FWD insurance

FWD Life Insurance Corporation

2025 ANNUAL REPORT

Protecting more *Filipino families*

Contents

Overview

About FWD Group

FWD Group (1828.HK) is a pan-Asian life and health insurance business that serves more than 38 million customers across 10 markets, including BRI Life in Indonesia. FWD's customer-led and digitally 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.

Investment grade ratings

Fitch
insurer financial strength (IFS) rating of A for core life insurance operating entities and long-term issuer default rating of BBB+ for FWD Group Holdings Limited

Moody's
notional IFS rating of A2 for major life insurance operating entities and issuer rating of Baa1 for FWD Group Holdings Limited

Our business:
10 markets in Asia

>38 million
customers[1]

63 Claims net promoter score
92% Purchase emotion score ("good" or "great")

>320
active AI models

US$7.8 billion
total premiums[2]

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

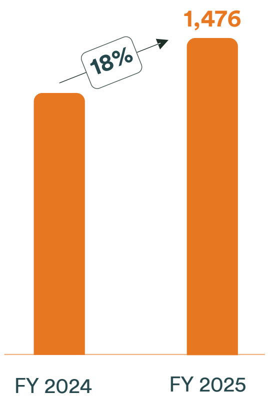
>6,900 employees and **>40,000** contracted agents

Ranked in Top 10
of multinational companies in 2025 Million Dollar Round Table[3]

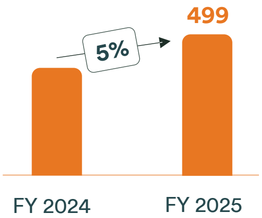
US$62.4 billion
total assets

[1] Including Bank Rakyat Indonesia (BRI) Life
[2] Total premiums refers to total weighted premium income
[3] Based on the statistics published by The Million Dollar Round Table (MDRT) as of July 2025. The MDRT is a global independent association recognised as a standard of excellence in the life insurance and financial services industries

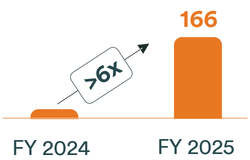
Strong financial foundations



New business contractual service margin (US$ mn)



Operating profit after tax* (US$ mn)



Net profit** (US$ mn)

US$6.85 billion — **Group embedded value**

265% — **Groupwide solvency ratio*****

* Operating profit after tax and net profit after tax represent the amounts attributable to equity holders of the Company and are presented net of non-controlling interests
**Actual exchange rate basis
***Prescribed capital requirement basis

Our values

Proactive
Perform with passion

Innovative
Dare to be different

Committed
Succeed together

Caring
Everyone matters

Open
Do the right thing

About FWD Life Insurance Corporation

FWD Life Insurance Corporation (FWD Philippines or the Company) launched our commercial operations in September 2014. FWD Philippines now ranks 3rd in terms of both new business annual premium equivalent[1] and premium income[2] and 1st in terms of single premium[3].

FWD Philippines is part of FWD Group. The Company is regulated by the Insurance Commission of the Philippines and is legally permitted to provide insurance products and services within the country.

2025 ranking

1 in Single Premium Income

3 in New Business Annual Premium Equivalent

3 in Total Premium Income

Corporate awards

#2 in the Million Dollar Round Table Rankings
among insurance companies in the Philippines

2 Golden Arrows – ASEAN Corporate Governance Scorecard
Institute of Corporate Directors

Top 5 – Data Protection Officer of the Year
National Privacy Commission (NPC) Privacy Awareness Week (PAW) Awards 2025

[1] www.insurance.gov.ph > Data > Statistics > Life Insurance Companies > 2025 > Based on New Business Annual Premium Equivalent
[2] www.insurance.gov.ph > Data > Statistics > Life Insurance Companies > 2025 > Based on Premium Income
[3] www.insurance.gov.ph > Data > Statistics > Life Insurance Companies > 2025 > Based on Premium Income

Messages

"Insurance is not just a financial product. It is a promise of protection and continuity when it matters most. Upholding that promise requires discipline, transparency, and a deep understanding of the communities we serve."

Message from the Chairman of the Board

The year 2025 was shaped by uncertainty, globally and locally. For many Filipino families, it was a year marked by economic pressure, heightened cost of living concerns, and difficult choices about the future. In moments like these, trust in institutions matters more than ever.

As a Board, our responsibility is to provide stewardship that looks beyond short-term cycles and focuses on long-term resilience. We remain committed to sound governance, prudent risk management, and clear oversight ensuring that FWD Philippines continues to operate with integrity, stability, and purpose.

At FWD, our vision of changing the way people feel about insurance guides how we approach this responsibility. Insurance is not just a financial product; it is a promise of protection and continuity when it matters most. Upholding that promise requires discipline, transparency, and a deep understanding of the communities we serve.

2025 also represented a period of leadership transition handled with care and continuity. The Board is confident in the strength of the organization, the values that underpin it, and the leadership entrusted to guide FWD Philippines forward.

In an environment defined by change, we remain focused on what endures: protecting customers, supporting employees and advisors, and ensuring that FWD continues to be a trusted partner for Filipino families for generations to come.

Amb. Jose L. Cuisia, Jr.
Chairman of the Board

Message from the 2024 President and CEO

When I look back at 2025, I see a year that demanded steadiness and revealed character. It was a year when the role of insurance became even more relevant to Filipino families navigating uncertainty and when trust had to be earned every day.

My time as President and CEO followed a meaningful milestone: FWD's 10th year in the Philippines. That anniversary was not just a celebration of how far we had come, but a reminder of why we exist: to serve, to protect, and to contribute to something bigger than ourselves. For me, that has always meant nation-building.

In 2025, we saw that purpose translate into momentum. FWD Philippines reached important milestones, including achieving Rank 1 in the industry for a quarter—proof that disciplined execution, customer-led thinking, and a strong culture can deliver results, even in challenging conditions. More importantly, we strengthened the foundations of trust with customers, advisors, and partners.

What I am most proud of, however, is not a ranking or a metric. It is the organization we have built, one defined by courage, integrity, and a genuine desire to change the way people feel about insurance. Our people showed up with purpose. Our advisors earned trust conversation by conversation. Together, we demonstrated what is possible when ambition is guided by values.

"Our people showed up with purpose. Our advisors earned trust conversation by conversation. Together, we demonstrated what is possible when ambition is guided by values."

We also made deliberate investments in our people and the communities we serve, recognizing that long-term success depends on building an inclusive and capable organization. In 2025, we completed the inaugural cohort of FWD LIFE, our women in leadership program developed with the Asian Institute of Management—the first of its kind in the Philippine insurance industry. We also launched the FWD x SBFI Future Leaders Scholarship Program, supporting 10 scholars through college in honor of the renewed partnership with Security Bank—an investment in the next generation of leaders who will shape our country's future.

Beyond our organization, more than 70 employees volunteered to plant 1,200 native trees in the Sierra Madre as part of our Forest of the Future initiative. For us, nation-building goes beyond the policies we write—it is about contributing to stronger communities and a more sustainable future for the Filipino families we serve.

As I pass the leadership to Soon, I do so with confidence. The organization is stronger, more disciplined, and well-prepared for what lies ahead. The work of protecting Filipino families and contributing to nation-building continues, carried forward by capable hands and a clear sense of purpose.

I am deeply grateful to the FWD community for the trust, commitment, and belief you placed in me and in our shared mission.

Antonio Manuel "Jumbing" De Rosas
2024 President and Chief Executive Officer

Message from the 2025 President and CEO

"By listening closely to customers and understanding what truly matters to them, we deliver protection that is practical, relevant, and human."

At FWD, everything we do begins with a shared belief: everyone deserves the financial confidence to fully celebrate living. This belief is anchored in our commitment to changing the way people feel about insurance—being genuinely customer-led and designing protection that responds to real needs. It guides how we serve customers, support our advisors, and build our business, especially in a year that required steadiness, trust, and perspective.

I assumed leadership of FWD Philippines in June 2025, at a time when many Filipino families were navigating change and making more deliberate choices about their future. This reinforced why our vision matters. By listening closely to customers and understanding what truly matters to them, we deliver protection that is practical, relevant, and human—helping Filipinos build financial confidence and protecting more families at every stage of their life.

The organization I stepped into had clear and proven momentum. In 2025, FWD Philippines ranked No. 1 in Single Premiums and Top 3 in both Total Premium Income and New Business Annual Premium Equivalent (NBAPE). This performance was supported by sustained market share growth—more than doubling from 5.2% in FY 2019 to 12.1% in FY 2025, a 6.9-point increase. It reflects our strong capital position, financial stability, and the growing confidence Filipinos place in FWD as a trusted life insurer.

That strength is reflected in a diversified, relevant product portfolio designed to meet evolving needs across life stages. In 2025, this included innovations such as Fast Lane, the country's first regular 2-pay plan; Set for Life Plus, an investment-linked plan that supports Filipinos as they explore life's many possibilities; and The One for pet lovers, a purpose-driven offering launched in partnership with the Philippine Animal Welfare Society (PAWS) that protects advocates while advancing animal welfare. Together, these initiatives demonstrate our ability to innovate responsibly while delivering value, protection, and long-term confidence.

We owe much of our success to our distribution force, our agency and bancassurance teams, who stand at the frontlines of our mission to protect more Filipino families and extend our reach across the country. As we continue to expand our footprint, we attract the right people driven by purpose and committed to doing what is right for customers. Our agency force has been consistent in achieving top MDRT rankings, underscoring their professionalism, discipline, and sustained performance. Through everyday conversations with families, they bring financial confidence to life and expand our impact one relationship at a time.

Our Bancassurance channel remains a strong contributor and a key driver of the business, broadening access to protection by meeting customers where they already are through trusted financial relationships. As this channel continues to scale, it has delivered consistent results while upholding a customer-led approach, ensuring we provide both care and financial protection.

We are especially grateful for our partnership with Security Bank, which continued to strengthen in 2025. Ours is a partnership grounded in a shared vision of putting customers first—one that goes beyond distribution to focus on long-term relationships, trust, and responsible growth. Together, we are better positioned to deliver meaningful protection and help more Filipinos face the future with confidence.

"Our focus is on protecting more Filipino families **by earning their trust at every stage of their journey. With our direction set, we will continue strengthening financial confidence, deepening our impact, and leading with heart and courage."**

We also continued our important work of investing in financial literacy and youth empowerment in partnership with Junior Achievement Philippines. Through our bespoke programs, JA SparktheDream, JA It's My Dream, and JA Forward Your Success, we reached over 5,000 students and young Filipinos across 53 schools and community partners nationwide, including out-of-school youth, helping equip the next generation with the skills, knowledge, and confidence to make informed financial decisions.

FWD Philippines delivered a strong 2025, a testament to the discipline, commitment, and shared purpose of our employees, financial advisors, and partners. These results reflect the trust our teams earn every day. We continue to build on the strong foundation of Jumbing's leadership, and the culture of ambition, integrity, and care he helped shape as we move into the next phase of our journey.

Looking ahead, our focus is on protecting more Filipino families by earning their trust at every stage of their journey. This calls for leading as one—aligned around the customer, guided by shared values, and committed to doing what is right by listening closely, enabling our advisors, empowering our people, and growing responsibly with accountability and care. With our direction set, we will continue strengthening financial confidence, deepening our impact, and leading with heart and courage. We are the insurer of the next generation. We lead as ONE.

Soon Liang Lau
2025 President and Chief Executive Officer

Business review

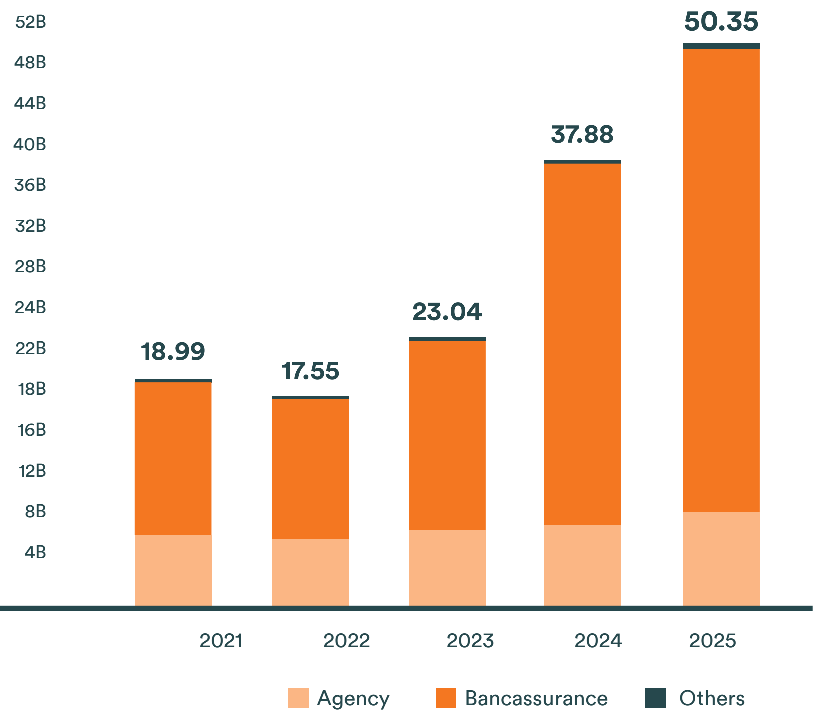
Key business highlights

FWD Philippines continued to exhibit robust growth in 2025, proving once more that we are one of the fastest growing insurance companies in the Philippines.

Premium Income

(PhP Billion)

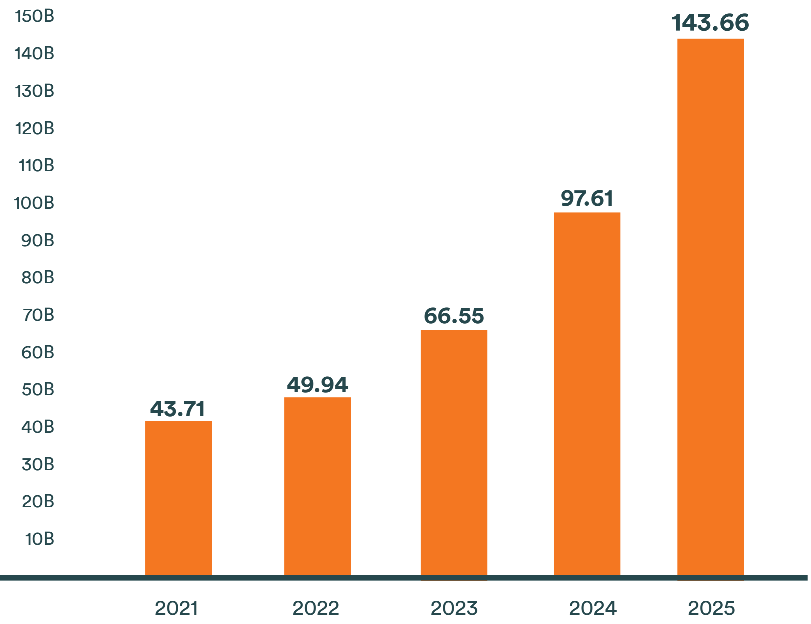
PhP50,349,541,484



Total Assets

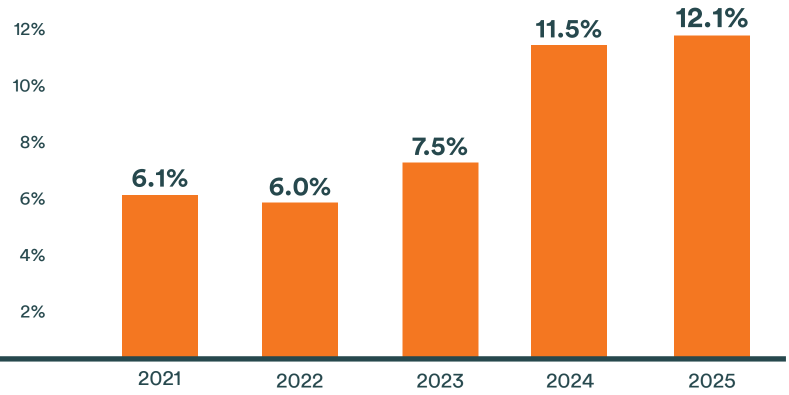
(PhP Billion)

PhP143,660,447,653



Market Share

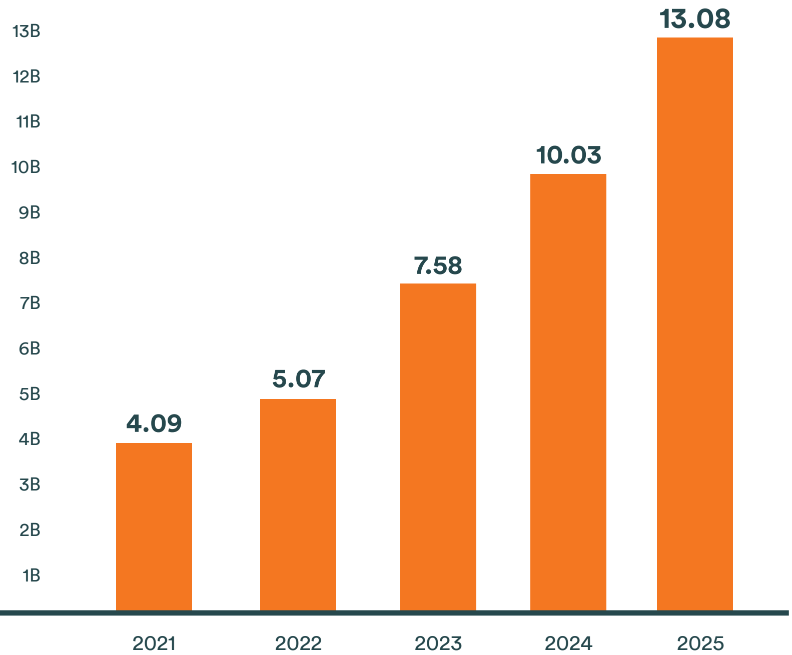
for New Business Annualized Premium Equivalent



Equity

(PhP Billion)

PhP13,078,531,980



Financial KPIs

FWD Philippines closed 2025 with a strong financial position, affirming our standing as one of the country's leading life insurers. According to the Insurance Commission's report as of December 31, 2025, FWD Philippines ranked:

#1 in Single Premium Income with PhP38.25 billion

#3 in both Audited Total Premium Income with PhP50.36 billion and New Business Annual Premium Equivalent (NBAPE) of PhP9.03 billion

Within the top 10 industry-wide in total assets (PhP143.66 billion)

The Company also recorded:

PhP965 million
Audited net income

PhP13.08 billion
Equity

PhP2.3 billion
Paid-up capital

These results reflect disciplined growth across key capital and earning metrics. Underscoring a well-capitalized balance sheet positioned to support long-term policyholder obligations and sustained business expansion.

Non-financial KPIs

Beyond financial performance, FWD Philippines deepened our commitment to meaningful impact in 2025:

touched 4,491 lives through its community programs

with 3,784 young students reached through financial literacy and education initiatives

and 1,448 volunteer hours invested by its people

We amplified our voice as an industry thought leader:

- releasing 25 stories in 2025 that highlighted innovation, industry leadership, and nation-building
- earning 255 media pick-ups across Tier 1 and 2 outlets
- contributing to a total Share of Voice (SOV) of 247.3 million, ranking 5th among our peers

Together, these results reflect FWD Philippines' growing presence in strengthening financial confidence and contributing to nation building.

Multi-channel elite distribution network

FWD Philippines' multi-channel distribution network proved our breadth and consistency, with bancassurance, agency, and digital commerce each contributing to the Company's sustained growth in reach, advisor productivity, and new business generation.

Bancassurance

FWD Philippines' exclusive bancassurance partnership with Security Bank Corporation (SBC) continued to strengthen in 2025, delivering growth across all key performance indicators.

- **22% APE Growth, year-on-year:** Full-year annual premium equivalent grew 22% year-on-year, driven by consistent performance across the SBC branch network.
- **Policies that stay:** Our portfolio reached an 86.33% persistency rate, reflecting sustained policy retention and customer confidence.
- **Strength across every branch:** 89% of SBC branches were active and productive throughout the year, with Branch Managers and Junior Officers contributing directly to channel output.
- **People at the heart of it:** 95% of FWD Philippines Financial Solutions Consultants recorded active case counts across all SBC branches nationwide.

Agency Sales Channel

In 2025, the Agency channel delivered solid New Business Annual Premium Equivalent (NBAPE) performance, prioritizing business quality over volume amid intensifying competition and challenging macroeconomic conditions, and strengthening the foundation for sustainable growth in 2026.

- **The Million Dollar Round Table (MDRT) benchmark was raised again:** The channel registered 141 qualifiers in 2025, a 10.24% increase year-on-year, including 11 Court of the Table and 1 Top of the Table. MDRTs contributed one third of total agency production, a reliable indicator of advisor quality and productivity.
- **Building for what comes next:** 2025 marked a more stable and sustainable manpower base, with new recruits accounting for 31% of total headcount.
- **Growing the people who grow the business:** Fast Lane, FWD Philippines' first two-payment investment-linked plan, contributed meaningfully to production quality: 40% of Fast Lane-selling advisors qualified for MDRT status in 2025. All agency leaders were enrolled in different Elite Leader Programs including Pacesetter, with around 300 leaders completing the program across Manila, Cebu, and Cagayan de Oro.

Digital Commerce

The digital channel expanded direct-to-customer reach in 2025, supported by platform consolidation and new product introductions.

- **One home for every customer:** All digital properties were migrated to a single unified domain (fwd.com.ph), improving purchase completion time by 30% with no disruption to Agency or Bancassurance partner sales.
- **A wider portfolio, reaching new segments:** The digital portfolio was expanded by offering The One for pet lovers, in partnership with the Philippines Animal Welfare Society (PAWS), which has a per-policy donation component. The One for mental wellbeing was also enhanced through the introduction of Mind You, a web-based mental health service, as its new exclusive benefit.

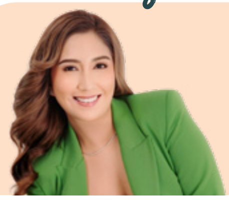
Million Dollar Round Table
Drive and commitment

In 2025, we maintained our No. 2 position in the Million Dollar Round Table (MDRT) rankings among life insurance companies in the Philippines.

Top of the Table (TOT)

Michaela Condes Jumao-as
SGA - Mt. Jungfrau
Qualifying and Life Member
4x MDRT, 9x TOT

Court of the Table (COT)



Bernadette Batalan Chavez
Mt. Weisshorn
Qualifying Member
2x COT, 1x TOT

Marco Cabodil Melgar
Mt. Carmel Apollo
Qualifying Member

Mikhaela Villaroman Calimag
One Obsidian
Qualifying Member
2x MDRT, 1x COT

Lester Angelo Magpile Reyes
Mt. Elbrus
Qualifying Member
1x MDRT, 7x COT

Jeffrey Amacio Guevarra
BrightAdvisors
Qualifying Member
1x MDRT, 2x COT

Mary Andrea Arrieta Gantioqui
Mount King
Qualifying Member
6x MDRT, 3x COT

Mary Ann Gomez Latonio
Mt. Carmel
Qualifying and Life Member
12x MDRT, 3x COT, 3x TOT

Vincent Alexis Marcelino Cabarroguis
Mongibello
Qualifying Member
3x COT, 2x TOT

Bonnie Ching Tan
Mt. Elbrus
Qualifying Member

Remedios Rendon Pelayo
Fuji - Kitanglad
Qualifying Member

Catherine Bandayanon Ramos
Mt. Carmel Davao
Qualifying Member

Million Dollar Round Table (MDRT)

Name	Agency	MDRT Years
Manuel Crisanto Tarce Corregidor	1Mongibello-Hermon	Qualifying Member 2x MDRT, 1x COT, 1x TOT
Leizl Dioquino Libre	Alpine Horizon	Qualifying Member
Reynaldo Sicat Almario	Andes TWF	Qualifying and Life Member 13x MDRT, 3x COT
Carlo Rosales Dela Cruz	Apex 11	Qualifying Member
Eric Cena De Torres	Bogda Peak Central	Qualifying Member 2x MDRT
Grace Enclunar De Torres	Bogda Peak Central	Qualifying Member
Lucas Paolo Policarpio Trinidad	Bogda Peak Central	Qualifying Member

Name	Agency	MDRT Years
Ma Geraldine Anne Dacanay Riate	Bogda Peak Central	Qualifying Member
Marilen Magundayao Ilagan	Bogda Peak Central	Qualifying Member 6x MDRT
Pamela Gruba Medina	Bogda Peak Central	Qualifying Member
Saara Oxana Garcia Salcedo	Bogda Peak Central	Qualifying Member
Angelina Inductivo Agustin	BrightAdvisors	Qualifying Member 7x MDRT
Charina Oliveria Quiambao	BrightAdvisors	Qualifying Member 5x MDRT, 2x COT
Gemma Reamico Pacleb	BrightAdvisors	Qualifying Member 2x MDRT
John Pascual Reyes Dela Serna III	D11 Direct	Qualifying Member
Joyce Taguiling Cabal	D11 Direct	Qualifying Member 2x MDRT
Arlene Buan Gerona	Dragon Stone	Qualifying Member 6x MDRT, 1x COT
Antonette Razon Fernandez	Dragon Stone	Qualifying Member 7x MDRT
Artom Lincoln Tan Lu	Dragon Stone	Qualifying Member
Eleonor Araneta Santos	Dragon Stone	Qualifying Member
Kristin Wyeth Marie Oben Baconawa	Dragon Stone	Qualifying Member
Ma Giselle Abrantes Bangoy	Dragon Stone	Qualifying Member 2x MDRT
Marianne Camille Baconawa Gerona	Dragon Stone	Qualifying Member 4x MDRT
Rosafe Baquiran Clemente	Dragon Stone	Qualifying Member
Deegee Peco Razon	Dynamic Gold 11	Qualifying Member 3x MDRT, 1x COT
Ron Jude Joshua Magracia Gripo	Dynamic Gold 11	Qualifying Member
Elma Labastida Avila	El Manre Financials	Qualifying Member 8x MDRT
Jovelyn Go Chua	El Manre Financials	Qualifying Member
Rudy Ong Sanchez	El Manre Financials	Qualifying Member
Raymar Monterey Paz	Epiphany CK	Qualifying Member
Elaine Dayondon Bogo	Fuji - Apo	Qualifying Member 7x MDRT
Jose Antonio Salazar Salazar	Fuji - Apo	Qualifying Member
Marie Ann Ramonal Casino	Fuji - Apo	Qualifying Member 2x MDRT
Miraflor Maca Taporco	Fuji - Apo	Qualifying Member
Sarah Grace Dela Pena Codilla	Fuji - Apo	Qualifying Member
Sharon Mayonila Labor	Fuji - Apo	Qualifying Member 9x MDRT
Belinda Estal Espura	Fuji - Butuan	Qualifying Member
Mari Antonette Tandan Ascares	Fuji - Butuan	Qualifying Member 5x MDRT, 1x COT
Nelissa Estal Vega	Fuji - Butuan	Qualifying Member
Jalilah Sarip Mamarinta	Fuji - Kitanglad	Qualifying Member
Liza Paguilon Madrid	Fuji - Kitanglad	Qualifying Member 5x MDRT
Nerajea Mae Bangis Bautista	Fuji - Kitanglad	Qualifying Member 2x MDRT
Arlita Loy Balbuena	Fuji - Monte Halcon	Qualifying Member
Jayson Clark Geralde Bebanco	Fuji - Monte Halcon	Qualifying Member
Ramil Albano Luna	Fuji - Monte Halcon	Qualifying Member

Name	Agency	MDRT Years
Ethel Edgarlina Alvarado Clima	Fuji Diamond Peak	Qualifying Member 5x MDRT, 1x COT
Philfa Carcedo De la Cruz	Fuji Diamond Peak	Qualifying and Life Member 11x MDRT
Annabelle Calaguas Buenaflor	Gerizim Peak	Qualifying Member
Ardie Castro Espiritu	Golden Dragon	Qualifying Member 2x MDRT
Elgin Ann Esposo Jacolbe	Golden Dragon	Qualifying Member
Marvin Surla Espinosa	Mongibello	Qualifying Member 4x MDRT, 1x COT
Neal Benedict Marcelino Cabarroguis	Mongibello	Qualifying Member 2x MDRT, 1x COT
Lady Grace Sarabia Tiongson	Mount Rich	Qualifying Member 2x MDRT
Mary Grace Del Valle San Antonio	Mount Rich	Qualifying Member 4x MDRT
Almalyn Pajo Egina	Mount Tremont	Qualifying Member
Dennis Villacastin Naingue	Mount Tremont	Qualifying Member
Marlon Inciong Lopez	Mt. Carmel Apollo	Qualifying Member 5x MDRT
Jennifer Bongbong Pollisco	Mt. Carmel - Cebu	Qualifying Member and Life Member 11x MDRT
Bernadith Jimenez Ipanag	Mt. Carmel Davao	Qualifying Member 9x MDRT
Vanessa Garcia Madayag	Mt. Carmel Davao	Qualifying Member 9x MDRT
Loren Balayo Barretto	Mt. Carmel-Ember	Qualifying Member 8x MDRT, 1x TOT
Ronie Jumawan Perez	Mt. Carmel Rainier	Qualifying Member
Betsy Liao Manapsal	Mt. Carmel Victoria Peak	Qualifying Member 9x MDRT
Kerrie Keane Gaudan Shimura	Mt. Carmel Victoria Peak	Qualifying Member 7x MDRT, 1x COT
Orita Dalmacio Mayumis	Mt. Carmel-PrimePeak	Qualifying Member 3x MDRT
Felipa Magpile Reyes	Mt. Elbrus	Qualifying Member
Debbie Gutierrez Vedan	Mt. Elias South	Qualifying and Life Member 12x MDRT
Jhoma Soliman Vadil	Mt. Fortitude	Qualifying Member 3x MDRT
Catherine Joy Go Mendoza	Mt. Malaya - Aoraki	Qualifying Member 7x MDRT
George Benson Yu Mendoza	Mt. Masaya-Mabuhay	Qualifying Member 6x MDRT, 1x COT
George Brandon Yu Mendoza	Mt. Masaya-Mabuhay	Qualifying Member 3x MDRT
Janice Jacaban Magsumbol	Mt. Masaya-Mabuhay	Qualifying Member 2x MDRT
George Byron Yu Mendoza	Mt. Meron - Mabuhay	Qualifying Member 6x MDRT
Jemson Diaz Suico	Mt. Meron - Mabuhay	Qualifying Member
Joseph Baluyos Jr	Mt. Meron - Mabuhay	Qualifying Member 4x MDRT
Marilyn Cardines Calvo	Mt. Meron - Mabuhay	Qualifying Member
Esel John Leva Dilag	Mt. Olympus Advocates	Qualifying Member 4x MDRT
Gabrell Abad Pasion	Mt. Parker	Qualifying Member
Ismera Libre Tribucio	Mt. Parker	Qualifying Member

