derivative on a gross basis, to give an indication of the overall scale of derivative transactions.

The Group's derivatives are mainly over-the-counter (OTC) derivatives. OTC derivative contracts are individually negotiated between contracting parties and not cleared through an exchange. OTC derivatives include forwards, swaps and options. Derivatives are subject to various risks including market, liquidity and credit risks, similar to those related to the underlying financial instruments.

Derivatives assets and derivative liabilities are recognised in the consolidated statement of financial position as financial assets at fair value through profit or loss and derivative financial liabilities, respectively. The Group's derivative contracts are established to provide an economic hedge to financial exposures. The Group adopts hedge accounting in certain circumstances. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities in the consolidated statement of financial position as they do not represent the fair value of these transactions.

Foreign exchange contracts

Foreign exchange forward contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date. Currency swaps are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Exposure to gains and losses on the foreign exchange contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, implied volatility of the underlying indices and the timing of payments.

Interest rate swaps

Interest rate contracts are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis, on a specified notional amount. Most interest rate contracts involve the net exchange of payments calculated as the difference between the fixed and floating rate interest payments.

Other derivatives

Forward contracts are contractual obligations to buy or sell a financial instrument on a predetermined future date at a specified price.

As at 31 December 2025 and 2024, the Group held a call option, pursuant to which the Group has the right to acquire a minority stake in a related company at a discounted price. Refer to Note 32 for details.

Collateral under derivative transactions

As at 31 December 2025, the Group held cash collateral of US\$211m (31 December 2024: US\$84m) and no debt securities collateral (31 December 2024: US\$8m) for assets, and posted cash collateral of US\$95m (31 December 2024: US\$95m) and pledged debt securities with a carrying value of US\$278m (31 December 2024: US\$368m) for liabilities. The Group did not sell or repledge the collateral received. These transactions are conducted under terms that are usual and customary to collateralised transactions. Further information relating to cash collateral is included in Notes 21 and 25.

19. Derivative financial instruments (continued)

Derivatives designated as hedging instruments

As at 31 December 2025, the Group has designated certain foreign exchange derivative assets with fair values of US\$81m (31 December 2024: US\$22m), and certain foreign exchange derivative liabilities with fair values of US\$32m (31 December 2024: US\$92m) in cash flow hedges of foreign exchange risk. For details, please refer to Note 28 Foreign exchange rate risk. As at 31 December 2025, the Group has also designated certain bond forward derivative assets with fair values of US\$62m (31 December 2024: US\$39m) in cash flow hedges of bond price risk. These hedging relationships were considered highly effective as at 31 December 2025 and 2024.

20. Fair value measurement

Fair value hierarchy

Fair value is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Assets and liabilities recorded at fair value in the consolidated statement of financial position are measured and classified in a hierarchy for disclosure purposes consisting of three “levels” based on the observability of inputs available in the marketplace used to measure their fair values (“Fair Value Hierarchy”) as discussed below:

- Level 1: Fair value measurements that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access as at the measurement date. Market price data is generally obtained from exchange or dealer markets. The Group does not adjust the quoted price for such instruments. Assets measured at fair value on a recurring basis and classified as Level 1 are actively traded equities, debt securities and interests in investment funds.
- Level 2: Fair value measurements are based on observable inputs other than quoted prices included in Level 1, either directly or indirectly. These inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and other observable inputs such as interest rates and yield curves. Level 2 fair values are primarily determined using prices obtained from private pricing services and brokers, corroborated by internal review where necessary. Where such prices are not available, fair values are derived using internal valuation techniques based on observable market inputs. Assets and liabilities measured at fair value on a recurring basis and classified as Level 2 generally include debt securities, interests in investment funds and derivative contracts.
- Level 3: Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Unobservable inputs are only used to measure fair value to the extent that relevant observable inputs are not available, allowing for circumstances in which there is little, if any, market activity for the asset or liability. Assets and liabilities measured at fair value on a recurring basis and classified as Level 3 mainly include investment property and private equity funds.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Group’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement. In making the assessment, the Group considers factors specific to the asset or liability.

20. Fair value measurement (continued)

20.1 Fair value measurements on a recurring basis

The Group applies the following methods and assumptions to estimate the fair value of investment property, financial instruments classified at fair value through profit or loss, financial instruments classified at fair value through OCI, derivative assets and liabilities and investment contract liabilities at fair value on a recurring basis.

Debt securities, equity securities and interests in investment funds

Fair values for debt securities are based on quoted market prices, where available. For those securities not actively traded, fair values are estimated using values obtained from brokers, private pricing services or by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment. Priority is given to values from independent sources when available, but overall the source of pricing and/or valuation technique is chosen with the objective of arriving at the price at which an orderly transaction would take place between market participants on the measurement date. The inputs to determining fair value that are relevant to fixed interest securities include, but not limited to risk-free interest rates, the obligor's credit spreads, foreign exchange rates and credit default rates.

The fair values of listed equity securities are based on quoted market prices. The transaction price is used as the best estimate of fair value at inception. The fair values of unlisted private equity funds are based on the reported net assets value ("NAV") in their financial statements, considering various factors including the accounting policies adopted by the investees, the restrictions and barriers preventing the Group from disposing the investments, the Group's ownership percentage over the investee and other relevant factors.

Derivative financial instruments

The Group values its derivative financial assets and liabilities using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value a derivative depends on the contract terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. The Group generally uses similar models to estimate the fair value of similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgement. Examples of inputs that are generally observable include foreign exchange spot and forward rates, benchmark interest rate curves and volatilities for commonly traded option products. Examples of inputs that may be unobservable include volatilities for less commonly traded option products and correlations between market factors.

Investment property

The Group engaged external, independent and qualified valuers to determine the fair value of the investment properties at least on an annual basis. Investment properties are valued on the basis of the highest and best use of the properties that is physically possible, legally permissible and financially feasible. The current use of the investment property is considered to be its highest and best use; records of recent sales and offerings of similar property are analysed, and comparison made for such factors as size, location, quality and prospective use.

The fair values of the Group's investment properties are determined based on the discounted cash flow approach which may be used by reference to net rental income allowing for reversionary income potential to estimate the fair value. Other inputs that are taken into consideration include value of comparable property and adjustments for factors such as size, location, quality and prospective use. The fair value measurement of the Group's investment properties is classified as Level 3.

Investment contract liabilities without DPF

Investment contracts can be surrendered by the holder at any time. Accordingly, their fair value is not less than the amount payable on demand. The fair values are based on the fair value of the underlying items less any surrender charges.

20. Fair value measurement (continued)

20.1 Fair value measurements on a recurring basis (continued)

A summary of assets and liabilities carried at fair value on a recurring basis according to fair value hierarchy is given below:

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2025				
Recurring fair value measurements				
Non-financial assets				
Investment property	—	—	460	460
Financial assets				
At fair value through OCI				
Debt securities	2,415	34,975	115	37,505
Government bonds	2,370	16,002	—	18,372
Government agency bonds	45	1,944	—	1,989
Corporate bonds	—	12,747	115	12,862
Structured securities	—	4,263	—	4,263
Others	—	19	—	19
At fair value through profit or loss				
Debt securities	—	2,268	47	2,315
Government bonds	—	8	—	8
Corporate bonds	—	1,303	—	1,303
Structured securities	—	957	47	1,004
Equity shares	109	—	161	270
Interests in investment funds	1,525	5,467	3,769	10,761
Derivative financial instruments	—	349	58	407
Total assets on a recurring fair value measurement basis	4,049	43,059	4,610	51,718
<i>% of Total</i>	8 %	83 %	9 %	100 %
Financial liabilities				
Investment contract liabilities without DPF	—	—	17	17
Derivative financial instruments	—	490	—	490
Total liabilities on a recurring fair value measurement basis	—	490	17	507
<i>% of Total</i>	— %	97 %	3 %	100 %

20. Fair value measurement (continued)

20.1 Fair value measurements on a recurring basis (continued)

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2024				
Recurring fair value measurements				
Non-financial assets				
Investment property	—	—	466	466
Financial assets				
At fair value through OCI				
Debt securities	2,358	28,966	84	31,408
Government bonds	2,329	14,757	—	17,086
Government agency bonds	29	1,666	—	1,695
Corporate bonds	—	9,655	84	9,739
Structured securities	—	2,844	—	2,844
Others	—	44	—	44
At fair value through profit or loss				
Debt securities	—	1,069	681	1,750
Government agency bonds	—	2	—	2
Corporate bonds	—	517	—	517
Structured securities	—	550	681	1,231
Equity shares	104	—	117	221
Interests in investment funds	1,819	3,824	3,460	9,103
Derivative financial instruments	—	224	61	285
Total assets on a recurring fair value measurement basis	4,281	34,083	4,869	43,233
<i>% of Total</i>	10 %	79 %	11 %	100 %
Financial liabilities				
Investment contract liabilities without DPF	—	—	32	32
Derivative financial instruments	—	528	—	528
Total liabilities on a recurring fair value measurement basis	—	528	32	560
<i>% of Total</i>	— %	94 %	6 %	100 %

The Group's policy is to recognise transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting year, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. During the year ended 31 December 2025, the Group transferred US\$nil (2024:US\$3m) of financial assets from Level 1 to Level 2.

20. Fair value measurement (continued)

20.1 Fair value measurements on a recurring basis (continued)

Level 3 assets and liabilities

The tables below set out a summary of changes in the Group's Level 3 assets and liabilities measured at fair value on a recurring basis.

US\$m	Investment property	Debt securities	Equity securities	Interests in investment funds	Derivative financial assets/(liabilities)	Investment contract liabilities without DPF
As at 1 January 2025	466	765	117	3,460	61	(32)
Net movement on investment contract liabilities	—	—	—	—	—	15
Total gains/(losses)						
Reported under investment return in the consolidated income statement	2	(53)	10	(28)	(3)	—
Reported under fair value reserve and foreign currency translation reserve in the consolidated statement of comprehensive income	—	21	1	15	—	—
Purchases	1	44	35	520	—	—
Sales	—	(615)	—	(198)	—	—
Transfer to other assets	(9)	—	—	—	—	—
Transfer out of level 3	—	—	(2)	—	—	—
As at 31 December 2025	460	162	161	3,769	58	(17)
Change in unrealised gains/(losses) included in the consolidated income statement for assets and liabilities held at the end of the reporting year, under investment return	2	8	10	(27)	(3)	—

20. Fair value measurement (continued)

20.1 Fair value measurements on a recurring basis (continued)

Level 3 assets and liabilities (continued)

US\$m	Investment property	Debt securities	Equity securities	Interests in investment funds	Derivative financial assets/(liabilities)	Investment contract liabilities without DPF
As at 1 January 2024	599	1,170	98	3,315	67	(56)
Net movement on investment contract liabilities	—	—	—	—	—	24
Total gains/(losses)						
Reported under investment return in the consolidated income statement	(5)	73	16	11	(6)	—
Reported under fair value reserve and foreign currency translation reserve in the consolidated statement of comprehensive income	(52)	(36)	—	(51)	—	—
Purchases	—	14	3	379	—	—
Sales	(76)	(456)	—	(152)	—	—
Transfer out of level 3	—	—	—	(42)	—	—
As at 31 December 2024	466	765	117	3,460	61	(32)
Change in unrealised gains/(losses) included in the consolidated income statement for assets and liabilities held at the end of the reporting year, under investment return	(5)	78	9	2	(6)	—

Movements in investment contract liabilities at fair value are offset by movements in the underlying portfolio of matching assets. Details of the movement in investment contract liabilities are provided in Note 23.

Assets transferred out of Level 3 mainly relate to interests in investment funds and equity securities of which market-observable inputs became available during the year and were used in determining the fair value.

Level 3 interests in investment funds

Interests in investment funds classified as level 3 mainly include unlisted investment funds. The Group determines the fair values of these investment funds based on the reported NAV in their audited financial statements, with adjustments made where appropriate after considering various factors, including accounting policies adopted by the fund, restrictions and barriers that may prevent the Group from disposing of its interests in such funds, and the Group's ownership percentage in the funds. For funds for which audited financial statements as at the reporting date are not available, the Group performs a roll forward analysis on the latest NAV based on fund managers' statements available and capital movements up to the reporting date. This valuation methodology is in accordance with guidelines of the International Valuation Standards Council. The Group considers that the change in the inputs to the valuation technique would not have a significant impact on the consolidated financial statements and accordingly, no quantitative analysis has been presented.

20. Fair value measurement (continued)

20.1 Fair value measurements on a recurring basis (continued)

Level 3 investment property

Under the discounted cash flow approach, both income and expenses over a certain number of years from the date of valuation are itemised and projected annually taking into account the current rental revenue and the expected growth of income and expenses of each of the properties. The net cash flow over the period is discounted at an appropriate rate of return. There were no changes to the valuation techniques during the years ended 31 December 2025 and 2024.

The discount rates are estimated based on the risk profile of the properties being valued. The higher the rates, the lower the fair value. Prevailing market rents are estimated based on recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value. Occupancy rate is the aggregated leased area as a percentage of total leasable area. The higher the rate, the higher the fair value.

Significant unobservable inputs used in the discounted cash flow approach are disclosed as below.

	As at 31 December 2025	As at 31 December 2024
Monthly market rental income (US\$ per sq.m.)	11 - 412	10 - 959
Discount rate per annum	2.4%-10.0%	2.4%-10.0%
Occupancy rate	96% - 100%	96% - 100%

This valuation methodology is in accordance with guidelines of the International Valuation Standards Council.

Level 3 investment contract liabilities without DPF

Investment contract liabilities categorised in Level 3 of the fair value hierarchy are measured with reference to the value of the underlying items which are mainly unlisted investment funds.

20.2 Fair value measurements for disclosure purpose

Fair values of financial assets and liabilities for disclosure purpose are determined using the same Fair Value Hierarchy.

Loans and deposits

For loans and deposits that are repriced frequently and have not had any significant changes in credit risk, carrying amounts represent a reasonable estimate of fair values. The fair values of other loans and deposits are estimated by discounting expected future cash flows using interest rate offered for similar instruments to holders with similar credit ratings.

Other assets

The carrying amount of other financial assets is not materially different to their fair value.

Cash and cash equivalents

The carrying amount of cash approximates its fair value.

20. Fair value measurement (continued)

20.2 Fair value measurements for disclosure purpose (continued)

Borrowings

The fair values of borrowings with stated maturities have been estimated based on discounting future cash flows using the interest rates currently applicable to deposits of similar maturities or prices obtained from brokers.

Other liabilities

The fair values of other unquoted financial liabilities is estimated by discounting expected future cash flows using current market rates applicable to their yield, credit quality and maturity, except for those without stated maturity, where the carrying value approximates to fair value.

A summary of assets and liabilities not carried at fair value but for which the fair value is disclosed according to fair value hierarchy is given below.

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2025				
Assets for which the fair value is disclosed				
Financial assets				
Accreting notes	—	431	—	431
Total assets for which the fair value is disclosed	—	431	—	431
Liabilities for which the fair value is disclosed				
Financial liabilities				
Medium term notes / subordinated dated capital securities	2,201	—	—	2,201
Total liabilities for which the fair value is disclosed	2,201	—	—	2,201

US\$m	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
31 December 2024				
Assets for which the fair value is disclosed				
Financial assets				
Accreting notes	—	440	—	440
Total assets for which the fair value is disclosed	—	440	—	440
Liabilities for which the fair value is disclosed				
Financial liabilities				
Medium term notes / subordinated notes / subordinated dated capital securities	1,954	—	—	1,954
Total liabilities for which the fair value is disclosed	1,954	—	—	1,954

20. Fair value measurement (continued)

20.2 Fair value measurements for disclosure purpose (continued)

The following table sets out the composition and the fair value of underlying items for the Group's insurance contracts with direct participation features.

US\$m	As at 31 December 2025	As at 31 December 2024
Financial assets		
Loans and deposits	170	133
At fair value through OCI		
Debt securities	15,097	12,449
Government bonds	2,598	2,580
Government agency bonds	625	744
Corporate bonds	8,867	6,911
Structured securities	3,007	2,213
Others	—	1
At fair value through profit or loss		
Debt securities	1,986	828
Government agency bonds	—	2
Corporate bonds	1,091	357
Structured securities	895	469
Equity shares	165	131
Interests in investment funds	9,074	7,741
Derivative financial instruments	34	44
Cash and cash equivalents	393	285
	26,919	21,611
Financial liabilities		
Derivative financial instruments	139	145
	139	145

20.3 Fair value measurements on a non-recurring basis

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the year ended 31 December 2025 (2024: US\$nil).

21. Other assets

US\$m	As at 31 December 2025	As at 31 December 2024
Accounts receivable ¹	216	237
Accrued investment income	332	279
Deposits	23	22
Prepayments	84	84
Total	655	622

Note:

¹ Accounts receivable as at 31 December 2025 includes cash collaterals of US\$95m (2024: US\$95m) posted for derivative liabilities.

All amounts other than certain prepayments are generally expected to be recovered within 12 months after the end of the reporting year. Accordingly, no ageing analysis has been provided.

22. Cash and cash equivalents

US\$m	As at 31 December 2025	As at 31 December 2024
Cash	1,345	1,397
Cash equivalents	142	290
Total	1,487	1,687

Cash comprises cash at bank and cash in hand. Cash equivalents comprise bank deposits and other short-term highly liquid investments with maturities at acquisition of three months or less, which are held for cash management purposes. Cash and cash equivalents also include cash received as collateral for derivative transactions, and repo and reverse repo transactions.

The Group's cash and cash equivalents are held in the following currencies as at 31 December 2025 and 2024:

	As at 31 December 2025	As at 31 December 2024
US\$	46 %	54 %
JPY	15 %	13 %
THB	9 %	9 %
HKD	7 %	7 %
MYR	8 %	5 %
Other currencies	15 %	12 %

23. Investment contract liabilities

US\$m	As at 31 December 2025	As at 31 December 2024
At beginning of year	32	56
Benefits paid	(18)	(25)
Investment return from underlying assets	3	1
At ending of year	17	32

24. Borrowings

US\$m	As at 31 December 2025	As at 31 December 2024
Bank borrowings	991	996
Medium term notes	319	318
Subordinated notes	—	887
Subordinated dated capital securities	1,736	592
Total	3,046	2,793

Interest expense on borrowings is shown in Note 9. Further information relating to interest rates and the maturity profile of borrowings is presented in Note 28.

On 22 September 2025, the Group issued US\$575m 5-year and US\$575m 10-year subordinated dated capital securities, which, together with the IPO proceeds of US\$466m (Note 1.2), funded the refinancing of the US\$900m subordinated notes due 2029 and the redemption of US\$750 million perpetual securities (Note 26.3).

Outstanding bank borrowings, notes and capital securities placed to the market as at 31 December 2025:

Issue date	Nominal amount	Interest rate	Tenor at issue
Bank borrowings			
21 January 2025 ¹	US\$500m	SOFR + 0.970%	3 years
21 January 2025 ¹	US\$500m	SOFR + 1.120%	5 years
Medium term notes			
6 December 2023	US\$325m	7.784 %	10 years
Subordinated dated capital securities			
2 July 2024	US\$600m	7.635 %	7 years
22 September 2025	US\$575m	5.252 %	5 years
22 September 2025	US\$575m	5.836 %	10 years

Note:

¹ The bank borrowings of the Group are subject to standard covenants that are customary for commercial bank loans. The lenders may accelerate the repayment dates of these borrowings if the Group does not comply with such covenants, subject to any applicable grace periods. The Group is not aware of any non-compliance with these covenants that could result in the repayment dates of such borrowings being accelerated.

During the year ended 31 December 2025, the Group has voluntarily prepaid the following borrowings before their scheduled maturity dates:

Issue date	Nominal amount	Interest rate	Tenor	Status
Bank borrowings				
30 December 2021	US\$1,000m	Note 1	4 years	Settled
Subordinated notes				
5 April 2024	US\$900m	8.400 %	5 years	Settled

Note:

¹ The interest rate of bank borrowings was SOFR plus i) a credit adjustment spread and ii) 1.075 per cent as at 31 December 2024.

24. Borrowings (continued)

These medium-term notes, subordinated notes and subordinated dated capital securities are listed on The Stock Exchange of Hong Kong Limited. The net proceeds from the issuance of the medium-term notes, subordinated notes and subordinated dated capital securities are/were used for acquisitions, general corporate purposes and funding requirements of the Group.

The Group had access to the following undrawn borrowing facilities at the end of the reporting year:

US\$m	As at 31 December 2025	As at 31 December 2024
Facility agreement date		
Undrawn committed revolving credit facilities¹		
28 December 2021 ²	—	500
17 December 2023 ³	885	885
22 November 2024 ⁴	500	500
	1,385	1,885
Undrawn committed term loan facilities		
22 November 2024 ⁵	—	1,000

Notes:

¹ The borrowing facilities are unsecured and used for general corporate purposes.

² Consisting of a US\$500m committed revolving credit facility with an original maturity of three years which was extended in February 2023 by one year to 2025. On 21 January 2025, the Company voluntarily cancelled in full the US\$500m revolving credit facility before its scheduled maturity date in December 2025.

³ Consisting of a US\$885m committed revolving credit facility maturing in 2027.

⁴ Consisting of US\$250m and US\$250m committed revolving credit facilities maturing in 2028 and 2030, respectively. These committed revolving credit facilities were entered for refinancing the US\$500m committed revolving credit facilities under the facilities agreement dated 28 December 2021.

⁵ Consisting of US\$500m and US\$500m committed term loan facilities maturing in 2028 and 2030, respectively. These committed term loan facilities are unsecured and were drawn down on 21 January 2025 for refinancing the US\$1,000m bank borrowings under the facilities agreement dated 28 December 2021.

25. Other liabilities

US\$m	As at 31 December 2025	As at 31 December 2024
Trade and other payables ¹	933	816
Distribution agreement payable ²	25	26
Lease liabilities ³	114	106
Obligations under repurchase and forward arrangements ⁴	210	226
Total	1,282	1,174

Notes:

¹ Other payables of the Group as at 31 December 2025 includes US\$211m (2024: US\$84m) relating to the cash collateral held for derivative assets.

² Distribution agreement payable represents deferred payments to be paid in accordance with the terms set out in Vietcombank Distribution Agreement.

³ The total cash outflow for leases for the year ended 31 December 2025 was US\$50m (2024: US\$48m).

⁴ The Group has entered into repurchase and forward agreements whereby certain debt securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. Refer to Note 18.1 for details.

All trade and other payables are generally expected to be settled within 12 months after the end of the reporting year. Accordingly, no ageing analysis has been provided.

