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fwd.com

# FWD Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

HKEX stock code: 1828

# 2025 Annual Report



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## Financial and operating review


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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.



# Our history

**2013**




Hong Kong SAR, Macau SAR and Thailand

**2014**




The Philippines

**2015**




Indonesia

**2016**




Singapore and Vietnam

**2017**




Japan

**2019**




Malaysia (Takaful)

**2021**




Cambodia and minority interest in BRI Life Indonesia

**2023**




Malaysia (Life insurance)

**2025**



Listed on the main board of the Hong Kong Stock Exchange under the stock code 1828

# Our business: 10 markets in Asia

**>38 million** customers[1]

**33** bancassurance partnerships (including **7** exclusive partners) and **>30** ecosystem partners

Claims net promoter score: **63**
Purchase emotion score – "good" or "great" : **92%**

**>6,900** employees and **>40,000** contracted agents

**>320** active AI models

Ranked among the **top 10** multinational companies in 2025 Million Dollar Round Table[2]

**US$7.8 billion** total premiums[3]

**US$62.4 billion** total assets

All data as at 31 December 2025, unless otherwise stated.

[1] Including all customers from BRI Life in Indonesia.

[2] Based on the statistics published by The Million Dollar Round Table as of July 2025. The Million Dollar Round Table is a global independent association recognised as a standard of excellence in the life insurance and financial services industries.

[3] Total premiums refers to total weighted premium income.



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# Awards and recognition

ASEAN Fintech Forum
**Fastest Growing Insurer Award**

The Digital Banker
**Excellence in Customer Service Innovation - Insurance**

The Digital Banker
**Outstanding Digital CX Transformation in Insurance**

The Digital Banker
**Best AI Powered Claims Initiative**

SZ&W Group
**Data & Analytics Excellence Award**

SZ&W Group
**Customer Experience Excellence Award**

Forrester
**Technology Strategy Impact Award for APAC**

Infopro Digital
**Best IT initiative**

InsureTech Connect Asia
**Data & Analytics Master Award**

The Digital Banker
**Best Technology Implementation of the Year**

The Digital Banker
**Best Mobile Insurance App Award**

Standard Chartered
**Cross-border Corporate - Leadership Award**

Office of the Privacy Commissioner for Personal Data, Hong Kong
**Outstanding Gold Award**

Office of the Privacy Commissioner for Personal Data, Hong Kong
**Best AI Governance Award**

Office of the Privacy Commissioner for Personal Data, Hong Kong
**Best Data Protection Officer Award**

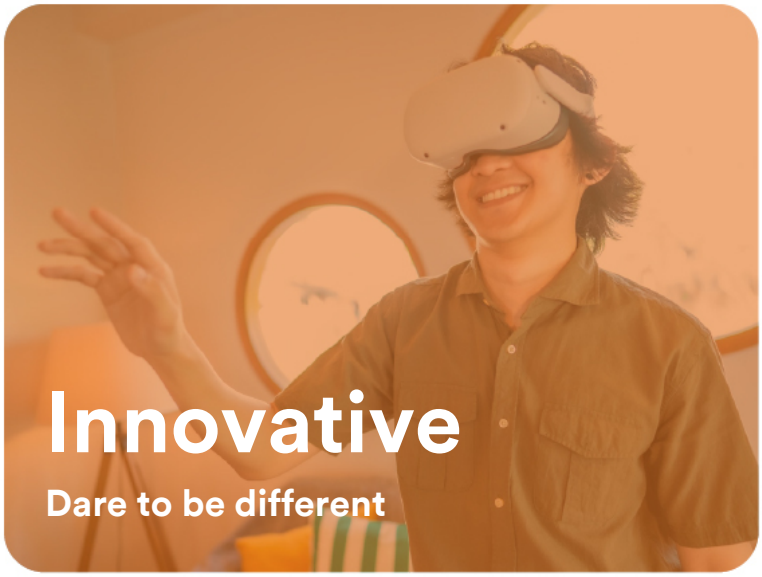
Asian Legal Business
**Insurance In-House Team of the Year**

Workday
**Forward Thinkers Award**

Human Resources Online
**Excellence in Leadership Development - Silver Award**

# Our values


Proactive
Perform with passion


Innovative
Dare to be different


Committed
Succeed together


Caring
Everyone matters


Open
Do the right thing

# 2025 financial highlights

## Growth

New business CSM[1,2]
**US$1,476m** ↑ 18%
(2024: US$1,222m)

New business sales (APE)[1,3]
**US$2,446m** ↑ 25%
(2024: US$1,916m)

Value of new business[1]
**US$945m** ↑ 11%
(2024: US$834m)

## Profitability

Operating profit after tax[1,4]
**US$499m** ↑ 5%
(2024: US$463m)

Net profit after tax[1,4]
**US$166m** ↑ 411%
(2024: US$24m)

CSM balance[1,5]
**US$6,562m** ↑ 24%
(2024: US$5,174m)

## Value

Comprehensive tangible equity[1,6]
**US$8,717m** ↑ 18%
(2024: US$7,162m)

Return on tangible equity[7]
**15.7%** ↑ 0.3 pps
(2024: 15.4%)

Group embedded value[1]
**US$6,850m** ↑ 19%
(2024: US$5,569m)

## Risk & Capital

Group LCSM cover ratio (PCR basis)
**265%** ↑ 5 pps
(2024: 260%)

Leverage ratio[8]
**21.3%** ↓ 4.2 pps
(2024: 25.5%)

Net capital generated[1,9]
**US$857m** ↑ 20%
(2024: US$709m)

Notes:

(1) Financial metrics' growth rates are on a constant exchange rate (CER) basis.

(2) New business CSM consists of new business CSM prepared 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.

(3) New business sales are calculated on an annual premium equivalent (APE) basis.

(4) Operating profit after tax and net profit after tax are profits attributable to Equity Holders of the Company, and are presented net of non-controlling interests.

(5) Contractual service margin (CSM) balance presented on a net of reinsurance and gross of tax basis.

(6) 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).

(7) Operating profit after tax for the period, divided by the average of the balances of tangible equity as at the beginning and end of such period. Tangible equity is calculated as total equity of the Group attributable to shareholders of the Company minus intangible assets (net of non-controlling interests).

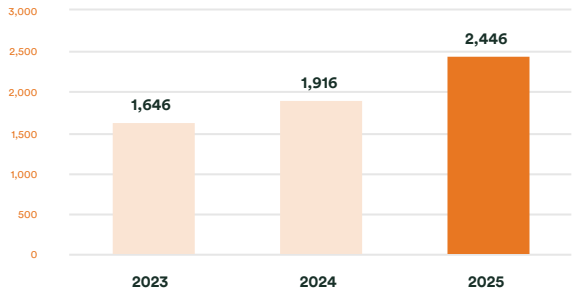
(8) Total borrowings divided by the sum of total borrowings, total equity of the Group attributable to shareholders of the Company and non-controlling interests, and contractual service margin (net of tax and non-controlling interests), as of the end of the applicable period.

(9) Net underlying free surplus generation.

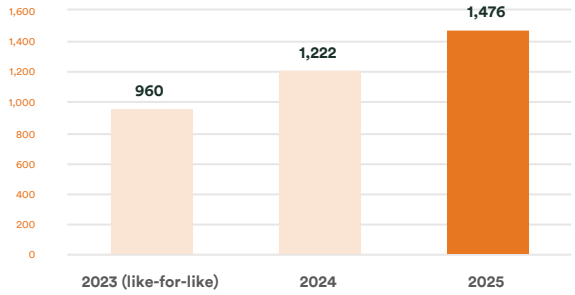
# Performance overview

Figures in US$m

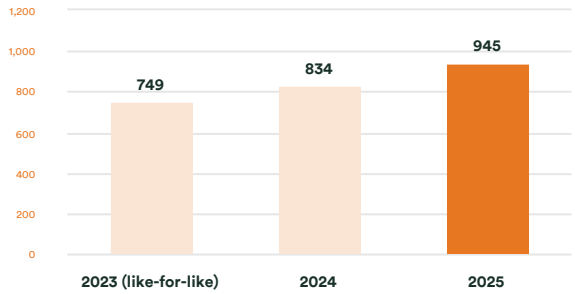
## New business sales



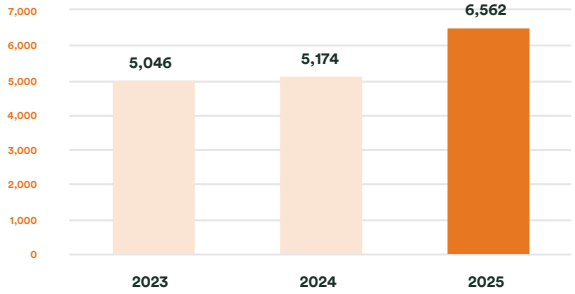

## New business contractual service margin



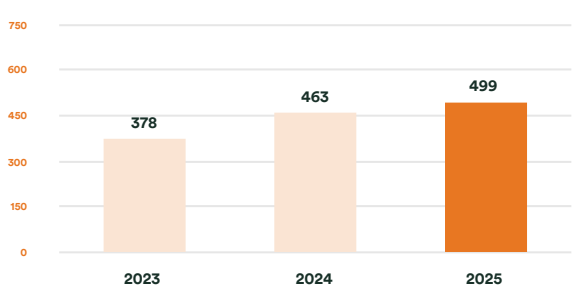

## Value of new business



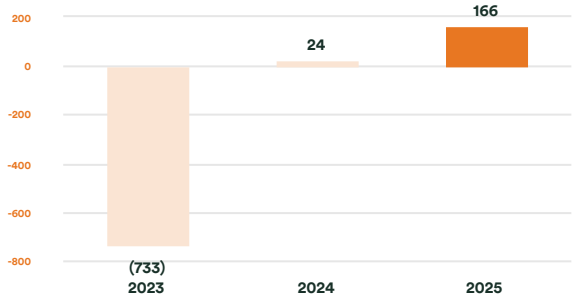

## Contractual service margin



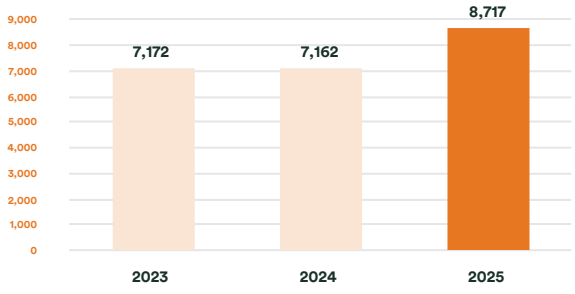

## Operating profit after tax



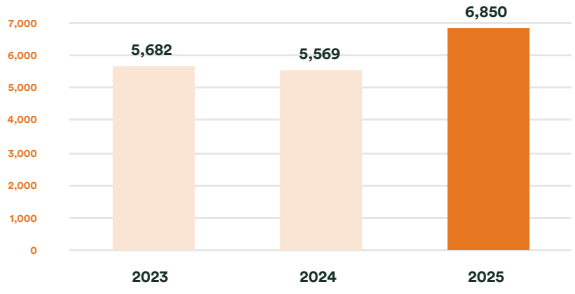

## Net profit / (loss) after tax




## Comprehensive tangible equity



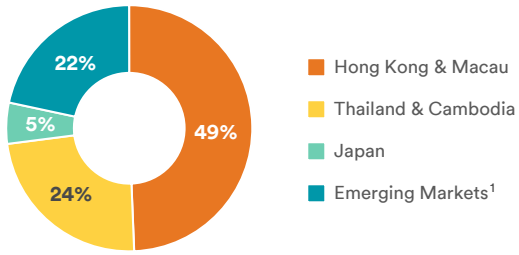

## Group embedded value



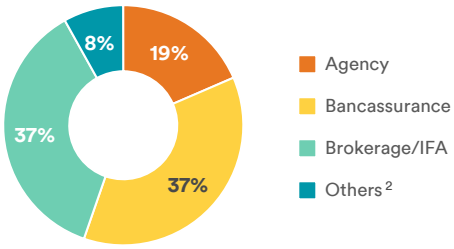
# Diversified geographic mix and distribution channels

## 2025 by market and distribution channel

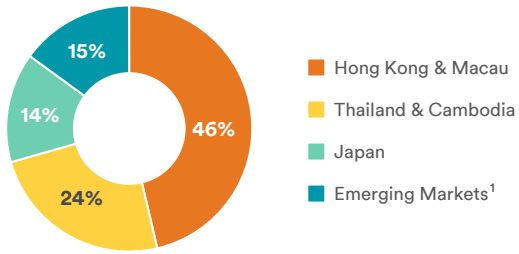
### New business sales by segment



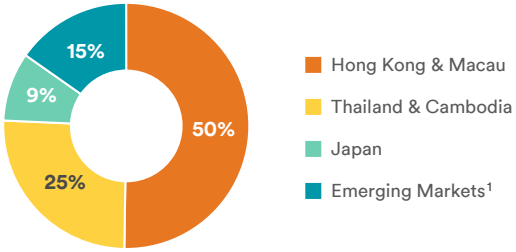

### New business sales by channel




### New business contractual service margin by segment




### Value of new business by segment




Notes:
(1) Emerging Markets refer to operations in the Philippines, Indonesia, Singapore, Vietnam and Malaysia.
(2) Other channels include digital commerce and other distribution channels.

# Chairman's statement



**Professor Ma Si Hang, Frederick**
Chairman and Independent Non-Executive Director

> **"FWD Group completed a major milestone to become a listed company in 2025, with high quality cornerstone investors."**

*Dear fellow shareholders,*

**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



> "In 2025, we posted a record IFRS 17 profit. Our strong results were driven by organic growth across most of the 10 Asian markets where FWD Group operates."

**Huynh Thanh Phong**
**Group Chief Executive Officer**

*Dear fellow shareholders,*

**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



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# Chief Financial Officer report



**Sid Sankaran**
Group Chief Financial Officer &
Group Chief Operating Officer

> **We are well positioned to continue delivering profitable growth, improved capital and cash flow generation, providing long-term value to our shareholders.**

**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.

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

Net profit after tax (NPAT)[1] 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 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.

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

# 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 sales[1].

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

OPAT[1] 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 |

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.

[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 YoY** | AER 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 % |
| **OPAT** [1] | **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 YoY** | AER 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 |

Notes:

(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

NPAT[1] 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 |
| *Non-operating items:* | | |
| 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**<br>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**<br>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 |
| *Other comprehensive income* | | |
| 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 annual report.

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**<br>US$ millions | **As at**<br>**31 Dec 2025** | As at<br>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**<br>US$ millions | **As at**<br>**31 Dec 2025** | As at<br>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 |
| *Net underlying free surplus generation before opening adjustment* | **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 subsidiaries[1] 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.

**Changing the way people feel about insurance**

**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

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 cent[1] and Macau growing at 62 per cent[2] 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 years[3]. 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 sales[1], and plan to further scale our direct and other channel[4] 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 literacy[1]. 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 services[2], 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 products[3]. The launch of a new medical insurance product in March 2025, designed for younger customers has achieved rapid traction, outperforming its predecessor during 2025[4].

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 2020[1]. 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 Thailand[1]. We have continued our leadership in bancassurance, with SCB having approximately 26 per cent market share[1]. 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 Thailand[2], 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 penetration[1], 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 2025[2]. 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 the their branches[3].

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 2025[4], 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 2025[5].

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 2025[6], 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 Vietnam[1].

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 Malaysia[2]. 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 channels[1]. 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 productivity[2] 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 2025[1]. Our agent productivity[2] 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 legitimation 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 Sub-committee, 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 markets[1].

Customer experience across key markets remains strong, with purchase emotion score remaining high at 92 per cent[2], 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).

# Our people

The passion, expertise, and commitment of our people drive our vision of changing the way people feel about insurance. Our People strategy aligns people practices with business goals, creating value for our stakeholders. We focus on attracting, developing, and retaining the right talent, while fostering an environment of innovation and inclusivity.

In 2025, we continued to empower our employees to blaze innovative trails through career, development, and continuous learning opportunities. We cultivate effective and caring leaders who listen, inspire, motivate, and trust our people. We offer unique employee experiences that harness data, technology and AI to promote growth, nurture talent, prioritise well-being, and embrace diversity.

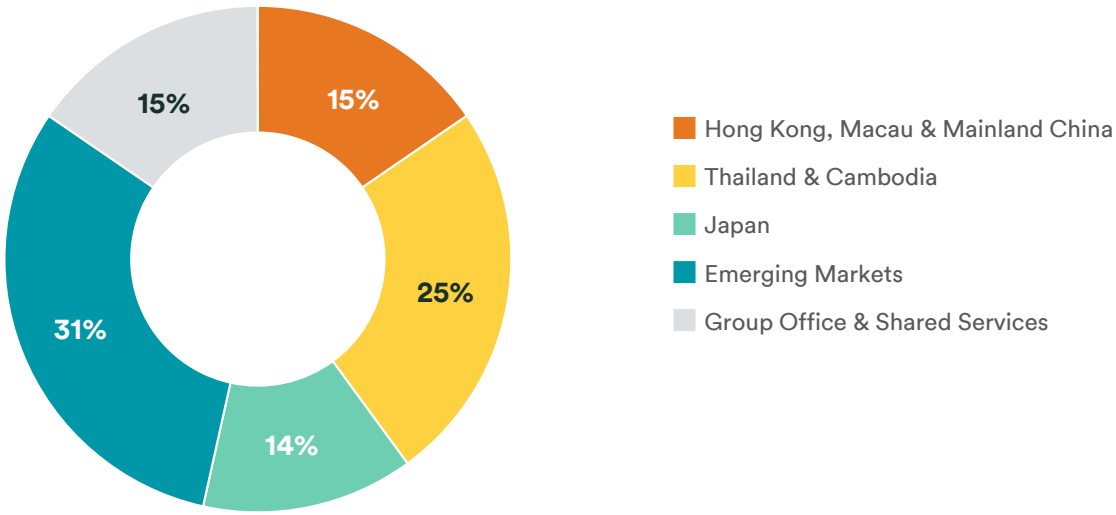
Our culture is built on our FWD PICCO values – **Proactive, Innovative, Committed, Caring and Open** – which aim to foster collaboration and improve customer experience.

Our brand promise is "*Celebrate living*". For our people, our goal is to bring this promise to life by encouraging them to live life to the fullest, both at work and at play.

## Overview

As of 31 December 2025, FWD had a total workforce of 6,931 employees, of which 6,764 were permanent employees and 167 were fixed term employees. Our main employment locations were Hong Kong, Macau & Mainland China, Thailand & Cambodia and Japan with 3,706 employees across these three segments. Other employees are located in Indonesia, Malaysia, the Philippines, Singapore and Vietnam. Together with our people we create a workplace which allows them to realise their full potential, as well as attracting new talent to fuel future growth and innovation.

### Employees by location




## Promote FWD culture to align with FWD values

At FWD, culture is the foundation of how we deliver on our vision and strategy. In 2025, we continued to strengthen alignment between our cultural aspirations and our FWD PICCO values through a few key focus areas.

### Performance review

We conduct annual performance reviews to facilitate constructive dialogue between managers and their team members. Regular feedback on performance is essential for guiding employees to excel in their current roles, and to fulfil their potential.

This year marked the introduction of "How" goals into our performance management framework, complementing the role-specific "What" goals. By focusing not only on what we achieve but how we achieve it, we reinforce behaviours aligned with our PICCO values.

To support the year-end performance review, we have quarterly check-ins and informal conversations every month between employees and their managers to provide feedback on progress in meeting their goals; we encourage feedback at any time through an internal "anytime feedback" tool that is accessible to all employees.

### Risk culture

We advanced a strong risk culture that encourages transparency, accountability, and informed decision-making. By embedding risk considerations into everyday processes and promoting open dialogue, we empower teams to take calculated risks while safeguarding the interests of our customers and stakeholders.

### Entrepreneurial culture

We nurture an entrepreneurial mindset by encouraging bold ideas, experimentation, and adaptability. Through initiatives that reward creativity and foster continuous improvement, we enable our people to challenge norms and deliver distinctive customer experiences.

## Create meaningful employee experiences

### Well-being - FWD LiveLife

In 2021, we launched FWD LiveLife, our Group-wide well-being initiative which has been designed to help our colleagues lead healthy and fulfilling lives – both inside and outside the workplace.

FWD LiveLife takes a holistic, proactive, and preventative approach to employee well-being. In 2025, we organised a range of programmes across five pillars: emotional health, physical health, financial wellness, social connectedness, and purpose & meaning. All activities are underpinned by our brand promise: Celebrate living, and include health talks and webinars, FWD AMA "Ask Me Anything" series led by external well-being experts, Step It Up challenge, FWD Talent Camp internal talent show and our Employee Assistance Programme.

We measure the effectiveness of FWD LiveLife through the annual FWD LiveLife feedback survey. The overall well-being rating score of the 2025 survey has increased from 7.9/10 in 2024 to 8.3/10 in 2025. 94 per cent of respondents said FWD LiveLife helped them feel that FWD cared about their well-being. 93 per cent believed that FWD LiveLife helped them feel that FWD was a better place to work and become more engaged as employees. The overall helpfulness and satisfaction of FWD LiveLife activities have both increased to 8.4/10. We have seen continuous improvement in these scores since 2021, indicating the progress we have made in investing in our employees' well-being.

### Diversity, Equity and Inclusion

FWD recognises the importance of diverse talent, experiences, and perspectives in contributing to the success of our business. We value diversity in all its forms, including gender, age, cultural background, ethnicity, special needs, religion, sexual orientation and family status, as well as professional and life experiences, and interpersonal or professional skills.

In 2025, FWD continued to embed Diversity, Equity, and Inclusion (DEI) principles, with gender balance remaining a key focus across the Group. Guided by four pillars – talent acquisition, learning & development, performance management, and governance & insights – we remain committed to fostering an inclusive culture and advancing our broader ESG goals.

We aim to achieve 40 to 60 per cent gender balance in senior management positions and across the Company. As at 31 December 2025, women made up 33 per cent of our senior leadership, compared with 32 per cent as at 31 December 2024, and 54 per cent of our overall workforce were female, the same as that at 31 December 2024.

### Employee Engagement

In 2023 and 2024, FWD was awarded the Gallup Exceptional Workplace Award, and we also received the highest ever engagement score in 2024 since the inception of the Gallup survey.

After a successful decade of using Gallup, we wanted to drive even greater insights and interactive listening across the employee experience, beyond engagement, and transitioned to a new platform called Peakon ourVoice aligned with our broader Employee Listening Strategy.

Since launching Peakon ourVoice, we have seen engagement improvements in all our markets, and the overall engagement score has increased from 8.2/10 in 2024 to 8.3/10 in 2025.

- We conduct three Peakon ourVoice surveys each year to allow more frequent listening and faster response to address employee concerns compared to annual surveys.
- The digital listening platform is directly integrated with our iHR (Workday) system, driving the employee participation rate to 99 per cent in 2025.
- Peakon ourVoice incorporates confidential and anonymous interaction with employee comments, a feature that ensures employees really know their voice is important and heard.
- AI in Peakon ourVoice provides managers with reports immediately after the survey closes, automatic topic generation and theme analysis supports understanding across engagement, DEI, health and well-being, and transformation and change.

## Strengthen leadership and build talent capacity for change and sustainability

### Talent

We believe that investing in top talent is essential to driving sustainable growth and innovation. This year, we strengthened our approach to identifying and developing high-potential individuals by implementing consistent guidelines across all markets, ensuring fairness and alignment with group-wide standards.

Our top talent benefits from exclusive development opportunities, including 360-degree feedback, executive coaching and tailored leadership programmes. In addition, our talent engages in career conversations and receives a personalised career growth plan, primarily driven by on-the-job development. These plans include stretch assignments, cross-functional projects, cross-country assignments and exposure to diverse portfolios – aligned with future roles and individual aspirations drawn from career discussions – ensuring readiness for future roles.

### Leading Edge

In 2025, FWD advanced its commitment to leadership excellence with the launch of FWD Leading Edge – a proprietary leadership model designed to define what exceptional leadership looks like across FWD. Built around three impact areas – purpose, people, and performance – the model sets out six core leadership capabilities that guide how we lead, inspire, and deliver results.

To embed these capabilities and accelerate leadership growth, we introduced a series of strategic initiatives including our Leading Edge Insights Series, curated learning pathways and self-awareness tools such as Saville Wave, Clifton Strength assessment, and the FWD Leading Edge 360 and refreshed leadership programmes that align with the FWD Leading Edge model, reinforcing the organisation's focus on developing the key capabilities required for future success.

### Talent dialogue and succession planning

Since its introduction in 2020, FWD's talent dialogue process has evolved into a strategic, future-focused approach where senior leaders engage in robust discussions on succession depth and readiness – ensuring a strong, diverse pipeline aligned with business priorities.

In 2025, we conducted 20 talent dialogue sessions, reviewing 130 critical leadership roles. To further strengthen succession depth, we introduced functional roundtables for key areas such as finance, actuarial and distribution. These forums enhance synergy across markets and enable leaders to leverage cross-market talent, share insights, and align priorities within critical functions.

### Leadership programmes

Recognising the critical role that leadership plays in shaping culture and performance, we undertook a comprehensive overhaul of our leadership programmes to deliver impactful, future-ready learning experiences.

The refreshed suite of programmes – Leading Edge Summit for executive leaders, Leading Edge Expedition for mid-to-senior leaders, and Leading Edge Base Camp for first-line leaders – was designed around the Leading Edge Leadership Capability Framework. Each programme is tiered by seniority to ensure relevance and depth, while maintaining a consistent focus on building leadership excellence across the organisation.

Additionally, we included a self-paced e-learning module called "FWD Manager 101" for emerging or new leaders to learn the foundational processes and managers' responsibilities that are mapped to the employee life cycle.

The content is bespoke but anchored on essential leadership capabilities, including understanding self, building trust and psychological safety within teams, leading through change, cultivating a growth mindset, living values and purpose, and navigating cross-cultural ways of working.

To maximise engagement and impact, the programmes adopt a hybrid learning model that blends classroom training, peer learning, and experiential methods such as simulations and gamification – designed for immersive and practical learning experiences.

We complement these programmes with Forum 55, our biannual leadership forum for executive leaders. Forum 55 brings together over 100 of our senior executives in person to engage in key strategic topics shaping FWD's future. The forum features a mix of internal and external speakers, fostering dialogue, collaboration, and fresh perspectives that strengthen leadership alignment and strategic execution across the Group.

## Foster a learning culture for re-skilling and up-skilling

FWD continues to invest in holistic development for all employees through education sponsorships, mandatory compliance training, and enterprise-wide access to Anytime Learning which includes LinkedIn Learning's 20,000+ courses. Since launching Anytime Learning in 2022, employees have completed over 138,863 courses, with a 95 per cent activation rate and strong engagement in trending topics such as generative AI. In 2025, we prioritised integrating AI-driven tools into our platform, including AI role-play features designed to help users enhance everyday work conversations. Since launching this capability, learners have engaged in over 3,000 simulated conversations, driving meaningful skill development across the organisation.

In 2025, we strengthened our learning culture with:

- Annual Learning Festival: a virtual event engaging more than 1,000 employees on trending soft skills and AI capabilities.
- Anytime Learning Newsletter: leaders model continuous learning by sharing how they leverage Anytime Learning resources.

Individual development goals remain embedded in quarterly manager-employee conversations, reinforcing our commitment to future-ready talent.

### AI-First Mindset and Customer-Centricity

The GenAI Hub continues to serve as a go-to resource for employees, providing curated learning materials on generative AI and related topics. In 2025, FWD strengthened its commitment to an AI-first mindset by leveraging the Microsoft suite of AI tools as our primary platform. To accelerate adoption, we hosted regular webinars on practical Microsoft AI tips and featured AI-focused sessions during our Annual Learning Festival, equipping employees with the skills to enhance productivity and innovation.

At the same time, we have continued to develop human skills that complement the AI-first approach – such as curiosity, problem-solving, adaptability, and resilience – ensuring our workforce remains agile and future-ready.

As a customer-led insurer with a dedicated focus on putting the customer at the heart of everything we do, a series of Customer Experience webinars were hosted to empower employees with strategies and tools to deliver exceptional service and create best-in-class experiences for our customers.

# Attract, motivate and retain talent

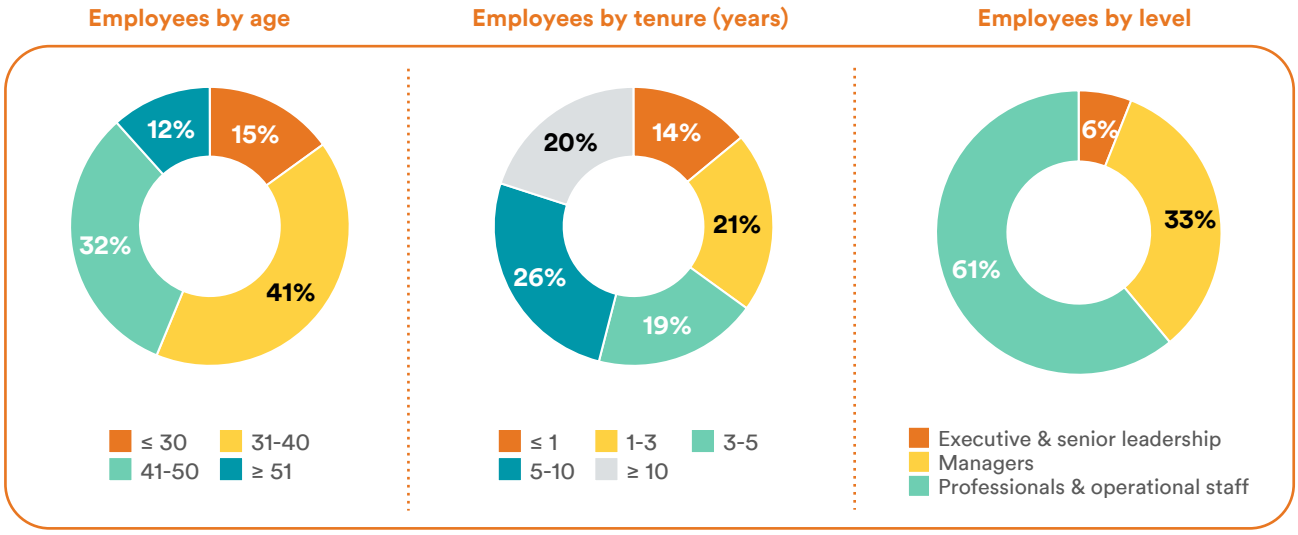
## Remuneration policy

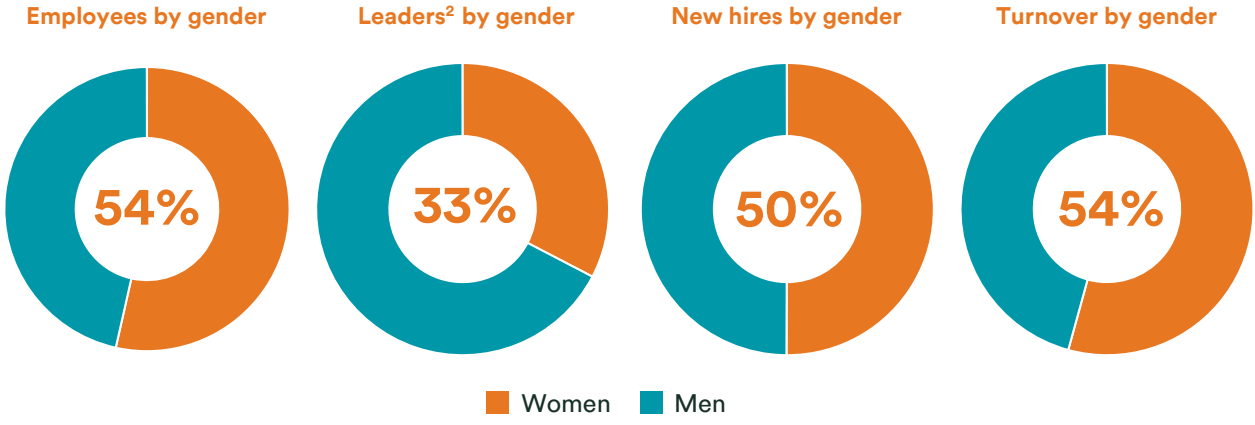
Our remuneration philosophy is consistent with our business strategy and capital management strategies. It aims to align the achievement of our business results with individual remuneration outcomes, while also recognising individual contributions. Our remuneration policy ensures that the total remuneration packages we offer enable us to attract, motivate and retain the highly talented individuals our business needs, who will drive the future success of FWD Group. We also seek to promote sound and effective risk management measures in relation to remuneration practices that align with our culture and values as an organisation. We use a combination of short-term and long-term incentives to ensure our employees and senior management are aligned with our strategy and deliver the right results. Please see details of these incentives in the section headed "Corporate governance — Remuneration report" in this annual report.

## Employee retention

Across the Group, our voluntary employee turnover[1] was 10.8 per cent in 2025, down from 12.3 per cent in 2024. This was achieved through the implementation of various employee retention strategies including: talent development, learning platforms and programmes, the FWD LiveLife well-being strategy and initiatives, our DEI strategy, and Community Care, among others. The relatively consistent employee turnover rate has enabled us to develop a more stable, experienced, productive, and engaged workforce, while also reducing recruitment and training costs.

# 2025 Group snapshot




Note: Percentages above represent percentage of women.

[1] Voluntary employee turnover of permanent FWD employees, excluding sales roles.
[2] Assistant Vice President and above.

## Celebrate our achievements

At FWD, we believe that a great workplace is built on trust, innovation, and care for our people. In 2025, we received multiple HR-related awards across the regions, recognising our efforts and reflecting our progress in leadership development and employee engagement.

- FWD Group received the Silver Award for Excellence in Leadership Development from HR Magazine in the 2025 HR Excellence Awards.
- FWD Group received the Forward Thinkers Award 2025 from Workday.
- FWD Hong Kong received the Best Growth in HR Initiative Award – Mission by JobsDB in the Hong Kong HR Awards 2025.
- FWD Hong Kong received the Good MPF Employer 10 years, e-Contribution Award and MPF Support Award from the Mandatory Provident Fund Scheme Authority.
- FWD Indonesia was recognised in "Indonesia Best Companies in Creating Leaders from Within" 2025 from SWA.
- FWD Life Japan received the "2025 Outstanding Organisations of KENKO Investment for Health 2025 Certified Health & Productivity Management Outstanding Organisations Recognition Programme" under the large enterprise category from the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi[1].
- FWD Thailand received the Most Attractive Employer for Students Aged 18-22 in the Future Trends Corporates Awards 2025[2].
- FWD Thailand received a Top 50 Companies in Thailand Award 2025 from WorkVenture.
- FWD Vietnam was recognised as one of the Best Companies to Work for in Asia for the sixth consecutive year and received three special awards from HR Asia including Most Caring Company Awards, Tech Empowerment Awards and Diversity, Equity & Inclusion Awards[3].

[1] Award name changed this year; reference from the Ministry of Economy, Trade and Industry website.
[2] Reference from FWD LinkedIn post.
[3] Reference from HR Asia awards release.

# Environmental, social and governance

## Our ESG strategy

As a pan-Asian insurer, we seek to embed ESG values into our culture and decision-making to align business success with creating meaningful impact for our shareholders, customers, employees, and communities. Our ESG strategy is designed to guide materially important decisions across our operations, from product design to investments and processes, and focuses on delivering a vision underpinned by three strategic pillars: (1) accessible protection solutions for underserved customers, (2) investing responsibly for sustainable growth, and (3) upholding governance practices that build trust and transparency.

| | ESG strategic pillars | Priorities |
|---|---|---|
| Accessible protection | We strive to help our customers and communities achieve better health & financial protection so they can celebrate living today and in the future. | • Help people achieve the protection they need through accessible and affordable life and health products<br>• Leverage digital platforms for enhancing the customer journey and improving access to protection<br>• Engage our communities and raise financial and health literacy |
| Sustainable investment | We are committed to investing responsibly and creating long-term value for our stakeholders. | • Embed ESG factors into investment process to mobilise capital for long-term sustained value and returns<br>• Support a just and orderly transition to a lower carbon future with focus on investment portfolio emissions |
| Effective governance and sustainable business | We want to ensure good governance and risk management while attracting and retaining a diverse and highly skilled workforce. | • Run our business with good governance, risk management and responsible business practices<br>• Advance equity, inclusion and well-being initiatives to empower our diverse workforce<br>• Enhance ESG considerations in our operations and sourcing decisions |

Aligning SDGs



## 1. Accessible protection

We are committed to closing the protection gap by offering affordable, inclusive life and health insurance across our markets in Asia. In 2025, we launched our Inclusive Insurance Framework to expand access through simpler products, digital platforms, and partnerships with community organisations.

Beyond product innovation, we actively promote financial literacy and well-being. In 2025, we supported over 64,700 individuals through programmes that strengthened financial knowledge and resilience.

## 2. Sustainable investment

We embed sustainable investment practices across our portfolios to create long-term value for our stakeholders. Our philosophy balances the focus on returns with ESG integration, manages risk, and aims to reduce exposure to high environmental impact sectors.

In 2025, we introduced our Climate Action Plan to mitigate climate risks through engagement and to allocate capital to climate and sustainable investments.

## 3. Effective governance and sustainable business

We uphold good corporate governance and promote sustainable practices across our operations. Sustainability within our business includes managing our operational emissions and addressing climate risks across our investment portfolio. Our governance framework ensures effective oversight as a regulated insurance group, prioritising long-term shareholder value and the interests of customers, regulators, and partners.

Guided by our PICCO values, we want to attract and retain talent to drive industry progress. Through responsible practices and robust governance, we aim to create positive impact for the millions of lives we serve.

## Creating impact

Our approach aligns with six United Nations Sustainable Development Goals (SDGs) where we can create lasting impact: SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities), and SDG 13 (Climate Action).

## Materiality assessment approach

Our vision of *changing the way people feel about insurance* relies on strong stakeholder relationships. We engage openly and transparently to understand diverse needs, identify emerging risks, and keep our ESG strategy focused and relevant. To achieve this, we adopt a multi-channel approach, interacting regularly with internal and external stakeholders through the channels outlined below:

| Key stakeholder groups | Key ongoing engagement channels |
|---|---|
| Shareholders and investors | • Announcements, circulars, presentations and media releases<br>• Annual and interim reports<br>• Investor meetings and response to enquiries |
| Employees | • Quarterly employee engagement surveys and performance reviews<br>• Feedback channels, including townhalls and grievances mechanisms<br>• Internal events such as team building, trainings and volunteering events<br>• Internal newsletters, emails and posts on the intranet |
| Customers | • Customer satisfaction surveys<br>• Customer service hotlines, live chats and email communications<br>• Social media and corporate website<br>• Mobile applications for customers, such as FWD Omne and FWD MAX |
| Distribution partners | • Meetings and conferences<br>• Trainings |
| Regulators | • Meetings and conferences<br>• Public consultations |
| Non-governmental organisations | • Community Care programmes and volunteering activities<br>• Meetings and conferences<br>• Membership and networking events |

Feedback from stakeholders informs our materiality assessment, helping to identify and validate ESG issues that are most critical to our business and society. We refresh this process regularly through structured engagement with senior management and the Board.

In 2024, we refreshed our materiality assessment using research on ESG trends, industry practices, and reporting frameworks, followed by over 20 stakeholder discussions and workshops to gain deeper insight. This feedback guided our ESG strategy and prioritised areas where we could create the greatest impact.

In 2025, we reviewed the selected ESG issues for relevance. The refreshed assessment was endorsed by our Group Executive Committee (GEC) and approved by the Nomination Committee, informing our annual ESG reporting.

# Empowering customers and communities through accessible protection

Asia faces one of the world's most pressing protection gaps, with many households vulnerable to financial shocks. A recent study estimated that combined health and mortality gaps had reached US$390 billion in 2024[1], a 26 per cent increase since 2017. The health gap alone stood at US$258 billion, driven by rising medical costs, ageing populations, and high out-of-pocket spending, while the mortality gap surged to US$132 billion in premium equivalent terms in 2024, a 35 per cent increase from 2017. Despite progress in distribution and underwriting, insurance penetration has remained low in emerging markets[2], leaving families exposed.

Our 2025 consumer outlook survey revealed that cost-of-living inflation, rising medical expenses, and income uncertainty remained as key financial concerns for our customers, highlighting the need for affordable, accessible insurance solutions that provide a safety net for families. Since our inception, we have been reimagining the insurance journey by addressing real pain points and challenging traditional models. In 2025, our brand continues to be recognised for being "different" (YouGov BrandIndex) and our customer-led innovation was acknowledged through external awards for simpler, faster and more intuitive customer journeys.

We continue to improve customer outcomes through our Operations Excellence Community by simplifying processes and embedding best practices across all customer touchpoints. Digital access remains to be an enabler of accessible, efficient and consistent customer experiences across markets. Our integrated digital platforms, FWD Omne, FWD Cube, FWD Opus, and OneMod, support seamless engagement across purchasing, servicing, claims handling and value-added service. Building on these efforts, we launched our Inclusive Insurance Framework in 2025 to guide the design of simple and inclusive products, leverage digital platforms, and partner with communities to build trust and awareness.

Led by our Accessible Protection Working Group, the Inclusive Insurance Framework brings together experts across functions to reimagine protection through life stages and scale commercially viable solutions.

## Inclusive and accessible products and services

We focus on three aspects of accessibility:

**Affordability** – offering options for different income segments

**Awareness** – helping customers understand their needs and how insurance can help

**Availability** – ensuring suitable products are widely accessible to meet their needs

To achieve this, the following examples demonstrate how we are designing inclusive offerings for underserved communities, including low-income groups, persons with disabilities and chronic conditions, and those at high health risks, with highlights of our products and services in 2025.

[1] Asia Life & Health consumer survey 2025: Insights into consumers' risk concerns to help narrow the health and mortality protection gaps, Swiss Re Institute, July 2025.
[2] From the referenced report: The markets surveyed were Mainland China, India, Indonesia, Malaysia, Thailand, and Vietnam (emerging) and Japan, South Korea, Australia, New Zealand, Hong Kong, and Singapore (advanced).

## Affordable protection

**Malaysia:** FWD Life Malaysia and bancassurance partner - Bank Simpanan Nasional launched *Qaseh Setia*, an insurance solution under the Perlindungan Tenang initiative by the Government of Malaysia, aimed at broadening access to protection for Malaysians across all income levels, including low-income communities. Since its launch in April 2025, *Qaseh Setia* has already extended coverage to over 55,000 lives as of 31 December 2025, reflecting strong demand and trust in the product.




**The Philippines:** *FWD SmartStart* investment-linked insurance, one of the most affordable entry-level investment-linked products in the market, offers protection and the opportunity for long-term wealth accumulation.

## Supporting personal passions

**The Philippines:** *The One* series of coverage goes beyond the traditional, offering products designed to meet customers' diverse needs. It offers customisable plans ranging from options for pet lovers, gamers and mental well-being.

**Thailand:** FWD added an investment linked fund *K Positive Change Equity Fund* to its portfolio, which invests in shares of companies with positive social and environmental impact.

**Malaysia:** FWD Takaful offers *FWD Takaful Global Sustainable Equity Fund*, enabling customers to align their investments with their values and social responsibilities.

## Fulfilling the protection and financial needs of families

We are expanding our family-focused portfolio with inclusive products that cover multiple generations under a single plan, catering to the evolving needs of families across Asia.

**Hong Kong:** In 2025, FWD launched *One&All Medical Insurance Plan* targeting Hong Kong public hospitals' self-financed items and imaging tests referred to private medical providers, enabling more people to access the medical support they need.

FWD also launched *GBAssure Outpatient Plan* which included a family plan, extending the family care concept - allowing three generations to share outpatient coverage under a single policy across the Greater Bay Area.

**Japan:** *FWD Income Protection*, helps ensure family stability in case of unforeseen events. Its simple and affordable coverage, starting from as low as JPY50 per day, has seen close to 610,000 policies being sold by the end of 2025.

**Malaysia:** FWD Takaful continues to offer *FWD SpecialMed 2*, Malaysia's first online family takaful medical plan tailored for persons with disabilities.