Name	Agency	MDRT Years
Mary Ann Magdadaro Malvaroza	Mt. Parker	Qualifying Member 2x MDRT
Arlyn Grace Velicaria Guico	Mt. Triumph One	Qualifying Member 4x MDRT, 3x COT
Bonna Faye Rabe Velicaria	Mt. Triumph One	Qualifying Member 2x MDRT
Gerlie Nadales Bejosano	Mt. Triumph One	Qualifying Member 6x MDRT
Harvy Brian Hao Valencia	Mt. Triumph Star Jewel	Qualifying Member
Jenniflor Legaspi Angustia	Mt. Triumph Star Jewel	Qualifying Member 3x MDRT
Ronilo Valmocena Fernandez	Mt. Triumph Zion	Qualifying Member
Ivan Arnaiz Lontoc	One Apex	Qualifying Member 6x MDRT
Carl Benson Panganiban Olivar	One District Direct	Qualifying Member 2x MDRT
Nikko Panganiban Olivar	One District Direct	Qualifying Member 2x MDRT
Gemma Bautista Bersamina	One Golden Stone	Qualifying Member 2x MDRT
John Patrick Dela Cruz Bagus	One Golden Stone	Qualifying Member
Ma. Edelaine Cabasaan Meily-Gapuz	One Golden Stone	Qualifying Member
Nino Bon Barabas Agapito	One Omega Branch	Qualifying Member 2x MDRT
Joselito Ampa Jabinar	Oriental Dragon	Qualifying Member
Canlyraine Eleda Bolivar	Pinnacle	Qualifying Member
Clarissa Chew Bautista	Pinnacle	Qualifying and Life Member 12x MDRT, 5x COT
Joan Marriel Mangahas Miranda	Pinnacle	Qualifying Member 3x MDRT
Joanna Lagata Lanuza	Pinnacle	Qualifying Member 2x MDRT
Purita Dy Tane	Pinnacle	Qualifying and Life Member 7x MDRT, 3x COT, 1x TOT
Ramtee Rebadeo Chua	Pinnacle	Qualifying Member 3x MDRT
Carlisle Agsana Dizon	Rainbow 1	Qualifying Member
Rowena Villas Villajos	Rainbow 1	Qualifying Member 9x MDRT
Estela Torbiso Siboa	Rainbow 2	Qualifying and Life Member 10x MDRT
Alessandra Danielle Cabangon Estabillo	Rising Dragon	Qualifying Member
Christel Vilyn Castro Lee	Rising Dragon	Qualifying Member 2x MDRT
Donna May Vitug Tuazon	Rising Dragon	Qualifying Member
Cyrell Claire Dela Pena Dumale	Sapphire 11	Qualifying Member 2x MDRT
Donato Managuelod Bacud III	Sapphire 11	Qualifying Member
Joerella Kaye Labapis Hui	Sapphire 11	Qualifying Member
Rosario Castanos Salientes	SGA	Qualifying and Life Member 6x MDRT, 4x COT, 28x TOT
Angelyn Tamondong Nepomuceno	SGA - Manila	Qualifying Member 4x MDRT, 2x COT
Caroline Ines Carig	SGA - Manila	Qualifying and Life Member 14x MDRT
Cynthia Francisco Timbol	SGA - Manila	Qualifying Member 2x MDRT
Julie Prado Miranda	SGA - Manila	

Name	Agency	MDRT Years
Maria Celina Decena Alonzo	SGA - Manila	Qualifying and Life Member 9x MDRT, 1x COT
Greg Paolo Nunez Alcera	SGA - Mt. Jungfrau	Qualifying Member 2x MDRT
Hazel Sibug Abad Santos	SGA - Mt. Jungfrau	Qualifying Member 3x MDRT
Mark Joseph Sonsing Estacio	SGA - Mt. Jungfrau	Qualifying Member 2x MDRT
Irene King Garcia	SGA - Mt. Phoenix	Qualifying Member 4x MDRT
Jocelyn Galguierra Yao	SGA - Mt. Phoenix	Qualifying Member
Julieta Gaw Garcia	SGA - Mt. Phoenix	Qualifying and Life Member 14x MDRT, 1x TOT
Lily Co Yu	SGA - Mt. Phoenix	Qualifying Member 8x MDRT
Richard Ramos Buenaventura	SGA - Mt. Phoenix	Qualifying Member
Novelyn Ramos San Juan	SGA - TBFP	Qualifying Member 3x MDRT
Tarcius Manalo Abacial	SLA-Mt. Success	Qualifying Member 4x MDRT
Miraflora Iting Talabo	The Great Provider	Qualifying Member 6x MDRT
Teresita Lopez Arela	The Great Provider	Qualifying and Life Member 10x MDRT
Anilyn Reyes Dolendo	Yaris Peak 11	Qualifying Member
Marie Grace Hernandez Tianco	Yaris Peak 11	Qualifying Member

MDRT Life Members

Name	Agency	MDRT Years
Shirley Gonzales Delos Reyes	Andes TWF	Life Member 7x MDRT, 3x COT
Ed Dante Avila Latonio	Mt. Carmel - Cebu	Life Member 10x MDRT
Teresita Malcampo Ramoso	Mt. Olympus - Demeter	Life Member 11x MDRT, 3x COT
Lyne Leva Dilag	Mt. Olympus Advocates	Life Member 20x MDRT
Claire Ann Velasco Guiao	Pinnacle	Life Member 4x MDRT, 6x COT
Rowena Margarita Cuyco Suarez	Pinnacle	Life Member 9x MDRT, 7x COT
Veronica Santos Gonzalez	SGA	Life Member 17x MDRT
Marion Fernandez Victoriano	Rainbow 1	Life Member 4x MDRT, 3x COT, 4x TOT
Charito Enrique Aruta	SGA - Manila	Life Member 10x MDRT
Maria Teresa Duque Hernandez	SGA - Manila	Life Member 12x MDRT, 2x COT
Erlinda Salazar Cando	SGA - Manila	Life Member 13x MDRT
Cereus Chang Castro	SGA - Mt. Phoenix	Life Member 11x MDRT

Innovative and customer-centric propositions

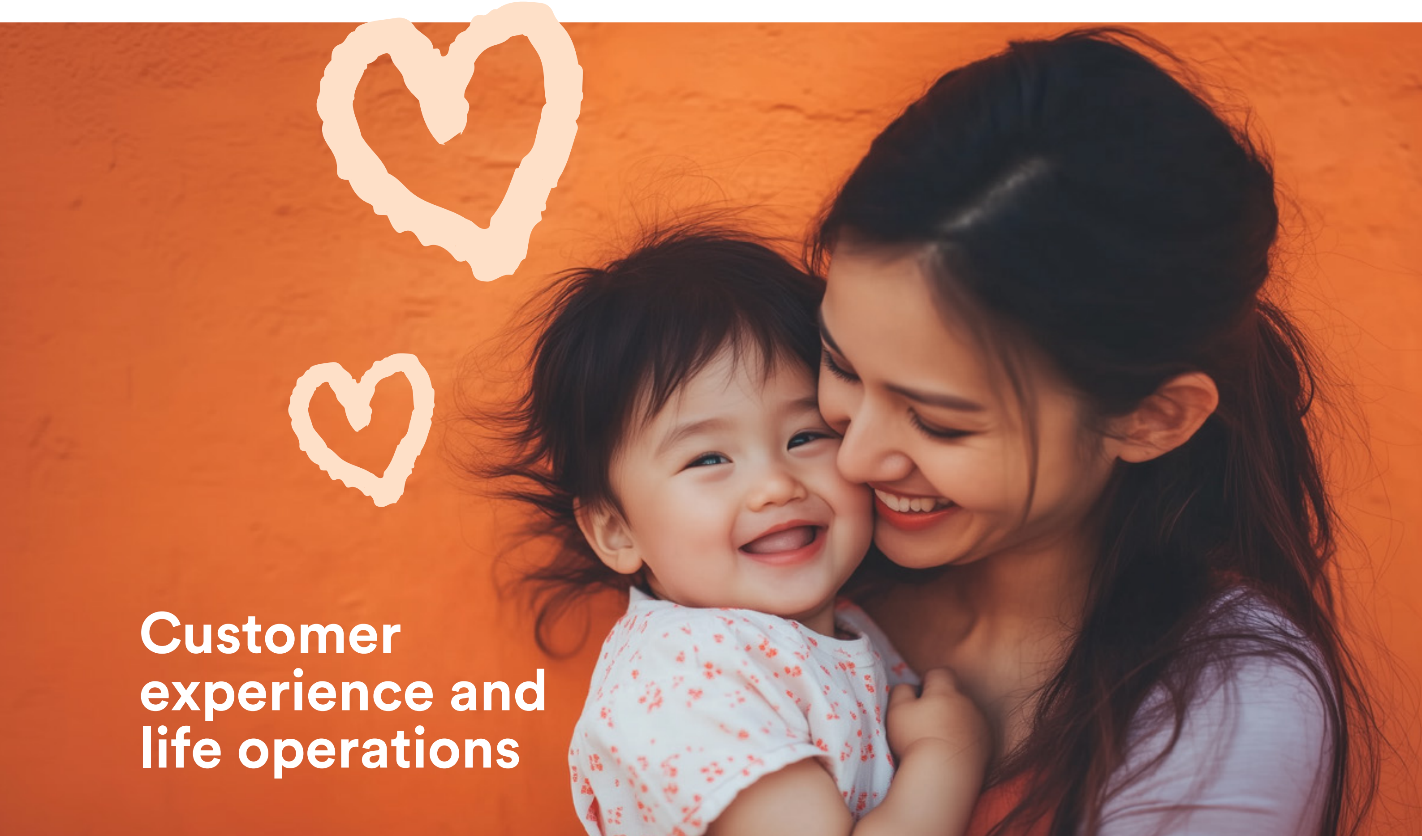
We continue to expand our product portfolio to protect more Filipino families and meet them where they are—at different life stages, with different goals—and with more ways to make protection work for them.

- **Set for Life Plus**
  We launched Set for Life Plus for customers who want to start investing without lifetime payment commitments. The plan offers 5- or 10-year payment terms, combining investment growth with life protection, and includes accidental death coverage and waiver of premium benefit.

- **FWD Fast Lane**
  Fast Lane is our first two-payment investment-linked plan, designed for customers who want to maximize the time their money works for them. It offers higher coverage from the outset and includes access to global payout funds for quarterly income.

- **FWD Wealth+**
  Wealth+ is our flexible single-pay investment-linked plan, available in Peso Philippine Peso and US Dollar. Customers can choose from three configurations, Creator, Harmonizer, and Legacy Builder, based on their financial goals and with access to global payout funds for quarterly income.

- **The One for pet lovers**
  We launched The One for pet lovers, an affordable digital plan that addresses a gap traditional insurance rarely covers, ensuring policyholders provide for their pets as part of their broader financial and estate planning. The product is offered in partnership with the Philippine Animal Welfare Society (PAWS).



Customer experience and life operations

We work to close the gap between what insurance feels like and what it should feel like, investing in the systems, tools, and digital experiences that serve our customers better every year.

- **Relaunched Fi 2.0: The future of customer conversation**
  We relaunched Fi as a GenAI-enabled conversational chatbot, the first of its kind among Philippine life insurers. Unlike traditional intent-based bots, Fi 2.0 supports natural language interaction for policy inquiries, marking a meaningful shift in how customers engage with FWD Philippines digitally.

- **Omne by FWD: An award-winning app**
  Our insurance mobile app, Omne, received two industry recognitions in 2025: Best Insurance Mobile App for the second consecutive year at the Global Insurance Innovations Awards and the Customer Experience Excellence Award at the IIC Asia Awards.

- **Policies issued faster, with less friction**
  We advanced two enhancements to our issuance process in 2025: the full rollout of Optical Character Recognition (OCR) technology within FWD Cube, our all-in-one digital sales application: 1) automated ID validation and increased applications qualifying for Straight Through Processing and 2) a Q3 backend enhancement enabling same-day digital policy contract delivery upon issuance.

- **67 automated tasks and counting with Robotic Process Automation (RPA)**
  We deployed four additional RPA functions in 2025, bringing our total to 67 automated tasks since the program began in 2019, delivering a cumulative 79% improvement in back-office processing efficiency.

- **Over 760 claims paid out, delivering certainty when it matters most**
  We supported customers and families through death, critical illness, and hospital cash benefit claims, paying out more than PhP518M in benefits. Every claim reflects a promise kept, responding with compassion, speed, and care, so our customers can focus on healing and moving forward without added financial stress.

Data and AI-enabled solutions

We are committed to AI and data capabilities that are powerful and responsibly governed. In 2025, we advanced both, scaling initiatives while strengthening the infrastructure and governance framework that underpin them.

- **Achieved a globally recognized security standard**
  FWD Philippines achieved ISO/IEC 27001 certification in December 2025, formalizing our Information Security Management System against internationally recognized standards for data protection and risk management.

- **FWD Fit For Me: Smarter conversations powered by AI**
  We launched Fit For Me (FFM), an AI-powered tool that generates a Coverage Gap Score and tailored product recommendations based on customer profiles. FFM supports more consistent, data-driven customer conversations at the point of sale, improving both advisor productivity and customer engagement.

- **Innovation governed with accountability**
  We strengthened our AI governance framework through Project Nexus, establishing a Data and AI Governance Hub, completing Responsible AI assessments for critical models, and implementing risk and compliance workflows across AI initiatives.

- **Smarter AI tools for a more capable distribution force**
  We embedded two GenAI tools into FWD Cube: 1) Agent Guru, which provides real-time sales assistance and automates routine tasks and 2) Training Guru, which delivers AI-drive simulations and personalized learning for advisors.

- **100% cloud, multi-year migration completed**
  FWD Philippines completed the migration of all critical applications to the cloud in 2025, achieving 100% cloud infrastructure and eliminating reliance on on-premise systems. AS400 batch processing time was reduced by 50%, from an average of 7-8 hours to 3-4 hours, effective September 2025.

The FWD brand

We show up where Filipinos are, in their passions, their communities, and their everyday lives, making insurance feel relevant, personal, and worth celebrating.

- **Play My Way: One brand voice for better customer service**
  FWD Philippines launched Play My Way as a brand culture platform in 2025, activating it first within the Company through a townhall with over 700 employees before extending it externally to customers. The campaign aligned internal and external messaging around a unified brand voice.

- **FWD x BLACKPINK**
  FWD Philippines sponsored the concert of K-Pop group BLACKPINK in 2025, bringing the brand to over 100,000 on-ground attendees and engaging a younger, culturally connected audience. The campaign reframed protection as exciting and contemporary, delivering a unified brand experience and reinforcing the brand's relevance in the entertainment space.

- **The One for pet lovers x PAWS**
  FWD Philippines launched The One for pet lovers in September 2025 in partnership with Philippine Animal Welfare Society (PAWS), turning financial protection into an act of love for policyholders and the animals that need them the most. This was brought to life through a series of activations that extended the campaign's reach across media, community, and culture:
  - An employee launch event where PAWS shared their mission directly with the FWD Philippines community, embedding the partnership's purpose from within the organization
  - An immersive media event held at the PAWS shelter, where members of the press and micro-KOLs witnessed firsthand how policy donations translate into real impact for animals in need
  - Sponsorship of PAWS Pet Blessing and PAWS Scaredy Cats and Dogs, integrating the FWD Philippines brand into events where the target community was already present

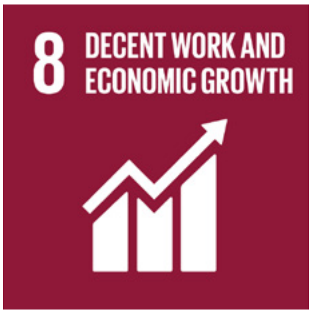
ESG strategy

Environmental, social, and governance

FWD Philippines is doing its share in bringing about a better and more sustainable future. We understand and prioritize the environmental, social, and governance (ESG) issues that are most important to us and those impacted by our decisions.

Focus on the Sustainable Development Goals

Supporting Sustainable Development Goals



Our Group ESG Strategy aligns with six SDGs, covering areas where we can make the greatest contribution.

Our Group ESG strategy

Our Group ESG Strategy informs what we aspire to achieve for the people and communities we serve—and those we wish to serve in the future. We strive to create lasting impact through the following three strategic pillars:

	ESG strategic pillars	Priorities
Accessible protection	We strive to help our customers and communities achieve better health and 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. • Leverage digital platforms for enhancing the customer journey and improving access to protection. • 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 mobilize capital for long-term sustained value and returns. • 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. • Advance equity, inclusion, and well-being initiatives to empower our diverse workforce. • Enhance ESG considerations in our operations and sourcing decisions.

Our Group ESG governance

Board oversight

FWD Group Board of Directors

Risk Committee

Audit Committee

Compensation Committee

Nomination & Corporate Governance Committee

Management oversight

Group Executive Committee
Chaired by Group CEO, Executive Director of FWD Board

Group ESG strategy, performance, and implementation

Accessible protection working group

Sustainable investment working group

Effective governance & sustainable business working group

Group ESG

ESG Leads in markets

- Group Board and Board-level Committees
- Management Committee
- Operational teams

Our Group ESG strategy has the support of our senior leadership.

FWD Group integrated ESG within our existing governance structure to enhance ESG governance and manage a wide range of ESG issues that are important to us and our stakeholders. The FWD Group Board of Directors has delegated the Group Executive Committee (GEC) to oversee and establish FWD's ESG goals and strategy, evaluate performance, and respond to emerging ESG risks and opportunities. The GEC is supported by three designated working groups representing each pillar of our ESG strategy.

Chaired by our Group CEO and executive director, the GEC comprises senior managers from various functions across the business. Our Group Chief Strategy and Development Officer serves as the executive sponsor for ESG across the Group and is supported by the Group ESG team. To ensure the Board receives timely updates on important ESG issues, the GEC reports via the Group Nomination and Corporate Governance Committee on a quarterly basis.

Our commitment to the community

In 2025, we expanded our reach via Community Care through focused investments in environmental stewardship, financial confidence, youth empowerment, and in protecting more Filipino families—combining strategic partnerships with active employee volunteerism to create measurable, lasting impact.

- **Planting the forest of the future**
  In partnership with Fostering Education & Environment for Development, Inc. (FEED) Philippines, FWD Philippines planted 1,200 native and endemic trees in Sierra Madre, one of the country's most critical natural defense corridors, made possible through 938 volunteer hours from 67 employees. Based on FEED's scientific projections, the forest is expected to sequester up to 1,200 tonnes of CO_2 over its lifetime.

Community Care

4,491
individuals supported via financial education and literacy programs

US$43,127
charity cash contribution

1,509
volunteering hours contributed

- **JA SparktheDream on its 3rd year**
  Now in its third year, our financial literacy and entrepreneurship program with Junior Achievement Philippines has engaged 3,784 students across 39 schools nationwide, building a generation of financially confident and future-ready young Filipinos.

- **Empowering Out-of-School Youth through JA It's my Dream**
  Through JA It's My Dream, we supported 600 out-of-school youth across six partner schools with practical entrepreneurship training, culminating in the 2025 Dreamers' Pop-Up Bazaar where participants applied business fundamentals in a live marketplace setting.

- **Advocating animal welfare with the Philippine Animal Welfare Society (PAWS)**
  28 employee volunteers supported PAWS through hands-on engagement and supply donations, contributing 140 volunteer hours to feeding sessions and the Calming Animals Through Literacy Movement.

- **Preparing graduating college students for the future with JA Forward Your Success**
  JA Forward Your Success delivered financial literacy and career readiness training to 77 graduating university students across six schools, with 17 volunteers contributing 136 hours to the program.

Our people, our values

Investing in our people and culture

FWD Philippines invested in our people in 2025 through meaningful policy updates, leadership development, and a workplace culture that recognizes and celebrates the people behind the Company's growth.

Supporting tomorrow's champions

- **Forging leaders:** Launched in 2024 in partnership with the Asian Institute of Management, FWD LIFE, the Company's women-in-leadership program and the first of its kind in the Philippine insurance industry, celebrated the completion of its inaugural cohort of 19 women leaders in March 2025, building strategic leadership capabilities across the organization.

- **One integrated force:** FWD Philippines unified our People and Culture and Corporate Services functions into a single integrated team in 2025, creating a more aligned and responsive people management structure, ensuring that every employee experience is supported by a function working with a single, shared purpose.

- **Prioritizing employee retention and well-being:** FWD Philippines enhanced our employee benefits framework in 2025 with several policy updates designed to support retention and well-being. In 2025, FWD Philippines also honored 22 employees marking five-year milestones and 27 marking ten-year milestones through a dedicated luncheon with the Executive Committee.

- **Promoting employee engagement:** Employee-led Passion Communities and company-wide engagement initiatives reinforced our people-first culture throughout the year, creating spaces for connection, recognition, and shared purpose.

  - **Passion Communities:** Employee-led groups spanning wellness, inclusion, engagement, and recognition organized year-round activities that strengthened workplace belonging.

  - **Sportsfest 2025:** The annual Sportsfest in November brought together all corporate employees across four teams led by Executive Committee members, promoting cross-functional collaboration and well-being.

  - **Portfolio of upskilling programs:** In a goal to empower employees and prepare them for future challenges, we launched initiatives like Anytime Learning for all employees (546 courses completed—equivalent to 617 hours), Leading Edge Summit (training for two senior executives), Leading Edge Expedition (training for two leaders), LOMA (for 50 participants), EZRA Coaching (training for four leaders), and Forum 55 for the Executive Committee, among others. These have significantly enhanced employees' skills and knowledge and fostered continuous improvement.

Employee health and safety

Workplace health and safety: As part of our pledge to the continual improvement in the management of health and safety in our workplace, we ensure that proper safety practices and protocols in the office are in place and promote events and initiatives that support these:

- **Annual First Aid Training (June 2025):** Facilitated by the Philippine Red Cross
- **24th General Assembly and OSH National Convention (August 2025):** A national OSH convention organized by ASPPI in collaboration with DOLE, OSHC, and DOH, tackling safety transformation amid AI adoption and sustainability efforts
- **19th National Occupational Safety and Health (NOSH) Congress (October 2025):** A two-day national congress organized by DOLE-OSHC focused on advancing inclusive workplace safety and health in the future of work
- **Fire drill (November 2025):** An annual fire drill exercise for employees' disaster preparedness plan
- **Quarterly Nationwide Simultaneous Earthquake drill (March, June, September, November 2025):** A quarterly nationwide event aimed at enhancing earthquake preparedness and response capabilities across the Philippines
- **Zero DOLE audit findings:** This reflects our commitment to our employees' welfare by implementing processes and guidelines within the labor standard requirements set by the Department of Labor and Employment (DOLE).

People-centered benefits

- **Long-term employee incentive rewards:** This is offered to selected senior employees of the FWD Group to recognize those individuals who can influence and contribute toward the achievement of our long-term goals and success.

- **Succession planning:** We continue to ensure that development plans of successors and talents are mapped out, monitored, executed, and tracked annually. FWD Philippines has a healthy succession pipeline because of the commitment and dedication of our leaders to developing next-in-line talents and ensuring their success in their next role.

- **Annual leave:** Leave credits now increase with tenure, with unused leave carried over year-on-year.

- **Sick leave:** The updated policy includes a Sick Leave Donation Program and Unlimited Sick Leave Banking, giving employees greater flexibility during extended recovery.

- **Parental support:** An enhanced Paternity Leave Policy and a new Adoption Leave Policy recognize diverse family structures and ensure all parents receive adequate support.

2025 Senior Management Team

Passionate leadership

The leaders driving FWD Philippines' growth bring together decades of industry experience and a unified purpose: making insurance simpler, more accessible, and more meaningful for all Filipino families.

Soon Liang Lau

President and Chief Executive Officer

Marlette Leticia Soliman Jaranilla

Chief Partnership Officer

Arnolfo de Leon

Chief Agency Officer

Lee Longa

Chief Financial Officer

Vita Marie Guillen

Chief People and Culture Officer

Judith Baliton

Chief Life Operations Officer

Gavin Lai

Chief Marketing and Digital Commerce Officer

Atty. Juan Sotero Roman

Chief Legal and Compliance Officer

David 'Angela' Rowley

Chief Risk Officer

Soon Liang Lau
President and Chief Executive Officer, 46

Qualifications:
Mr. Lau graduated from University of Singapore, with a Bachelor of Science Statistics and Applied Probability in 2004.

Training:
In 2025, he attended the FWD Elite Executives at the Yale School of Management and the Corporate Governance Scorecard Orientation conducted by the Institute of Corporate Directors, Makati, Philippines.

Professional experience:
Mr. Lau is a seasoned senior executive with extensive leadership experience across Southeast Asia's insurance markets, holding Group-level and C-suite roles in growth, distribution, finance, actuarial, and risk management. He has demonstrated success in driving market expansion, strengthening distribution channels, leading large cross-functional teams, and enhancing financial and risk frameworks across both emerging and mature markets.

He held multiple senior leadership roles within FWD Group's Southeast Asia Senior MD Office, including Group Vice President (2022–2023), Group Senior Vice President (2023–2025), and concurrently served as Emerging Market Chief Growth Officer (2022–2025), spearheading strategic growth initiatives and performance acceleration across the region. In addition, he has served as a Board Commissioner of BRI Life (Indonesia) since 2024, contributing to Board-level oversight, governance, and strategic direction of the business.

Previously, he served as Chief Partnership Distribution Officer at FWD Vietnam (2019–2021), leading multi-channel distribution strategy and delivering strong business development outcomes. He also acted as Chief Financial Officer (2018–2019) and Chief Actuarial / Acting Chief Risk Officer (2016–2017), overseeing financial governance, actuarial strategy, and risk management during high-growth phases of the business.

Marlette Leticia Soliman Jaranilla
Chief Partnership Officer, 57

Qualifications:
Ms. Jaranilla earned her Bachelor of Science in Computer Science from the Pamantasan ng Lungsod ng Maynila, Philippines.

Training:
Ms. Jaranilla attended the FWD Elite Executives at the Yale School of Management in November 2025.

Professional experience: Ms. Jaranilla brings with her 30 years of experience in the life insurance industry, with expertise in business development, relationship management, and expanding distribution channels. She has a proven track record of driving remarkable growth through strategic initiatives across agency, bancassurance, and partnerships. Throughout her career, she has showcased exceptional leadership in building and nurturing high-performing teams, fostering collaboration, and achieving outstanding results in competitive markets.

Arnolfo de Leon
Chief Agency Officer, 58

Qualifications:
Mr. de Leon earned his Bachelor of Arts in Political Science at the Ateneo de Manila University, Philippines.

Training:
Mr. de Leon completed the Corporate Governance Orientation Program by the Institute of Corporate Directors, Makati, Philippines.

Professional experience:
Mr. de Leon brings with him 34 years of experience in the life insurance industry, over 17 of which were spent specifically in handling agency operations. He also holds notable distinctions such as FLMI (Fellow, Life Management Institute), ACS (Associate Customer Service), and PCS (Professional, Customer Service). In his previous insurance companies, he was Distributor Development Head, Agency Support Head, and Assistant Vice President for Business Development, among others.

Lee Longa
Chief Financial Officer, 52

Qualifications:
Mr. Longa earned his Bachelor of Science in Accountancy from Ateneo de Davao University, Davao City, Philippines. He is a Certified Public Accountant, with a wealth of experience in various Finance and Audit functions.

Training:
Mr. Longa completed the London-based Impact Program by Duke Corporate Education in 2014. He also completed the two-year Enterprise-Wide Leadership Development Program by INSEAD Singapore in 2015. He likewise attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2023.

Professional experience:
With over 20 years of experience, Mr. Longa had several stints as a member of the senior management team of various multinational insurance companies in the Philippines. In his past insurance companies, he was Chief Financial Officer, Executive Vice President with concurrent role as Head of Bancassurance & Alternative Market, Chief Investment Officer, and Chief Executive Officer of an investment management company.

Vita Marie Guillen
Chief People and Culture Officer, 47

Qualifications:
Ms. Guillen obtained her Bachelor of Science in Business Management at the University of the Philippines Cebu, Cebu City, Philippines.

Training:
She attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2022.

Professional experience:
Ms. Guillen brings years of experience in human resources (HR) and training from multinational brands and organizations in the financial industry. She has successfully maneuvered the HR field, engaged with a variety of business and functional management teams, and utilized personal contribution and partnership in all aspects of human capital management. Ms. Guillen oversees the People & Culture team in supporting and delivering the human capital strategies across the organization.