26. Share capital, share premium and reserves

26.1 Share capital and share premium

Ordinary Shares	Number of shares	Share capital nominal value US\$m	Share premium US\$m	Total share capital and share premium US\$m
Authorised:				
Ordinary shares of US\$0.01 each as at 1 January 2024 and 31 December 2024	2,118,816,290	21		
Conversion of Shares (Note 1.2)	381,183,710	4		
Amendment and increase of authorised ordinary shares of US\$0.01 each (Note 1.2)	2,600,000,000	26		
Share Consolidation (Note 1.2)	(3,400,000,000)	—		
Ordinary shares of US\$0.03 each as at 31 December 2025	1,700,000,000	51		

Issued and fully paid:

Ordinary shares of US\$0.01 each as at 1 January 2024 and 31 December 2024	939,953,815	9	6,402	6,411
Conversion of Shares (Note 1.2)	2,594,663,913	26	2,573	2,599
Share Consolidation (Note 1.2)	(2,356,411,821)	—	—	—
Shares issued under share-based compensation plans	1,455,870	—	7	7
Shares issued pursuant to the Initial Public Offering (Note 1.2)	91,342,100	3	439	442
Shares issued pursuant to the partial exercise of Over-allotment Option (Note 1.2)	5,001,400	—	24	24
Transaction costs	—	—	(6)	(6)
Ordinary shares of US\$0.03 each as at 31 December 2025	1,276,005,277	38	9,439	9,477

Management Shares	Number of shares	Share capital nominal value US\$m	Share premium US\$m	Total share capital and share premium US\$m
Authorised:				
Management Shares of US\$0.01 each as at 1 January 2024 and 31 December 2024	65,000,000	1		
Conversion of Shares (Note 1.2)	(65,000,000)	(1)		
Management Shares of US\$0.01 each as at 31 December 2025	—	—		

Issued and fully paid:

Management Shares of US\$0.01 each as at 1 January 2024 and 31 December 2024	34,756,740	—	160	160
Conversion of Shares (Note 1.2)	(34,756,740)	—	(160)	(160)
Management Shares of US\$0.01 each as at 31 December 2025	—	—	—	—

26. Share capital, share premium and reserves (continued)

26.1 Share capital and share premium (continued)

Series P Conversion Shares	Number of shares	Share capital nominal value US\$m	Share premium US\$m	Total share capital and share premium US\$m
Authorised:				
Series P Conversion Shares of US\$0.01 each as at 1 January 2024 and 31 December 2024	120,099,900	1		
Conversion of Shares (Note 1.2)	(120,099,900)	(1)		
Series P Conversion Shares of US\$0.01 each as at 31 December 2025	—	—		
Issued and fully paid:				
Series P Conversion Shares of US\$0.01 each as at 1 January 2024 and 31 December 2024	120,099,900	1	376	377
Conversion of Shares (Note 1.2)	(120,099,900)	(1)	(376)	(377)
Series P Conversion Shares of US\$0.01 each as at 31 December 2025	—	—	—	—
Series A, B-2 and B-3 Conversion Shares				
	Number of shares	Share capital nominal value US\$m	Share premium US\$m	Total share capital and share premium US\$m
Authorised:				
Series A, B-2 and B-3 Conversion Shares of US\$0.01 each as at 1 January 2024 and 31 December 2024	196,083,810	2		
Conversion of Shares (Note 1.2)	(196,083,810)	(2)		
Series A, B-2 and B-3 Conversion Shares of US\$0.01 each as at 31 December 2025	—	—		
Issued and fully paid:				
Series A, B-2 and B-3 Conversion Shares of US\$0.01 each as at 1 January 2024 and 31 December 2024	196,083,810	2	2,060	2,062
Conversion of Shares (Note 1.2)	(196,083,810)	(2)	(2,060)	(2,062)
Series A, B-2 and B-3 Conversion Shares of US\$0.01 each as at 31 December 2025	—	—	—	—
As at 31 December 2024	1,290,894,265	12	8,998	9,010
As at 31 December 2025	1,276,005,277	38	9,439	9,477

Management Shares, Series P Conversion Shares, and Series A, B-2 and B-3 Conversion Shares issued by the Company did not have fixed maturity, participated in discretionary dividends and were non-redeemable. These shares ranked pari passu with all other shares on any payment of dividend or distribution or return of capital, with the exception that on any payment of a dividend or distribution or return of capital (other than on a liquidation event), holders of Series A, B-2 and B-3 Conversion Shares had the benefit of an increased entitlement to such dividend or distribution. The holders of Management Shares and Series P Conversion Shares were entitled to the same voting rights as each ordinary share in the Company, while holders of Series A, B-2 and B-3 Conversion Shares were not entitled to attend or vote at general meetings of the Company. These shares were mandatorily converted into ordinary shares of the Company upon completion of the Initial Public Offering (Note 1.2).

Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares did not contain any contractual obligations to deliver cash, other financial assets or a variable number of the Group's own equity instruments which could not be unconditionally avoided by the Group. Accordingly, they were classified as equity in the Group's consolidated financial statements.

26. Share capital, share premium and reserves (continued)

26.2 Reserves

(a) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial investments measured at FVOCI held at the end of the reporting year.

(b) Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in other comprehensive income.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

(d) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative gain or loss on the hedging instruments from the inception of the cash flow hedge and comprises:

- The effective portion of gains or losses on derivatives that are designated and qualified as cash flow hedges. Amounts are subsequently reclassified to profit or loss; and
- Costs of hedging reserve which represents the deferred forward element of forward contracts determined at the inception of the hedge, and subsequently amortised to profit or loss over the life of the hedge.

The Group's hedging reserves relate to the following hedging instruments:

US\$m	Cost of hedging reserve	Effective portion of foreign exchange derivatives	Effective portion of other derivatives	Total cash flow hedge reserves
As at 1 January 2025	(8)	8	6	6
Add: Change in fair value of hedging instruments recognised in OCI	—	112	75	187
Add: Costs of hedging deferred and recognised in OCI	(43)	—	—	(43)
Less: Reclassified from OCI to profit or loss – included in investment return	—	(101)	(4)	(105)
Less: Amortisation of cost of hedging recognised in profit or loss – included in investment return	48	—	—	48
Less: Deferred tax	(1)	(2)	(14)	(17)
As at 31 December 2025	(4)	17	63	76

26. Share capital, share premium and reserves (continued)

26.2 Reserves (continued)

(d) Cash flow hedge reserve (continued)

US\$m	Cost of hedging reserve	Effective portion of foreign exchange derivatives	Effective portion of other derivatives	Total cash flow hedge reserves
As at 1 January 2024	—	4	(36)	(32)
Add: Change in fair value of hedging instruments recognised in OCI	—	32	56	88
Add: Costs of hedging deferred and recognised in OCI	(20)	—	—	(20)
Less: Reclassified from OCI to profit or loss – included in investment return	—	(27)	(4)	(31)
Less: Amortisation of cost of hedging recognised in profit or loss – included in investment return	11	—	—	11
Less: Deferred tax	1	(1)	(10)	(10)
As at 31 December 2024	(8)	8	6	6

(e) Other reserves

Other reserves mainly include capital redemption reserve and share-based compensation reserve.

26.3 Perpetual securities

Issue date	Nominal amount	Distribution rate	Tenor
15 June 2017 ¹	US\$500m	8.045 %	Perpetual
6 July 2017 ¹	US\$250m	8.045 %	Perpetual
1 February 2018	US\$200m	6.675 %	Perpetual

Notes:

¹On 23 October 2025, the Group redeemed the US\$500m 8.045% perpetual securities and the US\$250m 8.045% perpetual securities. The redemption price is composed of the outstanding principal amount together with distributions accrued to such date. The difference between the carrying amount of the redeemed perpetual securities and the cash paid upon redemption of US\$214m was recognised in accumulated losses on the date of redemption.

Carrying amount of the perpetual securities:

US\$m	As at 31 December 2025	As at 31 December 2024
Issue date		
15 June 2017	—	360
6 July 2017	—	178
1 February 2018	203	203
	203	741

The issuers of the perpetual securities may, at its sole option, defer the distributions by giving notice to the holders. In the event of any distribution deferral, the issuers cannot declare or pay any dividend on its ordinary or preference share capital, except if payments are declared, paid or made in respect of an employee benefit plan or similar arrangement with for the benefit of employees, officers, directors or consultants. The perpetual securities have been treated as equity in the Group's consolidated statement of financial position. The proceeds from the issuance were used for general corporate purposes, potential transactions and/or repayment of the Group's own indebtedness. During the year ended 31 December 2025, the Group paid distributions of US\$64m (2024: US\$112m).

26. Share capital, share premium and reserves (continued)

26.4 Transactions with non-controlling interests

During the year ended 31 December 2025, there were no material transactions with non-controlling interests.

During the year ended 31 December 2024:

- i. On 8 March 2024, the Group acquired an additional 21 per cent of the issued ordinary shares of FWD Takaful Berhad from non-controlling interests holders, for a total consideration of US\$26m.
- ii. In September 2024, FWD BSN Holdings Sdn. Bhd., a subsidiary of the Group, issued preference shares to the Group and the other shareholder for a cash consideration of US\$21m and US\$9m, respectively, without a change in shareholding interest.
- iii. In September 2024, FMH Capricorn, a subsidiary of the Group, issued ordinary shares to the Group and the other shareholders for a cash consideration of US\$6m and US\$23m, respectively, without a change in shareholding interest.

27. Group capital structure

Capital Management Approach

The Group's capital management objectives focus on maintaining a strong capital base to support the development of the business, maximising shareholders' value and satisfying regulatory capital requirements at all times.

The Group's capital management activity considers all capital-related activities of the Group and assists senior management in making capital decisions. The capital management activity includes asset-liability management, strategic asset allocation and ongoing solvency management. This includes ensuring capital considerations are paramount in the strategy and business planning processes.

Group-wide Supervision Framework

The group supervisor of the Group is the Hong Kong Insurance Authority ("HKIA"). The Group is in compliance with the group capital adequacy requirements as applied to it.

In 2021, the HKIA implemented Group-wide Supervision ("GWS") framework, under which the HKIA has direct regulatory powers over Hong Kong incorporated holding companies of insurance groups that are designated. The Group has been subject to the GWS framework since 14 May 2021 and FWD Group Holdings Limited (the "Company") was identified as the reference company under GWS.

Under the GWS framework, the group capital adequacy requirements are determined in accordance with the Insurance (Group Capital) Rules ("Group Capital Rules"), subject to any capital variation the HKIA considers necessary.

27. Group capital structure (continued)

Local Regulatory Solvency

The Group's individual subsidiaries are also subject to the supervision of government regulators in the jurisdictions in which the subsidiaries and their parent entity operate and, in relation to subsidiaries, in which they are incorporated. The various regulators monitor our local solvency positions. The Group has been in compliance with the solvency and capital adequacy requirements applied by its regulators at all times.

The primary insurance regulators for the Group's key operating companies are:

Subsidiary	Primary insurance regulator	Solvency regulation
FWD Life Insurance Company (Bermuda) Limited	Hong Kong Insurance Authority ("HKIA")	Hong Kong Insurance Ordinance ("HKIO")
FWD Life Insurance Public Company Limited	Thailand Office of Insurance Commission ("THOIC")	Life Insurance Act of Thailand
FWD Life Insurance Company, Limited	Financial Services Agency ("FSA")	Insurance Business Act

The HKIA (among other matters) sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Hong Kong. The Hong Kong Risk based capital regime ("HKRBC") became effective on 1 July 2024. Previously, on 30 June 2022, the HKIA had approved the early adoption of HKRBC for FWD Life Insurance Company (Bermuda) Limited. Under HKRBC, FWD Life Insurance Company (Bermuda) Limited is required to maintain an amount of capital not less than the prescribed capital amount (as defined in the Insurance (Amendment) Ordinance 2023) at all times.

The Life Insurance Act of Thailand (among other matters) sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Thailand. The Life Insurance Act of Thailand requires FWD Life Insurance Public Company Limited to maintain a prescribed capital requirement ratio of 140 per cent and a minimum capital requirement ratio of 100 per cent.

The Enforcement Ordinance of the Insurance Business Act and Comprehensive Guidelines for Supervision of Insurance Companies sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Japan. The Comprehensive Guidelines for Supervision of Insurance Companies Section II-2-2-2 requires FWD Life Insurance Company, Limited to maintain a prescribed capital requirement ratio of 200 per cent and minimum capital requirement ratio of 100 per cent.

Subsidiary dividend restrictions

The Company's ability to distribute dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. These distributions may be subject to restrictions, specifically related to the need by local insurance regulators for certain subsidiaries to maintain specific capital or solvency levels, and the need to meet other specific local regulations such as those relating to legal capital levels or foreign exchange restrictions.

The payment of any dividend may require formal approval from the relevant insurance regulator in the particular jurisdiction that the subsidiary is domiciled or operates in.

28. Risk management

Risk management framework

The Group's Risk Management Framework has been established for the identification, evaluation and management of the key risks faced by the organisation within its stated risk appetite. The framework includes an established risk governance structure with clear oversight and assignment of responsibility for monitoring and management of financial and non-financial risks.

The Group issues contracts that exposes it to insurance risks, financial risks or both. The insurance risks and financial risks associated with the Group's operations and the Group's management of these risks are summarised below:

Insurance risks

Life insurance contracts

Insurance risks comprise product design risk, underwriting and expense overrun risk, lapse risk and claims risk.

(a) *Product design risk*

Product design risk refers to potential defects in the development of a particular insurance product. The Group manages product design risk through its product approval process where products are reviewed against pricing, design and operational risk parameters. New products and product enhancements are reviewed and approved by the Group Chief Actuary.

The Group closely monitors the performance of new products and actively manages the product portfolio to minimise risks in the in-force book and new products. A portion of the Group's life insurance business is participating in nature. In the event of a volatile investment environment and/or unusual claims experience, the Group has the option of adjusting non-guaranteed bonuses and dividends payable to policyholders.

(b) *Underwriting and expense overrun risk*

Underwriting and expense overrun risk refers to the possibility of product-related income being inadequate to support future obligations arising from an insurance product. The Group manages underwriting risk by adhering to underwriting guidelines. Each operating unit maintains a team of professional underwriters who review and select risks that are consistent with the underwriting strategy of the Group. In certain circumstances where insufficient experience data is available, the Group makes use of reinsurers to obtain underwriting expertise. In pricing insurance products, the Group manages expense overrun risk by allowing for an appropriate level of expenses that reflects a realistic medium-to long-term view of the underlying cost structure. A disciplined expense budgeting and management process is followed to control expenses.

(c) *Lapse risk*

Lapse risk refers to the possibility that lapse experience diverges from that assumed when products were priced. It includes potential financial loss due to early termination of contracts where the acquisition costs incurred may not be recoverable from future revenue. The Group carries out regular reviews of persistency experience. In addition, many of the Group's products include surrender charges that entitle the Group to additional fees on early termination by the policyholder, thereby reducing exposure to lapse risk.

28. Risk management (continued)

Insurance risks (continued)

Life insurance contracts (continued)

(d) *Claims risk*

Claims risk refers to the possibility that the frequency or severity of claims arising from insurance contracts exceeds the level assumed when the products were priced. The Group seeks to mitigate claims risk by conducting regular experience studies, including reviews of mortality and morbidity experience, reviewing internal and external data, and considering the impact of these on product design, pricing and reinsurance needs.

Reinsurance solutions are used to help reduce concentration and volatility risk, especially with large policies or new risks, and as protection against catastrophes. Although the Group has reinsurance arrangements in place, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements.

Non-life insurance contracts

The Group's non-life insurance business is diversified over different types of risks. The Group has developed a robust underwriting framework to ensure that all risks accepted meet the guidelines and standards.

The Group has developed a reinsurance strategy to ensure that a prudent and appropriate reinsurance program is in place, which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones. The primary objectives of the Group's reinsurance strategy include protection of shareholders' funds, reduction in volatility of the Group's underwriting result and diversified credit risk. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance strategy, ascertaining suitable allowance for impairment of reinsurance assets.

(a) Case estimates

For non-life insurance contracts, the case estimate for each reported claim is set up based on the best estimate of the ultimate claim settlement amount considering all the information available for the claim. The case estimate is revised from time to time according to the latest information available. When setting case estimates for larger claims, reference is made to the advice of independent consultants such as loss adjusters and solicitors where applicable.

(b) Key assumptions

Generally accepted actuarial methodologies, such as chain-ladder and Bornhuetter-Ferguson methods, are used to project the ultimate claims by class of business. The Group's past experience and claim development patterns are important assumptions for such projections. Other assumptions include average claim costs, claims handling expenses and claims inflation. The projected ultimate claim amount may also be judgmentally adjusted by external factors such as prevailing trends in judicial decisions, the economic environment and relevant government legislation.

28. Risk management (continued)

Concentration risk

The Group actively assesses and manages concentration of insurance risk, either geographical or product concentration risk, of the Group's operations, as below:

- i. Concentration of insurance risk arises from a lack of geographical and product diversification within the Group's insurance portfolio, and could result in significant financial losses in the case certain events exhibiting geographical and/or product concentrations occur and give rise to higher levels of claims;
- ii. From a geographical standpoint, because the Group operates across multiple markets, its results of operations are not substantially dependent on any one of its individual markets. Such regional footprint provides a natural benefit of geographical diversification of insurance and other risks associated with the Group's operations (e.g., regulatory, competitive and political risks of a localised and single-market nature);
- iii. From a product exposure standpoint, despite the Group's primary focus on long-term life insurance, it has a range of product offerings with different extent and nature of risk coverage, e.g., participating, critical illness, unit-linked, term life and medical. This naturally also reduces the Group's exposures to concentrations of mortality or morbidity risk;
- iv. Concentrations of risk are managed within each market through the monitoring of product sales and size of the in-force book by product group. As a result of the Group's growing operating history and scale, a substantial amount of experience data has been accumulated which assists in evaluation, pricing and management of insurance risk; and
- v. In addition, reinsurance solutions are used to help reduce concentration and volatility risk, especially with large policies or new risks, and as protection against catastrophes, and the Group has developed a reinsurance strategy to ensure that a prudent and appropriate reinsurance program is in place, which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones.

28. Risk management (continued)

Sensitivity analysis

The table below analyses how profit or loss and equity would have increased/(decreased) if changes in key assumptions related to determination of insurance and reinsurance contract balances that were reasonably possible at the reporting date had occurred. This disclosure does not offset movements in the fair value of financial assets backing those liabilities. This analysis presents the sensitivities both gross and net of reinsurance contracts held and assumes that all other assumptions remain constant. The effects on profit or loss and equity are presented gross of the related income tax.

31 December 2025	Profit or loss		CSM		Equity		
	Gross	Net	Gross	Net	Gross	Net	
US\$m							
10% increase in mortality		(121)	(66)	(320)	(162)	(112)	(77)
10% decrease in mortality		104	56	342	169	96	68
10% increase in morbidity		(273)	(235)	(964)	(752)	(72)	(85)
10% decrease in morbidity		157	121	1,081	860	(45)	(30)
10% increase in expenses		(47)	(37)	(185)	(194)	(33)	(22)
10% decrease in expenses		46	35	182	191	32	21
10% increase in lapse/discontinuance rates		(213)	(138)	(507)	(436)	(282)	(173)
10% decrease in lapse/discontinuance rates		161	112	672	554	230	145

31 December 2024	Profit or loss		CSM		Equity		
	Gross	Net	Gross	Net	Gross	Net	
US\$m							
10% increase in mortality		(80)	(42)	(315)	(144)	(74)	(50)
10% decrease in mortality		66	36	342	160	61	45
10% increase in morbidity		(191)	(158)	(1,062)	(868)	(23)	(21)
10% decrease in morbidity		139	111	1,125	924	(29)	(26)
10% increase in expenses		(37)	(33)	(188)	(189)	(25)	(21)
10% decrease in expenses		37	33	193	196	25	21
10% increase in lapse/discontinuance rates		(203)	(131)	(486)	(406)	(233)	(146)
10% decrease in lapse/discontinuance rates		122	99	690	538	147	109

Financial risks

The Group is exposed to a range of financial risks, including asset concentration risk, credit risk, market risk and liquidity risk. The Group applies a consistent risk management philosophy that is embedded in management processes and controls such that both existing and emerging risks are considered and addressed.

The following section summarises the Group's key risk exposures and the primary policies and processes used by the Group to manage its exposures to these risks.

28. Risk management (continued)

Asset concentration risk

Concentration risk is managed at the Group level and within each business unit. The Group will determine concentration limits and then cascades these to the business units. Limits are set for single issuers, groups of related issuers, country of risk and sectors. The Group's investment system maintains a set of rules monitoring such limits. Violations of such rules trigger alerts or pre-trade approvals depending on materiality. The investment team works with external managers to ensure asset exposures stay within the stated limits. Exposures exceeding limits needs to be tabled at the relevant business unit's and the Group's Asset and Liability Management Committee. These committees decide the course of action required to address limit violations should they occur. Limit monitoring takes place at both the Group level and business unit level. Asset concentration reports are tabled at the relevant committees. The greatest aggregate concentration of fair value to direct holdings of an individual issuer (excluding all government related fixed income assets) is less than 1 per cent of the total equity and debt investments as at 31 December 2025 (2024: less than 1 per cent).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Although the primary source of credit risk is the Group's investment portfolio, credit risk also arises in reinsurance arrangements, derivative transactions, settlement and treasury activities.

The level of credit risk the Group accepts is managed and monitored by the Group Asset and Liability Management Committee, through establishment of an exposure limit for each counterparty or group of counterparties, reporting of credit risk exposures, monitoring compliance with exposure limits, and a regular review of limits due to changes in the financial strength and risk appetite of the Group and/or macro-economic environment.

The Group actively manages its investments to ensure that there is no significant concentration of credit risk to a single counterparty or a single group of related counterparties. On an aggregate basis, the overall credit quality of the investment portfolio has to meet the target quality.

External ratings have been used in accordance with the Group's credit rating mapping guidelines. Where external ratings are not readily available, an internal rating methodology is adopted, if applicable. The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the ratings as at the reporting date with the ratings as at the date of initial recognition of the exposure.

The Group monitors changes in credit risk by tracking the change in internal rating of the exposure. The Group also monitors relevant information, including price movements of securities, and assesses whether such information signifies a change in credit risk.

Expected Credit Loss ("ECL") Methodology

The measurement of ECL is the product of a financial instrument's probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") discounted at the effective interest rate to the reporting date.

ECL is measured at an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The Group adopts three economic scenarios in the ECL measurement to meet the requirements of IFRS 9. The "Baseline" scenario represents the most likely outcome and the other two scenarios, referred to as "Upside" scenario and "Downside" scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

The Baseline scenario is prepared using historical data, economic trends, external forecasts from governmental and non-governmental organisations, etc. as benchmarks to ensure the scenario is reasonable and supportable. For the Upside and Downside scenarios, the Group makes reference to the historical and forecast macroeconomic data.

28. Risk management (continued)

Credit risk (continued)

The probability assigned to each scenario reflects the Group's view of the economic environment, which implements the Group's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance. A higher probability is assigned to the Baseline scenario to reflect the most likely outcome and a lower probability is assigned to the Upside and Downside scenarios to reflect the less likely outcomes.

The specific values of the core macro-economic variables used by the Group for evaluating ECL for the years ended 31 December 2025 and 2024 are as follows:

	As at 31 December 2025	As at 31 December 2024
GDP growth (5-year average of year-over-year %)		
Base case scenario	2.10 %	2.15 %
Upside scenario	3.83 %	3.68 %
Downside scenario	0.37 %	0.63 %

The following tables set out the credit quality analysis for debt securities measured at FVOCI and at amortised cost. Unless specifically indicated, the amounts in the table represent gross carrying amounts.