Further details on our product proposition can be found in the section headed "Management discussion and analysis — Operational highlights — proposition" in this annual report.

## 360-approach to address customer needs via innovative services

Beyond traditional claims, we consistently aim to add value to our customers across markets:

The *FWD Care Recovery plan*, currently available for customers in Hong Kong, Thailand, Vietnam and Indonesia, has continued to bridge the recovery services gap by supporting our customers and their family members through critical life events such as major illness or loss. Beyond financial benefits, it also offers a wide range of professional services and immediate care, including consultation, home assistance, and transportation, meeting both physical and emotional needs.

**Hong Kong:** In 2025, FWD introduced services spanning prevention, treatment, care, and recovery to support customers during critical and challenging times.

The *One&All Medical Insurance Plan* has been bundled with a drug consultation and management service in partnership with HK Pharmaceutical Care Foundation, to help customers on long-term medication better understand their health, lifestyle and treatment.

With dementia affecting one in 10 individuals aged 70 or older in Hong Kong, rising to one in three among those aged 85 and above, FWD has partnered with Canossa Hospital's Neuro Geriatric Centre, offering online cognitive impairment screening to assess risks for early intervention.

FWD has partnered with Roche Diagnostics and HKSH Cancer Centre to offer a Comprehensive Genomic Profiling test for customers, raising awareness on the benefits of early cancer detection and personalised treatment based on genomic data.

**Thailand:** FWD launched *FWD Telemedicine service* on the Mordee app by True which provided convenient, remote consultations for non-emergency conditions, with medication delivered directly to the customer.

**Malaysia:** FWD Life Malaysia and FWD Takaful partnered with Innoquest to offer HealthIQ, a preventive health screening test designed to help identify early indicators of major health issues, including risk factors related to heart attacks, stroke, and type 2 diabetes, providing a disease risk score to guide proactive health decisions.



## Improving accessibility through digital

Making insurance accessible requires more than product innovation, it needs effective, ethical distribution. Our multi-channel approach combines traditional agency and bancassurance networks with digital platforms to overcome geographic and affordability barriers. Leveraging mobile technology and simplified onboarding ensures customers with limited financial literacy or digital access can still obtain coverage.

In the Philippines, to meet customer needs, products such as *The One* Series, *Big 3*, and *Kanduu* are offered through agency, bancassurance, online platforms such as FWD Shop, and an e-wallet such as GCash, with the result being 81,000 policies sold since launch.

In Thailand, the *E-Health Eco* plan has offered an entirely online journey with no medical test required, making affordable health insurance easier to access.

In Hong Kong, we collaborate with the virtual bank PaoBank to provide one-stop online insurance solutions for retail banking customers.




Further details on our awards can be found in section headed “Overview — About FWD — Awards and recognition”; further details on our customer experience approach, insight mechanisms and key outcomes (including customer satisfaction and benchmarking) can be found in the section headed “Management discussion and analysis — Operational highlights — customers”; further details on our integrated digital platforms can be found in the section headed “Management discussion and analysis — Operational highlights — customers” and “Management discussion and analysis — Operational highlights — digital & technology”; and further details on our distribution model can be found in the section headed “Management discussion and analysis —Operational highlights — distribution” in this annual report.

# Engaging with the community

FWD Group takes a long-term view in empowering communities with the knowledge, confidence, and skills to live fulfilling lives while building trust in Asia's growing life insurance industry. We recognise financial literacy is a key enabler for accessible protection and we take a holistic approach to well-being in our community initiatives – spanning financial health, physical and mental wellness, and social entrepreneurship.

Through our Community Care programme, in 2025, we supported over 64,700 individuals through large-scale financial education and inclusion programmes, alongside local grants focused on health and well-being. In 2025, employees across the Group brought one of our core values, of caring, to life. Our people contributed 11,200 volunteering hours, up 35 per cent from 2024, across a range of meaningful community and charitable initiatives.

We also responded holistically to support the Tai Po community in Hong Kong, following the devastating fire in late 2025. In addition to the direct support provided to our affected customers, FWD also pledged HK$10 million to support the wider community. A portion of these funds were donated in December 2025 to the Hong Kong Council of Social Services and Habitat for Humanity Hong Kong to support immediate community needs. The remaining funds will be allocated in 2026 for longer-term recovery efforts. FWD Group also introduced its first employee donation matching programme, supporting six local charities – Crossroads Foundation, Feeding Hong Kong, Habitat for Humanity Hong Kong, Mind HK, The Mission for Migrant Workers, and Yan Chai Hospital – with employee contributions matched dollar-for-dollar by the company.

## Financial education and literacy

Financial literacy is critical to economic development, yet awareness and education remain low. We believe that introducing financial education early in life helps to build healthy money habits and empowers young people to make informed choices.

In 2025, FWD extended its three-year partnership with Junior Achievement (JA) Worldwide to continue the award-winning pan-Asian JA SparktheDream programme. The initiative aims to equip students across Asia with the skills and tools they need to take charge of their financial future.

From 2022 to 2024, the programme reached over 37,000 students, with 88 per cent gaining an understanding of the role of money in daily life and 80 per cent developing greater community awareness. In the next phase, from 2025 to 2027, the aim is to educate another 40,000 students across seven markets in Asia, integrating financial education with social and life skills, deepening engagement with parents and teachers, and introducing initiatives to build mental health resilience.

In 2025, the programme reached more than 13,700 students with the support of more than 400 FWD volunteers. Over 170 student teams participated in the annual JA SparktheDream Social Challenge where they put their new skills and creativity into practice to solve real-world challenges in their communities. Our senior leaders across FWD Group also dedicated an afternoon during a management conference in Hong Kong, for the largest single session completed to date in the JA SparktheDream programme, with 150 local primary school students.



Another significant financial education initiative during 2025 was the Fun(d) for Life programme in Malaysia, supported by FWD Takaful, created in collaboration with Arus Academy, and aligned with the broader goals of Bank Negara Malaysia to enhance financial literacy across the nation. Fun(d) for Life reached more than 43,000 primary and secondary school students in Malaysia, with the support of 1,400 educators and various organisations nationwide.

A highlight was the student-led financial literacy conference, organised by Fun(d) for Life, during Malaysia's financial literacy month in October. A student council comprising 100 students, who were selected from over 650 applicants, were tasked with steering the conference direction. Students voiced their perspectives on financial literacy, shared their unique approaches to mastering financial skills through gamification, and brought fresh, youth-driven insights to financial education.



The Fun(d) for Life programme was also extended to more than 180 university students for the first time in 2025, with the support of FWD Life Malaysia.



## Local community grants

To mark FWD's 12th anniversary in 2025, the company announced 12 charitable grants to support local communities across Asia. These grants supported initiatives spanning financial literacy, social entrepreneurship, career readiness, health, and well-being.




### Hong Kong

Our grants in Hong Kong expanded the JA SparktheDream programme with JA Hong Kong and introduced the JA SparktheDream Wellness Workshop, which supported more than 1,000 primary students in 2025 with financial education alongside social and emotional learning.

FWD also supported WISE (Women In Sports Empowered Hong Kong Limited) with its programme to empower more than 270 teenagers in 2025 in Hong Kong through sports for mental well-being and self-confidence.

### Cambodia

FWD partnered with Cambodia Children's Fund to launch the "Let's Save Debate", a university-level initiative promoting financial literacy through debate and research.











## Indonesia

FWD supported the InnovateHer Academy 3.0 for the third consecutive year to equip eight female entrepreneurs, selected from 162 applicants, with business skills, mentorship, and investment readiness skills.

With the support of partners UN Women Indonesia and KUMPUL.ID, one of Indonesia's largest ecosystem enablers, female founders of innovative startups receive tailored sessions on product innovation, marketing, customer acquisition, funding, financial planning, and join discussions with InnovateHer alumni.

Building on learnings from the JA SparktheDream programme, a new initiative was introduced with Prestasi Junior Indonesia to equip 30 school teachers with the skills and knowledge to deliver engaging and effective financial literacy lessons.

## Japan

In Japan, FWD partnered with the National Welfare Beauty and Barber Training Association to provide medical wigs and support for 10 cancer patients.






## Malaysia

In Malaysia, the Bijak Ibu Jaga Anak & Kewangan programme with GivingHub was introduced to provide over 200 low-income families with health and financial literacy educational workshops and deliver more than 200 health screenings and consultations.

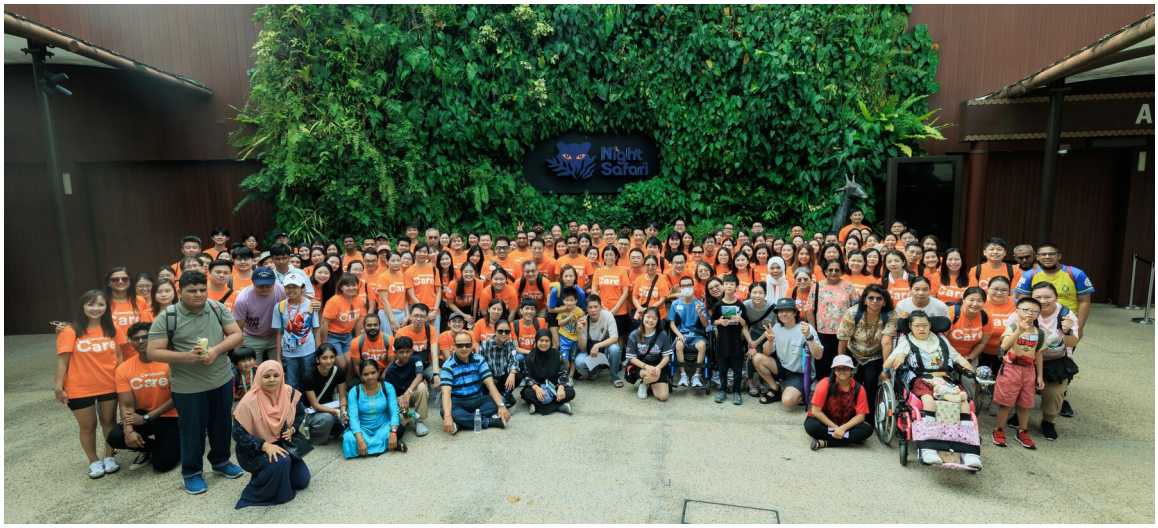
## The Philippines

FWD collaborated with JA Philippines on the JA Forward Your Success programme to support more than 70 graduating college students with financial literacy and career planning.



## Singapore

FWD supported Club Rainbow's 'Ride & Ralk for Rainbows 2025' initiative to help children with chronic illnesses and their families, along with a visit to Mandai Wildlife Reserve with children and youth with rare genetic and neurological disorders, bringing over 200 children, caregivers and FWD volunteers together for a day of shared joy, learning and connection.





## Thailand

For the third consecutive year, FWD sponsored seven hospitality scholarships via the Pimali Foundation for disadvantaged youth, helping them to build sustainable careers.



The JA SparktheDream programme was also expanded with JA Thailand, training more than 30 teachers in financial literacy to deepen their financial management skills and better support students.

## Vietnam

In Vietnam, FWD supported the Be A Finnovator programme with the Startup Vietnam Foundation, which is a training and debate competition that supported more than 570 university students in 2025 to build financial leadership, critical thinking, and responsible money habits.



# Building climate resilience in our business

Asia is estimated to drive 60 per cent of global growth in 2025[1]. The ASEAN[2] region, home to seven of our markets, has over 680 million people, a combined gross domestic product (GDP) of US$3.9 trillion[3]. By 2030, it is expected to become the world's fourth-largest economy[4].

This rapid progress has brought prosperity and innovation, but has also heightened climate vulnerabilities driven by urbanisation and resource demands. Climate change is causing more frequent and intense extreme weather events, while rising temperatures threaten health and food security through reduced agricultural productivity and the spread of diseases. The cost of inaction is high, prompting policy makers and businesses to accelerate adaptation strategies.

We see climate and customer resilience as deeply interconnected. Closing protection gaps and creating impact requires innovation, agility, and partnership. To support this, we embed environmental sustainability into operations - reducing greenhouse gas emissions, conserving resources, and strengthening stewardship across the business.

Within our investment portfolio, sustainable investing is central to this approach. Beyond integrating ESG risks and opportunities, we focus on decarbonising the portfolio to drive long-term value creation and support the transition to a low-carbon economy.

Together, these efforts strengthen our ability to provide reliable protection in a region increasingly exposed to climate risks and impacts. We are also enhancing climate-related disclosures referencing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, covering our climate strategy, risk management, targets, and performance metrics.

## Climate governance

The Board holds ultimate accountability for the Group's ESG approach, which includes oversight of climate strategy and management of climate-related risks and opportunities. Board-level committees, the GEC, and specialised functions support this oversight. The Risk Committee advises on identifying, measuring, and managing material climate risks, while the Nomination Committee ensures climate considerations are integrated into director nominations to maintain relevant expertise.

Climate risk is embedded in FWD's ERM process, guided by our Climate Risk Management Policy, which defines principles and roles across the Group. The GEC provides quarterly ESG updates, including climate-related initiatives, to the Board through the Nomination Committee, while the Risk Committee reports when there are significant risk changes. Progress against climate objectives is regularly monitored to ensure alignment with ESG priorities and strategy. In 2025, external experts delivered training to the Board, focused on climate trends, risks and opportunities. A portion of performance-related compensation is determined for employees in the Group ESG function who are responsible for driving ESG within the organisation, with reference to the goals outlined by our ESG strategy.

Further details on FWD's ESG governance can be found on page 83; further information on FWD's Risk Management governance and Three Lines of Defence approach to risk management can be found in the section headed "Financial and Operating Review — Risk Management"; and further information on FWD's remuneration framework can be found in the section headed "Corporate governance — Remuneration report" in this annual report.

[1] 2025 Regional Economic Outlook Asia and Pacific: Navigating Trade Headwinds and Rebalancing Growth, 2025 Oct, International Monetary Fund.
[2] ASEAN (Association of Southeast Asian Nations) is a political and economic union of 11 Southeast Asian countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste, and Vietnam).
[3] ASEAN Key Figures 2025, December 2025, ASEAN Secretariat.
[4] Geographies in Depth: ASEAN is a future driver of global growth. Here's how to unleash it, Dec 1 2025, World Economic Forum.

## Climate strategy

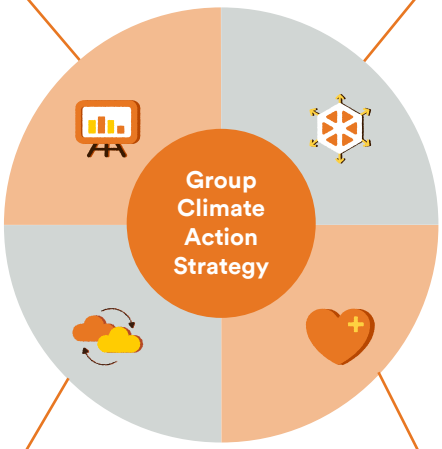
We are committed to reducing our environmental footprint and building resilience to the evolving impacts of climate change. Our climate action strategy takes a holistic approach, guiding efforts around four key areas:

### Managing carbon risk

- Reducing carbon risk across our investment portfolio and day-to-day operations

### Diversification

- Expanding into high-growth sustainable sectors and industries
- Supporting initiatives that promote natural climate solutions and strengthen climate resilience




### Digitalisation, cloud-first & customer journey

- Adopting digital-first and cloud-first infrastructure to lower our carbon footprint while enhancing product accessibility for customers

### Protecting communities in a changing climate

- Designing inclusive insurance products to expand protection to underserved groups
- Backing research and initiatives that help customers and communities adapt to climate change

## Climate risk management

The management of climate risk is part of the overall Group ERM framework. Further details on FWD's ERM framework can be found in the section headed “Financial and Operating Review — Risk Management” in this annual report.

### Climate-related risks and opportunities

As a pan-Asian insurer, climate risks increasingly shape our strategy, business, and operations. To anticipate potential impacts, we conducted a climate risk assessment covering physical, transition, and liability risks. Climate risks often emerge over longer timeframes than traditional reporting captures. We categorise these as:

- **Short-term:** 0 to 1 year
- **Medium-term:** 1 to 5 years
- **Long-term:** 5+ years

Our assessment indicates higher risks in countries with significant coastal exposure and dense populations, as well as in our investment portfolio, which includes carbon-intensive sectors. While climate change presents multiple challenges, we have prioritised the most relevant risks for life and health insurers.



Transition risk

**Regulatory, legislative and disclosure expectations:** Increasing climate-related regulations may lead to higher compliance costs, impact investment performance, and require changes to products and resource allocation. We actively monitor regulatory development across the region. (Short, Medium and Long term).



Transition risk

**Investment portfolio exposure:** Our portfolio faces transition risks that could create uncertainty in performance due to price volatility and reduced liquidity. We monitor exposures closely to align with our ESG strategy and policyholder interests. (Medium, Long term).



Transition risk

**Policyholders and product impact:** Extreme weather events and long-term climate shifts over time may affect customer health and livelihoods, influence mortality, morbidity and persistency. Such changes in climate may also increase claims, alter product demand and pricing, and impact brand perception. (Long term).



Physical risk

**Operational disruptions:** Offices and assets in some markets may face severe weather events, though our assessment of severe flooding or typhoon impacts remain low. Business continuity plans are in place to maintain customer service. (Long term).

We also continuously assess climate-related opportunities, factoring in market conditions, regulations, and evolving consumer needs in our business plans.

## Scenario analysis and stress testing

We conducted a company-wide climate scenario analysis across our business planning period, referencing global standards, including Network for Greening the Financial System (NGFS) scenarios, and benchmarked against industry practices. To align with evolving standards, we expanded from two to three scenarios:

- **Delayed Transition:** Countries and sectors experience delays in implementing necessary policy changes. Climate policies are divergent across countries and sectors, leading to fragmented efforts. Carbon prices are typically higher in this scenario due to policy delays and lack of coordination.
- **Current Policies (Hothouse World):** Existing climate policies remain largely unchanged with low global effort to halt global warming. This leads to irreversible climate damage as temperature thresholds are exceeded.
- **Fragmented World:** Geopolitical tensions and a fragmented transition failing to contain physical risks, leading to supply chain disruptions, increased market volatility, and uneven progress towards emission-reduction targets.

These scenarios were selected to help assess vulnerabilities across our business model, investment portfolio, and long-term resilience.

The **Delayed Transition** scenario highlighted risks from abrupt policy shifts and market volatility, critical for assessing transition risk exposure in our investments and underwriting.

The **Hothouse World** scenario reflected severe physical risks such as more frequent extreme weather events which could affect claims experience, operational continuity, and customer needs.

The **Fragmented World** scenario illustrated the compounded impact of geopolitical fragmentation and delayed climate action, amplifying both transition and physical risks across our operations and value chain.

By analysing these scenarios, we assessed vulnerabilities across our value chain and tested the resilience of our strategy under regulatory and physical stress conditions, ensuring readiness over the short, medium, and long term.

The assessment highlighted key impact areas, particularly risks from new climate regulations, the Company's ability to transition, and potential effects on our investment portfolio. For example, exposure to energy and utilities sectors could face increasing regulatory, investor, and reputational pressure, making transition risks central to our sustainable investment and climate risk approach.

In line with our commitments, we track operational greenhouse gas emissions and explore sustainable asset opportunities, with progress monitored regularly. Climate risk scenarios are integrated into Group Prescribed Scenarios for ORSA, business planning stress tests, and scenario analysis. This strengthens our understanding of climate impacts and informs strategies to mitigate risks, supporting a transition to a low-carbon, sustainable society.

## Climate targets and milestones: transitioning towards a low-carbon economy

FWD's climate action strategy aims to support global efforts to transition towards a lower-carbon economy by 2050 in an orderly, just, and inclusive manner.

We track environmental performance through our value creation scorecard, monitor operational emissions across Scope 1 (direct emissions from natural gas and combustion from our own vehicles) and Scope 2 (indirect emissions from purchase of electricity). Emissions are calculated using the GHG Protocol and reported under both location- and market-based methods.

For 2025, electricity consumption has remained the largest contributor to Scope 1 and 2 emissions, at about 90 per cent, with the remainder from mobile fuel use.

| Group snapshot (metric tons CO2-equivalent) | **2025** | 2024 |
|---|---|---|
| Scope 1 emission | **514** | 556 |
| Scope 2 emission (location-based) | **4,915** | 5,090 |
| Scope 2 emission (market-based) | **4,700** | 4,877 |
| Scope 1 + 2 emission | **5,430** | 5,645 |
| Scope 1 + 2 emissions intensity (per employee) | **0.784** | 0.815 |

In 2025, we have also disclosed Scope 3 financed emissions from our investment portfolio.

Further details on our Scope 3 financed emissions from our investment portfolio can be found in the paragraph headed "Sustainable Investment" in this section.

## Managing our operational emissions

We had introduced our Group Sustainable Office Framework (SOF) in 2023 to manage emissions and decarbonise our office lifecycle. The SOF provided a consistent approach to integrating sustainability and wellness into office spaces, from site selection and lease negotiation, to fit-out and operations, ensuring energy efficiency, resource conservation, and employee well-being at every stage.

Furthermore, we continued to accelerate cloud adoption, reducing reliance on on-site data centres and leveraging our partnership with leading cloud providers who have committed to use 100 per cent renewable energy for their data centres, helping to lower our technology carbon footprint while enhancing efficiency and resilience[1].

Further details on our cloud migration strategy can be found in section headed "Management discussion and analysis — Operational highlights — digital & technology" in this annual report.

[1] Please see the following websites for more information: Amazon: https://aws.amazon.com/energy-utilities/sustainability/; Microsoft: https://datacentres.microsoft.com/globe/powering-sustainable-transformation/.

# Sustainable investment

As a long-term insurance and savings provider, our customers and stakeholders trust us to deliver life protection and stable, long-term financial returns to allow them to celebrate living and secure a better future for themselves and their families. To maintain this trust and build resilient and sustainable investment performance over the long-term, we integrate ESG factors into our investment decisions.

Since becoming a signatory to the United Nations Principles for Responsible Investment (PRI) in 2020, we have committed to responsible investment as essential for long-term value creation and supporting a sustainable, inclusive global economy. Our progress is detailed in our publicly available PRI Transparency report.

## Managing ESG risks in our investments

We have strengthened our investment approach through policies addressing material issues such as human rights, governance, climate change, and natural capital. Our Sustainable Investment Guidelines (SIG) act as the first line of defence, screening investments for ESG risks which include United Nations Global Compact (UNGC) and human rights violations, tobacco producers, ESG underperformers, high carbon emitters, controversial weapons, and commodities like thermal coal and palm oil. We screen using a leading external data provider and apply exclusions or thresholds. The SIG is publicly available on our website.

In 2025, over 90 per cent of our investments were screened for ESG risks[1].

## Engagement over exclusion

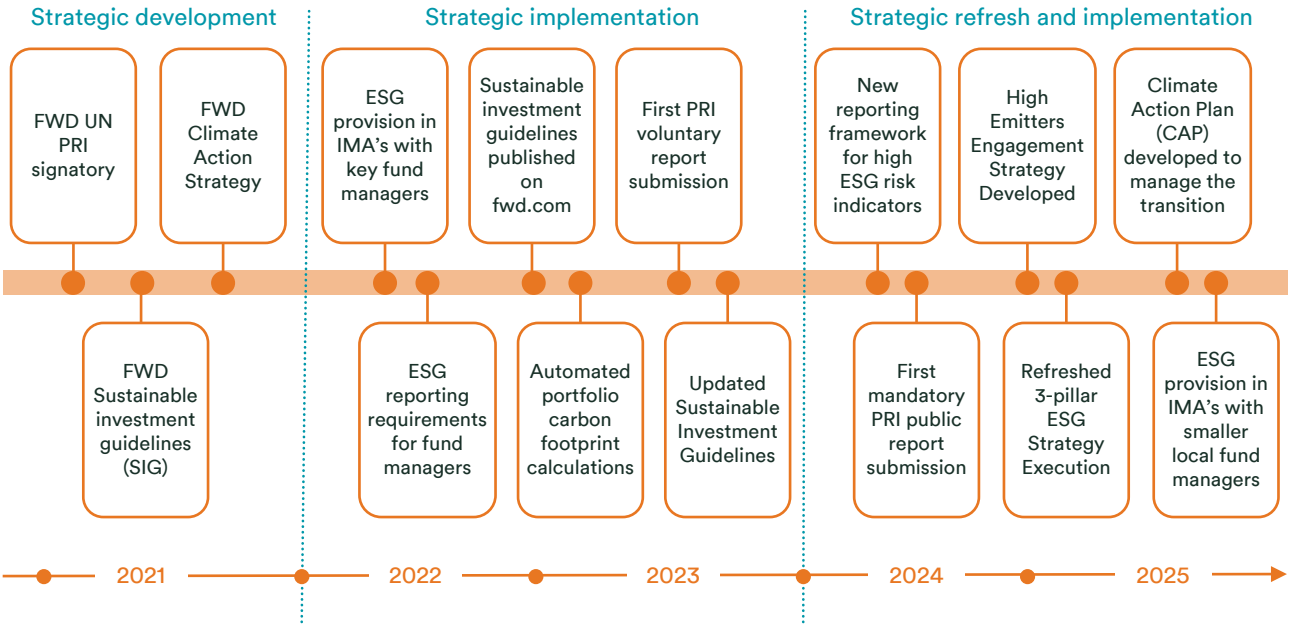
As an asset owner in the Asian markets, engagement is our preferred approach to mitigate long-term transition risk and protect investment returns.

In 2024, we enhanced reporting with managers, focusing on quarterly screening and engagement for high ESG-risk issuers. Once identified, we engaged through external managers or jointly, encouraging dialogue at board or senior management level to address underperformance. Our methodology sets clear requirements for reporting, outcomes, follow-up actions, and timelines. We also collaborate with investor organisations to share knowledge and amplify impact.

[1] Fixed income and listed equities screened through MSCI, a financial data and market index service provider.

## A focus on portfolio decarbonisation

FWD is committed to reducing its investment portfolio carbon footprint and aligning with a low carbon future. Our Group-wide Climate Action Strategy guides decarbonisation across operations, business, and investments.




We laid the foundation for climate action in 2021, with our first SIG, followed by strategy implementation in 2022-2023, including carbon footprint measurement using the Partnership for Carbon Accounting Financials (PCAF) methodology, ESG provisions in mandates, and public reporting through our first UN PRI submission.

## Strategic focus on high emitters

We recognise the need for an inclusive transition to a low-carbon economy, particularly in the Asian markets where we operate. To accelerate investment portfolio decarbonisation, we prioritised engagement with the highest-emitting companies, which account for 65 per cent of portfolio emissions[1], following our stewardship framework which categorises issuers by net zero[2] alignment and transition risk.

In 2021, to reduce emissions and manage transition risks, we committed to phasing out thermal coal mining and extraction from our investments and exiting by 2030[3]. Since then, no new investments have been made and we continue to run-off existing holdings.

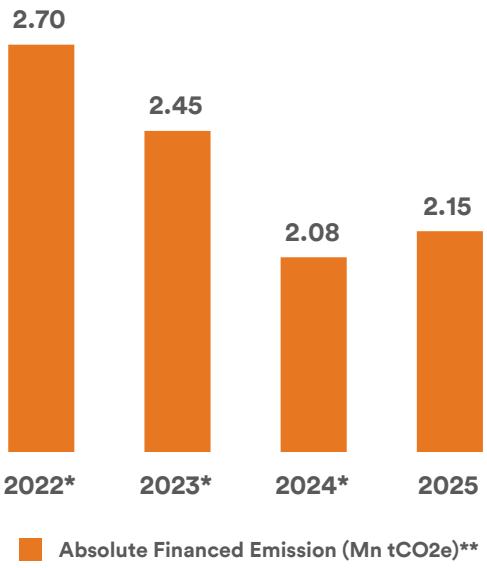
As at 31 December 2025, our exposure to investments held in thermal coal mining and extraction companies has reduced to US$54 million in 2025 from US$64 million the prior year. We have also assessed that the outstanding corporate bonds we own will mature before the 2030 target.

[1] Referencing the Netzero Asset Owners Alliance (NZAOA).
[2] For this purpose, net zero refers to reducing greenhouse gas emissions to as close to zero as possible and then using carbon removal or sequestration technologies to net out the remainder of the emissions.
[3] The thermal coal exclusion strategy is applied across listed equities and fixed income asset classes and excludes companies that generate more than 5 per cent revenue from thermal coal mining and extraction.

## Measuring and disclosing financed emissions

We conduct periodic Group-wide climate risk assessments and GHG accounting of our investment portfolio, to identify high-carbon emitters and strengthen our engagement strategy. In 2025, we advanced our disclosures by reporting Scope 3 financed emissions following PCAF methodology.

### Absolute Financed Emissions




*Financed emissions over 2022, 2023, and 2024 have not been externally assured, but calculated following our internal PCAF aligned methodology.

** Mn $tCO_2e$ represent million tonnes of $CO_2$ equivalent

For 2025, our Scope 3 absolute financed emissions from in-scope assets under management (AUM) comprising listed equity and corporate bonds, totalled 2.15 million $tCO_2e$. This represents over 95 per cent of FWD's total emissions, with more than 90 per cent data coverage.

Between 2022 and 2024, our absolute financed emissions declined from 2.70 million $tCO_2e$ to 2.08 million $tCO_2e$, driven by the implementation of our sustainable investment guidelines, which reduced exposure to high-emitting issuers, the rollout of our stewardship prioritisation approach with fund managers and portfolio rebalancing influenced by market conditions.

Over 2024 to 2025, our absolute financed emissions rose approximately three per cent from 2.08 million $tCO_2e$ to 2.15 million $tCO_2e$, a marginal increase compared to an approximately 25 per cent increase in in-scope AUM, reflecting the positive impact of our sustainable investment approach and on-going engagement through our fund managers.

Further details on how absolute financed emissions of our investment portfolio is calculated can be found in the section headed "Additional information - 2025 Datasheet - Scope 3 absolute financed emissions assured data" in this annual report.

## Our climate action plan

To manage Scope 3 financed emissions with a view to decarbonise our portfolio, we have introduced a Climate Action Plan covering three areas:

- **Engagement** with the top 20 issuers with the highest owned emissions or covering 65 per cent of our portfolio's emissions, and assessing outcomes;
- **Reinvestment criteria** favouring greener assets or low transition risk issuers, provided drivers of return and relative value are favourable; and
- **Capital allocation** to green assets, climate-aligned opportunities, transition enablers, and nature based solutions which could meet our environmental, social and return objectives.

Our aim is to balance emissions reduction with supporting transition efforts in the markets in which we operate. We encourage our managers to prioritise issuers aligned with our sustainability goals and manage exposures to those with higher transition risk.

# Effective governance and sustainable business

Across our markets, we are guided by our Code of Ethics and Business Conduct, and our philosophy of Doing the Right Things Right.

Our ERM framework enables us to identify, assess, and manage financial and non-financial risks, including ESG and climate-related risks. It covers risk governance, management processes, and is reviewed annually to remain fit for purpose. Controls and processes safeguard our business and customer assets, with the framework applied across all Group Offices and Business Units.

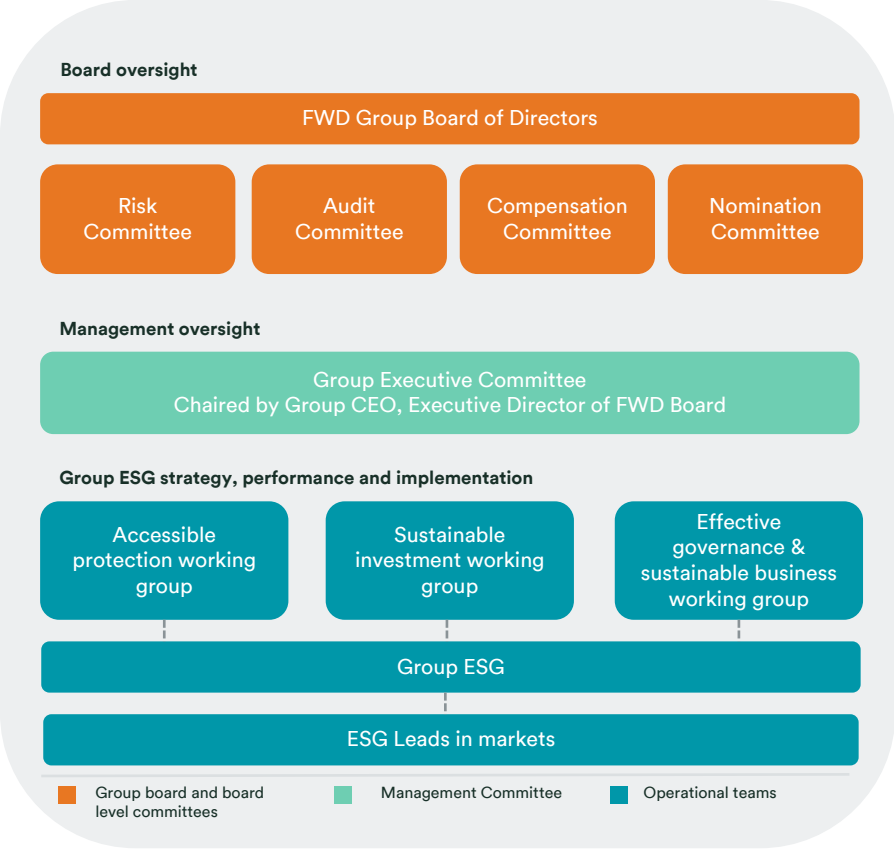
Good governance is supported by exceptional people. Managing talent is central to our strategy, hence we invest in employee development to foster an inclusive and ethical culture, and equip teams with skills to navigate a rapidly changing environment. By empowering our people, we strengthen our ability to deliver on our vision and create long-term stakeholder value.

Further details on our ERM framework can be found in the section headed "Financial and Operating Review — Risk Management" and further details on our talent management approach can be found in the section headed "Management discussion and analysis — Operational highlights — Our People" in this annual report.

## ESG governance

The Board holds ultimate accountability for the Group's ESG approach and strategy. Supporting the Board is the GEC, comprising senior management led by the Group CEO, which sets and approves ESG ambition and strategy, monitors performance, addresses emerging risks and opportunities, and makes recommendations to the Board. The GEC reports quarterly to the Board on ESG updates, including those on trends, risks and opportunities, sustainable investments and regulatory requirements through the Nomination Committee.

Additionally, the Risk Committee advises the Board on the identification, measurement, monitoring, and management of material ESG risks as part of the ERM process, while the Group Risk function establishes ESG risk methodologies and assessment processes under the ERM framework and provides updates on significant developments.



To implement our ESG strategy effectively, the GEC oversees three working groups aligned with our strategic pillars, supported by the Group ESG team. Group ESG drives initiatives, reporting and disclosures, monitors material issues via the ESG value creation scorecard, and keeps management informed on trends and regulations.

ESG leads, who are senior representatives from all markets, ensure local integration, with key performance indicators (KPI) such as diversity, community investment, and greenhouse gas emissions included in standard reporting. Regular engagement fosters knowledge sharing and accelerates progress across markets.

To strengthen governance, directors and senior management also receive regular ESG training. In 2025, we delivered ESG training for our Board on climate topics and emerging regulations.

Further details on FWD's Risk Management governance and Three Lines of Defence approach to risk management can be found in the section headed "Financial and Operating Review — Risk Management" in this annual report and further details on the roles and responsibilities of our Board committees can be found on our corporate website[1].

## Responsible business practices

### Ethics and business conduct

All FWD employees[2] are expected to uphold the highest standards of ethics and integrity. Our Code of Ethics and Business Conduct sets clear behavioural standards through five guiding principles. All employees are required to complete mandatory recertification training annually on the Code of Ethics and Business Conduct, with onboarding training for new hires.

Similarly, agents, distribution partners, and third-party vendors must comply with the Vendor Code of Ethics and Business Conduct. Both codes are accessible via the staff intranet and the Company's website.

[1] FWD corporate website: https://www.fwd.com/en/about-us/corporate-governance/
[2] All FWD employees including permanent, part-time, temporary and contract employees and contingent workers required to abide by the FWD Code of Ethics and Business Conduct

| Policy areas | FWD's position | Our policies/guidelines |
|---|---|---|
| **Guiding principle 1 - Honesty and integrity** | | |
| Rejecting bribery and corruption<br>• Political and charitable contributions<br>• Gifts and entertainment | Our success is the result of the hard work and dedication of our people. We reject bribery and corruption as a way of building our business. | • FWD Group Anti-Bribery and Corruption Policy |
| Avoiding conflicts of interest<br>• Personal conflicts of interest<br>• Corporate opportunities<br>• Disclosing conflicts of interest | Fulfilling our clients' needs require our full attention. We must avoid conflicts of interest that could limit our ability to carry out our responsibilities for FWD. | • FWD Group Conflicts of Interest Policy |
| Respecting intellectual property<br>• Gathering information about competitors properly<br>• Respecting copyrights | Respecting intellectual property rights mean we only access information and materials that we have a right to use through legal and ethical means. | • FWD Group Brand and Marketing Governance Policy<br>• FWD Group Communications Policy<br>• FWD Group Inside Information Disclosure Policy |
| **Guiding principle 2 - Be informed and act responsibly** | | |
| Combating financial economic crime<br>• Anti-Money Laundering/Counter-Terrorism Financing<br>• Economic sanctions<br>• Know Your Customer (KYC) | To guard against our products and services being used for illegitimate reasons, we gain information about our customers and make responsible decisions as to who we are comfortable working with. | • FWD Group Anti-Money Laundering/Counter Terrorist Financing and Sanctions Policy<br>• FWD Group Corporate Dealing Compliance Policy |
| Competing fairly in the marketplace<br>• Price fixing<br>• Insider dealing | We do not engage in anti-competitive activities that would harm customers and endanger our long-term success. | • FWD Group Personal Insider Dealing and Market Misconduct Policy |
| **Guiding principle 3 - Open and clear communication** | | |
| Confidentiality and data privacy | We take great care in protecting essential information in order to maintain our competitiveness in the market and demonstrate to customers that we are a trustworthy and valuable partner. | • FWD Group Information Security Policy<br>• FWD Group Information Technology and Digital Policy<br>• FWD Group AI and Data Governance Policy<br>• FWD Group Data Privacy Policy<br>• Group Office Staff Handbook |
| Fair sales and marketing practices | We always present our products accurately, taking time to describe the key features, benefits, exclusions and risks. | • FWD Group Customer Complaints Policy<br>• FWD Group Treating Customers Fairly Policy<br>• FWD Group Social Media Policy<br>• FWD Group Anti-Fraud Policy<br>• FWD Group Distribution and Sales Quality Policy |
| **Guiding principle 4 - Professionalism and respect** | | |
| Employee health and safety | We provide a strong work environment to promote employee safety and well-being. | • Group Office Staff Handbook |
| Harassment and discrimination | We do not tolerate any form of discrimination, harassment or bullying towards each other, our customers, business partners, agents or candidates interested in joining FWD. | • FWD Group Non-Discrimination, Anti-Harassment and Anti-Bullying Policy<br>• FWD Group Discipline and Grievance Policy<br>• FWD Group Whistleblower Policy<br>• FWD Group Investigation Policy<br>• FWD Group Investigation Procedure Manual |
| **Guiding principle 5 - Socially and environmentally responsible** | | |
| Environmental stewardship | We are integrating environmental considerations into our investment processes in a robust and systematic way at every stage of decision-making. | • FWD Group Community Care Guidelines<br>• FWD Group Community Care Volunteering Leave Guidelines<br>• FWD Group Procurement Policy<br>• FWD Group Board Diversity Policy<br>• FWD Group Climate Risk Management Policy<br>• FWD Group Sustainable Investment Guidelines |
| Social responsibility | We aim to be a positive source for change in the communities in which we do business. | |

### Ensuring financial integrity

FWD is committed to preventing money laundering, terrorist financing, bribery, and corruption. The Group is subject to anti-money laundering laws and regulations, as well as business conduct rules, in each or the jurisdictions in which it operates. Further, the Group's geographic diversification may increase its exposure to the risk of violations of anti-corruption or similar laws.

Our internal controls include Group Anti-Money Laundering/Counter Terrorist Financing and Sanctions Policy, Anti-Bribery and Corruption Policy, supporting standards, guidelines, and mandatory training. Compliance teams conduct periodic Enterprise-wide Risk Assessments (EWRA) to identify and manage risks, with reviews at least every two years or as required by local regulations. Programmes are subject to regulatory inspections and internal audits.

We leverage technology to strengthen our anti-money laundering (AML) and counter terrorist financing (CTF) framework, including name screening for sanctions, adverse news, and politically exposed persons, supported by fuzzy logic and transliteration functions. Additional tools for transaction monitoring and customer risk rating complement internal controls.

Oversight rests with each Business Unit's Board, supported by timely compliance reporting. At Group level, the Group Compliance and Operational Risk Committee (CORC) oversees policies and monitors risks through regular reviews and management reports.

Employees play a key role in compliance. New hires complete onboarding financial crime training, while all staff and the Board attend mandatory annual refresher sessions and focused workshops where applicable.

### Whistleblowing

We foster a culture of honesty and integrity, encouraging employees to speak up when something feels wrong. Our whistleblowing programme provides confidential reporting channels in every market, including an online Speak Up platform and dedicated hotlines managed by an independent third party. Whistleblowers remain anonymous to ensure confidentiality and prevent retaliation.

All reports are handled under the Group Investigation Procedure Manual to ensure fair, independent investigations and appropriate follow-up. Final case resolutions are recorded confidentially in Speak Up Online. The Group Chief Compliance Officer reports investigation progress and outcomes to the Audit Committee quarterly.

## Safeguarding trust through fair customer outcomes

### Treating customers fairly

Conduct risks are inherent in insurance and could arise at any stage of the customer journey, from product development to marketing, claims and complaints.

Our strategy places customers at the centre, supported by strong governance and compliance to ensure fair treatment throughout the customer journey. The FWD Group Treating Customers Fairly Policy, integrated across all Business Units and overseen by our Board, sets clear behavioural standards for employees and distribution partners to deliver positive outcomes. All employees, contractors, and sales personnel also complete mandatory training on the policy.

## Responsible product development

Our responsible product development approach ensures fair and transparent design and distribution aligned with customer needs and regulatory standards. This commitment spans the entire lifecycle, from concept and pricing to communication and claims, embedding governance and customer-centric principles.

Pre-launch, we perform thorough due diligence, assessing commercial viability, target segment alignment, distribution channels, financial metrics, and risk appetite. This process involves local and Group governance through committees and functions such as Proposition, Actuarial, Underwriting, Investment, Risk, and Compliance, ensuring every proposition is evaluated holistically. To further align with ESG objectives, we integrate sustainability considerations into product approval and review processes, aiming to meet financial targets and contribute positively to society.

Post-launch we review, gathering feedback to confirm intended outcomes, and implement improvements. Customers should be able to easily understand the insurance they buy. We have simplified policies by removing jargon through initiatives such as Project Clarity, which rewrote contracts in plain language, applied user experience principles, and used visual aids to highlight key information. These changes have improved customer understanding, enhanced product appeal, and enabled faster, more accurate support.

We have also removed exclusions based on outdated medical data and unsupported judgments, improving underwriting and risk assessment. By simplifying policy language and reducing exclusions, we believe customers can better understand their coverage and feel confident about making claims.

## Responsible selling practices

We are committed to selling products in a fair, clear, and transparent manner, ensuring customers understand what they purchase throughout the product lifecycle. Alongside the Treating Customers Fairly training, our Group Distribution team and Sales Quality Policy set standards for recruitment, sales quality controls, and compliance across all distribution channels.

The policy requires comprehensive training for our sales force on compliance, product features, and mandatory requirements. It applies to all Business Units, including agents, financial advisors, and telemarketers, while partners such as banks, brokers, digital distribution platforms and third-party call centres are also expected to follow its principles and comply with regulatory obligations.