Judith Baliton
Chief Life Operations Officer, 58

Qualifications:
Ms. Baliton finished a course in Jr. Secretarial from Trinity College of Quezon City, Manila, Philippines. She also finished a Leadership Course from Wesleyan Bible College, Philippines.

Training:
She attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2019.

Professional experience:
With over 35 years of insurance industry experience, Ms. Baliton manages our commercial operations, ensuring that we have the right people and processes in place so that we can best service our customers. Prior to working in FWD Philippines, she was Vice President and Chief Underwriter in a multinational insurance company and a financial services provider.

Gavin Lai
Chief Marketing and Digital Commerce Officer, 47

Qualifications:
Mr. Lai holds a Bachelor of Laws (LLB) from Western Sydney University, Australia, and was admitted as a Lawyer of the Supreme Court of New South Wales in 2007. He earned his MBA from the Australian Graduate School of Management (AGSM), UNSW Business School, Australia. He is currently a candidate for a Doctorate in Business Administration (DBA) at École des Ponts ParisTech, France, specializing in new business models and digital transformation in insurance.

Training:
He completed the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2025.

Professional experience:
Prior to his current role, Mr. Lai held senior positions within FWD Group, including Vice President, Brand and Marketing, and Assistant Vice President, Product Propositions. In these roles, he contributed to regional brand development and innovative product initiatives across multiple FWD Group markets.

Earlier in his career, Mr. Lai held leadership roles at Commonwealth Bank of Australia, TAL Life, and RGA, in Australia and Hong Kong, building deep expertise in product strategy, marketing, and partnership development.

Atty. Juan Sotero Roman
Chief Legal and Compliance Officer, 54

Qualifications:
Atty. Roman holds a Bachelor of Arts in Political Science from De La Salle University, Manila, Philippines. He earned his Bachelor of Laws from the San Beda College of Law, Manila, Philippines. He was admitted to the Philippine Bar in 1999.

Training:
He completed the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2022.

Professional experience:
Atty. Roman has more than a decade of experience in the insurance industry. He is the Chief Legal and Compliance Officer, Anti-Money Laundering Officer, and Data Protection Officer of the Company. Prior to joining FWD Philippines, he was with other insurance companies as Vice President - Legal and Compliance (2011 - 2014); Assistant Vice President, Officer-In-Charge (January - June 2011); Senior Compliance Officer (2010 - 2011); Claims Head (2007 - 2010); and Sales Compliance Manager (2006 - 2007).

David 'Angela' Rowley
Chief Risk Officer, 55

Qualifications:
Ms. Rowley holds a Bachelor of Business and Finance from the University of Phoenix, USA and a Post Graduate Diploma in Computing for Commerce and Industry from Open University.

Training:
She is an Associate in Life Management Institute of the Life Office Management Association (LOMA). She also attended the Certified Professional Risk Manager course conducted by Asia Risk Management Institute and the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2019.

Professional experience:
She has over 30 years of global experience in the financial services industry, spanning life insurance, banking, pensions, and investments. She leads our Risk team and plays a critical role in ensuring that sound policies and practices are in effect and a robust risk culture is embedded across our organization. She has substantial experience in the three lines of defense along with the creation of strong and sustainable risk programs including audit and risk management. Additionally, she is the Chair of the Disaster Risk Reduction Management Committee for the Philippine Life Insurance Association.

Corporate governance

Stockholders

Our Stockholders maintain a pivotal role in making sure that the Company adheres to the corporate governance policies and procedures.

Stockholders' rights

FWD Philippines upholds all basic Stockholders' rights as stated in the Corporation Code of the Philippines and all other relevant laws, rules, regulations, and documents. All Stockholders, even minority ones, have the right to:

- Effectively participate and vote in Stockholders' meetings
- Individually nominate and elect candidates for Directors
- Approve remunerations of Directors
- Participate in the amendments of the Company's constitution
- Authorize the issuance of additional shares
- Transfer all or substantially all assets of the Company
- Exercise their pre-emptive right and participate in additional stock issuances of the Company
- Inspect corporate books and records
- Receive dividends when declared by the Board of Directors
- Exercise their appraisal rights over certain matters

Most of these rights are exercised through a rigorous voting process conducted at Stockholders' meetings. Some are also exercised by coordinating with the Company's Compliance Officer or Corporate Secretary.

FWD Philippines supports and implements a robust corporate governance policy that allows us to safeguard our stakeholders' interests in an effective and transparent manner. We are committed to practicing and promoting accountability by acting in accordance with the highest performance standards and ethical guidelines. We comply with the Insurance Commission's Revised Code of Corporate Governance and all other relevant laws, rules, regulations, and best practices on corporate governance.

Conduct of Stockholders' meetings

We strongly encourage our Stockholders' active participation in corporate affairs by ensuring their presence in Stockholders' meetings. We consult them at the beginning of the calendar year and prioritize a flexible schedule to ensure most, if not all, Stockholders are present in person or by proxy. Meetings are conducted through video conference (in absentia) and at FWD Philippines' main office in Taguig City to give Stockholders flexibility and ensure their participation in the meetings.

21-Day Notice

The formal notice ("Notice") for Stockholders' meetings is circulated at least 21 days prior to the meeting. The Notice is accompanied by the Agenda to encourage active participation in the meeting. The Agenda is divided into components to ensure that Stockholders act on only one item at a time. Likewise, a proxy form is attached to the Notice to allow unavailable Stockholders to vote in absentia or through a representative.

Rationale of Agenda Items

Some of the usual items included in the Stockholders' Meetings are the election of Directors and appointment of External Auditor. In these cases, the profiles of the candidates for Directors are routed to the Stockholders as part of the reference materials. Likewise, Management also includes in the Stockholders' reference materials its evaluation and recommendation of the External Auditor for appointment. These reference materials are sent to the Stockholders at least five business days ahead of the meeting so that they are apprised of the rationale and explanation for each agenda item.

Manner of Voting

Before the Stockholders' meeting is convened, the Stockholders are also reminded of the governing rules and voting procedures. These are the rules:

- Votation on resolutions shall be on a show of hands.
- Each share shall be equivalent to one vote.
- All proxy votes shall be counted.
- The votes will be tabulated, including the balance for and against the resolutions and the number of abstentions.

Voting Tabulation

During the meeting, the agenda item is read and the presenter is called. Stockholders are encouraged to raise questions or clarifications during or after the presentation. The proposed resolution is read and voted upon, and Stockholders are given the opportunity to object. The Corporate Secretary notes the discussions in the minutes, including any questions, clarifications, objections, and resolutions, including tabulation of votes. Thereafter, the minutes are circulated to the attendees to ensure their accuracy before the same are submitted to the Stockholders for approval at their succeeding meeting.

Annual Stockholders' Meeting on 27 February 2026

Our Annual Stockholders' Meeting was scheduled on 27 February 2026. The formal Notice and Agenda, together with proxy forms, were routed to the Stockholders on 6 February 2026, 21 days before the scheduled meeting. Likewise, reference materials for the meeting were routed on 20 February 2026. This includes:

- Rationale and explanation for all agenda items, which require Stockholders' approval
- Profiles of the candidates for Directors (including their age, academic qualifications, date of first appointment, experience, and directorships in other companies)
- Details of the External Auditor for appointment, Sycip Gorres, Velayo & Co.

The Annual Stockholders' Meeting was held at our principal office and through electronic communications pursuant to Securities and Exchange Commission Circular 2020-06. The following attended the Annual Stockholders Meeting in person and via teleconferencing and videoconferencing:

- **FWD Group Financial Services Pte. Ltd. (FGFS)** with Binayak Dutta as proxy
- **Security Bank Corporation** (with irrevocable power of attorney of FGFS) acting through Jayson Lontoc as proxy
- **Ambassador Jose L. Cuisia, Jr.**
  Chairman of the Board and of the Related Party Transactions Committee
- **Soon Liang Lau**
  Executive Director, President and Chief Executive Officer
- **Antonio Manuel G. De Rosas**
  Non-Executive Director
- **Atty. Lilia B. De Lima**
  Independent Director and Chairperson of the Corporate Governance Committee
- **Binayak Dutta**
  Non-Executive Director
- **Chi Kin "Ken" Lau**
  Non-Executive Director
- **Henry Joseph M. Herrera**
  Independent Director and Chairman of the Audit Committee
- **Manolito T. Tayag**
  Independent Director and Chairman of the Risk Committee

We believe in the importance of transparency in our company processes. As such, we disclose the voting results including approving, dissenting, and abstaining votes for each agenda item in our most recent Annual Stockholders' Meeting.

Board of Directors

Our Board of Directors presides over Management, collectively oversees the Company's strategic direction and tenable future, and makes certain that the highest standards are constantly met with every decision-making. For 2025, four members of the Board are independent, including the Chairman.

Ambassador Jose L. Cuisia, Jr.
Chairman

Soon Liang Lau
President and CEO

Antonio Manuel G. De Rosas
Non-Executive Director

Atty. Lilia B. De Lima
Independent Director

Binayak Dutta
Non-Executive Director

Chi Kin "Ken" Lau
Non-Executive Director

Henry Joseph M. Herrera
Independent Director

Manolito T. Tayag
Independent Director

Jose L. Cuisia, Jr.
Chairman of the Board, 81
Date of First Appointment: 17 June 2016

Qualifications:
Ambassador Cuisia, Jr. graduated Magna Cum Laude from De La Salle University, Manila, Philippines, with a degree in BA/BS Commerce. He earned his MBA in Finance from The Wharton School, University of Pennsylvania, USA.

Director Training:
The Securities and Exchange Commission's Corporate Governance and Finance Department granted him a permanent exemption from the corporate governance training requirement under SEC Memorandum Circular No. 20-2013 on 08 December 2015.

Relevant experience:
Amb. Cuisia, Jr. served the Philippine government as Administrator of the Social Security System (1986 - 1990); Commissioner representing the private sector (July - December 2010); Central Bank Governor (February 1990 - July 1993); Chairman of the Board Philippine Deposit Insurance Corp. (1990 - 1993); and Philippine Ambassador to the US and several other countries (2011 - 2016).

He has held corporate directorships in Philippine conglomerates since 1996. He serves as an Independent Director in these Publicly Listed Companies (PLCs): PHINMA Corp.; Manila Water Company, Inc.; PLC Century Properties Group, Inc.; and Xendit Philippines, Inc. He is a Lead Independent Director and Vice Chairman of SM Prime Holdings as well as former Chairman of Far East Bank and Trust Co. and Union Bank. He likewise serves as the Chairman of the Board of Adlemi Properties, Inc.; JVC Holdings, Inc.; and Five Js Diversified Holdings. In 2022, he was named as a Trustee of ASA Philippines Foundation. He took his official diplomatic post as Ambassador Extraordinary and Plenipotentiary to the United States of America from 2011 to 2016.

Atty. Lilia B. De Lima
Independent Director, 85
Date of First Appointment: 21 June 2018

Qualifications:
Atty. de Lima earned her Associate in Arts from Centro Escolar University in 1958 and her Bachelor of Laws from Manuel L. Quezon University in 1962. She was admitted to the Philippine Bar in March 1963. She later completed a fellowship in American and International Law at the Center of American and International Law in Texas, USA and was conferred a Doctor of Laws (Honoris Causa) by Manuel L. Quezon University in 2009.

Director Training:
She has completed various corporate governance, risk management, and board leadership programs, including courses conducted by the Institute of Corporate Directors, the Center for Global Best Practices, KPMG, YGC, SGV, and other institutions. Recent programs include Strategy in Motion: The Evolving Role of Governance (27 September 2025) and the Seminar on Corporate Governance conducted by SGV (18 November 2025).

Relevant experience:
She is a Director of publicly listed companies, which include Rizal Commercial Banking Corporation (Non-Executive Director) and PHINMA Corporation (Independent Director). She also serves on the Boards of Dusit Thani Manila; Science Park of the Philippines; RFM Science Park of the Philippines; Pueblo de Oro Development Corp.; Regal Properties, Inc.; Ionics EMS, Inc.; and Cadence Property Development Corporation. She is an Executive-in-Residence at the Asian Institute of Management, a Trustee of the Fatima Center for Human Development, and a Member of the Advisory Council of AC Industrials.

Antonio Manuel G. De Rosas
Non-Executive Director, 61
Date of First Appointment:
25 March 2022

Qualifications:
Mr. De Rosas graduated from University of San Francisco, USA with a Bachelor of Science in Business Administration Major in Accounting in 1986 and a Master in Business Economics from University of Asia and the Pacific, Philippines in 2004. He is a Certified Public Accountant in Illinois, USA (2006) and Hong Kong (1992) and a Certified Information Systems Auditor (1993).

Director Training:
He attended the Corporate Governance Scorecard Orientation conducted by Institute of Corporate Directors, Makati, Philippines in 2022.

Relevant experience:
Mr. De Rosas brings with him over 35 years of experience in insurance, banking, and public accounting, including serving as President and Chief Executive Officer and Chief Financial Officer at a multi-national insurance company for over 14 years in the Philippines. He was also an Independent Director and Chairman of FWD Philippines' Audit Committee until 31 January 2023 and President and Chief Executive Officer until 31 May 2025.

Binayak Dutta
Non-Executive Director, 53
Date of First Appointment: 15 March 2018

Qualifications:
Mr. Dutta graduated with honors from Jadavpur University, India, with a Bachelor of Arts in Economics. He earned his Post-Graduate Diploma in Business Management (MBA) from the Institute of Management Technology, India.

Director Training:
He attended the Corporate Governance Course conducted by the Institute of Corporate Directors, Makati, Philippines on 6 June 2018 and the Harvard Business School Advanced Management Program from 8 September to 20 November 2025.

Relevant experiences:
He has held prime positions in the insurance industry for over 16 years. He was most recently Chief Executive Officer of Prudential Life Assurance, Public Company Ltd. Thailand from 2008 to 2016. Prior to that, he was CEO of Prudential Vietnam Assurance Pte. Ltd. from 2007 to 2008 and Chief of Sales and Distribution for ICICI Prudential Life Insurance Company India from 2006 to 2007. He likewise held managerial positions in Microland Ltd. India, ICICI Bank India, and Bank of America India.

Chi Kin "Ken" Lau

Independent Director, 58
Date of First Appointment: 25 March 2022

Qualifications:

Mr. Lau has a Bachelor of Science Degree (Hons) in Mathematics and Physics from The University of Hong Kong, Pok Fu Lam, Hong Kong and is a Fellow of the Society of Actuaries.

Director Training:

He attended various training programs for Directors, among them: an induction training conducted by FWD Group on 29 March 2018, a training on Hong Kong Insurance Legislation and Regulations organized by the Hong Kong Institute on 14 October 2019, a session on Economics Social and Governance Strategy facilitated by the FWD Group's Environment Social Governance team on 22 June 2021, and a Directors' training session on Corporate Governance by the FWD Group and the law firm Linklaters on 17 January 2022.

Relevant experience:

Mr. Lau has more than 30 years of experience in the insurance industry, holding senior management positions in Mainland China, Hong Kong, and Taiwan. Prior to joining FWD Philippines, he was the Chief Executive Officer of Union Life Insurance Co., Ltd. in China and was charged with managing both the life and general insurance business. Prior to that, he was with China Ping An Life Insurance Co., Ltd. for more than 10 years in senior management roles, leading the Company's core functions including marketing, sales distribution, and provincial branch management, with his most recent position as President from 2012 to 2014. His early career included roles in Mainland China, Hong Kong, and Taiwan for Prudential and AIA.

Henry Joseph M. Herrera

Independent Director, 66
Date of First Appointment: 22 May 2023

Qualifications:

Mr. Herrera graduated from the University of the Philippines, Diliman, Philippines with a Master of Science in Mathematics, major in Actuarial Science. He also underwent relevant training seminars in the Asian Institute of Management (2001, 1997, 2010, 2011); Wharton Graduate School of Business (2000); and Harvard School of Business (2003).

Director Training:

He attended the Corporate Governance Scorecard Orientation conducted by the Institute of Corporate Directors, Makati, Philippines in 2023. He also attended the Associateship and Fellowship examinations, seminars, and conventions of the Actuarial Society of the Philippines and the Professional Directors Program conducted by the Institute of Corporate Directors (ICD) in 2021, among others.

Relevant experience:

Mr. Herrera's career in the life insurance industry spans decades, starting from 1980 in the Insular Life Assurance Corporation (1980-1982), Lincoln Philippine Life Insurance Company, Inc. (1982-1983), United Coconut Planters Life Assurance Corporation (1984-1989), Knights of Columbus Fraternal Association of the Philippines, Inc. (1989-1992), and Philippine Asia Life Assurance Corporation (1989-1997), before finally joining Sun Life Financial in 1998. He served as Sun Life Financial President and Chief Executive Officer (2007-2009) for its life insurance, asset management, and pre-need businesses. From 2010 to 2021, he served as a member of the Board of Pru Life UK (Philippines) serving in various Board Committees. From August 2012 to December 2021, he served as Chairman of the Board for Pru Life UK (Philippines).

He also served as President of the Philippine Life Insurance Association, the umbrella organization of life insurance companies in the country, and the Actuarial Society of the Philippines.

Soon Liang Lau

Executive Director,
President and Chief Executive Officer, 46
Date of First Appointment: 25 June 2025

Qualifications:

Mr. Lau graduated from University of Singapore, with a Bachelor of Science Statistics and Applied Probability in 2004.

Director Training:

In 2025, he attended the FWD Elite Executives at the Yale School of Management and the Corporate Governance Scorecard Orientation conducted by the Institute of Corporate Directors, Makati, Philippines.

Relevant experience:

Mr. Lau is a seasoned senior executive with extensive leadership experience across Southeast Asia's insurance markets, holding Group-level and C-suite roles in growth, distribution, finance, actuarial, and risk management. He has demonstrated success in driving market expansion, strengthening distribution channels, leading large cross-functional teams, and enhancing financial and risk frameworks across both emerging and mature markets.

He held multiple senior leadership roles within FWD Group's Southeast Asia Senior MD Office, including Group Vice President (2022–2023), Group Senior Vice President (2023–2025), and concurrently served as Emerging Market Chief Growth Officer (2022–2025), spearheading strategic growth initiatives and performance acceleration across the region. In addition, he has served as a Board Commissioner of BRI Life (Indonesia) since 2024, contributing to Board-level oversight, governance, and strategic direction of the business.

Previously, he served as Chief Partnership Distribution Officer at FWD Vietnam (2019–2021), leading multi-channel distribution strategy and delivering strong business development outcomes. He also acted as Chief Financial Officer (2018–2019) and Chief Actuarial / Acting Chief Risk Officer (2016–2017), overseeing financial governance, actuarial strategy, and risk management during high-growth phases of the business.

Manolito T. Tayag

Independent Director, 63
Date of First Appointment: 22 May 2023

Qualifications:

Mr. Tayag graduated from Ateneo de Manila University, Philippines with a Bachelor of Science in Management Engineering.

Director Training:

He attended the Corporate Governance Scorecard Orientation conducted by Institute of Corporate Directors, Makati, Philippines in 2023.

Relevant experience:

Mr. Tayag brings with him extensive technology and operations management experience having served as the Country Managing Director for Accenture Philippines for more than 12 years. He was responsible for the growth and sustainability of Accenture's business in the country, providing technology, operations, digital, and consulting services to its global and local clients. He concurrently served as Trustee of the Information Technology and Business Process Association of the Philippines from 2011-2021 and served as its Chairman from 2017 to 2021.

He is active in the education sector and has been a Trustee in several educational institutions since 2005. He is also active in the development sector as the Vice Chair of the Board of the Philippine Business for Social Progress. He is currently a member of the Board of Trustees of the Philippine Business for Education and the Makati Business Club.

Overview of the Board's responsibilities

The Board of Directors is able to exercise discretionary powers and is accountable to our Stockholders. It is guided by the Corporation Code of the Philippines, the Company's by-laws, the Corporate Governance Manual, and all other relevant laws, rules, and regulations. In the exercise of their functions, Directors act in good faith and with due care and diligence to ensure that they act in FWD Philippines' best interest. The Board meets regularly, at least once a quarter, to review the Company's mission, vision, performance, business objectives, and strategy. The Board likewise exercises oversight on the Company's internal controls and risk management systems. The Directors also decide, by way of majority vote, on matters specifically requiring Board approval by the Company's policies and frameworks. The Directors come to meetings prepared by having read the materials, which are made available at least five business days prior to the meeting schedule. The Directors are likewise encouraged to ask questions and give recommendations prior to casting their votes on matters requiring approval. The Corporate Secretary records discussions in the minutes, including resolutions passed.

Board composition and membership

The Company endorses diversity in the Board of Directors in terms of professional and personal backgrounds such as skill, experience, gender, age, race, and ethnicity. The Board is composed of Non-Executive Directors and a single dedicated Executive Director to comply with the requirement under the Philippine Corporation Code. When Directors are offered seats in other corporate boards, they first disclose this to the Board with an undertaking that they will continue to carry out their duties in FWD Philippines diligently.

Board independence

The Board reserves at least three of its seats to Directors who are independent of Management and of substantial Stockholders. These independent Non-Executive Directors have a maximum term limit of nine years to ensure the Board's collective competence and independence. Likewise, none of the Directors have more than five directorships in publicly listed companies and Insurance Commission-regulated companies, including FWD Philippines.

In 2025, four of the eight Board seats were occupied by Independent Directors, namely: Ambassador Jose L. Cuisia, Atty. Lilia B. de Lima, Henry Joseph Herrera, and Manolito Tayag.

The Chairman of the Board

The Chairman's roles and responsibilities include:

- Scheduling meetings to enable the Board to responsibly perform its duties while not interfering with the flow of the Company's operations
- Preparing meeting agendas in coordination with the Chief Executive Officer
- Presiding over meetings to ensure Directors actively participate, pose questions or clarifications, and discuss issues to the satisfaction of the Board
- Exercising control over quality, quantity, and timeliness of the flow of information between Management and the Board
- Assisting in ensuring compliance with the Company's guidelines on corporate governance

Nomination and election of our Directors

Stockholders (including non-controlling Stockholders) individually nominate and elect candidates for the Board of Directors. Management may also suggest candidates to the Stockholders based on recommendations from external search firms. The Corporate Governance Committee evaluates the candidates' qualifications, skills, expertise, and job experiences, and whether these align with FWD Philippines' vision, mission, and strategy.

The profiles of the qualified candidates, together with the Notice and Agenda for the Stockholders' meeting, are presented to the Stockholders for election. These profiles contain the candidates' age, academic qualification, work experience, other directorships, and appointments within the Company. Elected Directors hold office for a year.

Development of our Directors

The Compliance Officer and Corporate Secretary provide the orientation for Directors to explain the Company's vision and mission, organizational profile, Corporate Governance Manual, Committees' Terms of Reference, and policies and procedures.

Within six months of their election and/or appointment, all Directors and Officers attend Corporate Governance training seminars conducted by organizations accredited by the Insurance Commission (IC). This is to fully equip themselves with the latest information on corporate governance and matters of best practice. We also utilize online learning management systems to provide our Directors with continuing updates.

Directors and Officers access annual development training and certification modules, such as the following:

- Code of Ethics and Business Conduct
- Anti-Bribery and Corruption
- Anti-Money Laundering and Counter-Terrorist Financing
- Whistleblower and Conflicts of Interest
- Information Security and Data Privacy

In addition to these annual certifications, the Directors attend training and seminars on special topics to enrich their knowledge on the Company's business and emerging risks.

Process of our Directors' evaluations and appraisal

The Company has our own annual performance evaluation for Directors, Committee members and Chairpersons, and President and Chief Executive Officer. The assessment criteria are based on the IC circulars on corporate governance, our Corporate Governance Manual, and each Committee's Terms of Reference, which generally includes the exercise of responsibilities, conduct of operations, and effectiveness of the Board, Committee, Chairperson, or President, and other officers. Individual Directors are also assessed based on their performance of their duties under the Company's Corporate Governance Manual.

The Board and Committee Performance Assessments were distributed on 05 December 2025. The Office of the Corporate Secretary tallied and summarized the results. The results of the assessments were presented to the Board and Committees in their respective meetings on 27 February 2026, and recommendations were noted and considered.

Director remuneration

The Corporate Governance Committee also reviews the candidates' remuneration packages and certifies the same are within the approved tier limits approved by the Company. Directors are prohibited from participating in the determination of their own remuneration and the same is subject to the approval of the Stockholders. Directors' remuneration packages are then presented to the Stockholders for their ratification.

Directors' remunerations are composed of fixed fees, which are based on the industry rate and fee structure within FWD Group. This excludes options, performance shares, or other performance-related elements. Directors are entitled to remuneration upon their qualification and election and shall continue to be so until their retirement or cessation of their relationship with the Company for any reason. Directors' annual remuneration is as follows:

Position	Remuneration (USD)
Board Chairperson	27,000.00
Board Member	21,000.00
Committee Chairperson (per Committee)	16,000.00
Committee Member (per Committee)	11,000.00

For 2025, the Company paid a total of USD278,083.33 in Directors' fees. Binayak Dutta and Ken Lau, who are executives of FWD Group, and Soon Liang Lau, who is the President and CEO, did not receive remuneration as Directors of FWD Philippines. As President and CEO, Soon Liang Lau's executive remuneration package consisted of fixed salaries and allowances, including short-term and long-term variable incentives.

Based on the above disclosures, total annual remuneration received by Directors of FWD Philippines is indicated on the right.

Directors	Fees (USD)
Amb. Jose L. Cuisia, Jr.	76,000.00
Soon Liang Lau	No separate remuneration received as Director
Binayak Dutta	No separate remuneration received as Director
Atty. Lilia B. De Lima	59,000.00
Antonio Manuel G. De Rosas	25,083.33
Chi Kin Lau	No separate remuneration received as Director
Henry Joseph M. Herrera	59,000.00
Manolito T. Tayag	59,000.00

2025 Board meetings and attendance

Board meetings are scheduled at the last meeting of the preceding calendar year to ensure attendance and encourage participation of the Directors. For 2025, there were six Board meetings held, plus a meeting of the Non-Executive Directors on 05 December 2025. At this meeting led by the Chairman of the Board as an Independent Director, all Independent Directors met with the heads of the control functions. The Chairman then reported that there were no matters to be escalated to the Board from the meeting of the Non-Executive Directors.

Directors	Outgoing Board of Directors Meeting (18 March 2025)	Organizational Board of Directors Meeting (18 March 2025)	Special Board of Directors Meeting (19 May 2025)	Regular Board of Directors Meeting (02 June 2025)	Regular Board of Directors Meeting (22 Aug 2025)	Regular Board of Directors Meeting (05 December 2025)	% Attendance
Amb. Jose L. Cuisia, Jr. Chairman	/	/	/	/	/	/	100%
Binayak Dutta	/	/	/	x	/	/	83%
Atty. Lilia B. De Lima	/	/	/	/	/	/	100%
Antonio Manuel G. De Rosas	/	/	/	/	/	/	100%
Chi Kin Lau	/	/	/	/	x	/	83%
Henry Joseph M. Herrera	/	/	/	/	/	/	100%
Manolito T. Tayag	/	/	/	/	/	/	100%
% Attendance	100%	100%	100%	86%	86%	100%	

Board Committees

Our Board Committees remain actively engaged in addressing relevant matters. They offer strategic recommendations on specialized issues to ensure the achievement of our goals.

The Directors' attendance at the Board Committee meetings is as follows:

Committees	18 March 25	19 May 25	02 June 25	22 August 25	05 December 25
Audit Committee	100%	n/a	100%	100%	100%
Related Party Transactions Committee	100%	n/a	100%	100%	100%
Corporate Governance Committee	100%	100%	n/a	n/a	100%
Risk Committee	100%	n/a	100%	100%	100%

Audit Committee

The Audit Committee performs the following functions among other tasks enumerated in our by-laws, the Terms of Reference, and all other instructions of the Board of Directors:

- Review and approve financial reporting
- Review, approve, and make recommendations regarding internal audit
- Manage the external audit
- Review, approve, and evaluate our internal control standards, policies, and procedures

Each year, the Audit Committee reviews Internal Audit's detailed three-year plans and confirms the adequacy of the Company's internal control systems. For 2025, the Three-Year and 2026 Detailed Audit Plan was reviewed and approved during the Q4 2025 Audit Committee Meeting.

The Audit Committee also approves and oversees the engagement, removal, and fees of the External Auditor as well as the appointment and removal of the Head of Internal Audit. The Committee reports significant matters to the Board of Directors.

Audit Committee	18 March 25	02 June 25	22 August 25	05 December 25
Henry Joseph Herrera (Chairman)	/	/	/	/
Antonio Manuel G. de Rosas*	n/a	/	/	/
Amb. Jose L. Cuisia, Jr.	/	/	/	/
Manolito T. Tayag	/	/	/	/
% Attendance	100%	100%	100%	100%

*Appointed as member effective 01 June 2025

Corporate Governance Committee

The Corporate Governance Committee was established in 2020 to take over the functions of the Nomination and Remuneration Committees established in 2014. Aside from these responsibilities, the Corporate Governance Committee oversees the implementation of our corporate governance practices and assists the Board in the formulation of our formal framework and internal policies. The Corporate Governance Committee is responsible for evaluating candidates for Directors and Officers in view of our business objectives and strategy. The Committee is likewise tasked with reviewing Executive remuneration as well as employee benefits and bonuses.

For 2025, this Committee, which is tasked with reviewing and handling nominations, was composed entirely of Independent Directors.