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 - Purchased or originated credit- impaired financial assets	Total
31 December 2025					
Debt securities under FVOCI					
AAA	1,927	—	—	—	1,927
AA	6,581	—	—	—	6,581
A	11,125	—	—	—	11,125
BBB	18,855	—	—	—	18,855
Below investment grade	734	16	—	—	750
CCC or not rated	164	20	—	—	184
Sub-total	39,386	36	—	—	39,422
Loss allowance	(40)	(5)	—	—	(45)
Amortised cost	39,346	31	—	—	39,377
Carrying amount – fair value	37,476	29	—	—	37,505

28. Risk management (continued)

Credit risk (continued)

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 - Purchased or originated credit-impaired financial assets	Total
31 December 2024					
Debt securities under FVOCI					
AAA	1,162	—	—	—	1,162
AA	5,412	—	—	—	5,412
A	9,481	—	—	—	9,481
BBB	17,254	—	—	—	17,254
Below investment grade	733	16	—	—	749
CCC or not rated	256	21	—	—	277
Sub-total	34,298	37	—	—	34,335
Loss allowance	(41)	(5)	—	—	(46)
Amortised cost	34,257	32	—	—	34,289
Carrying amount – fair value	31,379	29	—	—	31,408

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 - Purchased or originated credit-impaired financial assets	Total
31 December 2025					
Loans and deposits under amortised cost					
AA	26	—	—	—	26
A	55	—	—	—	55
BBB	398	—	—	—	398
Below investment grade	431	—	—	—	431
CCC or not rated	32	—	2	—	34
Sub-total	942	—	2	—	944
Loss allowance	(4)	—	(2)	—	(6)
Carrying amount	938	—	—	—	938

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 - Purchased or originated credit-impaired financial assets	Total
31 December 2024					
Loans and deposits under amortised cost					
AA	23	—	—	—	23
A	30	—	—	—	30
BBB	419	—	—	—	419
Below investment grade	395	—	—	—	395
CCC or not rated	41	—	2	—	43
Sub-total	908	—	2	—	910
Loss allowance	(6)	—	(2)	—	(8)
Carrying amount	902	—	—	—	902

28. Risk management (continued)

Credit risk (continued)

The following tables show a reconciliation from the opening balance to the closing balance of the loss allowance of the debt securities at FVOCI and loans and deposits at amortised cost.

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 - Purchased or originated credit-impaired financial assets	Total
Debt securities under FVOCI					
As at 1 January 2025	(41)	(5)	—	—	(46)
Net remeasurement of loss allowance	5	1	—	—	6
Financial assets acquired	(12)	—	—	—	(12)
Financial assets derecognised	11	—	—	—	11
Effects of movements in exchange rates	(3)	(1)	—	—	(4)
As at 31 December 2025	(40)	(5)	—	—	(45)

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 - Purchased or originated credit-impaired financial assets	Total
Debt securities under FVOCI					
As at 1 January 2024	(44)	(3)	(5)	—	(52)
Net remeasurement of loss allowance	2	(5)	—	—	(3)
Financial assets acquired	(8)	—	—	—	(8)
Financial assets derecognised	9	3	5	—	17
As at 31 December 2024	(41)	(5)	—	—	(46)

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 - Purchased or originated credit-impaired financial assets	Total
Loans and deposits under amortised cost					
As at 1 January 2025	(6)	—	(2)	—	(8)
Net remeasurement of loss allowance	2	—	—	—	2
Financial assets acquired	(2)	—	—	—	(2)
Financial assets derecognised	1	—	—	—	1
Effects of movements in exchange rates	1	—	—	—	1
As at 31 December 2025	(4)	—	(2)	—	(6)

US\$m	Stage 1	Stage 2	Stage 3	Stage 3 - Purchased or originated credit-impaired financial assets	Total
Loans and deposits under amortised cost					
As at 1 January 2024	(2)	—	(1)	—	(3)
Net remeasurement of loss allowance	(3)	—	(1)	—	(4)
Financial assets acquired	(1)	—	—	—	(1)
As at 31 December 2024	(6)	—	(2)	—	(8)

28. Risk management (continued)

Credit risk (continued)

The following tables provide an explanation of how significant changes in the gross carrying amounts of financial assets contributed to changes in the loss allowance.

US\$m	Increase/ (decrease) in gross carrying amount	Increase / (decrease) in loss allowance		
		Stage 1	Stage 2	Stage 3
Year ended 31 December 2025				
Debt securities under FVOCI				
Acquisition during the year	17,599	(12)	—	—
Derecognition during the year	(13,577)	11	—	—
Loans and deposits under amortised cost				
Acquisition during the year	322	(2)	—	—
Derecognition during the year	(309)	1	—	—

US\$m	Increase/ (decrease) in gross carrying amount	Increase / (decrease) in loss allowance		
		Stage 1	Stage 2	Stage 3
Year ended 31 December 2024				
Debt securities under FVOCI				
Acquisition during the year	12,097	(8)	—	—
Derecognition during the year	(9,199)	9	3	5
Loans and deposits under amortised cost				
Acquisition during the year	395	(1)	—	—
Derecognition during the year	(459)	—	—	—

The contractual amount outstanding on financial assets written off during the year ended 31 December 2025 that are still subject to enforcement activity is US\$nil (2024: US\$nil).

Interest rate risk

The Group's exposure to interest rate risk predominantly arises from any difference between the duration of the Group's liabilities and assets. This exposure is heightened in products with inherent interest rate options or guarantees.

The Group seeks to manage interest rate risk by ensuring appropriate product design and underlying assumptions as part of the product approval process and by matching, to the extent possible and appropriate, the duration of investment assets with the duration of insurance contract liabilities. Given the long duration of policy liabilities and the uncertainty of future cash flows arising from these contracts, it is challenging to acquire assets that will perfectly match the policy liabilities. This results in interest rate risk, which is managed and monitored by the Asset and Liability Management Committee of the Group. The duration of interest-bearing financial assets is regularly reviewed and monitored by referencing the estimated duration of insurance contract liabilities.

28. Risk management (continued)

Interest rate risk (continued)

The table below summarises the nature of the interest rate risk associated with financial assets and financial liabilities.

US\$m	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2025				
Financial assets				
Debt securities	6,232	33,588	—	39,820
Cash and cash equivalents	1,487	—	—	1,487
Loans and deposits	8	930	—	938
Equity securities	—	—	270	270
Interests in investment funds	—	—	10,761	10,761
Derivative financial instruments	—	—	407	407
Accrued investment income	—	—	332	332
Other assets	—	—	239	239
Total financial assets	7,727	34,518	12,009	54,254
Insurance and reinsurance contract assets				
Insurance contract assets				715
Reinsurance contract assets				2,722
Total insurance and reinsurance contract assets				3,437
Financial liabilities				
Borrowings	991	2,055	—	3,046
Other liabilities	—	452	830	1,282
Derivative financial instruments	—	—	490	490
Total financial liabilities	991	2,507	1,320	4,818
Insurance and reinsurance contract liabilities				
Insurance contract liabilities				49,653
Reinsurance contract liabilities				465
Total insurance and reinsurance contract liabilities				50,118

28. Risk management (continued)

Interest rate risk (continued)

US\$m	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2024				
Financial assets				
Debt securities	4,257	28,901	—	33,158
Cash and cash equivalents	1,687	—	—	1,687
Loans and deposits	—	902	—	902
Equity securities	—	—	221	221
Interests in investment funds	—	—	9,103	9,103
Derivative financial instruments	—	—	285	285
Accrued investment income	—	—	279	279
Other assets	—	—	259	259
Total financial assets	5,944	29,803	10,147	45,894
Insurance and reinsurance contract assets				
Insurance contract assets				683
Reinsurance contract assets				2,696
Total insurance and reinsurance contract assets				3,379
Financial liabilities				
Borrowings	996	1,797	—	2,793
Other liabilities	—	435	739	1,174
Derivative financial instruments	—	—	528	528
Total financial liabilities	996	2,232	1,267	4,495
Insurance and reinsurance contract liabilities				
Insurance contract liabilities				41,646
Reinsurance contract liabilities				366
Total insurance and reinsurance contract liabilities				42,012

28. Risk management (continued)

Interest rate risk (continued)

The table below illustrates the sensitivity of equity and CSM to changes in interest rates. The analysis illustrates the impact of changing interest rates in isolation, and does not quantify potential impacts arising from changes in other assumptions.

US\$m	Impact on profit before tax	Impact on other components of equity (before the effects of taxation)	Impact on CSM
31 December 2025			
50 basis points increase in interest rates			
Insurance contracts and reinsurance contracts held	115	1,483	64
Financial instruments	(103)	(1,783)	—
	12	(300)	64
50 basis points decrease in interest rates			
Insurance contracts and reinsurance contracts held	(154)	(1,623)	(69)
Financial instruments	110	1,964	—
	(44)	341	(69)
31 December 2024			
50 basis points increase in interest rates			
Insurance contracts and reinsurance contracts held	108	1,270	74
Financial instruments	(91)	(1,464)	—
	17	(194)	74
50 basis points decrease in interest rates			
Insurance contracts and reinsurance contracts held	(128)	(1,385)	(106)
Financial instruments	104	1,611	—
	(24)	226	(106)

Equity price risk

The Group's equity price risk exposure relates to financial assets and liabilities whose values fluctuate as a result of changes in market prices.

The Group manages these risks by setting and monitoring investment limits by asset types and sectors. The Group's principal price risk relates to movement in the fair value of its equity securities and interests in investment funds.

Equity price risk is managed through the selection process of equity funds and portfolio criteria for segregated equity mandates, which includes tracking errors based on benchmarks or specific concentration limits. Lower exposure limits are set for each private equity investment to manage concentration risk with the consideration of liquidity in nature.

28. Risk management (continued)

Equity price risk (continued)

The analysis below illustrates the estimated impact on equity and CSM arising from a change in a single variable before taking into account the effects of taxation.

US\$m	Impact on profit before tax	Impact on other components of equity (before the effects of taxation)	Impact on CSM
31 December 2025			
10 per cent increase in equity prices			
Insurance contracts and reinsurance contracts held	(704)	1	137
Financial instruments	828	—	—
	124	1	137
10 per cent decrease in equity prices			
Insurance contracts and reinsurance contracts held	703	(1)	(136)
Financial instruments	(828)	—	—
	(125)	(1)	(136)
31 December 2024			
10 per cent increase in equity prices			
Insurance contracts and reinsurance contracts held	(593)	1	122
Financial instruments	721	—	—
	128	1	122
10 per cent decrease in equity prices			
Insurance contracts and reinsurance contracts held	582	(1)	(108)
Financial instruments	(715)	—	—
	(133)	(1)	(108)

28. Risk management (continued)

Foreign exchange rate risk

The Group's financial assets are predominantly denominated in the same currencies as its insurance liabilities, which serves to mitigate the foreign exchange rate risk. The level of currency risk the Group accepts is managed and monitored by the Group Asset and Liability Management Committee, through regular monitoring of currency positions of financial assets and insurance contracts.

Foreign currency translation risk arising from insurance and reinsurance contracts is managed by holding cash and investing in assets denominated in currencies that match the related liabilities, to the extent that it is deemed by local management to be both practical and appropriate. The Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. Foreign currency translation risk arising from the underlying items of participating contracts is generally borne by contract holders except to the extent of the Group's share of the performance of the underlying items.

The Group has more United States dollar denominated assets than it has corresponding United States dollar denominated liabilities due to the much deeper pool of investment assets available in United States dollars. As a result, some of the United States dollar denominated assets are used to back Hong Kong dollar denominated liabilities. This currency mismatch is then hedged, using foreign exchange derivatives, to reduce the foreign exchange rate risk. The Group's foreign exchange derivatives are established to provide an economic hedge to financial exposures. The Group adopts hedge accounting in certain circumstances, as explained below.

Hedge accounting

The Group's major hedging activity is to hedge United States dollar foreign currency risk exposure of cash flow variability arising from the debt securities held by certain business units through foreign exchange derivatives. The hedges were determined to be highly effective as the notional amounts and other critical terms of hedged items and hedging instruments are matched. For foreign exchange derivatives, the Group designates the spot elements to hedge its currency risk, with the forward elements excluded from the designation and separately accounted for as a cost of hedging.

28. Risk management (continued)

Foreign exchange rate risk (continued)

Hedge accounting (continued)

The table below summarises the instruments held by the Group to hedge exposures to changes in foreign exchange rate.

Foreign exchange derivatives	Maturity			Total
	1-6 months	6-12 months	Over 1 year	
31 December 2025				
Carrying amount (in US\$m)				
Derivative assets	17	3	61	81
Derivative liabilities	—	—	(32)	(32)
Net exposure - notional amount (in US\$m)	1,032	80	944	2,056
Weighted average contracted rate				
US\$: JPY	—	—	112.9	
US\$: THB	31.8	31.7	32.7	
JPY: US\$	—	—	0.0092	
31 December 2024				
Carrying amount (in US\$m)				
Derivative assets	3	2	17	22
Derivative liabilities	(7)	—	(84)	(91)
Net exposure - notional amount (in US\$m)	478	69	757	1,304
Weighted average contracted rate				
US\$: JPY	143.7	—	101.1	
US\$: THB	33.8	35.9	35.7	
JPY: US\$	—	—	0.0092	

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency risk, the Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows, and enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency risk, ineffectiveness may arise if there are changes in the credit risk of the derivative counterparty. Hedging ineffectiveness in relation to the Group's hedges of foreign currency risk was insignificant during the years ended 31 December 2025 and 2024.

28. Risk management (continued)

Foreign exchange rate risk (continued)

Exposure to foreign exchange rate and sensitivity analysis on foreign exchange rate risk

The Group's foreign currency exposures and the estimated impact of changes in foreign exchange rates are set out in the tables below after taking into account derivative contracts entered into to hedge foreign exchange rate risk. Currency exposure reflects the (a) net notional amount of foreign exchange derivative positions; and (b) net financial instruments and insurance and reinsurance contract balances, by currency. Other currencies for which net exposure is not significant are excluded from the analysis below.

A reasonably possible strengthening or weakening of the following currencies against all other currencies at the reporting date would have affected the measurement of insurance contracts and reinsurance contracts held and financial instruments denominated in foreign currency and affected the profit before tax, total equity and CSM by the amounts shown below. This analysis assumes all other variables remain constant.

US\$m	United States dollar	Hong Kong dollar	Thai Baht	Japanese Yen
31 December 2025				
Financial assets	27,437	724	17,251	2,212
Financial liabilities	(3,591)	(144)	(279)	(86)
Insurance and reinsurance contract assets	686	29	33	2,482
Insurance and reinsurance contract liabilities	(19,346)	(4,063)	(18,179)	(4,851)
Net notional amounts of foreign exchange derivatives	(5,072)	2,675	2,589	927
5% strengthening of original currency				
Impact on profit before tax				
Financial instruments	94	166	(1)	1
Insurance contracts and reinsurance contracts held	(58)	(226)	—	—
Impact on total equity				
Financial instruments	—	162	980	149
Insurance contracts and reinsurance contracts held	—	(201)	(907)	(118)
Impact on CSM				
Insurance contracts and reinsurance contracts held	—	37	78	78
5% strengthening of US dollar				
Impact on profit before tax				
Financial instruments	94	(152)	1	(1)
Insurance contracts and reinsurance contracts held	(58)	213	—	—
Impact on total equity				
Financial instruments	—	(148)	(980)	(149)
Insurance contracts and reinsurance contracts held	—	189	907	118
Impact on CSM				
Insurance contracts and reinsurance contracts held	—	(31)	(78)	(78)

28. Risk management (continued)

Foreign exchange rate risk (continued)

Exposure to foreign exchange rate and sensitivity analysis on foreign exchange rate risk (continued)

US\$m	United States dollar	Hong Kong dollar	Thai Baht	Japanese Yen
31 December 2024				
Financial assets	22,271	968	15,456	2,187
Financial liabilities	(3,376)	(186)	(133)	(84)
Insurance and reinsurance contract assets	313	66	42	2,690
Insurance and reinsurance contract liabilities	(14,465)	(4,072)	(15,312)	(5,613)
Net notional amounts of foreign exchange derivatives	(5,332)	3,185	1,651	1,271
5% strengthening of original currency				
Impact on profit before tax				
Financial instruments	75	201	5	1
Insurance contracts and reinsurance contracts held	(43)	(229)	—	—
Impact on total equity				
Financial instruments	—	197	857	166
Insurance contracts and reinsurance contracts held	—	(200)	(764)	(146)
Impact on CSM				
Insurance contracts and reinsurance contracts held	—	40	62	75
5% strengthening of US dollar				
Impact on profit before tax				
Financial instruments	75	(190)	(5)	(1)
Insurance contracts and reinsurance contracts held	(43)	215	—	—
Impact on total equity				
Financial instruments	—	(187)	(857)	(166)
Insurance contracts and reinsurance contracts held	—	188	764	146
Impact on CSM				
Insurance contracts and reinsurance contracts held	—	(36)	(62)	(75)

Liquidity risk

Liquidity risk primarily refers to the possibility of having insufficient cash available to meet payment obligations when they become due. The Group is exposed to liquidity risk in respect of insurance contracts that permit surrender, withdrawal or other forms of early termination for a cash surrender value specified in the contractual terms and conditions.

To manage liquidity risk the Group has implemented a variety of measures, with an emphasis on flexible insurance product design, so that it can retain the greatest flexibility to adjust contract pricing or crediting rates. The Group also seeks to match, to the extent possible and appropriate, the duration of its investment assets with the duration of its insurance contracts. The Group performs regular monitoring of its liquidity position through cash flow projections.

28. Risk management (continued)

Liquidity risk (continued)

The table below summarises financial assets and liabilities of the Group into their relevant maturity groupings based on the remaining period at the end of the reporting year to their contractual maturities or expected repayment dates. Most of the Group's assets are used to support its insurance contract liabilities. Refer to Note 17 for additional information on the Group's insurance contract liabilities, as well as to the Insurance Risks section within this note.

US\$m	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	No fixed maturity
31 December 2025								
Financial and insurance contract assets								
Fair value through OCI debt securities	37,505	1,403	823	924	1,333	841	32,181	—
Fair value through profit or loss debt securities, equity securities and interests in investment funds	13,346	708	14	20	9	8	1,556	11,031
Loans and deposits	938	370	167	52	19	176	154	—
Derivative financial instruments	407	166	46	60	38	18	79	—
Insurance contract assets (Estimated PV of future cash flow)	2,325	49	166	152	151	142	1,665	—
Reinsurance contract assets (Estimated PV of future cash flow)	3,114	413	161	155	157	151	2,077	—
Other assets	571	548	8	4	1	2	8	—
Cash and cash equivalents	1,487	1,487	—	—	—	—	—	—
Total	59,693	5,144	1,385	1,367	1,708	1,338	37,720	11,031
Financial and insurance contract liabilities								
Insurance contract liabilities (Estimated PV of future cash flow)	(43,704)	(4,110)	(2,721)	(2,409)	(2,325)	(2,374)	(29,765)	—
Reinsurance contract liabilities (Estimated PV of future cash flow)	(1,187)	(155)	(64)	(61)	(62)	(59)	(786)	—
Investment contract liabilities	(17)	—	—	—	—	—	(17)	—
Borrowings	(3,046)	—	—	(497)	—	(1,066)	(1,483)	—
Derivative financial instruments	(490)	(164)	(151)	(97)	(37)	(2)	(39)	—
Other liabilities	(1,168)	(1,136)	(1)	(26)	—	—	(5)	—
Lease liabilities	(114)	(45)	(28)	(12)	(8)	(4)	(17)	—
Total	(49,726)	(5,610)	(2,965)	(3,102)	(2,432)	(3,505)	(32,112)	—

28. Risk management (continued)

Liquidity risk (continued)

US\$m	Total	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	No fixed maturity
31 December 2024								
Financial and insurance contract assets								
Fair value through OCI debt securities	31,408	1,244	1,535	884	1,223	1,308	25,214	—
Fair value through profit or loss debt securities, equity securities and interests in investment funds	11,074	40	44	153	6	16	1,491	9,324
Loans and deposits	902	246	277	54	19	16	290	—
Derivative financial instruments	285	142	29	22	52	6	34	—
Insurance contract assets (Estimated PV of future cash flow)	1,693	293	87	84	72	71	1,086	—
Reinsurance contract assets (Estimated PV of future cash flow)	2,565	338	135	122	116	117	1,737	—
Other assets	538	507	13	2	7	1	8	—
Cash and cash equivalents	1,687	1,687	—	—	—	—	—	—
Total	50,152	4,497	2,120	1,321	1,495	1,535	29,860	9,324
Financial and insurance contract liabilities								
Insurance contract liabilities (Estimated PV of future cash flow)	(36,690)	(4,112)	(2,308)	(2,156)	(1,861)	(1,789)	(24,464)	—
Reinsurance contract liabilities (Estimated PV of future cash flow)	(429)	(35)	(24)	(22)	(20)	(18)	(310)	—
Investment contract liabilities	(32)	—	—	—	—	—	(32)	—
Borrowings	(2,793)	(996)	—	—	—	(887)	(910)	—
Derivative financial instruments	(528)	(172)	(95)	(127)	(97)	(19)	(18)	—
Other liabilities	(1,068)	(1,062)	—	—	(1)	—	(5)	—
Lease liabilities	(106)	(40)	(25)	(22)	(9)	(5)	(5)	—
Total	(41,646)	(6,417)	(2,452)	(2,327)	(1,988)	(2,718)	(25,744)	—

The amounts payable on demand in the insurance contract liabilities represent the policyholders' account values net of surrender charge of US\$45,414m as at 31 December 2025 (2024: US\$38,391m).

29. Employee benefit obligations

(a) Defined benefit plans

The Group operates funded and unfunded benefit plans that provide life and medical benefits for participating employees after retirement and a lump sum benefit on cessation of employment. The locations covered by these plans include Thailand, Japan, the Philippines and Indonesia. The independent actuaries' valuation of the plans for these locations as at the reporting date were prepared by external credentialed actuaries of Mercer (Thailand) Limited, Mercer Japan Limited, Miravite Consulting Group and Kantor Konsultan Aktuaria Halim dan Rekan, respectively. All the actuaries are qualified members of professional actuarial organisations to render the actuarial opinions. Obligations under the defined benefit plans are estimated using the projected unit credit method with discount rate, future salary incremental rate, staff turnover rate and remaining service lives as principal assumptions. The latest actuarial valuations indicate that the Group's obligations under these defined benefit retirement plans are 53 per cent as at 31 December 2025 (2024: 57 per cent), covered by the plan assets held by the trustees. The fair value of plan assets was US\$24m as at 31 December 2025 (2024: US\$23m). The total expenses relating to these plans recognised in the consolidated income statement was US\$6m for the year ended 31 December 2025 (2024: US\$7m).

(b) Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expenses relating to these plans recognised in the consolidated income statement for the year ended 31 December 2025 was US\$23m (2024: US\$24m). Employees and the employers are required to make monthly contributions equal to a certain percentage of the employee's monthly basic salaries, depending on the jurisdictions and the years of service and subject to any applicable caps of monthly relevant income in different jurisdictions. For defined contribution pension plans with vesting conditions, any forfeited contributions by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions are used by the employer to reduce any future contributions. The amount of forfeited contributions used to reduce the existing level of contributions is not material.

30. Share-based compensation

During the year ended 31 December 2025, the Group operated both the Share Option and RSU Plan and the Share Award Plan to reward eligible persons for their services and the achievement of shareholder value targets. These share-based awards are contingent rights to receive ordinary shares or a conditional allocation of ordinary shares. These awards have vesting periods of up to four years and are at nil or nominal cost to the eligible person. Save for in certain circumstances, vesting of time-based vesting awards is conditional upon the eligible person being in active employment with the Group at the time of vesting. Vesting of performance-based vesting awards is, in addition, subject to certain market and non-market performance conditions. Performance-based vesting awards are delivered to the eligible persons at the end of the vesting period conditional upon and depending on the actual achievement of the performance conditions. Award holders do not have any right to dividends or voting rights attaching to the shares prior to delivery of the shares.

On 30 January 2022, the Board of Directors approved and adopted a new Employee Share Purchase Plan ("ESPP") to retain, incentivise, reward, remunerate and/or compensate its eligible persons and drive the performance and growth of the Group's business. The ESPP took effect upon listing with satisfaction of all relevant conditions. During the year ended 31 December 2025, no awards were granted under the ESPP.