To protect customer interests, each Business Unit defines criteria for vulnerable customers and implements safeguards. The CORC monitors practices, key risk indicators, and distribution misconduct, reporting quarterly to the Risk Committee to maintain strong governance and accountability.

We also invest in professional and leadership development of our agency and distribution partners through programmes with INSEAD Business School, LIMRA & LOMA trade associations, and initiatives supporting agents to qualify for the MDRT, raising standards and strengthening customer relationships.

Further details on how we use digital innovation to enable timely, compliant sales and customer engagement can be found in the section headed “Management discussion and analysis — Operational highlights - digital & technology” and further information on our agency training programmes can be found in the section headed “Management discussion and analysis — Operational highlights — distribution” in this annual report.

## Dealing with customer complaints

We aim to meet customers’ expectations while delivering high-quality service. Our Group Customer Complaints Policy governs the end-to-end process for handling complaints, ensuring fairness, timeliness, and compliance with local regulations, under oversight of the CORC.

We provide accessible channels – hotlines, email, live chat, and social media – for customers to raise concerns. Feedback is promptly acknowledged and addressed in line with guidelines to ensure fair outcomes. We investigate complaints and analyse root causes and trends to continuously improve our products and services.

Further details on our complaint ratio can be found in the section headed “Management discussion and analysis — Operational highlights — customer” in this annual report.

# Strengthening cyber resilience

## Data privacy and protection

Protecting personal data entrusted to us by customers, employees, partners, and third parties is a top priority. We align our policies with leading data protection standards, require third-party compliance, and notify customers of any Privacy Policy changes promptly.

Oversight is provided by the Board, supported by CORC and Group Compliance. Each FWD entity appoints a Data Protection Officer and implements a Privacy Compliance Programme to meet local laws such as Hong Kong's Personal Data (Privacy) Ordinance and Singapore's Personal Data Protection Act. We also assess agency and distribution partners for compliance.

Our Group Data Privacy Policy and Standards, outline principles for collecting, using, storing, transferring, and disposing of personal data and sensitive personal data. These apply to all employees, contractors, and third parties processing data on FWD's behalf. Mandatory training ensures staff and contractors understand key privacy concepts and how to protect information and systems.

Our efforts in respect of ensuring we uphold the highest standards of personal data protection and privacy has been recognised and further details on our awards can be found in the section headed "Overview — About FWD — Awards and recognition" in this annual report.

## Information security (Cyber)

FWD recognises the evolving cyber threat landscape and is committed to safeguarding information assets. Oversight is provided by the Board and senior management, supported by the CORC and our Group Chief Information Security Officer (CISO) and Business Unit Information Security Officers.

The Group Office, led by the Group CISO, provides strategic direction and Group-wide governance for information security. It establishes the Group Information Security Policy and Standards and drives the standardisation of security controls, technologies and processes across markets. Cybersecurity risk is embedded within the Group ERM framework, aligned to the National Institute of Standards and Technology (NIST) and ISO/IEC 27001 standard. Periodic assessments are conducted to evaluate maturity and identify areas for continuous improvements.

To strengthen awareness, all employees complete mandatory annual cybersecurity training, and cyber simulations, supported by targeted campaigns and Cybersecurity Awareness Month. We invest in defensive technologies, processes, and skilled resources, complemented by partnerships with leading security providers. Disaster Recovery Plans ensure business continuity and restoration of critical systems.

In 2025, FWD achieved ISO/IEC 27001:2022 certification for our Group Office and three markets, demonstrating our commitment to global best practices and our continued progress towards group-wide certification.

## Responsible AI

As we scale advanced data and generative AI capabilities, FWD remains committed to responsible AI practices. Our Responsible AI Standards are guided by seven principles of fairness, accuracy, accountability, transparency, auditability, explainability, and human-centricity, to mitigate bias and ensure ethical deployment. Governance is reinforced through market-level AI and Data Committees, and a Group AI and Data Sub-Committee, helping to ensure compliance, consistency, and robust risk oversight.

# About the ESG section

This is FWD's fourth disclosure on our ESG strategy and performance. As an insurance provider, we recognise our responsibility to support the well-being of our customers, employees, and communities while managing our environmental and social impacts and upholding good governance practices. Unless otherwise specified, this report covers the activities and initiatives from 1 January to 31 December 2025 across all Business Units under our operational control in 10 Asian markets – Hong Kong, Macau, Thailand, Cambodia, Japan, the Philippines, Indonesia, Singapore, Vietnam and Malaysia – as well as a representative office in Mainland China. The reporting scope excludes distribution channels that are not under the direct operational control of the Company, including individual agents and bancassurance partners.

Our ESG disclosures reflect our commitment to transparency and accountability, providing our stakeholders with a clear view of how we create long-term value responsibly. We manage material ESG issues and report performance with reference to the Global Reporting Initiative (GRI) Universal Standards, the Sustainability Accounting Standards Board (SASB) Standard for the Insurance sector and the recommendations of the TCFD. In addition, our reporting meets the requirements set out in Appendix C2 Environmental, Social and Governance Reporting Code under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKEX ESG Reporting Code).

In preparation of the ESG section, we followed the Reporting Principles set out in the HKEX ESG Reporting Code to inform our reporting approach. These include:

| | |
|---|---|
| Materiality | A structured process reflecting the views of our stakeholders was used to identify and validate key material ESG topics to our business. |
| Quantitative | ESG metrics, referencing the requirements of the HKEX ESG Reporting Code, have been provided within our report with notes and description about the standards and methodologies used in calculating the data, where appropriate. |
| Consistency | We adopted a consistent approach to prepare and disclose information to allow for meaningful comparisons of our ESG performance to 2024. |
| Balance | We report information in a transparent and unbiased manner that provides fair representation of both our positive and negative impacts. |

Selected ESG KPIs disclosed in this report have been independently verified by Deloitte Touche Tohmatsu in Hong Kong (Deloitte). The Independent Practitioner's Limited Assurance Report can be found on page 366 of this annual report.

# Risk management

FWD Group has established a comprehensive risk management framework, including a risk management committee structure and robust risk management frameworks, policies and strategies. Our risk management framework is designed to ensure that the risks we have undertaken are backed by appropriate levels of capital to support our ongoing business and protect all our stakeholders. We aim to balance efficient capital structures in each of our operating insurance subsidiaries within acceptable levels of risk without compromising either financial strength or our requirement for appropriate returns.

We have developed an ERM framework, which also incorporates our strategic objectives. This defines our risk appetite, and the reliable practices to support a mindful risk culture at each level of the Group, namely every director, officer, employee, agent or contractor.

## FWD enterprise risk management framework

Incorporating our risk culture and our Code of Ethics and Business Conduct, the FWD ERM framework consists of the following components:

- risk governance;
- risk appetite;
- risk management process; and
- Own Risk and Solvency Assessment (ORSA)




### Risk culture – and tone from the top

Our risk culture is the foundation of sound decision-making and sustainable growth. It reflects the shared values, attitudes, and behaviours that guide how we identify, assess, and manage risk across the organisation.

We aim to maintain a risk culture that enables proactive risk management. We measure and strengthen this culture through four key indicators: Tone, Accountability, Incentive and Competence.

Tone from the top remains critical in shaping risk awareness. Senior leadership communicates risk priorities and demonstrates ethical decision-making, ensuring alignment throughout the organisation. Accountability is promoted in our governance structure, with roles and responsibilities that promote ownership of risk decisions and timely escalation of issues. Incentives are designed to encourage prudent risk-taking, linking performance outcomes to behaviours that align with our risk appetite, while discouraging excessive risk-taking. Finally, competence is reinforced through continuous training and development, equipping employees with the knowledge and skills to make informed decisions and respond effectively to emerging risks.

During 2025, we advanced our Risk Culture Programme through targeted interventions and measurable outcomes. A Risk Culture Survey was rolled out across all Business Units, supported by focus group discussions to validate findings. Initiatives included enhanced risk and compliance training, leadership engagement sessions, and integration of risk accountabilities into performance management frameworks. To reinforce desired behaviours, we have in place our Risk and Compliance Key Performance Indicator.

### Our Risk and Compliance Key Performance Indicator tool

We also have tools in place including a survey to measure the effectiveness of our risk culture. Our Risk and Compliance Key Performance Indicator is set up to encourage all staff to demonstrate proper behaviours, to manage risk within the approved tolerance, and escalate issues accordingly.

The Risk and Compliance Key Performance Indicator evaluates performance across four dimensions: adherence to the Risk Appetite Framework (RAF), proactive risk and internal control management, compliance with governance standards, and ethical conduct. These efforts aim to ensure continuous improvement and embed risk awareness into everyday decision-making.

The annual calculation and final results of the Risk and Compliance Key Performance Indicator are approved by the Risk Committee and Compensation Committee.

## Risk governance

As part of the Group's overall approach to maintaining robust corporate governance, our risk governance is organised around the following principles:

- clearly established roles and responsibilities, and accountability;
- independent and properly resourced risk management and compliance functions; and
- our Three Lines of Defence.

Please refer to the section headed "Corporate governance — Corporate governance report" in this annual report for further details in relation to our overall corporate governance arrangements.

## Board of Directors

The Board takes ultimate responsibility for the risk management activities of FWD Group. It is responsible for reviewing and approving strategies, plans and our risk appetite. It therefore plays a critical role in ensuring sound and prudent policies and practices are in effect for ensuring good governance – and has continuous oversight of risk management, internal controls and compliance matters.

To support the Board in carrying out these responsibilities, the following Board committees have been established:

- Risk Committee
- Audit Committee
- Compensation Committee
- Nomination and Corporate Governance Committee

Further details on the work of the committees can be found in the section headed "Corporate governance — Corporate governance report" in this annual report.

## Management committees

To support the Risk Committee in carrying out its responsibilities, the following management committees have been established to oversee the management of all risks:

### Asset Liability Management Committee

The Asset Liability Management Committee (ALMCO) supports the Risk Committee with financial, investment, liquidity and insurance risk oversight and ALM. The primary duties and responsibilities of the ALMCO are to: (i) review and recommend major business unit's SAA and TAA for Risk Committee approval; (ii) monitor the effectiveness and implementation of the Group's policies and related procedures for ALM; (iii) review and approve formulation and execution of investment strategy; (iv) review and approve new classes of investment; and significant hedging programmes; (v) monitor and review investment performance; (vi) monitor and review the liquidity and investment exposures of Business Units and Group; (vii) immediately report and escalate

financial and insurance risk issues to the Risk Committee as appropriate; and (viii) provide advice on financial and insurance risk management to the Risk Committee and the Board.

### Compliance and Operational Risk Committee

The CORC supports the Risk Committee with its primary duties and responsibilities being to: (i) provide direction, policies and oversight on management of non-financial risks, including but not limited to information technology, cybersecurity and outsourcing risk, in line with the risk appetite set by the Board; (ii) immediately report and escalate non-financial risk related issues to the Risk Committee as appropriate; and (iii) provide advice on non-financial risk management to the Risk Committee and the Board.

## Three Lines of Defence

The Three Lines of Defence structure aims to oversee, challenge and offer assurance across all business matters in relation to risk. It ensures our control functions operate independently – and are properly resourced. The roles and responsibilities of each are as follows:

### First Line of Defence

The First Line represents the business operations, the management and employees who manage risk day-to-day in accordance with the strategies and risk appetite set by the Board. The First Line develops and implements risk mitigation actions – including monitoring and reporting any risks incurred in the course of business.

#### Senior management team

This is our executive management team and this team is responsible for effective internal controls and risk management. The team regularly monitors and evaluates our overall risk profile to ensure that we operate within our risk tolerance. The team takes an active role in managing risk by assessment, challenging where appropriate, providing resolution plans as necessary, and capturing the results.

#### Functional units

Key personnel and management across functional units serve as process owners and risk takers responsible for operating the business, and managing risks. This includes identifying, assessing, measuring, monitoring and reporting risks associated with their business processes or functions, as well as executing business controls so the overall business processes achieve their common objectives. The functional units translate the business risk appetite into methodologies and policies to monitor business management's control of risk.

#### Financial control function

The responsibilities for ensuring robust control over financial matters (e.g. investments, accounting and financial reporting) are assumed by the Group Chief Financial Officer and undertaken by multiple teams under his control. The responsibilities are assigned to ensure that: (i) suitable policies are developed, implemented and reviewed to govern financial reporting and accounting practices; (ii) robust processes are designed, implemented and reviewed to comprehensively manage financial transactions, financial reporting, protect financial resources and reduce exposure to potential fraud; and (iii) adequate financial reporting systems and tools are established, with integrated controls to identify any errors, inconsistencies or other accounting issues.

#### Actuarial function

The Actuarial function is established to provide advice to the Board and Group senior management regarding matters on technical provisions, premium and pricing activities, actuarial modelling, capital adequacy, reinsurance and compliance with related statutory and regulatory requirements, at a minimum.

## Second Line of Defence

The Second Line comprises our risk management and compliance functions. These provide independent oversight of risk exposures, risk management practices and compliance matters.

### Risk Management

The Risk Management function is responsible for facilitating functional units in managing their risks and coordinating risk management across the Group. Risk Management works collaboratively with other Second Line functions to provide objective challenge and support and escalate matters when necessary – to help optimise the trade-off between risk and reward.

The Risk Management function has responsibility for providing support and opinion to the Board, the Risk Committee and the senior management team. This is to establish and implement appropriate policies and procedures in relation to the Group ERM framework. The Risk Management function and the Group Chief Risk Officer are responsible for the preparation of the ORSA report and actively liaise with the broader business and executives to enable its timely delivery. The Group Chief Risk Officer has direct access to the Risk Committee and Board for all risk matters independently and has a reporting line to the Chair of the Risk Committee.

### Compliance

The Compliance function advises and assists functional units to manage compliance risk, ensuring compliance with all applicable laws, regulations and ethical standards. Compliance (i) partners with the legal function to identify laws, regulations and standards and identify areas of compliance risk within the business; (ii) works closely with all functional units to identify activities to mitigate compliance risk based on the Board's approved risk appetite; (iii) monitors the First Line's control of compliance risk and advises management on significant compliance matters; (iv) works collaboratively with risk management to provide objective challenge and to support and escalate matters when necessary to help optimise the trade-off between risk and reward; and (v) is an adviser to the business as it designs, implements and embeds business procedures, tracks internal mitigation activities, designs and delivers training and executes other framework activities. The Group Chief Compliance Officer has direct access to the Risk Committee and Board for all compliance matters independently and has a reporting line to the Chair of the Risk Committee.

## Third Line of Defence

The Third Line comprises the internal audit function. It provides independent assurance on the design and effectiveness of our risk management and internal control system. Internal Audit is independent of both the First and Second Line functions and reports directly to the Audit Committee.

## Risk Appetite Framework

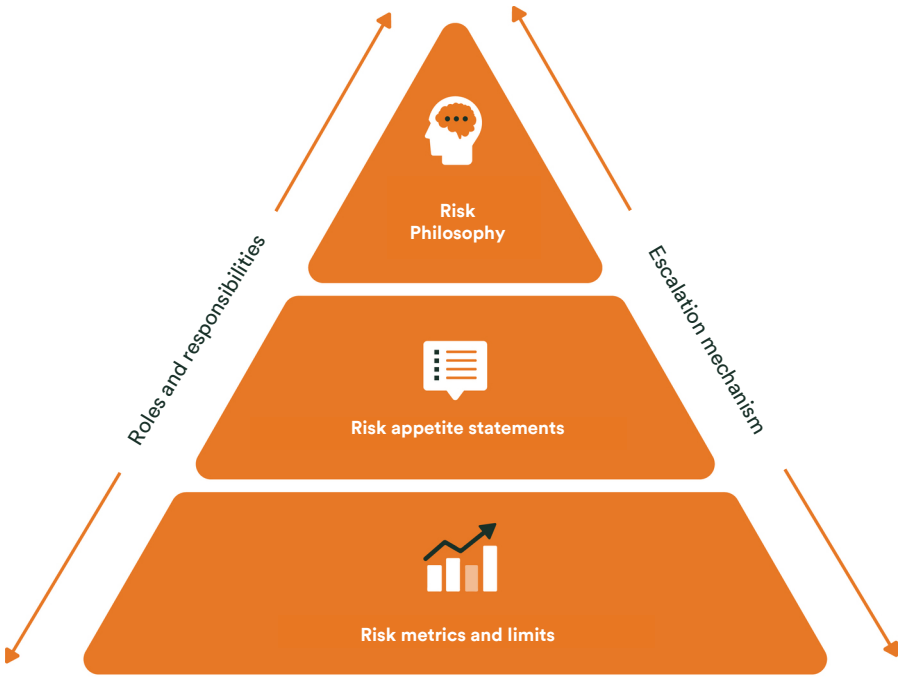
The RAF organises the Group's overall approach to selecting the risks it wishes to seek, retain, transfer and/or avoid in the pursuit of its strategic objectives and guides key business activities accordingly. The RAF is comprised of the risk philosophy, Risk Appetite Statements (RAS) and risk metrics and limits. Each of these components are further supported by robust governance – i.e. roles, responsibilities and escalation mechanisms.

**Risk philosophy:** FWD Group's risk philosophy defines the Group's overall attitude towards risk, with consideration of our vision, corporate strategy and the expectations of key stakeholders. The risk philosophy therefore demonstrates a critical linkage between FWD's business strategy and its approach to risk management.

**Risk Appetite Statements:** FWD Group's RAS and corresponding Actionable Statements set out the level of risk that the Board is willing to accept in the pursuit of its strategic objectives and the actions to be taken in order to remain within the risk appetite, respectively. The RAS are defined for each material risk to which the Company is exposed in the pursuit of its key objectives.

**Risk metrics and limits:** FWD Group's risk metrics and limits provide the capability for FWD to measure its actual exposures relative to the Group's RAS, evaluate the extent to which day-to-day business activities are within the bounds of the risk appetite and determine whether any mitigation actions are required.

Our risk appetite is illustrated as follows:



## Risk philosophy

The Group's risk philosophy is as follows:

"FWD's vision is changing the way people feel about insurance, from which the Group's business strategy and risk philosophy are derived. FWD aims to realise this vision through accelerated growth (both inorganic and organic), simple products and relevant solutions, and best-in-class customer experiences. We focus on maintaining financial stability and creating long term sustainability through achieving scale and effective risk and capital management."

## Key Risk Appetite Objectives

The Group has expressed the key risk appetite objectives as follows:

| | |
|---|---|
| **Strategy** | FWD aims to achieve its Group's vision and strategic objectives, in particular from the adoption of disruptive technologies, increasingly data-driven decision making and testing of distribution channels to strengthen customers' experience and enhance competitive advantage. |
| **Financial** | FWD aims to manage its business to ensure it maintains sufficient capital for the Group to support the Group regulatory capital requirements and the Group economic capital after defined stresses, and sufficient funding to support the business activities and capital needs of operating units, whilst creating sustainable value and earnings consistent with stakeholder's expectations and achieving a minimum of an investment grade credit rating for the Group. |
| **Non-financial** | In the pursuit of its vision and strategic objectives, FWD aims to maintain its operational resilience and its commitments to customers and other external stakeholders, and to avoid material adverse impact on its reputation, thereby building long-term trust and demonstrating itself as a responsible firm amongst its key stakeholders and the local communities within which the Group operates. |

## Risk appetite statements

Corresponding to each of the above risk appetite objectives, the Group has expressed the RAS as follows:

**Strategy:**

| | Appetite Statement | Actionable Statement |
|---|---|---|
| Strategic risk | • FWD accepts strategic risk as part of its business planning process and in pursuit of its vision and strategic objectives.<br>• FWD has no appetite for business activities or decisions that knowingly lead, or are likely to lead, to negative impacts on FWD's brand value or customer outcome.<br>• FWD accepts the long-term risks posed by climate change (e.g. physical and transition risk) where it is identified, assessed and incorporated into the business planning process. | • We adhere to our vision and continue employing technologies to innovate our distribution, products and services that enable the improvement in customer experiences.<br>• In the implementation of our growth strategy, we use a balanced approach to risks and controls that employ sound risk management principles, whilst considering the interest of all stakeholders.<br>• FWD continues to monitor internal and external events that can negatively influence stakeholders' perception of its strategy or can adversely impact FWD's brand value or customer outcome.<br>• FWD has identified the risks posed by climate changes and incorporates climate-related assessments into key strategic planning processes and decisions. We will continue to monitor climate-related risks and concentrations, and assess and mitigate the impacts to the Group's long-term strategy. |

## Financial:

| | Appetite Statement | Actionable Statement |
|---|---|---|
| **Market risk (excluding counterparty risk)** | • FWD accepts market risk exposure where it has ample understanding and is able to manage its position as a long-term investor to generate adequate and sustainable risk-adjusted returns for the benefit of its policyholders and shareholders.<br>• FWD has no appetite for complex market risks of which the Group has no knowledge. | • To avoid excessive and complex exposures to market risks, FWD ensures market risk is taken within market risk appetite and the limits.<br>• To mitigate excessive exposures to interest rate risks, FWD ensures effective asset-liability management, including prudent use of derivatives for risk management purposes, and to mitigate excessive exposures.<br>• FWD does not speculate in foreign exchange exposures. Where exposures arise as part of business activities, the risk should be hedged (or otherwise) as deemed appropriate. |
| **Counterparty risk** | • FWD has a low appetite for counterparty risk arising from a default by an insurance, reinsurance or investment counterparty to fulfil its obligations to the Group.<br>• FWD has a low appetite for concentration risk. | • To mitigate the exposure to counterparty risk, FWD seeks to engage in transactions with highly rated counterparties and requires that the average credit rating on a portfolio basis remains above investment grade.<br>• To avoid excessive concentration risk, FWD sets concentration limits on single issuers, group of related issuers, sector, country and third-party managed funds investments. |
| **Insurance risk** | • FWD accepts insurance risk exposure that the Group has the experience to understand, ability to measure and the reasonable expectation to price and derive value for shareholders and customers. | • To reduce excessive exposure to insurance risk (e.g. in the absence of relevant experience and knowledge), FWD makes use of reinsurance or other forms of risk transfer when deemed necessary.<br>• FWD seeks to ensure that insurance risk acceptance and valuations are based upon robust operating assumptions to reduce risk of deviation in actual experience, and reviews the operating assumptions regularly. |

| | | |
|---|---|---|
| **Liquidity risk** | • FWD has a low appetite for liquidity risk arising from group operating expenses, debt servicing, external dividends, and capital support to business units. Within each business unit, the liquidity need arises from insurance business activities and planned remittance to the Group. | • FWD ensures that sufficient financial resources are available at the business unit level and at the holding company level to meet the financial obligations.<br>• FWD sets liquidity risk limits in both business-as-usual and defined stress scenarios. |

## Non-financial:

| | Appetite Statement | Actionable Statement |
|---|---|---|
| **Operational risk and compliance risk** | • FWD accepts operational risk (including technology and cybersecurity) is an inherent part of business operations and has varying appetite and tolerance levels for different types of operational risk. Nevertheless we will proactively take steps to mitigate the risks and minimise the impact.<br>• FWD has no appetite for behaviours and decisions that knowingly lead, or are likely to lead, to unfair customer outcomes, regulatory intervention, breach of code of conduct or reputational damage.<br>• FWD has low appetite for adverse business resilience and no appetite for control deficiencies that result in material losses (direct or indirect). | • To remain within the risk appetite and avoid material adverse impact, FWD aims to manage operational risk including technology and cybersecurity effectively to maintain operational resilience, reputation and commitments to customers and other external stakeholders (including but not limited to shareholders and regulators) and the wider financial system stability, and escalates any high or extreme operational risk events to the Risk Committee and Board, which requires immediate mitigation actions.<br>• FWD will always act with good faith and intention for fair customer outcomes and regulatory compliance, and requires its employees and third parties to adhere to its Code of Ethics and Business Conduct.<br>• FWD has a robust and effective risk-based control environment to mitigate the risk of unfair customer outcomes and adverse business resilience, while minimising financial losses arising from operational failures and control deficiencies. |

## Risk management process

FWD has defined the risk management process in five steps:

(i) risk identification;

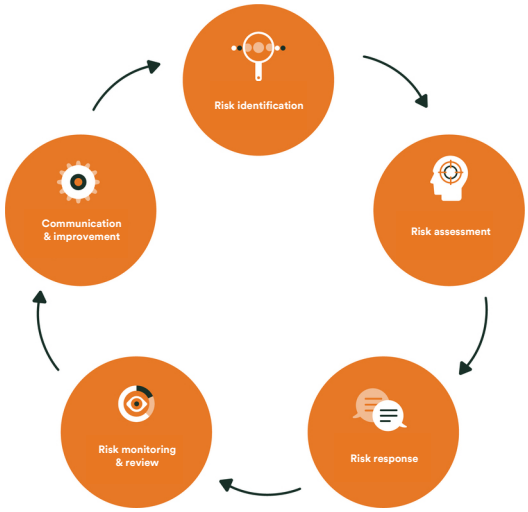
(ii) risk assessment;

(iii) risk response;

(iv) risk monitoring and review; and

(v) communication and improvement.

The risk management process enables the Group to identify the risks it is exposed to and provides guidance on how the risks are to be mitigated or transferred.




**Risk identification:** We undertake risk identification to systematically and comprehensively identify any risks in our processes, leveraging our people, tools and capabilities to capture the risks that the FWD Group is exposed to.

**Risk assessment:** Risk assessment is performed by classifying risks into different levels. We then assess the impacts against their inherent, residual and expected risks – considering the current control environment and future mitigation actions.

**Risk response:** Based on the results of risk assessment, response measures are determined to manage risk in accordance with our risk appetite.

**Risk monitoring and review:** Risk monitoring describes our process of assessing whether the FWD Group is in control of its risks. Risk monitoring is a continuous process to measure and evaluate the effectiveness of our internal controls; to determine whether any risks are within our risk appetite and in line with our desired levels; and whether policies, minimum standards and regulations continue to be adhered to.

**Communication and improvement:** Risk information is gathered, analysed and communicated in a structured way within our governance structures to ensure the relevant personnel are made aware of risks and can support them in taking responsibility for managing risks.

## Own Risk and Solvency Assessment

The Board and senior management team are responsible for the ORSA. This includes adopting a rigorous process for setting, approving, and overseeing implementation of the ORSA. The Board and senior management team are accountable for the ORSA report by reviewing and challenging its results – including the identification and assessment of risks and the underlying assumptions for capital calculations.

# Principal risks

The FWD Group's non-exhaustive principal risks are detailed below:

## Strategic risks

Strategic risks cover corporate level issues the FWD Group faces, particularly those related to the competitiveness and sustainability of the FWD Group. Strategic risks also address issues that involve the long-term direction of the FWD Group.

**Group risk**

Group risk refers to risks arising from being a member of a group. This considers the risks of an event to a group as a whole or to individual members which can adversely impact other members of the group. Group risk considers the inter-relationships between members of the group including control, influence and interdependence. As a group operating in 10 markets with more than 50 subsidiaries, every entity within the Group is exposed to group risk.

The Group also maintains a central record to monitor intra-group transactions and other arrangements. The central record is subject to continued review to ensure its accuracy and completeness, with a risk assessment undertaken as part of the Group's regular risk management process to identify material transactions and implement suitable controls accordingly.

**Channel risk**

Channel or sales channel is the primary contact point between FWD Group and its customers or policyholders. Channel risk is highly associated with the ability to attract and retain customers through product offerings. To some extent, channel risk also deals with the quality and competitiveness of its contact with customers which often leads to many related risks, particularly those related to compliance risk and operational risks.

**Reputation risk**

Reputation risk refers to risks arising from any potential negative perception from customers, regulators, or counterparties regarding the FWD Group's business practices, regulatory compliance, and current and prospective financial status and/or solvency, including any indirect negative perception from its shareholders, investors or major business partners that could impair its ability to maintain/establish its existing/new relationships or services. Reputation risk could be caused by systemic or industry-wide factors in which FWD Group operates. Reputation risk usually results from other risk issues and cannot be quantitatively assessed in isolation. A Complaint Policy is in place to handle customer complaints. A Crisis and Business Continuity Management Policy is in place to minimise the negative influence of a crisis event.

**Business intelligence risk**

Business intelligence risk refers to risks arising from a failure to adequately define, gather, analyse, and distribute intelligence about products, customers, competitors, and any aspect of the environment needed to support FWD Group executives and managers making strategic decisions. It is the organisational function's responsibility for the early identification of risks and opportunities in the market before they become obvious.

**Technological strategy risk**

Technological strategy risk refers to risks arising from a failure to leverage technology to provide solutions that meet new requirements and market needs. This is accomplished through innovative products, processes, services and technologies. FWD is exposed to the risk due to our strategy to create fresh customer experience supported by leading digital technologies. However, the risk is not easily assessed nor quantified. The Group keeps abreast of the development of technologies and customer needs and ensures adequate resources to support relevant technological initiatives.

**Political and social risk**

The risk FWD Group faces because of political and social changes or instability in a jurisdiction, country or region.

**Environmental and climate risk**

Environmental risk refers to the risk posed by the exposure of the Company to activities that may potentially cause or be affected by environmental degradation.

Climate risk refers to the risk posed by the exposure of the Company to physical, transition or liability risks caused by or related to climate change.

Further details on our approach to managing environmental and climate-related risks and opportunities are set out in the section titled “Building climate resilience in our business” in the section headed “Financial and operating review — Environmental, social and governance” in this annual report.

## Insurance risks

FWD Group is exposed to insurance risks as we provide protection and wealth management products and services to customers. More specifically the risk exists where the actual experience is different from the assumptions adopted when designing the products.

Indicators are monitored to assess the risk level, which include the actual to experience ratios and combined ratios. To manage the risk, the Group also utilises several benchmarks to assess the pricing adequacy of a new product and the ongoing appropriateness of an existing product. Where a product does not meet the internal criteria, the product is subject to review.

We are also exposed to failure of reinsurers due to the reinsurance arrangements across Business Units.

Many insurance-related risk parameters are characterised by the following three risk components:

- volatility: The risk that the actual value differs from that expected, assuming the best-estimate parameter is true. Volatility is the result of the randomness of the risk process.
- catastrophe: The risk of a one-time claim of extreme proportions due to a certain major event, which is not caused by a change of parameters. The event can be viewed as a one-year shock. Examples of catastrophe risk are epidemics, earthquakes, floods and terrorist attacks.
- uncertainty: The risk of parameter estimation as a result of statistical estimation errors and changes of the parameter over time.

**Mortality risk**

Mortality risk is associated with life expectancy. There are two types of mortality risk:

- higher than expected mortality risk: when more insured individuals die than expected, leading to higher claims (typical in traditional whole life, endowment and term products); and
- lower than expected mortality risk (longevity risk): when insured individuals live longer than expected, leading to higher claims (typical in pure endowment, annuity and pension products).

Mortality within one year (volatility and catastrophe) can impact the profitability of FWD Group in the year and future cash flows. The uncertainty component of mortality assumptions may result in an increase in the liabilities, which could adversely affect overall profitability.

**Morbidity risk**

Morbidity risk is associated with health events where FWD Group is exposed to indemnifying or reimbursing losses caused by illness, accident or disability, or for expenses of medical treatment necessitated by illness, accident or disability. Morbidity risk comprises of the risk of variability of size, frequency and time to payment of future claims, development of outstanding claims and allocated loss adjustment expenses for morbidity product lines over the remaining contract period.

**Persistency risk**

Persistency risk is the risk associated with adverse variations in persistency rates of policyholders from those in the best estimate assumptions. In all life insurance business the policyholder has the (one-sided) option to end the contract before the maturity date.

**Expense risk**

Expense risk is the risk that actual operational expenses in the future exceed the expected costs assumed in the pricing assumptions.

**Underwriting risk**

Underwriting risk arises from evaluating, assessing and accepting business or risks (insurance policy application) by underwriters which could result in poor or different portfolio behaviours to those assumed in the pricing and reserving processes.

**Claim risk**

Claim risk is the risk that the claim payment exceeds the claim reserve due to poor claim assessment and claim management, or payment is made to invalid claims, including fraudulent claims.

**Pricing risk**

The Company's products usually have a very long maturity. Therefore, inadequate pricing of a product due to inaccurate assumptions, model or other calculation error can expose the FWD Group to long-term problems, such as loss, or capital inadequacy.

**Model risk**

The risk of adverse consequences (e.g. financial loss, poor decision making or damage to reputation) arising from the improper design, development, implementation and/or use of a model. The risk can originate from, among other things, incorrect parameter estimates; flawed hypotheses and/or assumptions; inaccurate, inappropriate or incomplete data; and inadequate monitoring and/or controls.

## Compliance risks and operational risks

The risk of loss resulting from inadequate or failure in internal processes, people and systems or from external events is defined as operational risk, including Compliance risk. To mitigate this risk, a comprehensive internal control framework is implemented with responsibilities assigned across the Group's Three Lines of Defence governance structure.

Compliance risk is the risk of losses from damage to reputation, legal or regulatory sanctions, financial loss or loss of licence to operate which flow from failure or perceived failure to meet the Company's compliance obligations. Compliance obligations arise from mandatory requirements such as applicable laws and regulations or voluntary commitments such as organisational and industry standards and codes, contractual relationships, principles of good governance and community and ethical standards. Breaches of regulations can lead to penalties ranging from fines to suspension of licence; thus the impact cannot be easily quantified. Risk appetite has been set for compliance risk in which the Group has no appetite for the risk of regulatory intervention resulting from breaches of law or regulation. Compliance risk includes but is not limited to AML, CTF, sanctions, anti-bribery and corruption, and conduct risk.

**People**

The Group faces challenges in recruiting, developing and retaining quality staff under keen industry competition. At the same time, FWD's business plans create demand for experienced staff. The risk is qualitative in nature. Human Resources of both Group Office and Business Units address the risk through reviewing employee benefits (versus respective market), talent management plans and employee engagement events.

**Fraud risk**

Fraud risk is the risk of loss from deception or dishonesty of individuals (including our distributors, employees or customers) to defraud, misappropriate property or circumvent regulations, the law or company policies.

**Physical security and safety**

Losses arising from damage to physical assets from accidents.

**Business continuity**

Losses arising from inability to recover due to business disruption or system failure.

**Transaction processing & execution**

Losses from failed transaction processing or process management due to relations with trade counterparties and vendors.

**Technology**

Losses arising from technology failures, inadequacies or failure in the management of technology systems and associated processes.

**Conduct**

Losses arising or adverse consequences due to conducting insurance business in a way that does not ensure the fair treatment of customers, fair outcomes for customers, or which results in harm to customers (including mis-selling).

**Legal**

Losses arising from legal proceedings due to contractual or intellectual property disputes. Non-compliance with legislative requirements that lead to regulatory penalties or customer litigation.

**Financial crime**

Financial Crime Compliance risk refers to the loss from any offence involving handling money or property that is from the proceeds of crimes or financing terrorism; the abuse of entrusted power for gain by offering (or promising to offer) or receiving anything of value; failing to report the tax residence status; from any misconduct in or misuse of information related to a financial market. The Group Anti-Money Laundering / Counter Terrorist Financing and Sanctions Policy sets out the requirements of the Group AML/CTF programme, including a risk-based approach to conducting customer due diligence, ongoing transaction monitoring, suspicious activity reporting, training and record keeping.

**Regulatory compliance**

Losses arising or adverse impact to business operations a from breach of regulation or industry practices and codes, ineffective and non-transparent relationship with regulators or failure to effectively implement regulatory changes.

**Privacy**

Loss arising from inappropriate management of personal data.

**Third party**

Losses from failed transaction processing or process management due to relations with outsourcing vendors or suppliers.

**Information security (including cyber)**

Losses arising from failure to safeguard company and customer information.

**Statutory reporting and tax**

Losses arising from penalties due to failure to meet regulatory obligations in financial reporting or tax filings.

**Data management**

Losses arising from poor data management, inadequate data analysis, unavailability of data, poor data quality, inadequate data architecture/IT infrastructure, inadequate data storage/retention and data destruction management.

**Model**

Losses arising from errors in design, methodology, implementation or application. Failure to detect changes, error inputs and outputs. Model risk is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. Model risk can lead to financial loss, poor business and strategic decision making, or damage to reputation. The operational risk component includes misuse or errors in implementation, model governance breaches, etc.

## Investment, asset liability management & capital risks

As an insurance group, ALM risks are among the principal risks of FWD Group and are the key drivers of capital requirements. FWD Group is exposed to market risk as the Business Units sell insurance and investment products where liabilities are set up while assets backing liabilities are held. Since both assets and liabilities are sensitive to interest rate movement, we are exposed to interest rate risk where there are mismatches.

FWD Group manages its assets and liabilities according to its ALM and market risk related policies, which address risks arising from market exposures, asset-liability mismatches, liquidity management, currency exposures and fund segregation. We manage our investments in accordance with our investment management framework, which seeks to ensure that our investment functions are effective and compliant with relevant laws and regulations. It also requires that our investment functions adhere to our ethical standards and risk management policies.

**Market risk**

Market risk is defined as the risk of adverse changes in the value of its capital resources, due to unexpected changes in the level or volatility of market prices of assets and liabilities, resulting from changes in, but not limited to, interest rate levels, credit spreads, equity price levels and exchange rates. For further details of our exposure to fluctuation in exchange rates and related hedges, please refer to note 28 to the consolidated financial statements in this annual report.

Market risk cannot be eliminated through diversification, though it can be hedged in other ways and tends to influence the entire market at the same time.

**Counterparty risk**

Counterparty risk is the risk that third parties fail to meet their obligations when they fall due. Although the primary source of counterparty risk is the FWD Group's investment portfolio, such risk can also arise through reinsurance, procurement and treasury activities.

**Liquidity risk**

Liquidity risk occurs when FWD Group is unable to realise investments and other assets in order to settle its financial obligations, including collateral needs, when they fall due. Liquidity risk is an asset and liability concern; it is neither solely an asset nor a liability risk. Liquidity requirements may also have to be met under different stress scenarios, such as a sudden increase in surrenders under a rising yield market resulting in unexpected significant cash outflows from policyholders' voluntary termination of their policy before its maturity.

**Asset concentration risk**

A concentrated position refers to the significant presence of a single security, securities of a single issuer or a certain asset class or market segment relative to FWD Group's overall portfolio. Concentrated positions prevent diversification. A concentrated portfolio exposes FWD Group to the risks of portfolio underperformance, portfolio volatility, reduction in income and capital loss if forced to exit at wrong time.

The greatest aggregate concentration of fair value to direct holding of an individual issuer (excluding all government related fixed income assets) is less than 1 per cent of the total investments as at 31 December 2025.

**Asset liability matching risk**

ALM is the practice of managing risks that arise due to mismatches between the assets and liabilities of an insurance company. A clearly defined ALM strategy should be articulated for each fund or segment and a company and for the FWD Group as a whole. In most cases, the strategy will take the form of a target SAA that sets out target allocations for each asset class.

The Group and its Business Units have specific ALM related goals and objectives, whilst these differ depending upon their individual circumstances and environment, there are some overarching principles that are applied. These principles ensure that any local legislation that may apply to the treatment of assets and liabilities is considered and that asset cash flows are managed in relation to liability cash flows in a manner that is within the agreed limits and risk appetite of the Group. Additionally, only asset classes permitted by FWD Group can be invested in and any financial derivative instruments must never be used for speculative purposes.

Assets and liabilities are considered to be well matched if their changes in value in response to market movements are highly correlated and within predefined risk metric limits. In assessing its acceptable asset-liability mismatch, each Business Unit determines the appropriate metrics and respective risk thresholds and has approvals for these from the Group or Business Unit ALM Committee. These typically include mismatches between the asset and liability cashflows, duration, dollar duration, liquidity and currency.

The duration of interest-bearing financial assets is regularly reviewed and monitored by referencing the estimated duration of insurance contract liabilities at segment-level.

In order to reduce exposure to changes in interest rates, the Group seeks to match, to the extent possible and appropriate, the duration of assets and related liabilities. However, the availability of assets of suitable duration may be restricted by applicable insurance laws, rules and regulations, market supply and other market factors.

Specific governance processes and procedures are in place for ALM to ensure any breaches or errors are identified quickly and escalated.

**Capital management risk**

FWD aims to manage its business to ensure it maintains sufficient capital for the Group to support the GMCR, GPCR and the Group Internal Economic Capital Assessment (GIECA) after a 1-in-20 stress event over a one year time horizon, and sufficient funding is available to support the business activities and capital needs of operating units, whilst creating sustainable value and earnings consistent with stakeholder's expectations while achieving a minimum of an investment grade credit rating for the Group.

## Other risk exposures

**Emerging risks**

Emerging risks are risks which may develop or which already exist and are continuously evolving. As these risks have often not emerged yet, data which would help to adequately assess the frequency and severity may not even exist.

# Intra-group transactions

The Group's Business Units operate independently and, overall, there is limited interconnectedness across the Group. Intra-group transactions are overseen by the relevant Group Office functions to ensure adherence with the relevant Group policies. In this regard, the Group has adopted processes to identify and assess material systematic intra-group transaction risks, ensuring that risks assumed are within the Group's risk appetite. During the year ended 31 December 2025, material intra-group transactions are related to reinsurance, intra-group remittances, loans, recharges, funding and bonds. All intra-group transactions are non-complex and carried out as part of the normal course of business for an insurance group.

In 2025, intra-group revenue for recharges, net remittances from operating subsidiaries, and intra-group receivables/payable for recharges eliminations amounted to US$212 million, US$529 million and US$325 million respectively (2024: US$172 million, US$589 million and US$283 million).



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# Corporate governance


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# Group Board of Directors



## Professor MA Si Hang, Frederick (馬時亨)

**GBS, JP**

### Chairman and Independent Non-executive Director

Appointed as Director: 23.09.2021 Appointed as Chairman: 07.07.2022

Aged 74, Professor MA Si Hang, Frederick (馬時亨), GBS, JP, has served as our Independent Non-executive Director since September 2021 and in July 2022 was appointed as Chairman. Professor Ma served as our Deputy Chairman from January 2022 to July 2022. He has also served as a Director of our subsidiaries, FGL and FL, from December 2013 to July 2024 and as an Independent Non-executive Director of FWD Management Holdings since May 2021.

Professor Ma has held different senior positions at various local and overseas banks, financial institutions and companies, including Chase Manhattan Bank, Royal Bank of Canada Dominion Securities, JP Morgan Chase, Kumagai Gumi (HK) Limited and Pacific Century CyberWorks Limited. In 2002, he joined the Hong Kong Government as the Secretary for Financial Services and the Treasury and assumed the post of Secretary for Commerce and Economic Development in 2007. In October 2008, he was appointed as an Honorary Professor of the School of Economics and Finance at the University of Hong Kong. In July 2009, Professor Ma was appointed as a member of the International Advisory Council of China Investment Corporation. In December 2011, he was appointed as a Permanent Honourable President of Hong Kong Special Schools Council. In 2013, he was appointed as an Honorary Professor of the Faculty of Business Administration at the Chinese University of Hong Kong and as a member of the Board of Governors of Lui Che Woo Prize Limited. From 2017 to 2020, he was appointed as the Council Chairman of The Education University of Hong Kong. In March 2023, he was appointed as a member of the Chief Executive's Council of Advisers. In 2024, he was appointed as an Honorary Professor of the Education University of Hong Kong. In February 2025, he was appointed by the Hong Kong Government as the Chairman of the Hong Kong Trade Development Council for two years from 1 June 2025 to 31 May 2027. He also serves as an Independent Non-executive Director of HKEX listed COSCO Shipping Holdings Co., Ltd. and BOC Hong Kong (Holdings) Limited. He is also an Independent Non-executive Director of Unicorn II Holdings Limited. Previously, he was the Chairman and Non-executive Director of HKEX listed MTR Corporation Limited and an Independent Non-executive Director of HKEX listed Agricultural Bank of China Limited and Guangshen Railway Company Limited.

Professor Ma graduated with a Bachelor of Arts (Honours) degree from the University of Hong Kong in November 1973, majoring in Economics and History. He was conferred an Honorary Doctor of Social Sciences by Lingnan University, City University of Hong Kong and Education University of Hong Kong in October 2014, October 2016 and November 2024 respectively.