Corporate Governance Committee	18 March 25	19 May 25	05 December 25
Atty. Lilia B. de Lima (Chairperson)	/	/	/
Amb. Jose L. Cuisia, Jr.	/	/	/
Manolito T. Tayag	/	/	/
% Attendance	100%	100%	100%

Related Party Transactions Committee

The Related Party Transactions (RPT) Committee was constituted by the Board of Directors to assess all related party transactions on a quarterly and ongoing basis to ensure transactions with related parties are identified, monitored, and handled in commercially fair and reasonable terms and that appropriate disclosures are made in accordance with applicable regulations and the Company's Related Party Transactions Policy.

For 2025, the RPT Committee did not find any transaction that may be classified as financial assistance to its related parties.

Related Party Transactions Committee	18 March 25	02 June 25	22 August 25	05 December 25
Amb. Jose L. Cuisia, Jr. (Chairman)	/	/	/	/
Atty. Lilia B. de Lima	/	/	/	/
Antonio Manuel G. de Rosas*	n/a	/	/	/
Henry Joseph Herrera	/	/	/	/
% Attendance	100%	100%	100%	100%

*Appointed as member effective 01 June 2025

Risk Committee

The Risk Committee is responsible for providing direction, policy, and oversight on the Company's compliance and risk management. This includes the design and execution of a risk management and compliance infrastructure that provides reasonable assurance that all risks (strategic, financial, investment, insurance, and operational) are identified and properly managed. The Risk Committee annually reviews the Company's Risk Management systems and confirms their adequacy. For 2025, the 2025 Risk Management Plan was reviewed and approved during the Q4 2025 Risk Committee Meeting.

Risk Committee	18 March 25	02 June 25	22 August 25	05 December 25
Manolito T. Tayag (Chairman)	/	/	/	/
Atty. Lilia B. de Lima	/	/	/	/
Amb. Jose L. Cuisia, Jr.	/	/	/	/
Henry Joseph Herrera	/	/	/	/
% Attendance	100%	100%	100%	100%

Compliance Officer

The Compliance Officer acts as a corporate governance advocate and ensures that FWD Philippines conducts business in full compliance with all laws, policies, and regulatory matters and that employees are following internal procedures.

Roles and responsibilities

The Compliance Officer ensures the timely submission of accurate reports and disclosures to the Insurance Commission (IC), Securities and Exchange Commission (SEC), and such other concerned regulatory agencies in accordance with their respective rules and regulations. The Compliance Officer performs the following responsibilities:

- Ensures proper onboarding of new Directors
- Ensures the attendance of Board members and Officers in relevant training
- Monitors, reviews, evaluates, and ensures compliance by the Company, Officers, and Directors with the relevant laws, the IC Code of Corporate Governance, rules and regulations, and all governance issuances of regulatory agencies
- Reports violations to the Board and recommends the imposition of appropriate disciplinary action
- Ensures the integrity and accuracy of all documentary submissions to regulators
- Collaborates with other departments to properly address compliance issues
- Identifies possible areas of compliance issues and works toward the resolution of the same
- Performs such other duties and responsibilities as may be prescribed by the IC and the Company's by-laws

Atty. Juan Sotero Roman
Chief Legal and Compliance Officer, 56
Date of First Appointment: 25 July 2014

Qualifications: Atty. Roman holds a Bachelor of Arts in Political Science from De La Salle University, Manila, Philippines. He earned his Bachelor of Laws from the San Beda College of Law in the Philippines. He was admitted to the Philippine Bar in 1999.

Training: He completed the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2022. Additionally, he also attended the Corporate Governance: Advanced Topics Series (2) of the Ateneo Graduate School of Business-Center for Continuing Education in November 2025. He likewise attended the INSEAD - Leading Edge Summit - Singapore (August 5-6 and September 9-10) and the Ateneo de Manila University Graduate School of Business - Center of Continuing Education Advance Corporate Governance Training on 27 November 2025.

Relevant experience: Atty. Roman has more than a decade of experience in the insurance industry. He is the Chief Legal and Compliance Officer, Anti-Money Laundering Officer, and Data Protection Officer of the Company. Prior to joining FWD Philippines, he was with other insurance companies as Vice President - Legal and Compliance (2011 - 2014); Assistant Vice President, Officer-In-Charge (January - June 2011); Senior Compliance Officer (2010 - 2011); Claims Head (2007 - 2010); and Sales Compliance Manager (2006 - 2007).

Office of the Corporate Secretary

The Office of the Corporate Secretary commits to the integrity of the corporate governance framework and facilitates the resources needed for the Board and its Committees to diligently fulfill their duties.

Roles and responsibilities

The Office of the Corporate Secretary (OCS) ensures the proper conduct of Stockholders', Board, and Committee meetings. The Corporate Secretary plays a significant role in supporting the Board in discharging its responsibilities. The OCS also performs these functions:

- Coordinates with Stockholders and Directors for their availability
- Prepares and releases the Notices and Agenda at least 21 days prior to Stockholders' meetings and at least seven days prior to Directors' meetings
- Completes and circulates reference materials at least five business days prior to meetings
- Prepares and safekeeps the minutes recording the attendance (in person, through e-conferencing, or by proxy) of Stockholders, Directors, and Presenters; the discussions and voting on agenda items; and the resolutions passed
- Keeps custody of Company records in compliance with internal and regulatory standards
- Performs such other duties and responsibilities described in the Company's by-laws

Atty. Jordan Zafra-Bernardo

Corporate Secretary, 38
Date of First Appointment: 22 September 2020

Qualifications: Atty. Zafra-Bernardo graduated from De La Salle University, Manila, Philippines with a Bachelor of Science in Accountancy (2008) and is a certified public accountant. She completed her Juris Doctor degree from Ateneo Law School in the Philippines in 2013 and was admitted to the Philippine Bar in 2014.

Training: She attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors (ICD), Makati, Philippines in August 2020 and became a Graduate member of the ICD after her completion of the Professional Directorship Program in June 2023. She joined the seminar entitled "Best Practices in Corporate Housekeeping" in April 2021. She also attended the privately held seminar on "How Boards Have Risen to the COVID-19 Challenge, and What's Next" conducted by McKinsey & Company. She attended the Ateneo de Manila University Graduate School of Business - Center of Continuing Education Advance Corporate Governance Training on 27 November 2025.

Relevant experience: She began her career in the insurance industry with FWD Philippines. She is a Certified Information Privacy Professional (Europe). Prior to joining the Company, she was a Senior Associate at Gerodias Suchianco Estrella Law Firm from 2014 to 2019 where she acted as corporate secretary for various clients and compliance officer for listed companies. She also has extensive experience in contract law, taxation, securities, mergers, acquisitions, corporate restructuring, and real estate transactions.

Atty. Erica May O. Gana-Santos

Assistant Corporate Secretary, 34
Date of First Appointment: 23 May 2023

Qualifications: Atty. Gana-Santos holds a Juris Doctor degree and a Bachelor of Science in Management from the Ateneo de Manila University, Philippines. She was admitted to the Philippine Bar in 2017. She likewise holds a certification from TÜV Rheinland, Philippines, as a Data Protection Officer.

Training: She attended the Professional Directorship Program conducted by the Institute of Corporate Directors, Makati, Philippines, in June 2023, which includes a Corporate Governance Orientation Program. She joined the seminar entitled "Data Protection Officer Training and Certification" conducted by TÜV Rheinland in 2021 and 2024.

Relevant experience: She is an attorney-at-law with extensive experience in litigation, data privacy, intellectual property, and business law. She joined the law office of Gana Atienza Avisado in December 2017 as a junior associate and became a senior associate of the same firm in 2021 until she left in March 2023. She likewise served as consultant of the Office of the Deputy Speaker, Gwendolyn F. Garcia, in 2018.

Our proactive compliance culture

FWD Philippines adheres to a compliance framework that implements the highest code of professional and corporate ethics.

Code of Conduct and Business Ethics (Code)

FWD Philippines is committed to building a strong risk culture based on the highest ethical standard and transparent culture, including promoting sound overall governance, risk management, fair treatment of our customers, upholding human rights, and supporting the sustainability of the communities in which we operate. The Company's Code provides the principles for each of us to observe in the performance of our activities on behalf of FWD Philippines.

Overview of our policies

Our Corporate Policies protect the most valuable assets of FWD Philippines: our customers, employees, and stakeholders. To maintain strong corporate governance in the workplace, we require a new employee compliance onboarding and annual recertification of these corporate policies. All employees, Directors, and Officers are tasked to accomplish these requirements through an interactive online learning platform.

Our corporate policies

Conflict of Interest Policy: This policy seeks to identify, avoid, disclose, and manage actual, potential, or perceived conflicts of interest that can arise between and among employees, distributors, contractors, and customers. Conflicts of interest must be identified and declared so that any necessary action can be taken to manage or to avoid conflicts altogether and to uphold the trust between FWD Philippines, our customers, and external stakeholders.

Anti-Bribery and Corruption (ABC) Policy: This policy covers the requirement and conduct of due diligence before engaging and establishing business relationships with third parties including the conduct of due diligence prior to making offers to potential employees, contingent workers, and employees. Giving and receiving of gift and hospitality from third parties, including sponsorships, are also covered by the ABC policy, which must not be used to influence—or appear to influence—external parties or encourage favoritism for discharging of services or improper actions of another party.

Whistleblower Policy: This policy covers the confidential, secure, and, if necessary, anonymous way of reporting concerns or potential violations of our Code of Ethics and Business Conduct or anything that may pose a threat to our integrity and our reputation. This is to enable the Management to take appropriate actions, to speak up without fear of retaliation, and to safeguard the confidentiality of the matter. Stakeholders, Directors, Officers, employees, financial advisors, business partners, third-party suppliers, and the public may report concerns anonymously through:

Speak Up Online platform at **fwd.com/speakup**

Whistleblower Hotline Number: **(02) 8626 3210**

Personal Insider Dealing and Market Misconduct Policy: This policy sets a guide of due care to employees and individuals who have access to non-public material information that can compromise any deal or counsel or procure another deal in our listed securities (or their derivatives) for unfair advantage or financial gain.

Related Party Transactions Policy (RPT): RPTs are transactions or dealings with related parties of the Company, whether or not a price is charged. The RPT policy aims to ensure that transactions are engaged on terms that promote the best interest of the Company and our stakeholders. All RPTs must be conducted in the regular course of business and not undertaken on more favorable (than similar transactions with non-related parties under similar circumstances) economic terms to such related parties.

For 2025, FWD Philippines did not enter into RPTs that can be classified as financial assistance to our related parties.

Information Security Policy and Data Privacy Policy: FWD Philippines is committed to demonstrating respect for privacy rights at the core of our business operations. This policy outlines our commitment to collect, process, and use data subject's personal data in accordance with applicable laws and regulations on data privacy and data protection. We established the Data Privacy Office, composed of the Data Protection Officer, Compliance Officer for Privacy, Information Security Team, and Data Privacy Champions—representatives of the different business units—to ensure proper management of personal data and to promote a culture of privacy across the Company.

Anti-Money Laundering, Counter Terrorist Financing, and Sanctions Policy: This policy establishes the general framework for FWD Philippines' Anti-Money Laundering (AML), Counter Terrorist Financing (CTF), and Sanctions program. Senior Management, employees, distributors, and suppliers must duly comply with the policy and standards based on applicable legal and regulatory requirements. FWD Philippines is committed to implementing the highest standards of AML, CTF, and Sanctions rules and procedures to ensure that our products and facilities are not being utilized for illicit activities and to protect the Company's reputation and avoid exposure to criminal charges, which may include fines and imprisonment.

Treating Customers Fairly Policy: At the heart of this policy is customer experience, which sets the minimum practices and standards expected in managing Conduct Risk. This is the risk of creating outcomes or experiences that are not in the best interest of our customers or do not meet reasonable expectations of customers during the development, distribution, and management of our products and services. The policy ensures appropriate consideration of customers' needs and that reasonable expectations are considered during the provision of insurance products and services to all customers.

Regulatory Management Policy: This policy outlines the key requirements on how the Company proactively manages our regulatory compliance and interactions, all to ensure that we build and maintain a trusting relationship with authorities and regulators.

Investment Policy: This policy sets out the principles and controls governing how FWD Philippines manages our investment activities to ensure prudence, financial resilience, and regulatory compliance. It establishes limits on asset concentration, issuer and security exposures, and related party investments and requires that debt instruments meet defined credit quality standards supported by independent ratings and internal due diligence. Investment decisions are subject to appropriate governance and oversight to manage risk, preserve asset quality, and support the Company's ability to meet our obligations to policyholders, counterparties, and other stakeholders, consistent with applicable regulatory requirements and the Company's broader risk management framework.

Selection Practice of Suppliers/Contractors: At FWD Philippines, we work hard to maintain impartiality and fairness in the selection process of any third-party vendors, contractors, and/or service providers (Partner-Vendors).

The selection practice of suppliers/contractors involves validating the following criteria:

- Verifiable evidence of their compliance to tax and business laws
- A proven industry track record and authentic and verifiable client references
- Demonstration that they are financially stable in order to consistently support and complete the service they are providing to FWD Philippines' needs
- Vendor's affirmation of their commitment to ethical procurement practices
- Conduct of anti-bribery and corruption due diligence to determine risk profile of vendors

We also prioritize working with local businesses and small-to-medium enterprises (SMEs), whenever possible.

We are committed to maintaining **the highest standards of ethical conduct across the organization.**

Financial Crimes Compliance

- **Advancing Anti-Money Laundering (AML) Due Diligence, Transaction Review Processes and Reporting:** We enhanced our AML ongoing due diligence framework through the deployment of a new Transaction Monitoring System and the strengthening of both annual high-risk customer reviews and event-triggered assessments. These enhancements improve money laundering risk detection through automated, data-driven monitoring, enable timely identification of changes in customer risk profiles, and streamline alert and review processes. Collectively, these controls reinforce our regulatory compliance posture and strengthen our overall financial crime risk management capabilities.

  We also implemented a policy-related disbursement validation tool to ensure complete and accurate regulatory reporting and to reinforce transaction integrity through legitimacy checks, authorization verification, duplicate prevention, and amount validation.

- **Strengthening AML Governance Through Oversight and Training:** We enhanced our AML dashboards to deliver more timely, comprehensive, and data-driven reporting for the AML Committee, Audit Committee, and other stakeholders. The dashboards improve visibility into key risks and performance metrics, supporting more informed oversight and strengthened governance across AML risk management.

  We conducted targeted AML awareness trainings for key functional units, focusing on name screening, customer risk rating, and due diligence requirements. These sessions strengthened operational understanding of key controls and reinforced our commitment to maintaining a robust financial crime compliance culture.

Data Privacy Compliance

- **Recognition at the 2025 PAW Awards by the National Privacy Commission (NPC):** FWD is honored to be recognized by the NPC as a Finalist for the Privacy Management Program Award, a distinction that affirms the strength of our privacy governance framework and proactive approach to data protection. This recognition reflects our dedication to safeguarding personal data, ensuring compliance with the highest standards of privacy and reinforced trust among our customers, employees, and partners.

  Furthermore, our Data Protection Officer, Atty. Juan Sotero Roman, has been named a Finalist for the Data Protection Officer of the Year Award, underscoring his leadership and our organization's commitment to excellence in privacy management.

- **Privacy Maturity Through Capacity Building:** We successfully hosted the first-ever Data Privacy Champions and Compliance Coordinators Forum, establishing a dedicated platform for knowledge-sharing on emerging trends in data protection, artificial intelligence, data analytics, and regulatory developments—enhancing the organization's capability to respond to a rapidly evolving risk landscape.

  To empower frontline teams, we delivered targeted training and workshops for the first line of defense—including contingent workers, third-party service providers, and key business units—equipping them with the necessary privacy principles to apply across operational processes. These efforts strengthened foundational compliance capabilities and directly elevated privacy maturity at the ground level.

  Further strengthening our privacy culture, Privacy Awareness Week 2025—an annual celebration in FWD Philippines—featured interactive sessions, educational campaigns, and engaging activities that broadened awareness and promoted accountability across all levels of the organization. This initiative continues to play a vital role in embedding privacy as a shared responsibility.

- **Enhancing Privacy Tools and Resources:** To drive standardized practices, we launched the Privacy Playbook and Privacy Compliance Page, centralized resources that provide clear guidance on privacy requirements and best practices. These tools equip employees to make informed decisions, enabling stronger, more consistent compliance organization-wide. We also enhanced the Privacy Assessment Portal, improving usability and streamlining workflows, resulting in faster and more accurate privacy assessments that support timely business delivery.

Distribution Compliance

- **Automating Early Warning Standards for Pre and PostSales Controls:** We automated and deployed the Early Warning Standards for pre and postsales controls, enabling proactive detection of potential sales misconduct—even in the absence of customer complaints. By integrating risk, finance, and contact center data, the solution operationalizes Early Warning triggers and strengthens compliance with Group Distribution & Sales Quality Policy requirements. The rollout enhances enterprise-wide monitoring, timely escalation, and consistent treatment of atypical sales behaviors across all distribution channels, improving conduct risk management and safeguarding customer trust.

- **Strengthening Conduct Risk Controls Through Internal Replacement Training:** We conducted Internal Replacement (IR) training for both Security Bank Branch Managers and our agency channels to reinforce consistent and compliant application of policy replacement rules. These sessions strengthened alignment with Group standards, enhanced controls for identifying and escalating potential replacements, reduced reporting errors and deepened awareness of misconduct risks. Together, these efforts improved control effectiveness across distribution channels and supported disciplined adherence to the Group Distribution & Sales Quality Policy.

Regulatory and Corporate Compliance

- **Reinforcing Governance and Accountability Across Business Units:** Each business unit formally appointed a Compliance Coordinator, endorsed by its Executive Committee, establishing a clearer and more robust governance structure. The initiative strengthens responsiveness to compliance matters and reinforced consistent adherence to regulatory and internal standards, supporting a more resilient risk management environment.

- **Building a Culture of Integrity - Compliance Awareness Week:** We celebrated our annual Compliance Fun Fair—“Know the line. Hold the line.”—as part of a Groupwide tradition observed across all FWD markets. The event reinforced our commitment to integrity, accountability, and ethical conduct as a newly listed company. Engaging learning sessions and interactive activities deepened employees’ understanding of their compliance responsibilities.

- **Reaffirming Compliance Commitments:** We completed our Groupwide recertification of key compliance policies, including Ethics & Conduct, Conflict of Interest, AML/CTF & Sanctions, Anti-Bribery & Corruption, and Anti-Fraud. The organization achieved 100% completion ahead of schedule, reflecting a strong culture of integrity and collective ownership of compliance obligations. This accomplishment underscores our commitment to maintaining the highest standards of ethical conduct across the organization.

An effective risk management

The freedom to "Play My Way" in building a foundation of strong, diligent, and proactive risk management culture empowers us to consistently make intelligent, strategic, data driven risk-based decisions and seize opportunities while ensuring resilience, innovation, and long-term sustainable growth.

Risk governance

The Board of Directors has the overall responsibility to oversee FWD Philippines' Enterprise Risk Management Framework, while the Management and staff are responsible for risk management.

The "Three lines of defense" model has been in place to distinguish three groups involved in effective risk management and ensure that risks are managed within the Company's risk appetite, maintaining alignment with our strategic objectives and risk tolerance. The three lines are as follows: 1) business and process owners—function that owns and manages risks; 2) risk and compliance function that oversees risks; and 3) internal audit function that provides independent assurance.

- **Risk Committee:** The Board established the Philippine Risk Committee (PRC) to supervise the key risks in the financial and non-financial sides of our business. The PRC approves the overall risk plan of the Company and confirms its adequacy.
- **Sub-committees:** The PRC is supported by the Local Investment and Asset and Liability Management Committee (LIALMCO) and the Compliance and Operational Risk Committee (CORC). The LIALMCO is responsible for overseeing financial risks, including the insurance, financial, investment, market, asset liability management, and capital risk of FWD Philippines, while the CORC is responsible for overseeing risks the non-financial risks from daily operations involving technology, project management, data governance, business continuity, and compliance to regulatory mandates.
- **Risk culture: Doing the Right Things Right:** We have used a common language for risk management. Our risk appetite is clearly defined and approved by the Board, then integrated into business planning, strategic initiatives, and daily operations. Top risks and key risk indicators (KRIs) are monitored and measured against approved limits to ensure decisions align with our risk appetite. Over the past 10 years, this approach has helped us build a strong and proactive risk culture, ensuring that risk management is embedded in every aspect of our operations.

- **Risk management function:** FWD Philippines' Risk Management function supports the Board and senior management in formulating risk appetite, strategies, policies, and limits. We oversee and challenge risk management activities, provide second opinions on risk exposures, and ensure the effectiveness of the Enterprise Risk Management Framework.

  There are two key risk management functions within FWD Philippines, namely Financial Risk Management Team and Operation Risk Management Team. Both functions work closely with the first line of defense to ensure it is effective and in place and that risks are within the Company's defined risk appetite. Operational Risk Management monitors and handles Incident Management, Issue Management, Fraud, Complaints, Crisis Management, Outsourcing Assessments, Strategic Projects, Data, IT and Cyber Risk Management, and other risks involving Company's operations. Financial Risk Management team handles investment, asset and liability management, liquidity, solvency, insurance risk management, and Data Analytics or Early Warning Signals of the business.

- **Chief Risk Officer**
  - **Financial Risk**
    - Head of Financial Risk and Data Analytics
    - Financial Risk and ERM
    - Financial Risk and Data Analytics
  - **Operational Risk**
    - Issue Management, Outsourcing, ERM
    - IT, Cyber, and ERM
    - Business Continuity, Crisis Management, and ERM
    - Incident Management and ERM

- **Risk management process:** At FWD Philippines, we weave risk management into the fabric of everything we do—from internal controls and product innovation to strategic decisions. We anticipate and identify risks, apply smart controls, do continuous monitoring and rapid escalation to take decisive action as needed.

- **Risk culture:** We aim to build a strong risk culture, enabling proactive risk management by all employees. Our Code of Ethics and Business Conduct set behavioral standards for everyone at FWD Philippines. We believe that leadership, accountability, incentives, and competence are key to maintaining this culture. This commitment is demonstrated through our three lines of defense model and the active participation of our Senior Management Team in Risk Committees.

  We actively listen to our people through Peakon surveys, using their feedback to strengthen our risk culture and pinpoint areas for growth. To promote sound behavior and risk management within approved tolerance levels, we link performance to Risk and Compliance KPIs (RCKPIs). These ratings set by the Group Risk and Compensation Committees directly influence short-term incentive multipliers, ensuring accountability and rewarding the right actions across the organization.

  At FWD Philippines, we do risk management in a culture-driven, bold, and inclusive environment. Everyone is empowered and believed to be a risk manager, embedding risk into every process and decision. To celebrate those who lead by example, our quarterly First-Line Champion program shines the spotlight on first-line employees who power up positive risk behaviors. Winners take center stage at the town hall, inspiring the whole Company to build a stronger risk culture.

- **Own Risk and Solvency Assessment (ORSA):** As part of regulatory requirements and our Enterprise Risk Management Framework, we conduct an Own Risk and Solvency Assessment (ORSA). This assesses our risk profile, risk management adequacy, and current and future solvency and liquidity positions, considering our business plan, strategy, risk appetite, and mitigation processes.

  The ORSA also simulates capital positions under stress scenarios and outlines recovery strategies. We submit this report to the Insurance Commission after Board review and approval.

- **Incident and issue management:** Transparency in incident reporting is essential and has always been our advocacy. Our system ensures prompt responses and effective risk mitigation, aligning with the Company's risk appetite. By recording and monitoring incidents, we place controls to prevent recurrence and manage risks efficiently.

- **Crisis management:** We recognize that navigating today's dynamic environment requires robust crisis management strategies and a strong culture of risk awareness. We are committed to safeguarding our operations, stakeholders, and reputation by proactively identifying potential risks, preparing for uncertainties, and responding effectively to challenges.

Throughout the year, we have conducted crisis simulation exercises with our Crisis Management Team and its support team.

We have also conducted our annual Disaster Recovery Drill as we migrated to a cloud environment. This approach ensures that we can mitigate potential disruptions and adapt to evolving circumstances with resilience and transparency.

- **Risk monitoring:** We undertake a comprehensive risk identification and assessment process across the entire enterprise. This involves updating our risk register, defining top risks, and conducting thorough risk assessments. By leveraging advanced data analytics tools, we gain a holistic view of the Company's exposures in critical business areas. Each risk owner is responsible for defining controls and mitigating actions, ensuring that all risks are managed within the Company's risk appetite. This proactive approach not only enhances our risk visibility but also fortifies our resilience against potential threats.

- **Early warning system:** An early warning system for fraud plays a crucial role in our risk management strategy by proactively identifying and mitigating potential fraudulent activities before they can cause significant harm. We use advanced data analytics to monitor transactions and detect unusual patterns that may indicate fraud; these are then escalated to Management for further investigation.

- **Internal controls program:** Both first and second lines of defense conduct proactive internal controls review through periodic testing. This is to assess if there are any control design issues and if the operating controls are still effective and consistently implemented. Aside from adherence to our local regulator, being a subsidiary of FWD Group, FWD Philippines also abides by the requirements of the Hong Kong Insurance Authority under the Guideline of Group Supervision.

- **Independent opinion to business and capital management plan:** As part of the business planning process, the Chief Risk Officer provides independent opinion and conducts both qualitative and quantitative risk assessments to identify risks that may significantly impact the delivery of the business plan and negatively affect the risk profile of the Company.

Top Risks

In 2025, we closely monitored the following key areas to ensure our business remains resilient and adaptable:

- Local political issues, foreign geopolitical tensions, and shifts in economic policy, which can significantly impact investor confidence and the overall Philippine macroeconomic environment
- Channel growth and sales achievements
- Treating customers fairly—business quality and persistency by managing overall conduct risk
- Cyber risk, AI models, and data protection
- Capital management
- Significant regulatory changes
- Other operational risks: people risk, third party risk, and incident and issue management
- Climate risk impact on consumer, sales, operations, and claims
- Resiliency and crisis management

Impartial and independent internal audit

Our internal audit system is built to ensure the effectiveness of our risk management, governance, and internal control processes.

The Audit Committee (AC) establishes the roles and responsibilities of the Internal Audit, whose primary purpose is to provide the Board of Directors and Management with an independent and objective assurance on the effectiveness of our internal control system.

The Internal Audit function is performed in-house. The Head of Internal Audit (HIA) is responsible for the internal audit system and oversees all activities. To preserve objectivity and independence, the HIA reports functionally to the AC and administratively to the President and Chief Executive Office. The HIA also reports to the FWD Group Chief Internal Auditor (GCIA), Stephan Yu.

Likewise, the HIA conducts regular meetings with the AC without the presence of Management. The appointment and removal of the HIA require the recommendation of the AC and approval of the Board.

On an annual basis, Internal Audit develops a flexible work plan using an appropriate risk-based methodology, including risk or control concerns identified by Management. The implementation of the plan includes identifying and understanding key risk areas and testing of controls to address these risks. The audit results form the basis of all control improvements to be discussed with Management. Internal Audit tracks and monitors the implementation of each action item and reports to Senior Management and the AC.

Internal Audit submits periodic (at least quarterly) reports to the AC and Senior Management. The reports contain the status and results of the internal audit program, significant control issues, and the overall adequacy of the control environment, which is confirmed by the AC.

To ensure that FWD Philippines continues to engage in ethical practices and that we provide an independent review of the Company's books and financial standing, we engaged the services of an independent external auditor, SGV & Co.

For 2025, we paid SGV & Co. PhP4.1 million. We did not engage SGV & Co. to perform non-audit services. We also paid PhP2.1 million to Isla Lipana for Tax Consultation services and PhP6.7 million and PhP2.1million to Punongbayan & Araullo for Outsourced Payroll services and loan staff services, respectively.

Audited financial statements

FWD Life Insurance Corporation

Financial Statements
December 31, 2025 and 2024

and

Independent Auditor's Report

SGV
Building a better working world

A member firm of Ernst & Young Global Limited

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
FWD Life Insurance Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FWD Life Insurance Corporation (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs 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 financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

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Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of FWD Life Insurance Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 108795-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10765009, January 2, 2026, Makati City

February 27, 2026

FWD LIFE INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

	Notes	December 31 2025	2024
ASSETS			
Cash and cash equivalents	4, 24	**₱2,354,895,852**	₱1,376,484,650
Financial assets			
Financial assets at fair value through profit and loss (FVPL)	5, 6, 24	**935,938,387**	614,467,883
Available-for-sale (AFS) financial assets	5, 24	**7,246,191,945**	4,960,388,082
Loans and deposits	5, 24	**250,579,228**	247,012,646
Assets held to cover unit-linked liabilities	6, 24	**125,299,075,055**	84,297,005,781
Insurance contract assets	12	**186,944,502**	920,102,948
Reinsurance assets	10	**828,525,330**	925,176,929
Property and equipment	7	**203,564,547**	162,812,196
Right-of-use assets	8	**231,609,200**	299,503,012
Intangible assets	9	**2,509,170,202**	123,275,052
Retirement asset	21	**16,914,044**	–
Deferred tax assets	23	**439,806,475**	552,359,000
Other assets	11, 22	**3,157,232,886**	3,129,711,045
TOTAL ASSETS		**₱143,660,447,653**	₱97,608,299,224
LIABILITIES AND EQUITY			
Liabilities			
Unit-linked liabilities	6	**₱125,299,075,055**	₱84,297,005,781
Income tax liabilities		**14,670,481**	89,299,876
Retirement liability	21	**–**	348,202
Other liabilities	13, 22	**5,268,170,137**	3,192,886,599
		130,581,915,673	87,579,540,458
Equity			
Capital stock	14	**2,300,000,000**	2,300,000,000
Additional paid-in capital	14	**327,599,568**	327,599,568
Contributed surplus	14	**1,335,000,000**	1,335,000,000
Contingency surplus	14	**7,644,850,000**	5,733,850,000
Retained earnings (Deficit)	14	**931,345,486**	(33,218,022)
Remeasurement gain on life insurance reserves	12	**532,573,472**	363,748,164
Unrealized fair value loss on AFS financial assets	5	**(97,580,128)**	(102,802,201)
Other reserves			
Remeasurement gain on retirement plan	21	**34,986,604**	34,824,279
Reserve on share-based payment	20	**69,756,978**	69,756,978
		13,078,531,980	10,028,758,766
TOTAL LIABILITIES AND EQUITY		**₱143,660,447,653**	₱97,608,299,224

See accompanying Notes to Financial Statements.