Details of RSUs and share options as at 31 December 2025 under the Group's Share Option and RSU Plan and the Share Award Plan are disclosed below.

30. Share-based compensation (continued)

(i) RSUs

	Number of RSUs
As at 1 January 2024	1,775,456
Awarded	—
Forfeited	(579,738)
Vested	(369,308)
As at 31 December 2024	826,410
Awarded	—
Forfeited	(55,462)
Vested	(302,334)
Immediately before the Initial Public Offering	468,614
Upon the Initial Public Offering	
RSUs adjusted after Share Consolidation	27,115,200
Vested	(1,455,870)
Immediately after the Initial Public Offering	25,659,330
After the Initial Public Offering	
Awarded	9,451,615
Forfeited	(1,116,573)
Vested	—
As at 31 December 2025	33,994,372

For the year ended 31 December 2024, the awards presented in the table above includes awards granted as stapled share units of FWD Limited and FWD Group Limited (“Staple Share Units”), and excludes awards granted based on a fixed monetary value.

For the year ended 31 December 2025, upon the Initial Public Offering, RSUs adjusted after Share Consolidation consisted of (i) outstanding awards granted as Staple Share Units immediately prior to the Initial Public Offering, which were converted into the Company’s RSUs based on the Listing Price; (ii) outstanding awards granted based on a fixed monetary value prior to the Initial Public Offering, which were converted into the Company’s RSUs based on the Listing Price and (iii) 1,455,870 RSUs granted to directors and a former director, which became vested upon the Initial Public Offering.

30. Share-based compensation (continued)

(i) RSUs (continued)

Valuation methodology

RSUs with time-based vesting criteria, the Group determines the fair value of the awards by reference to the market value of the shares at the respective grant dates. For RSUs with performance-based vesting conditions, the Group utilises a binomial option pricing model to calculate the fair value of the RSUs, taking into account the terms and conditions upon which the grants were made. Significant assumptions include expected volatility and risk-free interest rates. The expected volatility of the shares is estimated based on an analysis of market-implied volatility of comparators, incorporating certain management judgements. The risk-free interest rate is estimated based on the market implied yield of the Government Bonds issued by the Hong Kong Monetary Authority over two years. The simulation for achievement of market conditions depends on assumptions of expected volatility of the shares and other market comparators as well as the correlations. These assumptions are estimated based on an analysis of historical data over a period consistent with the expected life of the RSUs.

Forfeitures prior to vesting are not allowed for in the valuation of the grants.

The total fair value of RSUs granted during the year ended 31 December 2025 was US\$86m (2024: US\$44m).

Recognised compensation cost

The fair value of the employee services received in exchange for the grant of RSUs is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity.

The total expense recognised in the consolidated financial statements related to RSUs granted by the Group for the year ended 31 December 2025 was US\$35m (2024: US\$18m).

(ii) Share options

As at 31 December 2025, no share options were outstanding (2024: 35,886). No share options were granted by the Group during the year ended 31 December 2025 and 2024 under the Group's Share Option and RSU Plan or the Share Award Plan.

The total expense recognised in the consolidated financial statements related to share options granted under the Share Option and RSU Plan and the Share Award Plan by the Group for the year ended 31 December 2025 was US\$1m (2024: US\$1m).

The share options that have not been vested and/or have not been exercised as at 30 June 2025 and before the date of the Initial Public Offering, became zero in value after the completion of the Initial Public Offering. As a result, there are no outstanding share options as at 31 December 2025.

31. Remuneration of directors and key management personnel

Directors' remuneration

The Executive Directors receive compensations in the form of salaries, share-based payments, contributions to pension schemes and benefits in kind subject to applicable laws, rules and regulations. Share-based payments represent the variable components in the Executive Director's compensation and are linked to the performance of the Group and the individual Executive Director. Details of share-based payment scheme are described in Note 30.

Executive Directors

US\$	Director's fees	Salaries, allowances and benefits in kind ¹	Bonuses	Share-based payments ²	Pension scheme contributions	Total
Year ended 31 December 2025						
Huynh Thanh Phong ³	—	1,281,795	4,056,536	1,461,751	45,534	6,845,616
Li Tzar Kai, Richard	—	—	—	—	—	—
Total	—	1,281,795	4,056,536	1,461,751	45,534	6,845,616

US\$	Director's fees	Salaries, allowances and benefits in kind ¹	Bonuses	Share-based payments ²	Pension scheme contributions	Total
Year ended 31 December 2024						
Huynh Thanh Phong ³	—	1,592,065	1,831,896	—	—	3,423,961
Li Tzar Kai, Richard	—	—	—	—	—	—
Total	—	1,592,065	1,831,896	—	—	3,423,961

Notes:

¹ Includes non-cash benefits for medical and life insurance, club and professional membership.

² Includes amortised expenses for unvested RSUs under the Group's Share Award Plan.

³ Huynh Thanh Phong is the Group Chief Executive Officer during the years presented. He receives his remuneration exclusively for his role as Group Chief Executive Officer and receives no separate fees for his role as director of the Company or for acting as a director of any subsidiary of the Company.

31. Remuneration of directors and key management personnel (continued)

Directors' remuneration (continued)

Non-executive Directors

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share-based payments ²	Pension scheme contributions	Total
Year ended 31 December 2025						
Walter Kielholz	206,248	—	—	—	—	206,248
John Dacey	133,728	—	—	500,000	—	633,728
Total	339,976	—	—	500,000	—	839,976

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share-based payments ²	Pension scheme contributions	Total
Year ended 31 December 2024						
Walter Kielholz	206,249	—	—	—	—	206,249
John Dacey	—	—	—	—	—	—
Total	206,249	—	—	—	—	206,249

Notes:

¹ All directors receive the fees for their role as a director of the Company and as a director of subsidiaries of the Company.

² Includes amortised expenses for unvested RSUs under the Group's Share Option and RSU Plan.

31. Remuneration of directors and key management personnel (continued)

Directors' remuneration (continued)

Independent Non-executive Directors

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share-based payments ³	Pension scheme contributions	Total
Year ended 31 December 2025						
	178,211	—	—	—	—	178,211
	234,881	—	—	—	—	234,881
	229,928	—	—	—	—	229,928
	241,617	—	—	—	—	241,617
	1,155,684	—	—	—	—	1,155,684
	235,995	—	—	—	—	235,995
	28,413	—	—	—	—	28,413
	173,644	—	—	—	—	173,644
	185,049	—	—	—	—	185,049
	192,798	—	—	—	—	192,798
Total	2,856,220	—	—	—	—	2,856,220

US\$	Director's fees ¹	Salaries, allowances and benefits in kind	Bonuses	Share-based payments ³	Pension scheme contributions	Total
Year ended 31 December 2024						
	185,171	—	—	—	—	185,171
	224,490	—	—	500,000	—	724,490
	234,048	—	—	—	—	234,048
	248,483	—	—	—	—	248,483
	1,155,204	—	—	—	—	1,155,204
	235,952	—	—	—	—	235,952
	207,242	—	—	—	—	207,242
Total	2,490,590	—	—	500,000	—	2,990,590

Notes:

¹ All directors receive the fees for their role as a director of the Company and as a director of subsidiaries of the Company.

² Sun Po Yuen resigned on 18 February 2025.

³ Includes amortised expenses for unvested RSUs under the Group's Share Option and RSU Plan.

⁴ Laura Deal-Lacey, Leung Ka Kui, Dominic and Andrew Weir were appointed as Independent Non-executive Directors of the Company on 18 February 2025.

31. Remuneration of directors and key management personnel (continued)

Remuneration of five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2024: one) director. The emoluments payable to five highest-paid individuals during the year are as follows:

US\$	Director's fees ¹	Salaries, allowances and benefits in kind ²	Bonuses	Share-based payments ³	Pension scheme contributions	Other payments ⁴	Total
Year ended 31 December 2025	—	7,267,258	10,828,999	14,375,641	157,721	464,211	33,093,830
Year ended 31 December 2024	—	5,976,724	6,241,988	6,389,996	164,916	9,570,859	28,344,483

Notes:

¹ Includes the fees for their role as a director of the Company and as a director of subsidiaries of the Company.

² Includes non-cash benefits for medical and life insurance, club and professional membership.

³ Includes amortised expenses for unvested RSUs and share options under the Group's Share Option and RSU Plan and the Share Award Plan.

⁴ Includes i) amortised expenses in relation to the awarded compensation to key management personnel to incentivise and replace forfeited compensation on leaving their formal employment with their previous employers and ii) compensation for loss of office including contractual payments of US\$nil (2024: US\$1.0m) and other payments of US\$nil (2024: US\$2.6m).

The emoluments fell within the following bands:

HK\$	Year ended 31 December 2025	Year ended 31 December 2024
18,500,001-19,000,000	1	—
26,500,001-27,000,000	—	2
28,500,001-29,000,000	—	1
29,500,001-30,000,000	—	1
39,000,001-39,500,000	1	—
46,500,001-47,000,000	1	—
53,000,001-53,500,000	1	—
99,500,001-100,000,000	1	—
108,500,001-109,000,000	—	1

31. Remuneration of directors and key management personnel (continued)

Key management personnel remuneration

Key management personnel of the Group are those that have the authority and responsibility for planning, directing and controlling the activities of the Group. The summary of compensation of key management personnel is as follows.

US\$m	Year ended 31 December 2025	Year ended 31 December 2024
Short-term employee benefits	30	22
Share-based payments	17	13
Other benefits	—	6
Total	47	41

The key management personnel remuneration fell within the following bands:

US\$	Year ended 31 December 2025	Year ended 31 December 2024
≤ 500,000	13	10
500,001-1,000,000	1	3
1,000,001-1,500,000	2	4
1,500,001-2,000,000	4	2
2,000,001-2,500,000	2	—
3,000,001-3,500,000	—	2
3,500,001-4,000,000	—	2
4,500,001-5,000,000	1	—
5,500,001-6,000,000	1	—
6,500,001-7,000,000	1	—
12,500,001-13,000,000	1	—
13,500,001-14,000,000	—	1

32. Related party transactions

(a) Compensation of directors and key management personnel of the Group:

Remuneration of directors and key management personnel is disclosed in Note 31.

(b) Transactions and balances with related parties:

The Group has transactions with certain related companies and these consolidated financial statements reflect the effect of these transactions which are conducted in accordance with terms mutually agreed between the parties. In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the reporting year.

- (i) Related companies charged US\$35m (2024: US\$30m) for the provision of telecommunication, IT and investment advisory, advertising and consulting services to the Group.
- (ii) The Group has underwritten various group insurance contracts with related companies. The total premium received from those contracts for the year ended 31 December 2025 was US\$24m (2024: US\$23m).
- (iii) The Group has entered into reinsurance contract arrangements with related companies. The total premiums ceded, claim recoveries received and commission income received for the year ended 31 December 2025 was US\$26m (2024: US\$49m), US\$19m (2024: US\$23m) and US\$1m (2024: US\$3m), respectively.
- (iv) The Group has accepted certain liabilities in connection with reinsurance contracts from a related company. The total premium revenue received, claims incurred and commissions paid from these contracts for the year ended 31 December 2025 was US\$23m (2024: US\$22m), US\$17m (2024: US\$15m) and US\$3m (2024: US\$3m), respectively.
- (v) The Group charged a related company US\$1m (2024: US\$1m) for administration services.
- (vi) The Group held a call option, pursuant to which the Group has the right to acquire a minority stake in a related company at a discounted price. As at 31 December 2025, the fair value of the call option was US\$58m (2024: US\$61m).
- (vii) The Group held financial investments of US\$99m issued or controlled by related companies as at 31 December 2025 (2024: US\$23m).
- (viii) During the year ended 31 December 2024, the Group redeemed perpetual securities with aggregate principal amounts of US\$144m from related companies. There were no outstanding perpetual securities held by related companies after the redemptions. The total distributions accrued to these related companies for the year ended 31 December 2025 was US\$nil (2024: US\$7m). Refer to Notes 26.3 for further details.
- (ix) The Group has investment fund balances of US\$nil managed by related companies as at 31 December 2025 (2024: US\$98m).
- (x) The Group had amounts due from related companies of US\$4m as at 31 December 2025 (2024: US\$7m). The amounts due are unsecured, interest-free and repayable on demand.
- (xi) The Group had outstanding payables to related companies of US\$3m as at 31 December 2025 (2024: US\$5m). The payables due are unsecured, interest-free and repayable on demand.

32. Related party transactions (continued)

(b) Transactions and balances with related parties: (continued)

- (xii) Loans to directors, disclosed pursuant to the Appendix D2(28)(1)(b)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, are as follows:

US\$000	As at 31 December 2025	Maximum amount outstanding during the year	As at 31 December 2024 and 1 January 2025	Maximum amount outstanding during the year	As at 1 January 2024	Security Held
Independent Non-executive Directors						
Ma Si Hang, Frederick	256	256	256	256	—	None
Chung Kit Hung, Martina	226	226	226	226	—	None
Yijia Tiong	15	15	—	—	—	None
Dirk Sluimers	84	84	—	—	—	None
Total	581		482		—	

The loans to directors are interest-free and are repayable based on the terms set out in the loan agreements.

(c) Transactions and balances with associates:

- (i) The Group has entered into broker and non-exclusive distribution agreements with associates, pursuant to which the total commission expenses recognised by the Group for the year ended 31 December 2025 was US\$18m (2024: US\$16m).
- (ii) The Group had amount due from an associate of US\$1m as at 31 December 2025 (2024: US\$nil). The amount due is unsecured, interest-free and repayable on demand.
- (iii) The Group had a loan to an associate of US\$nil as at 31 December 2025 (2024: US\$4m) which is interest-bearing and repayable on the maturity date.

The related party transactions above, except for (c)(i), (c)(ii) and (c)(iii), constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The related party transactions that are considered non-trade in nature are identified as (b)(vi), (b)(viii), b(xii) and (c)(iii).

33. Commitments and contingencies

Operating lease commitments – Group as a lessor

The Group leased its investment property portfolio under lease terms ranging between 1 and 30 years. As at the reporting date, the Group had total future minimum rental receivable under non-cancellable operating leases falling due as follows:

US\$m	As at 31 December 2025	As at 31 December 2024
Within one year	15	16
In the second to fifth years	32	36
Over five years	40	46
Total	87	98

Investment and capital commitments

The Group has investments and capital commitments to invest in its private equity partnerships and other financial investments.

US\$m	As at 31 December 2025	As at 31 December 2024
Within one year	505	393
In the second to fifth years	935	660
Total	1,440	1,053

As at 31 December 2025, the Group had capital expenditure commitment of US\$nil (2024: US\$43m) relating to the extension of a distribution right. Refer to Note 13 for further information.

As at 31 December 2025, the Group had planned to invest a total of US\$35m (2024: US\$46m) in Malaysia.

As at 31 December 2025, the Group agreed to make additional payments in aggregate amounts of up to US\$34m (2024: US\$31m) in relation to acquisitions.

Contingencies

The Group is subject to regulation in each of the geographical markets in which it operates from insurance business, and other regulators and is exposed to the risk of regulatory actions in response to perceived or actual non-compliance with regulations relating to suitability, sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties. The Group believes that these matters have been adequately provided for in these consolidated financial statements.

The Group is exposed to risk exposures including legal proceedings, complaints etc. from its activities including those arising from commercial activities, sales practices, suitability of products, policies and claims. The Group believes that these matters are adequately provided for in these consolidated financial statements.

34. Subsidiaries

Particulars of the principal subsidiaries of the Company are as follows:

Name of entity	Place of incorporation and operation	Principal activity	Issued share capital	As at 31 December 2025		As at 31 December 2024	
				Group's interest %	NCI's interest %	Group's interest %	NCI's interest %
FWD Limited	Cayman Islands	Investment holding	24,308,874 ordinary shares of US\$0.01 each 8,202,225 preference shares of US\$0.01 each 9,587,168 convertible preference shares of US\$0.01 each	100%	—	100%	—
FWD Group Limited	Cayman Islands	Investment holding	24,308,874 ordinary shares of US\$0.01 each 8,202,225 preference shares of US\$0.01 each 9,587,168 convertible preference shares of US\$0.01 each	100%	—	100%	—
FWD Group Management Holdings Limited	Hong Kong	Group management	15,223,900 ordinary shares of US\$100 each 1 ordinary share of HK\$1	100%	—	100%	—
FWD Management Holdings Limited	Hong Kong	Investment holding	24,132,591 ordinary shares of US\$100 each 2 ordinary shares of HK\$3,255,523,426 each	100%	—	100%	—
FWD Life Insurance Company (Bermuda) Limited	Bermuda/ Hong Kong/ Singapore	Life insurance	US\$1,855,892,759 divided into 1,855,892,759 ordinary shares of US\$1 each	100%	—	100%	—
FWD Life (Hong Kong) Limited	Hong Kong	Life insurance	HK\$9,431,186 divided into 9,431,186 ordinary shares issued at HK\$1 each	100%	—	100%	—
FWD Life Assurance Company (Hong Kong) Limited	Hong Kong	Life insurance	HK\$381,625,000 divided into 76,325 ordinary shares issued at HK\$5,000 each	100%	—	100%	—
FWD Life Insurance Company (Macau) Limited	Macau	Life insurance	MOP681,437,500 divided into 6,814,375 ordinary shares of MOP100 each	100%	—	100%	—
FWD Life Insurance Public Company Limited	Thailand	Life insurance	3,006,360,171 ordinary shares of THB10 each	87%	13%	87%	13%
FWD Life Insurance (Cambodia) Plc.	Cambodia	Life insurance	1,235,600 Ordinary shares of KHR100,000 each	100%	—	100%	—
FWD Life Insurance Company, Limited	Japan	Life insurance	1,310,000 ordinary shares of JPY28,816.8 each	100%	—	100%	—
FWD Reinsurance SPC, Ltd.	Cayman Islands	Life reinsurance	50,000 ordinary shares of US\$0.01 each	100%	—	100%	—
FWD Life Insurance Corporation	Philippines	Life insurance	2,300,000,000 ordinary shares of PHP1 each	100%	—	100%	—
PT FWD Insurance Indonesia	Indonesia	Life insurance	8,316,071 ordinary shares of Rp1,000,000 each	79%	21%	79%	21%
PT FWD Insurance Indonesia Syariah ²	Indonesia	Life insurance	50 ordinary shares of Rp1,000,000 each	100%	—	N/A	N/A
FWD Singapore Pte. Ltd.	Singapore	Life and general insurance	292,683,678 ordinary shares of SGD344,000,004.05 issued share capital	100%	—	100%	—
FWD Takaful Berhad	Malaysia	Life Insurance	2,000,000 ordinary shares of RM50 each 7,290 preference shares of RM100,000 each	70%	30%	70%	30%
FWD Insurance Berhad	Malaysia	Life Insurance	519,000,000 ordinary shares of RM1 each	14%	86%	14%	86%
FWD Vietnam Life Insurance Company Limited	Vietnam	Life insurance	Contributed capital of VND19,102,000,000,000	100%	—	100%	—

¹ All of the above subsidiaries are audited by Ernst & Young.

² PT FWD Insurance Indonesia Syariah was incorporated on 1 December 2025.

34. Subsidiaries (continued)

All subsidiaries are unlisted. Except for FWD Takaful Berhad, FWD Life Insurance Public Company Limited and FWD Insurance Berhad, the principal subsidiaries are fully consolidated in the consolidated financial statements reflecting the economic interests to the Group.

35. Events after the reporting year

Save as disclosed in these consolidated financial statements, there are no other events after reporting year to disclose.

36. Statement of financial position of the Company

US\$m	Notes	As at 31 December 2025	As at 31 December 2024
ASSETS			
Investment in subsidiaries	34	8,470	8,470
Financial investments			
At fair value through profit or loss			
Interests in investment funds		183	—
Derivative financial instruments		1	2
		184	2
Amounts due from subsidiaries		3,484	3,591
Other assets		11	15
Cash and cash equivalents		44	271
Total assets		12,193	12,349
LIABILITIES			
Borrowings	24	3,046	2,793
Derivative financial instruments		2	—
Current tax liabilities		8	2
Amounts due to subsidiaries		84	73
Other liabilities		53	61
Total liabilities		3,193	2,929
EQUITY			
Share capital and share premium	26	9,477	9,010
Other reserves	26	82	22
Accumulated losses		(928)	(519)
Total equity of the Company attributable to:			
Shareholders of the Company		8,631	8,513
Perpetual securities	26	369	907
Total equity		9,000	9,420
Total liabilities and equity		12,193	12,349

Approved and authorised for issue by the Board of Directors on 16 March 2026.

Ma Si Hang, Frederick
Director

Huynh Thanh Phong
Director

37. Statement of changes in equity of the Company

US\$m	Attributable to shareholders of the Company				
	Share capital and share premium	Other reserves	Accumulated losses	Perpetual securities ¹	Total equity
Balance as at 1 January 2025	9,010	22	(519)	907	9,420
Net loss	—	—	(195)	83	(112)
Shares issued pursuant to the Initial Public Offering and the partial exercise of Over-allotment Option	466	—	—	—	466
Shares issued under the share-based compensation plans	7	(7)	—	—	—
Distribution paid to perpetual securities holders ²	—	—	—	(85)	(85)
Redemption of perpetual securities	—	—	(214)	(536)	(750)
Share-based compensation ³	—	67	—	—	67
Others	(6)	—	—	—	(6)
Balance as at 31 December 2025	9,477	82	(928)	369	9,000

US\$m	Attributable to shareholders of the Company				
	Share capital and share premium	Other reserves	Accumulated losses	Perpetual securities ¹	Total equity
Balance as at 1 January 2024	9,010	22	(182)	1,566	10,416
Net loss	—	—	(310)	125	(185)
Distribution paid to perpetual securities holders ²	—	—	—	(136)	(136)
Redemption of perpetual securities ¹	—	—	(27)	(648)	(675)
Balance as at 31 December 2024	9,010	22	(519)	907	9,420

Notes:

¹ As at 31 December 2025, there were perpetual securities issued by the Company to a subsidiary with nominal amount of US\$239m (2024: US\$239m) and carrying amount of US\$166m (2024: US\$166m). The coupon rate for these perpetual securities was 8.625 per cent for the year ended 31 December 2025 (2024: 8.625 per cent). On 28 May 2024, the Company partially settled perpetual securities of US\$75m in nominal amount to its subsidiary, the difference between the carrying amount of the settled perpetual securities and the cash paid upon redemption of US\$23m was recognised in accumulated losses on the date of redemption. These are intra-group transactions and balances that are eliminated when preparing the Group's consolidated financial statements.

² For the year ended 31 December 2025, there were distributions of US\$21m related to perpetual securities held by a subsidiary (2024: US\$24m). These are intra-group transactions that are eliminated when preparing the Group's consolidated financial statements.

³ Share-based awards granted by the Group prior to the listing under the Share Option Plan and the RSU Plan (the "Pre-IPO Awards") related to shares of FWD Limited ("FL") and FWD Group Limited ("FGL"). The shares underlying the Pre-IPO Awards that remained outstanding immediately after the listing will be issued by the Company in accordance with the terms of the Pre-IPO Awards to settle those awards. Accordingly, immediately after the Initial Public Offering, share-based payment reserves of US\$49 million were derecognised by FL and FGL and recognised by the Company.