## LI Tzar Kai, Richard (李澤楷)

### Executive Director

Appointed: 10.11.2020

Aged 59, LI Tzar Kai, Richard (李澤楷) was appointed to our Board in November 2020 and serves as our Executive Director. Mr. Li has also served as a Director on the boards of our subsidiaries, FGL and FL, from November 2020 to July 2024 and as an Executive Director of FWD Management Holdings since March 2024.

Mr. Li is the founder and serves as the Chairman of PCG. Mr. Li founded PCG in 1993, which has investments in the financial services, technology, media & telecommunications and property industries.

Presently, Mr. Li is the Executive Director and Chairman of HKEX listed PCCW, an information and communications technology company that PCG acquired in 1999. He is also the Executive Chairman and an Executive Director of HKEX listed HKT, a telecommunications company that PCCW acquired in 2000. He also serves as Chairman and Executive Director of Singapore Exchange listed Pacific Century Regional Developments Limited, as Executive Director of HKEX listed Pacific Century Premium Developments Limited and as Chairman of bolttech Holdings.

Mr. Li is a member of the Center for Strategic and International Studies' International Councillors Group in Washington, D.C. He was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.



## HUYNH Thanh Phong (alias 黃清風)

### Executive Director and Group CEO

Appointed: 26.05.2021

Aged 59, HUYNH Thanh Phong (alias 黃清風) is our Group CEO, a position he has held since March 2014, with responsibility to lead our regional business, operations and strategic development. Mr. Huynh has served as a Director of our subsidiaries, FGL and FL, from March 2014 to July 2024 and was appointed as an Executive Director of FWD Management Holdings in May 2021. He also held various positions on the boards of certain other companies in our Group from December 2013 to March 2024. Mr. Huynh is an insurance professional with more than 30 years of experience in the insurance industry, covering North America, Asia and the Middle East.

Before joining our Group, he worked with Argyle Street Management, a Hong Kong-based investment fund, in an advisory role from 2013 to 2014. From 2010 to 2013, Mr. Huynh was Regional Chief Executive for the AIA Group ("AIA"), responsible for leading its business operations in Singapore, Indonesia, Malaysia, Vietnam, India, Thailand and Sri Lanka. From 2009 to 2010, he served as Executive Vice President for Insurance at Fullerton Financial Holdings, a wholly owned subsidiary of Temasek Holdings, where he was responsible for building the insurance business in Indonesia, Malaysia, Vietnam, China, India, Pakistan and the Middle East. He also worked for 12 years at Prudential plc, where he held a number of senior level positions including the founding Chief Executive Officer of Prudential Vietnam and Managing Director for Prudential Corporation Asia, responsible for managing its operations in East Asia, Southeast Asia and the Middle East. He started his career in Canada with Crown Life, and moved to Manulife Financial, where he was appointed as Manulife's Appointed Actuary for the Greater China Region in 1992.

Mr. Huynh is a qualified actuary and a Fellow of the Society of Actuaries (USA). He was awarded the title of Officer of the Order of the British Empire by Queen Elizabeth II in June 2005 in recognition of his contribution in promoting United Kingdom financial services in Vietnam. Mr. Huynh graduated in June 1986 with a Bachelor of Science degree from the University of Alberta, Canada.



# Walter KIELHOLZ

## Non-executive Director

Appointed: 23.09.2021

Aged 75, Walter KIELHOLZ has served as our Non-executive Director since September 2021. Mr. Kielholz has also served as a Non-executive Director of FWD Management Holdings since July 2023.

Mr. Kielholz was named Honorary Chairman of Swiss Re Group since April 2021. After graduating in finance and accounting, he began his career at General Reinsurance Corporation, Zurich, in 1976. In 1986 he joined Credit Suisse, where he was responsible for banking relationships with large insurance groups. He joined reinsurer Swiss Re Group in 1989, becoming an Executive Board member in 1993, and served as Swiss Re Group's Chief Executive Officer from 1997 to 2002. He became Vice Chairman of Swiss Re Group's board in 2003 and served as Chairman from 2009 until April 2021, when he took up his present honorary role. He has served on a number of Swiss Re Group Committees throughout his long and distinguished career at Swiss Re Group, including the Finance and Risk Committees and the Chairman's and Governance Committee.

Mr. Kielholz's positions outside of Swiss Re Group include tenure on the board of Credit Suisse (1999 to 2014, Chairman from 2003 to 2009). He was elected to the International Insurance Society's Hall of Fame in March 2005 and awarded with the Honorary Citizen Award in Singapore in August 2022. Mr. Kielholz graduated in October 1975 with a Business, Finance and Accounting degree from the University of St. Gallen, Switzerland.



## John DACEY

### Non-executive Director

Appointed: 15.12.2022

Aged 65, John DACEY has served as our Non-executive Director since December 2022. He has also served as a Director of our subsidiaries, FGL and FL, from December 2022 to July 2024 and as a Non-executive Director of FWD Management Holdings since April 2024.

Before Mr. Dacey's retirement from his executive role at Swiss Re on 31 March 2025, he was the Group Chief Financial Officer at Swiss Re Ltd, which is listed on SIX Swiss Exchange, a position he held from April 2018. He joined Swiss Re in October 2012 and was appointed Group Chief Strategy Officer and member of the Group Executive Committee in November 2012. He also served as Chairman of Admin Re® from November 2012 to May 2015. Mr. Dacey is currently a Non-executive Director of HKEX listed China Pacific Insurance (Group) Co., Ltd.

Mr. Dacey started his career in 1986 at the Federal Reserve Bank of New York. From 1990 to 1998, he was a consultant and subsequently Partner at McKinsey & Company. He joined Winterthur Insurance in 1998 and was its Chief Financial Officer from 2000 to 2004 as well as member of its Group Executive Board until 2007. From 2005 to 2007, he was Chief Strategy Officer and member of its Risk and Investment Committees. He joined AXA in 2007 as Group Regional Chief Executive Officer and Group Vice Chairman for Asia-Pacific as well as member of their Group Executive Committee.

Mr. Dacey graduated with a Bachelor's degree in Economics from Washington University in 1982, and received a Master's degree in Public Policy from Harvard University in 1986.



## CHUNG Kit Hung, Martina (鍾傑鴻)

### Independent Non-executive Director

Appointed: 29.10.2020

Aged 67, CHUNG Kit Hung, Martina (鍾傑鴻) was appointed to our Board in October 2020 and serves as our Independent Non-executive Director. She currently serves as an Independent Non-executive Director of FWD Management Holdings. She has also served as a Director of our subsidiaries, FGL and FL, from December 2013 to July 2024. She has also acted as a Director in other companies affiliated with, or in, our Group, including in FWD Financial Services from September 2017 to February 2024 and in FWD Group Management from July 2013 to January 2024. Previously, Ms. Chung served as a Director of PCGI Limited and FWD Pension Trust Limited (renamed to Sun Life Pension Trust Limited in 2017).

Ms. Chung's experience in the Asian life insurance industry spans more than three decades. She joined PCG in October 2011 and was responsible for business development and strategy as its Executive Vice President, Business Development. Prior to joining PCG, Ms. Chung spent 21 years with AIA, where she held a number of management positions, including as Head of Group Corporate Planning, executive oversight for Finance & Actuarial and Group Chief Actuary. She was also a member of the AIA Executive Committee.

Ms. Chung is a Fellow of the Society of Actuaries (USA). She graduated from the University of Toronto with a Bachelor of Arts degree in November 1980.



## The Honourable John BAIRD

### Independent Non-executive Director

Appointed: 23.09.2021

Aged 56, The Honourable John BAIRD, P.C. has served as our Independent Non-executive Director since September 2021. He has also served as a Director of our subsidiaries, FGL and FL, from April 2015 to July 2024 and as an Independent Non-executive Director of FWD Management Holdings since November 2021.

Mr. Baird is a former Senior Cabinet Minister in the Government of Canada and serves as a Senior Advisor to various enterprises. An instrumental figure in bilateral trade and investment relationships, Mr. Baird has played a leading role in the Canada-China dialogue and worked to build ties with ASEAN countries. In addition, Mr. Baird has worked closely with international leaders to strengthen security and economic ties with the United States and Middle Eastern countries. A native of Ottawa, Mr. Baird spent three terms as a Member of Parliament and four years as Foreign Minister. He also served as President of the Treasury Board, Minister of the Environment, Minister of Transport and Infrastructure, and Leader of the Government in the House of Commons. In 2010, he was selected by Members of Parliament from all parties as Parliamentarian of the Year. Prior to entering federal politics, Mr. Baird spent 10 years in the Ontario Legislature where he served as Minister of Community and Social Services, Minister of Energy, and Government House Leader.

Mr. Baird has served as a Senior Business Advisor with Bennett Jones LLP, a Canadian law firm, since 2015. In addition, Mr. Baird holds positions on the International Advisory Board of New York Stock Exchange and Toronto Stock Exchange listed Barrick Gold Corp. and New York Stock Exchange and Toronto Stock Exchange listed Corporate Boards of Canadian Pacific Kansas City, and serves as chair of Toronto Stock Exchange listed Canadian Forest Products (Canfor). He serves as a Senior Advisor at Eurasia Group, a global political risk consultancy. Mr. Baird also volunteers his time with Community Living Ontario, an organisation that supports individuals with developmental disabilities, and is a board member of the Friends of Israel Initiative.

Mr. Baird graduated in May 1992 with an Honours Bachelor of Arts degree in Political Studies, and was conferred an Honorary Doctor of Laws in June 2018, from Queen's University at Kingston.



# Dirk SLUIMERS

## Independent Non-executive Director

Appointed: 26.05.2021

Aged 72, Dirk SLUIMERS has served as our Independent Non-executive Director since May 2021. He has also served as a Director of our subsidiaries, FGL and FL, from March 2016 to July 2024 and as an Independent Non-executive Director of FWD Management Holdings since May 2021.

From 2008 to 2016, Mr. Sluimers was the Chief Executive Officer of APG Group, which provides asset management, administration and fiduciary services for pension funds. Between 2016 and 2021, he was an Extraordinary State Councillor for the Council of State, which is the main advisory body of the Dutch government under chairmanship of King Willem Alexander of the Netherlands. Mr. Sluimers also serves as Vice Chairman of the Supervisory Board of Euronext Paris listed Euronext NV, Chairman of the Supervisory Board of Euronext Amsterdam NV and Chairman of the Supervisory Board of NIBC Bank. Mr. Sluimers is a member of the Advisory Boards of Quore Capital and Spencer Stuart Executive Search. Additionally, he is an advisor to Bank of America, Arrow Global Ltd and Equitix Ltd. He currently serves on a number of cultural and educational boards, including as a member of the Board of Governors of the State Academy for Finance and Economics, member of the Royal Dutch Society of Science and he is Chairman of the Thorbecke Fund. In September 2017, he was appointed to the Electoral Committee of the Dutch Liberal Party, having previously served in this Committee for the elections in 2010 and 2012. From 2003 to 2008, Mr. Sluimers was Chairman of the Board of Directors and Chief Financial Officer of ABP, the pension fund. Between 1991 and 2003, he held various positions at the Dutch Ministry of Finance, lastly as Director General of the Budget. Between 1987 and 1991, he was Deputy Director General at the Ministry of Public Health, and from 1979 to 1987, he held senior positions at the Ministry of Social Affairs and the Ministry of Finance. Previously, he was also a member of the Supervisory Board of the Euronext Amsterdam listed AkzoNobel NV between 2015 and 2025, and a member of the Supervisory Boards of Atradius NV, Fokker NV, the National Investment Bank NV, Inter Access NV and ABP Insurance NV. He has also served on the Board of Trustees of the IFRS Foundation, the supervisory body of the International Accounting Standards Board and the Advisory Board of Rabobank. He was also the Chairman of the Board of Governors of the Postgraduate Programme for Treasury Management at the University of Amsterdam.

He graduated in April 1980 with a Master's degree in Economics from the Erasmus University Rotterdam and is an Officer in the Order of Orange Nassau.



## Laura DEAL-LACEY

### Independent Non-executive Director

Appointed: 18.02.2025

Aged 50, Laura DEAL-LACEY has served as our Independent Non-executive Director since February 2025. She has also served as an Independent Non-executive Director of FWD Management Holdings since February 2025. Previously, she has served as an Independent Non-executive Director and the Chairman of the Board of FWD Singapore from 2016 to 2025, and 2022 to 2025 respectively.

Ms. Deal-Lacey currently serves as the Executive Vice-President for the international pillar of the Milken Institute, a global financial think tank, overseeing the extension of the Institute's programs and research to global markets (Europe, Latin America, Middle East, Asia and Africa), and has held various positions at the Milken Institute since she joined in 2013. Prior to joining the Milken Institute, Ms. Deal-Lacey served as the Executive Director of the American Chamber of Commerce in Singapore, the largest American chamber in Southeast Asia from 2008 to 2010. Before moving to Asia, from 2000 to 2008, she worked in Edelman in New York and at the World Economic Forum in Geneva. Additionally, she has served as an Advisory Board Member of Sim Kee Boon Institute for Financial Economics at the Singapore Management University since 2021, and as an Independent Director of Singapore Exchange listed Pacific Century Regional Developments Limited from 2015 to 2024.

Ms. Deal-Lacey obtained a Bachelor of Science degree from Arizona State University in May 1997, a Master of Science from Columbia University in the City of New York in February 2008, and an International Directors Certificate in corporate governance from INSEAD in February 2019.



# Kyoko HATTORI

## Independent Non-executive Director

Appointed: 23.09.2021

Aged 51, Kyoko HATTORI has served as our Independent Non-executive Director since September 2021. She has also served as a Director of our subsidiaries, FGL and FL, from November 2017 to July 2024 and of FWD Life Japan since December 2017. She has been an Independent Non-executive Director of FWD Management Holdings since May 2021.

Ms. Hattori holds the position of Vice President at Pace gallery focusing on developing a Japanese collector base for the gallery and cultivating new relationships with local artists and institutions in Japan. She opened the Pace gallery in Japan in 2024, which is the first mega gallery to open in Japan. From 2016 to 2024, she was a Regional Director at Phillips Auctioneers Limited in Japan where she started their Tokyo office in 2016 and was responsible for the management of client relationships and development of the collector base. From 2013 to 2015, Ms. Hattori was a Consultant at Spencer Stuart & Associates, where she led executive searches for both Japanese and global clients in the consumer industry. Between 2004 and 2013, she rose from Associate to Director at Aetos Japan, where she was in charge of deal origination and management of client relationships and transactions including hard assets, non-performing loans and mergers & acquisitions, with a focus on Japanese and foreign financial institutions, and spearheading the company's marketing efforts. From 2002 to 2004, she worked at Space Design, a property developer, as a Manager and subsequently an Executive Officer, overseeing their business planning, marketing and project management. Ms. Hattori started her career in 1998 with a four-year stint as a business analyst and an associate at McKinsey & Company, providing consulting services to clients in the banking, insurance, pharmaceutical and fast-moving consumer goods (FMCG) industries. She is also a member of the business development advisory board of the Japanese Olympic Committee.

She graduated from University of Tokyo with a degree in Economics in March 1998.



## Yijia TIONG (張怡嘉)

### Independent Non-executive Director

Appointed: 28.05.2021

Aged 41, Yijia TIONG (張怡嘉) has served as our Independent Non-executive Director since May 2021. She has also served as an Independent Non-executive Director of FWD Management Holdings since January 2022.

Ms. Tiong is the Chief Executive Officer of Ming Pao Newspapers Limited, a Hong Kong-based newspaper publication. She was appointed to this position in July 2024 and was previously the Chief Strategy Officer at Ming Pao Newspapers Limited, a position she held since 2017. She has extensive experience in business development, sales and marketing, media operations and corporate management. She also serves as an Executive Director and is a member of the Group Executive Committee and Sustainability Committee of Media Chinese International Limited, which is dual-listed on HKEX and Bursa Malaysia Securities Berhad. Additionally, Ms. Tiong is a Director of Ming Pao Holdings Limited and WAW Creation Limited (formerly known as MCIL Digital Limited) and a member of the Executive Committee of The Malaysian Chamber of Commerce (Hong Kong & Macau).

She graduated from the University of Melbourne with a Bachelor of Arts degree in Art History and Politics and a Bachelor of Commerce degree in Economics and Management in December 2007. She obtained the Pearson SRF BTEC Level 7 Advanced Professional Diploma for The Financial Times Non-executive Director in May 2023.



## LEUNG Ka Kui, Dominic (梁家駒)

### Independent Non-executive Director

Appointed: 18.02.2025

Aged 78, LEUNG Ka Kui, Dominic (梁家駒) has served as our Independent Non-executive Director since February 2025. He has also served as an Independent Non-executive Director of FWD Management Holdings since February 2025. Mr. Leung has over 40 years of experience in the insurance industry.

Mr. Leung held various positions at Ping An Group from 2004 to 2013, including as its Chief Advisor, Executive Vice President and Chief Insurance Business Officer. He also served as Chairman and Chief Executive Officer of Ping An Life Insurance Company of China, Ltd from 2004 to 2006. From 1996 to 2003, Mr. Leung was the Managing Director of Greater China in Prudential Corporation Asia Ltd. From 1989 to 1996, he worked in Taiwan Nanshan Life Insurance Company, Ltd., and the last position he held before his departure was General Manager. From 1975 to 1989, Mr. Leung worked at AIA and the last position he held before his departure was Vice President. Mr. Leung also served as a Non-executive Director of Ping An Health Insurance Company of China, Ltd. from 2009 to 2024, an Independent Non-executive Director of AIA Company Limited from 2015 to 2022, and a Non-executive Director of China Post Life Insurance Company Limited from 2022 to 2024.

He obtained a Bachelor's degree in Science and a Diploma in Systems Analysis from the Chinese University of Hong Kong in October 1971 and October 1974 respectively, and is also designated as a Fellow, Life Management Institute of the Life Office Management Association in Atlanta, USA.



## Andrew WEIR

**BBS, MBE, JP**

### Independent Non-executive Director

Appointed: 18.02.2025

Aged 61, Andrew Weir, BBS, MBE, JP, has served as our Independent Non-executive Director since February 2025. He has also served as an Independent Non-executive Director of FWD Management Holdings since February 2025.

Mr. Weir is a Fellow and Council Member of the Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants. He is also a Fellow and Council Member of the Hong Kong Institute of Directors.

Mr. Weir has extensive experience working with boards and audit and risk committees of listed companies, financial services, public bodies, and family offices in Hong Kong SAR, China, UK, Asia, and the Middle East across a broad range of sectors.

Mr Weir is an Independent Non-executive Director of Standard Chartered Bank (Hong Kong) Limited and a Non-executive Director of HKEX listed Hang Lung Properties Limited. Mr. Weir also currently serves as the Chairman of the Listing Review Committee of the Stock Exchange and as Vice Chairman of the Financial Services Development Council and is the Convenor of its Corporate Governance Committee. In addition, he is a Steward of The Hong Kong Jockey Club and is Chairman of its Audit and Risk Committee and a trustee of The Hong Kong Jockey Club Charities Trust. He is Chairman of Pacific Basin Economic Council and of the Supervisory Board of the British Chamber of Commerce.

Mr. Weir retired from KPMG in September 2024 after 33 years of working there, and held the positions of Regional Senior Partner of KPMG in Hong Kong, Vice Chairman of KPMG China, Global Chairman of Asset Management and sat on the Global Financial Services Steering Group and chaired the KPMG Board Leadership Centre.

Previously, Mr. Weir served as the Chairman of the Listing Committee of the Stock Exchange and as a Council Member of the Trade Development Council.

Mr. Weir was awarded a Bachelor's degree in Economics and a Master's degree in Economic Development.

# Group Executive Committee



## HUYNH Thanh Phong (alias 黃清風)

### Group CEO and Executive Director

Aged 59, HUYNH Thanh Phong (alias 黃清風) is our Group CEO, a position he has held since March 2014, in addition to being an Executive Director of the Company. Mr. Huynh has served as a Director of our subsidiaries, FGL and FL, from March 2014 to July 2024 and was appointed as an Executive Director of FWD Management Holdings in May 2021. A full biography of Mr. Huynh is set out above.



## Siddhartha SANKARAN

### Group Chief Financial Officer and Group Chief Operating Officer

Aged 48, Siddhartha SANKARAN has served as the Group Chief Financial Officer and Group Chief Operating Officer since January 2025 and joined the Group as a Senior Advisor in June 2023, and was the Managing Director and Group Chief Financial Officer from September 2023 to December 2024. He heads our finance, actuarial, investment and governance functions, overseeing its financial direction and strategy, and responsible for coordinating our Group functions and providing Group leadership to our businesses in Hong Kong and Macau, and Japan. Mr. Sankaran has over 25 years of insurance industry experience. Previously, Mr. Sankaran was Chief Financial Officer of New York Stock Exchange listed Oscar Health from March 2019 to March 2021 and also acted as interim Chief Financial Officer from December 2022 to August 2023. Mr. Sankaran joined the Board of Directors of Oscar Health in February 2021. Mr. Sankaran was also the Chairman and Chief Executive Officer of SiriusPoint Ltd. from the company's inception and listing in February 2021 until May 2022, having served as the Chairman of the Board of Directors of Third Point Reinsurance Ltd. from August 2020 to February 2021 (and as a Director from August 2019 to February 2021), during its acquisition of Sirius Group. Earlier in his career, Mr. Sankaran worked from November 2010 until December 2018 at AIG, first as Chief Risk Officer and later as Chief Financial Officer. Prior to joining AIG, Mr. Sankaran was a Partner in the Finance and Risk practice of Oliver Wyman Financial Services, where he led the company's Toronto office. Mr. Sankaran graduated with distinction from the University of Waterloo with a Bachelor of Mathematics majoring in Actuarial Science in June 1999.

On 16 March 2026, the Group announced that Mr. Sankaran will be stepping down as Group Chief Financial Officer and Group Chief Operating Officer of FWD Group with effect from 30 June 2026, and will be succeeded by Mr. David JUNIUS who has been appointed as Managing Director and Group Chief Financial Officer effective from July 2026 (subject to regulatory approval). He will be appointed as Deputy Group Chief Financial Officer initially.



## Binayak DUTTA

### Senior Managing Director, Southeast Asia and Group Chief Business Operations Officer

Aged 53, Binayak DUTTA has served as the Senior Managing Director, Southeast Asia and Group Chief Business Operations Officer since January 2025 and joined the Group as Group Chief Distribution Officer in November 2016, and was the Managing Director, Emerging Markets from February 2018 to December 2024. He oversees our life insurance companies in Southeast Asia (including our businesses in Thailand and Cambodia), growth and development of our accident and health business, and leads the Group's core technology and customer functions, and brand and marketing team. He has over 20 years of experience in the insurance industry in Asia. He holds various board positions within our Group, including in Indonesia, Malaysia, Singapore, Thailand and Vietnam. Prior to joining us, he served as the Chief Executive Officer of Prudential Life Assurance (Thailand) Public Company Limited and has a track record in leading multi-national insurers through diverse phases from start-up to acquisition, merger and realignment. Mr. Dutta graduated with a Bachelor of Economics degree from Jadavpur University in August 1994 and obtained a Master of Business Management degree from the Institute of Management Technology in India in June 1996.



## David JUNIUS

### Deputy Group Chief Financial Officer

Aged, 55, David JUNIUS has almost 30 years of insurance experience, including in Chief Financial Officer roles at Pearl Health, Cowbell Cyber, and SiriusPoint where he was also Chief Operating Officer. Earlier in his career, Mr. Junius held various senior roles at AIG, including Corporate Treasurer, International Chief Financial Officer for their general insurance business which spanned 50 countries, and Asia Pacific Chief Financial Officer which included the life business in Japan. He holds a Bachelor of Arts degree in International Relations and Soviet Studies from Boston University, a Master of Business Administration degree in Analytical Finance and Accounting from the Booth School of Business, University of Chicago and a Master of Arts degree in International Affairs from the Elliott School for International Affairs at The George Washington University.



## LAU Chi Kin (柳志堅)

### Managing Director, Greater China, and Chief Executive Officer, Hong Kong

Aged 58, LAU Chi Kin (柳志堅) has served as the Managing Director, Greater China and Chief Executive Officer, Hong Kong, since March 2018. He manages our business in Hong Kong and Macau, spearheading a technology-driven, customer-led strategy, and is responsible for driving our expansion plans into Greater China. He also serves as a Director on the board of FWD Philippines. Mr. Lau has more than 30 years of experience in the insurance industry in Asia, having held a number of senior management positions, including as the Chief Executive Officer of Union Life and as President of Ping An Life in China. Mr. Lau graduated from the University of Hong Kong with a Bachelor of Science degree in December 1989 and is a Fellow of the Society of Actuaries (USA).



## CHOW Hun Chi, Julie (周幸子)

### Group Chief Human Resources Officer

Aged 52, CHOW Hun Chi, Julie (周幸子) joined the Group in October 2017, has served as our Group Chief Human Resources Officer since March 2023 and leads our people, organisation and human resources strategy, driving a well-being strategy to foster a caring and performance driven culture across the Group, as well as our property and facilities management team. Ms. Chow has more than 25 years of experience in the human resources industry, gained from leading diverse teams across Asia Pacific with companies including Zurich Insurance, the Royal Bank of Scotland Group, HSBC and Cathay Pacific Airways. Ms. Chow has broad experience across a range of human resources areas including total rewards, employee well-being, performance management, talent acquisition and management, and HR business partnering. Ms. Chow graduated with a Bachelor's degree of Commerce and Business Administration with a major in Accounting from the University of British Columbia in May 1995 and she successfully passed the Certified Public Accountant examination in February 1999.



## Lee Yen HO

### Group Chief Distribution and Proposition Officer

Aged 55, Lee Yen HO has served as our Group Chief Distribution and Proposition Officer since January 2024 and leads our agency, partnership, independent financial advisor, proposition, and digital commerce functions. She has extensive experience in the insurance industry including in actuarial, distribution, marketing and customer solutions roles. Prior to joining the Company, Ms. Ho was the Chief Executive Officer of HSBC Life Singapore where she completed the acquisition of AXA Singapore and legally integrated HSBC Life and AXA Singapore within one year post completion of the acquisition. Before joining HSBC Life Singapore, she worked for AIA Singapore for over 10 years where she held various senior positions including Chief Distribution Officer, Chief Customer and Marketing Officer and Chief Partnership Officer. As Chief Customer and Marketing Officer, she was instrumental in the launch of AIA Vitality, a science-backed health and wellness programme, and initiated the development of innovative solutions to strengthen customer propositions. Ms. Ho graduated with a Bachelor of Business degree in Actuarial Science in May 1993 from the Nanyang Technological University. She is Fellow of Institute and Faculty of Actuaries (UK) and Fellow of the Life Management Institute.



## Jong Hoon KIM

### Group Chief Technology and Digital Officer

Aged 46, Jong Hoon KIM has served as our Group Chief Technology and Digital Officer since January 2026 and joined the Group as Group Chief Digital Officer in May 2019. He leads our technology and digital functions, overseeing enterprise infrastructure technology, digital platforms, artificial intelligence, data, and innovation across the Group. Mr. Kim has more than 20 years of experience in the digital and technology sector and more than 15 years of experience in the financial services industry in Asia. Before joining the Company, Mr. Kim was the Managing Director and Regional Head of Digital for Greater China & North Asia at Standard Chartered Bank from 2017 to 2019, where he managed the digital strategy, various digital alliance and marketing initiatives, and drove digital innovation in the business transformation for the bank. Before that, he held various leadership roles at Standard Chartered Bank as the head of segment for retail banking in Korea, the programme director for bank digitisation and as a management consultant at Accenture. Mr. Kim graduated with a Bachelor of Information Systems from Monash University in October 2003 and a Master of Business Administration degree from The University of Chicago Booth School of Business in March 2015.



## David KORUNIĆ

### Chief Executive Officer, Thailand and Cambodia

Aged 60, David KORUNIĆ joined the Group in July 2019 and now serves as the Chief Executive Officer of FWD Thailand and Cambodia. He is a qualified Chartered Accountant who has over 35 years' experience in the life insurance industry in Asia. Previous roles include various country and regional financial controller roles and country Chief Financial Officer and Chief Executive Officer roles including with Manulife from December 1989 to February 1997, Allianz from February 1997 to November 2003, Prudential Corporation Asia from November 2003 to August 2004, AXA from August 2004 to December 2018 and SCB Life, now amalgamated with FWD Thailand, from September 2019 to October 2020. Mr. Korunić received a Bachelor of Commerce degree from University of Canterbury, New Zealand in 1986.

On 16 March 2026, the Group announced Mr. Korunic's upcoming retirement in June 2026, and the appointment of Mr. Knattapisit KRUTKRONGCHAI as Chief Executive Officer of FWD Thailand, effective from May 2026 (subject to regulatory approval).



## Peter REYNOLDS

### Group Chief Strategic Development Officer

Aged 44, Peter REYNOLDS has served as our Group Chief Strategic Development Officer since November 2024. He leads the Group's strategy, business development, financial planning and analysis and ESG functions. Mr. Reynolds has over 20 years of experience in global financial services consulting, gained from his various leadership positions in the Hong Kong, New York and London offices of Oliver Wyman, an international management consulting firm. Prior to joining us, Mr. Reynolds held the position of Asia-Pacific Head of Industries and Financial Services at the Hong Kong office of Oliver Wyman. From 2019 to 2023, he was the Head of Greater China and also spent time as Head of Oliver Wyman's Climate and Sustainability practice in Asia Pacific, leading on, among other things, management and business transformations. He was responsible for a broad range of strategy engagements and development of client relationships when he was the co-Head of Greater China Financial Services at the same office from 2016 to 2019. Mr. Reynolds completed a Bachelor of Arts degree in Modern History and Economics from the University of Oxford in June 2002, and graduated with a Master of Business Administration with a distinction from INSEAD in 2008.



## Craig TUNSTALL

### Acting Group Chief Risk Officer

Aged 55, Craig TUNSTALL has served as our Acting Group Chief Risk Officer since November 2025 and leads the Group's Risk and Compliance functions. He is also the Chief Corporate Governance Officer of FWD Thailand, overseeing the Risk, Compliance and Legal functions. Mr. Tunstall has more than 30 years of international life insurance experience across the UK, Europe and Asia. Prior to joining our Group in 2020, he held leadership positions at AXA Asia including Chief Risk Officer in Thailand and Regional Director of Product, as well as senior roles at Aviva and Standard Life, including serving as Chief Actuary of Aviva Italy and Chief Executive Officer of Standard Life International. Mr. Tunstall obtained a Bachelor of Science degree with Honours in Actuarial Mathematics and Statistics from the Heriot-Watt University in Edinburgh, Scotland in July 1992 and is a Fellow of the Institute and Faculty of Actuaries (UK).



## WONG Kin Pong

### Group Chief Actuary

Aged 46, WONG Kin Pong has served as the Group Chief Actuary since March 2026. He leads the actuarial function across the Group. Mr. Wong brings over 20 years of international life insurance experience to the Group. Most recently, he was Group Chief Actuary at HSBC Life where he oversaw actuarial management across operations in Asia, Europe and America, and the global actuarial centre of excellence. Mr. Wong holds a Bachelor of Science degree in Actuarial Science from The University of Hong Kong. He is an executive committee member of the International Actuarial Association, council member and past president of the Actuarial Society of Hong Kong and inaugural member of the Society of Actuaries Asia Employer Council.

# Corporate governance report

## Corporate Governance Code – statement of compliance

The Company is listed on the main board of the Stock Exchange and, as required, has adopted a governance structure based on the Corporate Governance Code. This corporate governance report explains how the principles set out in the Corporate Governance Code have been applied.

Throughout the year ended 31 December 2025, except for 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.

## Doing the Right Things Right at FWD

Besides our people, our reputation is our most important asset. Good governance protects both. That is why we Do the Right Things Right. We have developed structures and processes that guide us daily as we identify, manage and report risks. Our approach is driven by the same core values that drive everything else we do: putting customers first, leveraging technology to drive innovation and empowering our people to deliver sustainable growth.

## Corporate governance framework

FWD defines corporate governance as “the structures, operating models, individuals and other mechanisms that allow for robust management and control over the business operations, with due consideration to long-term shareholder value and the interests of key stakeholders (including customers, regulators and other partners)”.

Effective corporate governance enables the Group to achieve its strategic objectives in accordance with its risk philosophy and risk appetite. Our corporate governance framework is implemented across the Group, with Business Units expected to align local practices with Group expectations and report any instances of non-compliance in accordance with our robust escalation mechanisms.

The Board takes ultimate responsibility for the risk management activities of FWD Group. It is responsible for reviewing and approving our strategies, plans, policies and risk appetite. It therefore plays a critical role in ensuring sound and prudent policies and practices are in-effect for ensuring good governance – and has continuous oversight of risk management, internal controls and compliance matters.




More details about the corporate governance structure, principles and practices which the Group has adopted, are available on www.fwd.com/about-us/corporate-governance/.

# Board of Directors

## Composition

Members of the Board bring a wide and global range of skills, expertise and diversity. In turn, this enhances all areas of our Group strategy – including good governance.

**Executive Directors**



**Non-executive Directors**



**Independent Non-executive Directors**



The Board is currently made up of 13 Directors, of which two are Executive Directors (including the Group CEO), two are Non-executive Directors and nine are Independent Non-executive Directors (including the Chairman). The number of Independent Non-executive Directors represents more than one-third of the Board as required by Rule 3.10A of the Listing Rules. Biographies of our Directors are in the section headed "Corporate governance — Board of Directors" in this annual report.

The Directors are not appointed for a specific term. However, all Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the general meetings of the Company in accordance with the Memorandum and Articles of Association of the Company.

| Name of Directors | Length of Tenure (Year)[1] |
|---|---|
| MA Si Hang, Frederick | 4 |
| LI Tzar Kai, Richard | 5 |
| HUYNH Thanh Phong | 4 |
| Walter KIELHOLZ | 4 |
| John DACEY | 3 |
| CHUNG Kit Hung, Martina | 5 |
| John BAIRD | 4 |
| Dirk SLUIMERS | 4 |
| Laura DEAL-LACEY[2] | 1 |
| Kyoko HATTORI | 4 |
| Yijia TIONG | 4 |
| LEUNG Ka Kui, Dominic[2] | 1 |
| Andrew WEIR[2] | 1 |

Notes:

(1) Length of tenure is calculated from the date of the Directors' appointment. The tenure of each of the Independent Non-executive Directors since the Listing is less than one year for the purpose of compliance with the nine-year tenure cap requirement under Rule 3.13A of the Listing Rules.

(2) Ms. Laura DEAL-LACEY, Mr. LEUNG Ka Kui, Dominic and Mr. Andrew WEIR were appointed as Independent Non-executive Directors during the year ended 31 December 2025. On 20 February 2025, an external legal adviser has been engaged to advise them on the requirements under the Listing Rules that are applicable to them as Directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange pursuant to Rule 3.09D of the Listing Rules, and all of them confirm that they understood their obligations as directors of a listed issuer.

## Skills matrix

The skills matrix below sets out the skills and expertise of the Board that are most relevant to supporting the Group's strategic growth and maintaining robust governance.

| | MA Si Hang, Frederick | LI Tzar Kai, Richard | HUYNH Thanh Phong | Walter KIELHOLZ | John DACEY | CHUNG Kit Hung, Martina | John BAIRD | Dirk SLUIMERS | Laura DEAL-LACEY | Kyoko HATTORI | Yijia TIONG | LEUNG Ka Kui, Dominic | Andrew WEIR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Accounting | ✓ | | | ✓ | ✓ | ✓ | | ✓ | | | | | ✓ |
| Actuarial | | | ✓ | ✓ | ✓ | ✓ | | | | | | | |
| Asset Management | | ✓ | | ✓ | ✓ | | ✓ | ✓ | | | | | ✓ |
| Banking | ✓ | ✓ | | ✓ | ✓ | | | ✓ | | | | | |
| Corporate Governance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Distribution | | | ✓ | | | | | | | ✓ | ✓ | ✓ | |
| E-Commerce | | ✓ | | | | | | | | ✓ | ✓ | | ✓ |
| ESG | | | | | ✓ | | ✓ | ✓ | ✓ | | | | ✓ |
| Finance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Geopolitical Risk | | | | | ✓ | | ✓ | | ✓ | | | | |
| Insurance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | | ✓ | |
| Investment | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ |
| Technology | | ✓ | | | | | | | | | | ✓ | |
| Marketing | | | | | | | | | ✓ | ✓ | ✓ | | |
| Risk Management | ✓ | | | ✓ | ✓ | ✓ | ✓ | | ✓ | | | ✓ | ✓ |

These skills are important to FWD's ability to deliver sustainable growth and uphold strong governance as a HKEX-listed insurance group. Expertise in insurance, actuarial and risk management ensures robust underwriting practices and prudent risk controls, while knowledge in accounting, finance, and investment supports sound financial stewardship and capital allocation. Capabilities in ESG and corporate governance reinforce our commitment to responsible business practices and regulatory compliance. Additionally, experience in distribution, e-commerce, technology and marketing equip the Board with skills and expertise to guide innovation and digital transformation, enhancing customer engagement and operational efficiency. Collectively, these competencies help enable the Board to provide effective oversight, navigate complex geopolitical and market risks, safeguard shareholder interests, and drive long-term value creation.

The Board, with the support of the Nomination Committee, reviews the skills matrix from time to time to ensure that the Board's composition remains aligned with the Group's evolving strategic priorities and governance needs.

## Roles and responsibilities of the Board and senior management

The Board is ultimately responsible for directing the Group as a going concern and is collectively responsible to the Shareholders for the long-term success of the Group. Their roles and responsibilities include (either by itself or through delegation to the Audit Committee, Risk Committee, Compensation Committee and Nomination Committee):

- formulating the long-term strategy of the Group, and monitoring the implementation of its strategic objectives with appropriate focus on value creation and risk management;
- monitoring the Group's operating and financial performance;
- ensuring that effective governance and sound risk management and internal control systems are in place;
- shaping and monitoring the Group's culture;
- leading, directing and supervising the Company's affairs to enable the long term success of the Company;
- setting long-term strategic objectives and strategic policies;
- ensuring appropriate and adequate reporting in the annual reports, including financial statements, ESG, disclosures of the Board's practices (e.g., the terms of references of its committees), and various policies (e.g., shareholder communication, remuneration, nomination, dividend and diversity policies);
- being accountable – the Directors should be held accountable for their actions or inactions and, where appropriate, take the Shareholders' interests into account in their decisions;
- ensuring adequacy of resources, qualifications and experience, especially for the Group's accounting, internal audit and financial reporting functions; and

- ensuring the fullest communication with Shareholders and the Company's recognition of their interest.

The Board delegates authority to the Group CEO who further delegates authority to members of senior management responsible for carrying out the day-to-day operations of the Group in line with the Group's overall strategy and within the confines of policies set by the Board. Senior management is also responsible for ensuring the Board remains appraised of matters through providing adequate and timely reporting for its consideration.

Senior management is accountable for ensuring day-to-day business operations and related activities are performed in accordance with all relevant internal and external expectations, including that risk taking is aligned with risk appetite. Individuals with the appropriate skills, experiences and credentials are appointed to senior management roles.

The Company has adopted with effect from 7 July 2025, the date on which the Company was listed on the Stock Exchange (Listing Date), its own FWD Group Directors/Chief Executives Dealing and Disclosure Policy on terms no less exacting than those set out in the Model Code. All of the Directors (including the Group CEO) have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the FWD Group Directors/Chief Executives Dealing and Disclosure Policy from the Listing Date.

# Diversity

## Diversity of the Board

FWD is committed to building a diverse, equitable, inclusive and collaborative culture. We recognise and embrace the importance of having a diverse Board, which we believe is an essential element in maintaining an effective Board and contributing to the sustainable development of the Group. Our Board Diversity Policy aims to enhance the Board's effectiveness and corporate governance standards of the Group through promoting and achieving diversity on the Board.

We believe that the Board members should represent a diversity of perspectives and experiences, which can be achieved through a number of factors, including, but not limited to: professional experience, skills, expertise, knowledge, independence, composition (including gender identity, age, disability, race, ethnicity, sexual orientation, education and cultural background), tenure on the Board and other factors relevant and applicable to achieving a diverse Board, as well as to the effectiveness of the Board and requirements of our business from time to time.

The following diagram illustrates the diversity profile of the Board:

| Independence | Executive | Non-executive | Independent Non-executive |
|---|---|---|---|
| | 2 directors | 2 directors | 9 directors |
| **Age Group** | **40-54** | **55-69** | **Over 70** |
| | 3 directors | 6 directors | 4 directors |
| **Gender** | **Female** | | **Male** |
| | 4 directors | | 9 directors |

The Board at a minimum ensures that there is not a single gender Board. The Board also ensures that the Nomination Committee includes at least one Director of a different gender. Currently, there are three female members of the Nomination Committee and we are committed to maintaining more than the minimum required levels for female representation on the Board and its committees.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, selecting the individuals to be nominated as Directors, reviewing and monitoring the implementation of our Group Board Diversity Policy and ensuring our Board Diversity Policy is implemented in an effective and practical manner, reviewing the succession plan of Directors and making recommendations on these matters to the Board for approval. This helps ensure that the Board has a balanced composition of skills, experience, expertise, independence and knowledge appropriate to the requirements of the businesses of FWD, with due regard for the benefits of diversity on the Board.

The Nomination Committee has reviewed the implementation of the Board Diversity Policy for the year ended 31 December 2025 and is satisfied with the current level of the Board's diversity having considered, amongst other factors, the current skills matrix of the Board (as set out on page 130) and the diversity profile of the Board (as set out above).

### Workforce diversity

For employees of the Group, there is a separate diversity, equity and inclusion strategy.

The Group adopted the FWD Group Workplace Diversity, Equity & Inclusion (DEI) Policy, as we are committed to fostering a diverse, equitable, and inclusive workplace, recognising that diversity of talent, experience, and perspective is essential to the Group's long-term success and innovation. The policy applies to all employees and contractors across all functions and locations.

The policy affirms the Group's commitment to:

- providing equal opportunities in recruitment, development, and promotion based on merit and potential;
- creating a respectful, inclusive, and psychologically safe work environment;
- preventing and addressing all forms of discrimination, harassment, and bias, with zero tolerance for retaliation; and
- ensuring decision-makers receive unconscious bias training.

The Company values diversity in all its forms, including but not limited to gender, age, ethnicity, cultural background, nationality, disability, sexual orientation, religion, marital or family status, educational and professional background, and life experiences.

Implementation of the policy is overseen by Group Human Resources, with managers and leaders expected to model inclusive behaviours and all personnel encouraged to participate in DEI initiatives. Regular training and awareness sessions are provided, and concerns can be reported confidentially through designated channels, with all reports handled promptly and fairly.

Progress on DEI is monitored through dashboards and employee feedback, and the policy will be reviewed at least annually by the Nomination Committee to ensure alignment with best practices, legal requirements, and the Group's strategic goals.

As at 31 December 2025, 54 per cent of the workforce are female. Women made up 33 per cent of our assistant vice presidents or above.

## Appointment and re-election of Directors

The Company has put in place a formal and transparent process for the appointment of Directors. The Nomination Committee is responsible for identifying and nominating suitable candidates. Further details on the work of the Nomination Committee can be found in this corporate governance report.

The Memorandum and Articles of Association of the Company provide that any Director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and be subject to re-election at such general meeting.

In addition, under the Memorandum and Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

## Independence of the Board

Nine members of the Board (approximately 69 per cent) are Independent Non-executive Directors and they met the independence guidelines set out in Rule 3.13 of the Listing Rules. The Nomination Committee reviews the independence of Independent Non-executive Directors annually. None of the Independent Non-executive Directors have any business with or significant financial interests in the Company or its subsidiaries. Therefore, the Board considers all the Independent Non-executive Directors to be independent. The Independent Non-executive Directors constitute a majority of the Board and provide appropriate challenge and views for the

benefit of the Board as a whole. Directors are entitled to request further information from management and obtain, at the Company's expense, external independent professional advice if and when necessary. Therefore, there is a strong element of independence on the Board and independent views and inputs are available to ensure effective operations of the Board.