FWD LIFE INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Years Ended December 31 2025	2024
REVENUES			
Gross insurance premiums	15	**₱50,349,541,484**	₱37,874,247,773
Fees revenue	15	**1,650,729,755**	1,164,678,015
		52,000,271,239	39,038,925,788
Premiums ceded to reinsurers	15	**(339,366,121)**	(288,750,951)
Net insurance premiums and fees revenue	15	**51,660,905,118**	38,750,174,837
Investment returns	16	**6,995,075,579**	4,718,709,395
Non-operating investment losses	17	**(165,676,190)**	(362,498,098)
Other operating revenue	18	**3,440,378,662**	2,735,740,105
Total revenues		**61,930,683,169**	45,842,126,239
BENEFITS, CLAIMS, EXPENSES AND LOSSES			
Gross benefits and claims	19	**10,394,231,914**	9,613,817,289
Gross change in insurance contract assets		**1,006,676,387**	31,283,332
Increase in unit-linked liabilities		**40,301,265,593**	26,834,517,357
Gross insurance contract benefits		**51,702,173,894**	36,479,617,978
Reinsurers' share on benefits and claims incurred	19	**(151,212,510)**	(173,988,389)
Reinsurers' share of gross change in insurance contract liabilities		**84,690,487**	(109,102,619)
Net insurance contract benefits		**51,635,651,871**	36,196,526,970
General and administrative expenses	20	**3,335,659,608**	2,922,300,695
Commissions and commission-related expenses	20	**5,747,171,227**	5,636,807,278
Investment expenses		**13,852,353**	13,206,646
Interest expense on lease liabilities	8	**17,271,210**	12,061,204
Total expenses		**60,749,606,269**	44,780,902,793
INCOME BEFORE INCOME TAX		**1,181,076,900**	1,061,223,446
Provision for (benefit from) income tax	23	**216,513,392**	(237,306,752)
NET INCOME		**964,563,508**	1,298,530,198
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified to profit or loss in subsequent periods:			
Movements in unrealized fair value gains (losses) on AFS financial assets	5	**5,222,073**	(4,321,974)
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on life insurance reserves	12	**168,825,308**	(130,619,078)
Remeasurement gain (loss) on retirement plan	21	**162,325**	(45,795)
		174,209,706	(134,986,847)
TOTAL COMPREHENSIVE INCOME		**₱1,138,773,214**	₱1,163,543,351

See accompanying Notes to Financial Statements.

FWD LIFE INSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Contributed Surplus (Note 14)	Contingency Surplus (Note 14)	Retained Earnings (Deficit) (Note 14)	Remeasurement Gain (Loss) on Life Insurance Reserves (Note 12)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 5)	Remeasurement Gain on Retirement Plan (Note 21)	Reserve on Share-Based Payment (Note 20)	Total Equity
Balances at January 1, 2025	**₱2,300,000,000**	**₱327,599,568**	**₱1,335,000,000**	**₱5,733,850,000**	**(₱33,218,022)**	**₱363,748,164**	**(₱102,802,201)**	**₱34,824,279**	**₱69,756,978**	**₱10,028,758,766**
Net income	–	–	–	–	**964,563,508**	–	–	–	–	**964,563,508**
Other comprehensive income	–	–	–	–	–	**168,825,308**	**5,222,073**	**162,325**	–	**174,209,706**
Total comprehensive income	–	–	–	–	**964,563,508**	**168,825,308**	**5,222,073**	**162,325**	–	**1,138,773,214**
Additional contingency surplus	–	–	–	**1,911,000,000**	–	–	–	–	–	**1,911,000,000**
Balances at December 31, 2025	**₱2,300,000,000**	**₱327,599,568**	**₱1,335,000,000**	**₱7,644,850,000**	**₱931,345,486**	**₱532,573,472**	**(₱97,580,128)**	**₱34,986,604**	**₱69,756,978**	**₱13,078,531,980**

	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Contributed Surplus (Note 14)	Contingency Surplus (Note 14)	Retained Earnings (Deficit) (Note 14)	Remeasurement Gain (Loss) on Life Insurance Reserves (Note 12)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 5)	Remeasurement Gain (Loss) on Retirement Plan (Note 21)	Reserve on Share-Based Payment (Note 20)	Total Equity
Balances at January 1, 2024	₱2,300,000,000	₱327,599,568	₱1,335,000,000	₱4,444,850,000	(₱1,331,748,220)	₱494,367,242	(₱98,480,227)	₱34,870,074	₱69,756,978	₱7,576,215,415
Net income	–	–	–	–	1,298,530,198	–	–	–	–	1,298,530,198
Other comprehensive loss	–	–	–	–	–	(130,619,078)	(4,321,974)	(45,795)	–	(134,986,847)
Total comprehensive income (loss)	–	–	–	–	1,298,530,198	(130,619,078)	(4,321,974)	(45,795)	–	1,163,543,351
Additional contingency surplus	–	–	–	1,289,000,000	–	–	–	–	–	1,289,000,000
Balances at December 31, 2024	₱2,300,000,000	₱327,599,568	₱1,335,000,000	₱5,733,850,000	(₱33,218,022)	₱363,748,164	(₱102,802,201)	₱34,824,279	₱69,756,978	₱10,028,758,766

See accompanying Notes to Financial Statements.

FWD LIFE INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS

	Notes	Years Ended December 31 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱1,181,076,900**	₱1,061,223,446
Adjustments for:			
Net change in insurance contract assets	12	**901,983,752**	53,527,757
Interest income	16	**(381,668,207)**	(245,570,515)
Depreciation of right-of-use assets	8	**115,435,589**	104,662,459
Amortization of intangible assets	9	**114,104,850**	39,248,566
Provision for credit losses	5, 11, 20	**98,070,676**	90,158,200
Depreciation of property and equipment	7	**73,245,457**	74,214,400
Gain on termination of lease contracts	8	**(24,329,682)**	(10,684,300)
Movements in retirement obligation	21	**(17,099,921)**	97,245
Interest expense on lease liabilities	8	**17,271,210**	12,061,204
Operating income before working capital changes		**2,078,090,624**	1,178,938,462
Decrease (increase) in:			
Assets held to cover unit-linked liabilities	5	**(41,002,069,274)**	(27,589,364,009)
Financial assets at fair value through profit and loss	5, 6	**(321,470,504)**	(71,477,635)
Reinsurance assets	10	**96,651,599**	(431,060,375)
Loans and deposits	6	**(11,879,586)**	9,861,826
Other assets	11	**(79,687,196)**	(1,689,407,246)
Increase in:			
Unit-linked liabilities	21	**41,002,069,274**	27,589,364,009
Other liabilities	13	**2,112,818,763**	818,564,173
Net cash generated from (used in) operations		**3,874,523,700**	(184,580,795)
Income taxes paid		**(178,590,262)**	(131,937,063)
Net cash provided by (used in) operating activities		**3,695,933,438**	(316,517,858)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Available-for-sale financial assets	5, 24	**(2,778,288,571)**	(2,138,237,000)
Intangible assets	9	**(2,500,000,000)**	(17,555,680)
Property and equipment	7	**(122,500,397)**	(83,071,816)
Proceeds from maturity, disposal or exchange of:			
Available-for-sale financial assets	5, 24	**499,000,000**	848,611,938
Property and equipment		**8,502,589**	1,798,540
Interest received		**342,782,673**	462,230,934
Net cash used in investing activities		**(4,550,503,706)**	(926,223,084)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional infusion of contingency surplus	14	**1,911,000,000**	1,289,000,000
Payment of principal portion of lease liabilities	8	**(60,747,320)**	(112,094,894)
Payment of interest portion of lease liabilities	8	**(17,271,210)**	(12,061,204)
Net cash provided by financing activities		**1,832,981,470**	1,164,843,902
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**978,411,202**	(77,897,040)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	**1,376,484,650**	1,454,381,690
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱2,354,895,852**	₱1,376,484,650

See accompanying Notes to Financial Statements.

FWD LIFE INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. General Information

Corporate Information

FWD Life Insurance Corporation (the "Company") was incorporated and domiciled in the Philippines and is registered with the Securities and Exchange Commission (SEC) on November 19, 2013. The Company is a wholly-owned subsidiary of FWD Group Financial Services Pte. Ltd (the Parent Company), a company domiciled in Singapore engaged in private investment activities.

The Company was organized to primarily engage in and carry on the business of life insurance and to undertake and write insurance upon lives of individuals and every insurance appertaining thereto or connected therewith, including reinsurance; to make contracts for insurance and re-insurance for all risks, hazards, guarantees and contingencies to which life, accident or health insurance is applicable, to indemnify against legal liability, to compute endowments and grant, purchase or dispose annuities; to procure or acquire re-insurance of its risks; to issue policies stipulated to be with or without participation in profits and to purchase for its own benefit or for its obligations any policy of insurance, and perform such other powers related to or incidental to the business of life insurance.

On April 2, 2014, the Company was granted a Certificate of Authority by the Insurance Commission (IC) to operate as a life insurance company. The Company started its commercial operations on September 15, 2014.

On July 17, 2014, the Company received IC approval to sell variable unit linked (VUL) products. On April 6, 2015, the Company received IC approval to sell traditional products, on which the first policy was issued on April 23, 2015. The Company currently sells both variable life and traditional life products.

On September 15, 2014, the Company and Security Bank Corporation (SBC) signed an agreement which appoints SBC to sell exclusively the life insurance products of the Company. The Bangko Sentral ng Pilipinas (BSP) and IC approved the agreement on December 22, 2014 and January 12, 2015, respectively.

On December 11, 2024, the Company and SBC signed the Amended and Restated Distribution Agreement (ARDA) which extends the contract to until 2039. The ARDA was approved by the Insurance Commission on March 19, 2025.

The registered principal office of the Company is at 19th floor W Fifth Avenue Bldg., 5th Avenue, Corner 32nd Street, Bonifacio Global City, Taguig City.

Authorization to Issue the Financial Statements

The financial statements of the Company were approved and authorized for issuance by the Board of Directors (BOD) on February 27, 2026.

2. **Summary of Material Accounting Policy Information**

Basis of Preparation and Presentation
The financial statements of the Company have been prepared on the historical cost basis, except for available-for-sale (AFS) financial assets and financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. The financial statements are presented in Philippine Peso (₱), which is the Company's presentation and functional currency. All amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

Statement of Compliance
The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective in 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PAS 21, *Lack of exchangeability*
  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The Company's foreign denominated transactions are based on currencies with available exchange rate in the market (i.e. USD, HKD, SGD). Accordingly, this amendment is not expected to have an impact on the Company's financial statements.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2026
- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  On February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027.

  PFRS 17 requires full retrospective application from the transition date. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application. If it is impracticable to apply PFRS 17 retrospectively for a group of insurance contracts, the Company must apply either the modified retrospective approach or the fair value approach. Early application is permitted.

  The Company does not intend to early adopt PFRS 17. In line with Parent Company's adoption of IFRS 17 in 2023, the Company, as part of the group, took part in preparatory actions for the future implementation of the new insurance standard. The Parent Company-led preparatory actions included technical trainings, gap analysis covering data, systems and resources, systems enhancements and upgrade, financial impact analysis and determination of key group accounting policies. Based on the preliminary assessment with FWD Regional Team, all insurance contracts will be considered under IFRS 17 and none under IFRS 15, while the transition approach has yet to be finalized.

  The Company continues its assessment of the implications of this standard and expects that it will have a significant impact on the Company's financial statements as the requirements of the new standard are complex and involve application of significant judgments. The Company anticipates it will have an impact on the timing of earnings recognition and the presentation and disclosure of financial results in the financial statements. Specifically, the establishment of a Contractual Service Margin (CSM) on in-force insurance contracts is expected to lead to adjustments in insurance contract liabilities and corresponding movements in equity upon transition. The CSM represents unearned profits that are expected to amortize into income as services are provided. The Company is continuously assessing the potential impact of all other changes including accounting policy choices available under PFRS 17 on how insurance contract liabilities are measured. A reliable estimate of the impact of the changes required to the Company's accounting policies is not yet available as implementation is still in progress, and will depend on the circulars and implementing guidelines to be issued by the IC. The Company will include them in enhancing the Company's actuarial and accounting systems and updating its accounting manual and operating controls.

- PFRS 18, *Presentation and Disclosure in Financial Statements*
  The standard replaces PAS 1 *Presentation of Financial Statements* and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

  The Company is currently assessing the impact of PFRS 18 on its primary financial statements and notes to the financial statements. The Company consider their main business activities to include the investing in financial assets. In accordance with PFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing category.

- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Accounting Standard Effective but not yet Adopted

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

  Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets.

  Qualifying for temporary exemption from PFRS 9
  The Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts* address concerns arising from implementing PFRS 9 before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018.

An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

The Company applied the temporary exemption from PFRS 9 as permitted by the Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts* issued in September 2016. The temporary exemption permits entities whose activities are predominantly connected with insurance to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before January 1, 2027 in line with the effectivity of PFRS 17.

The assessment for whether a reporting entity's activities are predominantly connected with insurance is based on the liabilities connected with insurance in proportion to the entity's total liabilities. An entity may elect the temporary exemption if, and only if:

- The carrying amount of its liabilities arising from contracts within the scope of PFRS 4 is significant compared to the total carrying amount of all its liabilities; and
- The percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is:
  - Greater than 90 percent; or
  - Less than or equal to 90 percent but greater than 80 percent, and the insurer does not engage in a significant activity unconnected with insurance.

The predominance assessment is performed using the carrying amounts of liabilities reported on the statement of financial position at the annual reporting date December 31, 2015. Applying the requirements, the Company performed the predominance assessment using the Company's statement of financial position as of December 31, 2015.

The Company concluded that it qualified for the temporary exemption from PFRS 9, including subsequent amendments to PFRS 9 and their consequential amendments to other PFRS Accounting Standards, prior to the effectivity of PFRS 17 on January 1, 2027, because its activities are predominantly connected with insurance. As at December 31, 2015, the Company's gross liabilities arising from contracts within the scope of PFRS 4 represented 88% of the total carrying amount of all its liabilities, and the Company did not engage in any significant activities not connected with insurance. Since December 31, 2015, there has been no change in the activities of the Company that requires reassessment of the use of the temporary exemption.

Fair value disclosures under the Amendments to PFRS 4
The tables below present an analysis of the fair value of classes of financial assets as of December 31, 2025 and 2024, as well as the corresponding change in fair value for the years ended December 31, 2025 and 2024. In the tables, the amortized costs of cash and cash equivalents and short-term receivables have been used as a reasonable approximation to fair value. The financial assets are divided into two categories:

- Assets for which their contractual cash flows represent solely payments of principal and interest (SPPI), excluding any financial assets that are held for trading or that are managed and whose performance is evaluated on a fair value basis; and

- All financial assets other than those specified in SPPI above (i.e. those for which contractual cash flows do not represent SPPI, assets that are held for trading and assets that are managed and whose performance is evaluated on a fair value basis).

	Non-linked			
	2025			
	SPPI financial assets		**Other financial assets**	
	Fair value	**Fair value change**	**Fair value**	**Fair value change**
Cash and cash equivalents	**₱2,354,895,852**	**₱–**	**₱–**	**₱–**
Loans and deposits	**250,579,228**	**–**	**–**	**–**
AFS financial assets:				
Government and corporate debt securities	**7,246,191,945**	**5,222,073**	**–**	**–**
Reinsurance assets	**492,304,527**	**–**	**–**	**–**
Other assets	**765,105,735**	**–**	**–**	**–**
	₱11,109,077,287	**₱5,222,073**	**₱–**	**₱–**

	Non-linked			
	2024			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	₱1,376,484,650	₱–	₱–	₱–
Loans and deposits	247,012,646	–	–	–
AFS financial assets:				
Government and corporate debt securities	4,960,388,083	(4,423,532)	–	–
Reinsurance assets	661,301,657	–	–	–
Other assets	627,361,522	–	–	–
	₱7,872,548,558	(₱4,423,532)	₱–	₱–

	Unit-linked			
	2025			
	SPPI financial assets		**Other financial assets**	
	Fair value	**Fair value change**	**Fair value**	**Fair value change**
Cash and cash equivalents	**₱–**	**₱–**	**₱2,445,849,543**	**₱–**
Loans and deposits				**–**
Accrued income	**–**	**–**	**190,413,647**	**–**
Other receivables	**–**	**–**	**1,092,051,176**	**–**
Financial assets at FVPL:				
Debt securities	**–**	**–**	**1,481,121,699**	**108,940,983**
Equity securities	**–**	**–**	**109,771,236,079**	**(7,002,390,864)**
Unit investment trust fund	**–**	**–**	**11,870,845,115**	**365,332,313**
	₱–	**₱–**	**₱126,851,517,259**	**(₱6,528,117,568)**

	Unit-linked			
	2024			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	₱–	₱–	₱1,391,213,073	₱–
Loans and deposits				
Receivables	–	–	584,403,883	–
Accrued income	–	–	127,327,610	–
Financial assets at FVPL:				
Debt securities	–	–	1,352,010,717	(230,921,334)
Equity securities	–	–	68,767,079,114	(3,119,102,336)
Unit investment trust fund	–	–	12,991,255,927	(879,438,411)
	₱–	₱–	₱85,213,290,324	(₱4,229,462,081)

Credit risk disclosures

The following tables show the carrying amounts of the SPPI assets in accordance with PAS 39 categories by credit risk rating grades reported to key management personnel (with credit risk rating conventions detailed in Note 24) and non-SPPI assets. The carrying amounts are measured in accordance with PAS 39. For assets measured at amortized cost, the carrying amount shown is before any allowance for impairment losses.

	Non-linked				
	2025				
	A	**BBB**	**BB**	**Not rated**	**Total**
Cash and cash equivalents	**₱428,368,440**	**₱1,923,889,383**	**₱–**	**₱2,638,029**	**₱2,354,895,852**
Loans and deposits	–	–	–	**250,579,228**	**250,579,228**
AFS financial assets:					
Government debt securities	–	**7,075,320,247**	–	–	**7,075,320,247**
Corporate debt securities	–	**170,871,698**	–	–	**170,871,698**
Reinsurance assets	–	-	–	**828,525,330**	**828,525,330**
Other assets	–	**99,295,231**	–	**665,810,504**	**765,105,735**
	₱428,368,440	**₱9,269,376,559**	**₱–**	**₱1,747,553,091**	**₱11,445,298,090**

	Non-linked				
	2024				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱108,392,663	₱1,264,923,398	₱–	₱3,168,589	₱1,376,484,650
Loans and deposits	–	–	–	247,012,646	247,012,646
AFS financial assets:					
Government debt securities	–	4,790,307,706	–	–	4,790,307,706
Corporate debt securities		170,080,377			170,080,377
Reinsurance assets	–	–	–	925,176,929	925,176,929
Other assets	–	62,207,429	–	565,154,093	627,361,522
	₱108,392,663	₱6,287,518,910	₱–	₱1,740,512,257	₱8,136,423,830

	Unit-linked				
	2025				
	A	**BBB**	**BB**	**Not rated**	**Total**
Financial Assets:					
Cash and cash equivalents	**₱1,865,373,592**	**₱580,475,951**	**₱–**	**₱–**	**₱2,445,849,543**
Loans and deposits					
Receivables	–	–	–	**1,092,051,176**	**1,092,051,176**
Accrued income	–	–	–	**190,413,647**	**190,413,647**
Financial assets as FVPL:					
Debt securities	**1,481,121,699**	–	–	–	**1,481,121,699**
Equity securities	–	–	–	**109,771,236,079**	**109,771,236,079**
Unit investment trust fund	–	–	–	**11,870,845,115**	**11,870,845,115**
	₱3,346,495,291	**₱580,475,951**	**₱–**	**₱122,924,546,017**	**₱126,851,517,259**

	Unit-linked				
	2024				
	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱638,755,651	₱752,457,422	₱–	₱–	₱1,391,213,073
Loans and deposits					
Receivables	–	–	–	584,403,883	584,403,883
Accrued income	–	–	–	127,327,610	127,327,610
Financial assets as FVPL:					
Debt securities	1,352,010,717	–	–	–	1,352,010,717
Equity securities	–	–	–	68,767,079,114	68,767,079,114
Unit investment trust fund	–	–	–	12,991,255,927	12,991,255,927
	₱1,990,766,368	₱752,457,422	₱–	₱82,470,066,534	₱85,213,290,324

The following table provides information on the fair value and carrying amount of non-linked and unit-linked financial assets under PAS 39. The carrying amounts are measured in accordance with PAS 39. For assets measured at amortized cost, the carrying amount shown is before any allowance for impairment loss.

	2025			
	Non-linked		Unit-linked	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Financial assets				
Cash and cash equivalents	**₱2,354,895,852**	**₱2,354,895,852**	**₱2,445,849,543**	**₱2,445,849,543**
Loans and deposits	**250,579,228**	**250,579,228**	**1,282,464,823**	**1,282,464,823**
AFS financial assets:				
Government and corporate debt securities	**7,246,191,945**	**7,246,191,945**	–	–
Financial assets at FVPL:				
Debt securities	–	–	**1,481,121,699**	**1,481,121,699**
Equity securities	–	–	**109,771,236,079**	**109,771,236,079**
Unit investment trust fund	–	–	**11,870,845,115**	**11,870,845,115**
Reinsurance assets	**828,525,330**	**828,525,330**	–	–
Other assets	**765,105,735**	**765,105,735**	–	–
	₱11,445,298,090	**₱11,445,298,090**	**₱126,851,517,259**	**126,851,517,259**

	2024			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,376,484,650	₱1,376,484,650	₱1,391,213,073	₱1,391,213,073
Loans and deposits	247,012,646	247,012,646	711,731,493	711,731,493
AFS financial assets:				
Government and corporate debt securities	4,960,388,083	4,960,388,083	–	–
Financial assets at FVPL:				
Debt securities	–	–	1,352,010,717	1,352,010,717
Equity securities	–	–	68,767,079,114	68,767,079,114
Unit investment trust fund	–	–	12,991,255,927	12,991,255,927
Reinsurance assets	925,176,929	925,176,929	–	–
Other assets	627,361,522	627,361,522	–	–
	₱8,136,423,830	₱8,136,423,830	₱85,213,290,324	₱85,213,290,324

Material Accounting Policies

Product Classification

Insurance contracts are defined as those contracts under which the Company (the insurer) accepts significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk and insignificant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Insurance contracts are classified with or without a Discretionary Participation Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional 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 issuer; and
- that are contractually based on the:
  - performance of a specified pool of contracts or a specified type of contract,
  - realized and or unrealized investment returns on a specified pool of assets held by the issuer, or
  - the profit or loss of the Company, fund or other entity that issues the contract.

For financial options and guarantees which are not closely related to the host insurance contract, bifurcation is required to measure these embedded financial derivatives separately at FVPL. Bifurcation is not required if the embedded derivative is itself an insurance contract or when the host insurance contract itself is measured as financial assets or liabilities at FVPL. As such, the Company does not separately measure options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate). Likewise, the embedded derivative in unit-linked insurance contracts linking the payments on the contract to units of an internal investment fund meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract.

Based on the Company guidelines, all products in its portfolio meet the definition of insurance contracts, including unit-linked products which have certain features that make use of funds specifically segregated for the benefit of unit-linked policyholders.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placement and that are subject to an insignificant risk of changes in value.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and in banks, including time deposits, which are not restricted as to use.

<u>Financial Instruments</u>
Date of recognition
The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company follows the trade accounting where an asset to be received and liability to be paid are recognized on the trade date and derecognition of an asset that is sold and the recognition of a receivable from the buyer is recognized on the trade date.

<u>Initial Recognition and Measurement</u>
Financial assets
Financial assets within the scope of PAS 39 are classified into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. The Company determines the classification of its financial assets at initial recognition. Financial assets designated upon initial recognition as at FVPL are designated at the date of initial recognition only if the criteria under PAS 39 are satisfied. When financial assets are recognized initially, they are measured at fair value including transaction costs, except in the case of financial assets recorded at FVPL.

The Company's financial assets are recognized initially at fair value. Except for financial assets at FVPL, the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, AFS financial assets and loans and receivables. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial liabilities
Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities at FVPL are designated at the date of initial recognition and only if the criteria of PAS 39 are satisfied. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, include directly attributable transaction costs.

The Company's financial liabilities include unit-linked liabilities and other financial liabilities.

'Day 1' profit or loss
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' profit or loss) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit or loss amount.

<u>Subsequent Measurement</u>
The subsequent measurement of financial assets depends on their classification as follows:

<u>Financial assets</u>
Financial assets at FVPL and assets held to cover unit-linked liabilities
Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets designated upon initial recognition at FVPL are designated only if the criteria under PAS 39 are satisfied.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the profit or loss.

The Company evaluates its financial assets at FVPL (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification from financial assets at FVPL to loans and receivables, AFS financial assets or HTM investments depends on the nature of the assets.

This evaluation does not affect any financial assets designated at FVPL using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

The Company's financial assets at FVPL pertains to the Company's seed capital on its unit-linked investment funds. The unit-linked investment funds set by the Company underlying the unit-linked insurance contracts are designated as financial assets at FVPL. This is consistent with the valuation basis of the reserve for variable units held by policyholders.

AFS financial assets
AFS financial assets are debt securities which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses recognized in other comprehensive income in the "Unrealized fair value gain or loss on AFS financial assets" in equity until the investment is de-recognized, at which time the cumulative gain or loss is recognized in profit or loss, or until the investment is determined to be impaired, where the cumulative loss is reclassified to profit or loss. For AFS financial debt securities, the difference between their cost and par value is amortized using the effective interest rate method.

Interest and dividends earned while holding the AFS financial assets are reported as interest income and dividend income, respectively, in profit or loss as part of investment income.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term are still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intent to do so in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or to maturity.

For a financial asset reclassified from the AFS category, the fair value amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in other comprehensive income is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in other comprehensive income is reclassified to profit or loss.

The Company's AFS financial assets pertain to government and corporate debt securities.

Loans and deposits
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization and the loss arising from impairment are included in "Interest income" in profit or loss.

<u>Financial liabilities</u>
Financial liabilities at FVPL
Financial liabilities at FVPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial liabilities designated upon initial recognition at fair value through profit or loss are so designated only if the criteria of PAS 39 are satisfied. Gains or losses on liabilities held for trading are recognized in profit or loss.

The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

The Company's financial liabilities at FVPL pertain to its unit-linked liabilities.

Other financial liabilities
Other financial liabilities are stated at amortized cost, with any difference between net proceeds and redemption value recognized in the profit or loss over the period using the effective interest method.

The Company's other financial liabilities include insurance payables, accounts payables and accrued expenses (which also includes amounts payable on redemption) and payable to related parties.

Reinsurance Assets
The Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

The impairment loss is recorded in the profit or loss under "General and administrative expenses". The impairment loss is calculated following the same method used for these financial assets.

In modified coinsurance (quota share) treaties, the Company records as reinsurance premiums the reinsurer's proportionate share in benefits reinsured for the covered policies. Reinsurance allowances due from the reinsurers, on the other hand, are recorded as a separate line item in the statements of comprehensive income in accordance with the Company's reinsurance policy.

Fair Value Measurement
The Company measures its debt and equity instruments classified as AFS financial assets and financial assets at FVPL at the end of each reporting period. Fair value is the price that would be received in the sale of an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.
Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both the recurring fair value measurement and for non-recurring measurement. At each reporting date, the management analyses the movement in the value of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policy. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- the right to receive cash flows from the asset has expired; or
- the Company has transferred its right to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled, or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Impairment of Financial Assets
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
For financial assets carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through direct write off or through the use of an allowance and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been realized.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in profit or loss.

AFS financial assets carried at fair value
For AFS financial assets, the Company assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired. Impairment of AFS debt securities are assessed based on the same criteria as financial assets carried at amortized cost.

Impairments are recorded when an issuer fails to make interest and/or principal payments ("payment default") or if, based on an evaluation of all relevant available current evidence, it is likely that the issuer is unlikely to pay (more than 50% chance) interest and/or principal payments when due under the terms of the instrument.

If an AFS financial asset is impaired, the amount of cumulative loss that is removed from equity and recognized in net profit is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in net profit. The fact that the impairment amount is measured using current fair value means that it reflects both adverse changes in the interest rate environment and any deterioration of the asset's credit quality. Accordingly, the impairment charge also reflects both the interest risk and credit risk components of the impairment.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income.

If in subsequent period, the amount of impairment loss relating to debt instrument carried as AFS decreases due to an event occurring after the impairment was originally recognized, the previously recognised impairment loss is reversed through profit and loss.

<u>Insurance Receivables</u>
Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost, using the effective interest rate method. The carrying value of insurance receivables are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the profit or loss. Insurance receivables are derecognized when derecognition criteria for financial assets have been met.

<u>Prepayments</u>
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as these are consumed in operations or expire with the passage of time depending on the terms of the related agreements, if covered by a contract.