Independent report on the review of supplementary embedded value information



FWD Group Holdings Limited 富衛集團有限公司 (“FWD Group”, “FWD”, “the Company”, “you” or “your”) has prepared, in respect of FWD Group and its subsidiaries, the embedded value (“EV”) as at 31 December 2025 and the value of new business (“VNB”) for the twelve months¹ ended 31 December 2025 using traditional embedded value (“TEV”) methodology. The Company has also prepared additional analyses, including:

- Analysis of EV movement for the twelve months ended 31 December 2025;
- EV equity as at 31 December 2025;
- Free surplus generation for the twelve months ended 31 December 2025;
- Earnings profile as at 31 December 2025; and
- Sensitivity analysis on EV and VNB.

The EV, VNB and additional analyses are collectively referred to as the “EV Results”. For comparison purposes, the equivalent EV, EV equity and earnings profile results have also been presented as at 31 December 2024 while the equivalent VNB, analysis of EV movement and free surplus generation have been presented for the year ended 31 December 2024. The EV Results, along with the methodology and assumptions that have been used to prepare the Results, have been summarised by the Company as part of the supplementary embedded value information (“EV Disclosure”) in the Annual Report as at, or for the twelve months ended 31 December 2025. This letter (“Opinion Letter”) should be read in conjunction with the EV Disclosure.

Scope of Services

Milliman Limited (“Milliman”, “we”, “us” or “our”) has been engaged by FWD Group to independently review and provide an opinion on the EV Results. Our scope of work, prepared in accordance with our engagement letter dated 11 March 2024 and the addendum to this engagement letter dated 6 October 2025, involved the following:

- We have reviewed the methodology and derivation of assumptions used to determine the EV Results presented in the EV Disclosure.
- We have reviewed the analysis that has been performed by FWD Group to support the risk discount rates.
- We have reviewed certain elements of the Valuation Models² used to determine VIF and VNB.
- We have performed checks on the EV Results by Business Unit and have reviewed the consolidated EV Results for FWD Group.

Notes:

1. Except for BRI Life where thirteen month results, i.e. from 30 November 2024 to 31 December 2025, have been included after the removal of one-month lag in the reporting period. This statement applies through out the EV Disclosure report.
2. Valuation Models refer to models developed in Prophet, a proprietary modelling software provided by a third party, FIS, and spreadsheets developed in Microsoft Excel for compilation of results and off-model adjustments.

MILLIMAN OPINION

Based on our review of the methodology and assumptions used by FWD to calculate the EV Results, Milliman concludes that:

- The methodology used to calculate the EV Results is consistent in all material respects with the EV Policy.
- The methodology specified in the EV Policy is in all material respects comparable to the TEV methodology commonly adopted by listed insurers incorporated in Asia. There are, however, certain features within the methodology that are specific to FWD given the maturity of some of its Business Units.
- The operating assumptions used to calculate the EV Results have been developed using the operating experience of the Business Units, with allowance for expected future trends where applicable, or have been set with reference to industry experience or pricing assumptions where the experience of the Business Units is not statistically credible. EV Results have been determined using long-term expense assumptions set on the basis that Business Units will be able to eliminate expense overruns in the short to medium term in line with internal business plans. An increase in expenses or a reduction in sales compared to the assumptions used in the business plan forecasts could lead to an increase in expense assumptions and adversely affect the EV Results.
- The economic assumptions used to develop the EV Results have been determined having regard to the investment policy of each Business Unit, and current and expected future economic conditions, and are broadly consistent with economic assumptions adopted by insurers in Asia that report on a TEV basis. Checks have also been performed at a FWD Group level to validate the consistency of the allowance for risk in the risk discount rate with market consistent valuation approaches.
- The EV Results have been prepared in all material respects in accordance with the methodology and assumptions described in the EV Disclosure. This has been validated through the sample model point checks performed for products making up over 90% of VIF (measured by in-force statutory reserves) and 90% of VNB (measured by NB APE) for each Business Unit.

Reliances and Limitations

In carrying out our work and producing this Opinion Letter we have relied on information supplied by FWD. Reliance was placed on, but not limited to, the accuracy of the information provided to us. We have performed no audits or independent verification of the information furnished to us. FWD Group has confirmed to us that the data and information it has provided to us is accurate and complete.

The EV Results include non-IFRS results and should not be viewed as a substitute for IFRS results. The results as presented in the EV Disclosure are not intended to represent the market value of the company. Rather, it is derived from a projection of future earnings and, therefore, reflects the value of a company's earnings potential under a specific set of assumptions.

The actuarial valuation of FWD Group has been developed on a going concern basis and assumes a continuation of the current, economic, political and social environment in the markets in which FWD Group operates. It therefore inherently assumes that the environment will remain stable. Any political, economic or social instability in these markets would add a degree of uncertainty to the results presented. In particular, the EV Results have been based on long-term unit cost loadings determined in accordance with FWD's business plan forecasts. Any large movements in equity markets or interest rates could have a material impact on the EV Results.

In determining the EV Results of FWD Group, assumptions have been made about future experience, including economic and investment experience, mortality, morbidity, persistency, expenses and taxes. Actual experience may differ from that assumed in the projections used to calculate the EV Results. To the extent actual experience is different from the assumptions, actual results will also differ from the results shown. The sensitivity of results to certain changes in assumptions is provided in the EV Disclosure.

The expense assumptions have been chosen on the basis that each Business Unit would continue to operate on a going concern basis. They do not take into account any future changes to product strategy, sales volumes or other matters that may have a consequential impact on product specific expense loadings. They also do not take into account any strategic FWD Group spending or any matters that could lead to an increase in such spending beyond what has been planned and set aside in the VIF. The assumptions, including the allowance for Group Office expenses, have also been set with reference to Board approved business plans prepared by the Company. We have relied on the business plans provided to us and have not reviewed the assumptions underlying them.

We have not attempted to assess the suitability or quality of the assets held by FWD Group or its reinsurance strategy. We have also not assessed, or made allowance for, any claims against FWD Group other than those made by policyholders under the normal terms of life insurance business. In particular, no account has been taken of liabilities in respect of pension entitlements, stock option plans, service contracts, leases and breaches of regulations.

No investigation has been made into the accuracy of the unit pricing and unit allocation procedures adopted by each Business Unit.

The EV Results have been prepared by FWD using the Company's Valuation Models. Although we have performed extensive checks on the Valuation Models and underlying results, our checks were not exhaustive, and hence may not have uncovered all potential issues.

The EV Results set out in the EV Disclosure do not include any allowance for withholding or other taxes that may apply to the payment of shareholder dividends on remittances out of the Business Units. Separately, we note that a consolidated tax adjustment has been made to reflect the impact of the global minimum tax rate of 15% prescribed by the Organisation for Economic Co-operation and Development. We are not tax advisors and have relied on FWD Group's internal assessment. Based on FWD Group's assessment, the dividend leakage due to withholding tax is minimal (approximately 1% of operating entity EV as of 31 December 2025), and that the approach taken with respect to withholding tax is appropriate for EV reporting purposes.

Reserves, cost of capital and tax have been calculated using the prevailing regulatory and tax frameworks applicable at the respective Valuation Dates (i.e. 31 December 2025 or 31 December 2024), and do not take into account any future changes in these frameworks. With the introduction of the group-wide supervision framework by the Hong Kong Insurance Authority effective from 29 March 2021, FWD Group also performs internal analyses at least annually (the last study was as at 31 December 2025) to validate that the framework will not result in an increase in capital requirements beyond what has been assumed in the EV Results set out in the EV Disclosure. We have not reviewed these internal analyses. We have also relied on the opinion of the operating entities' Appointed Actuaries and auditors that the reserves and capital requirements held as at the respective Valuation Dates comply with the prevailing regulations. Effective from 31 March 2026, capital regulations in Japan are changing to an economic value basis. The new framework is under development based on the International Capital Standard. It is important to note that this regulatory change is not incorporated in the EV Results presented in the EV Disclosure. A sensitivity analysis to assess the potential impact of the new economic value-based solvency requirement is shown in Section 3 of the EV Disclosure report.

The EV Results allow for adjustments to dividends, profit sharing and crediting rate assumptions taking into account the investment return assumptions and profit sharing rules defined in regulations and/or internal company governance. We have relied on the Business Units' application of these rules within the Valuation Models and note that the impact on the results if the rules incorporated in the Valuation Models are not followed in actual practice can be material.

The EV Results presented in the EV Disclosure assume the ability to continue to optimise capital through existing external and internal reinsurance arrangements. Any revisions to these arrangements, due to regulatory change or other factors, may have a material impact on the EV Results.

On behalf of Milliman Limited

Wen Yee Lee FIAA
Principal & Consulting Actuary
16 March 2026

Clement Bonnet IA, FASHK
Principal & Consulting Actuary
16 March 2026

Supplementary embedded value information

1. Highlights

The embedded value (“EV”) is a measure of the value of shareholders’ interests in the distributable earnings from assets allocated to the in-force business after allowance for the aggregate risks in that business. The Group uses a traditional, deterministic discounted cash flow methodology to calculate its EV and value of new business (“VNB”). This methodology makes an implicit overall level of allowance for risk including the cost of investment return guarantees and policyholder options, asset-liability mismatch risk, credit risk, the risk that actual experience in future years differs from that assumed, and the economic cost of capital, through the use of a risk discount rate. The equity attributable to shareholders of the Company on the embedded value basis (“EV Equity”) is the total of EV, goodwill and other intangible assets attributable to shareholders of the Company. More details on the EV results, methodology and assumptions are covered in later sections of this EV Disclosure report.

Summary of key metrics (US\$ millions)

	As at 31 December 2025	As at 31 December 2024	Change CER	Change AER
EV Equity	10,128	8,736	12.1 %	15.9 %
Group Embedded value (EV)	6,850	5,569	18.9 %	23.0 %
Adjusted net worth (ANW)	3,293	2,597	19.7 %	26.8 %
Value of in-force business (VIF)	3,557	2,972	18.1 %	19.7 %
EV per share (US\$)¹	5.37	4.73	9.7 %	13.6 %
EV Equity per share (US\$)¹	7.94	7.41	3.5 %	7.1 %

	Twelve months ended 31 December 2025	Twelve months ended 31 December 2024	Change CER	Change AER
Value of new business (VNB)	945	834	10.5 %	13.3 %
Annualised premium equivalent (APE)	2,446	1,916	25.0 %	27.7 %
PV New Business Premium (PVNBP)	12,168	9,333	27.7 %	30.4 %
New business margin (% of APE)	38.6 %	43.5 %	(5.1) pps	(4.9) pps
New business margin (% of PVNBP)	7.8 %	8.9 %	(1.2) pps	(1.2) pps

	Twelve months ended 31 December 2025	Twelve months ended 31 December 2024	Change CER	Change AER
EV operating profit	1,547	1,152	32.9 %	34.3 %
EV operating profit per share (US cents) ²	126.21	97.75	27.8 %	29.1 %
Underlying free surplus generation	893	722	24.9 %	23.6 %
Free surplus to fund new business	(36)	(14)	nm	nm
Net underlying free surplus generation	857	709	19.7 %	20.9 %
Basic net UFSG per share (US cents) ²	69.93	60.16	15.1 %	16.2 %

Notes:

- The number of ordinary shares outstanding as at 31 December 2025 is 1,276,005,277. The adjusted number of ordinary shares outstanding as at 31 December 2024 is 1,178,205,907, which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed as of the reporting date. Refer to note 1.2 in the consolidated financial statements for further information.
- The adjusted weighted average number of ordinary shares outstanding for the year ended 31 December 2025 is 1,225,488,773 (2024: 1,178,205,907), which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed at the beginning of each reporting period. Refer to notes 1.2 and 5.4 in the consolidated financial statements for further information.

2. Embedded value results

2.1 Embedded value by business unit

The EV as at 31 December 2025 is presented consistently with the segment information in the IFRS consolidated financial statements.

Summary of EV by Business Unit¹ (US\$ millions)

Business Unit	As at 31 December 2025			As at 31 December 2024		
	ANW	VIF	EV	ANW	VIF	EV
Hong Kong and Macau	1,869	2,212	4,081	1,923	1,718	3,641
Thailand and Cambodia	2,279	464	2,743	1,898	458	2,356
Japan	1,320	959	2,278	1,288	945	2,233
Emerging Markets	1,008	455	1,463	902	332	1,234
Operating entity EV	6,476	4,090	10,566	6,010	3,453	9,463
Plus: Corporate & Other net assets	320	—	320	357	—	357
Less: Unallocated Group Office expenses	—	(487)	(487)	—	(477)	(477)
Less: Global minimum tax provision ²	(19)	(46)	(65)	—	(4)	(4)
Less: Financing	(3,484)	—	(3,484)	(3,770)	—	(3,770)
Group EV	3,293	3,557	6,850	2,597	2,972	5,569
Goodwill and other intangible assets			3,279			3,167
Group EV Equity			10,128			8,736

Notes:

1. ANW by Business Unit is after net capital flows between Business Units and Group Office as reported in the IFRS consolidated financial statements.
2. Please refer to the Section 4.2 of this EV Disclosure report for the methodology of global minimum tax provision.

2. Embedded Value Results (Continued)

2.2 Reconciliation of ANW from IFRS Equity

Derivation of the consolidated ANW from IFRS equity (US\$ millions)

	As at 31 December 2025	As at 31 December 2024
IFRS equity attributable to equity holders	6,817	6,753
Difference between IFRS and local statutory asset and liability items	(1,001)	(726)
Mark-to-market adjustment for property and mortgage loan and other investments, net of amounts attributable to participating funds	1,046	585
Elimination of intangible assets	(3,417)	(3,327)
Recognition of tax impacts	89	95
Recognition of non-controlling interest impacts of the above adjustments	(37)	(42)
Elimination of external perpetual securities	(203)	(741)
ANW	3,293	2,597

2.3 Breakdown of ANW

The breakdown of the ANW for the Group between the required capital, as defined in Section 4.5 of this EV Disclosure report, and the free surplus, which is the ANW in excess of the required capital, is set out below:

Free surplus and required capital for the Group (US\$ millions)

	As at 31 December 2025			As at 31 December 2024		
	Op. Entity	Corp. and others	Total	Op. Entity	Corp. and others	Total
Free Surplus	4,552	301	4,853	4,081	357	4,438
Required Capital	1,924	—	1,924	1,929	—	1,929
Less: Financing	—	(3,484)	(3,484)	—	(3,770)	(3,770)
ANW	6,476	(3,183)	3,293	6,010	(3,413)	2,597

2. Embedded Value Results (Continued)

2.4 Value of New Business

The APE, VNB and new business margin (% of APE) for the Group for the twelve months ended 31 December 2025 is summarised in the table below. The VNB is defined as the present value, at the point of sale, of the projected after-tax statutory profits less the cost of required capital. Results are presented consistently with the segment information in the IFRS consolidated financial statements. The new business margin (% of APE) and new business margin (% of PVNBP) are defined as VNB expressed as a percentage of APE and PVNBP respectively. APE is defined as annualised regular premiums plus 10 per cent of single premiums and PVNBP is defined as the present value of projected new business premium. Section 4.1 of this EV Disclosure report contains a list of the entities included in this report and the mapping of these entities to Business Units for the purpose of this report.

The Group VNB for the twelve months ended 31 December 2025 was US\$945 million, an increase of US\$111 million, or 10.5 per cent on constant exchange rates (“CER”) (13.3 per cent on actual exchange rates (“AER”)), from US\$834 million for the twelve months ended 31 December 2024. The Group new business margin (% of APE) for the twelve months ended 31 December 2025 was 38.6 per cent compared with 43.5 per cent for the twelve months ended 31 December 2024. The Group new business margin (% of PVNBP) for the twelve months ended 31 December 2025 was 7.8 per cent compared with 8.9 per cent for the twelve months ended 31 December 2024.

Summary of APE, VNB and New Business Margin (% of APE) by Business Unit (US\$ millions)

	Twelve months ended 31 December 2025			Twelve months ended 31 December 2024		
	APE	VNB	New Business Margin (% of APE)	APE	VNB	New Business Margin (% of APE)
Hong Kong and Macau	1,207	478	39.6 %	802	333	41.5 %
– Onshore	595	250	42.1 %	376	166	44.2 %
– Offshore	612	227	37.1 %	426	167	39.1 %
Thailand and Cambodia	577	242	42.0 %	577	278	48.1 %
Japan	132	86	64.9 %	118	88	74.5 %
Emerging Markets	529	145	27.5 %	420	136	32.3 %
Global minimum tax provision	na	(7)	na	na	na	na
Group Total	2,446	945	38.6 %	1,916	834	43.5 %

APE and VNB Growth Rate by Business Unit

Business Unit	Twelve months ended 31 December 2025 - Twelve months ended 31 December 2024			
	APE Change in CER	APE Change in AER	VNB Change in CER	VNB Change in AER
Hong Kong and Macau	50.6 %	50.6 %	43.6 %	43.6 %
– Onshore	58.4 %	58.4 %	50.8 %	50.8 %
– Offshore	43.7 %	43.7 %	36.3 %	36.3 %
Thailand and Cambodia	(6.5)%	0.2 %	(18.5)%	(12.6)%
Japan	10.9 %	12.2 %	(3.5)%	(2.2)%
Emerging Markets	26.6 %	25.9 %	7.2 %	7.0 %
Global minimum tax provision	na	na	na	na
Group Total	25.0 %	27.7 %	10.5 %	13.3 %

2. Embedded Value Results (Continued)

2.5 Analysis of EV Movement

A breakdown of the EV movement at a consolidated group level is presented below.

Analysis of movement in EV (US\$ millions)

	Twelve months ended 31 December 2025			Twelve months ended 31 December 2024		
	ANW	VIF	EV	ANW	VIF	EV
Opening EV Equity			8,736			8,867
Removal of goodwill and other intangible assets			(3,167)			(3,186)
Opening EV	2,597	2,972	5,569	2,856	2,826	5,682
Acquisitions & partnerships / Discontinued business	—	—	—	(59)	6	(53)
Expected return on EV	694	(60)	634	876	(258)	618
VNB	—	945	945	—	834	834
Operating variances and assumption changes	3	(35)	(32)	(142)	(158)	(300)
Total EV operating profit	697	850	1,547	735	417	1,152
Economic variances and assumption changes	74	(180)	(107)	78	(272)	(194)
Other non-operating variances	(49)	(99)	(148)	(341)	51	(290)
Total EV profit	721	571	1,292	472	196	668
Capital movements	466	—	466	—	—	—
Corporate centre expenses	(147)	(9)	(157)	(162)	41	(121)
Financing	(521)	—	(521)	(329)	—	(329)
Foreign exchange movements	177	23	200	(180)	(98)	(278)
Closing EV	3,293	3,557	6,850	2,597	2,972	5,569
Inclusion of goodwill and other intangible assets			3,279			3,167
Closing EV Equity			10,128			8,736
Closing EV per share (US\$)³	na	na	5.37	na	na	4.73
Closing EV Equity per share (US\$)³	na	na	7.94	na	na	7.41

Notes:

- The number of ordinary shares outstanding as at 31 December 2025 is 1,276,005,277. The adjusted number of ordinary shares outstanding as at 31 December 2024 is 1,178,205,907, which has been adjusted on the basis that the Conversion of Shares and Share Consolidation were completed as of the reporting date. Refer to note 1.2 in the consolidated financial statements for further information.

2. Embedded Value Results (Continued)

2.5 Analysis of EV Movement (continued)

A breakdown of the EV movement at 31 December 2025 and 31 December 2024 is presented in the table above.

EV was US\$6,850 million at 31 December 2025, an increase of 19 per cent on CER (23 per cent on AER) over the year from US\$5,569 million at 31 December 2024. The increase was primarily driven by US\$1,547 million from EV operating profit.

EV Equity was US\$10,128 million at 31 December 2025, an increase of 12 per cent on CER (16 per cent on AER) over the year from US\$8,736 million at 31 December 2024, after the inclusion of goodwill and other intangible assets of US\$3,279 million.

EV operating profit grew by 33 per cent on CER (34 per cent on AER) to US\$1,547 million (2024: US\$1,152 million). Expected return on EV at 31 December 2025 increased to US\$634 million (2024: US\$618 million). VNB increased to US\$945 million (2024: US\$834 million). Overall operating experience variances and operating assumption changes amounted to US\$(32) million (2024: US\$(300) million). EV operating profit in 2025 increased, primarily from strong new business. Expense and commission variances in 2025 was US\$(13) million (2024: US\$(59) million) mainly due to improved expense overrun.

The VNB is calculated at the point of sale for business written during the year. The expected return on EV is the expected change in the EV over the year plus the expected return on the VNB from the point of sale to 31 December 2025. Operating experience variances reflect the impact on the ANW and VIF from differences between the actual experience over the year and that expected based on the operating assumptions.

The EV profit of US\$1,292 million (2024: US\$668 million) is the total of EV operating profit, economic variances, the effect of changes in economic assumptions and other non-operating variances.

Economic variances and assumption changes amounted US\$(107) million (2024: US\$(194) million) in 2025, primarily from economic assumptions update in reflecting year-end economic conditions and lower than expected return in private equity impacting economic variances.

Other non-operating variances amounted to US\$(148) million (2024: US\$(290) million), largely driven by implementation costs for new accounting standards and other mandatory regulatory changes, IPO related costs including incentive costs, integration and restructuring related costs, mergers and acquisitions and one-off adjustments such as the impact of payments related to distribution agreements and methodology and regulatory changes on EV. In 2025, other non-operating variances also included impact from FWD Reinsurance Global Minimum Tax implementation of US\$(61) million.

The EV movement in relation to the Group Corporate Centre amounted to US\$(211) million (2024: US\$(450) million). It includes capital movements, corporate centre expenses and financing.

Positive foreign exchange movements were US\$200 million (2024: US\$(278) million) primarily from Thai Baht appreciation against US dollar in 2025.

2. Embedded Value Results (Continued)

2.5 Analysis of EV Movement (Continued)

Other non-operating variances (US\$ millions)

A breakdown of the other non-operating variances is presented below.

	Twelve months ended 31 December 2025	Twelve months ended 31 December 2024
Non-operating expense variances	(40)	(149)
Mergers and acquisitions, business set up and restructure related costs	(18)	(62)
IPO related costs including incentive costs	(11)	(11)
Implementation costs for new accounting standards and other mandatory regulatory changes	(6)	(33)
Other non-recurring items	(5)	(42)
Others	(107)	(141)
Total	(148)	(290)

2. Embedded Value Results (Continued)

2.6 Free Surplus Generation

Free surplus ("FS") represents the excess of adjusted net worth over required capital. The Group holds FS to enable it to invest in new business, take advantage of inorganic opportunities and absorb the effects of capital market stress.

The underlying free surplus generation ("UFSG") represents the free surplus generated by the Group over the period, adjusted to exclude new business funding and certain non-recurring items. It excludes free surplus used to fund new business, investment return variances, corporate centre expenses and other items, acquisitions, partnerships (i.e. the effect of acquiring stakes in BRI Life) ("Acquisitions & partnerships") and business lines that have been terminated ("Discontinued business"), capital movements and the impact of financing, but includes methodology updates relating to accounting changes classified under opening adjustment shown in the table below. Free surplus used to fund new business refers to the change in free surplus arising from writing new business, including diversification benefit of adding new business, which in turn contributes to the overall free surplus balance.

The net underlying FS generation ("Net UFSG") represents the underlying FS generated from FWD Group allowing for the surplus used to fund new business. The FS generation is before adjustment for borrowing, with financing and financing costs reflecting a positive impact from any financing raised in the period and a negative impact from any financing and interest repaid in the period.

2. Embedded Value Results (Continued)

2.6 Free Surplus Generation (continued)

Group's FS increased by US\$701 million in 2025 (from US\$668 million as at 31 December 2024 to US\$1,369 million as at 31 December 2025), primarily from underlying free surplus generation (UFSG). The change in FS was made up of the following key components:

Acquisitions & partnerships / Discontinued business in 2025 was nil (2024: US\$(62) million).