## Board Succession

The Company recognises the importance of board succession planning in maintaining long-term corporate stability, ensuring continuity of leadership, and supporting the execution of its strategic objectives. A sound succession framework also helps minimise operational risks arising from Board turnover while enabling the Board to optimise its overall composition, diversity, and skill sets.

The Board, through the Nomination Committee, regularly reviews the composition and skills matrix of the Board, conducts an annual formal assessment of the Board's performance, and will make any recommendations on proposed changes to the Board. The Company is satisfied that the Board currently possesses an appropriate balance of skills, perspectives and experience, background, gender, and tenure. Further, the Board maintains a strong element of independence, as discussed in the section headed "Independence of the Board" in this corporate governance report.

As the Company was newly listed in July 2025, the tenure of each Director is less than one year as measured from the Listing Date. The Board therefore expects that its overall composition will remain relatively stable in the near term. Nevertheless, the Board remains open to considering prospective candidates for directorships as the Company evolves. Appointments will be based on the factors set out in the Board Diversity Policy and Nomination Policy, including but not limited to integrity, experience, skills and diversity. The Board may engage external advisors to support in the search for directors.

## Evaluation of the Board

The Board undertakes a formal assessment of its own and its committees' performance annually to assess their effectiveness in discharging their respective roles and responsibilities, and to identify areas and opportunities for enhancements or improvements. The evaluation in 2025 was undertaken through the following activities for the review period from the fourth quarter of 2024 to the third quarter of 2025:

- conducting a review led by Professor MA Si Hang, Frederick by way of a tailored self-assessment questionnaire covering a comprehensive range of topics including the Board's composition and skills, Board processes, culture and dynamics, quality and timeliness of information received, compliance and training, risk management and internal controls, and stakeholder engagement; and
- review of relevant governance documentation, such as the Board and its committee meeting agendas, minutes, reports and associated processes.

The assessment criteria used in the Board's effectiveness review are aligned with the assessment criteria set out in the HKEX Corporate Governance Guide for Boards and Directors for Board performance review.

The overall assessment concluded the Board was generally effective during the review period and identified various areas of particular strength and areas of focus to further enhance the overall effectiveness of the Board. The Board evaluation has helped us to formulate actions to facilitate greater interactions between the Board members and senior management (including senior management within our Business Units), as well as to enhance the Board processes, timely provision of information, and governance practices.

## Directors' attendance

Individual attendance of current Directors at the Board meetings and Board committee meetings throughout 2025 is set out below:

| | Board | Audit Committee | Risk Committee | Compensation Committee | Nomination Committee |
|---|---|---|---|---|---|
| **Independent Non-executive Chairman** | | | | | |
| MA Si Hang, Frederick[1] | 7/7 | 5/5 | 5/6 | 4/4 | 4/4 |
| **Executive Directors** | | | | | |
| LI Tzar Kai, Richard | 7/7 | na | na | 4/4 | na |
| HUYNH Thanh Phong | 7/7 | na | na | na | na |
| **Non-executive Directors** | | | | | |
| Walter KIELHOLZ | 7/7 | 5/5 | na | na | 4/4 |
| John DACEY | 7/7 | na | 6/6 | 4/4 | na |
| **Independent Non-executive Directors** | | | | | |
| CHUNG Kit Hung, Martina | 7/7 | na | 6/6 | na | na |
| John BAIRD | 7/7 | na | 6/6 | 4/4 | 4/4 |
| Dirk SLUIMERS | 7/7 | 5/5 | 6/6 | na | na |
| Laura DEAL-LACEY[2] | 7/7 | na | na | 4/4 | 4/4 |
| Kyoko HATTORI | 7/7 | na | na | 4/4 | 4/4 |
| Yijia TIONG | 7/7 | 5/5 | na | 4/4 | 4/4 |
| LEUNG Ka Kui, Dominic[3] | 6/7 | 5/5 | 6/6 | na | na |
| Andrew WEIR[4] | 7/7 | 5/5 | 6/6 | na | na |

Notes:

(1) Professor MA Si Hang, Frederick retired as Chairman of the Audit Committee on 1 September 2025, but remains a member of the Audit Committee.

(2) Ms. Laura DEAL-LACEY was appointed as an Independent Non-executive Director and a member of the Compensation Committee and Nomination Committee on 18 February 2025.

(3) Mr. LEUNG Ka Kui, Dominic was appointed as an Independent Non-executive Director and a member of the Audit Committee and Risk Committee on 18 February 2025.

(4) Mr. Andrew WEIR was appointed as an Independent Non-executive Director and a member of the Audit Committee and Risk Committee on 18 February 2025. Mr. Andrew WEIR was appointed as Chairman of the Audit Committee with effect from 1 September 2025.

No general meeting has been held during the period from the Listing Date to 31 December 2025.

## Induction and ongoing development

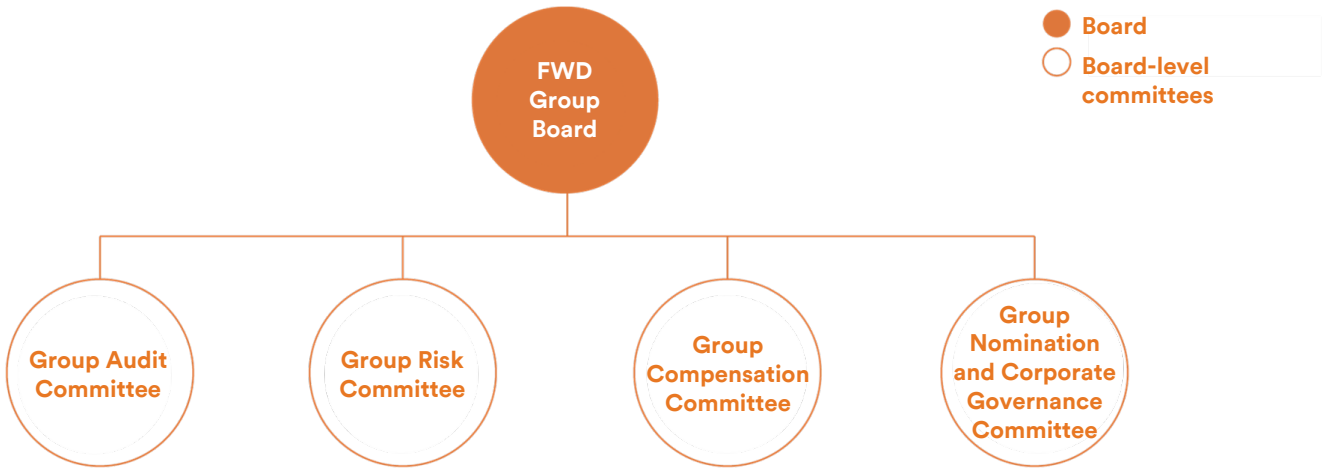
A schedule of training is prepared by the Company Secretary for the Board annually. In addition to this, all incoming Directors receive a tailored comprehensive induction, including induction on FWD Group (including group structure), governance matters (including the role of the Board, committees, and directors' responsibilities and duties), the Listing Rules and other applicable regulatory requirements, our businesses, as well as meetings with senior management. Throughout the year under review, all existing Directors have participated in continuous professional development to develop and refresh their knowledge and skills. In addition, directors regularly receive updates of the macro environment, business performance, insurance industry and trends in the markets in which we operate, and compliance and risk. During the year under review, the Company arranged training and briefing for Directors covering continuous obligations of listed issuers, artificial intelligence, ESG, risk management and internal controls, and cybersecurity.

All the Directors have provided their training records to the Company. The records of the existing Directors' continuous professional development for the year ended 31 December 2025 are summarised as follows:

| | Types of Training | |
|---|---|---|
| Directors | Reading or attending briefings / seminars / conferences relevant to regulatory and governance updates | Attending corporate events / executive briefings relevant to the Group's business |
| MA Si Hang, Frederick | √ | √ |
| LI Tzar Kai, Richard | √ | √ |
| HUYNH Thanh Phong | √ | √ |
| Walter KIELHOLZ | √ | √ |
| John DACEY | √ | √ |
| CHUNG Kit Hung, Martina | √ | √ |
| John BAIRD | √ | √ |
| Dirk SLUIMERS | √ | √ |
| Laura DEAL-LACEY | √ | √ |
| Kyoko HATTORI | √ | √ |
| Yijia TIONG | √ | √ |
| LEUNG Ka Kui, Dominic | √ | √ |
| Andrew WEIR | √ | √ |

## Board committees

The Board has established four Board committees, depicted in the chart below.



# Audit Committee

| | Chair | Committee members |
|---|---|---|
| **Committee membership** | Andrew WEIR (Independent Non-executive Director)[1] | Walter KIELHOLZ (Non-executive Director)<br>LEUNG Ka Kui, Dominic (Independent Non-executive Director)<br>MA Si Hang, Frederick (Independent Non-executive Director)[1]<br>Dirk SLUIMERS (Independent Non-executive Director)<br>Yijia TIONG (Independent Non-executive Director) |

Note:

(1) Professor MA Si Hang, Frederick retired and Mr. Andrew WEIR was appointed as Chairman of the Audit Committee with effect from 1 September 2025.

## Committee functions

The Audit Committee had six members as at 31 December 2025, including five Independent Non-executive Directors and one Non-executive Director. Mr. Andrew WEIR serves as Chairman of the Audit Committee and has the appropriate accounting or related financial management expertise. Three members of the Audit Committee constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum qualifies as an act of the Audit Committee.

The Audit Committee has delegated authority from the Board to independently review the effectiveness of the Group's financial reporting processes, risk management and internal control systems.

The Audit Committee mandate includes:

- overseeing the integrity of the Group's accounts, financial statements and reports and other financial disclosures, reviewing annual, semi-annual and any quarterly results, reviewing significant financial reporting judgements contained within and any significant financial reporting issues identified;
- reviewing the adequacy and effectiveness of the Group's risk management, budgetary and financial control and internal control systems;
- reviewing and approving the Group's internal audit charter, three year audit workplan and ensuring that adequate resources are provided to carry out the Group's internal audit activities effectively; and
- making recommendations in relation to the appointment, re-appointment, resignation and removal of the external auditor, and approving the external auditor's remuneration and terms of engagement.

## Key activities during the year

- monitoring the integrity of the Group's accounts, financial statements and reports, and reviewing significant financial reporting judgements contained in them;
- reviewing and approving, and making recommendations to the Board in respect of, the draft preliminary results announcement, interim report, consolidated financial statements and supplementary embedded value information of the Company for the six months ended 30 June 2025;
- reviewing the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- oversight over internal control system;
- reviewing and approving the annual internal audit charter and three-year internal audit work plan;
- discussing the results of work and reported findings of the Group's internal audit;

- reviewing the risk management system of the Group;
- receiving quarterly updates on the compliance and internal audit functions, fraud and major litigations;
- oversight over the Group's whistleblowing programme;
- monitoring adequacy of resources for and reviewing the effectiveness of the internal audit function;
- oversight over the relationship with Group's external auditor: assessing and monitoring the external auditor independence and objectivity, including overseeing the external auditor in the performance of non-audit services, and its performance and the effectiveness of the audit process;
- making recommendations to the Board on the reappointment of the external auditor, and approving its remuneration and terms of engagement;
- making recommendation to the Board on the revision of the Audit Committee's terms of reference; and
- meeting with the Group Chief Compliance Officer, internal and external auditors without the presence of the Group Executive Team on a quarterly basis.

## Risk Committee

| | Chair | Committee members |
|---|---|---|
| **Committee membership** | John DACEY<br>(Non-executive Director) | John BAIRD<br>(Independent Non-executive Director)<br>CHUNG Kit Hung, Martina<br>(Independent Non-executive Director)<br>LEUNG Ka Kui, Dominic<br>(Independent Non-executive Director)<br>MA Si Hang, Frederick<br>(Independent Non-executive Director)<br>Dirk SLUIMERS<br>(Independent Non-executive Director)<br>Andrew WEIR<br>(Independent Non-executive Director) |

### Committee functions

The Risk Committee had seven members as at 31 December 2025, including six Independent Non-executive Directors and one Non-executive Director. Mr. John DACEY serves as Chairman of the Risk Committee. Three members of the Risk Committee constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum qualifies as an act of the Risk Committee.

The Risk Committee has delegated authority from the Board to oversee the establishment and operation of an effective ERM framework across the Group.

The Risk Committee mandate includes:

- advising the Board on the risk profile and risk management strategy of the Group and on the appropriateness of, and performance against, the Group's risk appetite as well as key risk management policies and procedures;
- independently reviewing the identification, measurement, monitoring and management of material risks (including ESG risks) and any areas of material non-compliance with the Group ERM framework;
- advising the Board as to the adequacy and effectiveness of the Group ERM framework and overseeing any significant issues of non-compliance;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

- developing, reviewing and monitoring the Code of Ethics and Business Conduct applicable to employees and Directors; and
- assisting the Board with conducting a review of the effectiveness of the risk management and internal control systems at least annually.

### Key activities during the year

- quarterly reviews of the Group's risk management and compliance activities for the period, including its financial and operational risk profiles, which set out the solvency positions, risk appetite and other metrics;
- reviewing and making recommendations to the Board to approve the revised RAF;
- receiving updates on the risk management and compliance matters;
- receiving quarterly updates on significant regulatory developments and assessing relevant management actions;
- reviewing and making recommendations to the Board to approve the supervisory reports submitted to the IA during the year;
- approving annual Group Risk and Compliance Plans;
- making recommendation to the Board on the revision of the Risk Committee's terms of reference; and
- approving the revised terms of references of ALMCO and CORC.

## Compensation Committee

| | Chair | Committee members |
|---|---|---|
| **Committee membership** | John BAIRD (Independent Non-executive Director) | John DACEY (Non-executive Director)<br>Laura DEAL-LACEY (Independent Non-executive Director)<br>Kyoko HATTORI (Independent Non-executive Director)<br>LI Tzar Kai, Richard (Executive Director)<br>MA Si Hang, Frederick (Independent Non-executive Director)<br>Yijia TIONG (Independent Non-executive Director) |

### Committee functions

The Compensation Committee has delegated authority from the Board to oversee the implementation of appropriate remuneration practices across the Group. Details of the role of the Compensation Committee, and the key activities performed by the Compensation Committee during the year under review have been set out in in the section headed "Corporate governance — Remuneration report" in this annual report, which forms part of this corporate governance report.

The Compensation Committee had seven members as at 31 December 2025, including five Independent Non-executive Directors, one Executive Director and one Non-executive Director. Mr. John BAIRD serves as Chairman of the Compensation Committee. A majority of the Compensation Committee constitutes a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum qualifies as an act of the Compensation Committee.

The Compensation Committee mandate includes:

- advising the Board on the Group Remuneration Policy and practices which are aligned with the corporate culture, business objectives, risk appetite and long-term interests of the Group and other relevant stakeholders;
- determining remuneration for the Directors, senior management and key persons in control functions considering both performance (where appropriate) and risk management; and

- reviewing and approving compensation payable to Executive Directors and senior management for any loss or termination of office in accordance with any applicable contractual terms.

The model of the Compensation Committee described in code provision E.1.2(c)(i) of the Corporate Governance Code has been adopted by the Company.

## Nomination Committee

| | Chair | Committee members |
|---|---|---|
| **Committee membership** | MA Si Hang, Frederick (Independent Non-executive Director) | John BAIRD (Independent Non-executive Director)<br>Laura DEAL-LACEY (Independent Non-executive Director)<br>Kyoko HATTORI (Independent Non-executive Director)<br>Walter KIELHOLZ (Non-executive Director)<br>Yijia TIONG (Independent Non-executive Director) |

### Committee functions

As at 31 December 2025, the Nomination Committee had six members, including five Independent Non-executive Directors and one Non-executive Director. Professor MA Si Hang, Frederick serves as Chairman of the Nomination Committee. A majority of the Nomination Committee constitutes a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum qualifies as an act of the Nomination Committee.

The Nomination Committee has delegated authority from the Board to identify and nominate suitable candidates to become Directors and senior management of the Group to take a leadership role in shaping the corporate governance of the Company and overseeing the Company's ESG and sustainability strategy, initiatives, policies and performance.

The Nomination Committee mandate includes:

- reviewing the structure, size and composition (including the balance of skills, knowledge and experience and diversity of perspective) of the Board and annually reviewing and reporting to the Board on the Board Diversity Policy;
- identifying suitably qualified candidates to become Board members and recommending members of the Board to serve on Board committees based on merit and having due regard for the Board Diversity Policy and other factors which are relevant to the Company;
- assessing the independence of Independent Non-executive Directors;
- supporting the Board in overseeing the evaluation of the Board;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors;
- overseeing the process for the resolution of conflicts of interest;
- overseeing the Company's ESG and sustainability strategy, initiatives, policies and/or practices and performance; and
- developing and reviewing the Group's policies and practices on corporate governance and making recommendations to the Board, including oversight of the Group's corporate governance framework, and otherwise taking a leadership role in shaping the corporate governance of the Company.

## Nomination Policy

The Board has adopted the Nomination Policy with effect from the Listing Date which sets out the procedures and key criteria to be used by the Nomination Committee for the selection, appointment and re-appointment of directors, the senior management and key persons in control functions.

The Company has put in place a formal and transparent process for the appointment of Directors. When a need is identified, the Nomination Committee engages in a robust search process to identify suitably qualified Director candidates. Prospective candidates will then be shortlisted through a comprehensive evaluation process that includes consideration of a candidate's ability and willingness to devote sufficient time to the duties required. The Nomination Committee will consider the candidates for directorship, and make nominations to the Board for consideration and approval, and recommendation. The key factors considered in assessing the suitability of a proposed candidate for directorship are as follows:

- reputation for integrity;
- accomplishment, expertise and experience in the financial services industry, in particular the insurance sector;
- commitment in respect of available time and relevant interest, in particular, whether he/she would be able to devote sufficient time and attention to the Board;
- how the proposed candidate's skills fit into the current mix of skills of the Board;
- in the case of an Independent Non-executive Director, criteria of independence as prescribed under the Listing Rules and the Guideline on Group Supervision issued by IA from time to time; and
- diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

## Key activities during the year

- supporting the Board in reviewing the effectiveness of the Board and its committees;
- reviewing and making recommendations to the Board to approve the revised terms of reference of the Nomination Committee and the Nomination Policy;
- recommending changes to the compositions of the Board and its committees;
- reviewing the Company's compliance with the Corporate Governance Code;
- overseeing the programme of continuing training and development for the Board;
- approval of annual assessment proposal and process for implementation on each individual director's time commitment and contribution;
- approval of the proposal for investment portfolio climate action plan; and
- approval of the Group's ESG materiality assessment and the Scope 3 - Financed Emissions Disclosure in the section headed "Financial & operating review — Environmental, social and governance — Sustainable investment" in this annual report.

## Chairman and Group CEO

Professor MA Si Hang, Frederick was appointed as the Chairman of the Board on 7 July 2022. He was appointed as our Independent Non-executive Director on 23 September 2021 and has been an Independent Non-executive Director of the Group since 10 December 2013. Key responsibilities of the Chairman include:

- providing leadership to the Board;
- steering the development of corporate governance practices, and to ensure continued good governance;
- promoting effective communication to and from the Board and, among the Board members, to ensure all Directors are properly briefed on issues arising at Board meetings and that all Directors make a full and active contribution to the Board;
- ensuring effective communication with the Shareholders; and
- maintaining orderly conduct of general meetings, allow the business of the meeting to properly and effectively dealt with, while allowing shareholders a reasonable opportunity to express their views.

Mr. HUYNH Thanh Phong is the Group CEO. He was appointed as an Executive Director of the Board on 26 May 2021 and has been a director of the Group and Group CEO since 5 March 2014. Key responsibilities of the Group CEO include:

- strategy and management: developing business plans, budgets and strategies and managing the Group against internal and external expectations on a day-to-day basis;
- financial control: ensuring robust control over financial and material reporting mechanisms, tracking the Group's performance against budget and proposing suitable actions as appropriate;
- risk management and compliance: ensuring the business is managed in line with the Group's RAF and policies, with sufficiently resourced control functions to support effective oversight and control; and
- communication: maintaining transparent reporting and escalation to the Board and stakeholders such as regulators, policyholders and shareholders.

The Group's corporate governance framework sets out details of the Chairman's and Group CEO's roles and responsibilities and those of other key members of the management team.

The Chairman, the Group CEO and other Directors do not have any financial, business, family or other relevant relationships with each other.

# External auditor

The external auditor of the Group is Ernst & Young. The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, which are subject to approval by the Board and by the Shareholders.

The Audit Committee evaluates the auditor's independence and objectivity, and the effectiveness of the audit process. The Audit Committee was satisfied with the work of the external auditor, its independence, and its objectivity, and therefore recommended the reappointment of Ernst & Young (which has indicated its willingness to continue in office) as the Group's external auditor for 2026.

The Audit Committee also reviews and approves the terms of engagement and the remuneration of the external auditor, including that for non-audit services. The estimated auditor's remuneration for current and prior years are set out below:

| US$ millions | 2025 | 2024 |
|---|---|---|
| Audit services | **9.3** | 8.7 |
| Non-audit services, including: | | |
| Audit-related services[1] | **2.4** | 0.6 |
| Other services | **0.1** | 0.9 |
| **Total** | **11.8** | 10.2 |

Note:

(1) Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Group's financial statements. They mainly include services or expanded audit procedures related to compliance with financial, accounting or regulatory reporting matters.

# Accountability and audit

## Financial reporting

The Directors acknowledge their responsibility for preparing the Group's financial statements. The Board has prepared the financial statements for the year ended 31 December 2025 on a going-concern basis and in accordance with applicable accounting standards and relevant requirements.

The statement of the Group's auditor stating its reporting responsibilities related on the Group's consolidated financial statements is set out on page 177 of this annual report.

## Risk management and internal controls

The Board, supported by the Audit Committee and Risk Committee, is responsible for overseeing the risk management and internal control systems of the Group. Through its regular review of these systems, the Board covers all material controls, including financial, operational and compliance controls.

The Group has established risk management and internal control systems consisting of organisational frameworks, policies, procedures and risk management methods which the Board and management believe are appropriate for the Group's business operations. The Group continues to invest in these systems to improve them, and to undertake initiatives and measures to address the potential weaknesses in these systems. The Group's ERM framework and internal control systems are designed to manage rather than eliminate risks and can only provide reasonable and not absolute assurance against material misstatement or loss as they are designed to mitigate rather than eliminate the risk of failure to achieve business objectives, and have inherent limitations. The effectiveness of the Group's risk management and internal control systems depends on their regular maintenance, upgrades and updates, so that they can handle the expansion in information as the Group expands its existing operations, as well as proper implementation and integration by the Group's employees. The main features of the ERM framework and the process to identify, evaluate and manage risks are set out in the section headed "Financial and operating review — Risk management" in this annual report.

FWD's internal control system is the primary means by which the Group mitigates inherent risk exposures to yield a residual and expected risk exposure that is aligned with its risk appetite. In particular, an Operational Risk Management and Internal Controls Policy is in place to ensure that the key controls within key business processes are subject to regular review by key process owners and the Risk Management function. The Group has an internal audit function, which performs independent assessment of the design and operating effectiveness of the internal control system and reports results to the Audit Committee.

The Board, through the Audit Committee and the Risk Committee, reviews the effectiveness of risk management and internal controls annually, in particular, the relevant committee reviews:

- the adequacy of resources in the internal audit function, including skills and capabilities to perform its duties;
- the scope of work performed by both internal and external auditors and outcomes of internal and external audits, related to internal controls;
- areas of risk identified by management as well as the scope and quality of ongoing risk and internal control monitoring, carried out by management, and the communication of monitoring results;
- the quality and scope of the internal control system implemented by management and the work and effectiveness of the internal audit function as well as any significant risks reported by the internal audit function;
- the changes in the nature and extent of risks, and the Group's ability to respond to changes in its business and the external environment;
- whether significant control failings or weaknesses have been identified during the year, their potential impact on the Group and remedial actions;
- the annual report on ORSA;
- the effectiveness of processes in the area of financial reporting and compliance with regulatory requirements; and
- the results of management's internal control self-assessment exercises.

The annual review of the Group's risk management and internal control systems was conducted by an internal risk management and internal control systems certification process performed by management, supported by the internal audit function which performed an independent assessment on the appropriateness and effectiveness of the internal control environment.

During the reporting period, there were no significant changes in the assessment of risks (including ESG risks) and the risk management and internal control systems.

Management has confirmed to the Board that the Group's risk management and internal control systems are appropriate and effective. Based on the review result and management's confirmation, the Board considered the Group's risk management and internal control systems to be appropriate and effective for the year ended 31 December 2025.

## Inside information

The Company has implemented procedures and internal controls concerning the safeguarding and dissemination of inside information as follows:

- the Company's Group Communications Policy has established a control process for the management of communications with various internal and external stakeholders. Named spokespersons are authorised to provide information about the Group to relevant stakeholders;
- the Company has established the Inside Information Disclosure Policy to ensure appropriate handling of inside information and that any required disclosure of inside information is made in a manner that provides for equal, timely and effective access by market participants and the public to the information disclosed. The policy has been communicated to all relevant staff and related training has also been provided to them; and
- the Company's Code of Ethics and Business Conduct prohibits the unauthorised use of confidential or non-public information.

## Company Secretary

Mr. YEUNG John Sze has been appointed as the Company's Company Secretary. Key roles of the Company Secretary include:

- advising the Board and the Group CEO on corporate governance matters;
- ensuring good information flow with the Board and that policies and procedures in relation to Board proceedings are followed;
- assisting the Board and the Company in complying with its requirements under the Listing Rules;
- facilitating the induction and professional development of Directors; and
- capturing proper records of Board and Board committee deliberations.

All Directors have access to the advice and services of the Company Secretary at any time in respect of their duties, corporate governance and Board practices and matters.

During the year under review, the Company Secretary undertook at least 15 hours of relevant professional training.

## Engagement with shareholders and bondholders

The Board recognises the importance of maintaining an ongoing dialogue with the Company's shareholders and bondholders and therefore established a comprehensive Investor Communications Policy. The policy is designed to ensure that shareholders and the investment community receive equal, appropriate, and timely information about the Company's financial performance, strategic goals, material developments, governance, and risk profile, enabling informed decision-making and active engagement.

The Board is committed to timely and transparent disclosure of information, and facilitates communication through general meetings, press releases, announcements and corporate communications such as the annual report. The latest information regarding the Group's activities, announcements and corporate communications is made available on the Company's website at www.fwd.com.

The Company's approach to shareholder communication and engagement includes:

| Communication Channels | Activities |
|---|---|
| General meetings | Shareholders are encouraged to attend annual and other general meetings, where they can raise questions directly to the Board and senior management. |
| Corporate communications | Corporate communications, which include financial reports and announcements, will be published throughout the year as required by the Listing Rules. |
| Webcasts | Webcasts of the Company's interim and annual results briefings through the Company's website when practicable. |
| FWD website | The Company's website (www.fwd.com) features an Investor Relations section with up-to-date information and contact details for submitting enquiries or feedback. |
| Investment market communications | Investor or analysts briefings and meetings, roadshows (both domestic and international), marketing activities for investors and specialist industry forums, etc. will be arranged periodically in order to facilitate communication between the Company, Shareholders and the investment community. |
| Investor Relations Department | Shareholders may contact the Investor Relations Department via a dedicated email address (investor.relations@fwd.com) for enquiries, feedback, or to request information. |
| Group Company Secretariat | Correspondence to the Company's Directors can be sent c/o Group Company Secretariat:<br><br>Address: 13/F, 14 Taikoo Wan Road, Taikoo Shing, Hong Kong<br>Fax: (852) 2790 4322<br>Email: group.secretariat@fwd.com |
| Hong Kong Share Registrar | Shareholders can direct questions about their shareholdings to the Company's Hong Kong share registrar, Tricor Investor Services Limited, by phone, email, or in writing.<br><br>Contact details of Tricor Investor Services Limited are as follow:<br><br>Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong<br>Telephone: (852) 2980 1333<br>Fax: (852) 2810 8185<br>Email: is-enquiries@vistra.com |
| Shareholder activities | Shareholders are invited to participate in activities organised by the Company, which provide further opportunities to communicate views and receive updates on the Group's strategy and performance. |

During the period from the Listing Date to 31 December 2025, the Company arranged an interim results presentation. At the presentation, the Group CEO, and the Group Chief Financial Officer and Group Chief Operating Officer provided an overview of business achievements and key financial highlights of the Group for the six months ended 30 June 2025, and responded to queries from analysts. Directors are also invited to the event to understand the focus of the investment community. Presentation materials, recordings and transcripts of the event are available on the Company's website.

The Board reviews the Investor Communications Policy annually to ensure its effectiveness. The Board has reviewed and is satisfied with the effectiveness of the policy for the period from the Listing Date to the end of the year. The assessment has been made on the basis that sufficient and up-to-date information of the Group is available on the Company's website, and the webcast of interim results for the six months ended 30 June 2025 was well received by the investor community.

## Annual general meeting

The forthcoming AGM of the Company will be held on Friday, 29 May 2026. Further details will be set out in the Company's circular to be issued to the Shareholders for the AGM.

# Shareholders' rights

### Extraordinary general meeting and moving a resolution at general meeting

Shareholders holding at the date of requisition not less than 10 per cent voting rights (excluding voting rights attaching to treasury shares), on a one vote per share basis in the share capital of the Company may request the Board to convene an extraordinary general meeting by depositing a written request at 13/F, 14 Taikoo Wan Road, Taikoo Shing, Hong Kong, the head office of the Company, for the attention of the Company Secretary, and also by electronic mail to group.secretariat@fwd.com. The requisitionist(s) may also request to add resolutions to the agenda of a general meeting.

For further details, please refer to "Procedures for Shareholders to Convene General Meetings/Put Forward Proposals", which is available on the Company's website at www.fwd.com.

### Proposing a person for election as a Director

Shareholders can propose a person (other than a retiring Director himself/herself) for election as a Director at a general meeting of the Company. For further details, please refer to "Procedures for Shareholders to Propose a Person for Election as a Director of the Company", which is available on the Company's website at www.fwd.com.

# Dividends

The Company has adopted a dividend policy which sets out the principles and guidelines that the Company intends to apply in relation to the declaration, payment, or distribution of its profits as dividends to Shareholders. In considering the payment of dividends, the Board seeks to balance retaining adequate reserves for maintaining working capital and supporting future growth, with allowing Shareholders to participate in the Company's profits.

When considering the recommendation or payment of dividends and determining the dividend amount, the Board will take into account, among other factors:

- the actual and expected financial performance of the Group;
- the Group's expected working capital (including Group solvency) requirements, capital expenditure requirements and future expansion plans;
- the amount of retained earnings and distributable reserves of the Company and each of the members of the Group, and the distributions received by the Company from its subsidiaries;
- the Group's cash flow and liquidity position;
- prevailing economic and market conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- any other factors that the Board may consider relevant and appropriate.

The Company does not have any pre-determined dividend distribution ratio. As at the date of this annual report, the Company has not declared or made any dividend or other distribution to its shareholders. As disclosed in the Prospectus, the Company does not have any present plan to declare or pay any dividends on its ordinary shares in the foreseeable future. The Group currently intends to retain most, if not all, of available funds and any future earnings to operate and expand the business. Any other future determination to pay dividends will be made at the discretion of the Board and subject to our constitutional documents and applicable laws and regulations.

If the Board decides to pay dividends, the form, frequency and amount may be based on a number of factors, including the Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board may deem relevant.

## Constitutional documents

The Company's Memorandum and Articles of Association (in both English and Chinese) is available on the Company's website at www.fwd.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. There has been no change to the Memorandum and Articles of Association of the Company since the Listing Date.

On behalf of the Board



**Professor MA Si Hang, Frederick** GBS, JP

Chairman of the Board, FWD Group

16 March 2026

# Directors' report

The Board is pleased to present this directors' report together with the audited financial statements of the Group for the year ended 31 December 2025.

## Principal activities

The Group's principal activity is to provide products and services focusing on life insurance. The Group also provides general insurance and investment related products and services. Details of the activities and other particulars of the Company's principal subsidiaries are set out in note 34 to the consolidated financial statements.

## Results

The results of the Group for the year ended 31 December 2025 and the state of the Group's affairs at that date are set out in the consolidated financial statements.

## Business review

A fair review of the business of the Group during the year, including a description of its principal risks and uncertainties, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting it that have occurred since the end of the financial year 2025 and an indication of its likely future developments are provided in the sections headed "Overview — Chairman's statement", "Overview — Chief Executive Officer report", "Financial and operating review — Chief Financial Officer report", "Financial and operating review" and "Corporate governance — Corporate governance report — Risk management and internal controls" in this annual report. In addition, discussions on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the sections headed "Corporate governance — Corporate governance report" and "Financial and operating review — Environmental, social and governance report" in this annual report. These discussions form part of this directors' report.

## Dividends

The Board does not recommend the payment of final dividend for the year ended 31 December 2025.

The Company may declare and pay dividends out of its distributable reserves and/or its share premium account pursuant to and subject to the laws of the Cayman Islands and the Memorandum and Articles of Association of the Company.

## Directors

The Directors during the year ended 31 December 2025 and up to the date of this directors' report are as follows:

### Chairman and Independent Non-executive Director

MA Si Hang, Frederick

### Executive Directors

LI Tzar Kai, Richard

HUYNH Thanh Phong *(Group CEO)*

### Non-executive Directors

Walter KIELHOLZ

John DACEY

SUN Po Yuen (until 18 February 2025)

### Independent Non-executive Directors

CHUNG Kit Hung, Martina

John BAIRD

Dirk SLUIMERS

Laura DEAL-LACEY (with effect from 18 February 2025)

Kyoko HATTORI

Yijia TIONG

LEUNG Ka Kui, Dominic (with effect from 18 February 2025)

Andrew WEIR (with effect from 18 February 2025)

## Change in Directors' information

Change in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

| Name of Director | Details of Change |
|---|---|
| Andrew WEIR | Appointed as a Non-executive Director of Hang Lung Properties Limited, a company listed on the Stock Exchange, with effect from 1 October 2025. |

Saved as disclosed above, there has been no change to the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Independent Non-executive Directors

The Company has received, from each of its Independent Non-executive Directors, an annual confirmation of his/her independence. The Company considers that all the Independent Non-executive Directors as at the date of this directors' report are independent to the Group.

## Directors' service contracts

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## Indemnity of Directors

A permitted indemnity provision (as defined in the Companies Ordinance) for the benefit of the Directors was in force for the whole of the financial year and as at the date of this directors' report.

The Directors and Officers Liability Insurance (D&O Insurance) undertaken by the Company provides such indemnities to the Directors and the directors of the Company's subsidiaries. Pursuant to the Company's Memorandum and Articles of Association, every Director shall be indemnified out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Director in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions. The relevant provisions in the Company's Memorandum and Articles of Association and the D&O Insurance were in force during the financial year ended 31 December 2025.

## Directors' and the chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

### Long positions in the Shares or underlying Shares of the Company

| Name of Director or chief executive | Number of Shares Long Position (L) | Approximate percentage of the total number of Shares in issue[1]* | Capacity/Nature of interest |
|---|---|---|---|
| MA Si Hang, Frederick | 348,589 (L) | 0.03% | Beneficial owner |
| LI Tzar Kai, Richard[2] | 844,566,254 (L) | 66.19% | Interest in controlled corporation |
| HUYNH Thanh Phong[3] | 1,705,596 (L) | 0.13% | Beneficial owner |
| Walter KIELHOLZ | 205,052 (L) | 0.02% | Beneficial owner |
| John DACEY | 102,526 (L) | 0.01% | Beneficial owner |
| CHUNG Kit Hung, Martina | 307,578 (L) | 0.02% | Beneficial owner |
| John BAIRD | 246,063 (L) | 0.02% | Beneficial owner |
| Dirk SLUIMERS | 102,526 (L) | 0.01% | Beneficial owner |
| Kyoko HATTORI | 102,526 (L) | 0.01% | Beneficial owner |
| Yijia TIONG | 20,505 (L) | 0.00% | Beneficial owner |

Notes:

(1) The Shares are held or received by the Directors pursuant to the satisfaction upon Listing of awards granted under the Share Option and RSU Plan and were subject to a lock-up ending on the date falling six months after the Listing Date.

(2) These Shares were held by Spring Achiever (Hong Kong) Limited (for 314,146,078 Shares), Spring Achiever Limited (for 113,788,273 Shares) and PCGI Holdings Limited (for 416,631,903 Shares), respectively. Spring Achiever (Hong Kong) Limited is directly wholly-owned by Spring Achiever Limited, which in turn is directly wholly owned by Creative Knight Limited. Creative Knight Limited is directly wholly-owned by Mr. LI Tzar Kai, Richard. PCGI Holdings Limited is also wholly-owned by Mr. LI Tzar Kai, Richard. Accordingly, Mr. LI Tzar Kai, Richard was deemed to be interested in these Shares pursuant to the SFO.

(3) Mr. HUYNH Thanh Phong is deemed to be interested in these 1,705,596 Shares, which are share awards granted to him (but not yet vested) pursuant to the Share Award Plan. Upon vesting of these share awards, Shares may be issued by the Company to satisfy the share awards.

* Based on 1,276,005,277 Shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, neither the Directors nor the chief executive of the Company have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Interests and short positions in Shares and underlying Shares of persons other than the Directors or the chief executive

As at 31 December 2025, so far as the Directors are aware, the following persons (other than the Directors or the chief executive of the Company) have interests and short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### Long positions in the Shares

| Name of Shareholder | Number of Shares Long Position (L) | Approximate percentage of the total number of Shares in issue* | Capacity/Nature of interest |
|---|---|---|---|
| PCGI Holdings Limited(1) | 416,631,903 (L) | 32.65% | Beneficial owner |
| Creative Knight Limited(2) | 427,934,351 (L) | 33.54% | Interest in controlled corporation |
| Spring Achiever Limited(2) | 113,788,273 (L)<br>314,146,078 (L) | 8.92%<br>24.62% | Beneficial owner<br>Interest in controlled corporation |
| | 427,934,351 (L) | 33.54 % | |
| Spring Achiever (Hong Kong) Limited(2) | 314,146,078 (L) | 24.62% | Beneficial owner |
| Swiss Re Ltd(3) | 72,017,205 (L) | 5.64% | Interest in controlled corporation |
| Swiss Reinsurance Company Ltd(3) | 72,017,205 (L) | 5.64% | Interest in controlled corporation |
| Swiss Re Asia Holding Pte. Ltd. (3) | 72,017,205 (L) | 5.64% | Interest in controlled corporation |
| Swiss Re Principal Investments Company Asia Pte. Ltd.(3) | 72,017,205 (L) | 5.64% | Beneficial owner |
| Future Financial Investment Company Ltd(4) | 80,089,944 (L) | 6.28% | Beneficial owner |
| Future Financial International Company Ltd(4) | 80,089,944 (L) | 6.28% | Interest in controlled corporation |
| Future Financial Global Holding Ltd(4) | 80,089,944 (L) | 6.28% | Interest in controlled corporation(5) |
| HOPU USD Master Fund III, L.P.(4) | 126,947,164 (L) | 9.95% | Interest in controlled corporation(5) |
| HOPU Investments Co. III Ltd. (4) | 126,947,164 (L) | 9.95% | Interest in controlled corporation |
| HOPU USD Master Fund III Management Holding Co., Ltd. (4) | 126,947,164 (L) | 9.95% | Interest in controlled corporation(5) |
| Hercules Investment Group Limited(4) | 126,947,164 (L) | 9.95% | Interest in controlled corporation |
| Kovan Investments Limited(4) | 126,947,164 (L) | 9.95% | Interest in controlled corporation |
| HOPU Holding Limited(4) | 126,947,164 (L) | 9.95% | Interest in controlled corporation |
| Vertile Limited(4) | 126,947,164 (L) | 9.95% | Interest in controlled corporation(5) |
| FANG Fenglei(4) | 126,947,164 (L) | 9.95% | Interest in controlled corporation(5) |
| Crimson White Investment Pte. Ltd.(6) | 68,193,948 (L) | 5.34% | Beneficial owner |
| GIC Blue Holdings Pte Ltd.(6) | 68,193,948 (L) | 5.34% | Interest in controlled corporation |
| GIC (Ventures) Pte. Ltd.(6) | 68,193,948 (L) | 5.34% | Interest in controlled corporation |
| GIC Special Investments Private Limited(6) | 68,193,948 (L) | 5.34% | Investment manager |
| GIC Private Limited(6) | 68,193,948 (L) | 5.34% | Interest in controlled corporation |

Notes:

(1) PCGI Holdings Limited is wholly-owned by Mr. LI Tzar Kai, Richard.

(2) Spring Achiever (Hong Kong) Limited is directly wholly-owned by Spring Achiever Limited, which in turn is directly wholly-owned by Creative Knight Limited. Creative Knight Limited is directly wholly-owned by Mr. LI Tzar Kai, Richard.

(3) Swiss Re Principal Investments Company Asia Pte. Ltd. is directly wholly-owned by Swiss Re Asia Holding Pte. Ltd., which is directly wholly-owned by Swiss Reinsurance Company Ltd. Swiss Reinsurance Company Ltd is directly wholly-owned by Swiss Re Ltd.

(4) HOPU USD Master Fund III, L.P. holds an aggregate of 126,947,164 Shares through (i) Future Financial Investment Company Ltd and (ii) Fornax Investment Global Company Limited, both of which are direct Shareholders of 80,089,944 Shares and 46,857,220 Shares, respectively.
HOPU USD Master Fund III, L.P. is controlled by HOPU Investments Co. III Ltd., which is controlled by HOPU USD Master Fund III Management Holding Co., Ltd., which in turn is indirectly controlled by Mr. FANG Fenglei through Hercules Investment Group Limited, Kovan Investments Limited, HOPU Holding Limited and Vertile Limited.
Future Financial Investment Company Ltd is controlled by HOPU USD Master Fund III, L.P. through Future Financial International Company Ltd and Future Financial Global Holding Ltd. HOPU USD Master Fund III, L.P. is a Cayman Islands limited partnership acting through its general partner, HOPU Investments Co. III Ltd., which is part of and managed by HOPU Investments (an independent third party), an Asian alternative asset manager.
Fornax Investment Global Company Limited is controlled by Falcon 2019 Co-Invest A, L.P., which is a Cayman Islands limited partnership acting through its general partner, Falcon 2019 Co-invest GP, which is in turn controlled by HOPU Investments Co. III Ltd., which is part of and managed by HOPU Investments (an independent third party), an Asian alternative asset manager.

(5) Out of the total interest in 126,947,164 Shares, 25,657,894 Shares have been provided as security to a person other than a qualified lender.

(6) Crimson White Investment Pte. Ltd. is wholly-owned by GIC Blue Holdings Pte Ltd., which is wholly-owned by GIC (Ventures) Pte. Ltd., which in turn is wholly-owned by GIC Special Investments Private Limited. GIC Special Investments Private Limited is wholly owned by GIC Private Limited.

### Short positions in the underlying Shares – physically settled unlisted equity derivatives

| Name of Shareholder | Number of underlying Shares Short Position (S) | Approximate percentage of the total number of Shares in issue* | Capacity/Nature of interest |
|---|---|---|---|
| Future Financial Global Holding Ltd (7) | 25,657,894 (S) | 2.01% | Interest in controlled corporation |
| HOPU USD Master Fund III, L.P. (7) | 25,657,894 (S) | 2.01% | Interest in controlled corporation |
| HOPU USD Master Fund III Management Holding Co., Ltd. (7) | 25,657,894 (S) | 2.01% | Interest in controlled corporation |
| Vertile Limited (7) | 25,657,894 (S) | 2.01% | Interest in controlled corporation |
| FANG Fenglei (7) | 25,657,894 (S) | 2.01% | Interest in controlled corporation |

Notes:

(7) These Shareholders are deemed to be interested in the relevant underlying Shares due to the controlling structure set out in note (4) above.