<u>Property and Equipment</u>
Property and equipment are measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. The cost of an asset consists of its purchase price, restoration cost and costs directly attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation and amortization are computed using straight-line method over the estimated useful live (EUL) of the assets. Leasehold improvements are amortized over the term of the lease or the EUL of five (5) years of the improvement, whichever is shorter. The EUL of the different categories of property and equipment are as follows:

	Years
Motor vehicles	5
Electronic data processing equipment	3
Office equipment	3
Furniture and fixtures	3

The useful life and depreciation and amortization methods are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from these assets.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognized in the profit or loss.

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and impairment in value, if any. Intangible assets, consisting mainly of access rights, and software (not an integral part of its related hardware), are capitalized at cost. These costs are amortized on a straight-line basis over their estimated useful lives ranging from three (3) to fifteen (15) years. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of Non-financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated formally by the Company. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value, less costs to dispose, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated.

A previously recognized impairment loss on an asset is reversed only if there has been a change in the estimate used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

<u>Insurance Contract Liabilities</u>

Life insurance contract liabilities

Life insurance contract liabilities represent the accumulated total liability for policies in force as of the reporting date. Such reserves are established at amounts adequate to meet the estimated future obligations of all life insurance policies in force. These are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts, other than investment linked contracts, is calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the valuation date. Assumptions and actuarial valuation methods are also subject to provisions of the Insurance Code (the Code) and guidelines set by IC under Circular Letter No. 2016-66 (Valuation of Life Insurance Policy Reserves).

For investment linked contracts, contract liabilities are directly linked to the underlying investment assets, which are portfolios maintained to meet specific investment objectives of policyholders who generally bear the credit and market risks on those investments. The liabilities are carried at fair value determined with reference to the accumulation value (current unit value). The costs of asset management fee inclusive of applicable taxes assessed against customers' account balances are presented in the profit or loss as part of "Variable Life Insurance Processing fee income".

Life insurance contract with fixed and guaranteed terms

A liability for contractual benefits that are expected to be incurred in the future is recorded under "Insurance contract liabilities" in the statement of financial position when the premiums are recognized. The liability is determined as the expected discounted value of the benefit payments and expenses less the expected discounted value of the gross premiums based on the best estimate assumptions with provision for adverse deviations. It also includes the expected discounted value of reinsurance premiums payable for the reinsurance treaties that cover the benefits of these products, less the corresponding reinsurance recoverable from the same reinsurance treaties.

The liability is based on mortality, morbidity, lapse and expense assumptions with due regard to the company's recent experience studies. However, liabilities for contractual benefits are computed to comply with statutory requirements, which require discount rates to be compliant with the approved rate issued by IC. Reserves are computed on a seriatim basis and depend on the issue age and policy duration.

<u>Unit-linked insurance contracts</u>

The Company issues unit-linked insurance contracts. In addition to providing life insurance coverage, a unit-linked contract links payment to units of internal investment funds (unit-linked funds) set up by the Company with the consideration received from the policyholders. As allowed by PFRS 4, the Company chose not to unbundle the investment portion of its unit-linked products.

Premiums received from the issuance of unit-linked insurance contracts are recognized as premium revenue. These are separated to fund assets from which the Company withdraws administrative and cost of insurance charges in accordance with the policy provisions of the unit-linked insurance contracts. After deduction of these charges together with applicable surrender fees, the remaining amounts in the fund assets are equal to the surrender value of the unit-linked policies, and could be withdrawn anytime.

The assets and liabilities of the unit-linked funds have been segregated and reflected in “Assets held to cover unit-linked liabilities” and “Unit-linked liabilities” in the statement of financial position. Income or loss arising from the unit-linked funds are classified under “Fair value gain (loss) on FVPL and assets held to cover unit-linked liabilities” in the profit or loss.

Investments under assets held to cover unit-linked liabilities are valued at market price. Changes in the assets held to cover unit-linked liabilities due to investment earnings or market value fluctuations result to the same corresponding change in the unit-linked liabilities. Such changes in fund value are presented as part of “Fair value gain (loss) on FVPL and assets held to cover unit-linked liabilities” in the Company’s profit or loss. As of end of the reporting period, unit-linked liabilities are computed on the basis of the number of units allocated to the policyholders multiplied by the unit price of the underlying funds.

The account value of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the account value of each unit-linked insurance contract in the fund is equal to the total number of outstanding units multiplied by the net asset value per unit (NAVPU). The NAVPU is the market value of the fund divided by the total number of outstanding units.

Equity

Capital stock
Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

Additional paid-in capital
When the shares are sold at premium, the difference between the proceeds and the par value is credited to “Additional paid-in capital” account.

Contributed surplus
Contributed surplus represents the contribution of the stockholders of the Company, in addition to the paid-up capital stock, in order to comply with the pre-licensing and capital requirements as provided under the Code.

Contingency surplus
Contingency surplus represents contributions of the stockholders to cover any unexpected deficiency in the Margin of Solvency (MOS) as required under the Code.

Retained earnings (Deficit)
Retained earnings represents the Company’s accumulated net income while Deficit represents its accumulated net losses.

Revenue Recognition (within the scope of PFRS 15)
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all its revenue arrangements.

The following specific recognition criteria must also be met before income is recognized:

Variable Life (VUL) Insurance Processing fee income
Unit-linked funds are charged processing fees related to fund management and administration. These fees are recognized as revenue in the period in which the performance obligation of pooling together into a fund by the Company's designated fund manager of the investment portion of premium payments of policyholders based on its respective insurance contracts, and deduction of the management fees from the policyholders' premium payments are simultaneously completed.

Other income
Other income is recognized in the profit or loss as it is earned.

Revenue Recognition (outside the scope of PFRS 15)
The following specific recognition criteria must also be met before revenue is recognized:

Premium income
Gross recurring premiums from life insurance contracts are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date from which the policy becomes effective. For regular premium of traditional plan contracts, receivables are recorded at the date when payments are due.

Fee income
Fee income in respect of service provided by the insurer is recognized in the profit and loss with the associated expenses (of the policyholder) recognized separately to reflect the charges borne by the policyholders, and is not offset/eliminated against these expenses. This reflects the nature of the transactions (that fee income is earned by the insurer) and also considered PFRS Conceptual Framework that requires the Company to report income and expenses separately unless offsetting is required or permitted by PFRS Accounting Standards or when offsetting reflects the substance of the transaction. Fee income also includes surrender charge which pertains to the fees to recover the initial costs of issuing and maintaining the policy, as the Company may have lost the potential of recovering them throughout the life of policy, if remained in force.

Interest income
Investment income which pertains to interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest rate.

Reinsurance allowance
Reinsurance allowance due from the reinsurer is computed based on the quota share that was agreed upon by the Company and its reinsurer, including any reinsurance recovery, profit share, loss carried forward balances and interest. This is recorded as income in accordance with the Company's reinsurance policy.

Benefits and Expenses
Expenses, in general, are recognized in the profit or loss in the period these are incurred.

Benefits and claims
Life insurance benefit claims reflect the cost of all claims arising during the year. Death claims and surrenders are recorded on the basis of notifications received. Benefits recorded are then accrued as liabilities.

For unpaid benefits, a provision is made for the estimated cost of all claims but not settled at the reporting date, net of reinsurance recoveries, using the information available at the time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the reporting date based on the Company's experience and historical data. These actual claims are those reported immediately following the reporting date, whether paid or unpaid, but wherein the date of loss occurred on or before the reporting date.

General and administrative expenses
General and administrative expenses are costs attributable to administrative and other business activities of the Company. These are recognized as expense in the period these are incurred.

Commission and agency related expenses
Commission and agency related expenses are charged against operations when the insurance contracts are entered into and related premiums are recognized. Commissions are paid to agents and financial executives for selling individual and group policies. Rates applied on collected premiums vary depending on the type of product and payment terms, and policy year of the contract.

Leases
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the lease term.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term

reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign Currency-denominated Exchange Transactions and Translations
Transactions in currencies other than Philippine Peso are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing at the end of each reporting period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate prevailing at the date the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of transaction and are not subsequently restated.

Foreign exchange gains or losses are considered as taxable income or deductible expense, respectively, only upon realization.

Income Tax
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carry forward of NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.

Current tax and deferred tax relating to items recognized directly in other comprehensive income are likewise recognized in other comprehensive income.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of end of the reporting period.

Movements in the deferred tax assets and liabilities arising from changes in the rates are charged or credited to profit or loss for the period.

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.

Provisions and Contingencies
A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, for example under an insurance contract held, the reimbursement is recognized as a separate asset only when the reimbursement is probable. The Company recognizes a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provision are reviewed at each reporting date and adjusted to reflect the current best estimates.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the expected future expenditures required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Contingencies are disclosed if material and if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event, but either a payment is not probable or the amount cannot be reliably estimated.

Related Party Transactions
A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Employee Benefits
Long-term employee incentives
Certain employees of the Company are eligible for long-term incentives based on the duration of their service to the Company as defined in their employment contracts. The Company is liable to make such payments in the event that the employee meets the circumstances specified in those employment contracts. Long-term employee benefits are recognized when the services are rendered and the measurement of the obligation reflects the probability that payment will be required and the length of time for which payment is expected to be made.

Short-term employee benefits
Short-term employee benefits include items such as salaries and wages, social security contributions, incentives and nonmonetary benefits, that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees rendered the related services.

Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Company during the reporting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid.

Share-based compensations
FWD Group Holdings Limited, (hereinafter referred to as "FWD Group" or "FGHL"), an ultimate holding company, operated a share-based compensation plan, under which FGHL awards restricted shares units ("RSU") of FGHL to the Company's certain key employees as part of a compensation plan aligned with services provided in achieving shareholder value targets. This share-based compensation plan is known as the FWD Share Option and RSU Plan and the Share Award Plan (the "Plan").

The plan is an equity-settled plan and the compensation expense being re-charged by FWD Group to the Company is based on the fair value of the shares granted, the vesting period and the vesting conditions. The cost of the plans is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity as reserve.

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, FWD Group revises its estimates of the number of RSUs that are expected to be vested. Any impact of the revision 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 therefore 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.

Pension obligation
The Company operates a funded, defined contribution (DC) plan, which requires contributions to be made to a separately administered fund. Under its DC plan, the Company pays fixed contributions based on the employees' monthly salaries. The Company, however, is covered under Republic Act (RA) No. 7641, The Philippine Retirement Law, which provides for its qualified employees a defined benefit (DB) minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the Company accounts for its retirement obligation at each reporting date under the higher of the DB obligation relating to the minimum guarantee and the sum of DC liability and the present value of the excess of the projected DB obligation over projected DC obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit (PUC) valuation method.

The net defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate) less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information, and, in the case of quoted securities, it is the published bid price. The value of any net defined benefit asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment or the date that the Company recognizes related restructuring costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Events after the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of the reporting date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. Significant Accounting Judgments, Estimates and Assumptions

The Company makes judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the financial statements of the Company.

Product classification

The Company has determined that the traditional and unit-linked insurance policies (that link the payments on the contract to units of insurance investment fund) have significant insurance risk and, therefore meet the definition of an insurance contract and should be accounted for as such.

Recognition of income taxes

Significant management judgment on the future tax treatment of certain transactions is required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to consider developments in tax laws. Tax laws evolve over time, and in some cases taxation positions are uncertain because the tax laws are subject to varied 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.

Determination of lease term of contracts with renewal and termination options - Company as a lessee
The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Refer to Note 8 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

<u>Estimates and Assumptions</u>
The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of legal policy reserves for life insurance contracts
In determining legal policy reserves, best estimates are made as to the policy expense, expected number of deaths, illness, or injury, and also on the number of withdrawing or lapsing policies for each of the years in which the Company is exposed to risk.

These estimates are based on expense, mortality and morbidity, and persistency assumptions based on the Company's actual experience from its latest studies. The estimated number of deaths, illness, or injury and withdrawing or lapsing policies determine the value of possible future benefits to be paid out, which will be factored into ensuring sufficiency of reserves, which in return is monitored against current and future premiums. Any changes in these assumptions after evaluating the results of the latest experience studies are reflected in the valuation of the reserves and recognized in profit or loss.

The key assumptions used in the valuation of legal policy reserves are detailed in Note 24.

The carrying value of negative legal policy reserves amounted to ₱1,468.86 million and ₱1,883.65 million as of December 31, 2025 and 2024, respectively (Note 12).

Claims liability arising from insurance contracts
The components of the claims liability (claims due and unpaid, claims in course of settlement, resisted claims, and IBNR) are based on the company's claims inventory report. The Company uses the Claims Development method, wherein projected ultimate claim are computed based on actual reported claims, in calculating for IBNR.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments. The carrying value of the claims liabilities amounted to ₱1,281.92 million and ₱963.54 million as of December 31, 2025 and 2024, respectively (see Note 12).

Estimation of allowance for impairment losses
The Company maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management based on factors that affect the collectability of the accounts.

These factors include, but are not limited to, the length of the Company's relationship with the debtors, the debtor's payment behaviour and known market factors. The Company reviews the age and status of receivables and identifies accounts that are to be provided with allowance on a continuous basis.

In addition to specific allowance against individually significant loans and receivables, the Company also makes a collective impairment allowance against exposures which, although not specifically identified as requiring specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the internal rating of the loan or investment since it was granted or acquired.

The carrying value of the following assets as of December 31, 2025 and 2024 are as follows:

	Notes	2025	2024
Loans and deposits	5	**₱250,579,228**	₱247,012,646
Insurance receivables	11	**259,231,317**	238,007,991
Accounts receivable	11	**82,404,016**	90,364,681
Allowance for credit losses	11	**239,033,672**	140,962,996

Estimated useful lives of property and equipment and intangible assets and prepaid assets
The Company reviews annually the estimated useful lives of property and equipment based on the period over which the assets are expected to be available for use. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment would increase recorded depreciation and amortization expense and decrease the related asset accounts.

The depreciable amount of intangible assets and prepaid assets are allocated on a systematic basis over their useful lives. The amortization method shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the Company. These methods include the straight-line method and the unit of production method (UOP). On the other hand, software (not an integral part of its related hardware) which is included as part of intangible assets, are capitalized at cost and amortized over their estimated useful lives of three (3) years.

In this regard, UOP method of amortization which is based on quantifiable and reliable source (Actual over Target production) will be used for the subsequent measurements of the prepaid Expense asset, while intangible assets will be amortized using a straight-line method on its economic life of fifteen (15) years.

The carrying value of the following non-financial assets as of December 31, 2025 and 2024 are as follows:

	Notes	2025	2024
Property and equipment	7	**₱203,564,547**	₱162,812,196
Intangible assets	9	**2,509,170,202**	123,275,052
Prepaid assets	11	**2,263,010,117**	2,359,376,919

Impairment of nonfinancial assets
The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

There were no impairment indicators identified on the Company's property and equipment, right-of use-asset, intangible assets and prepaid assets as of December 31, 2025 and 2024. The carrying values of property and equipment, right-of-use assets, intangible assets, and prepaid assets under other assets are disclosed in Notes 7, 8, 9, and 11, respectively.

Leases - Estimating the incremental borrowing rate
When the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for entities that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the entity's functional currency).

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entity's stand-alone credit rating).

The Company's lease liabilities under other liabilities amounted to ₱217.23 million and ₱254.76 million as of December 31, 2025 and 2024, respectively (see Note 8).

Present value of defined benefit obligation
The determination of pension obligation and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate, expected return on plan assets, salary increase rate, mortality rate, disability rate and turnover rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The cost of defined benefit plan and the present value of the pension obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligation. All assumptions are reviewed at each reporting date.

As of December 31, 2025 and 2024, the carrying amount of retirement asset (liability) amounted to ₱16.91 million and (₱0.35 million), respectively (see Note 21).

Realizability of deferred tax assets
Deferred tax assets are computed for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As of December 31, 2025 and 2024, the Company recognized accumulated deferred tax assets amounting to ₱439.81 million and ₱552.36 million. The Company believes that it is probable to utilize in full the tax benefits arising from deferred tax assets (see Note 23).

Share-based compensation - share-option award plan and share award plan
FWD Group has adopted a share-option award plan and share award plan to retain, motivate and align the interests of eligible officers of the Company. This share-based compensation plan is accounted for as equity-settled plans under which share-options are awarded, while the share award plan is cash settled.

FWD Group estimates the fair value of share options using the Black-Scholes model taking into account the terms and conditions upon which the awards were granted. The Group determines the fair value of share options by using the following input:

FWD Group determines the fair value of share options by following inputs:

- Dividend yield
- Expected share price volatility
- Risk-free interest rate
- Expected life of the share options
- Appraisal value per share, using the same valuation methodology as is used in the RSU plan

The assessment of achievement of performance conditions of share options is the same as described above for RSUs.

The judgments exercised in the determination of share-option fair value and the assessment of achievement of performance condition affect the amounts recognised in the financial statements as share-based payment expense and share-based payment reserve.

Under the market valuation approach, the FWD Group estimates the fair value of the RSUs by applying valuation multiples based on market data of comparable listed companies.

To calculate the fair value of the awards with performance conditions, the Group utilises an appraisal value method (Embedded Value plus a multiple of Value of New Business) and market valuation approach, where applicable, and an assessment of performance conditions, taking into account the terms and conditions upon which the awards were granted. The fair value calculated for the awards is inherently subjective due to the assumptions made. The details of the assumptions used in the computation of share-based compensation are disclosed in Note 21.

Provisions and contingencies
The estimate of the probable cost of the resolution of possible claims has been developed in consultation as necessary with outside counsel handling the Company's defence in these matters and is based upon an analysis of potential results. The Company is a party to certain assessments arising from the ordinary course of business. However, the Company's management and counsel believe that the eventual liabilities under these assessments, if any, will not have material effect on the Company's financial statements.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**₱2,638,028**	₱3,168,589
Cash in banks	**1,300,358,425**	1,283,326,057
Short-term deposits	**1,051,899,399**	89,990,004
	₱2,354,895,852	₱1,376,484,650

Cash in banks earn annual interest at the prevailing bank deposit rates ranging from 0.05% to 0.06% in 2025 and 2024 (see Note 16).

Short-term deposits earn annual interest at the prevailing bank deposit rates ranging from 1.38% to 6.10% in 2025 and from 3.00% to 6.15% in 2024 (see Note 16)

5. Financial Assets

The Company's financial assets (other than receivables under 'Other assets') are summarized as follows:

	2025	2024
Financial assets at FVPL	**₱935,938,387**	₱614,467,883
AFS financial assets	**7,246,191,945**	4,960,388,082
Loans and deposits	**250,579,228**	247,012,646
Assets held to cover unit-linked liabilities (Note 6)	**125,299,075,055**	84,297,005,781
	₱133,731,784,615	₱90,118,874,392

Financial assets at FVPL
This account consists of:

	At Cost		At Fair value	
	2025	2024	**2025**	2024
Seed capital in unit-linked funds (Note 6)	**₱857,910,477**	₱593,736,837	**₱935,938,387**	₱614,467,883

AFS financial assets
This account consists of:

	At Amortized Cost		At Fair value	
	2025	2024	**2025**	2024
Government debt securities	**₱7,169,551,932**	₱4,888,970,143	**₱7,075,320,247**	₱4,790,307,706
Corporate debt securities	**174,290,000**	174,290,000	**170,871,698**	170,080,377
	₱7,343,841,932	₱5,063,260,143	**₱7,246,191,945**	₱4,960,388,083

Annual interest rate for peso government debt securities ranged from 0.00% to 6.88% in 2025 and 2.63% to 8.13 in 2024 (see Note 16).

Corporate debt securities include bonds issued by reputable counterparties. Interest rate for peso corporate debt securities ranged from 5.39% to 6.33% in 2025 and from 3.36% to 6.33% in 2024 (see Note 16).

Movements in AFS financial assets follow:

	2025	2024
Balance at January 1	**₱4,960,388,082**	₱3,677,339,658
Additions	**2,778,288,571**	2,138,237,000
Disposals/maturities	**(499,000,000)**	(848,611,938)
Fair value gains (losses) recognized in OCI	**5,222,073**	(4,321,974)
Amortization of discount (premium)	**1,293,219**	(2,254,664)
Balance at December 31	**₱7,246,191,945**	₱4,960,388,082

As of December 31, 2025 and 2024, AFS financial assets with a face amount of ₱329.20 million are deposited with the Insurance Commission in accordance with the provisions of the Code as security for the benefit of policyholders and creditors of the Company.

The rollforward analyses of unrealized fair value gains (losses) on AFS financial assets follow:

	2025	2024
Balance at January 1	**(₱102,802,201)**	(₱98,480,227)
Unrealized fair value gains (losses) taken to OCI	**5,222,073**	(12,475,285)
Realized loss on sale of AFS financial assets recycled from OCI to profit or loss	**–**	8,153,311
Net changes during the year	**5,222,073**	(4,321,974)
Balance at December 31	**(₱97,580,128)**	(₱102,802,201)

Loans and deposits
This account consists of:

	2025	2024
Agency loans	**₱132,463,301**	₱86,393,144
Receivable from VUL funds	**93,041,788**	136,706,236
Policy loans	**40,133,572**	27,250,963
Employee loans	**15,563,534**	18,972,266
	281,202,195	269,322,609
Allowance for credit losses on:		
Agent loans (Note 11)	**(30,040,722)**	(21,727,718)
Employee loans (Note 11)	**(582,245)**	(582,245)
	(30,622,967)	(22,309,963)
	₱250,579,228	₱247,012,646

Agency loans are granted to agents and settled through deduction against the agents' compensation. These loans earn interest at 6% per annum. Interest income earned on agency loans amounted to ₱2.60 million and ₱2.89 million in 2025 and 2024 (Note 16), respectively.

Receivable from VUL funds consist of uncollected proceeds from policy surrenders and withdrawals of cost of insurance (COI) and cost of rider (COR).

Policy loans pertain to the loans granted by the Company to its policyholders in an amount no greater than the cash value of the policy and bear interest of 8.00% per annum. Interest accrued amounted to ₱1.34 million and ₱0.84 million as of December 31, 2025 and 2024, respectively (see Note 11)

Employee loans are granted to employees and settled through payroll deductions. These loans earn interest at 6% per annum. As of December 31, 2025 and 2024, the allowance for credit losses pertains to unpaid loans of resigned employees whose final pay is not sufficient to cover said employee loans.

Provision for credit losses on loans and deposits amounting to ₱8.31 million and ₱18.32 million in 2025 and 2024, respectively, is presented under 'General and administrative expenses' in the statement of income.

6. Unit-Linked Funds

The total unit-linked funds of the Company are allocated as follows:

	2025			2024		
	SBC Managed Funds	**FWD Managed Funds**	**Total**	SBC Managed Funds	FWD Managed Funds	Total
Financial assets at FVPL (Note 5)	**₱332,889,829**	**₱603,048,558**	**₱935,938,387**	₱273,459,597	₱341,008,286	₱614,467,883
Assets held to cover unit-linked liabilities (Note 5)	**22,138,763,004**	**103,160,312,051**	**125,299,075,055**	23,890,123,098	60,406,882,683	84,297,005,781
	₱22,471,652,833	**₱103,763,360,609**	**₱126,235,013,442**	₱24,163,582,695	₱60,747,890,969	₱84,911,473,664

Financial assets at FVPL represent the seed capital of the Company in its three (3) Peso VUL Funds and one (1) USD VUL Fund at initial amount of ₱220.00 million and USD0.50 million respectively (see Note 5).

Assets held to cover unit-linked liabilities represent policyholders' money invested into these funds.

On November 13, 2024, the Company appointed Security Bank Corporation's Trust and Asset Management Group (SBC) as the new fund manager for the Peso Fixed Income, Peso Balanced, and Peso Equity Funds which were previously managed by Bank of Philippine Islands.

The unit-linked funds' net asset values consist of the following:

	2025	2024
Assets		
Cash and cash equivalents	**₱2,445,849,543**	₱1,391,213,073
Debt securities	**1,481,121,699**	1,352,010,717
Equity securities	**109,771,236,079**	68,767,079,114
Other investments	**11,870,845,115**	12,991,255,927
Accrued income	**190,413,647**	127,327,610
Other receivables	**1,092,051,176**	584,403,886
Total assets	**126,851,517,259**	85,213,290,327
Liabilities		
Amounts payable on redemption of units	**344,568,180**	97,660,262
Other payables	**271,935,637**	204,156,399
Total liabilities	**616,503,817**	301,816,661
Net Asset Value	**₱126,235,013,442**	₱84,911,473,666

Cash and cash equivalents
Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods not exceeding three months depending on the immediate cash requirements of the funds and earn interest at the prevailing short-term deposit rates.

Debt securities
Investment in debt securities include investments in government debt securities and corporate bonds. These debt securities bear an annual interest ranging from 3.75% to 9.50% and 3.75% to 12.13% in 2025 and 2024, respectively.

Equity securities
Equity securities include investments in quoted shares traded in the Philippine stock exchange.

Other investments
Other investments are comprised of pooled investments, which are operated and administered by trust entities and made available by participation.

Accrued income
Accrued income is composed of interest receivable and dividend receivable. Interest receivable pertains to interest accrued on short-term deposits and debt securities. Dividend receivable pertains to dividends accrued on listed equity securities.

Other receivables
Accounts receivable pertains to amounts due from brokers which represent receivables for securities sold that have been contracted for but not yet settled as of the end of the reporting period. This also includes subscriptions from unit holders.

Amounts payable on redemption of units
This pertains to the redemptions payable to unit holders.

Other payables
Other payables pertain to amounts due to brokers which represent payables for securities purchased that have been contracted for but not yet settled. These also include the asset management fee payable to the Company and the administration and custody fee payable to the fund’s custodian, equivalent to agreed rates based on the net asset value of the unit-linked funds.

The movements in the unit-linked fund’s net assets follow:

	2025	2024
Balance at January 1	**₱84,911,473,664**	₱57,302,431,241
Contributions	**45,734,497,338**	35,234,488,904
Redemptions	**(11,455,408,885)**	(12,853,078,814)
Fair value gains	**6,528,117,568**	4,229,462,081
Foreign exchange gains	**516,333,757**	998,170,252
Balance at December 31	**₱126,235,013,442**	₱84,911,473,664

The breakdown of the fair value gains pertaining to the net income of unit-linked funds in 2025 and 2024 is as follows:

	2025	2024
Total income		
Unrealized gain on investments	**₱10,913,296,452**	₱6,482,169,290
Dividend income	**5,219,141,514**	2,827,321,983
Realized gain on investments	**1,863,934,117**	592,043,241
Interest income	**599,433,636**	463,114,160
	18,595,805,719	10,364,648,674
Total expenses		
Variable life insurance processing fee	**(5,187,934,478)**	(3,043,672,462)
Other operating expenses	**(6,691,242,712)**	(2,940,316,716)
	(11,879,177,190)	(5,983,989,178)
Net income before final tax	**6,716,628,529**	4,380,659,496
Provision for final tax	**(188,510,961)**	(151,197,415)
Net income after final tax	**₱6,528,117,568**	₱4,229,462,081

The fair value gains of the unit-linked funds are presented as follows:

	2025	2024
Net fair value gains of assets held to cover unit linked liabilities (Note 16)	**₱6,471,180,284**	₱4,179,029,550
Net fair value gains of financial assets at FVPL (Note 17)	**56,937,284**	50,432,531
	₱6,528,117,568	₱4,229,462,081

*Pertaining to the fair value changes of the seed capital of the unit-linked funds presented under financial assets at FVPL

7. **Property and Equipment**

The rollforward analysis of this account follow:

	2025					
	EDP Equipment	**Office Equipment**	**Motor Vehicles**	**Leasehold Improvements**	**Furniture and Fixtures**	**Total**
Cost						
At January 1	**₱346,430,736**	**₱23,487,082**	**₱88,171,278**	**₱366,095,298**	**₱49,703,568**	**₱873,887,962**
Additions	**33,239,732**	**2,027,434**	**20,683,214**	**63,917,247**	**2,632,770**	**122,500,397**
Disposals	**(2,647,250)**	**–**	**(18,239,475)**	**–**	**–**	**(20,886,725)**
At December 31	**377,023,218**	**25,514,516**	**90,615,017**	**430,012,545**	**52,336,338**	**975,501,634**
Accumulated depreciation						
At January 1	**307,235,197**	**21,950,365**	**34,183,610**	**302,974,993**	**44,731,601**	**711,075,766**
Depreciation (Note 20)	**26,215,102**	**1,318,096**	**18,932,937**	**23,933,784**	**2,845,538**	**73,245,457**
Disposals	**(2,647,250)**	**–**	**(9,736,886)**	**–**	**–**	**(12,384,136)**
At December 31	**330,803,049**	**23,268,461**	**43,379,661**	**326,908,777**	**47,577,139**	**771,937,087**
Net Book Values	**₱46,220,169**	**₱2,246,055**	**₱47,235,356**	**₱103,103,768**	**₱4,759,199**	**₱203,564,547**

	2024					
	EDP Equipment	Office Equipment	Motor Vehicles	Leasehold Improvements	Furniture and Fixtures	Total
Cost						
At January 1	₱322,178,220	₱22,166,049	₱69,419,865	₱335,921,744	₱45,608,152	₱795,294,030
Additions	24,332,516	1,321,033	22,951,837	30,173,554	4,292,877	83,071,817
Disposals	(80,000)	–	(4,200,424)	–	(197,461)	(4,477,885)
At December 31	346,430,736	23,487,082	88,171,278	366,095,298	49,703,568	873,887,962
Accumulated depreciation						
At January 1	279,519,963	21,337,860	20,096,286	276,879,383	41,707,220	639,540,712
Depreciation (Note 20)	27,752,642	610,409	16,533,896	26,095,610	3,221,843	74,214,400
Disposals/adjustments	(37,408)	2,096	(2,446,572)	–	(197,462)	(2,679,346)
At December 31	307,235,197	21,950,365	34,183,610	302,974,993	44,731,601	711,075,766
Net Book Values	₱39,195,539	₱1,536,717	₱53,987,668	₱63,120,305	₱4,971,967	₱162,812,196

8. Leases

Company as a lessee
The Company entered into commercial leases on certain offices for its head office and branches. These leases have terms ranging between one (1) to five (5) years with renewal terms included in some of these contracts. Certain lease contracts also include escalation clauses. There are no restrictions placed upon the lessee by entering into these leases. Some of the leases entered by the Company include parking spaces within the office buildings. Lease term of these parking spaces are usually parallel with the lease term of their counterpart office premises and have similar escalation rates. These, however, have separate parking rental rates from their counterpart office premises, and hence, accounted for separately.