Underlying free surplus generation:

- Opening adjustment in 2025 was US\$202 million and primarily from free surplus uplift from reinsurance transactions (2024: US\$(59) million).
- Underlying free surplus generation before opening adjustment in 2025 was US\$691 million (2024: US\$782 million).

Negative impact of FS used to fund new business in 2025 was at US\$(36) million (2024: US\$(14) million).

Capital movements in 2025 was 466 million (2024: nil) from the gross IPO proceeds.

Corporate centre expenses in 2025 was at US\$(147) million (2024: US\$(162) million).

Financing in 2025 was at US\$(521) million (2024: US\$(329) million).

Investment return variances and other items in 2025 was at US\$45 million (2024: US\$(80) million).

Breakdown of free surplus generation (US\$ millions)

	Twelve months ended 31 December 2025			Twelve months ended 31 December 2024		
	Operating entities	Corp. & others	Total	Operating entities	Corp. & others	Total
Opening free surplus	4,081	(3,413)	668	3,821	(3,228)	593
Acquisitions & partnerships / Discontinued business	—	—	—	13	(75)	(62)
Underlying free surplus generation	892	1	893	714	9	722
Opening adjustment	222	(20)	202	(17)	(43)	(59)
Underlying free surplus generation before opening adjustment	670	21	691	730	51	782
Free surplus used to fund new business	(36)	—	(36)	(14)	—	(14)
Net underlying free surplus generation	856	1	857	700	9	709
Net underlying free surplus generation before opening adjustment	634	21	655	717	51	768
Investment return variances and other items	128	(82)	45	96	(176)	(80)
Capital movements	(513)	979	466	(548)	548	—
Corporate centre expenses	—	(147)	(147)	—	(162)	(162)
Financing	—	(521)	(521)	—	(329)	(329)
Closing free surplus	4,552	(3,183)	1,369	4,081	(3,413)	668

2. Embedded Value Results (Continued)

2.7 Earnings Profile

The projected after-tax distributable earnings of the Group on a discounted and undiscounted basis for the in-force business as at 31 December 2025 and as at 31 December 2024 are set out in table below.

The net-of-tax distributable earnings are defined as the distributable profits to shareholders from the assets backing the statutory reserves and the required capital of in-force business as at the respective Valuation Date. On a discounted basis, the total net-of-tax distributable earnings is equal to the sum of the required capital and the VIF after the cost arising from holding the required capital (“CoC”) for the Business Units and corporate and other adjustments.

Cash flow profile of projected after-tax distributable earnings for the Group’s in-force business (US\$ millions)

Expected period of emergence	As at 31 December 2025		As at 31 December 2024	
	Undiscounted	Discounted	Undiscounted	Discounted
1 - 5 years	1,771	1,312	1,585	1,201
6 - 10 years	2,993	1,687	2,679	1,492
11 - 15 years	2,426	929	2,076	800
16 - 20 years	2,085	527	1,746	455
21 years and thereafter	30,112	1,026	27,519	953
Total	39,387	5,481	35,605	4,901

The discounted value of net-of-tax distributable earnings (31 December 2025: US\$5,481 million, 31 December 2024: US\$4,901 million) plus free surplus (31 December 2025: US\$1,369 million, 31 December 2024: US\$668 million) is equal to EV (31 December 2025: US\$6,850 million, 31 December 2024: US\$5,569 million).

3. Sensitivity Analysis

Sensitivity tests have been performed on the EV as at 31 December 2025 and 31 December 2024 and the VNB for the twelve months ended 31 December 2025 and 31 December 2024 in respect of changes in key assumptions discussed in Section 5 of this EV Disclosure report. For each of the following tests, only the specified parameter has been changed with all other assumptions remaining unchanged:

- 1.0 per cent increase in risk discount rate
- 1.0 per cent decrease in risk discount rate
- 0.5 per cent per annum increase in interest rates
- 0.5 per cent per annum decrease in interest rates
- 10 per cent increase in rates of policy discontinuance, premium discontinuance and partial withdrawal (i.e. 110 per cent of the rates under the base case)
- 10 per cent decrease in rates of policy discontinuance, premium discontinuance and partial withdrawal (i.e. 90 per cent of the rates under the base case)
- 10 per cent increase in rates of mortality and morbidity and loss ratios (i.e. 110 per cent of the rates and loss ratios under the base case)
- 10 per cent decrease in rates of mortality and morbidity and loss ratios (i.e. 90 per cent of the rates and loss ratios under the base case)
- 10 per cent increase in acquisition and maintenance expenses (i.e. 110 per cent of the acquisition and maintenance expenses under the base case) with no revisions made for Group Office expense adjustments
- 10 per cent decrease in acquisition and maintenance expenses (i.e. 90 per cent of the acquisition and maintenance expenses under the base case) with no revisions made for Group Office expense adjustments
- 5 per cent appreciation in presentation currency
- 5 per cent depreciation in presentation currency
- 10 per cent increase in equity prices (i.e. 110 per cent of equity prices (with projected bonus rates on participating business and the value of equity securities and equity funds changed consistently))
- 10 per cent decrease in equity prices (i.e. 90 per cent of equity prices (with projected bonus rates on participating business and the value of equity securities and equity funds changed consistently))
- 1 per cent per annum reduction in the net investment return for private equity assets

The sensitivity tests on increase/decrease in interest rates have been applied to the net investment returns (and corresponding adjustments to the market value of assets for debt securities and derivatives, statutory reserving bases, bonus/dividend scales for participating business, crediting rates for universal life business, unit fund growth rates for unit linked business) and risk discount rate.

The sensitivity tests on increase/reduction in equity prices have been applied as at the respective Valuation Dates and are not applicable to VNB.

As FWD operates in multiple Asian markets, the Business Unit EV and VNB results for the Group have been converted from the respective local currency to FWD's US dollar presentation currency. To provide sensitivity results to foreign currency movements, a change of +/- 5 per cent to the US dollar exchange rate has been shown.

3. Sensitivity Analysis (Continued)

The sensitivity tests have only been performed on the operating entity EV, with no sensitivities carried out on the EV contributed by corporate and other adjustments. For each of the remaining sensitivity analyses, the statutory reserving bases as at 31 December 2025 and 31 December 2024, projected policyholder dividends on participating business, crediting rates for universal life business and unit fund growth rates for unit-linked business were changed to be consistent with the sensitivity analysis assumptions, while all the other assumptions remain unchanged.

The sensitivities chosen do not represent the boundaries of possible outcomes, but instead illustrate how certain alternative assumptions would affect the results.

Sensitivity of operating entity EV (US\$ millions)

Scenario	As at 31 December 2025		As at 31 December 2024	
	EV	Percentage change from base case	EV	Percentage change from base case
Base case	10,566		9,463	
Impact of:				
Increase risk discount rate by 1.0%	(601)	(5.7)%	(554)	(5.9)%
Reduce risk discount rate by 1.0%	747	7.1 %	695	7.3 %
Increase interest rates by 0.5% p.a.¹	(98)	(0.9)%	(67)	(0.7)%
Reduce interest rates by 0.5% p.a.¹	93	0.9 %	54	0.6 %
Increase discontinuance and partial withdrawal rates by 10%	(274)	(2.6)%	(276)	(2.9)%
Reduce discontinuance and partial withdrawal rates by 10%	314	3.0 %	311	3.3 %
Increase mortality and morbidity rates and loss ratios by 10%	(714)	(6.8)%	(678)	(7.2)%
Reduce mortality and morbidity rates and loss ratios by 10%	706	6.7 %	689	7.3 %
Increase acquisition and maintenance expenses by 10%	(139)	(1.3)%	(130)	(1.4)%
Reduce acquisition and maintenance expenses by 10%	138	1.3 %	131	1.4 %
Appreciation of presentation currency by 5%	(324)	(3.1)%	(287)	(3.0)%
Depreciation of presentation currency by 5%	324	3.1 %	287	3.0 %
Increase equity prices by 10%	203	1.9 %	187	2.0 %
Reduce equity prices by 10%	(203)	(1.9)%	(183)	(1.9)%
Reduce net investment returns for private equity assets by 1% p.a.	(119)	(1.1)%	(116)	(1.2)%

The Financial Services Agency of Japan has introduced a new economic value-based solvency requirement, effective from the fiscal year 2025, which ends on 31 March 2026. As at 31 December 2025, its impact on Group EV and free surplus is estimated to be in the range of US\$(130) million to US\$(180) million, and US\$(50) million to US\$(100) million respectively.

Notes:

1. FWD Japan and FWD Vietnam, for debt securities and derivatives with investment returns determined on a book yield basis, sensitivities have not been applied to the market values and investment returns for these securities.

3. Sensitivity Analysis (Continued)

The sensitivities tests performed on the consolidated VNB for the twelve months ended 31 December 2025 and 31 December 2024, together with the change in VNB expressed as a percentage of base case VNB. VNB does not include any allowance for acquisition expense overruns and commission overruns.

Sensitivity of VNB (US\$ millions)

Scenario	As at 31 December 2025		As at 31 December 2024	
	VNB	Percentage change from base case	VNB	Percentage change from base case
Base case	951		834	
Impact of:				
Increase risk discount rate by 1.0%	(107)	(11.3)%	(93)	(11.1)%
Reduce risk discount rate by 1.0%	133	13.9 %	118	14.2 %
Increase interest rates by 0.5% p.a. ²	48	5.0 %	53	6.4 %
Reduce interest rates by 0.5% p.a. ²	(55)	(5.8)%	(52)	(6.3)%
Increase discontinuance and partial withdrawal rates by 10%	(51)	(5.4)%	(60)	(7.2)%
Reduce discontinuance and partial withdrawal rates by 10%	56	5.9 %	67	8.0 %
Increase mortality and morbidity rates and loss ratios by 10%	(91)	(9.5)%	(84)	(10.1)%
Reduce mortality and morbidity rates and loss ratios by 10%	89	9.4 %	85	10.1 %
Increase acquisition and maintenance expenses by 10%	(67)	(7.1)%	(59)	(7.1)%
Reduce acquisition and maintenance expenses by 10%	67	7.1 %	59	7.1 %
Appreciation of presentation currency by 5%	(24)	(2.6)%	(27)	(3.2)%
Depreciation of presentation currency by 5%	24	2.6 %	27	3.2 %
Reduce net investment returns for private equity assets by 1% p.a.	(12)	(1.2)%	(18)	(2.1)%

Notes:

- FWD Japan and FWD Vietnam, for debt securities and derivatives with investment returns determined on a book yield basis, sensitivities have not been applied to the market values and investment returns for these securities.

4. Methodology

4.1 Entities Included in This Report

The FWD Group operates through a number of subsidiaries and the two main holding companies are FWD Limited and FWD Group Limited.

As at 31 December 2025, FWD Limited includes the following entities:

- FWD Life Insurance Company (Bermuda) Limited;
- FWD Life Insurance Company (Macau) Limited;
- FWD Life Assurance Company (Hong Kong) Limited;
- FWD Life (Hong Kong) Limited;
- FWD Vietnam Life Insurance Company Limited;
- FWD Takaful Berhad;
- FWD Financial Planning Limited;
- Antede Limited;
- AMG Financial Group Limited;
- AMG Wealth Management Limited;
- FWD Financial Limited;
- OGS (I) Limited (in liquidation)¹;
- OGS (I) Limited (in liquidation)¹;
- Sky Accord Limited;
- Future Radiance Limited;
- FWD Properties Limited;
- PT Asuransi BRI Life;
- FWD BSN Holdings Sdn. Bhd.;
- FWD Insurance Berhad;
- FMH Capricorn Holdings Sdn. Bhd.; and
- FWD Malaysia Holdings Sdn.Bhd.

Notes:

1. OGS (I) Limited and OGS(II) Limited were dissolved on 6 January 2026.

4. Methodology (Continued)

4.1 Entities Included in This Report (Continued)

FWD Life Insurance Company (Bermuda) Limited, FWD Life Insurance Company (Macau) Limited, FWD Life Assurance Company (Hong Kong) Limited and FWD Life (Hong Kong) Limited are the life insurance subsidiaries of FWD Limited, and PT Asuransi BRI Life is a life insurance associate of FWD Limited. FWD Limited owns a minority 43.96 per cent² stake in PT Asuransi BRI Life, a life insurance subsidiary of PT Bank Rakyat Indonesia (Persero) Tbk. On 3 April 2023, the Group, along with local investors, acquired a 70% stake in FWD BSN Holdings Sdn. Bhd., a company established under the laws of Malaysia. FWD BSN Holdings Sdn. Bhd. is the holding company of FWD Insurance Berhad (formerly known as “Gibraltar BSN Life Berhad”), a life insurance company acquired from Prudential Insurance Company of America. FWD Takaful Berhad³ and FWD Vietnam Life Insurance Company Limited are the life insurance subsidiaries of FWD Life Insurance Company (Bermuda) Limited. FWD Life Insurance Company (Bermuda) Limited has also established a branch in Singapore (“FWD Bermuda Singapore”) and commenced writing new business through the branch in 2024. FWD Takaful Berhad³, FWD Vietnam Life Insurance Company Limited and FWD Bermuda Singapore are treated as separate entities, and the value from these entities is reported separately and not included within the results of FWD Life Insurance Company (Bermuda) Limited.

As at 31 December 2025, FWD Group Limited includes the following entities:

- FWD Life Insurance Corporation;
- FWD Life Insurance Public Company Limited;
- PT FWD Insurance Indonesia;
- FWD Singapore Pte. Ltd.;
- FWD Life Insurance Company, Limited;
- FWD Reinsurance SPC, Ltd.;
- FWD Life Insurance (Cambodia) Plc.;
- FWD Group Services (Thailand) Co., Ltd (in liquidation);
- IPP Financial Advisers Pte. Ltd.; and
- PT FWD Insurance Indonesia Syariah

FWD Life Insurance Company, Limited, FWD Reinsurance SPC, Ltd., FWD Life Insurance Public Company Limited, PT FWD Insurance Indonesia, FWD Life Insurance Corporation, FWD Singapore Pte. Ltd., and FWD Life Insurance (Cambodia) Plc. are life insurance subsidiaries of FWD Group Limited.

Notes:

2. On 1 March 2024, FWD acquired an additional 4.14 per cent stake in PT Asuransi BRI Life, increasing its holding from 39.82 per cent to 43.96 per cent. The EV as at 31 December 2025 and 31 December 2024 and VNB in respect of new business written from 1 March 2024 to 31 December 2025 represents a 43.96 per cent economic interest following the increase in this stake. The VNB in respect of new business written from 1 December 2023 to 28 February 2024 represent a 39.82 per cent economic interest following the recent increase in this stake.
3. On 1 January 2026, there was a completion of intragroup transfer of all the shares in FWD Takaful Berhad held by FWD Life Insurance Company (Bermuda) Limited to FWD Malaysia Holdings Sdn. Bhd..

4 Methodology (continued)

4.1 Entities Included in This Report (continued)

Operating entities in this Report refer to life insurance subsidiaries and associates, and non-life insurance subsidiaries, as well as other subsidiaries, associates and joint ventures⁴. Life insurance subsidiaries and associates refer to life insurance companies, including composite insurers. Non-life insurance subsidiaries refer to entities that are general insurance companies, asset management companies and financial planning/broking firms. All other entities that are held in FWD Limited and FWD Group Limited and not listed above are classified as “non-operating entities” and form part of “corporate and other” adjustments.

The entities for which VIF and VNB results have been determined are referred to as “Business Units” in this Report. Several entities have been grouped as one Business Unit by FWD. The Business Units referred to in this Report are as follows:

- FWD Hong Kong collectively includes the following entities:
 - FWD Life Insurance Company (Bermuda) Limited (“FWD Life (Bermuda)”)⁵;
 - FWD Life Assurance Company (Hong Kong) Limited (“FWD Life Assurance (Hong Kong)”);
 - FWD Life (Hong Kong) Limited (“FWD Life (Hong Kong)”);
 - FWD Financial Planning Limited; and
 - Antede Limited⁶
- FWD Life Insurance Company (Macau) Limited (“FWD Macau”)
- FWD Japan collectively includes the following entities:
 - FWD Life Insurance Company, Limited (“FWD Life Japan”); and
 - FWD Reinsurance SPC, Ltd. (“FWD Reinsurance”)⁷
- FWD Thailand collectively includes the following entities:
 - FWD Life Insurance Public Company Limited (“FWD Thailand”); and
 - FWD Group Services (Thailand) Co., Ltd. (in liquidation)
- FWD Indonesia collectively includes the following entities:
 - PT FWD Insurance Indonesia; and
 - PT FWD Insurance Indonesia Syariah

Notes:

4. Subsidiaries are all entities (including structure entities) over which the Group has control, while associates are entities over which the Group has significant influence, but which it does not have control or joint control. Joint ventures are entities whereby the Group and other parties undertake an economic activity which is subject to joint control arising from a contractual agreement.
5. The life insurance subsidiaries of FWD Life (Bermuda) (i.e. FWD Malaysia and FWD Vietnam) are treated as separate entities and have been excluded from the results prepared for FWD Life (Bermuda). FWD Financial Limited, OGS(I) Limited (in liquidation), OGS(II) Limited (in liquidation), Sky Accord Limited, Future Radiance Limited and FWD Properties Limited are included in FWD Life (Bermuda).
6. AMG Financial Group Limited and AMG Wealth Management Limited are included in Antede Limited.
7. The business ceded to FWD Reinsurance is purely from wholly owned FWD Japanese entities. Hence FWD Reinsurance is included as part of FWD Japan.

4. Methodology (continued)

4.1 Entities Included in This Report (continued)

- FWD Malaysia collectively includes the following entities:
 - FWD Takaful Berhad; and
 - FWD Malaysia Holdings Sdn. Bhd.
- FWD IB collectively includes the following entities:
 - FWD Insurance Berhad;
 - FWD BSN Holdings Sdn. Bhd. (“FWD BSN Holdco”); and
 - FMH Capricorn Holdings Sdn. Bhd.⁸
- FWD Life Insurance Corporation (“FWD Philippines”)
- FWD Singapore collectively includes the following entities:
 - FWD Singapore Pte. Ltd.; and
 - IPP Financial Advisers Pte. Ltd.
- FWD Bermuda Singapore
- FWD Vietnam Life Insurance Company Limited (“FWD Vietnam”)
- FWD Life Insurance (Cambodia) Plc. (“FWD Cambodia”)
- PT Asuransi BRI Life (“BRI Life”)

FWD Life (Bermuda) established a new operation in Bermuda in 2023 to provide high-net-worth (“HNW”) customers in Hong Kong and Singapore with a flexible legacy planning solution. This new operation is referred to as the “HNW operation”. The HNW operation in Hong Kong commenced writing new business in 2023, while FWD Bermuda Singapore commenced writing new business in 2024. The value in respect of the HNW operation in Hong Kong and FWD Bermuda Singapore is included as part of the EV results for Hong Kong and Singapore region set out in this report respectively.

The VNB has been presented by region, while the EV and other reporting metrics have been presented at a consolidated group level. The allocation of Business Units to each region is mapped out below:

- Hong Kong and Macau: FWD Hong Kong and FWD Macau
- Thailand and Cambodia: FWD Thailand and FWD Cambodia
- Japan: FWD Japan
- Emerging Markets: FWD Indonesia, FWD Malaysia, FWD IB, FWD Philippines, FWD Singapore, FWD Bermuda Singapore, FWD Vietnam and BRI Life

The EV Results in this Report represent a 99.96 per cent sharing in FWD Thailand, a 43.96 per cent holding in BRI Life, a 70 per cent⁹ holding in FWD BSN Holdco, a 40 per cent holding in IPP Financial Advisers Pte. Ltd. and a 100 per cent holding for other life insurance entities.

Notes:

8. Reclassification was carried out in 2024. Prior to 2024, this entity was not included in FWD IB, and the Group’s stake in the company formed part of “non-operating” entity.
9. Refers to the stake in FWD BSN Holdco acquired by FWD Group and local investors. The Group owns 20 per cent of the 70 per cent stake in FWD BSN Holdco while FWD BSN Holdco owns 100 per cent of FWD IB. The Group’s economic interest in FWD IB is therefore 14 per cent (i.e. 20 per cent x 70 per cent x 100 per cent) of FWD Insurance Berhad and FWD BSN Holdco and 20% of FMH Capricorn Holdings Sdn. Bhd..

4. Methodology (Continued)

4.2 Embedded Value and Value of New Business

The Group uses a traditional deterministic discounted cash flow methodology to determine its EV and VNB. This methodology makes an implicit overall level of allowance for risk including the cost of investment return guarantees and policyholder options, asset-liability mismatch risk, credit risk, the risk that actual experience in future years differs from that assumed, and the economic cost of capital, through the use of a risk discount rate. Typically, the higher the risk discount rate, the greater the allowance for these factors. This is a common methodology currently used by life insurance companies in Asia.

The business included in the VIF and VNB calculations comprises all life insurance business, including medical, accident & health business managed by the Business Units. No allowance has been made in the VIF for non-life business.

The EV is taken to be the sum of the ANW and VIF. The ANW is the statutory net asset value reflecting the excess of the assets backing the policy reserves and other liabilities of the life (and similar) business of the Group, plus mark-to-market adjustments for assets that have not been held on a market value basis, plus the statutory net asset value reported for the other operating entities not referred to as Business Units, less the value of intangible assets. The ANW for non-operating entities reflects the reported IFRS equity, adjusted to reverse out the value of intangible assets aligned with the approach for each Business Unit and for subordinated perpetual capital securities issued through FWD Limited and zero coupon subordinated perpetual capital securities issued through FWD Group Limited. These securities are treated as equity in the consolidated financial statements of FWD Group Holdings Limited (referred to as “IFRS accounts”). The carrying value of these securities has been deducted in the ANW when determining the Group EV. It excludes any amounts not attributable to shareholders of the Company.

The VIF is the present value of future net-of-tax statutory profits emerging in the future from the current in-force business less CoC required to support the in-force business. The CoC is calculated as the present value of the net-of-tax investment return on shareholder assets backing required capital, plus the present value of any changes in required capital, less the face value of the required capital at the respective Valuation Dates. Where the required capital may be covered by policyholder assets such as surplus assets in a participating fund, there is no associated cost of capital included in the VIF or VNB.

A deduction has been made from the VIF for the present value of future net-of-tax unallocated Group Office expenses, representing the expenses incurred by the Group Office which are not allocated to the Business Units. These unallocated Group Office expenses have been deducted from the VIF. As most of these expenses are incurred in Hong Kong Dollars, the future unallocated Group Office expenses have been discounted using the risk discount rate applicable to Hong Kong and Macau.

The EV Results have been determined using long-term expense assumptions set on the basis that Business Units will be able to eliminate expense overruns in the short to medium term in line with internal business plans. The VIF includes deductions relating to future maintenance expense overruns for in-force business based on the latest business plans of the Business Units. The provision for expense overruns assumed in the VIF excludes future acquisition expense overruns and commission overruns, any expected one-off and non-recurrent expenses, and future maintenance expense overruns for new business that was not in-force as at the respective Valuation Dates.

EV Equity is the total of EV, goodwill and other intangible assets attributable to shareholders of the Company.

4. Methodology (Continued)

4.2 Embedded Value and Value of New Business (Continued)

The VNB is the present value, measured at the point of sale, of future net-of-tax statutory profits emerging in the future from new business sold in the period less the corresponding cost of capital. The VNB for the Group is calculated quarterly, based on assumptions applicable at the start of each quarter¹⁰. The VNB results shown in this Report are based on long-term unit costs rather than current expense levels and make no allowance for the value of acquisition expense overruns and commission overruns in respect of the underlying new business.