* Based on 1,276,005,277 Shares in issue as at 31 December 2025.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2025, no person, other than the Directors or the chief executive of the Company whose interests are set out in the section entitled "Directors' and the chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations", had any interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## Directors' rights to acquire shares or debentures

Other than Share Option and RSU Plan and Share Award Plan as disclosed in the section headed "Share-based compensation" in this directors' report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

## Directors' interests and controlling shareholders' interests in transactions, arrangements or contracts of significance

Save as otherwise disclosed below and under the paragraph headed "Related party transactions and connected transactions" in this section and in note 32 to the consolidated financial statements, there were (i) no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time in 2025 was a Director or his/her connected entity had a material interest, whether directly or indirectly; and (ii) no contracts of significance (including those for the provision of services) between the Company, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries, that subsisted at the end of the year ended 31 December 2025 or at any time during the year ended 31 December 2025.

### Non-compete undertaking

As disclosed in the Prospectus, the Group and the bolttech Group entered into a business collaboration agreement on 8 December 2020 (bolttech Business Collaboration Agreement) for the purpose of avoiding any potential overlap of business between the Group and the bolttech Group. For further details, please refer to the section headed "Relationship with the Controlling Shareholders" in the Prospectus.

The Directors, including the independent non-executive Directors, have conducted a review and are satisfied that the Group and the bolttech Group have complied with the non-compete undertaking in the bolttech Business Collaboration Agreement for the period from the Listing Date to 31 December 2025.

## Share capital, share premium and reserves

Details of the movement in the share capital, share premium and reserves of the Group and of the Company during the year ended 31 December 2025 are set out in note 26 to the consolidated financial statements.

The Company may declare and pay dividends out of our distributable reserves, including the share premium account, pursuant to and subject to the laws of the Cayman Islands and the Company's Memorandum and Articles of Association.

As at 31 December 2025, the Company's reserves available for distribution to the Shareholders amounted to US$9.4 billion, comprising of share premium.

## Charitable donations

Charitable donations made by the Group during the year ended 31 December 2025 amounted to US$2 million.

## Major customers and suppliers

During the year ended 31 December 2025, the percentage of the aggregate sales attributable to the Group's five largest customers was less than 30 per cent of the Group's total value of sales. Due to the nature of the Group's business activities, the Company has no suppliers directly related to its business.

## Directors' interests in competing business

During the year ended 31 December 2025 and up to the date of this annual report, none of the Directors had any interests in any businesses, apart from the Group's business, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

## Debentures issued

Details of debentures issued by the Company during the year ended 31 December 2025 are set out in note 24 to the consolidated financial statements.

## Equity-linked agreements

The Group has the Equity Incentive Plans with details set out in the section headed "Share-based compensation" in this directors' report and note 30 to the consolidated financial statements. Save for the Equity Incentive Plans, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company or subsisted at any time during the year ended 31 December 2025.

## Share-based compensation

The Group has adopted three Equity Inventive Plans, namely (a) the FWD Share Option and RSU Plan; (b) the FWD Share Award Plan; and (c) the FWD Employee Share Purchase Plan. For further details, please refer to the section headed "Corporate governance — Remuneration report" in this annual report.

## Related party transactions and connected transactions

During the year ended 31 December 2025, the Group had the following continuing connected transactions which were subject to reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**A. PCCW (together with its subsidiaries, the PCCW Group), HKT (together with its subsidiaries, the HKT Group) and their respective subsidiaries**

On 23 December 2022, respective members of the Group, the PCCW Group (excluding the HKT Group) and/or the HKT Group entered into certain framework agreements (2022 Framework Agreements) each for a term of three years from 1 January 2023 to 31 December 2025 in relation to, among other things, the renewal of certain existing continuing connected transaction agreements made between the Group and the PCCW Group (excluding the HKT Group) and/or the HKT Group, with new annual caps for a term of three years ended 31 December 2025 for the provision and receipt of certain services and products by the Group to or from the PCCW Group (excluding the HKT Group) and/or the HKT Group (PCCW/HKT Transactions). Details of the 2022 Framework Agreements are set out in the joint announcement issued by the PCCW Group (excluding the HKT Group) and the HKT Group dated 23 December 2022 and the section headed "Connected Transaction" in the Prospectus.

Mr. LI Tzar Kai, Richard, the Executive Director and the controlling shareholder of the Company, is also the Chairman, an Executive Director and a substantial shareholder of PCCW and the Executive Chairman and an Executive Director of HKT and the Trustee-Manager. Accordingly, members of the PCCW Group (including the HKT Group) are associates of Mr. LI Tzar Kai, Richard and therefore connected persons of the Company. The 2022 Framework Agreements and the transactions contemplated thereunder therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 31 December 2025, respective members of the Group, the PCCW Group (excluding the HKT Group) and/or the HKT Group entered into certain framework agreements (2025 Framework Agreements) each for a term of three years from 1 January 2026 to 31 December 2028 for the provision and receipt of certain services and products by the Group to or from the PCCW Group (excluding the HKT Group) and/or the HKT Group. Details of the 2025 Framework Agreements are set out in the Company's announcement dated 31 December 2025.

Set out below are the PCCW/HKT Transactions during the year ended 31 December 2025 under the relevant agreements with a term not exceeding three years. The Company has complied with the applicable requirements under Chapter 14A of the Listing Rules with respect to the below PCCW/HKT Transactions during the year.

Services provided by the PCCW Group (excluding the HKT Group) and/or the HKT Group to the Group

(1) Telecommunications and related services

On 23 December 2022, FWD Group Management Holdings Limited, a member of the Group, entered into an amended and restated framework agreement with Hong Kong Telecommunications (HKT) Limited (HK Telecom), an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW, pursuant to which HK Telecom will provide, or procure other members of the HKT Group to provide, telecommunications and related services to the Group.

The relevant services are charged either at prevailing market rates for services of similar scope, scale, quality, reliability and service levels that would be charged for independent third party customers, as agreed by the

relevant members of the HKT Group and the Group from time to time, and other support services are charged on a cost-plus basis as agreed by the relevant members of the HKT Group and the Group from time to time.

(2) Insurance and related services

On 23 December 2022, FWD Life (Bermuda), a member of the Group, entered into an amended and restated framework agreement with HKT Financial Services (IA) Limited (HKTIA), an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW, pursuant to which HKTIA will provide, or procure other members of the HKT Group to provide, insurance and related services to the Group.

Commission for such insurance agency services is charged at such rates determined with reference to market rates charged by third party insurance agents for similar insurance products or services as agreed by the relevant members of the HKT Group and the Group; or where applicable, the relevant premiums to be received by the HKT Group from the Group is determined based on prevailing market rates and actuarial review of the relevant members of the HKT Group and the Group.

(3) Branding and marketing arrangements

On 23 December 2022, FWD Life (Bermuda) entered into a framework agreement with each of PCCW Interactive Media Holdings Limited (PCCW Interactive Media) (an indirect wholly-owned subsidiary of PCCW) and now Productions Limited (now Production) (an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW), pursuant to which PCCW Interactive Media and now Productions will provide or enter into, or procure other members of the PCCW Group (excluding the HKT Group) and the HKT Group, respectively, to provide or enter into, branding and marketing arrangements to or with the Group. Such arrangements include, without limitation, Group spokesperson opportunities and related marketing or branding campaigns and events and will be charged at such rates determined with reference to market rates for similar arrangements and other relevant factors as agreed by members of the respective groups.

Services provided by the Group to the PCCW Group (excluding the HKT Group) and/or the HKT Group

(4) FWD Insurance services and products

On 23 December 2022, FWD Life (Bermuda) entered into an amended and restated framework agreement with each of PCCW Services Limited (a direct wholly-owned subsidiary of PCCW) and HKT Services Limited (an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW), pursuant to which FWD Life (Bermuda) will provide, or procure other members of the Group to provide, insurance and related services and products to the PCCW Group (excluding the HKT Group) and the HKT Group, respectively. Such services and products include, without limitation, insurance services and products of the Group, and other insurance and related services and products as may be agreed to be provided by members of the respective groups from time to time.

The relevant insurance services and products are charged at such rates determined with reference to market rates for similar insurance services or products as agreed by members of the respective groups.

The Group had followed the pricing policies as set out in the Prospectus when determining the price and terms of the PCCW/HKT Transactions.

The approximate aggregate value and the annual cap of each category of the PCCW/HKT Transactions are set out below:

| Agreement/Service description | Approximate aggregate values for the financial year ended 31 December 2025 US$ millions | Annual caps for the Group for the financial year ended 31 December 2025 US$ millions |
|---|---|---|
| **Services provided by the PCCW Group (excluding the HKT Group) and/or the HKT Group to the Group** | | |
| (1) Telecommunications and related services | 3.3 | 19.3 |
| (2) Insurance and related services | 8.6 | 25.6 |
| (3) Branding and marketing arrangements | 2.3 | 25.6 |
| **Services provided by the Group to the PCCW Group (excluding the HKT Group) and/or the HKT Group** | | |
| (4) FWD Insurance services and products | 23.7 | 51.3 |

**B. PineBridge and its subsidiaries (collectively, the PineBridge Group)**

The PineBridge Group was indirectly majority owned and controlled by Mr. LI Tzar Kai, Richard. On 23 December 2024, MetLife Investment Management announced it had entered into an agreement to acquire the PineBridge Group (excluding its private funds group business and joint venture in Mainland China) from PCG (PineBridge Disposal). The transaction completed on 30 December 2025. Accordingly, members of the PineBridge Group (excluding its private funds group business and joint venture in Mainland China) were associates of Mr. LI Tzar Kai, Richard and thus connected persons of the Company under Chapter 14A of the Listing Rules, but ceased to be so upon completion of the PineBridge Disposal.

As stated in the Prospectus, on 18 June 2025, a member of the Group and a member of the PineBridge Group entered into a framework agreement (PineBridge Asset Management and Investment Services Agreement), pursuant to which the member of the PineBridge Group will provide or grant, or procure other members of the PineBridge Group to provide or grant, asset management and investment services to the Group. Such services include, without limitation, investment management services and investment advisory services (PineBridge Transaction).

The PineBridge Asset Management and Investment Services Agreement has a term of less than three years commencing from the Listing Date and has been terminated with effect from 6 January 2026 after completion of the PineBridge Disposal.

The management fees payable by the Group for the investment management services were generally determined based on (i) an agreed fee rate calculated in relation to the net asset value and/or performance of, and/or capital committed to, the relevant investment portfolio; (ii) a banded sliding scale of fee rates based on the net asset value of the portfolio; or (iii) a fixed sum. The fees had been determined by reference to prevailing/market rates, and are no less favourable to the Group than those offered by independent third parties/based on similar contracts with similar third parties. In relation to the investment management services provided to FWD Life Japan, the management fees were also determined after an arm's length rule assessment. The management fees payable by the Group for the investment advisory services were agreed by the relevant Group entity and the relevant PineBridge entity.

The Group had followed the pricing policies as set out in the Prospectus when determining the price and terms of the PineBridge Transaction.

The approximate aggregate value and the annual cap of the PineBridge Transaction are set out below:

| Agreement/Service description | Approximate aggregate value for the financial year ended 31 December 2025 US$ millions | Annual cap for the Group for the financial year ended 31 December 2025 US$ millions |
|---|---|---|
| **Services provided by the PineBridge Group to the Group** | | |
| (1) Asset management and investment services | 17.8 | 36 |

The Company has complied with the applicable requirements under Chapter 14A of the Listing Rules with respect to the PineBridge Transaction during the year.

**C. Bolttech and its subsidiaries (collectively, the bolttech Group)**

The bolttech Group is indirectly controlled by Mr. LI Tzar Kai, Richard. Accordingly, members of the bolttech Group are associates of Mr. LI Tzar Kai, Richard and thus connected persons of the Company under Chapter 14A of the Listing Rules.

As stated in the Prospectus, on 20 June 2025, a member of the Group and a member of the bolttech Group entered into a framework agreement (FWD/bolttech Insurance Services and Products Agreement), pursuant to which such member of the Group will provide, or procure other members of the Group to provide, certain insurance services and related services to the bolttech Group. Such services include, without limitation: (a) reinsurance services to be provided by the Group to the bolttech Group, under which relevant members of the Group may reinsure some of the bolttech Group's underwriting liabilities arising from insurance policies underwritten by the bolttech Group; (b) employees' benefits insurance, such as group life, group critical illness and group medical insurance; and (c) other insurance and related services as may be agreed to be provided by the Group from time to time (bolttech Transaction).

The FWD/bolttech Insurance Services and Products Agreement has a term of less than three years commencing from the Listing Date and ending on 31 December 2027, unless terminated earlier by either party in accordance with the terms of the agreement.

Premium to be received by the Group from the bolttech Group for the reinsurance services and the employees' benefits insurance is determined based on prevailing market rates and actuarial review of the relevant members of the Group and the bolttech Group. Other insurance and related services are charged at such rate determined with reference to market rates for similar services as agreed by the parties that would be charged by the Group for independent third-party customers.

The Group had followed the pricing policies as set out in the Prospectus when determining the price and terms of the bolttech Transaction.

The approximate aggregate value and the annual cap of the bolttech Transaction are set out below:

| Agreement/Service description | Approximate aggregate value for the financial year ended 31 December 2025 US$ millions | Annual cap for the Group for the financial year ended 31 December 2025 US$ millions |
|---|---|---|
| **Services provided by the Group to the bolttech Group** | | |
| (1) Reinsurance services, employees' benefits insurance, other insurance and related services | 23.5 | 45.6 |

The Company has complied with the applicable requirements under Chapter 14A of the Listing Rules with respect to the bolttech Transaction during the year.

**D. Confirmations from the Directors, Independent Non-executive Directors and auditor of the Company**

The Board, including the Independent Non-executive Directors, has reviewed and confirmed that the above continuing connected transactions and other fully exempt continuing connected transactions during the year ended 31 December 2025 were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company's auditor was engaged to report on the PCCW/HKT Transactions, the PineBridge Transaction and the bolttech Transaction entered into by the Group during the year ended 31 December 2025 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed in a letter to the Board that, with respect to the PCCW/HKT Transactions, the PineBridge Transaction and the bolttech Transaction:

(i) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed above, none of the related party transactions set out in note 32 to the consolidated financial statements constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules that is required to be disclosed. Save as disclosed in note 32 to the consolidated financial statements, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules during the year ended 31 December 2025.

## Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Memorandum and Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on pro-rata basis to existing shareholders.

## Tax relief and exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

## 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 was 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; and

(iii) all of the abovementioned notes and capital securities have been cancelled and the listing of such notes and capital securities on the Stock Exchange 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 annual report, the Company does not hold any treasury Shares.

## Management contracts

No contracts concerning the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year ended 31 December 2025.

## Public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the amount of public float prescribed under the Listing Rules as at the date of this annual report.

## Significant investments, major acquisitions and disposal of subsidiaries, associates and joint ventures

Save as disclosed in this annual report, during the year ended 31 December 2025, the Group did not make any significant investments and there were no other material acquisitions and disposal of subsidiaries, associates or joint ventures by the Group.

## Future plans for material investments or capital assets

As at 31 December 2025, save as disclosed in the sections headed "Future Plans and Use of Proceeds" and "Business — Our Growth Strategies" in the Prospectus and the section headed "Financial and operating review — Operational highlights — Our strategy" in this annual report, we have no future plans for material investments or capital assets as of the date of this annual report.

## Use of proceeds

On 7 July 2025, in connection with the completion of our IPO, 91,342,100 Shares of US$0.03 each were issued at an offer price of HK$38.00 per Share for a total cash consideration, before listing expenses, of approximately HK$3,471 million (equivalent to approximately US$442 million).

On 1 August 2025, the Over-allotment Option described in the Prospectus was partially exercised by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) in respect of an aggregate of 5,001,400 Shares. After deducting the underwriting fees and commissions and expenses payable by the Company, the net proceeds received by the Company from the IPO after the partial exercise of the Over-allotment Option amounted to approximately HK$3,597 million (equivalent to approximately US$458 million).

The net proceeds from the IPO were utilised for our deleveraging and refinancing activities. This included US$500 million deleveraging via the refinancing of the US$900 million Subordinated Notes due 2029, redemption of the US$750 million Perpetual Capital Securities and the issuance of US$1.15 billion of subordinated dated capital securities split between 5-year and 10-year tranches.

## Charge on assets

As at 31 December 2025, no assets of the Group were pledged to secure banking facilities for the Group, details of which are described in note 24 to the consolidated financial statements.

## Commitments and contingent liabilities

Details of commitments and contingent liabilities for the Group as at 31 December 2025 are set out in note 33 to the consolidated financial statements.

## Events after the reporting period

Details of significant events occurring after 31 December 2025 are set out in note 35 to the consolidated financial statements. Save as disclosed above, there are no other significant events that may affect the Group after 31 December 2025 and up to the date of this annual report.

## Bank loans and other borrowings

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 24 to the consolidated financial statements.

## Five-year summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Management discussion and analysis — Value — Historical assets and liabilities" in this annual report.

## Properties

Particulars of the major properties and property interests of the Group are shown in notes 15 and 16 to the consolidated financial statements.

## Retirement schemes

The Group operates both defined benefit plans and defined contribution plans. Particulars of these retirement schemes are set out in note 29 to the consolidated financial statements.

## Audit Committee

The Audit Committee has reviewed the Group's annual report for the year ended 31 December 2025.

## Auditor

The consolidated financial statements for the year ended 31 December 2025 have been audited by Ernst & Young who will retire and, being eligible, offer itself for re-appointment at the AGM. A resolution for the re-appointment of Ernst & Young as auditor of the Company for the year ended 31 December 2026 will be proposed at the AGM.

By order of the Board of
FWD Group Holdings Limited



**Professor MA Si Hang, Frederick** GBS, JP
Independent Non-Executive Chairman

Hong Kong, 16 March 2026

Note:
Any references in this part of the annual report (directors' report) to other sections, parts of or notes in the annual report, form part of the directors' report.

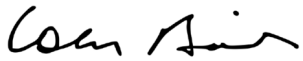
# Remuneration report

## Statement of the chairman of the Compensation Committee

The Compensation Committee presents its report for the year ended 31 December 2025.

In 2025, the Compensation Committee continued its work to ensure the appropriateness of remuneration for our senior management considering both performance, risk management and competitiveness in the market to be able to attract and retain talent. The Compensation Committee also continued to ensure FWD's remuneration framework supports our business and talent objectives for enabling future success that is aligned to our strategy.

The Compensation Committee believes that the existing framework is effective in achieving alignment to our shareholders, regulatory requirements, and greater sophistication in how we reward our executives and talents in order to drive out performance and the Compensation Committee will continue to oversee our policies and practices to ensure they are effective and competitive to motivate and reward our talents.



The Honourable John BAIRD

Chairman, Compensation Committee

16 March 2026

# Remuneration governance

## Role of the Compensation Committee

The main role of the Compensation Committee is to assist and advise the Board on the remuneration of the Board and all employees of the FWD Group including senior management. In so doing, the Compensation Committee has a formulated strategy and remuneration policies to cover all Directors and employees, as well as a set of formal and transparent procedures to implement the policies. The key objective is to ensure that the total remuneration packages we offer enable us to attract, motivate and retain highly talented individuals that our business needs, and who enable the future success of FWD Group.

The Compensation Committee oversees the implementation of appropriate remuneration practices across the Group. This includes:

- oversight of remuneration policies and remuneration practices aligned with the corporate culture, business objectives, risk appetite and long-term interests of the Group and its stakeholders;
- appropriateness of remuneration for all staff including senior management considering both performance and risk management;
- suitability of compensation payable to senior management for any loss or termination of office in accordance with contractual terms; and
- appropriateness of the compensation of the Directors, including the remuneration of the Chairman of the Board as well as indemnification and insurance matters.

## Key activities of the Compensation Committee

The Compensation Committee performed the following major activities in 2025:

| Area | Summary of work performed by the Compensation Committee |
|---|---|
| Remuneration decisions for senior management | • reviewed and approved the 2025 remuneration packages, including fixed pay increase, of the senior management and key persons in control functions at the start of the year and during the year<br>• reviewed the 2025 fixed pay increase for all employees across the Group<br>• recommended for approval by the Board (including the Independent Non-executive Directors) and approved the grant of share awards to the Group CEO, and certain eligible employees (including senior management members) and service providers. The Compensation Committee considered that it was appropriate to recommend and approve such grants as the purpose of the Share Award Plan is to provide the Company with a flexible means to retain, incentivise, reward, remunerate, and/or compensate its eligible persons and drive the performance and growth of the Group's business by providing such eligible persons with the opportunity to acquire equity interests in the Company. By making such grants, it aligns the interests of the relevant grantees with those of the Group, recognises the contributions made by the relevant grantees, reinforces the relevant grantees' commitment to long-term services to the Group, and attracts and retains high-calibre individuals |
| Board design and operation of the Group's incentive schemes | • reviewed the Group Director's fee framework<br>• reviewed and approved the 2024 short-term incentive plan pay-outs and the vesting of the 2022 long-term incentive plan for senior management, and all other plan participants<br>• reviewed and approved the performance measures and targets for the 2025 short-term and long-term incentive plans<br>• reviewed and approved various share grants under the long-term incentive plan |

# Remuneration framework

## Group Remuneration Policy

The remuneration of our employees is designed to provide equitable and competitive incentives to align with shareholders' interests and foster the long-term sustainable growth of the business within the overall risk management framework. The remuneration mainly comprises base salary, allowance, short-term incentives and long-term incentives. The variable remuneration component is linked to achievement of certain key performance indicators. The table below summarises the remuneration elements for 2025.

| Element | Purpose | Coverage and frequency |
|---|---|---|
| Annual base salary | Recognises the daily contribution of our people and the skills, experience and knowledge they bring to FWD | All employees and paid monthly |
| Allowances | Recognises specific skills or circumstances | Individual or role-based entitlement and paid monthly |
| Short-term incentives | Recognises the annual performance of our people and allows us to collectively share and celebrate in FWD's short-term successes | All eligible permanent employees (not on sales incentive plan) with varying levels of opportunities. Annual measurement and payment. |
| Long-term incentives | Share-based awards (in the form of RSUs and/or PSUs) granted to senior employees of FWD to align them with the long-term goals of FWD and our shareholders | Eligible senior employees by invitation. Measured and settled over no less than a three-year period, depending on grade. |

Further details on the operation of our short and long-term incentives are provided on the following pages.

## Variable remuneration

Variable remuneration opportunities are designed to motivate employees to deliver on key short-term and long-term objectives. The variable remuneration is linked to achievement of certain key performance indicators, with the respective weightings reflecting our business strategies with a focus on sustainable and value-focused growth. Depending on business and individual performance results, such incentives may result in award levels above or below target, reflecting superior performance and performance below expectations, respectively.

### Short-term incentive plan

Our short-term incentive plan recognises the contribution of all permanent employees to FWD's short-term success and incentivises the achievement of specific annual performance objectives that are aligned to our strategy. It also provides a means to reward the individual and collective performance of our employees.

For 2025, the performance measures used in the short-term incentive plan were as follows[1]:

| Performance Measures | Weighting | Description |
|---|---|---|
| NB CSM | 50% | NB CSM is a main growth driver for our Group |
| OPAT[2] | 15% | OPAT is based on the reported financial results as disclosed in the financial statements and is a key profitability metric |
| NPAT[2] | 15% | NPAT is based on the reported financial results as disclosed in the financial statements under IFRS accounting standards and is a key profitability metric |
| Operating expenses / expense overrun | 10% | Key expense management metric to achieve improvement in operating leverage and cost management |
| Strategic Metrics | 10% | To drive strategic priorities in each of our Business Units |

An individual's performance contribution is also considered when determining the amounts to be paid to the individuals.

[1] The performance measures for the short-term incentive plan may vary across Business Units.

[2] Operating profit after tax and net profit after tax are profit attributable to Equity Holders of the Company, and are presented net of non-controlling interests.

## Long-term incentive plan

We offer a long-term incentive plan to senior employees of the FWD Group in order to recognise our people who can influence, and contribute towards, the achievement of FWD's long-term goals and success and to drive retention of key talent.

There are two components to the long-term incentive plan:

- restricted share units (RSUs) which vest over three or four years. These are primarily designed as an employee retention tool; and
- performance share units (PSUs), which vest over three years, and are dependent on business performance. The performance factor applied to the PSUs serves as a multiplier on the number of PSUs originally granted and calculated at the end of the three-year vesting window.

The performance factor for 2025 long-term incentive plan is based on the following components:

| Performance Measures | Description |
|---|---|
| NPAT | Cumulative net profit after tax over the three years' performance period as reported in the financial statements to drive a path to profitability growth and increase in shareholder value |
| Total Shareholder Return (Absolute) | Total shareholder return (TSR) is the compound annual return from the ownership of a share over the performance period measured by calculating the change in share price and where applicable, gross value of dividends received (and reinvested), during the period |
| Total Shareholder Return (Relative) | TSR is compared with the TSR of peer companies over the performance period. The peer group for the 2025 LTI include AIA, Prudential plc and Hang Seng Index |

# Directors and key management personnel emoluments

## Key management personnel

The total remuneration cost charged to the consolidated income statement for key management personnel during the year ended 31 December 2025 was US$47 million.

Details of remuneration provided during the year ended 31 December 2025 are included in note 31 to the consolidated financial statements.

## Executive directors

Mr. HUYNH Thanh Phong is the Group CEO and Managing Director of a subsidiary. His remuneration relates to managing the affairs of the Group and he does not receive separate fees for his role as a Director or for acting as a director of any subsidiary of the Company.

Mr. LI Tzar Kai, Richard does not receive any remuneration from the Company.

Details of the actual remuneration costs incurred by the Company during the year ended 31 December 2025 in relation to the Group CEO are included in note 31 to the consolidated financial statements.

## Non-executive directors

Remuneration for the Non-executive Directors was paid during the year ended 31 December 2025 and included fees for their services provided to the Board committees. All remuneration of the Non-executive Directors was on a flat annual fee basis, with no variable component linked to either corporate or individual performance.

The following share awards were also granted to the Non-executive Directors, pursuant to the satisfaction upon Listing of awards granted under the Share Option and RSU Plan and were subject to a lock-up ending on the date falling six months after the Listing Date:

| Name of Directors | Number of Shares |
|---|---|
| MA Si Hang, Frederick | 348,589 |
| Walter KIELHOLZ | 205,052 |
| John DACEY | 102,526 |
| CHUNG Kit Hung, Martina | 307,578 |
| John BAIRD | 246,063 |
| Dirk SLUIMERS | 102,526 |
| Kyoko HATTORI | 102,526 |
| Yijia TIONG | 20,505 |

Details of the Non-executive Directors' remuneration cost incurred by the Company during the year ended 31 December 2025 are included in note 31 to the consolidated financial statements.

Board membership fees for the Non-executive Directors were US$115,000 per annum for the year ended 31 December 2025.

Additional annual fees for committee membership and chair positions are also provided to the Non-executive Directors as follows:

| | Chair | Member |
|---|---|---|
| Audit Committee | US$57,500 | US$34,500 |
| Compensation Committee | US$40,250 | US$28,750 |
| Nomination Committee | US$40,250 | US$28,750 |
| Risk Committee | US$57,500 | US$34,500 |

Non-executive Directors are also entitled to receive US$42,000 per annum for the role as chairman of the board, or US$28,000 per annum as director, of FWD Management Holdings.

# Additional information regarding share schemes

## Equity Incentive Plans

The Group has three Equity Incentive Plans, namely:

(a) the FWD Share Option and RSU Plan (Share Option and RSU Plan);

(b) the FWD Share Award Plan (Share Award Plan); and

(c) the FWD Employee Share Purchase Plan (Employee Share Purchase Plan).

## Share Option and RSU Plan

The Share Option and RSU Plan was jointly adopted by the boards of directors of FL and FGL on 28 November 2017 and was subsequently amended on 5 December 2018 and 30 January 2022. The terms of the Share Option and RSU Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the Group does not intend to make any further grants of awards under the Share Option and RSU Plan after the Listing. The Board approved the assumption of the outstanding awards by the Company on 16 August 2021 and 23 June 2022.

A summary of the key terms of the Share Option and RSU Plan is as follows:

(a) Purpose: The purpose of the Share Option and RSU Plan is to provide the Group with a flexible means to retain, incentivise, reward, remunerate, compensate and/or provide benefits to its "eligible employees" (as defined below).

(b) Participants: "Eligible employees" generally include any employee, consultant or director holding salaried office or employment with (i) the Group; (ii) any entity over which the Group has "significant influence"; or (iii) Mr. Li and all entities and persons that are subject to the "control" of Mr. Li.

(c) Maximum number of Shares available for issue: The maximum aggregate number of FL and FGL shares with respect to which awards may be granted pursuant to the Share Option and RSU Plan was 2,000,000 FL shares and 2,000,000 FGL shares (subject to adjustment) prior to the Listing and the assumption of the Pre-IPO Awards by the Company (including as at 1 January 2025). However, as the Pre-IPO Awards granted pursuant to the Share Option and RSU Plan that were outstanding as at the Listing will be satisfied by the Company on or after the Listing, such limits in respect of FL and FGL shares are no longer relevant. The maximum total number of Shares which may be issued upon vesting of all such outstanding Pre-IPO Awards granted pursuant to the Share Option and RSU Plan represent, in aggregate, up to 25,410,704 Shares (i.e. approximately 1.99 per cent of Shares in issue (excluding treasury shares) as at 31 December 2025).

(d) Maximum entitlement of each participant under the Share Option and RSU Plan: As disclosed above, the Group does not intend to make any further grants of awards under the Share Option and RSU Plan after the Listing. The maximum entitlement of each participant under the Share Option and RSU Plan, as far as Shares are concerned, is limited to the Pre-IPO Awards that were outstanding as at the Listing Date.

(e) Exercise period and exercise price: For the reasons disclosed in note (6) to the table below, exercise period and exercise price were no longer relevant with effect from the Listing Date.

(f) Vesting of awards: An award (or the relevant part thereof) will vest on the date or dates specified in the letter of grant. An award (or the relevant part thereof) will not vest unless and until all applicable conditions to which it is subject have been satisfied. An award may vest in full or in part, or an award may not vest, according to the terms and conditions of the letter of grant. Such terms and conditions may include restrictions against disposal of Shares that are or will be delivered upon vesting of the award, for a period after the vesting date.

(g) Amounts payable on application or acceptance of award: No consideration shall be payable by the participant on acceptance of any RSUs or PSUs granted.

(h) Life of the Share Option and RSU Plan: The Share Option and RSU Plan will terminate at such time as may be determined by the boards of directors of FL and FGL (excluding any authorised committees save as otherwise directed, authorised or approved by the boards of directors of FL and FGL) for any reason. After the termination of the Share Option and RSU Plan, its terms shall remain in full force and effect in respect of RSUs and options which have been awarded and which remain unvested or unexercised immediately prior to the termination. No further awards will be granted under this plan after the Listing.

Further details of the Share Option and RSU Plan and details of the assumption and satisfaction by the Company of outstanding Pre-IPO Awards granted under the Share Option and RSU Plan are set out in the Prospectus.

During the financial year ended 31 December 2025, RSUs and PSUs were granted under the Share Option and RSU Plan to eligible participants. The total number of Shares that may be issued in respect of these Pre-IPO Awards under the Share Option and RSU Plan was 9,255,493, which is approximately 0.76 per cent when divided by the weighted average number of Shares in issue (excluding treasury shares) for the same financial year.

As at 31 December 2025:

(a) a total of 1,455,870 Shares have been issued in respect of all Pre-IPO Awards granted pursuant to the Share Option and RSU Plan, where such awards have vested prior to the Listing Date. Accordingly, the total number of Shares that may be issued in respect of Pre-IPO Awards under the Share Option and RSU Plan, which remains outstanding as at 31 December 2025, was 22,838,261, which is approximately 1.79 per cent of Shares in issue (excluding treasury shares) as at 31 December 2025, details of which are further set out in the table below; and

(b) such Shares either were issued by the Company on the Listing Date or will be issued by the Company after the Listing. The Shares held or received by all grantees pursuant to the satisfaction of Pre-IPO Awards granted under the Share Option and RSU Plan at any time during the period from the Listing Date to six months after the Listing Date were subject to a lock-up period ending on the date falling six months after the Listing Date.

No further awards will be granted under the Share Option and RSU Plan after the Listing and accordingly other than as disclosed above, no further Shares will be issued pursuant to the Share Option and RSU Plan.

The table below further summarises the movements in Pre-IPO Awards granted pursuant to the Share Option and RSU Plan during the financial year ended 31 December 2025.

| | Date of grant (day/month/year) | Date of vesting (day/month/year) | Number of Shares underlying outstanding awards as at 1 January 2025 (Note 1) | Awards granted during the financial year ended 31 December 2025 | Awards vested during the financial year ended 31 December 2025 | Awards cancelled/lapsed during the financial year ended 31 December 2025 | Number of Shares underlying outstanding awards as at 31 December 2025 (Note 1) | Closing price of Shares immediately before the dates on which awards were granted and weighted average closing price of Shares immediately before the dates on which awards were vested (HK$) (Note 5) |
|---|---|---|---|---|---|---|---|---|
| Directors (including former directors) | Awards in the form of RSUs | | | | | | | |
| MA Si Hang, Frederick | 26/12/2023 | 26/12/2023 | N/A | - | (348,589) (Note 2) | - | 0 (Note 4) | N/A |
| John BAIRD | 27/12/2023 | 27/12/2023 | N/A | - | (246,063) (Note 2) | - | 0 Note 4) | N/A |
| Dirk SLUIMERS | 3/1/2024 | 3/1/2024 | N/A | - | (102,526) (Note 2) | - | 0 (Note 4) | N/A |
| Kyoko HATTORI | 27/12/2023 | 27/12/2023 | N/A | - | (102,526) (Note 2) | - | 0 (Note 4) | N/A |
| CHUNG Kit Hung, Martina | 27/12/2023 | 27/12/2023 | N/A | | (307,578) (Note 2) | - | 0 (Note 4) | N/A |
| Yijia TIONG | 27/12/2023 | 27/12/2023 | N/A | - | (20,505) (Note 2) | - | 0 (Note 4) | N/A |
| Walter KIELHOLZ | 27/12/2023 | 27/12/2023 | N/A | - | (205,052) (Note 2) | - | 0 (Note 4) | N/A |
| John DACEY | 13/6/2025 | 13/6/2025 | N/A | 102,526 | (102,526) (Note 3) | - | 0 (Note 4) | N/A |
| SUN Po Yuen | 27/12/2023 | 27/12/2023 | N/A | - | (20,505) (Note 2) | - | 0 (Note 4) | N/A |
| Five highest-paid individuals | Awards in the form of RSUs | | | | | | | |
| | 3/4/2023 | 1/4/2026 | N/A | - | - | - | 97,766 | N/A |
| | 3/4/2023 | 1/4/2027 | N/A | - | - | - | 97,767 | N/A |
| | 1/4/2024 | 1/4/2026 | N/A | - | - | - | 474,630 | N/A |
| | 1/4/2024 | 1/4/2027 | N/A | - | - | - | 61,579 | N/A |
| | 13/8/2024 | 1/4/2027 | N/A | - | - | - | 578,467 | N/A |
| | 13/8/2024 | 1/4/2028 | N/A | - | - | - | 165,416 | N/A |
| | 12/5/2025 | 1/4/2028 | N/A | 1,032,429 | - | - | 1,032,429 | N/A |
| | Awards in the form of PSUs | | | | | | | |
| | 3/4/2023 | 1/4/2026 | N/A | - | - | - | 391,066 | N/A |
| | 1/4/2024 | 1/4/2026 | N/A | - | - | - | 2,080,266 | N/A |
| | 13/8/2024 | 1/4/2027 | N/A | - | - | - | 2,495,614 | N/A |
| | 12/5/2025 | 1/4/2028 | N/A | 2,017,177 | - | - | 2,017,177 | N/A |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Other eligible employees and participants (including former employees and participants) in aggregate | Awards in the form of RSUs | | | | | | | |
| | 3/4/2023 | 1/4/2026 | N/A | - | - | (126,931) | 1,240,993 | N/A |
| | 3/4/2023 | 1/4/2027 | N/A | - | - | (131,808) | 1,236,242 | N/A |
| | 1/4/2024 | 1/4/2026 | N/A | - | - | (5,875) | 42,610 | N/A |
| | 1/4/2024 | 1/4/2027 | N/A | - | - | (5,876) | 42,619 | N/A |
| | 13/8/2024 | 1/4/2027 | N/A | - | - | (164,416) | 1,446,877 | N/A |
| | 13/8/2024 | 1/4/2028 | N/A | - | - | (164,432) | 1,447,012 | N/A |
| | 28/10/2024 | 1/4/2027 | N/A | - | - | (882) | 6,170 | N/A |
| | 28/10/2024 | 1/4/2028 | N/A | - | - | (882) | 6,173 | N/A |
| | 12/5/2025 | 1/4/2028 | N/A | 2,150,059 | - | (159,462) | 1,990,597 | N/A |
| | 12/5/2025 | 1/4/2029 | N/A | 1,763,383 | - | (121,602) | 1,641,781 | N/A |
| | Awards in the form of PSUs | | | | | | | |
| | 3/4/2023 | 1/4/2026 | N/A | - | - | (66,186) | 1,128,710 | N/A |
| | 1/4/2024 | 1/4/2026 | N/A | - | - | - | 18,144 | N/A |
| | 13/8/2024 | 1/4/2027 | N/A | - | - | (73,538) | 992,560 | N/A |
| | 28/10/2024 | 1/4/2027 | N/A | - | - | - | 10,360 | N/A |
| | 12/5/2025 | 1/4/2028 | N/A | 2,189,919 | - | (94,683) | 2,095,236 | N/A |
| | Awards in the form of RSUs | | N/A | 5,048,397 | (1,455,870) | (882,166) | 11,609,128 | |
| | Awards in the form of PSUs | | N/A | 4,207,096 | - | (234,407) | 11,229,133 | |
| | Awards in the form of option | | 0 | - | - | - | 0 (Note 3) | |

Notes:

(1) The number of Shares underlying outstanding awards granted pursuant to the Share Option and RSU Plan (prior to the Listing) as at the Listing Date has been determined according to the stated fixed monetary value of these awards at grant and the share price of HK$38 (i.e. the offer price per Share for the Listing). The Company has stated the number of Shares underlying outstanding awards granted under the Share Option and RSU Plan in the table above as "not applicable" as at 1 January 2025 as the awards were granted based on a fixed monetary value. The awards are accounted for in accordance with IFRS 2 Share-based Payment.

(2) For awards that vested prior to the Listing and prior to the beginning of the financial year, they have been satisfied by shares issued at the Listing. For the sake of convenience we have included the number of Shares that have been issued to satisfy awards to each of these participants in the relevant column above.

(3) The awards to Mr John DACEY were granted and vested in the financial year as disclosed above. Similar to the above, as these awards vested prior to the Listing, they have been satisfied by shares issued at the Listing and we have included the number of Shares that have been issued to satisfy these awards to Mr John DACEY.

(4) Given the explanations in notes (2) and (3) above, Pre-IPO Awards to directors (including former directors) and substantial shareholders (if applicable) of the Company have been satisfied and none of them is outstanding. The total number of Shares issued in respect of these awards came to 1,455,870 as disclosed above.

(5) Rules 17.07(1)(c)(iv) and 17.07(1)(d) of the Listing Rules, insofar as closing price of the Shares is concerned, are not applicable as the grant of the awards preceded the Listing Date and the awards vested prior to the Listing Date.

(6) As disclosed in the Prospectus and the Company's interim report for the six months ended 30 June 2025, there are a total of 19 grantees whose Pre-IPO Awards granted in the form of options have not vested and/or have not been exercised as at the Listing Date. Such Pre-IPO Awards were granted between 2017 and 2024. All such options, vested and unvested, will become zero in value following the completion of Phase 3 of the Reorganisation in accordance with the Implementation Agreement. Please refer to the "History, Reorganisation and Corporate Structure – Phase 3: Conversion of Management Shares, Series P Conversion Shares, and Series A/B-2/B-3 Conversion Shares into Shares" section of the Prospectus for further details. As a result, there will be no outstanding options after the Listing. While these options are technically outstanding as at 1 January 2025, the number of Shares underlying these options is stated as 0, as no Shares will be issued in satisfaction of these either on or after the Listing.

(7) The Shares in respect of vested Pre-IPO Awards will be satisfied by the Company on or after the Listing.

(8) No consideration shall be payable by the participant on acceptance of any RSUs or PSUs granted. The subscription price for any options granted is no longer relevant for the reasons stated in note (3) above.

(9) The vesting of RSUs is subject to service requirements.

(10) The vesting of PSUs is subject to service requirements as well as the level of achievement of performance targets with different weighting attached during the relevant performance period as stated in the grant letters. For Pre-IPO Awards granted in 2023, the performance targets include various key financial metrics which illustrate and drive the Group's medium-term financial performance and various critical strategic metrics which illustrate and drive long-term performance enhancement of the Group. For Pre-IPO Awards granted in 2024, the performance targets include various financial metrics and various critical strategic metrics which illustrate and drive long-term performance enhancement of the Group. For awards granted in 2025, the performance factor is based on net profit after tax and total shareholder return (absolute and relative). The number of Shares underlying PSUs has been stated based on the maximum vesting level that an eligible participant may achieve pursuant to the terms of the awards granted.

## Share Award Plan

The Share Award Plan was approved and adopted by the Board on 30 January 2022 and amended by the Board on 27 February 2023 with further minor amendments made on 8 August 2024 and 16 May 2025, in each case to incorporate the requirements set out in the revised Chapter 17 of the Listing Rules which took effect from 1 January 2023. The Share Award Plan operates both before and after the Listing. The terms of the Share Award Plan rules that are expressed to apply prior to the Listing are not subject to the provisions of Chapter 17 of the Listing Rules. The terms of the Share Award Plan rules that are expressed to apply after the Listing are subject to the provisions of Chapter 17 of the Listing Rules.

A summary of the key terms of the Share Award Plan is as follows:

(a) Purpose: The purpose of the Share Award Plan is to provide the Company with a flexible means to retain, incentivise, reward, remunerate and/or compensate its "eligible persons" (as defined below) by granting awards in the form of RSUs, PSUs and/or options and drive the performance and growth of the Group's business by providing such eligible persons with the opportunity to acquire equity interests in the Company.

(b) Participants: "Eligible persons" generally include (i) employees or directors employed or engaged by a member of the Group; (ii) employees or directors employed or engaged by a "related entity"; (iii) (in respect of One-Off Awards (as defined in the Prospectus) only granted prior to the Listing) employees or directors employed by Mr. Li and entities under his "control"; and (iv) individual consultants, independent contractors, or self-employed contractors who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (excluding any non-executive Directors, directors of the Group and any professional service providers who provide assurance or are required to perform their services with impartiality and objectivity).

(c) Maximum number of Shares available for issue: After the Listing, the maximum aggregate number of new Shares in respect of which awards may be granted is calculated as: X = A - B - C, where A = Plan Mandate Limit, B = new Shares for awards already granted under the Share Award Plan, and C = new Shares for awards under other share-based incentive plans. The Plan Mandate Limit may be renewed every three years subject to Shareholders' approval.

(d) Maximum entitlement of each participant under the Share Award Plan: In any 12 month period, the maximum number of new Shares issued and/or transferred (and to be issued and/or transferred) upon the vesting and/or exercise of awards granted pursuant to the Share Award Plan and any other share-based incentive plans of the Company to any participant shall not exceed 1% of the Shares in issue for the time being.

(e) Exercise period and exercise price: Any award of options which has vested, satisfied all conditions, and has not lapsed may be exercised by the award holder at any time during specified months of a year within the exercise period as set out in the grant letter. For options granted prior to the Listing, the exercise price will be determined by the Board in its absolute discretion. For options granted after the Listing, the exercise price must not be less than the higher of the closing price on the grant date (which must be a business day) and the average closing price for the five business days immediately preceding the grant date.