The Company had an existing five (5) year lease term agreement for its head office on the 19th Floor W Fifth Building, commencing on June 1, 2014 to May 31, 2019, and renewed under an extended lease term for the period May 31, 2024 to May 31, 2029. The Company also leased an office space on the penthouse of W Fifth Building covering the periods September 1, 2023 to May 31, 2026. The rental charges are subject to 5% escalation starting on the 2nd year term of the lease.

The Company has also entered into leases contracts on various motor vehicles for use of qualified employees under the Company's executive car program, generally with a total lease term of five (5) years.

The Company has also entered into an expressway partnership agreement with Ayala Corporation, the concessionaire of Daang Hari-South Luzon Expressway Link Road Project, also known as the Muntinlupa-Cavite Expressway (MCX), which grants the Company, on an exclusive, non-transferrable, and revocable basis, use of advertising space and all marketing rights and entitlements within MCX for a period of eight (8) years starting December 7, 2019 to December 6, 2027, subject to a renewal option of another 8 years upon mutual agreement by both parties.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs.

The Company also has certain leases of office premises and parking spaces with lease terms of 12 months or less and/or with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

	2025					
	Head Office & Branch Premises	**Parking Spaces**	**Office Equipment**	**Motor Vehicles**	**Advertising Spaces**	**Total**
Cost						
At January 1	**₱315,788,719**	**₱36,469,607**	**₱–**	**₱9,627,658**	**₱101,696,186**	**₱463,582,170**
Additions	**89,974,448**	**3,174,271**	**3,709,200**	**–**	**–**	**96,857,919**
Terminations/expiration	**(47,550,279)**	**(3,764,485)**	**–**	**(9,627,658)**	**(101,696,186)**	**(162,638,608)**
At December 31	**358,212,888**	**35,879,393**	**3,709,200**	**–**	**–**	**397,801,481**
Accumulated depreciation						
At January 1	**97,356,581**	**5,130,570**	**–**	**8,796,526**	**52,795,481**	**164,079,158**
Depreciation (Note 20)	**97,352,422**	**7,503,347**	**2,489,260**	**1,020,585**	**7,069,975**	**115,435,589**
Terminations/expiration/other adjustment	**(42,089,071)**	**(1,816,038)**	**265,210**	**(9,817,111)**	**(59,865,456)**	**(113,322,466)**
At December 31	**152,619,932**	**10,817,879**	**2,754,470**	**–**	**–**	**166,192,281**
Net Book Values	**₱205,592,956**	**₱25,061,514**	**₱954,730**	**₱–**	**₱–**	**₱231,609,200**

	2024				
	Head Office & Branch Premises	Parking Spaces	Motor Vehicles	Advertising Spaces	Total
Cost					
At January 1	₱292,123,086	₱22,702,175	₱19,584,093	₱101,696,186	₱436,105,540
Additions	200,774,982	33,260,591	453,250	–	234,488,823
Terminations/expiration	(177,109,349)	(19,493,159)	(10,409,685)	–	(207,012,193)
At December 31	315,788,719	36,469,607	9,627,658	101,696,186	463,582,170
Accumulated depreciation					
At January 1	191,395,969	18,678,624	16,270,842	40,083,457	266,428,892
Depreciation (Note 20)	83,069,961	5,945,105	2,935,369	12,712,024	104,662,459
Terminations/expiration	(177,109,349)	(19,493,159)	(10,409,685)	–	(207,012,193)
At December 31	97,356,581	5,130,570	8,796,526	52,795,481	164,079,158
Net Book Values	₱218,432,138	₱31,339,037	₱831,132	₱48,900,705	₱299,503,012

The rollforward analysis of lease liabilities follows:

	2025	2024
At January 1	**₱254,764,920**	₱143,055,291
Additions	**96,857,919**	234,488,823
Interest expense	**17,271,210**	12,061,204
Payments	**(78,018,530)**	(124,156,098)
Terminations	**(73,645,824)**	(10,684,300)
At December 31	**₱217,229,695**	₱254,764,920

Shown below is the maturity analysis of the undiscounted lease payments:

	2025	2024
Within one year	**₱95,017,808**	₱91,205,396
More than five years	**146,615,933**	202,860,076
	₱241,633,741	₱294,065,472

The following are the amounts recognized in statement of income:

	2025	2024
Depreciation expense of right-of-use assets (Note 20)	**₱115,435,589**	₱104,662,458
Interest expense on lease liabilities	**17,271,210**	12,061,204
Operating lease rentals related to short-term lease and lease of low-value assets (Note 20)	**26,883,936**	26,065,240
Total amount recognized in statement of income	**₱159,590,735**	₱142,788,902

9. Intangible Assets

The rollforward analyses of this account as of December 31 follow:

	2025		
	SBC Access fee	**Software**	**Total**
Cost			
At January 1	**₱300,000,000**	**₱382,055,521**	**₱682,055,521**
Additions	**2,500,000,000**	**–**	**2,500,000,000**
At December 31	**2,800,000,000**	**382,055,521**	**3,182,055,521**

(Forward)

	2025		
	SBC Access fee	**Software**	**Total**
Accumulated Amortization			
At January 1	**₱200,000,000**	**₱358,780,469**	**₱558,780,469**
Amortization (Note 20)	**107,114,955**	**6,989,895**	**114,104,850**
At December 31	**307,114,955**	**365,770,364**	**672,885,319**
Net book values	**₱2,492,885,045**	**₱16,285,157**	**₱2,509,170,202**

	2024		
	SBC Access fee	Software	Total
Cost			
At January 1	₱300,000,000	₱364,499,841	₱664,499,841
Additions	–	17,555,680	17,555,680
At December 31	300,000,000	382,055,521	682,055,521
Accumulated Amortization			
At January 1	180,000,000	339,531,903	519,531,903
Amortization (Note 20)	20,000,000	19,248,566	39,248,566
At December 31	200,000,000	358,780,469	558,780,469
Net book values	₱100,000,000	₱23,275,052	₱123,275,052

SBC access fee pertains to the non-refundable portion of Exclusive Access Fees paid to SBC on January 22, 2015. This is not a direct compensation for the production, but rather a purchase of a right and amortized until the estimated economic life of DA which is fifteen (15) years. The amortization expense is reported under "Commission expense and commission-related expenses" in the statement of income (see Note 20).

On June 30, 2025, the Company paid SBC the negotiation bonus as per signed and approved Revised Distribution Agreement (RDA) and recognized as Access fee (Note 25).

10. Reinsurance Assets

This account consists of:

	2025	2024
Reinsurance recoverable on paid losses	**₱492,304,527**	₱661,301,658
Reinsurance contract claims reserves	**259,230,553**	194,936,858
Ceded insurance contracts	**76,990,250**	68,938,413
	₱828,525,330	₱925,176,929

Reinsurance recoverable on paid losses represents the amount recoverable from reinsurers under treaty agreements for their share in paid losses and loss adjustment expenses, net of recoveries.

Reinsurance contracts claims reserves consider the ceded amounts per policy for the other applicable claims liability types and are recognized should the claims be eventually paid, the ceded portion will be covered by the reinsurance contracts following the relevant treaties.

The ceded insurance contracts can be broken further as follows:

	2025	2024
Reinsurer's share in legal policy reserves		
Unearned premium reserves from individual life insurance contracts	**₱71,173,913**	₱59,706,564
Unearned premium reserves from group life insurance contracts	**4,525,024**	8,008,955
Unearned premium reserves from unit-linked insurance contracts	**1,291,312**	1,222,894
	₱76,990,249	₱68,938,413

11. Other Assets

This account consists of:

	2025	2024
Prepaid assets	**₱2,263,010,117**	₱2,359,376,919
Accrued income	**348,607,298**	228,200,090
Insurance receivables	**259,231,317**	238,007,991
Accounts receivable	**82,404,015**	90,364,681
Deposits	**63,028,492**	56,553,762
Due from related parties (Note 22)	**11,834,612**	14,234,997
Others	**129,117,035**	142,972,605
	₱3,157,232,886	₱3,129,711,045

Prepaid assets
The composition and the rollforward analysis of this account follow:

	2025				
	SBC Access fee	**Developmental fees**	**Prepaid commission**	**Prepayments**	**Total**
Cost					
At January 1	**₱2,700,000,000**	**₱2,419,530,050**	**₱18,884,456**	**₱1,569,411,049**	**₱6,707,825,555**
Additions	**–**	**150,096,310**	**10,000,000**	**347,619,715**	**507,716,025**
At December 31	**2,700,000,000**	**2,569,626,360**	**28,884,456**	**1,917,030,764**	**7,215,541,580**
Accumulated amortization					
At January 1	**1,491,534,731**	**1,326,831,882**	**12,357,825**	**1,517,724,198**	**4,348,448,636**
Amortization	**42,110,158**	**198,183,263**	**10,055,755**	**353,733,651**	**604,082,827**
At December 31	**1,533,644,889**	**1,525,015,145**	**22,413,580**	**1,871,457,849**	**4,952,531,463**
Net Book Values	**₱1,166,355,111**	**₱1,044,611,215**	**₱6,470,876**	**₱45,572,915**	**₱2,263,010,117**

	2024				
	SBC Access fee	Developmental fees	Prepaid Commission	Prepayments	Total
Cost					
At January 1	₱1,300,000,000	₱1,896,959,755	₱18,884,456	₱1,523,568,578	₱4,739,412,789
Additions	1,400,000,000	522,570,295	–	45,842,471	1,968,412,766
At December 31	2,700,000,000	2,419,530,050	18,884,456	1,569,411,049	6,707,825,555
Accumulated amortization					
At January 1	1,230,820,743	1,115,145,013	12,357,825	1,456,599,711	3,814,923,292
Amortization	260,713,988	211,686,869	–	61,124,487	533,525,344
At December 31	1,491,534,731	1,326,831,882	12,357,825	1,517,724,198	4,348,448,636
Net Book Values	₱1,208,465,269	₱1,092,698,168	₱6,526,631	₱51,686,851	₱2,359,376,919

SBC access fee pertains to the refundable portion of the Exclusive Access fees and the Initial Milestone fee stated in the Distribution Agreement (DA) between the Company and SBC, in case of early termination of the DA and non-achievement of the Annualized New Premium (ANP) targets stated in the DA. This is amortized based on UOP and presented under "Commission and commission-related expenses" in the statement of income (see Note 20).

On March 21, 2024, the Company paid SBC the second milestone fee for the achievement of milestone target as per Distribution Agreement.

Prepaid developmental fees paid to agency leaders are to be used exclusively in building and maintaining an agency organization for the purpose of selling solely the Company's products. This is to be amortized based on the agents' contractual obligation to the Company as indicated in the agreement (see Note 25). Failure to meet the contractual obligations indicated in the agreement, the Company is authorized by the agents to clawback the unamortized amount of prepaid development fees paid. This will be converted to receivable from the agent and will be reported as "Accounts receivable – net" under "Other assets" in the statement of financial position (see Note 5). Amortization expense is reported under "Commission and commission-related expenses" in the statement of income (see Note 20).

Prepaid commission pertains to fees deducted in advance by Distribution Partner when remitting premium collected on behalf of the Company. This will be amortized once the policy is issued and recorded as premium.

Prepayments consist mainly of software maintenance fee advances and license fees with terms over one (1) year.

Accrued income
This account consists of:

	2025	2024
VUL Insurance Processing fee income accrual	**₱247,968,655**	₱165,153,762
Accrued interest receivable on:		
AFS financial assets (Note 5)	**98,561,184**	62,066,767
Policy loans (Note 5)	**1,343,411**	838,898
Time deposits (Note 4)	**734,048**	140,663
	₱348,607,298	₱228,200,090

Accrued unit-linked asset management fees pertain to unpaid fees for managing the Company's VUL funds. These fees are accrued daily and collected from the SBC-managed funds on a monthly and quarterly basis.

Insurance receivables
This account consists of:

	2025	2024
Insurance receivable from policyholders:		
Premiums due and uncollected	**₱301,728,768**	₱264,044,598
Premiums receivable	**26,437,152**	27,315,447
Receivable from switch fees	**2,194,641**	1,847,887
	330,360,561	293,207,932
Allowance for credit losses	**(71,129,244)**	(55,199,941)
	₱259,231,317	₱238,007,991

Premium due and uncollected pertains to premium earned, net of loadings, awaiting collection within the grace period from the date premium is due.

Premium receivable pertains to premiums of issued group insurance policies for remittance to the Company which is collected within a year.

Accounts receivable
This account consists of:

	2025	2024
Receivable from agents	**₱183,066,385**	₱117,674,580
Employee advances	**22,751,783**	17,966,624
Creditable withholding tax	**14,093,438**	18,402,699
	219,911,606	154,043,903
Allowance for credit losses on:		
Receivable from agents	**(127,298,494)**	(53,868,037)
Employee advances	**(10,209,097)**	(9,811,185)
	(137,507,591)	(63,679,222)
	₱82,404,015	₱90,364,681

Receivable from agents includes amounts to be recovered from agents resulting from clawback of prepaid developmental fees paid for failure to meet the contractual obligations as stated in contract, and cost of lost tablets, cost of trainings and memberships. These are settled through deductions from the agents' weekly commission payout.

Employee advances are non-interest bearing and are settled through payroll deductions.

Creditable withholding taxes represent taxes withheld from the Company by its life insurance clients and collection partners. The amount is already withheld by counterparty and could be applied against future income tax liability of the Company.

Deposits
This account consists of:

	2025	2024
Rental and other deposits	**₱62,958,403**	₱56,483,673
Security fund	**70,089**	70,089
	₱63,028,492	₱56,553,762

Rental and other deposits include security and reservation deposits, and construction bonds. Security and reservation deposits were transacted by the Company with W Fifth Avenue, Inc. for its Head Office and various lessors for its branch offices. These rental deposits are refundable to the Company within (3) months following the expiry of their respective lease terms. Construction bonds are those refundable from contractors upon completion of construction period.

Security fund pertains to contribution of the Company to the Security Fund - Life Account as required by the Insurance Commission on all insurance companies authorized to do business in the Philippines.

Others
This represents unpaid insurance charges in excess of the policyholder's account value.

Allowance for credit losses
The rollforward analysis for allowance for credit losses follows:

	2025	2024
Balance at January 1	**₱140,962,996**	₱59,352,699
Provision for (reversal of) credit losses:		
Receivable from agents (Notes 11)	**73,430,457**	24,384,100
Insurance receivables (Note 11)	**15,929,303**	39,333,591
Agency loans (Note 5)	**8,313,004**	18,323,280
Employee loans (Note 5)	**397,912**	(430,674)
	98,070,676	81,610,297
Balance at December 31	**₱239,033,672**	₱140,962,996

The Company provides credit losses based on specific assessment of outstanding balances. The provision for credit losses is presented in 'General and administrative expenses', except for provision on bad debts on receivable from agents which is presented in Commission and commission related expense' in the statement of income (see Note 20).

12. **Insurance Contract Assets**

This account consists of:

	2025	2024
Legal policy reserves	**₱1,468,859,959**	₱1,883,645,058
Policy and contract claims reserve	**(1,281,915,457)**	(963,542,110)
Insurance contract assets	**₱186,944,502**	₱920,102,948

Legal policy reserves
The details of the legal policy reserves follow:

	2025	2024
Gross legal policy reserves		
Gross premium reserves from individual life insurance contracts	**(₱1,915,226,768)**	(₱2,262,981,342)
Unearned premium reserves from group life insurance contracts	**100,242,775**	99,632,929
Unearned premium reserves from unit-linked insurance contracts	**202,920,659**	137,608,473
Unearned premium reserves from individual life insurance contracts	**143,203,375**	142,094,882
	(₱1,468,859,959)	(₱1,883,645,058)

The details of gross legal policy reserves follow:

	2025	2024
Negative legal policy reserves	**(₱4,764,887,649)**	(₱4,192,259,887)
Positive legal policy reserves	**2,849,660,880**	1,604,387,184
	(1,915,226,769)	(2,587,872,703)
Unearned premium reserves	**446,366,808**	704,227,645
	(₱1,468,859,961)	(₱1,883,645,058)

The movements in legal policy reserves follow:

	2025	2024
Balance at January 1	**(₱1,883,645,058)**	(₱1,700,869,572)
Remeasurement losses (gains) recognized in OCI	**(168,825,308)**	130,619,078
Decrease (increase) in reserves recognized in profit or loss*	**583,610,405**	(313,394,564)
Balance at December 31	**(₱1,468,859,961)**	(₱1,883,645,058)

*The gross change in reserve amounting to ₱583.61 million and (₱313.39 million) in 2025 and 2024, respectively, is presented in "Gross change in insurance contract assets" in the statement of income.

The movements during the year in remeasurement gain (loss) on life insurance reserves follow:

	2025	2024
Balance at January 1	**₱363,748,164**	₱494,367,242
Movement due to change in discount rates	**168,825,308**	(130,619,078)
Balance at December 31	**₱532,573,472**	₱363,748,164

On January 1, 2017, the Company has adopted GPV in valuing its life insurance policy reserves and the valuation result in a negative reserve. The Company has appropriated from the unassigned surplus an amount equal to the aggregate of the negative reserves calculated on a per policy basis (Note 14).

The movement in negative legal policy reserves can be attributed to new issued individual health products and impact of the change in the IC-prescribed discount rates.

The remeasurement gains on life insurance reserves of ₱169.83 million in 2025 is mainly from decrease in present value of liabilities from higher tail rates, as driven by increase in moving average of 20-year rates, and increase in present value of premiums as affected by lower short-term rates as compared to 2024.

Policy and contract claims reserve
Policy and contract claims reserve consists of approved but unpaid claims, in-course of settlements and resisted claims, as of the reporting date. This account also includes the Incurred but not reported (IBNR) reserves which are claims that already occurred, but notice had not been received by the Company and which was based on a reasonable estimate of unreported claims based on the Company's historical experience.

The details of the policy and contract claims reserve follow:

	2025	2024
Claims payable	**(₱946,118,933)**	(₱707,826,072)
IBNR	**(335,796,524)**	(255,716,038)
	(1,281,915,457)	(₱963,542,110)

The movements during the year in policy and contract claims reserve are as follows:

	2025	2024
Balance at January 1	**₱963,542,110**	₱596,619,791
Provision for claims reserve during the year*	**318,373,347**	366,922,319
Balance at December 31	**₱1,281,915,457**	₱963,542,110

*Presented under "Gross change in insurance contract assets" in the statement of income

13. Other Liabilities

This account consists of:

	2025	2024
Accounts payable	**₱2,011,598,887**	₱1,216,232,857
Accrued expenses	**1,530,647,510**	1,312,623,435
Due to related parties (Note 22)	**842,496,821**	73,518,555
Reinsurance payables	**479,117,992**	187,200,288
Lease liabilities (Note 8)	**217,229,695**	254,764,920
Taxes payables	**187,079,232**	148,546,544
	₱5,268,170,137	₱3,192,886,599

Accounts payable
This account consists of:

	2025	2024
Unit-linked subscription payable	**₱1,086,952,312**	₱561,139,966
Insurance payables to policyholders	**623,920,020**	406,336,730
Premium received in advance	**205,318,757**	152,634,144
Supplier invoices	**57,535,036**	81,526,959
Agency payables	**18,226,309**	3,367,095
Others	**19,646,453**	11,227,963
	₱2,011,598,887	₱1,216,232,857

Accrued expenses
This account consists of:

	2025	2024
Accruals for:		
Commission-related expenses	**₱1,143,254,767**	₱904,934,024
Employee incentives	**132,278,450**	133,403,532
Other accrued expenses	**255,114,293**	274,285,879
	₱1,530,647,510	₱1,312,623,435

Accrued commission-related expenses include agency, bancassurance and other channels-related sales expenses, such as commissions, bank fees, variable pay, bonuses and incentives. These are normally settled within one (1) year.

Accrued employee incentives include short-term incentives (STI) payable to Company's qualified employees, which is settled within one (1) year.

Other accrued expenses include accrual for utilities, information technology development costs, staff costs and various operating expense accruals.

Reinsurance payables
This account consists of amounts due to domestic, local, and foreign reinsurers.

Taxes payable
This account consists of:

	2025	2024
Withholding VAT payable	**₱103,076,289**	₱69,209,660
Premium tax payable	**45,426,340**	46,884,157
Expanded Withholding tax payable	**34,726,827**	24,615,866
Fringe benefit tax payable	**3,153,561**	772,405
Final withholding tax payable	**657,610**	7,019,749
Withholding tax on compensation	**38,605**	44,707
	₱187,079,232	₱148,546,544

Taxes payable are normally settled the following month after year-end.

14. Equity

Capital Stock
This account consists of common shares of stock as of December 31, 2025 and 2024 as follows:

Authorized - 5,000,000,000 shares, ₱1 par value	₱5,000,000,000
Issued and outstanding - 2,300,000,000 shares	2,300,000,000

There were no movements in Company's common share in 2024 and 2023.

Contingency Surplus
On May 19, 2025, the BOD approved the capital infusion amounting to ₱1,911 million which was recorded as additional contingency surplus on May 29, 2025.

Retained earnings (Deficit)
Life insurance companies shall value their policy reserves for life business at the end of each calendar year as required by IC pursuant to Sections 216 and 423 of the Amended Insurance Code (RA 10607), in accordance with valuation standards, which was implemented on January 1, 2017.

The reserves for traditional life insurance policies shall be valued, where appropriate, using gross premium valuation. However, should the calculation result in a negative reserve, the Company shall appropriate from the unassigned surplus an amount equal to the aggregate of the negative reserves calculated on per policy basis.

The components of the Company's retained earnings (deficit) follow:

	2025	2024
Deficit, after appropriation	**(₱3,833,542,163)**	(₱4,225,477,909)
Appropriation for negative reserves (Note 12)	**4,764,887,649**	4,192,259,887
Retained earnings (Deficit)	**₱931,345,486**	(₱33,218,022)

15. Net Insurance Premiums

This account consists of:

	2025	2024
Premium revenue arising from contracts issued		
Unit-linked insurance contracts	**₱45,462,711,231**	₱33,779,606,529
Life insurance contracts	**4,886,830,253**	4,094,641,244
	50,349,541,484	37,874,247,773
Fee Income		
Cost of insurance and riders	**1,147,869,581**	951,939,452
Surrender charge	**160,917,095**	162,699,935
Others	**341,943,079**	50,038,628
	1,650,729,755	1,164,678,015
Premium revenue ceded to reinsurers on contracts issued		
Unit-linked insurance contracts	**(111,578,948)**	(86,160,405)
Life insurance contracts	**(227,787,173)**	(202,590,546)
	(339,366,121)	(288,750,951)
Net insurance premiums and fees revenue	**₱51,660,905,118**	₱38,750,174,837

Fee income includes cost of insurance (COI) and cost of rider (COR) which are charged to the policyholder for the service provided by the Company in respect of the investment-linked insurance (ILP) policies. This is deducted from the policyholder's account value.

Surrender charge is deducted from the proceeds of the surrendered ILP policies.

Others include reinstatement cost, fund switch charge and policy fee.

16. Investment Returns

This account consists of:

	2025	2024
Interest income arising from:		
AFS financial assets (Note 5)	**₱352,655,279**	₱226,527,683
Cash and cash equivalents (Note 4)	**22,665,773**	13,003,605
Loans and deposits (Note 5)	**6,347,155**	6,039,227
	381,668,207	245,570,515
Net realized foreign exchange gains on FVPL and other financial receivables	**142,227,088**	294,109,330
Net fair value gains of assets held to cover unit linked liabilities (Notes 5 and 6)	**6,471,180,284**	4,179,029,550
	₱6,995,075,579	₱4,718,709,395

Interest income pertains to the interest earned on government and corporate debt securities, time deposits and short-term investments, agency loans, employee loans and policy loans.

17. Operating Investment Losses

This account consists of:

	2025	2024
Net foreign exchange losses*	**(₱222,613,474)**	(₱404,777,318)
Net fair value gains of financial assets at FVPL (Notes 5 and 6)	**56,937,284**	50,432,531
Realized losses on AFS financial assets	**–**	(8,153,311)
	(₱165,676,190)	(₱362,498,098)

*Excluding unrealized foreign exchange gains on FVPL in Note 16

18. Other Operating Revenue

This account consists of:

	2025	2024
VUL Insurance Processing fee income	**₱2,092,636,896**	₱1,395,009,177
Reinsurance allowance	**1,311,363,729**	1,328,267,433
Other income	**36,378,037**	12,463,494
	₱3,440,378,662	₱2,735,740,104

VUL Insurance Processing fee income
These pertain to fees earned in relation to managing and administering the VUL funds.

Reinsurance allowance
The Company entered into a modified coinsurance agreement with Munich Re (the Reinsurer) in October 2018. On January 1, 2022, the Company also entered into modified coinsurance agreement with Hannover Re (the Reinsurer). Under both agreements, the balance due shall be the Reinsurer's proportionate share on the benefits reinsured less the reinsurance allowance. If the balance is positive, the amount shall be due from the Company to the Reinsurer and shall be accounted for as reinsurance premium. If the balance is negative, the absolute value of that amount shall be due from the Reinsurer to the Company and shall be accounted for as reinsurance allowance.

Other income
Other income includes sundry income, gain (loss) on re-measurement of lease liability and various recoveries of expenses incurred by the Company on behalf of other entities within the FWD Group such as travel expenses, sales incentives and prizes to employees related to FWD Group-led activities.

19. Benefits and Claims

This account consists of:

	2025	2024
Surrenders	**₱9,614,177,051**	₱8,807,832,151
Death and hospitalization benefits	**778,009,974**	805,985,138
Other benefits	**2,044,889**	–
Gross benefits and claims	**10,394,231,914**	9,613,817,289
Reinsurers' share on claims and benefits incurred	**(151,212,510)**	(173,988,389)
Net benefits and claims	**₱10,243,019,404**	₱9,439,828,900

20. **Operating Expenses**

General and administrative expenses
General and administrative expenses consist of:

	2025	2024
Employee benefits	**₱1,071,919,579**	₱1,104,156,045
Information technology expenses	**239,456,119**	261,111,892
Depreciation (Notes 7 and 8)	**188,681,046**	178,876,855
Professional service fees	**81,293,225**	78,765,217
Marketing and advertising (Note 22)	**57,576,497**	112,504,738
Operating lease rentals (Note 8)	**26,883,936**	26,065,240
Amortization of software costs (Note 9)	**6,989,895**	19,248,566
Other operating expenses		
Group office management fee (Note 22)	**1,019,440,532**	520,775,552
Shared services fee (Note 22)	**186,834,895**	84,432,813
Office-related expenses	**117,474,171**	92,666,575
Bank service charges	**83,774,013**	69,410,465
Tax-related expenses	**43,495,741**	22,216,607
Distribution-related expenses	**37,065,989**	50,870,830
Provision for credit losses (Note 11)	**24,640,219**	57,226,198
Travel and entertainment	**22,206,381**	23,801,446
Courier charges	**8,222,622**	6,908,252
Conference expenses	**5,327,039**	4,233,297
Other new business expenses	**3,628,455**	2,350,425
Printing and stationery	**223,656**	10,040,413
Others	**110,525,598**	196,639,269
	₱3,335,659,608	₱2,922,300,695

Employee benefits expenses consist of:

	2025	2024
Salaries and wages	**₱857,278,895**	₱846,213,035
Benefits and allowances	**183,830,295**	247,514,128
Directors' fees	**15,903,666**	13,995,255
Share-based payments	**17,828,603**	(3,663,618)
Net pension expense (Note 21)	**(2,921,880)**	97,245
	₱1,071,919,579	₱1,104,156,045

Share-based payments
FWD Group operates the Share Option and RSU Plan and the Share Award Plan that provides FGHL restricted shares units ("RSU") to participants from the Company upon vesting. Eligible employees are granted share-based awards to reward service and the achievement of shareholder value targets. These awards are in the form of a contingent right 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 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.

Details of RSUs under the Company's Share Option and RSU Plan and the Share Award Plan as of December 31, 2025 and 2024 are disclosed below.

	2025	2024
Number of shares immediately after Initial Public Offering (IPO)/ At January 1, 2024	**450,977**	19,514
Awarded	**487,563**	–
Vested	–	(1,224)
Forfeited	**(31,964)**	(24,335)
Transferred	–	17,616
Number of shares at December 31	**906,576**	11,571

The movements in the number of shares for the period January 1, 2025 to immediately after IPO:

	2025
At January 1	**11,571**
Awarded	–
Vested	**(2,675)**
Forfeited	**(6,360)**
Transferred	**2,061**
Immediately before the IPO	**4,597**
Upon IPO	
RSUs adjusted after Share Consolidation	**450,977**
Vested	–
Immediately after the IPO	**450,977**

For the year ended December 31, 2024, the awards presented in the table above excludes awards granted based on a fixed monetary value.