For each Business Unit, FWD has evaluated the potential need for additional tax adjustments in relation to the global minimum tax initiative led by the Organisation for Economic Co-operation and Development. These adjustments have been accounted for separately within the consolidated group results arising when the corporate tax rate under the Business Unit falls below 15%.

Notes:

10. For 2024 VNB, as part of the 2024 mid-cycle review, there were updates to some operating assumptions and these assumptions have been retrospectively applied from the start of 2024. Therefore, the assumptions applicable at the start of each quarter would reflect these revisions.

4. Methodology (Continued)

4.3 Definition of New Business

The VNB for each Business Unit represents the value to shareholders arising from the new business issued during the relevant reporting period.

The VNB covers all new life insurance sales with premiums paid and policies issued during the reporting period. Incremental premiums to existing contracts, if the increases are triggered by corresponding increases in benefits, are considered to be part of VNB.

4.4 Valuation of Future Statutory Losses

For certain lines of business, projected future statutory profits are negative due to the local statutory reserves being insufficient to meet the value of future policyholder cash flows. Within a traditional embedded value framework, there are a number of acceptable methods for determining the value of a combination of positive and negative statutory profits for different lines of business.

For the purposes of this valuation, a sterling reserve is set up for the future projected statutory losses by discounting them at the earned rate for the relevant Business Unit, with any negative VIF eliminated for each reported segment by reducing the ANW and EV.

4. Methodology (Continued)

4.5 Required Capital

Each of the Business Units has a regulatory requirement to hold shareholder capital in addition to the assets backing the insurance liabilities. The Group's assumed levels of local required capital for each Business Unit are set out in the table below:

Business Unit	Required Capital
FWD Hong Kong	100% of regulatory risk-based capital requirement
FWD Macau	150% of required minimum solvency margin
FWD Thailand	140% of regulatory risk-based capital requirement (RBC 2)
FWD Life Japan	600% of regulatory risk-based capital requirement
FWD Reinsurance	200% of regulatory risk-based capital requirement
FWD Philippines	125% of regulatory risk-based capital requirement
FWD Indonesia and BRI Life	120% of regulatory risk-based capital requirement
FWD Singapore	114% of regulatory risk-based capital requirement (RBC 2)
FWD Bermuda Singapore	107% of regulatory risk-based capital requirement (RBC 2)
FWD Vietnam	100% of required minimum solvency margin
FWD Malaysia and FWD IB	195% of regulatory risk-based capital requirement for FWD Malaysia 200% of regulatory risk-based capital requirement for FWD IB
FWD Cambodia	120% of required minimum solvency margin

The Hong Kong Insurance Authority introduced a group-wide supervision framework effective from 29 March 2021. FWD Group performed an internal study on 31 December 2025 to validate that the framework will not introduce any additional cost of capital requirements beyond those set out in this Report.

4.6 Foreign Exchange

The EV as at 31 December 2025 and 31 December 2024 has been converted into US dollars using exchange rates as at each valuation date. The VNB and EV operating profit have been calculated quarterly using the quarterly average exchange rates applicable.

The changes in EV and EV equity based on CER have been calculated by converting the local currency results for each Business Unit to USD using the end of period exchange rate applied to both the results at the end of the period and the results at the end of the prior period. The changes in VNB, EV operating profit and free surplus generation based on CER have been calculated by converting the local currency results to USD using the average exchange rates observed for the current reporting period, applied to both results in the current period and results in the prior period.

5. Assumptions

5.1 Introduction

This section summarises the assumptions used by the Group to determine the EV as at 31 December 2025 and the VNB for the twelve months ended 31 December 2025 and highlights certain differences in assumptions between the EV as at 31 December 2024 and the EV as at 31 December 2025.

5.2 Economic Assumptions

The economic assumptions for each Business Unit have been set based on long-term returns on assets. The long-term returns have been set with reference to the Group's long-term outlook for the economy, interest rates and asset class yields. An adjustment has been included to grade the economic assumptions from the current market yields observed at the respective Valuation Dates to the assumed long-term returns.

For each Business Unit, the investment returns have been determined by applying the projected annual returns by major asset category to the assumed asset mix. The asset mix has been determined based on current and future target asset allocations. Within each Business Unit, the investment returns may differ by product group or by fund.

The difference between the risk discount rate and the risk-free rate of return (set with reference to 10-year government bond yields) is referred to as the "risk margin." The risk margin is intended to represent the level of additional return an investor might consider to be appropriate to reflect the underlying risk of the business.

To provide assurance that the economic assumptions are internally consistent with current economic conditions as at the respective Valuation Dates, the Group has also performed various analyses to assess if the risk discount rate used is appropriate, including comparing the TEV results with the results from market consistent valuations performed by FWD. The approach of using market consistent analyses to assess the reasonableness of the risk discount rate is a common practice for insurers that report TEV results.

Table in this section sets out the risk discount rates, local equity returns and long-term 10-year government bond yields assumed in the EV calculations, along with the current market 10-year government bond yields referenced in the EV Results as at 31 December 2025 and 31 December 2024. VNB has been calculated quarterly, based on the economic assumptions at the start of the quarter.

5. Assumptions (Continued)

5.2 Economic Assumptions (Continued)

The table below summarises the current market 10-year government bond yields referenced in EV calculations.

Business Unit	Current market 10-year government bond yields referenced in EV calculations (%)	
	As at 31 December 2025	As at 31 December 2024
FWD Hong Kong and FWD Macau¹	4.18	4.58
FWD Thailand	1.66	2.30
FWD Japan	2.08	1.08
FWD Philippines	6.03	6.18
FWD Indonesia and BRI Life	6.12	7.02
FWD Singapore and FWD Bermuda Singapore	2.22	2.86
FWD Vietnam	4.19	3.12
FWD Malaysia and FWD IB	3.50	3.82
FWD Cambodia	na²	na²
Group Office expense adjustment	na	na

The table below summarises the risk discount rates and long-term investment returns assumed in EV calculations. The same risk discount rates were used for all the EV results shown in Section 1 and Section 2 of this EV Disclosure report. The present value of unallocated Group Office expenses was calculated using the FWD Hong Kong risk discount rate.

Business Unit	Risk discount rates assumed in EV calculations (%)		Long-term investment returns assumed in EV calculations (%)			
			10-year government bonds		Local equities	
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
FWD Hong Kong and FWD Macau¹	8.45	8.20	3.75	3.50	8.00	8.00
FWD Thailand	7.60	8.25	2.80	3.20	7.60	8.00
FWD Japan	7.00	6.75	1.50	1.25	na	na
FWD Philippines	12.55	12.55	5.75	5.75	10.00	10.55
FWD Indonesia and BRI Life	13.00	13.00	6.50	6.50	10.50	10.50
FWD Singapore and FWD Bermuda Singapore	7.35	7.35	2.70	2.70	8.00	7.50
FWD Vietnam	10.65	10.65	4.00	4.00	9.30	9.30
FWD Malaysia and FWD IB	8.65	8.65	3.75	3.75	8.35	8.35
FWD Cambodia	12.60	12.60	na²	na²	na²	na²
Group Office expense adjustment	8.45	8.20	na	na	na	na

Note:

- The 10-year government bond yields shown above are referred as US dollar bonds rate.
- na as the investment return assumption for FWD Cambodia has been set with reference to fixed deposit rates.

5. Assumptions (Continued)

5.3 Persistency

Persistency assumptions include lapses, premium holidays, partial withdrawals and renewals. The assumptions differ by policy year and are usually split by product or product type. They have been determined by each Business Unit based on historical experience where statistically credible, with allowance for current and future trends and with reference to pricing assumptions where the data available is limited or not statistically credible.

5.4 Expenses

The expense assumptions have been set by each Business Unit considering both historical experience and projected expenses in the relevant business plans. Using these expense assumptions results in expense overruns and commission overruns in the short term, as the aggregated amounts in the Valuation Models are lower than current operating expenses and commission-related costs. These overruns are expected to reduce over time based on business plan forecasts prepared by the Business Units.

The long-term unit cost loadings have been set to support the general operating expenses in line with approved business plans. Any one-off and non-recurrent expenses have been excluded from the expense loadings. The Group's justification for using long-term unit cost loadings is that expense overruns and commission overruns are expected to be eliminated in the short to medium term. The results, therefore, are reliant on the ability of the Business Units to reduce these expense overruns and commission overruns as planned.

Assumptions for commission rates and other sales-related payments have been set in line with actual experience.

Using these expense assumptions results in expense and commission overruns in the short term. These overruns are expected to reduce over time based on business plan forecasts prepared by the Business Units.

Maintenance expense overruns – VIF adjustment

The VIF includes deductions relating to future maintenance expense overruns for in-force business based on the latest business plans of the Business Units. The provision for expense overruns assumed in the VIF excludes future acquisition expense overruns and commission overruns, any expected one-off and non-recurrent expenses, and future maintenance expense overruns for new business that was not in-force as at the respective Valuation Dates.

Group Office expenses

Group Office expenses are divided into two categories: allocated and unallocated expenses. The allocated Group Office expenses have been charged directly to Business Units and accounted for in the expense studies prepared by each Business Unit when determining expense loadings. The unallocated Group Office expenses are incurred in respect of shareholder services and other developments. The projected unallocated Group Office expenses assumed in the EV include allowance for an increase in allocation of Group Office expenses to Business Units (to the extent that these expenses can be absorbed by expense underruns forecast in the Business Units' business plans) combined with a planned reduction in the overall expenses. These unallocated Group Office expenses have all been included in the consolidated EV, as the Group does not split them into acquisition and maintenance expenses.

5. Assumptions (Continued)

5.4 Expenses (Continued)

The adjustment for unallocated Group Office expenses has been calculated as the present value of the projected unallocated Group Office expenses, discounted at the risk discount rates applicable for Hong Kong and Macau. The unallocated Group Office expenses do not include expenses attributable to the Group's strategic initiatives, as no shareholder value has yet been placed on these initiatives. Any costs relating to these initiatives will be captured as a reduction to ANW as they are incurred. Group's costs related to the platform for insurance services (e.g. claims, underwriting) are included, and no revenue anticipated from potential future partnerships is allowed for. The projection of unallocated Group Office expenses for the first three projection years is based on the Group's internal business plan. From projection years four to ten, the Group has assumed that the unallocated Group Office expenses will reduce as more expenses can be allocated to Business Units, with unallocated Group Office expenses from projection years eleven to fifteen growing at the inflation rate assumed for Hong Kong and Macau of 2.3% p.a. A 15-year period has been used to reflect the run-off of in-force business, in line with the Group EV policy (referred to as "EV Policy"). The same term and inflation assumptions have been used for each year of respective Valuation Date.

5. Assumptions (Continued)

5.5 Expense Inflation

The expected long-term expense inflation rates used by Business Unit are set out below:

Expense inflation assumptions by Business Unit (%)

Business Unit	As at 31 December 2025	As at 31 December 2024
FWD Hong Kong and FWD Macau	2.3	2.3
FWD Thailand	2.0	2.0
FWD Japan	0.4	0.4
FWD Philippines	3.0	3.0
FWD Indonesia and BRI Life	3.5	3.5
FWD Singapore and FWD Bermuda Singapore	3.0	3.0
FWD Vietnam	5.0	5.0
FWD Malaysia and FWD IB	3.0	3.0
FWD Cambodia	5.0	5.0

5.6 Mortality

Mortality assumptions have been determined by each Business Unit based on historical experience where statistically credible and with reference to either pricing assumptions or industry experience where there is limited claims experience available. The assumptions have been expressed as a percentage of either a standard industry experience table or set as a percentage of reinsurance rates.

For the following Business Units, an allowance has also been made for assumed future mortality improvement (set with reference to a combination of population, industry and company experience):

- FWD Hong Kong and FWD Macau: Mortality improvement has been applied on all lines of business.
- FWD Japan: Mortality improvement rate has been applied on certain products, namely Accident & Health and annuity products.

5.7 Morbidity

Similar to mortality, morbidity assumptions have been developed based on historical experience where statistically credible, with allowance for current and future trends, and with reference to pricing assumptions where the data available is limited or not statistically credible. The assumptions have either been set as a percentage of reinsurance rates or expressed as a loss ratio applied to the premium earned.

5.8 Reinsurance

Reinsurance assumptions have been developed by each Business Unit based on the reinsurance arrangements in force as at the valuation date and the recent historical and expected future experience.

5. Assumptions (Continued)

5.9 Policyholder Dividends, Profit Sharing and Interest Crediting

The projected dividends, profit sharing and crediting rate assumptions have been determined by each Business Unit taking into account the investment return assumptions and profit sharing rules (from regulatory and/or internal governance requirements), as well as other commercial considerations such as market competition and policyholders' reasonable expectations.

5.10 Taxation

The projected statutory profits used to determine the EV and VNB are net of corporate tax. The projections take into account, where applicable, any benefits arising from tax losses carried forward, and have been based on a continuation of the current tax legislation in each jurisdiction.

The local corporate income tax rates used by each Business Unit are set out below:

Local corporate income tax rates (%) by Business Unit	As at 31 December 2025	As at 31 December 2024
FWD Hong Kong	16.5	16.5
FWD Macau	12	12
FWD Thailand	20	20
FWD Japan³	28.93	28
FWD Philippines⁴	25	2
FWD Indonesia and BRI Life	22	22
FWD Singapore and FWD Bermuda Singapore	17	17
FWD Vietnam	20	20
FWD Malaysia and FWD IB	24	24
FWD Cambodia	20	20

Notes:

- FWD Life Japan has enacted a change in corporate income tax rate from 28 per cent to 28.93 per cent that will become effective from 1 April 2026. The corporate income tax rate of FWD Reinsurance is zero.
- FWD Philippines' tax basis was updated from the minimum corporate income tax ("MCIT") rate of 2 per cent to the corporate income tax ("CIT") rate of 25 per cent, effective from 1 January 2025, to align with the company's latest expected tax position.

5. Assumptions (Continued)

5.10 Taxation (Continued)

The tax assumptions used in the valuation reflect the local corporate income tax rates set out above. Where applicable, tax payable on investment income has been reflected in projected net investment returns.

Given the uncertainty around the timing of dividend distributions, no allowance has been made to the EV Results to reflect any withholding or remittance taxes that may be applicable on any future dividend distributions from the Business Units to the Group. The Group has performed certain projections of the withholding tax position of the relevant Business Units and concluded the impact to the EV Results as at 31 December 2025 would be immaterial (approximately 1% of the operating entity EV). The global minimum tax adjustment is included in the EV results as of at 31 December 2025.

5.11 Statutory Valuation Bases

The projection of regulatory liabilities at future points in time assumes the continuation of the reserving methodologies used to value policyholder liabilities as at the valuation date.

5.12 Product Charges

Management fees and product charges reflected in the VIF and VNB have been assumed to follow existing scales.

6. Events After The Reporting Period

Details of the significant events after the latest reporting date (i.e. 31 December 2025) are set out in note 35 to the consolidated financial statements.

Information for Shareholders

Review of Financial Statements

The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2025, including the accounting principles and practices adopted by the Group.

Compliance with Corporate Governance Code

Throughout the year ended 31 December 2025, with the exception of Code Provision C.6.3, the Company complied with all applicable code provisions in the Corporate Governance Code set out in Appendix C1 to the Listing Rules. Code Provision C.6.3 provides that the company secretary should report to the chairman of the board and/or the chief executive. The Company operates under a variant of this model whereby the Company Secretary reports to the Group General Counsel, who is ultimately accountable for the company secretarial function of the Company and who reports to our Group Chief Financial Officer, who in turn reports directly to the Group CEO.

Purchase, sale or redemption of the listed securities of the Company

As announced by the Company:

- (i) On 15 September 2025, the Company commenced a tender offer to purchase for cash any and all of the outstanding US\$900 million 8.40 per cent Subordinated Notes due 2029. Pursuant to the offer, the purchase price per US\$1,000 in principal amount is US\$1,016.50. The settlement of the offer in respect of all the notes validly tendered and accepted for purchase by the Company pursuant to the offer, which amounted to US\$539.61 million in aggregate principal amount, was completed on 24 September 2025. The outstanding notes with aggregate principal amount of US\$360.39 million were fully redeemed at 101 per cent on 23 October 2025.
- (ii) All the outstanding US\$750 million Zero Coupon Subordinated Perpetual Capital Securities (comprising the US\$500 million Zero Coupon Subordinated Perpetual Capital Securities consolidated and forming a single series with the US\$250 million Zero Coupon Subordinated Perpetual Capital Securities) were fully redeemed at 100 per cent on 23 October 2025.
- (iii) All of the abovementioned notes and capital securities have been cancelled and the listing of such notes and capital securities on HKEX has been withdrawn with effect upon the close of business on 4 November 2025.

Save as disclosed above, during the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including treasury Shares, if any) of the Company. As at the date of this announcement, the Company does not hold any treasury Shares.

Events after the reporting period

Details of the significant events after the year ended 31 December 2025 are set out in note 35 to the consolidated financial statements.

Publication of certain financial and other data pursuant to local regulatory requirements

The Company and its subsidiaries are subject to local regulatory oversight in each of the countries or jurisdictions in which they operate. In some of these jurisdictions, we may be required to publish certain financial and other data pursuant to local insurance and other regulations primarily for policyholders' information and regulatory supervision purposes. Such local statutory disclosures are often produced pursuant to regulations that are not designed with requirements to protect public shareholders as a primary objective.

The Company uses IFRS Accounting Standards to prepare its consolidated financial information. The local statutory disclosures may be prepared on bases different from IFRS Accounting Standards and may be substantially different from the Company's financial information prepared in accordance with IFRS Accounting Standards.

Accordingly, Shareholders and potential investors are advised that the local statutory disclosures should not be relied on for an assessment of the Company's financial performance.

Final dividend

The Board has resolved not to declare any final dividend for the year ended 31 December 2025.

Annual General Meeting and closure of register of members

The forthcoming AGM will be held at 11:00 a.m. (Hong Kong time) on Friday, 29 May 2026. Details of the venue and business to be transacted at the AGM are set out in the Company's circular to be issued to the Shareholders for the AGM.

The register of members of the Company will be closed from Tuesday, 26 May 2026 to Friday, 29 May 2026 (both days inclusive), during which period no transfer of Shares will be registered, for determining the eligibility to attend and vote at the AGM. The record date for determining the eligibility to attend the AGM is Friday, 29 May 2026. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Friday, 22 May 2026.

Details of voting results at the AGM can be found on the Company's website at www.fwd.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk on Friday, 29 May 2026 after the AGM.

Forward-looking statements

This announcement may contain certain forward-looking statements that involve risks and uncertainties, including statements based on the Group's current expectations, assumptions, estimates and projections about the Group and the insurance industry.

All statements other than statements of historical fact contained in this announcement, including, without limitation, the discussions of the Group's business strategies, objectives and expectations regarding its future operations, margins, profitability, liquidity and capital resources, the future development of, and trends and conditions in, the insurance industry and the general economy of the countries in which the Group operates or plans to operate, the Group's ability to control costs, the nature of, and potential for, the future development of the Group's business, and any statements preceded by, followed by or that include words and expressions such as "expect", "believe", "plan", "intend", "estimate", "forecast", "project", "anticipate", "seek", "may", "will", "ought to", "would", "should" and "could" or similar words or statements, as they relate to the Group or its management, are intended to identify forward-looking statements.

These statements are based on assumptions regarding the Group's present and future business, its business strategies and the environment in which it will operate. These forward-looking statements reflect the Group's current views as to future events and are not a guarantee of its future performance.

Forward-looking statements are subject to certain known and unknown risks, uncertainties and assumptions, which may cause the Group's actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

These forward-looking statements include statements regarding, among other things, changes in the laws, rules and regulations relating to the Group's business operations, technological changes in the future, prevailing economic and market conditions in the markets in which the Group operates or plans to operate, changes or volatility in interest rates, foreign exchange rates or other rates or prices that may affect the Group's operations and financial results, changes in population growth and other demographic trends, including mortality, morbidity and longevity rates, developments of competitors and other competitive pressures within the insurance industry in which the Group operates, changes in consumer demand and preferences for the products and services the Group offers, the Group's ability to maintain and expand its customer base efficiently, the effectiveness of the Group's ability to identify, measure, monitor and control risks in its business, including its ability to improve its overall risk profile and risk management practices, the Group's ability to properly price its products and services and establish reserves for future policy benefits and claims, developments in the Group's business strategies and business plans, and the Group's ability to successfully implement its strategy, growth and expansion.

Projections, assumptions and estimates of the Group's future performance and the future performance of the industry in which it operates is necessarily subject to a high degree of uncertainty and risk due to a variety of factors.

Subject to the requirements of applicable laws, rules and regulations, the Group does not have any obligation, and undertakes no obligation, to update or otherwise revise the forward-looking statements in this announcement, whether as a result of new information, future events or otherwise.

As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this announcement might not occur in the way the Group expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this announcement are qualified by reference to the cautionary statements set forth in this section.

By order of the Board
FWD Group Holdings Limited
Professor Ma Si Hang, Frederick
Chairman

Hong Kong, 16 March 2026

As at the date of this announcement, the directors of the Company are: Professor MA Si Hang, Frederick as Chairman and independent non-executive director; Mr. LI Tzar Kai, Richard and Mr. HUYNH Thanh Phong (Group Chief Executive Officer) as executive directors; Mr. Walter KIELHOLZ and Mr. John DACEY as non-executive directors; and Ms. CHUNG Kit Hung, Martina, Mr. John BAIRD, Mr. Dirk SLUIMERS, Ms. Laura DEAL-LACEY, Ms. Kyoko HATTORI, Ms. Yijia TIONG, Mr. LEUNG Ka Kui, Dominic and Mr. Andrew WEIR as independent non-executive directors.

Glossary

active agent	Monthly average number of agents who sold at least one case in each reporting month in that year.
actual exchange rate or AER	Actual exchange rates for the relevant periods used for the purpose of calculation of growth.
adjusted net worth or ANW	Statutory net asset value, reflecting the excess of assets over policy reserves and other liabilities reported on a local regulatory basis plus/minus mark-to-market adjustments for assets that have not been held on a market value basis minus the value of intangible assets.
adjusted per share calculations	Immediately prior to the completion of the IPO on the main board of the Stock Exchange, the Company underwent the Conversion of Shares and Share Consolidation. To better reflect the economics prior to the completion of the IPO, the per share metrics for the year ended 31 December 2025 and 2024 are calculated by adjusting the weighted average number of ordinary shares or the number of ordinary shares outstanding for the effect of the Conversion of Shares and Share Consolidation, assuming these events occurred at the beginning of each financial period. The Conversion of Shares and Share Consolidation are described in notes 1.2 & 5.4 in the consolidated financial statements.
agent productivity	Measured by APE per active agent, for the year ended 31 December 2025.
AGM	The 2026 Annual General Meeting of the Company to be held at 11:00a.m. (Hong Kong time) on Friday, 29 May 2026.
AI	Artificial intelligence.
Alliance Bank	Alliance Bank Malaysia Berhad.
ALM	Asset-liability management.
annualised premium equivalent or APE	The sum of 10 per cent of single premiums and 100 per cent of annualised first year premiums for all new policies, before reinsurance ceded. APE provides an indicative volume measure of new policies issued in the relevant period. For takaful business, APE refers to annualised contribution equivalent.
Audit Committee	Audit Committee of the Board.
bancassurance	The distribution of insurance products through banks or other financial institutions.
Bank BRI	PT Bank Rakyat Indonesia (Persero) Tbk, a publicly listed bank established and existing under the laws of Indonesia.
Board or Board of Directors	The board of directors of the Company.
BRI Life	PT Asuransi BRI Life, a company in which we own an equity interest of approximately 44 per cent as of the date of this announcement.