(f) Vesting of awards: Awards vest on vesting dates specified in grant letters, subject to satisfaction of applicable conditions. The vesting period for awards over new Shares granted after the Listing shall not be less than 12 months, except in specific circumstances including grants: (i) to new joiners to replace the share awards they forfeited when leaving the previous employer; (ii) to award holders whose employment is terminated due to death, ill health, serious injury, disability or retirement or upon the occurrence of any out of control event, where the vesting of the award may accelerate based on the discretion of the Board (or the Compensation Committee, as the case may be); (iii) with performance-based vesting conditions in lieu of time-based vesting criteria; (iv) which could not have been made earlier due to administrative, commercial, compliance, regulatory, legal and/or other reasons and the vesting period will be shortened to put the award holders in the same position as they would have been in had the grant of award been made earlier; and (v) with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months or pursuant to the terms and conditions as set out in the Share Award Plan.

(g) Amounts payable on application or acceptance of award: No consideration shall be payable by the participant on acceptance of any options, RSUs or PSUs granted under the Share Award Plan.

(h) Life of the Share Award Plan: The Share Award Plan is valid and effective for the period commencing from adoption and expiring on the tenth (10) anniversary thereof or such earlier date as terminated by the Company or the Board. After expiry or termination, the plan remains in effect for unvested or unexercised awards. As the Share Award Plan was adopted on 30 January 2022, the remaining life of the Share Award Plan as at the date of this remuneration report is approximately 5 years 9 months.

Further details of the Share Award Plan, as well as details of satisfaction by the Company of outstanding Pre-IPO Awards granted under the Share Award Plan, are set out in the Prospectus.

During the financial year ended 31 December 2025, RSUs and PSUs were granted under the Share Award Plan, part of which are Pre-IPO Awards. The total number of Shares that may be issued in respect of these awards under the Share Award Plan was 11,156,111, which is approximately 0.91 per cent when divided by the weighted average number of Shares in issue (excluding treasury shares) for the same financial year.

As at 31 December 2025:

(a) no Shares have been issued in respect of all Pre-IPO Awards, RSUs and PSUs granted pursuant to the Share Award Plan. Accordingly, the maximum total number of Shares which may be issued upon vesting of (i) such outstanding Pre-IPO Awards granted and (ii) all outstanding RSUs and PSUs granted after the Listing Date, pursuant to the Share Award Plan represent, in aggregate, up to 1,704,496 Shares (i.e. approximately 0.13 per cent of the Shares in issue as at the Listing Date) and 9,451,615 Shares (i.e. approximately 0.74 per cent of the Shares in issue as at 31 December 2025), respectively, details of which are further set out in the table below; and

(b) such Shares will be issued by the Company after the Listing. The Shares held or received by all grantees pursuant to the satisfaction of Pre-IPO Awards granted under the Share Award Plan at any time during the period from the Listing Date to six months after the Listing Date were subject to a lock-up period ending on the date falling six months after the Listing Date.

The table below summarises the movements in RSUs and PSUs granted pursuant to the Share Award Plan during the financial year ended 31 December 2025.

| | Date of grant (day/month/year) | Date of vesting (day/month/year) | Number of Shares underlying outstanding awards as at 1 January 2025 | Number of Shares underlying awards granted during the financial year ended 31 December 2025 | Number of Shares underlying awards vested during the financial year ended 31 December 2025 | Number of Shares underlying awards cancelled/ lapsed during the financial year ended 31 December 2025 | Number of Shares underlying outstanding awards as at 31 December 2025 (Note 1) | Closing price of Shares immediately before the dates on which awards were granted and weighted average closing price of Shares immediately before the dates on which awards were vested (HK$) (Note 2) |
|---|---|---|---|---|---|---|---|---|
| Group CEO & Executive Director | Awards in the form of RSUs | | | | | | | |
| HUYNH Thanh Phong | 16/6/2025 (Note 1) | 1/4/2028 | - | 486,999 | - | - | 486,999 | N/A |
| | 30/12/2025 (Note 6) | 31/12/2026 | - | 1,100 | - | - | 1,100 | HK$ 38.06 |
| | Awards in the form of PSUs | | | | | | | |
| | 16/6/2025 (Note 1) | 1/4/2028 | - | 1,217,497 | - | - | 1,217,497 | N/A |
| Five highest-paid individuals (excluding the director who has been individually disclosed above) | Awards in the form of RSUs | | | | | | | |
| | 30/12/2025 (Note 6) | 31/12/2026 | - | 818,956 | - | - | 818,956 | HK$ 38.06 |
| | 30/12/2025 (Note 6) | 31/12/2027 | - | 815,158 | - | - | 815,158 | HK$ 38.06 |
| Other eligible employees and participants in aggregate | Awards in the form of RSUs | | | | | | | |
| | 30/12/2025 (Note 6) | 31/12/2026 | - | 5,335,960 | - | - | 5,335,960 | HK$ 38.06 |
| | 30/12/2025 (Note 6) | 31/12/2027 | - | 520,366 | - | - | 520,366 | HK$ 38.06 |
| | 30/12/2025 (Note 6) | 1/4/2028 | - | 231,354 | - | - | 231,354 | HK$ 38.06 |
| | 30/12/2025 (Note 6) | 1/4/2029 | - | 180,141 | - | - | 180,141 | HK$ 38.06 |
| | Awards in the form of PSUs | | | | | | | |
| | 30/12/2025 (Note 6) | 1/4/2028 | - | 319,125 | - | - | 319,125 | HK$ 38.06 |
| Service providers in aggregate | Awards in the form of RSUs | | | | | | | |
| | 30/12/2025 (Note 6) | 31/12/2026 | - | 614,724 | - | - | 614,724 | HK$ 38.06 |
| | 30/12/2025 (Note 6) | 31/12/2027 | - | 614,731 | - | - | 614,731 | HK$ 38.06 |
| | Awards in the form of RSUs | | - | 9,619,489 | - | - | 9,619,489 | |
| | Awards in the form of PSUs | | - | 1,536,622 | - | - | 1,536,622 | |

Notes:

(1) The number of Shares underlying outstanding awards granted pursuant to the Share Award Plan (prior to the Listing) as at the Listing Date has been determined according to the stated fixed monetary value of the award at grant and the share price of HK$38 (i.e. the offer price per Share for the Listing). The awards are accounted for in accordance with IFRS 2 Share-based Payment.

(2) Rule 17.07(1)(c)(iv) of the Listing Rule is not applicable to the extent that the grant of the awards preceded the Listing Date. The relevant closing price immediately before the date of grant for RSUs and PSUs granted after the listing has been specified. Rule 17.07(1)(d) of the Listing Rules is not applicable as no awards have vested during the financial year.

(3) No consideration shall be payable by the participant on acceptance of any RSUs or PSUs granted.

(4) The vesting of RSUs is subject to service requirements.

(5) The vesting of PSUs is subject to service requirements as well as the level of achievement of performance targets (based on both financial and non-financial measures) with different weighting attached during the relevant performance period as stated in the grant letters. For awards granted in 2025, the performance factor is based on net profit after tax and total shareholder return (absolute and relative). The number of Shares underlying PSUs has been stated based on the maximum vesting level that an eligible participant may achieve pursuant to the terms of the awards granted.

(6) The measurement date (i.e., the date used to determine the value of the grants for accounting purposes) for grants made during the year ended 31 December 2025 was determined to be on 30 December 2025 with a fair value of HK$40.9 per Share underlying the awards, except for 4,820,500 Shares which measurement date was determined to be on 15 December 2025 with a fair value of HK$38.1 per Share underlying the awards. These measurement dates and fair value of awards at the date of grant were determined in accordance with IFRS 2 Share-based Payment.

## Employee Share Purchase Plan

The Employee Share Purchase Plan was approved and adopted by the Board on 30 January 2022 and took effect on the Listing Date (i.e. 7 July 2025) upon satisfaction of all relevant conditions. The terms of the Employee Share Purchase Plan have been amended by the Board on 27 February 2023 with further minor amendments made on 8 August 2024 and 16 May 2025, in each case to incorporate the requirements set out in the revised Chapter 17 of the Listing Rules which took effect from 1 January 2023.

A summary of the key terms of the Employee Share Purchase Plan is as follows:

(a) Purpose: The purpose of the Employee Share Purchase Plan is to provide the Company with a flexible means to retain, incentivise, reward and/or remunerate its “eligible persons” (as defined below) and drive the performance and growth of the Group's business by providing eligible persons with the opportunity to acquire equity interests in the Company.

(b) Participants: “Eligible persons” generally include any employee employed by: (i) a member of the Group; or (ii) a “related entity” (as further described in the Prospectus).

(c) Maximum number of Shares available for issue: Participants who acquire the Shares under the Employee Share Purchase Plan (Employee Purchase Shares) will be "matched" with RSUs equivalent to a specified ratio of the Employee Purchase Shares acquired. The source of shares may be through trustee purchases on- and off-market or through allotment and issuance of new shares. The maximum aggregate number of new Shares for RSUs is calculated as: X = A - B - C, where A = Plan Mandate Limit, B = new Shares for RSUs already granted under the Employee Share Purchase Plan, and C = new Shares for awards under other share-based incentive plans. The Plan Mandate Limit may be renewed every three years subject to Shareholders' approval.

(d) Maximum entitlement of each participant under the Employee Share Purchase Plan: In any 12 month period, the maximum number of new Shares issued and/or transferred upon (i) the vesting of RSUs granted pursuant to the Employee Share Purchase Plan and (ii) the vesting and/or exercise of awards granted pursuant to any other share-based incentive plans shall not exceed 1% of the Shares in issue for the time being.

(e) Vesting of RSUs: RSUs will vest in three years (or as otherwise specified) from the first day of the period which the plan operates (which shall be of 12 months each year or a shorter period as determined by the Board in its sole and absolute discretion) (Employee Share Purchase Plan Year). The vesting period for RSUs over new Shares granted after the Listing shall not be less than twelve months, except in specific circumstances.

(f) Amounts payable on application or acceptance of award: The plan operates for twelve-month periods or shorter periods as determined by the Board. Participants who enrol must participate for the full Employee Share Purchase Plan Year. During each Employee Share Purchase Plan Year, the Board may invite participants to acquire Employee Purchase Shares using a percentage of their monthly basic salary. The offer letter will specify a minimum and maximum percentage of monthly basic salary that the participant may apply towards acquiring Employee Purchase Shares under the Employee Share Purchase Plan.

(g) Life of the Employee Share Purchase Plan: The Employee Share Purchase Plan took effect upon satisfaction of certain conditions including Board approval, approval from the listing committee of the Stock Exchange, and commencement of trading on the main board of the Stock Exchange. The plan is valid and effective for 10 years from satisfaction of conditions or until earlier termination. After expiry or termination, the plan remains in effect for unvested RSUs and Employee Purchase Shares still subject to lock-up periods. As the conditions for the Employee Share Purchase Plan were satisfied on the Listing Date (i.e. 7 July 2025), the remaining life of the Employee Share Purchase Plan as at the date of this remuneration report is approximately 9 years 3 months.

Further details of the Employee Share Purchase Plan are set out in the Prospectus. No awards have ever been granted under the Employee Share Purchase Plan. Accordingly, the disclosure requirements under Rule 17.07 and Rule 17.09(8) of the Listing Rules do not apply in respect of the Employee Share Purchase Plan.

As at 31 December 2025 and for the avoidance of doubt, Shares that will be issued on or after the Listing in order to satisfy Pre-IPO Awards made under the Share Option and RSU Plan or the Share Award Plan will not be counted towards the Plan Mandate Limit when calculating the maximum aggregate number of new Shares in respect of which awards may be granted pursuant to the Share Award Plan and the Employee Share Purchase Plan after the Listing.

Accordingly and based on the disclosures above in relation to the Share Award Plan and the Employee Share Purchase Plan:

(a) the maximum number of Shares which may be allotted and issued pursuant to awards that may be granted under the Share Award Plan and the Employee Share Purchase Plan, taking into account the Plan Mandate Limit and the number of Shares in respect of which options or awards have already been granted under the Share Award Plan and the Employee Share Purchase Plan (i) after the Listing and (ii) as at 31 December 2025 (excluding options or awards lapsed in accordance with the terms of the relevant scheme), was 127,100,387 (representing 10% of the total number of Shares in issue (excluding treasury shares) as at the Listing Date) and 117,648,772 (representing 9.22% of the total number of Shares in issue (excluding treasury shares) as at 31 December 2025), respectively;

(b) the maximum number of Shares which may be allotted and issued pursuant to awards that may be granted under the Share Award Plan to a Service Provider (as defined in the Share Award Plan), taking into account the Plan Mandate Limit and the number of Shares in respect of which options or awards have already been granted to Service Providers under the Share Award Plan (i) after the Listing and (ii) as at 31 December 2025 (excluding options or awards lapsed in accordance with the terms of the relevant scheme), was 38,130,116 (representing 3% of the total number of Shares in issue (excluding treasury shares) as at the Listing Date) and 36,900,661 (representing 2.89% of the total number of Shares in issue (excluding treasury shares) as at 31 December 2025), respectively; and

(c) no Shares have been allotted and issued pursuant to awards that have been granted under the Share Award Plan and the Employee Share Purchase Plan. Accordingly, the total number of Shares available for issue under the Share Award Plan and the Employee Share Purchase Plan as at the date of this annual report is 127,600,527 (representing 10% of the total number of Shares in issue (excluding treasury shares) as at 31 December 2025).



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# 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 184 to 328, 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 |
|---|---|

## Recognition and measurement of insurance contract liabilities and contractual service margin ("CSM")

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.

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.

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.

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.

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.

In conjunction with our internal specialists, the procedures we performed to address the key audit matter included:

**Assumptions**

- Obtained an understanding of management's process for setting economic and non-economic assumptions and assessed the key controls;
- For economic assumptions:
  - 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:
  - 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;

**Model**

- 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;

**CSM**

- 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;

We assessed the adequacy of the relevant disclosures in the context of the applicable financial reporting framework.

# Key audit matters (continued)

| Key audit matter #2 | How our audit addressed the key audit matter |
|---|---|

## Goodwill impairment assessment

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").

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.

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.

In conjunction with our internal specialists, the procedures we performed to address the key audit matter included:

- 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:
  - 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 |
|---|---|

## Impairment assessment of distribution rights intangible assets

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.

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.

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.

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.

In conjunction with our internal specialists, the procedures we performed to address the key audit matter included:

- Obtained an understanding of management's impairment assessment process;
- Reviewed management's assessment of the existence of impairment indicators by:
  - 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.

Where an impairment indicator was identified and quantitative assessment was performed, we:

- 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) |

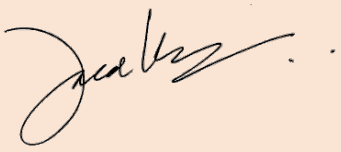
# Consolidated statement of financial position

| 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 | Notes | Attributable to shareholders of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 | Perpetual securities | Non-controlling interests | Total equity |
| **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 |
| Other comprehensive income items that may be reclassified subsequently to profit or loss | | | | | | | | | | | | | | |
| 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 | Notes | Attributable to shareholders of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 | Perpetual securities | Non-controlling interests | Total equity |
| **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 |
| Other comprehensive income items that may be reclassified subsequently to profit or loss | | | | | | | | | | | | | | |
| 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 US0.01 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 Company[1] (Note 5.2);
- Operating expenses attributable to Equity Holders of the Company[1] (Note 5.1);
- Expense ratio, measured as operating expenses attributable to Equity Holders of the Company[1] divided by TWPI (Note 5.1); and
- Total weighted premium income attributable to Equity Holders of the Company[1] ("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 |
| *Operating profit/(loss) after tax attributable to:* | | | | | | |
| **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 |
| *Operating profit/(loss) after tax attributable to:* | | | | | | |
| **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 |

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 earning/(loss) per share are consistent with the weighted average number of dilutive potential ordinary shares used in calculating diluted earning/(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:

| | | | | | Group's interest % | |
|---|---|---|---|---|---|---|
| Entity | Place of incorporation | Principal activity | Type of investments | Type of shares held | 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: Leasehold improvements | Property, plant and equipment: Furniture and fixtures and others | Property, plant and equipment: Computer equipment | Property, plant and equipment: Property held for own use | Right-of-use assets: Premises and car parks | Right-of-use assets: Equipment and others | Total |
|---|---|---|---|---|---|---|---|
| **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

| | | Year ended 31 December 2025 | | | |
|---|---|---|---|---|---|
| | | Liabilities for remaining coverage | | Liabilities for incurred claims | Total |
| US$m | Notes | 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)

| | | Year ended 31 December 2024 | | | |
|---|---|---|---|---|---|
| | | Liabilities for remaining coverage | | | |
| US$m | Notes | Excluding loss component | Loss component | Liabilities for incurred claims | Total |
| 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

| | | Year ended 31 December 2025 | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | CSM | | | |
| US$m | Notes | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contracts under modified retrospective transition approach | Contracts under fair value transition approach | Other contracts | Total |
| 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 | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | CSM | | | |
| US$m | Notes | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contracts under modified retrospective transition approach | Contracts under fair value transition approach | Other contracts | Total |
| 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 | Note | Year ended 31 December 2025 | | | | |
|---|---|---|---|---|---|---|
| | | Liabilities for remaining coverage | | Liabilities for incurred claims | | Total |
| | | 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)

| | | Year ended 31 December 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Liabilities for remaining coverage | | Liabilities for incurred claims | | Total |
| US$m | Note | 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 | | | |
|---|---|---|---|---|
| | Assets for remaining coverage | | Assets for incurred claims | Total |
| | 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 | | | | | |
|---|---|---|---|---|---|---|
| | | | CSM | | | |
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contracts under modified retrospective transition approach | Contracts under fair value transition approach | Other contracts | Total |
| 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)

| | Year ended 31 December 2024 | | | | | |
|---|---|---|---|---|---|---|
| | | | CSM | | | |
| US$m | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contracts under modified retrospective transition approach | Contracts under fair value transition approach | Other contracts | Total |
| 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 | | | | |
|---|---|---|---|---|---|
| | Assets for remaining coverage | | Assets for incurred claims | | Total |
| | 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)

| | Year ended 31 December 2024 | | | | |
|---|---|---|---|---|---|
| | Assets for remaining coverage | | Assets for incurred claims | | |
| US$m | Excluding loss-recovery component | Loss-recovery component | Estimates of PV of FCF | Risk Adjustment | Total |
| 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.

| | As at 31 December 2025 | | | As at 31 December 2024 | | |
|---|---|---|---|---|---|---|
| US$m | 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Spot rates | Risk free | With illiquidity premium | Risk free | With illiquidity premium | Risk free | With illiquidity premium | Risk free | With illiquidity premium | 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Spot rates | Risk free | With illiquidity premium | Risk free | With illiquidity premium | Risk free | With illiquidity premium | Risk free | With illiquidity premium | 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:

| | Policyholder and shareholder investments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Participating funds and other participating business with distinct portfolios | | Other policyholder and shareholder investments | | | Unit-linked | Total |
| US$m | 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 bonds[2]** | | | | | | | |
| 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 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Participating funds and other participating business with distinct portfolios | | Other policyholder and shareholder investments | | | Unit-linked | Total |
| | FVTPL (Mandatory) | FVOCI | FVTPL (Mandatory) | FVTPL (Designated)1 | FVOCI | FVTPL (Mandatory) | |
| 31 December 2025 | | | | | | | |
| **Structured securities[3]** | | | | | | | |
| 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 bonds**[1] | | | | | |
| 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 securities**[2] | | | | | |
| 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:

| | Policyholder and shareholder investments | | |
|---|---|---|---|
| US$m | Participating funds and other participating business with distinct portfolios | Other policyholder and shareholder investments | Total |
| **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:

| | Policyholder and shareholder investments | | | |
|---|---|---|---|---|
| US$m | Participating funds and other participating business with distinct portfolios | Other policyholder and shareholder investments | Unit-linked | Total |
| **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:

| | Fair value hierarchy | | | |
|---|---|---|---|---|
| US$m | Level 1 | Level 2 | Level 3 | Total |
| 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 |
| *% of Total* | 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 |
| *% of Total* | — % | 97 % | 3 % | 100 % |

# 20. Fair value measurement (continued)

## 20.1 Fair value measurements on a recurring basis (continued)

| US$m | Fair value hierarchy Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| 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 |
| *% of Total* | 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 |
| *% of Total* | — % | 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.

| | Fair value hierarchy | | | |
|---|---|---|---|---|
| US$m | Level 1 | Level 2 | Level 3 | Total |
| 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 |

| | Fair value hierarchy | | | |
|---|---|---|---|---|
| US$m | Level 1 | Level 2 | Level 3 | Total |
| 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<br>Facility agreement date | As at 31 December 2025 | As at 31 December 2024 |
|---|---|---|
| **Undrawn committed revolving credit facilities**[1] | | |
| 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:

[1]On 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<br>Issue date | As at 31 December 2025 | As at 31 December 2024 |
|---|---|---|
| 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 | |
|---|---|---|---|---|---|---|
| US$m | Gross | Net | Gross | Net | Gross | Net |
| 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 | |
|---|---|---|---|---|---|---|
| US$m | Gross | Net | Gross | Net | Gross | Net |
| 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.

| | Maturity | | | |
|---|---|---|---|---|
| Foreign exchange derivatives | 1-6 months | 6-12 months | Over 1 year | Total |
| 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 | | | | | | |
| Chung Kit Hung, Martina | 178,211 | — | — | — | — | 178,211 |
| Dirk Sluimers | 234,881 | — | — | — | — | 234,881 |
| John Baird | 229,928 | — | — | — | — | 229,928 |
| Kyoko Hattori | 241,617 | — | — | — | — | 241,617 |
| Ma Si Hang, Frederick | 1,155,684 | — | — | — | — | 1,155,684 |
| Yijia Tiong | 235,995 | — | — | — | — | 235,995 |
| Sun Po Yuen[2] | 28,413 | — | — | — | — | 28,413 |
| Laura Deal-Lacey[4] | 173,644 | — | — | — | — | 173,644 |
| Leung Ka Kui, Dominic[4] | 185,049 | — | — | — | — | 185,049 |
| Andrew Weir[4] | 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 | | | | | | |
| Chung Kit Hung, Martina | 185,171 | — | — | — | — | 185,171 |
| Dirk Sluimers | 224,490 | — | — | 500,000 | — | 724,490 |
| John Baird | 234,048 | — | — | — | — | 234,048 |
| Kyoko Hattori | 248,483 | — | — | — | — | 248,483 |
| Ma Si Hang, Frederick | 1,155,204 | — | — | — | — | 1,155,204 |
| Yijia Tiong | 235,952 | — | — | — | — | 235,952 |
| Sun Po Yuen[2] | 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<br>8,202,225 preference shares of US$0.01 each<br>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<br>8,202,225 preference shares of US$0.01 each<br>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<br>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<br>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<br>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% | — |

## 34. Subsidiaries (continued)

[1] All of the above subsidiaries are audited by Ernst & Young.
[2] PT FWD Insurance Indonesia Syariah was incorporated on 1 December 2025.

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.

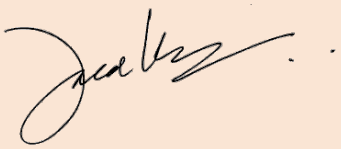
## 35. Events after the reporting year

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 securities1 | 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 securities1 | 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 months[1] 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 Models[2] 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:

1. The number of ordinary shares outstanding as at 31 December 2025 is 1,276,005,277. The adjusted number or 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. 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 Unit[1] (US$ millions)**

| | As at 31 December 2025 | | | As at 31 December 2024 | | |
|---|---|---|---|---|---|---|
| Business Unit | 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**

| | Twelve months ended 31 December 2025 - Twelve months ended 31 December 2024 | | | |
|---|---|---|---|---|
| Business Unit | 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:

3. The number of ordinary shares outstanding as at 31 December 2025 is 1,276,005,277. The adjusted number or 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)**

| | As at 31 Decmeber 2025 | | As at 31 December 2024 | |
|---|---|---|---|---|
| Expected period of emergence | 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)**

| | As at 31 December 2025 | | As at 31 December 2024 | |
|---|---|---|---|---|
| Scenario | 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)**

| | As at 31 December 2025 | | As at 31 December 2024 | |
|---|---|---|---|---|
| Scenario | 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:

2. 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 cent[2] 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 Berhad[3] 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 Berhad[3], 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 ventures[4]. 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 Limited[6]
- 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 cent[9] 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 quarter[10]. 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<br>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 Macau[1] | 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 | na[2] | na[2] |
| 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 Macau[1] | 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 | na[2] | na[2] | na[2] | na[2] |
| Group Office expense adjustment | 8.45 | 8.20 | na | na | na | na |

Note:

1. The 10-year government bond yields shown above are referred as US dollar bonds rate.
2. 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 Japan[3] | 28.93 | 28 |
| FWD Philippines[4] | 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:

3. 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.
4. 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.



# Additional information


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# Information for Shareholders

## 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 2026 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 Stock Exchange's website at www.hkexnews.hk on Friday, 29 May 2026 after the AGM.

No final dividend has been declared for the year ended 31 December 2025.

## Share registrar

If you have any enquiries relating to your shareholding, please contact the Company's Hong Kong share registrar with the contact details set out below:

Tricor Investor Services Limited

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Telephone: (852) 2980 1333

Fax: (852) 2810 8185

Email: is-enquiries@vistra.com

## Annual report

This annual report is printed in English and Chinese and is available on the Company's and the Stock Exchange's websites. If you would like to receive a printed version of this annual report, please contact the Company's Hong Kong share registrar using the contact details provided in this annual report.

For environmental and cost reasons, Shareholders are encouraged to receive the Company's corporate communications (as defined in the Listing Rules) by electronic means through the Company's website at www.fwd.com and the Stock Exchange's website at www.hkexnews.hk. You may at any time send a written notice to the Company c/o the Company's Hong Kong share registrar or via email at 1828-ecom@vistra.com specifying your name, address and request to change your means of receipt of all of the Company's corporate communications.

## Investment community and news media

Enquiries may be directed to:

**FWD Investor Relations:** investor.relations@fwd.com

**FWD Corporate Communications:** groupcommunications@fwd.com

## Forward-looking statements

This annual report 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 annual report, 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 annual report, 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 annual report 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 annual report are qualified by reference to the cautionary statements set forth in this section.

# Corporate information[1]

## Group Board of Directors

### Chairman and Independent Non-Executive Director

Professor MA Si Hang, Frederick

### Executive Directors

Mr. LI Tzar Kai, Richard

Mr. HUYNH Thanh Phong *(Group CEO)*

### Non-Executive Directors

Mr. Walter KIELHOLZ

Mr. John DACEY

### Independent Non-Executive Directors

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

Mr. Andrew WEIR

### Group Audit Committee

Mr. Andrew WEIR *(Chairman)*

Mr. Walter KIELHOLZ

Mr. LEUNG Ka Kui, Dominic

Professor Ma Si Hang, Frederick

Mr. Dirk Sluimers

Ms. Yijia Tiong

### Group Compensation Committee

Mr. John Baird *(Chairman)*

Mr. John Dacey

Ms. Laura Deal-Lacey

Ms. Kyoko Hattori

Mr. Li Tzar Kai, Richard

Professor Ma Si Hang, Frederick

Ms. Yijia Tiong

### Group Nomination and Corporate Governance Committee

Professor Ma Si Hang, Frederick *(Chairman)*

Mr. John Baird

Ms. Laura Deal-Lacey

Ms. Kyoko Hattori

Mr. Walter Kielholz

Ms. Yijia Tiong

### Group Risk Committee

Mr. John DACEY *(Chairman)*

Mr. John BAIRD

Ms. CHUNG Kit Hung, Martina

Mr. LEUNG Ka Kui, Dominic

Professor Ma Si Hang, Frederick

Mr. Dirk Sluimers

Mr. Andrew Weir

[1] As at 31 December 2025.

## Registered Office

Vistra (Cayman) Limited

P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands

## Headquarters and Principal Place of Business in Hong Kong

13/F, 14 Taikoo Wan Road, Taikoo Shing, Hong Kong

## Website

www.fwd.com

## Company Secretary

Mr. YEUNG John Sze

## Authorised Representatives

Mr. HUYNH Thanh Phong

Mr. YEUNG John Sze

## Alternative Authorised Representative

Professor MA Si Hang, Frederick

## Principal Share Registrar and Transfer Office

Walkers Corporate Limited

190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands

## Hong Kong Share Registrar

Tricor Investor Services Limited

17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

## Auditor

Ernst & Young

*Certified Public Accountant*

Deloitte.

德勤

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

Tel: +852 2852 1600
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Independent Practitioner's Limited Assurance Report on FWD Group Holding Limited's Identified Sustainability Information

**To the Directors of FWD Group Holdings Limited**

We have conducted a limited assurance engagement on the identified sustainability information of FWD Group Holdings Limited (the "Company" or "FWD") included in the *"Environmental, social and governance"* ("ESG") and the *"2025 ESG Datasheet"* sections of the Annual Report 2025 identified with the symbol [R] and listed below under the 'Identified Sustainability Information' (the "Identified Sustainability Information") for the period from 1 January 2025 to 31 December 2025.

## Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the 'Summary of the work we performed as the basis for our assurance conclusion' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Sustainability Information is not prepared, in all material respects, in accordance with the criteria applied as explained in the *"About the ESG section"* section, *"2025 ESG Datasheet"* section under *"Corporate governance assured data"*, *"Equity, inclusion and well-being initiatives assured data"*, *"Scope 1 and scope 2 greenhouse gas and energy assured data"*, *"Scope 3 absolute financed emissions assured data"*, and *"HKEX ESG Reporting Code content index"* section of the Annual Report 2025 (together, the "Criteria"; see below under 'Understanding how FWD has prepared the Identified Sustainability Information').

## Identified Sustainability Information

The identified Sustainability Information for the period from 1 January 2025 to 31 December 2025 is summarised below:

- Absolute Greenhouse Gas ("GHG") emissions
- Scope 1 direct emissions ($tCO_2e$)
  - Mobile combustion (owned vehicles)
  - Stationary combustion (natural gas)
- Scope 2 indirect emissions ($tCO_2e$) (market and location based)
  - Group total Scope 1 + 2 emissions ($tCO_2e$)
- Scope 3 (Category 15) - absolute financed emissions (Mn $tCO_2e$)
- GHG emissions intensity by employee ($tCO_2e$/employee)
  - Scope 1
  - Scope 2
  - Scope 1 + 2 ($tCO_2e$)

- GHG emissions intensity by office space ($tCO_2e/m^2$)
  - Scope 1 stationary combustion (natural gas)
  - Scope 2 purchased electricity
- Absolute energy use
  - Owned fleet: diesel (L)
  - Owned fleet: petrol/gasoline (L)
  - Sub-total fuel use (L)
  - Sub-total fuel use (MWh)
  - Natural gas ($m^3$)
  - Natural gas (MWh)
  - Purchased electricity (MWh)
  - Total energy use (MWh)
- Energy use intensity by employee (per employee)
  - Owned fleet: diesel (L)
  - Owned fleet: petrol/gasoline (L)
  - Sub-total fuel use (L)
  - Sub-total fuel use (MWh)
  - Natural gas ($m^3$)
  - Natural gas (MWh)
  - Purchased electricity (MWh)
- Energy use intensity by office space (per $m^2$)
  - Natural gas ($m^3$)
  - Purchased electricity (MWh)
- Employee category by gender (number of)
  - Executives & Senior Leadership
  - Managers
  - Professionals & Operational Staff
  - Not categorised

- Age group and gender (number of)
  - ≤ 30
  - 31 – 40
  - 41 – 50
  - ≥ 51
- Corporate governance (percentage of)
  - Independent directors
  - Female directors

The Identified Sustainability Information was provided for FWD's 10 locations globally for the period from 1 January 2025 to 31 December 2025 and they are Hong Kong SAR, Macau SAR, Thailand, Cambodia, Japan, the Philippines, Indonesia, Singapore, Vietnam and Malaysia as well as FWD's representative office in Mainland China.

## Understanding how FWD has Prepared the Identified Sustainability Information

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Identified Sustainability Information needs to be read and understood together with the Criteria, which FWD has used to prepare the Identified Sustainability Information.

## Inherent Limitations

As discussed in the *"2025 ESG Datasheet"* section of the Annual Report 2025 under the section *"Scope 3 absolute financed emissions assured data"*, the Identified Sustainability Information includes information that is subject to inherent uncertainty because of data obtained from third-party sources, particularly for areas such as Scope 3 Category 15 (Investments). As market practice, regulatory expectations, and methodologies evolve, the approaches used to measure and report this information may also change over time.

## FWD's Responsibilities

The Directors of FWD are responsible for:

- Selecting or establishing suitable criteria for preparing the Identified Sustainability Information;
- Preparing the Identified Sustainability Information in accordance with the Criteria; and
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

## Our Responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Directors of FWD.

As we are engaged to form an independent conclusion on the Identified Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Identified Sustainability Information as doing so may compromise our independence.

## Professional Standards Applied

We conducted a limited assurance engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)"), and, in respect of the greenhouse gas emissions included in the Identified Sustainability Information, in accordance with International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board (the "IAASB").

## Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, *"Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements"*, issued by the ISSAB, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## Summary of the Work We Performed as the Basis of Our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Identified Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In conducting our limited assurance engagement, we:

- Performed inquiries of relevant management and personnel involved in providing information relating to the Identified Sustainability Information for inclusion in the *"ESG"* section and the *"2025 ESG Datasheet"* sections of the Annual Report 2025;
- Sample testing of documentary evidence;
- Reviewed, on a sample basis, whether calculations had been performed with reference to the methodologies outlined in the Criteria;
- Agreed, on a sample basis, the arithmetical accuracy of the calculations performed and, whether FWD's assumptions and estimates methodology had been consistently applied, but our procedures did not include testing the data on which the assumptions and estimates are based or separately developing our own estimates against which to evaluate FWD's assumptions and estimates; and
- Considered the presentation and disclosure of the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

## Use of Independent Limited Assurance Report

This independent limited assurance report is produced solely for the purpose of preparing the *"ESG"* and the *"2025 ESG Datasheet"* sections of the Annual Report 2025, and is not suitable and cannot be used for any other purposes. We do not assume responsibility or accept liability to any person or third party other than FWD's board of directors for this report.

This independent limited assurance report is issued in English as the original version. If there is any conflict between this version and the translated version in Chinese, the English version shall prevail.



**Deloitte Touche Tohmatsu**
Certified Public Accountants
Hong Kong
16 March 2026

# 2025 ESG datasheet

This datasheet summarises our performance on key Environmental, Social, Governance (ESG) indicators.

Limited independent assurance was conducted on selected ESG KPIs by our external auditors Deloitte Touche Tohmatsu (Deloitte) in accordance with the International Standard for Assurance Engagement (ISAE) 3000 (Revised) and ISAE 3410 Standards. The scope of the independent assurance is based on 2025 data as at 31 December 2025 across all 10 markets in which we operate and our representative office in Mainland China. Unless otherwise stated, the reporting scope of our ESG data excludes distribution channels that are not under the direct operational control of the Company, including individual agents and bancassurance partners. Independently assured data are presented in the following tables subtitled: Corporate governance; Equity, inclusion and well-being; Climate; Energy; and Financed emissions.

## Accessible Protection

## Helping people achieve the protection they need

| | 2025 | 2024 |
|---|---|---|
| **Accessible protection** | | |
| Customer claims advocacy (Net Promoter Score) | **63** | 65 |
| First contact resolution (FCR) - voice[1] | **96 %** | 96 % |
| Complaints ratio | **0.133 %** | 0.190 % |
| Annual completion % in relation to Treating Customers Fairly training[2] | **99 %** | 99 % |

Notes:

1. FCR - voice is defined as the number of inbound calls from customers or agents resolved at the first contact over the total number of inbound calls from customers or agents
2. All new joiners have 30 days to complete the training. New joiners who joined with less than 30 days until 31 December 2025 have been excluded.

## Engage our communities and raise financial and health literacy

| | 2025 | 2024 |
|---|---|---|
| **Community investment** | | |
| Time contributions (hours) | **11,202** | 8,306 |
| # individuals supported by financial education & literacy programmes | **64,742** | 95,097 |

# Sustainable business and effective governance

## Strong corporate governance and risk management

| | | 2025 | | 2024 | |
|---|---|---|---|---|---|
| | | **Female** | **Male** | Female | Male |
| **Corporate governance**[1] | | | | | |
| Executive directors | | **0** | **2** | 0 | 2 |
| Non-executive directors | | **0** | **2** | 0 | 2 |
| Independent Non-executive Directors | | **4** | **5** | 3 | 4 |
| Total | | **4** | **9** | 3 | 8 |
| Independent directors % | **R** | | **69 %** | | 64 % |
| Female directors % | **R** | | **31 %** | | 27 % |

| | 2025 | 2024 |
|---|---|---|
| **Business ethics and responsible conduct** | | |
| Annual completion % in relation to Code of Ethics and Business Conduct training[2] | **100 %** | 99 % |

Note:

(1) R - denotes this Data Point was limited assured by Deloitte. Please refer to the Independent Practitioner's Limited Assurance Report for further details.

(2) All new joiners have 30 days to complete the training. New joiners who joined with less than 30 days until 31 December 2025 have been excluded.

## Corporate governance assured data

The total number of executive directors, non-executive directors and independent non-executive directors as at 31 December 2025 is disclosed above. The resulting percentage split of independent and female directors for FWD Group Holdings Limited have been independently assured by Deloitte.

Data was collected and validated by Group Company Secretariat.

# Progress equity, inclusion and well-being initiatives for our diverse workforce

| | | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|---|
| | | Female | Male | Total | Female | Male | Total |
| **Employees (headcount)[1]** | | | | | | | |
| **Group total** | | **3,710** | **3,221** | **6,931** | 3,772 | 3,157 | 6,929 |
| **Type** | | | | | | | |
| Full Time | | **3,708** | **3,221** | **6,929** | 3,772 | 3,157 | 6,929 |
| Part time | | **2** | **0** | **2** | 0 | 0 | 0 |
| **Employment contract** | | | | | | | |
| Permanent | | **3,621** | **3,143** | **6,764** | 3,658 | 3,063 | 6,721 |
| Fixed Term[2] | | **89** | **78** | **167** | 114 | 94 | 208 |
| **Employee category[3]** | | | | | | | |
| Executives & Senior Leadership | R | **128** | **264** | **392** | 120 | 255 | 375 |
| Managers | R | **1,036** | **1,244** | **2,280** | 982 | 1,176 | 2,158 |
| Professionals & Operational Staff | R | **2,546** | **1,713** | **4,259** | 2,668 | 1,726 | 4,394 |
| Not categorised | R | **0** | **0** | **0** | 2 | 0 | 2 |
| **Age group** | | | | | | | |
| ≤ 30 | R | **576** | **445** | **1,021** | 620 | 481 | 1,101 |
| 31 - 40 | R | **1,508** | **1,345** | **2,853** | 1,604 | 1,331 | 2,935 |
| 41 - 50 | R | **1,230** | **1,013** | **2,243** | 1,213 | 967 | 2,180 |
| ≥ 51 | R | **396** | **418** | **814** | 335 | 378 | 713 |
| **Region** | | | | | | | |
| Group Office & Shared Services[4] | | **411** | **658** | **1,069** | 374 | 580 | 954 |
| Hong Kong, Macau & Mainland China | | **540** | **530** | **1,070** | 518 | 507 | 1,025 |
| Japan | | **420** | **517** | **937** | 427 | 508 | 935 |
| Thailand & Cambodia | | **1,076** | **623** | **1,699** | 1,131 | 647 | 1,778 |
| Emerging markets[5] | | **1,263** | **893** | **2,156** | 1,322 | 915 | 2,237 |

| | 2025 | 2024 |
|---|---|---|
| **Voluntary turnover (% of total employees by category)[6]** | | |
| **Group Total** | **10.8 %** | 12.3 % |
| **Gender** | | |
| Female | **10.7 %** | 12.3 % |
| Male | **10.9 %** | 12.4 % |
| **Age group** | | |
| ≤ 30 | **18.0 %** | 17.7 % |
| 31 - 40 | **11.3 %** | 13.5 % |
| 41 - 50 | **8.2 %** | 9.2 % |
| ≥ 51 | **7.2 %** | 9.2 % |
| **Region** | | |
| Group Office & Shared Services[4] | **10.9 %** | 11.4 % |
| Hong Kong, Macau & Mainland China | **9.8 %** | 15.6 % |
| Japan | **6.4 %** | 7.7 % |
| Thailand & Cambodia | **7.4 %** | 7.9 % |
| Emerging markets[5] | **15.8 %** | 16.2 % |

# Progress equity, inclusion and well-being initiatives for our diverse workforce (continued)

## Employee engagement

| | 2025 | 2024 |
|---|---|---|
| **Employee engagement** | | |
| Engagement score | **8.3** | 8.2 |
| Participation rate | **99 %** | 99 % |

Notes:

(1) Employees (headcount) are individuals employed by FWD on permanent or fixed-term contracts (excluding Interns).

(2) Fixed-term includes temporary and contract employees.

(3) We define employee categories based on the internal compensation grading. Executives & Senior Leadership are employees in Grades 00 - 23; Managers are employees in Grades 31-33; Professionals & Operational Staff are employees in Grades 41-53; employees that did not have a compensation Grade as at 31 December in the reporting year are Not Categorised.

(4) Group Office & Shared Services locations include Hong Kong, Malaysia, Vietnam, Mainland China and Singapore.

(5) Emerging Markets include the Philippines, Indonesia, Singapore, Vietnam and Malaysia.

(6) Excludes involuntary turnover and fixed term contracts.

(7) R - denotes this Data Point was limited assured by Deloitte. Please refer to the Independent Practitioner's Limited Assurance Report for further details.

# Equity, inclusion and well-being initiatives assured data

The headcount by gender, employee category and age group as at 31 December 2025 have been independently assured by Deloitte. Total headcount include individuals employed by FWD on permanent and fixed-term contracts but exclude interns and all Group Board of Directors with exception of our Group CEO who is an employee of FWD.

In 2025, we reviewed our disclosure approach with Group Human Resources to streamline our data collection and reporting process. We updated employee groupings by employment contract, employee category, age group and by region to be more efficient in our approach. Additionally, we also refined our voluntary employee turnover calculation to improve data consistency and transparency. Voluntary employee turnover rate include permanent staff, excluding sales.

Total numbers were provided by each of the businesses and office in scope through a centralised system. The numbers have been validated and consolidated by Group Human Resources.

# Climate resilience and operations

| | | 2025 | 2024 |
|---|---|---|---|
| **Climate** | | | |
| **Absolute GHG emissions** | | | |
| **Scope 1 - direct emissions ($tCO_2e$)** | | | |
| Mobile combustion (owned vehicles) | R | **514** | 555 |
| Stationary combustion (natural gas) | R | **0.305** | 0.205 |
| Sub-total | R | **514** | 556 |
| **Scope 2 - indirect emissions ($tCO_2e$)** | | | |
| Purchased electricity (Location-based) | R | **4,915** | 5,090 |
| Purchased electricity (Market-based) | R | **4,700** | 4,877 |
| Group total Scope 1 + 2 emissions | R | **5,430** | 5,645 |
| **GHG emissions intensity by employee ($tCO_2e$ per employee)** | | | |
| Scope 1 | R | **0.074** | 0.080 |
| Scope 2 | R | **0.709** | 0.735 |
| Scope 1 + 2 total | R | **0.783** | 0.815 |
| **GHG emissions intensity by office space ($tCO_2e$ per $m^2$)** | | | |
| Scope 1 - stationary combustion (natural gas) | R | **0.0017** | 0.0011 |
| Scope 2 - purchased electricity | R | **0.045** | 0.045 |

# Climate resilience and operations (continued)

| | | 2025 | 2024 |
|---|---|---|---|
| **Energy** | | | |
| **Absolute energy use** | | | |
| Owned fleet: diesel (L) | R | 68,170 | 75,676 |
| Owned fleet: petrol/gasoline (L) | R | 163,750 | 175,202 |
| Sub-total fuel use (L) | R | 231,920 | 250,878 |
| Sub-total fuel use (MWh) | R | 2,137 | 2,320 |
| Natural gas ($m^3$) | R | 147 | 100 |
| Natural gas (MWh) | R | 2 | 1 |
| Purchased electricity (MWh) | R | 8,545 | 8,753 |
| Total energy use (MWh) | R | 10,683 | 11,074 |
| **Energy use intensity by employee (per employee)** | | | |
| Owned fleet: diesel (L) | R | 10 | 11 |
| Owned fleet: petrol/gasoline (L) | R | 24 | 25 |
| Sub-total fuel use (L) | R | 33 | 36 |
| Sub-total (MWh) | R | 0.308 | 0.335 |
| Natural gas ($m^3$) | R | 0.021 | 0.014 |
| Natural gas (MWh) | R | 0.0002 | 0.0001 |
| Purchased electricity (MWh) | R | 1.233 | 1.263 |
| **Energy use intensity by office space (per $m^2$)** | | | |
| Natural gas ($m^3$) | R | 0.799 | 0.542 |
| Purchased electricity (MWh) | R | 0.078 | 0.078 |
| **Water** | | | |
| Purchased water ($m^3$) | | 7,081 | 6,158 |
| Water use intensity by employee ($m^3$/employee) | | 1.02 | 0.89 |
| Water use intensity by office space ($m^3/m^2$) | | 0.21 | 0.18 |

Note:

(1) R - denotes this Data Point was limited assured by Deloitte. Please refer to the Independent Practitioner's Limited Assurance Report for further details.

# Sustainable Investment - measuring and disclosing financed emissions

| | | 2025 | 2024 |
|---|---|---|---|
| **Financed Emission** | | | |
| Scope 3 (Category 15) absolute financed emission (Mn $tCO_2e$) | R | 2.15 | 2.08 |

Notes:

(1) R - denotes that only the 2025 Data Point was limited assured by Deloitte. Please refer to the Independent Practitioner's Limited Assurance Report for further details.

## Scope 1 and scope 2 greenhouse gas and energy assured data

Information on data collection, scope, methodologies, assumptions and source of conversion factors used, for the reporting of scope 1 and scope 2 emissions and energy consumption:

- The scope of assurance includes scope 1 and 2 emissions from 1 January to 31 December 2025.
- FWD uses the operational control approach to consolidate GHG emissions and follows the GHG Protocol Corporate Accounting and Reporting Standards.
- FWD has operational control over an operation (e.g. business unit or office facility) if FWD has full authority to introduce and implement operating policies. This includes corporate offices that FWD manages and operates for own use, offices that FWD owns, agency offices where FWD determines the office location and establishment. Operations that do not fall under this scope include offices managed by general agency or bancassurance partners, co-working spaces and premises leased to tenants.
- Scope 1 GHG emissions include direct emissions that occur from emissions sources that are owned or controlled by the Company, such as combustion of fuels in stationary sources (i.e. natural gas to generate heat) and mobile sources (i.e. motor vehicles). In 2024, we made improvements to our data collection process for data accuracy. With the exception of Philippines, all business units are required to provide more granular data on fuel consumed by company-owned vehicles. Owing to the current employee benefit structure in FWD Philippines, fuel consumption is collected and reported for company-owned vehicles, company-leased vehicles and employee-owned vehicles based on fuel card consumption records. We will work with FWD Philippines to improve data accuracy.
- Scope 2 GHG emissions include indirect GHG emissions from the generation of purchased electricity consumed by our office operations.
- Carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$) are included in our GHG calculations.
- The global warming potential rates used also follow GHG Protocol which refers to IPCC Sixth Assessment Report (AR6). FWD uses GHG emissions conversion factors for fuel combustion from the United Kingdom's Department for Environment, Food and Rural Affairs (DEFRA). FWD uses both location-based and market-based GHG emissions factors for purchased electricity. International Energy Agency (IEA) is used for FWD location-based emission factors for both purchased electricity and natural gas. As for market-based emissions, emission factors from the following local or national sources were used where available: CLP Holdings and HK Electric in Hong Kong, CEM, S.A. in Macau, Energy Market Authority in Singapore, and Ministry of Energy of Thailand, or the IEA.
- Lower heating values were referenced from DEFRA and used for net calorific values of diesel, petrol/gasoline and natural gas conversion to MWh.
- Where possible, actual consumption data, supported through primary data sources were used to calculate emissions, a small amount of consumption data was estimated using a proxy-based methodology since reporting was established. In 2025, some of December data was estimated in this report, as actual consumption data was unavailable at the time of reporting data cut-off.
- Where estimations were required, the following methodology was used:
  - If actual data existed for the previous month, pro-rated daily consumption was used to estimate consumption for the following month based on the number of days to be accrued that month.
  - If actual data for the premises did not exist for more than a 2-month period or was unavailable because there were no independent meters or it was included in rental costs, then the intensity ratio by square meter from the same month of a similar premises in the same region would be used to estimate monthly consumption.
  - Where the above could not be applied, the intensity by square meter of the same month of the previous year's data would be used.

  - A small amount of mobile fuel purchase records for December 2025 were unavailable in some of our markets at the time of reporting data cut-off. As such, the annual monthly average was used to estimate December mobile fuel consumption where data was unavailable.
  - Location-based GHG emissions were used to calculate the GHG intensity ratio for Scope 2 emissions by headcount and total floor space.
- All intensity metrics by employee include all employees (on permanent and fixed-term contracts, excluding interns).
- Office space intensity figures only include the offices that provided natural gas and purchased electricity consumption data. Where possible, actual consumption data, supported through primary data sources are used to calculate emissions and energy consumption. A small amount of consumption data was estimated using a proxy-based methodology since reporting was established.
- Where offices under FWD's operational control were not occupied for the full year, office space is pro-rated according to actual days used.

## Scope 3 absolute financed emissions assured data

FWD's investment portfolio is defined as below:

- Include general account assets (policyholder and shareholder investments), both internally and externally managed,
- Include assets from majority and wholly owned business units only,
- Include assets managed in our main portfolio management system only, which is different from the accounting book for financial reporting,
- Exclude unit-linked/investment-linked product funds (customer-directed), as FWD has no control over the investment strategy for these funds from what is selected by the policyholder,
- Exclude assets from joint ventures.

In alignment to the PCAF (2022), The Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition (the PCAF standard), we aim to standardise measurement across asset classes through a classification developed in-house. The 2025 reporting scope in terms of asset classes is as below:

- Listed equity and corporate bonds (excluding collective investment schemes/mutual funds/ETFs), representing about a quarter of overall assets under management (AUM);
- Sovereign debt, business loans and unlisted equity are material asset classes, however, have not been included due to limited data availability;
- Project finance, commercial real estate, mortgages, motor vehicle loans are not material, and have not been included due to limited data availability.

According to the PCAF standard, financial institutions choose a fixed point in time to determine investment positions to calculate an attribution factor. Our absolute financed emissions are calculated based on FWD's investment portfolio holdings as at 31 December 2025.

The methodologies in the PCAF standard apply the same general attribution principles across all asset classes; absolute financed emissions are calculated by multiplying an attribution factor (specific to that asset class) by the emissions of the borrower or investee.

- Attribution factor is the proportion of the outstanding amount of the owned investment to the company value:
  - For listed equity, the outstanding amount of the investment is the market value as of the reporting date, and the company value is the enterprise value including cash (EVIC).

  - For corporate bonds, due to the data not being available for the book value of debt, FWD use market value as the outstanding amount. Depending on the listing status of the bond issuer, the company value is either EVIC or total equity plus total debt.
  - According to the PCAF standard, in case of unavailable EVIC data, FWD should use the following in order as proxy: market capitalisation plus total debt, or total equity plus total debt.
  - FWD sources company value data from external data providers.
- Emissions of the borrower or investee is Scope 1 and Scope 2 emissions in metric tons $CO_2e$, typically aligned with recognised reporting frameworks such as the GHG Protocol.
  - The PCAF standard distinguishes between options to calculate the financed emissions depending on the emission data quality, measured by the data quality score.
  - FWD sources emissions data, both reported and estimated, from external data providers. Reported emissions data refers to GHG emissions publicly disclosed by borrower or investees, typically aligned with recognised reporting frameworks such as the GHG Protocol. Where reported data is unavailable, estimated emissions data provided by external vendors is used. These estimates are derived using sector-specific models, financial proxies, and peer benchmarking methodologies.
  - A data hierarchy is applied, with a clear preference for reported emissions data over estimated data, as reported data is considered more representative of actual emissions performance. Estimated data is used only when reported data is unavailable or incomplete, to ensure broad portfolio data coverage.
  - Emissions data quality is actively monitored using data quality scores provided by external data vendors, which assess factors such as data source, transparency, and estimation methodology. Data quality considerations are incorporated into internal reviews and ongoing efforts to enhance the robustness of financed emissions calculations.
  - FWD's financed emissions calculations cover more than 90 per cent of assets under management across Corporate Bonds and Listed Equity, reflecting strong availability of reported and vendor-estimated data. The remaining data gaps are primarily attributable to issuers with limited disclosure or insufficient information for reliable estimation. We have not included financed emissions data which comes from sources other than those from our external data providers. We are committed to further improving data coverage and quality to address gaps where external data is unavailable.

## Water consumption

- Water consumption data is reported for offices in seven of our markets where measurement records or utility bills are available and excludes offices where we do not have independent water meters or where it is included in rental costs.
- Floor space intensity figures only include the offices that provide water consumption data. Where possible, actual consumption data, supported through primary data sources are used to calculate water consumption, a small amount of consumption data were estimated using a proxy-based methodology since reporting was established.

# HKEX ESG Reporting Code content index

This ESG index provides a cross reference to where disclosures have been made in accordance with Part C and Part D of the HKEX ESG Reporting code and sets out further disclosures or explains why the Group does not comply with the requirements of Part C or Part D of the HKEX ESG Reporting Code as the case may be. Our ESG report also contains the information set out in Part B of the HKEX ESG Reporting Code.

| HKEX | Indicator | Cross-reference to report | Supplementary disclosure |
|---|---|---|---|
| **A. Environmental** | | | |
| **A1** | Information on the a) policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG, discharges into water and land, and generation of hazardous and non-hazardous waste. | • Building climate resilience in our business, page 76. | As a life and health insurer, FWD's operations are primarily office-based, and therefore, emissions such as nitrogen oxides (NOx), sulphur oxides (SOx) or discharges to water and land are not considered material to our operations.<br><br>However, in line with the FWD Group Code of Ethics and Business Conduct, employees should ensure their work contributes positively to the environment and, at the minimum, complies with applicable local and international environmental regulations.<br><br>We will continue to monitor developments on these issues to take appropriate actions in response. |
| **KPI A1.1** | The types of emissions and respective emissions data. | • Building climate resilience into our business – Climate targets and milestones: transitioning towards a low-carbon economy, page 79.<br><br>• 2025 ESG datasheet - climate resilience and operations page 375. | Air emissions such as NOx and SOx are considered immaterial for our organisation. |
| **KPI A1.2** | [Repealed 1 January 2025] | | |

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| **KPI A1.3** | Total hazardous waste produced (in metric tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | | As a life and health insurance provider, we do not consider hazardous waste as material to our operations.<br><br>The main source of hazardous waste arising from our operations include electronic wastes, such as laptops and other electronic appliances. As such, we do not consider the production of hazardous waste as material to our business.<br><br>Our digitalisation and cloud adoption strategy minimises the need for FWD to rely on electronic hardware in our day-to-day operations, and any of the limited electronic waste that is generated are disposed of through qualified and licensed third-party vendors.<br><br>We will continue to monitor hazardous waste generation and take appropriate actions in response. |
| **KPI A1.4** | Total non-hazardous waste produced (in metric tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | | As a life and health insurer, FWD's operations are primarily office-based, and therefore non-hazardous waste is considered immaterial in terms of our overall environmental impact.<br><br>Furthermore, as FWD typically occupies leased offices, where waste management is generally overseen by landlords or property management offices, related data may not always be readily be available.<br><br>We will continue to monitor our non-hazardous waste generation and assess the need to start tracking specific waste management data in the future, taking appropriate actions in response. |
| **KPI A1.5** | Description of emissions target(s) set and steps taken to achieve them. | • Building climate resilience in our business – Climate targets and milestones: transitioning towards a low-carbon economy, page 79.<br><br>• Building climate resilience in our business – Managing our operational emissions, page 79. | As part of our climate action strategy, we support global efforts to transition towards a lower-carbon economy by 2050. We will continue to explore strategies and approaches to align our operations and investment portfolio to lower carbon emissions. |

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| **KPI A1.6** | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | | FWD recognise the importance of environmentally responsible behaviour within our operations, such as increasing employee awareness and ensuring sufficient resources are provided throughout our office environments to support waste reduction measures. For example, at Group office Hong Kong, we continued to partner with a local social enterprise to promote all-in-one recycling within the office. Signs, specific bins and training are provided to encourage our employees to clean and separate their wastes.<br><br>As a life and health insurer, FWD's operations are primarily office-based, and therefore, both hazardous and non-hazardous waste are considered immaterial to our operations, and when compared to our overall environmental impact. As such, we will continue to monitor and review our practices as well as the need to set a target in the future. |
| **A2** | Policies on the efficient use of resources, including energy, water and other raw materials. | | As a life and health insurer, we do not use significant amounts of resources within our operations. FWD monitors energy and water use and will consider the need to expand the scope to include additional environmental KPIs in the future.<br><br>Under the FWD Group Code of Ethics and Business Conduct, employees are required to ensure their work has a positive impact on the environment and at the minimum, complies with applicable local and international environmental regulations. |
| **KPI A2.1** | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | • 2025 ESG datasheet - climate resilience and operations, page 375. | |
| **KPI A2.2** | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | • 2025 ESG datasheet - climate resilience and operations, page 375. | |
| **KPI A2.3** | Description of energy use efficiency target(s) set and steps taken to achieve them. | | FWD has not set specific targets for energy efficiency. FWD's operations are primarily office based and do not use significant amounts of resources.<br><br>In 2025, we continued to encourage the use of our Sustainable Offices Framework across our markets to assist in integrating sustainable office practices, including energy reduction strategies, within our overall office operations. |

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| **KPI A2.4** | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | | FWD predominantly operates tenanted office-based operations and consumes water from municipal sources. FWD do not use significant amounts of water nor consider this as material to our business. We will continue to monitor and review our practices as well as the need to set a target in the future. |
| **KPI A2.5** | Total packaging material used for finished products (in metric tons) and, if applicable, with reference to per unit produced. | | FWD does not produce finished products and packaging material is not applicable to our business as a life and health insurer. |
| **A3** | Policies on minimising the issuer's significant impacts on the environment and natural resources. | • Building climate resilience in our business, page 76.<br>• Sustainable investment, page 80. | Under the FWD Group Code of Ethics and Business Conduct, employees are required to ensure their work has a positive impact on the environment and at the minimum, comply with applicable local and international environmental regulations. |
| **KPI A3.1** | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | • Building climate resilience in our business, page 76.<br>• Sustainable investment, page 80. | |
| **A4** | [Repealed 1 January 2025] | | |
| **KPI A4.1** | [Repealed 1 January 2025] | | |
| **B. Social** | | | |
| **B1** | Information on a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | • Our people, page 57. | Relevant policies on labour practices include:<br>• FWD Group Code of Ethics and Business Conduct<br>• FWD Group Non-Discrimination, Anti-Harassment and Anti-Bullying Policy<br>• Group Office Staff Handbook.<br><br>There were no confirmed incidents of non-compliance with relevant laws and regulations relating to labour practices that had a significant impact on FWD during the reporting period. |
| **KPI B1.1** | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | • Our people, page 57.<br>• 2025 ESG datasheet - Progress equity, inclusion and well-being initiatives for our diverse workforce, page 373. | |
| **KPI B1.2** | Employee turnover rate by gender, age group and geographical region | • Our people, page 57.<br>• 2025 ESG datasheet - Progress equity, inclusion and well-being initiatives for our diverse workforce, page 373. | |

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| **B2** | Information on a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards | • Effective governance and sustainable business - Ethics and business conduct, page 84. | Relevant policies on employee health and safety include:<br>• FWD Group Code of Ethics and Business Conduct<br>• FWD Vendor Code of Ethics and Business Conduct<br>• Group Office Staff Handbook.<br><br>There were no confirmed incidents of non-compliance with relevant laws and regulations relating to employee health and safety that had a significant impact on FWD during the reporting period. |
| **KPI B2.1** | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | | There were no work-related fatalities in the years between 2021 – 2025. |
| **KPI B2.2** | Lost days due to work injury. | | There were no reported lost days due to work injury reported in the reporting period. |
| **KPI B2.3** | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | | FWD is committed to providing a safe and healthy workplace for our employees. Our FWD Group Code of Ethics and Business Conduct and Group Office Staff Handbook is applicable to all our employees and provides guidelines on maintaining a safe and healthy work environment. We ensure our offices and equipment are maintained in safe, normal working conditions and relevant training are provided to our employees to enhance their safety awareness.<br><br>All work-related accidents within or outside the office are required to be reported to Human Resources within 24 hours.<br><br>FWD will continue to review our health and safety approach to establish a safety culture within the organisation. |
| **B3** | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | • Our people, page 57. | |
| **KPI B3.1** | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | | We value our people and develop them at all stages along their careers. Our learning and development framework is designed to cover the needs of our people from onboarding to leadership development programmes.<br><br>We are working towards streamlining and improving data quality across our markets. Reporting mechanism for general training is currently under enhancement and will be reviewed at the end of 2026 with an aim towards disclosure. |
| **KPI B3.2** | The average training hours completed per employee by gender and employee category. | | |

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| **B4** | Information on a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | • Effective governance and sustainable business - Ethics and business conduct, page 84. | As a life and health insurer, our workforce is skilled, trained and experienced in delivering insurance-related services. We do not tolerate the use of child or forced labour in any of our business operations as well as in our supply chain. Our commitment to the protection of human rights, including prohibiting the use of child and forced labour is stated in the FWD Code of Ethics and Business Conduct as well as the FWD Vendor Code of Ethics and Business Conduct, which all our employees and vendors are expected to abide by.<br><br>There were no confirmed incidents of non-compliance with relevant laws and regulations relating to child or forced labour that had a significant impact on FWD during the reporting period. |
| **KPI B4.1** | Description of measures to review employment practices to avoid child and forced labour. | • Effective governance and sustainable business - Ethics and business conduct, page 84. | As a life and health insurer, our workforce is skilled, trained and experienced in delivering insurance-related services. We do not tolerate the use of child or forced labour in any of our business operations as well as in our supply chain. Relevant policies on child and forced labour include:<br>• FWD Group Code of Ethics and Business Conduct<br>• FWD Vendor Code of Ethics and Business Conduct<br><br>There were no confirmed incidents of non-compliance with relevant laws and regulations relating to child or forced labour that had a significant impact on FWD during the reporting period. |
| **KPI B4.2** | Description of steps taken to eliminate such practices when discovered. | | FWD Compliance, Legal and HR Teams are responsible for investigating any non-compliance reports on the employment of child or forced labour. Appropriate actions, including disciplinary and/or termination of responsible parties will be taken to eliminate such practices.<br><br>We are also committed to eliminate such practices within our supply chain. The FWD Vendor Code of Ethics and Business Conduct prohibits the use of child and forced labour in the production of its goods and services and sets out the requirements for monitoring and review. The FWD Vendor Code of Ethics and Business Conduct is reviewed periodically to ensure its relevance and effectiveness. |

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| **B5** | Policies on managing environmental and social risks of the supply chain. | • Effective governance and sustainable business - Ethics and business conduct, page 84. | FWD's Vendor Code of Ethics and Business Conduct, together with our Group Procurement Policy, sets out the standards and expectations we require of all suppliers. These frameworks help ensure our partners comply with applicable local and international regulations.<br><br>Please refer to our FWD Vendor Code of Ethics and Business Conduct for further details of our policies to manage environmental and social risks of our supply chain. |
| **KPI B5.1** | Number of suppliers by geographical region. | | In 2022 a centralised system was launched across the markets. The system is now fully implemented all of our markets, including FWD Insurance Berhard at the end of 2025.<br><br>In 2025, 96 per cent of our suppliers were located within Asia and the remaining 4 per cent located in the rest of the world. We will continue to collect and review the data with the aim to disclose our supplier numbers in the future. |
| **KPI B5.2** | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | • Effective governance and sustainable business - Ethics and business conduct, page 84. | FWD's Vendor Code of Ethics and Business Conduct, together with our Group Procurement Policy, sets out the standards and expectations we require of all suppliers. These frameworks help ensure our partners comply with applicable local and international regulations. We adopt a risk based approach to assess prospective vendors, which includes a name screening process on the vendor. Only vendors that have gone through proper vetting and have passed the required due diligence process will be approved for potential engagements.<br><br>Details on the requirements for vendor engagement, due diligence process as well as periodic assessments of vendors are documented in our FWD Group Procurement Policy. |
| **KPI B5.3** | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | | We expect our suppliers to adhere with local and international regulations as well as the societal and environmental expectations as set out in our FWD Vendor Code of Ethics and Business Conduct and FWD Group Procurement Policy. The FWD Vendor Code of Ethics and Business Conduct provides guidance on how we monitor and review our suppliers, and it is reviewed periodically to ensure its relevance and effectiveness. Further details on the requirements for vendor engagement, due diligence process as well as periodic assessments of vendors are documented in our FWD Group Procurement Policy. |

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| **KPI B5.4** | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | | We expect our suppliers to adhere with local and international regulations as well as the societal and environmental expectations as set out in our FWD Vendor Code of Ethics and Business Conduct, including considerations to use products with internationally recognised eco-labels, environmental standards and certifications.<br><br>The FWD Group Procurement Policy provides guidance on how we monitor and review our suppliers and it is reviewed periodically to ensure its relevance and effectiveness. Further details on the requirements for vendor selection and engagement, due diligence process as well as periodic assessment of vendors are documented in our FWD Group Procurement Policy. |
| **B6** | Information on a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | • Effective governance and sustainable business - Safeguarding trust through fair customer outcomes, page 86.<br><br>• Effective governance and sustainable business - Data privacy and protection, page 88. | As a life and health insurer, matters relating to health and safety of our products and services are not considered as material to our operations.<br><br>That said, prior to product launch, all products are checked and approved to ensure compliance with relevant laws and regulations. Our Group Privacy Policy ensures all services, including third-party services are subjected to Privacy Impact Assessment and mitigation measures are in place to ensure compliance with applicable regulations.<br><br>There were no incidents of material non-compliance or fines/monetary losses as a result of legal proceedings associated with marketing and communications of insurance product-related information to customers during the reporting period. |
| **KPI B6.1** | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | | As a life and health insurer, our products are not subject to recalls for safety and health reasons. |
| **KPI B6.2** | Number of products and service related complaints received and how they are dealt with. | • Effective governance and sustainable business - Dealing with customer complaints, page 87.<br><br>• 2025 ESG datasheet - Helping people achieve the protection they need, page 371. | Owing to commercial sensitivity, we do not disclose the number of complaints. FWD endeavours to meet customers' expectations while providing and maintaining high level of services. We strive to reduce the number of customer complaints through regular training and awareness raising. All complaints received are handled following our internal procedures. Our complaints ratio in 2025 was 0.133 per cent. |

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| **KPI B6.3** | Description of practices relating to observing and protecting intellectual property rights. | • Effective governance and sustainable business - Ethics and business conduct, page 84. | FWD and its employees are required to comply to the FWD Group Code of Ethics and Business Conduct on respecting intellectual property. Additionally, the Group Information Security Handbook also provides guidance on staff responsibilities on protecting copyrights and licenses of computer software, multimedia and protected materials in digital form. Relevant protections of FWD's intellectual property rights and third-party intellectual property rights are included in our contracts with counterparties. Any suspected infringements are to be reported via whistle-blower procedures or to the Group General Counsel. |
| **KPI B6.4** | Description of quality assurance process and recall procedures. | | Product recall procedures are not applicable to our business as a life and health insurer. |
| **KPI B6.5** | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | • Effective governance and sustainable business - Data privacy and protection, page 88. | |
| **B7** | Information on a) the policies, and b) compliance with the relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | • Effective governance and sustainable business - Ethics and business conduct, page 84. | All business units are required to comply with the Group Anti-Bribery & Corruption Policy and Standards, Group Anti-Money Laundering and Sanction Policies and Standards that were benchmarked against Financial Action Task Force recommendations and designed to meet local regulations and requirements. In addition, FWD employees are also required to comply with Group Anti-Fraud policies and the Group Code of Ethics and Business Conduct. |
| **KPI B7.1** | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | | During the reporting period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees. |
| **KPI B7.2** | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | • Effective governance and sustainable business - Whistleblowing, page 86. | Please refer to FWD Group Code of Ethics and Business Conduct for more information.<br><br>The FWD Whistle-blower Policy is available to our employees on the staff intranet. FWD's whistleblowing channel FWD Speak Up Online, can be assessed from www.fwd.com. |
| **KPI B7.3** | Description of anti-corruption training provided to directors and staff. | • Effective governance and sustainable business - Ethics and business conduct, page 84. | |
| **B8** | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | • Our ESG strategy, page 63.<br><br>• Empowering customers and communities through accessible protection - Engaging with the community, page 70. | |

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| **KPI B8.1** | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | • Our ESG strategy, page 63.<br>• Empowering customers and communities through accessible protection - Inclusive and accessible products and services, page, 66;<br>• Empowering customers and communities through accessible protection - Engaging with the community, page 70.<br>• 2025 ESG datasheet - Engage our communities and raise financial and health literacy, page 371. | Our customer-led approach enables us to focus on the needs of our customers. We regularly engage our customers such as through our 2025 consumer outlook survey, which highlighted the need for affordable, accessible insurance solutions that provide a safety net for families.<br><br>We dedicate our Community Care programmes to engaging our communities and raise financial and health literacy. |
| **KPI B8.2** | Resources contributed (e.g. money or time) to the focus area. | • Empowering customers and communities through accessible protection - Engaging with the community, page 70.<br>• 2025 ESG datasheet - Engage our communities and raise financial and health literacy, page 371. | |
| **D. Climate-related Disclosures** | | | |
| **(I) Governance** | | | |
| **19** | An issuer shall disclose information about: | | |
| (a) | the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about: | • Building climate resilience in our business - Climate governance, page 76. | Please refer to the Nomination Committee terms of reference available on our corporate website. |
| | (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; | • Building climate resilience in our business - Climate governance, page 76.<br>• Sustainable investment, page 80; | |
| | (ii) how and how often the body(s) or individuals is informed about climate-related risks and opportunities; | • Building climate resilience in our business - Climate governance, page 76. | |

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| | (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities | • Materiality assessment approach, page 65.<br>• Building climate resilience in our business – Climate governance, page 76.<br>• Building climate resilience in our business – Climate strategy, page 77.<br>• Building climate resilience in our business – Climate risk management, page 77.<br>• Effective governance and sustainable business - ESG governance, page 83.<br>• Risk management, page 90. | |
| | (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and | • Building climate resilience in our business – Climate governance, page 76.<br>• Effective governance and sustainable business - ESG governance, page 83. | |
| **(b)** | management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: | | |
| | (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and | • Building climate resilience in our business – Climate governance, page 76.<br>• Effective governance and sustainable business - ESG governance, page 83. | |
| | (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. | • Building climate resilience in our business – Climate governance, page 76.<br>• Effective governance and sustainable business - ESG governance, page 83. | |
| **(II) Strategy** | | | |
| **Climate-related risks and opportunities** | | | |
| **20** | An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically the issuer shall: | | |

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| **(a)** | describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; | • Building climate resilience in our business - Climate-related risks and opportunities, page 77. | Based on FWD's current skills and capabilities, further financial analysis will be considered as we continue to enhance our approach to identifying climate risks and opportunities and make relevant disclosures in the future. |
| **(b)** | explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical or climate-related transition risk; | • Building climate resilience in our business - Climate-related risks and opportunities, page 77. | |
| **(c)** | specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and | • Building climate resilience in our business - Climate-related risks and opportunities, page 77. | Based on FWD's current skills and capabilities, further financial analysis will be considered as we continue to enhance our approach to identifying climate risks and opportunities and make relevant disclosures in the future. |
| **(d)** | explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making | • Building climate resilience in our business - Climate-related risks and opportunities, page 77. | Climate scenario-analysis is incorporated into our stress and scenario testing to test the resilience of the business plans and to inform decision making over the short (0-1 year), medium (1-5 years) and long-term (5 years and beyond). Based on FWD's current skills and capabilities, further financial analysis will be considered as we continue to enhance our approach to identifying climate risks and opportunities and make relevant disclosures in the future. |
| **Business model and value chain** | | | |
| **21** | An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: | | |
| **(a)** | a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach to identifying climate opportunities on our business model and make relevant disclosures in the future. |
| **(b)** | a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). | | |
| **Strategy and decision-making** | | | |
| **22** | An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: | | |

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| **(a)** | Information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: | | |
| | (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; | • Building climate resilience in our business - Climate-related risks and opportunities, page 77. | |
| | (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); | • Building climate resilience in our business - Climate-related risks and opportunities, page 77. | |
| | (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and | • Sustainable investment, page 80. | |
| | (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emission targets (if any)), described in accordance with paragraphs 37 to 40; and | | FWD supports the transition to a low carbon economy. While we have not set quantitative targets, we have been tracking climate-related metrics across the organisation since 2022 to build a strong foundation for future commitments. As a newly listed company in 2025, we are evaluating climate targets that align with our business model and stakeholder expectations for future disclosures. |
| **(b)** | Information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). | | To resource our efforts in responding to climate-related risks and opportunities in our strategy and decision making, we have an established Group ESG function, supported by the ESG Working Group and ESG leads across our markets in addition to a Group Risk function. These teams are responsible for integrating climate considerations into business operations, investment decisions, and risk management processes. The need for additional resources will be regularly reviewed to ensure we meet our climate commitments and comply with regulatory requirements. |
| **23** | An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a). | • Sustainable investment, page 80. | |
| **Financial position, financial performance and cash flows** | | | |
| **Current financial effect** | | | |
| **24** | An issuer shall disclose qualitative and quantitative information about: | | |

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| **(a)** | how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach on our financial analysis of climate-related risks and opportunities and make relevant disclosures in the future. |
| **(b)** | the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach on our financial analysis of climate-related risks and opportunities and make relevant disclosures in the future. |
| **Anticipated financial effect** | | | |
| **25** | The issuer shall provide qualitative and quantitative disclosures about: | | |
| **(a)** | how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: | | |
| | (i) its investment and disposal plans; and | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach on our financial analysis of climate-related risks and opportunities and make relevant disclosures in the future. |
| | (ii) its planned sources of funding to implement its strategy; and | | |
| **(b)** | how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. | | |
| **Climate resilience** | | | |
| **26** | An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: | | |
| **(a)** | the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: | | |
| | (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; | • Building climate resilience in our business – Climate-related risks and opportunities, page 77;<br>• Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |

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| | (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; | | FWD takes a proactive approach in monitoring climate-related risks and opportunities that may impact our business in an evolving environment. Our three-lines-of-defence model enables timely identification of these risks, while application of scenario analysis in our stress testing informs strategic responses. We will continue to refine our approach to ensure we remain agile and resilient as regulatory requirements, market dynamics, and stakeholder expectations continue to shift. |
| **(b)** | how and when the climate-related scenario analysis was carried out, including: | | |
| | (i) information about the inputs used, including: | | |
| | (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (2) whether the analysis included a diverse range of climate-related scenarios; | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (6) time horizons the issuer used in the analysis; and | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (ii) the key assumptions the issuer made in the analysis; | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (iii) the reporting period in which the climate-related scenario analysis was carried out. | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |

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| **(III) Risk Management** | | | |
| **27** | An issuer shall disclose information about: | | |
| **(a)** | the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: | | |
| | (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); | • Risk management, page 90<br>• 2025 ESG datasheet, page 371 | |
| | (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; | • Building climate resilience in our business – Scenario analysis and stress testing, page 78. | |
| | (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); | • Risk management, page 90 | We follow the methodologies in our ERM framework to identify, assess and monitor climate-related risks. |
| | (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; | | |
| | (v) how the issuer monitors climate-related risks; and | | |
| | (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; | | There were not significant changes in the assessment of climate risk. |
| **(b)** | the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach on our financial analysis of climate-related risks and opportunities and make relevant disclosures in the future. |
| **(c)** | the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. | • Risk management, page 90 | |

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| **(IV) Metrics and Targets** | | | |
| **Greenhouse gas emissions** | | | |
| **28** | An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of $CO_2$ equivalent, classified as: | | |
| **(a)** | Scope 1 greenhouse gas emissions; | • Building climate resilience in our business – Climate targets and milestones: transitioning towards a low-carbon economy, page 79. | |
| **(b)** | Scope 2 greenhouse gas emissions; and | • Building climate resilience in our business – Climate targets and milestones: transitioning towards a low-carbon economy, page 79. | |
| **(c)** | Scope 3 greenhouse gas emissions. | • Sustainable investment - Measuring and disclosing financed emissions, page 82. | |
| **29** | An issuer shall: | | |
| **(a)** | measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; | • Building climate resilience in our business – Climate targets and milestones: transitioning towards a low-carbon economy, page 79. | |
| **(b)** | disclose the approach it uses to measure its greenhouse gas emissions including: | | |
| | (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; | • 2025 ESG datasheet - Scope 1 and scope 2 greenhouse gas and energy assured data, page 377. | |
| | (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and | • 2025 ESG datasheet - Scope 1 and scope 2 greenhouse gas and energy assured data, page 377. | |
| | (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; | • 2025 ESG datasheet - Scope 1 and scope 2 greenhouse gas and energy assured data, page 377. | |

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| **(c)** | the Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and | • Building climate resilience in our business – Climate targets and milestones: transitioning towards a low-carbon economy, page 79.<br>• 2025 ESG datasheet - Climate resilience and operations, page 375. | |
| **(d)** | for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). | • Sustainable investment - Measuring and disclosing financed emissions, page 82.<br>• 2025 ESG datasheet - Climate resilience and operations, page 375. | |
| **Climate-related transition risks** | | | |
| **30** | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks. | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach on our financial analysis of climate-related risks and opportunities and make relevant disclosures in the future. |
| **Climate-related physical risks** | | | |
| **31** | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks. | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach on our financial analysis of climate-related risks and opportunities and make relevant disclosures in the future. |
| **Climate-related opportunities** | | | |
| **32** | An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities. | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach on our financial analysis of climate-related risks and opportunities and make relevant disclosures in the future. |
| **Capital deployment** | | | |
| **33** | An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach on our financial analysis of climate-related risks and opportunities and make relevant disclosures in the future. |

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| **Internal carbon prices** | | | |
| **34** | An issuer shall disclose: | | |
| **(a)** | an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and | | Based on FWD's current skills and capabilities, further analysis will be considered as we continue to enhance our approach on our financial analysis of climate-related risks and opportunities and make relevant disclosures in the future. |
| **(b)** | the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. | | Based on FWD's current skills and capabilities, further analysis will be considered on applying an internal carbon price and make relevant disclosures in the future. |
| **Remuneration** | | | |
| **35** | An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv). | • Building climate resilience in our business – Climate governance, page 76. | |
| **Industry-based metrics** | | | |
| **36** | An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks. | | FWD references the SASB Standard for the Insurance sector in our annual ESG disclosure. |
| **Climate-related targets** | | | |
| **37** | An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emission targets. For each target, the issuer shall disclose: | | |

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| **(a)** | the metric used to set the target; | • Building climate resilience in our business – Climate targets and milestones: transitioning towards a low-carbon economy, page 79.<br><br>• Sustainable investment, page 80; | As part of our climate action strategy at FWD, we support the global transition towards a low-carbon economy. As a newly listed company in 2025, we are reviewing regulatory expectations and industry best practices across our markets. While we have not yet set formal quantitative targets, we have been tracking climate-related metrics across the organisation through our ESG value creation scorecard. We will continue to explore strategies and approaches to align our operations and investments with our ESG goals. |
| **(b)** | the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); | | |
| **(c)** | the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); | | |
| **(d)** | the period over which the target applies; | | |
| **(e)** | the base period from which progress is measured; | | |
| **(f)** | milestones or interim targets (if any); | | |
| **(g)** | if the target is quantitative, whether the target is an absolute target or an intensity target; and | | |
| **(h)** | how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. | | |
| **38** | An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: | | |
| **(a)** | whether the target and the methodology for setting the target has been validated by a third party; | • Building climate resilience in our business – Climate targets and milestones: transitioning towards a low-carbon economy, page 79.<br><br>• Sustainable investment, page 80. | FWD actively tracks and monitor climate-related metrics through FWD's ESG value creation scorecard. This scorecard and our ESG performance are reported to the GEC and Board of Directors via the Nomination Committee on a quarterly basis. This approach enables timely adjustments to our strategy and ensures accountability for achieving climate-related objectives. |
| **(b)** | the issuer's processes for reviewing the target; | | |
| **(c)** | the metrics used to monitor progress towards reaching the target; and | | |
| **(d)** | any revisions to the target and an explanation for those revisions. | | |
| **39** | An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance. | • Building climate resilience in our business – Climate targets and milestones: transitioning towards a low-carbon economy, page 79.<br><br>• Sustainable investment, page 80 | |

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| **40** | For each greenhouse gas emission target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: | |
| **(a)** | which greenhouse gases are covered by the target; | As part of our climate action strategy at FWD, we support the global transition towards a low-carbon economy. As a newly listed company in 2025, we are reviewing regulatory expectations and industry best practices across our markets. While we have not yet set formal quantitative targets, we have been tracking climate-related metrics across the organisation through our ESG value creation scorecard. We will continue to explore strategies and approaches to align our operations and investments with our ESG goals. |
| **(b)** | Whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; | |
| **(c)** | whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; | |
| **(d)** | whether the target was derived using a sectoral decarbonisation approach; and | |
| **(e)** | the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: | |
| | (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; | |
| | (ii) which third-party scheme(s) will verify or certify the carbon credits; | |
| | (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and | |
| | (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). | |

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| **Applicability of cross-industry metrics and industry-based metrics** | | | |
| **41** | In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36). | | Please refer to disclosures in relevant sections above. |

# Glossary

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| 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. |
| ALMCO | Asset and Liability Management Committee. |
| AML | Anti-money laundering. |
| 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. |

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| Board or Board of Directors | The board of directors of the Company. |
| bolttech Group | bolttech Holdings and its subsidiaries. |
| bolttech Holdings | bolttech Holdings Limited, a company incorporated under the laws of the Cayman Islands. |
| 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 annual report. |
| Business Units | Our operations across Hong Kong & Macau, Thailand & Cambodia, Japan and the Emerging Markets. |
| carbon footprint | A measurement of the amount of greenhouse gas produced directly and indirectly by the activities of a company. |
| 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. |
| Compensation Committee | Compensation Committee of the Board. |
| 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. |

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| 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. |
| CORC | Compliance and Operational Risk Committee. |
| 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). |
| CTF | Counter terrorist financing. |
| 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. |
| DEI | Diversity, Equity, and Inclusion. |
| 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. |

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| 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. |
| Employee Share Purchase Plan | FWD Employee Share Purchase Plan. |
| 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. |
| ERM | Enterprise risk management. |
| 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 annual report. |
| 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. |

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| 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 Financial Services | FWD Financial Services Pte. Ltd., a company incorporated under the law of Singapore 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. |

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| 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. |
| GEC | Group Executive Committee. |
| GHG | Greenhouse gas. |
| GHG Protocol | Greenhouse Gas Protocol. |

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| 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. |
| HKT | HKT Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong, and having its share stapled units jointly issued with the HKT Trust listed on the main board of the Stock Exchange (HKEX: 6823). |
| 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. |

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| IAIS | The International Association of Insurance Supervisors, which is the global standard setter for the insurance industry. |
| ICS | Insurance Capital Standard. |
| IEA | International Energy Agency. |
| IFA | Independent financial adviser. |
| IFRS | International Financial Reporting Standards. |
| IMA | Investment management agreement. |
| Implementation Agreement | The third amended and restated implementation agreement dated 31 July 2023 among the Company, PCGI Holdings Limited, FL, FGL and the security holders named therein. |
| independent third party | Any party who is not connected (within the meaning of the Listing Rules) with the Company, so far as the Directors are aware after having made reasonable enquiries. |
| 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. |

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| 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. |
| ISO/IEC 27001:2022 | ISO/IEC 27001 Information security systems certification. |
| 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 Date | 7 July 2025, the date on which dealings in the Shares first commence 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. |
| LOMA | Life Office Management Association. |
| loss component | Loss component for onerous contracts. |
| Macau or Macau SAR | The Macau Special Administrative Region of the PRC. |

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| 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. |
| Model Code | Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules, as amended from time to time. |
| 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. |
| Mr. Li | Mr. LI Tzar Kai, Richard. |
| 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. |

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| new business contractual service margin, 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. |
| Nomination Committee | Nomination and Corporate Governance Committee of the Board. |
| 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 | (i) 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 (ii) 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. |

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| 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. |
| ORSA | Own Risk and Solvency Assessment. |
| 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. |
| PCAF | Partnership for Carbon Accounting Financials. |
| PCCW | PCCW Limited, a company incorporated under the laws of the Hong Kong whose shares are listed on the main board of the Stock Exchange (HKEX: 0008). |
| 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. |
| persistency | The proportion of insurance policies remaining in force from month to month, as measured by the number of policies. |
| Physical climate risks | Risks related to the physical impacts of climate change, which can be driven by events such as floods and typhoons (acute risks) or longer-term shifts in climate patterns such as sea level rise and changes in rainfall patterns (chronic risks). |
| PICCO | Our FWD values, namely Proactive, Innovative, Committed, Caring and Open. |
| PineBridge | PineBridge Investments, L.P., an exempted limited partnership established in the Cayman Islands and part of MetLife Investment Management and which has been appointed by the Group to act as investment manager for the Group's credit fixed income and other portfolios of the Group. |

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| Plan Mandate Limit | (a) 10 per cent of the Shares in issue on the Listing Date, or (b) where renewed in accordance with the terms of the Share Award Plan and/or the Employee Share Purchase Plan, 10 per cent of the Shares in issue as at the date of the Shareholders' approval for the renewal of such limit in accordance with the Listing Rules. |
| 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. |
| PSU | A RSU which is subject to certain performance-based and other vesting conditions. |
| PT Commonwealth Life | PT Commonwealth Life, a company incorporated under the laws of Indonesia (now known as PT FWD Insurance Indonesia). |
| PRI | Principles for Responsible Investment. |
| PVNBP | The present value of projected new business premiums. |
| RAF | Risk Appetite Framework. |
| RAS | Risk Appetite Statement. |
| 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. |

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| 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. |
| return on tangible equity | Is calculated as operating profit after tax for the period, divided by the average of the balances of tangible equity as of the beginning and end of such period. Tangible equity is calculated as total equity attributable to shareholders of the Company, minus the intangible assets net of non-controlling interests. |
| Risk Committee | Risk Committee of the Board. |
| 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. |
| SASB | Sustainability Accounting Standard Board. |
| SCB | The Siam Commercial Bank Public Company Limited. |
| SCB Life | SCB Life Assurance Public Company Limited. |
| SDG | United Nations Sustainable Development Goals. |
| 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. |
| SFO | The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time. |
| Share Award Plan | FWD Share Award Plan. |

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| 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. |
| Share Option and RSU Plan | FWD Share Option and RSU Plan. |
| 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. |
| SIG | Sustainable investment guidelines. |
| 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 annual report, 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. |
| substantial shareholder | Has the meaning given to it under the Listing Rules. |
| 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. |
| Swiss Re Group | Swiss Re Ltd and its subsidiaries. |
| takaful | Insurance that is compliant with Islamic principles. |
| TCFD | Task Force on Climate-Related Finance Disclosures. |
| tied agent | A sales representative who sells the products of one company exclusively. |

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| 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. |
| Transition climate risks | Risks related to the transition to a lower-carbon economy, which may entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. |
| 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 annual report are provided on a constant exchange rate basis, unless otherwise stated.

Certain amounts and percentage figures included in this annual report 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.



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