Business Units	Our operations across Hong Kong & Macau, Thailand & Cambodia, Japan and the Emerging Markets.
cede	The transfer of all or part of a risk written by an insurer to a reinsurer.
CEO	Chief executive officer.
claim	An occurrence that is the basis for submission and/or payment of a benefit under an insurance policy. Depending on the terms of the insurance policy, a claim may be covered, limited or excluded from coverage.
commission	A fee paid to a distribution partner by an insurance company for services rendered in connection with the sale or maintenance of an insurance product.
Companies Ordinance	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time.
Company	FWD Group Holdings Limited 富衛集團有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability on 18 March 2013.
comprehensive tangible equity or CTE	Non-IFRS measure, calculated as total equity of the Group attributable to shareholders of the Company plus contractual service margin (net of tax and non-controlling interests), minus intangible assets (net of non-controlling interests).
constant exchange rate or CER	Constant exchange rate used for the calculation of growth and is based on average exchange rates of relevant periods, other than for balance sheet items where growth as at the end of the current year over the end of the prior year is based on end of period exchange rates.
contract boundary	The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. For details, please refer to note 2.3 in the consolidated financial statements.
contractual service margin or CSM	A component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the group. For details, please refer to note 2.3 in the consolidated financial statements.
cost of capital or CoC	Represents the cost of holding required capital that has been taking into account when measuring shareholders' profit under traditional embedded value reporting.
Conversion of Shares	The consolidation, redesignation and reclassification of all Management Shares, Series P Conversion Shares and Series A, B-2 and B-3 Conversion Shares into 2,594,663,913 ordinary shares (which became 864,887,971 ordinary shares after the Share Consolidation) of the Company by operation of the laws of the Cayman Islands.

coverage unit	The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period. Determination of coverage unit is further elaborated in note 2.3 in the consolidated financial statements.
CSM release rate	CSM release rate is measured as CSM release divided by closing balance of CSM (excluding CSM release and foreign exchange rate movement).
customer	Anyone who owns or receives value from insurance products and services. Customers are categorised as either individual customers or group scheme customers. Individual customers include policyholders (who are paying policy owners), the insured under life insurance policies, beneficiaries of the policies and active FWD MAX members, while group scheme customers include corporate policyholders (who are paying policy owners) and participating members.
D2C	Direct-to-customer.
Director(s)	The director(s) of the Company.
embedded value or EV	EV is an actuarial method of measuring the consolidated value of shareholders' interests in the existing business of an insurance company. Represents an estimate of the economic value of its life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to any future new business.
embedded value equity or EV Equity	EV equity is the equity attributable to shareholders on an actuarial basis, reflecting the Group EV, adjusted to include goodwill and other intangible assets attributable to shareholders. It is presented on a net-of-financing basis. Financing for this purpose includes debt held by us and comprises borrowings and perpetual securities.
embedded value operating profit or EV operating profit	The change in EV over the relevant period, adjusted for movements relating to acquisitions, partnerships and discontinued businesses, economic variances, economic assumption changes, non-operating variances, capital movements, corporate adjustments, financing and foreign exchange movements. It comprises expected returns on EV, VNB, operating variances, and the impact of operating assumption changes.
Emerging Markets	Refers to our operations in the Philippines, Indonesia, Singapore, Vietnam and Malaysia.
Equity Holders of the Company	Shareholders of the Company and the holders of perpetual securities of the Company.
Equity Incentive Plans	The Pre-IPO Incentive Plans and the Post-IPO Incentive Plan.
ESG	Environmental, Social and Governance.

ESR	Economic value-based Solvency Regulation in Japan, which the assets and liabilities are evaluated at economic value and the capital requirement is measured based on the underlying risks involved.
EV Disclosure	“Financial Statements — Supplementary embedded value information” section in this announcement.
exclusive bancassurance partnerships or exclusive bancassurance arrangements	Our exclusive bancassurance partnerships in-market generally require bancassurance partners to distribute our products on either an exclusive or preferred basis to their customers across networks and jurisdictions specified under their contracts and subject to applicable laws and regulations. Exclusive bancassurance arrangements commonly include termination rights which may be triggered if specific, pre-defined conditions are met, for example upon material breaches by either party, in the event a party becomes a competitor, upon a change of control or in the event of force majeure; in addition, in limited cases exclusivity also applies to us over the partnership term.
expected credit losses or ECL	The weighted average of credit losses with the respective risks of a default occurring as the weights.
expense ratio	Operating expenses expressed as a percentage of TWPI for the relevant period.
fair value through other comprehensive income or FVOCI	For financial assets and liabilities measured at fair value through other comprehensive income, some changes in fair value are recognised in other comprehensive income. For details, please refer to note 18 in the consolidated financial statements.
fair value through profit or loss or FVTPL	For financial assets and liabilities measured at fair value through profit or loss, changes in fair value are recognised in profit or loss as part of net investment result. For details, please refer to note 18 in the consolidated financial statements.
FDA	Food and Drug Administration.
FGL	FWD Group Limited, an exempted company incorporated under the laws of the Cayman Islands and registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance and a subsidiary of the Company.
financial year	Financial year ended or ending 31 December.
first year premiums	Premiums received in the first year of a recurring premium policy.
FL	FWD Limited, an exempted company incorporated under the laws of the Cayman Islands and registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance and a subsidiary of the Company.
free surplus	Excess of adjusted net worth, i.e. adjusted statutory net asset value attributable to shareholders, over the required capital.
free surplus used to fund new business	Free surplus used to fund new business refers to the change in free surplus arising from writing new business, including diversification benefit of adding new business, which in turn contributes to the overall free surplus balance.

fulfilment cash flows	An explicit, unbiased and probability-weighted estimate (i.e. expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the Group fulfils insurance contracts, including a risk adjustment for non-financial risk.
FWD Bermuda Singapore	FWD Life Insurance Company (Bermuda) Limited, Singapore Branch.
FWD Cambodia	FWD Life Insurance (Cambodia) Plc., a company incorporated under the laws of Cambodia and a subsidiary of the Company.
FWD Group, Group, we, our or us	The Company and its subsidiaries.
FWD Group Financial Services	FWD Group Financial Services Pte. Ltd., a company incorporated under the laws of Singapore and a subsidiary of the Company.
FWD Group Management	FWD Group Management Holdings Limited, a company incorporated under the laws of Hong Kong and a subsidiary of the Company.
FWD Indonesia	PT FWD Life Indonesia, a company incorporated under the laws of Indonesia, and a subsidiary of the Company, which was subsequently merged with PT FWD Insurance Indonesia (formerly known as PT Commonwealth Life), with the surviving entity being PT FWD Insurance Indonesia.
FWD Life Assurance (Hong Kong)	FWD Life Assurance Company (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a subsidiary of the Company.
FWD Life (Bermuda)	FWD Life Insurance Company (Bermuda) Limited, a company incorporated under the laws of Bermuda and registered as non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance and a subsidiary of the Company.
FWD Life (Hong Kong)	FWD Life (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a subsidiary of the Company.
FWD Life Japan	FWD Life Insurance Company, Limited (formerly known as FWD Fuji Life Insurance Company, Limited), a company incorporated under the laws of Japan and a subsidiary of the Company.
FWD Life Malaysia	FWD Insurance Berhad (formerly known as Gibraltar BSN Life Berhad), a company incorporated under the laws of Malaysia and a subsidiary of the Company.
FWD Management Holdings	FWD Management Holdings Limited, a company incorporated under the laws of Hong Kong and a subsidiary of the Company.
FWD Philippines	FWD Life Insurance Corporation, a company incorporated under the laws of the Philippines and a subsidiary of the Company.
FWD Reinsurance	FWD Reinsurance SPC, Ltd., an exempted company incorporated under the laws of the Cayman Islands and a subsidiary of the Company.

FWD Singapore	FWD Singapore Pte. Ltd., a company incorporated under the laws of Singapore and a subsidiary of the Company.
FWD Takaful	FWD Takaful Berhad, a company incorporated under the laws of Malaysia and a subsidiary of the Company.
FWD Thailand	FWD Life Insurance Public Company Limited (บริษัท เอฟดับบลิวดี ประกันชีวิต จำกัด (มหาชน)), a company incorporated under the laws of Thailand and subsidiary of the Company.
FWD Vietnam	FWD Vietnam Life Insurance Company Limited, a company incorporated under the laws of Vietnam and a subsidiary of the Company.
Global minimum tax or GMT	Global Minimum Tax provision; please refer to the section headed “Management discussion and analysis – Risk & Capital – Regulatory and international developments” for details.
GMCR	Group minimum capital requirement.
GPCR	Group prescribed capital requirement.
Greater Bay Area	The Guangdong-Hong Kong-Macao Greater Bay Area which comprises the two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province of China.
Group embedded value or Group EV	The consolidated EV of our Group and is presented on a net-of-financing basis. Financing for this purpose includes debt held and comprises borrowings and perpetual securities.
Group LCSM cover ratio (PCR basis)	Ratio of our group available capital to our GPCR.
Group LCSM tier 1 cover ratio (MCR basis)	Ratio of our Group tier 1 available capital to our GMCR.
Group Office	FWD Group Financial Services, FWD Group Management and Valdimir.
Group-wide Supervision or GWS	Group-wide supervision framework introduced by the IA, which came into effect on 29 March 2021.
high-net-worth or HNW	Individuals who have investable assets of US\$1 million or more.
HK\$, Hong Kong dollar(s) or HKD	Hong Kong dollars, the lawful currency of Hong Kong.
Hong Kong or Hong Kong SAR	The Hong Kong Special Administrative Region of the PRC; in the context of our reportable segments, Hong Kong & Macau refers to operations in the Hong Kong SAR and the Macau SAR.

HSBC Amanah Takaful	HSBC Amanah Takaful (Malaysia) Berhad, a company incorporated under the laws of Malaysia and is a subsidiary of the Company, now rebranded as FWD Takaful.
IA	Hong Kong Insurance Authority, the primary regulator of the insurance industry in Hong Kong.
IAIG	Internationally active insurance group.
IAIS	The International Association of Insurance Supervisors, which is the global standard setter for the insurance industry.
ICS	Insurance Capital Standard.
IFA	Independent financial adviser.
IFRS	International Financial Reporting Standards.
insurance acquisition cash flows	Cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.
insurance contract services	Services that the Group provides to a policyholder of an insurance contract, including: coverage for an insured event; for insurance contracts without direct participation features, the generation of an investment return for the policyholder, if applicable (investment-return service); and for insurance contracts with direct participation features, the management of underlying items on behalf of the policyholder (investment-related service).
insurance finance reserve	Insurance finance reserve comprises the cumulative insurance finance income or expenses recognised in other comprehensive income.
Insurance (Group Capital) Rules	The Insurance (Group Capital) Rules under the GWS framework.
insurance revenue	Insurance revenue arising from insurance contracts, excluding any investment components.
insurance service expenses	Insurance service expenses arising from insurance contracts, excluding any investment components.
insurance service result	Comprises insurance revenue, insurance service expenses and net expenses from reinsurance contracts held.
International Underwriters	The International Underwriters described in the Prospectus.
investment component	Amount that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Generally, for relevant contracts, surrender value would be determined as an investment component.

investment experience	Realised gains and losses, impairments and unrealised gains and losses on investments held at fair value through profit or loss.
investments	Investments include financial investments, investment property and cash and cash equivalents.
IPO	Initial public offering of the Company and listing of the Shares on the main board of the Stock Exchange as described further in the Prospectus.
IUL	Indexed universal life.
JFSA	The Japan Financial Services Agency.
Joint Global Coordinators	Morgan Stanley Asia Limited, Goldman Sachs (Asia) L.L.C., CMB International Capital Limited and The Hongkong and Shanghai Banking Corporation Limited.
JSPA	Japan Yen single premium annuity.
LCSM	Local capital summation method.
leverage ratio	Calculated as total borrowings divided by the sum of the total borrowings, total equity of the Group attributable to shareholders of the Company and non-controlling interests, and contractual service margin (net of tax and non-controlling interests), as of the end of the applicable period.
life insurance market	All business written under a life insurance licence in each of the individual markets.
LIMRA	Life Insurance Agency Management Association.
Listing	The listing of the Shares on the main board of the Stock Exchange.
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time.
loss component	Loss component for onerous contracts.
Macau or Macau SAR	The Macau Special Administrative Region of the PRC.
Management Shares	Management shares in the share capital of the Company with a nominal value of US\$0.01 each.
MCR	Minimum capital requirement.
MDRT	Million Dollar Round Table, a global professional trade association that recognises significant sales achievements while working to develop professional and ethical sales practices.
Milliman	Milliman Limited, an independent actuarial consultant.

morbidity or morbidity rates	Incidence rates and period of disability, varying by such parameters as age, gender and period since disability, used in pricing and computing liabilities for accident and health insurance.
mortality or mortality rates	Rate of death, varying by such parameters as age, gender and health, used in pricing and computing liabilities for life and annuity products, which contain mortality risks.
na or N/A	Not applicable.
NB CSM margin	NB CSM margin is NB CSM expressed as a percentage of APE for the relevant period, excluding products measured under premium allocation approach.
net investment result	Comprises investment return, net finance income or expenses from insurance contracts and reinsurance contracts held, and movement in investment contract liabilities.
net profit/(loss) after tax	Net profit/(loss) after tax as calculated and reported under the IFRS.
net profit/(loss) after tax attributable to Equity Holders of the Company or NPAT	Net profit/(loss) after tax attributable to Equity Holders of the Company, unless otherwise stated.
net underlying free surplus generation or net UFSG	Underlying free surplus generation, allowing for the free surplus used to fund new business. It excludes investment return variances, corporate centre expenses and other items such as the impact of acquisitions, new partnerships and discontinued businesses, capital movements and impact of financing.
new business contractual service margin or new business CSM or NB CSM	Represents a component of the carrying amount of the asset or liability for a group of new insurance contracts issued during the relevant reporting period, representing the unearned profit that the Group will recognise as it provides insurance contract services under the insurance contracts in the Group. To enhance the understanding and comparability of the Group's performance on an ongoing basis, the new business CSM consists of new business CSM under IFRS 17, adjusted to (i) exclude the impact of certain one-off new reinsurance contracts that cover in-force business, (ii) take into account the impact of the Group's investment in BRI Life, which is accounted for as an investment in associate under IFRS, and (iii) exclude non-controlling interests.
new business margin	New business margin is defined as value of new business (VNB) expressed as a percentage of new business sales (APE) for the relevant period.
new business sales	New business sales volumes defined as APE.
nm	Not meaningful.
NMG	N.M.G. Financial Services Consulting Limited, an independent industry consultant.
NPS	Net promoter score.
O2O	Collectively, online-to-online, online-to-offline and offline-to-online.

OECD	The Organisation for Economic Co-operation and Development.
offshore	With respect to our Hong Kong business, an offshore policy is any policy where the policyholder does not have or disclose a Hong Kong identity card number and an offshore customer is any customer who does not have or disclose a Hong Kong identity card; and with respect to our Macau business, an offshore policy is any policy where the policyholder is not a resident of Macau and an offshore customer is any customer who is not a resident of Macau.
onshore	(i) With respect to our Hong Kong business, an onshore policy is any policy where the policyholder has a Hong Kong identity card and an onshore customer is any customer who has a Hong Kong identity card, and (ii) with respect to our Macau business, any policy where the policyholder is a resident of Macau and an onshore customer is any customer who is a resident of Macau.
operating entity EV	Consolidated EV of operating entities.
operating profit after tax	Non-IFRS measure and consists of net profit/(loss) adjusted to exclude non-operating items which, in our view, should be disclosed separately to enable a meaningful understanding of our financial performance.
operating profit after tax attributable to Equity Holders of the Company or OPAT	Non-IFRS measure and refers to Operating profit after tax attributable to Equity Holders of the Company, unless otherwise stated.
operating profit before tax or OPBT	Non-IFRS measure and consists of profit/(loss) before tax adjusted to exclude non-operating items.
Opinion Letter	Independent report on the review of supplementary embedded value information.
option	A conditional right to subscribe for shares following vesting pursuant to and in accordance with the terms and conditions of the relevant Equity Incentive Plan and a letter of grant.
Over-allotment Option	The option granted by the Company as described in the Prospectus.
participating funds	Distinct portfolios where the policyholders have a contractual right to receive at the discretion of the insurer additional benefits based on factors such as the performance of the pool of assets held within the fund, as a supplement to any guaranteed benefits. The insurer may either have discretion as to the timing of the allocation of those benefits to participating policyholders or as to the timing and the amount of the additional benefits.
participating products or participating business	Contracts of insurance where the policyholders have a contractual right to receive, at the discretion of the insurer, additional benefits based on factors such as investment performance, as a supplement to any guaranteed benefits.
PCG	Pacific Century Group, an Asia-based private investment group ultimately wholly-owned by Mr. Li.
PCR	Prescribed capital requirement.

per share (basic)	Basic per share information is calculated based on the weighted average number of ordinary shares outstanding during the period or the number of ordinary shares outstanding as at the reporting date as adjusted for the effect of Share Consolidation.
persistence	The proportion of insurance policies remaining in force from month to month, as measured by the number of policies.
policyholder and shareholder investments	Investments other than those held to back unit-linked contracts.
portfolio of insurance contracts	Insurance contracts subject to similar risks and managed together.
Post-IPO Incentive Plans	The Employee Share Purchase Plan.
pps	Percentage point.
Pre-IPO Awards	The share-based awards granted by the Group before the Listing, including under the Share Option and RSU Plan and the Share Award Plan.
Pre-IPO Incentive Plans	The Share Option and RSU Plan and the Share Award Plan.
premium allocation approach or PAA	Simplified measurement of insurance contracts where the coverage period of each contract in the group of contracts is one year or less; or the Group reasonably expects that the resulting measurement of the liabilities for remaining coverage would not differ materially from the result of applying the accounting policies of contracts not measured under PAA.
Prospectus	The prospectus of the Company dated 26 June 2025.
PT Commonwealth Life	PT Commonwealth Life, a company incorporated under the laws of Indonesia (now known as PT FWD Insurance Indonesia).
PVNB	The present value of projected new business premiums.
RBC or risk-based capital	A method of measuring the minimum amount of capital appropriate for an insurance entity to support its overall business operations in consideration of its size and risk profile.
reinsurance	The practice whereby a reinsurer, in consideration of a premium paid to it, agrees to indemnify another party for part or all of the liabilities assumed by the reinsured party under an insurance contract, which the reinsured party has issued.
renewal premiums	Premiums receivable in subsequent years of a multi-year insurance policy.
reorganisation	The restructuring steps undertaken by our Group as set out in the paragraph headed "History, Reorganisation and Corporate Structure – Reorganisation" in the Prospectus.

reserves	Liability established to provide for future payments of claims and benefits to policyholders net of liability ceded to reinsurers.
RSU	A restricted share unit, being a contingent right to receive shares under an Equity Incentive Plan subject to certain time-based and other vesting conditions.
SAA	Strategic Asset Allocation.
SCB	The Siam Commercial Bank Public Company Limited.
SCB Life	SCB Life Assurance Public Company Limited.
Security Bank	Security Bank Corporation.
Series A/B-2/B-3 Conversion Shares	Series A Conversion Shares, Series B-2 Conversion Shares and Series B-3 Conversion Shares.
Series A Conversion Shares	Series A conversion shares in the share capital of the Company with a nominal value of US\$0.01 each.
Series B-2 Conversion Shares	Series B-2 conversion shares in the share capital of the Company with a nominal value of US\$0.01 each.
Series B-3 Conversion Shares	Series B-3 conversion shares in the share capital of the Company with a nominal value of US\$0.01 each.
Series P Conversion Shares	Series P conversion shares in the share capital of the Company with a nominal value of US\$0.01 each.
Share Consolidation	The consolidation of every three shares with a nominal value of US\$0.01 each in the Company's issued and unissued share capital into one share with a nominal value of US\$0.03 each, the details of which are set out in the section headed "Appendix V – Statutory and General Information – Resolutions of the shareholders of our Company passed on 23 June 2025" in the Prospectus.
Shareholder	A holder of Shares.
Shares	Ordinary shares of the share capital of the Company with a nominal value of US\$0.01 each prior to the Share Consolidation and with a nominal value of US\$0.03 each subsequent to the Share Consolidation.
single premiums	Single premium policies of insurance are those that require only a single lump sum payment from the policyholder.
SMR	Solvency Margin Ratio in Japan, which is calculated pursuant to a set of factors and formula prescribed by JFSA.
solvency	The ability of an insurance company to satisfy its policyholder benefits and claims obligations.

Southeast Asia	For purposes of market rankings included in this announcement, Thailand, Cambodia, the Philippines, Indonesia, Singapore, Vietnam and Malaysia.
Stock Exchange or HKEX	The Stock Exchange of Hong Kong Limited.
STP	Straight-through processing.
STU	Straight-through underwriting.
surrender	The termination of a life insurance policy or annuity contract at the request of the policyholder after which the policyholder receives the cash surrender value, if any, of the contract.
takaful	Insurance that is compliant with Islamic principles.
tied agent	A sales representative who sells the products of one company exclusively.
total weighted premium income or TWPI	Non-IFRS measure and consists of 10 per cent of single premiums, 100 per cent of first year premiums and 100 per cent of renewal premiums across all business lines, before reinsurance ceded. TWPI represents the amount attributable to the Equity Holders of the Company. It provides an indicative volume measure of transactions undertaken in the relevant period that have the potential to generate profits for the shareholders.
Traditional embedded value or “TEV” Methodology	Represents deterministic discounted cash flow methodology to calculate EV and VNB.
underlying free surplus generation or UFSG	Represents the free surplus generated by the Group over the period, adjusted to exclude new business funding and certain non-recurring items. It excludes free surplus used to fund new business, investment return variances, corporate centre expenses and other items, acquisitions, partnerships and business lines that have been terminated, capital movements and the impact of financing, but includes methodology updates relating to accounting changes.
underwriting	The process of examining, accepting or rejecting insurance risks, and classifying those accepted, in order to charge an appropriate premium for each accepted risk.
US\$, U.S. dollars, US dollar(s) or USD	US dollars, the lawful currency of the United States of America.
U.S. or United States	the United States of America, its territories and possessions, any state of the United States and the District of Columbia.
U.S. Securities Act	The United States Securities Act of 1933, as amended.
Valdimir	Valdimir Pte. Ltd., a company incorporated under the laws of Singapore and a subsidiary of the Company.

value of in-force business or VIF	Present value of future net-of-tax statutory profits emerging in the future from the current in-force business less cost of capital required to support the in-force business, with adjustment on future net-of-tax unallocated Group Office expenses and global minimum tax.
value of new business or VNB	Present value, measured at point of sale, of future net-of-tax profits on a local statutory basis less the corresponding cost of capital. VNB is calculated quarterly, based on assumptions applicable at the start of each quarter.
variable fee approach VFA	Modifies the general measurement model in IFRS 17 to reflect the nature of the income to the insurer is a variable fee.
VCB or Vietcombank	Joint Stock Commercial Bank for Foreign Trade of Vietnam.

References to “FWD Group”, “Group”, “we”, “our” or “us” are to FWD Group Holdings Limited and its consolidated subsidiaries.

All growth rates and commentaries in this announcement are provided on a constant exchange rate basis, unless otherwise stated.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and statements may not be an arithmetic aggregation of the figures preceding them.