For the year ended December 31, 2025, upon the listing of FGHL ("Initial Public Offering"), RSUs adjusted after the conversion of all FGHL's shares into ordinary shares ("Share Consolidation") consisted of (i) outstanding awards granted as share units immediately prior to the Initial Public Offering, which were converted into the FGHL'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 FGHL's RSUs based on the Listing Price.

<u>Valuation methodology</u>
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 FWD Group's RSUs granted in 2025 is ₱186,157,595 (US$3,208,236) and ₱53,704,187 (US$910,858) in 2024.

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 liability.

The total recognised share-based payments related to share-option award by the Group included in "Employee benefit expense" amounted to ₱17.82 million and (₱3.66 million) in 2025and 2024, respectively.

Commission and commission-related expenses
Commission expense and commission-related expenses consist of:

	2025	2024
Commission expense	**₱2,123,564,368**	₱1,994,269,901
Commission-related expenses	**1,650,564,227**	1,616,708,109
Salaries and benefits – Sales employees	**804,978,521**	797,950,584
Override commission expense	**485,647,169**	489,331,825
Premium tax expense	**190,156,913**	164,289,060
Amortization of:		
Prepaid asset (SBC access fee) (Note 11)	**42,110,158**	260,713,988
Intangible asset (SBC access fee) (Note 9)	**107,114,955**	20,000,000
Prepaid asset (Developmental fees) (Note 11)	**198,183,263**	211,686,869
Provision for credit losses (Note 11)	**73,430,457**	24,384,100
Distribution operation expenses	**58,851,787**	42,378,352
Documentary stamp tax (policy-related)	**12,569,410**	15,094,490
	₱5,747,171,227	₱5,636,807,278

Commission-related expenses (CRE) consist mainly of bonuses such as annual performance bonus and annual over-achievement bonus given to bancassurance partner and various incentives and allowances granted to bancassurance sales staff and agents, for the issuance of policy contracts, activation of agents and achievement of sales targets.

Provision for credit losses amounting to ₱73.43 million and ₱24.38 million in 2025 and 2024, respectively, is based on specific assessment of outstanding balance of agent's receivable (see Note 11).

Distribution operation allowance represents expenses incurred by Agency and Bancassurance channel such as trainings, sales events, and sales tool.

21. Retirement plan

The Company has a funded, defined contribution plan, covering all employees from the start of the date of employment which requires contributions to be made to a separately administered retirement fund. The plan is effective January 1, 2016 and was approved by the Bureau of Internal Revenue (BIR) last May 3, 2017. Under the plan, the Company makes contributions on behalf of the employees, but it allows employees to participate in the plan by way of voluntary contributions.

The Company's Employees' Retirement Funds are administered by its Trustee, BPI Asset Management and Trust Corporation. The Trustee has full and complete management and control of the funds and its investment strategy based on the parameters and limits approved by the Company in its Investment Policy. The Trustee has the absolute and sole right to sell, convert, invest, reinvest, commingle with other accounts, exchange, transfer, assign, endorse or otherwise dispose the moneys, assets or securities comprising the Trust Fund without necessity of prior approval or authority from the Trustor.

Upon normal retirement, the employee shall be entitled to a lump sum benefit equal to the following:

1) One hundred percent (100%) of individual account balance in the defined benefit plan attributable to employee voluntary contributions as of the most recent valuation date prior to normal retirement date and adjusted for subsequent contributions, if any,
2) And the higher of:
   a) One hundred percent (100%) of individual account balance attributable to employer voluntary contributions as of the most recent valuation date prior to normal retirement date and adjusted for subsequent contributions, if any,
   b) One hundred percent (100%) of employee's monthly salary for every year of service or the minimum statutory requirement at the time of the employee's retirement whichever is higher.

The Company recognized retirement expense relating to its defined contribution plan included in the statement of comprehensive income which consists of:

	2025	2024
Current service cost	**₱82,326,931**	₱90,742,112
Net interest expense	**20,892**	12,310
Forfeitures	**(17,209,629)**	–
	₱65,138,194	₱90,754,422

The amounts of retirement asset (liability) recognized in the statements of financial position as of December 31, 2025 and 2024 follow:

	2025	2024
Fair value of plan assets	**₱388,972,336**	₱347,077,167
Present value of defined benefit obligation	**(372,058,292)**	(347,425,369)
	₱16,914,044	(₱348,202)

Changes in the present value of the defined benefit obligation are as follows:

	2025	2024
At January 1	**₱347,425,369**	₱299,859,996
Current service cost	**82,326,931**	90,742,112
Interest expense	**20,845,522**	17,991,600
Benefits paid	**(80,862,752)**	(64,007,704)
Remeasurement losses (gains)		
Changes in financial assumptions	**82,232**	–
Experience adjustment	**2,240,990**	2,839,365
At December 31	**₱372,058,292**	₱347,425,369

Changes in the fair value of plan assets are as follows:

	2025	2024
At January 1	**₱347,077,167**	₱299,654,834
Interest income	**20,824,630**	17,979,290
Forfeitures	**17,209,629**	–
Contributions*	**82,238,116**	90,657,177
Benefits paid	**(80,862,753)**	(64,007,704)
Remeasurement gains	**2,485,547**	2,793,570
At December 31	**₱388,972,336**	₱347,077,167

*Includes forfeitures applied as contributions to the plan

The rollforward analysis of remeasurement gain (loss) on retirement obligation follows:

	2025	2024
At January 1	**₱34,824,279**	₱34,870,074
Remeasurement gain (loss) on defined benefit obligation		
Experience adjustment	**(2,240,990)**	(2,839,365)
Change in financial assumptions	**(82,232)**	–
Remeasurement gain on fair value of plan assets	**2,485,547**	2,793,570
	162,325	(45,795)
At December 31	**₱34,986,604**	₱34,824,279

The principal actuarial assumptions used in determining net pension cost for the Company's retirement plan are shown below:

	2025	2024
Salary increase rate	**5.50%**	5.50%
Discount rate	**5.50%**	5.50%
Expected average remaining working lives	**14 years**	10 years

The sensitivity analysis below showing estimated increase (decrease) in the retirement benefit obligation has been determined based on reasonably possible changes of each relevant significant assumption as at December 31, 2025 and 2024, assuming all other assumptions were held constant.

	Change in Assumptions	**2025** Increase (Decrease) on total comprehensive income	2024 Increase (Decrease) on total comprehensive income
Discount rate	**+1.00%**	**(₱162,066)**	(₱280,476)
	-1.00%	**1,878,854**	985,870
Salary rate	**+1.00%**	**1,773,521**	919,317
	-1.00%	**(192,885)**	(312,187)

The table below summarizes the maturity profile of the Company's benefit liabilities based on the remaining period at the end of the reporting period.

Year	**2025**	2024
1-5 years	**₱302,724**	₱446,825
6-10 years	**17,617**	134,460
11-15 years	**–**	–
	₱320,341	₱581,285

22. Related Party Disclosures

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Related party transactions consist of the following:

	2025c		2024			
Category	**Amount***	**Outstanding Balances**	Amount	Outstanding Balances	**Terms**	**Conditions**
Receivables from Affiliates:						
FWD Group Ltd.	**₱–**	**₱–**	₱–	₱–	Interest-free, settlement in cash; annual	Unsecured
FWD Group Management Holdings Ltd.	**1,116,421**	**11,786,652**	8,248,998	14,187,262	Interest-free, settlement in cash; annual	Unsecured
FWD Vietnam Life Insurance Company Limited	**–**	**–**	–	(3,001)	Interest-free, settlement in cash; annual	Unsecured
FWD Technology and Innovation Malaysia Sdn. Bhd.	**(4,066)**	**47,961**	50,736	50,736	Interest-free, settlement in cash; annual	Unsecured
	₱1,112,355	**₱11,834,613**	₱8,299,734	₱14,234,997		

(Forward)

Category	2025c Amount*	2025c Outstanding Balances	2024 Amount	2024 Outstanding Balances	Terms	Conditions
Payable to Affiliates:						
FWD Group Management Holdings Ltd. (a) (Note 20)	**₱686,701,416**	**₱562,780,599**	₱401,374,072	₱–	Interest-free, settlement in cash; annual	Unsecured
Valdimir Pte. Ltd. (b)	**155,654,977**	**118,318,226**	99,608,968	–	Interest-free, settlement in cash; annual	Unsecured
FWD Technology and Innovation Malaysia Sdn. Bhd.	**66,785,140**	**59,416,790**	54,546,602	–	Interest-free, settlement in cash; annual	Unsecured
FWD Information Technology (Guangzhou) Co., Ltd.	**55,399,051**	**16,093,567**	53,401,838	11,507,789	Interest-free, settlement in cash; annual	Unsecured
FWD Vietnam Technology Co., Ltd.	**4,835,827**	**1,852,945**	–	–	Interest-free, settlement in cash; annual	Unsecured
FWD Group Limited (Non-GO)	–	**1,203,431**	–	31,390,927	Interest-free, settlement in cash; annual	Unsecured
FWD Limited (Non-Go)	–	**1,104,165**	–	30,619,838	Interest-free, settlement in cash; annual	Unsecured
FWD Group Management Holdings Limited (Non-GO)	–	**16,877,376**	–	–	Interest-free, settlement in cash; annual	Unsecured
FWD Group Holdings Limited (Non-GO)	–	**64,849,722**	–	–	Interest-free, settlement in cash; annual	Unsecured
FWD Life Insurance Company Bermuda (Limited	**77,467**	–	–	–	Interest-free, settlement in cash; annual	Unsecured
	₱969,453,977	**₱842,496,821**	₱608,931,480	₱73,518,554		

**Amounts represent period charges taken to profit or loss before any settled balances.*

In the normal course of business, the Company has various transactions with its related companies as follows:

a. The amount due to FWD Group Management Holdings Ltd. (GMH) is in respect of expenditure incurred on behalf of the Company such as software amortization costs on software purchased by FWD Group for FWD PH, external service fees, data communication lines and traveling expenses. It is also comprised mainly of IT time charges and direct and indirect cost charged for the portion of time spent by GMH staff in providing service to the Company. These charges are included in "Group Office Management Fee" in Note 20.

   The amount due to Valdimir Pte. Ltd. is in respect of brand licensing agreement (royalty fees) for the Company's use of the FWD brand name which is based in the Company's production for the year and expenditure incurred on behalf of the Company. The royalty fees is based on the Company's production for the year and is included in "Marketing and advertising" in Note 20.

   This also includes the Company's share in cost of conferences, travel expenses, and direct and indirect cost charged for the portion of time spent by Valdimir staff in providing service to the Company. These charges are included in "Group Office Management Fee" in Note 20.

   The amount due to FWD Technology and Innovation Malaysia (TIM) pertains to the costs for Technology Services, Solutions Delivery, IT Security, Innovation Hub and Center of Excellence at no mark-up, as well as cost for time spent by TIM employees providing shared services and services for FWD enterprise application provided by Group IT Shared Service. These charges are included in "Shared services fee and Group Office Management fees" in Note 20.

   The amount due to FWD Information Technology (Guangzhou) Co., Ltd. pertain to business as usual services for FWD enterprise application provided by Group IT Shared Service team to the Company such as system development & support and classified under pass-through charges. These charges are included in "Group Office Management Fees" in Note 20.

b. The outstanding receivable from FWD Group Management Holdings Ltd. includes group- initiated activities and initiatives cost that the Company paid on behalf of GMH. Other receivables from affiliates pertains to meetings and travel-related expenses incurred by Company officers initially shouldered by the Company and will be recovered upon charge-back.

Outstanding balances are non-interest bearing, unsecured and will be settled in cash on an annual basis. No guarantees had been received or given.

Remunerations of Key Management Personnel
The Company's key management personnel include all management committee officers. The summary of compensation of key management personnel is as follows:

	2025	2024
Salaries and other short-term employee benefits	**₱160,712,248**	₱163,580,561
Directors' fees	**15,903,666**	13,995,255
Retirement expense	**6,347,793**	7,521,236
Other long-term benefits	**5,118,987**	4,341,284
	₱188,082,694	₱189,438,336

23. Income Taxes

Republic Act (RA) No. 9337, *An Act Amending National Internal Revenue Code*, as amended by RA 10963 otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) and RA 11534 otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE), provides that Regular Corporate Income Tax (RCIT) rate shall be 25.00% while interest expense allowed as a deductible expense is reduced to 20.00% of interest income subject to final tax.

A Minimum Corporate Income Tax (MCIT) of 2.00% on gross income is computed and compared with the RCIT. Any excess MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, the NOLCO is allowed as a deduction from taxable income in the next three years from the year of inception.

Provision for (benefit from) income tax consists of:

	2025	2024
Current		
MCIT	**₱94,211,685**	₱91,213,694
Final	**9,749,182**	130,023,245
	103,960,867	221,236,939
Deferred	**112,552,525**	(458,543,691)
	₱216,513,392	(₱237,306,752)

Reconciliation between provision for income tax and the income tax at statutory income tax rate follows:

	2025	2024
Income tax at statutory rate	**₱295,269,225**	₱265,305,862
Tax effects of:		
Interest income subjected to final tax	**(93,506,959)**	(26,983,992)
Non-deductible expenses	**2,936,142**	17,942,411
Non-taxable income	**(100,737,541)**	(35,027,342)
Movements in deferred tax assets	**112,552,525**	(458,543,691)
Effective income tax	**₱216,513,392**	(₱237,306,752)

Details of the Company's excess MCIT over RCIT that can be claimed as tax credits from future regular corporate income tax are as follows:

Year Incurred	Excess MCIT over RCIT	Expired	Balance	Year of Expiry
2025	₱94,211,685	₱–	₱94,211,685	2028
2024	91,213,694	–	91,213,694	2027
2023	8,346,848	–	8,346,848	2026
2022	29,902,606	29,902,606	–	2025
	₱223,674,833	**₱29,902,606**	**₱193,772,227**	

Details of the Company's NOLCO, which is available for offset against future taxable income, follow:

Year Incurred	NOLCO	Application	Balance	Year of Expiry
2023	**₱1,361,540,549**	**₱1,279,974,697**	**₱81,565,852**	2026

The Company recognized deferred tax assets and liabilities from the following temporary differences:

	2025	2024
Deferred tax assets on:		
Excess MCIT over RCIT	**₱193,772,227**	₱129,463,149
Provision for IBNR reserves	**83,949,131**	63,929,010
Net unrealized foreign exchange losses and other losses	**63,989,754**	–
Provision for credit losses	**59,814,950**	35,297,282
Lease liabilities	**54,307,423**	63,691,230
Unamortized past service cost	**30,014,745**	34,659,334-
NOLCO	**20,391,463**	340,385,137
Retirement liability	**–**	87,051
	506,239,693	577,767,388
Deferred tax liabilities on:		
Right-of-use assets	**(57,902,300)**	(74,875,753)
Non-taxable gains	**(4,302,407)**	(40,277,440)
Retirement asset	**(4,228,511)**	–
	(66,433,218)	(115,153,193)
	₱439,806,475	₱552,359,000

As of December 31, 2025 and 2024, the Company has no unrecognized deferred tax assets.

24. Capital Management and Management of Insurance and Financial Risk

Governance Framework
The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, insurance and operational risk. It also supports the effective implementation of policies at the overall company and individual business unit levels.

The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategies to the corporate goals and specify reporting requirements.

Regulatory Framework
Regulators are interested in protecting the rights of the policyholders and maintain close vigil to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g. fixed capitalization requirements and risk-based capital (RBC) requirements) to minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise.

Capital Management Framework
The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders. The level of capital maintained is usually higher than the minimum capital requirements set by the regulators and the amount computed under the RBC Requirement Model.

Fixed capitalization requirements
Pursuant to the provision of Section 194 of the New Insurance Code ("the Code"), no new life or non-life insurance business will be licensed in the Philippines unless it has paid-up capital of One Billion Pesos (₱1,000,000,000).

The Code also provided the new capitalization requirement of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022. The following presents the amount of required net worth and the schedule of compliance:

Net worth	Compliance Date
₱250,000,000	June 30, 2013
550,000,000	December 31 ,2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

As of December 31, 2024, the Company fully complied with the externally imposed capital requirements with statutory net worth amounting to ₱6.09 billion. The Company's statutory net worth of ₱7.58 billion as of December 31, 2025 is still subject for examination by the Insurance Commission.

Unimpaired capital requirement
IMC 22-2008 provided that for the purpose of determining compliance with the law, rules and regulations requiring that the paid-up capital should remain intact and unimpaired at all times, the statement of financial position should show that the net worth or equity is at least equal to the actual paid-up capital. The Company has complied with the unimpaired capital requirement.

RBC requirements
IC CL No. 2016-68 (Amended Risk-Based Capital (RBC2) Framework) provides the three pillar risk-based approach to solvency that is adopted by IC: (a) Pillar 1 includes the quantitative requirements in relation to the calculation of capital requirements and recognition of eligible capital; (b) Pillar 2 covers the governance and risk management requirement that consist of a supervisory review process which may include a supervisory adjustment to capital; and (c) Pillar 3 comprises the disclosure requirements designed to encourage market discipline. Every life insurance company is quarterly required to maintain a minimum RBC ratio of 100% and not to fail the trend test. Trend Test has failed, in the event that all have occurred:

a) The RBC ratio computed for the period (i.e. first quarter) is less than 125% but is not below 100%,
b) The RBC ratio has decreased over the past period, and
c) The difference between RBC ratio (presented in (i) above) and the decrease in the RBC ratio (presented in (ii) above) over the past period is less than 100%.

Failure to meet the minimum RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

In addition, IC issued CL No. 2016-69 (Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended RBC2 Framework) which states RBC2 shall take effect beginning January 1, 2017. This CL also provided for relaxed requirements for initial implementation for RBC2 as follows:

	Level of sufficiency
2017	95th percentile
2018	97.5th percentile
2019	99.5th percentile

The RBC ratio shall be calculated as Total Available Capital (TAC) divided by the RBC requirement. TAC, which is the aggregate of Tier 1 and Tier 2 capital minus deductions, and RBC requirement are defined in Section 2 of ICL 2016-68.

The following table shows how the RBC ratio was determined by the Company based on its calculations:

	2025	2024
Total Available Capital	**₱7,580,374,165**	₱6,091,778,882
RBC requirement	**3,194,268,584**	4,034,290,650
RBC Ratio	**237%**	151%

The final RBC ratio for 2025 can be determined only after the accounts of the Company have been examined by IC specifically as to admitted and non-admitted assets as defined under the Code. RBC ratio for 2024 is based on the Synopsis of the Annual Statement as approved by the Insurance Commission dated July 30, 2025.

Product Design and Pricing Risk

Product design risk refers to potential defects in the development of a particular insurance product. The Company manages product design risk through its product approval process where products are reviewed against pricing, design and operational risk parameters. All new products and product enhancements are reviewed and approved by the Group Office and are certified by the Company's Chief Actuary.

Product pricing phase starts with reinsurance negotiation, assumption-setting, preparation of product approval report, review and sign-off by the Group Office of pricing model, key product metrics based on target range set by Group, and risk assessment and mitigation measures consistent with the risk management policy of Group. Approved products are then filed with IC and BSP (for Bancassurance products).

The Company closely monitors the performance of new products and actively manages the product portfolio to minimize risks in the in-force book and new products.

Insurance Risk

Nature of Risk

The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency and severity of claims and actual benefit amount at the time of claim, and subsequent development of long-term claims. The variability of risks is improved by diversification of the risk of loss. A large, diversified portfolio of insurance contracts is less likely to be affected across the board by changes in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines, as well as the use of reinsurance arrangements.

For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. These risks currently do not vary significantly in relation to the location of the risks insured by the Company while undue concentration by amounts could have an impact on the severity of benefit payments.

Terms and conditions

The Company principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for a pre-determined amount. Life insurance contracts currently offered by the Company are mainly unit-linked, accident and health and group life insurance products. Unit-linked products differ from conventional policies in that a pre-determined percentage of each premium is allocated to units in a pooled investment fund and the policyholder benefits directly from the total investment growth and income of the fund.

There are no mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed, guaranteed terms and fixed future benefits.

The Company has an objective to control and manage insurance risk, and to maintain a strong capital base to safeguard the Company's ability to continue as a going-concern. The Company manages insurance risk through the following mechanism:

- The use and maintenance of sophisticated management information systems that provide up to date, accurate and reliable data on risk exposure at any point in time;
- Actuarial models based on a combination of regulatory prescribed assumptions, best-estimate assumptions based on company and industry past experience and sound actuarial formulations;
- Guidelines for concluding insurance contracts and assuming insurance risks;
- Pro-active compliance of claims handling procedures to investigate and adjust claims, thereby ensuring payment of valid claims;
- Reinsurance to limit the Company's exposure to large claims by placing risk with reinsurers providing high security; and
- Eventually, diversification strategy will be implemented to ensure that underwritten risks are well-diversified in terms of type and amount of risk, industry and geography.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, and cease to pay premiums. Thus, the insurance risk is subject to the behaviour and decisions of the policyholders.

Assumptions
Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance contracts. Assumptions in use are based on past experience, current internal data and conditions, and external market indices and benchmarks, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate at inception of the contract. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are subject to the provisions of the Code and guidelines set forth by the IC.

For legal policy reserves, the following assumptions are used:

a. Mortality and morbidity
   In 2025 and 2024, the Company's best estimate mortality assumption is based on 2017 Philippine Intercompany Mortality (PICM) table.

   In 2025 and 2024, the morbidity assumptions used are based on reinsurance rates developed by the Company's reinsurers for products covered under existing reinsurance agreements, with product-specific adjustment factors where applicable.

b. Discount rates
   Discount rates relate to the time value of money. Discount rate assumptions are based on current observed rates in the market and consistent with the discount rates published by IC. The discount rates are reviewed and revised at each reporting date. An increase (decrease) in discount rate would result in remeasurement gain (loss) on life insurance reserves

c. Lapse rates
   The lapse assumptions are based on the Company's own experience, taking into account the changes in the company practices, administrative processes and prevailing market conditions.

d. Expenses
The expense assumptions are based on the Company's experience derived from its latest expense study.

The estimation of liabilities include margin for adverse deviations (MfADs) as prescribed by IC Circular Letter No. 2016-66. The fixed MfAD are subject to a minimum of:

(i) Interest: +/- 10% of discount rate;
(ii) Expense: 10% of best estimate expense;
(iii) Other assumptions including but not limited to mortality, morbidity, lapse and conversion: +/- 10% of best estimate assumptions.

The Company's concentration of insurance risk, before and after reinsurance, in relation to the type of insurance contract is as follows:

	2025	2024
Variable unit-linked		
Gross	**₱180,090,336,759**	₱167,723,948,001
Net	**151,184,031,951**	142,829,317,959
Accident and health		
Gross	**50,333,085,120**	44,120,443,061
Net	**26,224,718,138**	23,378,053,710
Ordinary life		
Gross	**45,073,518,373**	37,680,332,604
Net	**35,086,264,862**	29,551,992,099
Group life		
Gross	**230,951,689,088**	187,104,022,222
Net	**184,761,351,271**	148,644,404,712
Total		
Gross	**506,448,629,340**	436,628,745,889
Net	**397,256,366,221**	344,403,768,480

The risks associated with life and accident and health products are underwriting risk and investment risk.

Underwriting Risk
Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing. Underwriting risks are brought about by a combination of the following:

- Mortality risk - risk of loss arising from the policyholders' death experience being different than expected.
- Morbidity risk - risk of loss arising from the policyholder's health experience being different than expected.
- Expense risk - risk of loss arising from expense experience being different than expected.
- Policyholder decision risk - risk of loss arising from the policyholder behavior (lapses and surrenders) being different than expected.

The Company's underwriting strategy is designed to ensure that risks are evaluated and rated appropriately. This is largely achieved through the use of health questionnaires and medical screening in order to ensure that pricing takes account of current health conditions family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria.

Investment Risk

The investment risk represents the exposure to loss resulting from cash flows from invested assets, primarily long-term fixed rate investments, being less than the cash flows required to meet the obligations of the expected policy contract liabilities and the necessary return on investments. Additionally, there exists a future investment risk associated with certain policies currently in force which will have premium receipts in the future. That is, the investment of those future premium receipts may be at a yield below that required to meet future policy liabilities.

To maintain an adequate yield to match the interest necessary to support future policy liabilities, management focus is required to reinvest the proceeds of the maturing securities and to invest the future premium receipts while continuing to maintain satisfactory investment quality.

The Company utilizes dynamic asset allocation strategies consistent with its risk appetite framework to manage investment risk and to ensure sustainable investment returns.

Financial Instruments

The following table sets forth the carrying values and fair values of non-linked and unit-linked financial assets and liabilities recognized as of December 31:

	December 31, 2025			
	Non-linked		**Unit-linked**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Financial assets				
Cash and cash equivalents	**₱2,354,895,852**	**₱2,354,895,852**	**₱2,445,849,543**	**₱2,445,849,543**
Loans and deposits	**250,579,228**	**250,579,228**	**1,282,464,823**	**1,282,464,823**
AFS financial assets:				
Government and corporate debt securities	**7,246,191,945**	**7,246,191,945**	**–**	**–**
Financial assets at FVPL:				
Debt securities	**–**	**–**	**1,481,121,699**	**1,481,121,699**
Equity securities	**–**	**–**	**109,771,236,079**	**109,771,236,079**
Unit investment trust fund	**–**	**–**	**11,870,845,115**	**11,870,845,115**
Reinsurance assets	**828,525,330**	**828,525,330**	**–**	**–**
Other assets	**765,105,735**	**765,105,735**	**–**	**–**
	₱11,445,298,090	**₱11,445,298,090**	**₱126,851,517,259**	**₱126,851,517,259**
Financial liabilities				
Other liabilities	**₱4,864,745,347**	**₱4,864,745,347**	**₱616,503,817**	**₱616,503,817**

	December 31, 2024			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,376,484,650	₱1,376,484,650	₱1,391,213,073	₱1,391,213,073
Loans and deposits	247,012,646	247,012,646	711,731,496	711,731,496
AFS financial assets:				
Government and corporate debt securities	4,960,388,083	4,960,388,083	–	–
Financial assets at FVPL:				
Debt securities	–	–	1,352,010,717	1,352,010,717
Equity securities	–	–	68,767,079,114	68,767,079,114
Unit investment trust fund	–	–	12,991,255,927	12,991,255,927
Reinsurance assets	925,176,929	925,176,929	–	–
Other assets	627,361,522	627,361,522	–	–
	₱8,136,423,830	₱8,136,423,830	₱85,213,290,327	₱85,213,290,327
Financial liabilities				
Other liabilities	₱2,789,575,134	₱2,789,575,134	₱301,816,660	₱301,816,660

Fair values of financial assets and financial liabilities are estimated as follows:

- Due to the short-term nature of cash and cash equivalents, short-term investments, receivables, accrued income, insurance payables, accrued payables and accrued expenses, payable to related parties, and amounts payable on redemption, their carrying values reasonably approximate their fair values at year end.
- The fair value of financial assets at FVPL and AFS financial assets that are actively traded in organized financial markets is determined by reference to quoted market prices (BVAL rates for bonds, PSE closing price for equities and the published NAV per unit for investments in UITF), at the close of business on the reporting date, or the last trading day as applicable.

Fair value measurement and fair value hierarchy
The tables below show analysis of financial instruments at fair value by level of fair value hierarchy as of December 31:

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets measured at fair value:				
Financial assets at FVPL (Note 6)	**₱–**	**₱935,938,387**	**₱–**	**₱935,938,387**
AFS financial assets				
Government debt securities	**3,336,599,334**	**3,738,720,913**	**–**	**7,075,320,247**
Corporate debt securities	**170,871,698**	**–**	**–**	**170,871,698**
Assets held to cover unit-linked liabilities (Note 6)	**–**	**125,299,075,055**	**–**	**125,299,075,055**
	₱7,075,320,247	**₱126,405,885,140**	**₱–**	**₱133,481,205,387**

	2024			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at FVPL (Note 6)	₱–	₱614,467,883	₱–	₱614,467,883
AFS financial assets	4,790,307,706	170,080,377	–	4,960,388,083
Assets held to cover unit- linked liabilities (Note 6)	–	84,297,005,781	–	84,297,005,781
	₱4,790,307,706	₱85,081,554,041	₱–	₱89,871,861,747

As of December 31, 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

Financial Risk
The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The Company has established a risk management function with terms of reference and with responsibility for developing policies on market, credit, liquidity, insurance and operational risk. The investment policies define the Company's limit structure to ensure the appropriate quality and diversification of assets, in accordance with the Code.

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. The Company manages the level of credit risk it accepts through a credit risk policy which focuses on minimizing credit risk exposures. The credit risk policies are set as follows:

a. Concentration limit - The Company sets maximum exposure to an individual issuer and to a particular sector.
b. Counterparty ratings - The Company reviews and recommends financial institutions that will complement over-all investment objectives and service requirements.

Reporting of credit risk exposures, monitoring compliance with credit risk policy and review of credit risk policy is done on a regular basis.

A credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer may be unable to meet its obligations assumed under such reinsurance agreements. The Company selects only domestic and foreign companies with strong financial standing and excellent track records which are allowed to participate in the Company's reinsurance programs. The Company also set maximum exposure for deposit products of accredited banks which will be the equivalent to the maximum allocation for the said instruments.

As of December 31, 2025 and 2024, the Company's maximum exposure to credit risk and investment risk from its financial assets (loans and receivables, AFS financial assets and financial assets at FVPL) is equal to their carrying amount. The gross maximum exposure to credit risk of the Company approximates its net maximum exposure. In addition, there is no significant concentration of credit risk identified.

There were no amounts that are set-off in accordance with the criteria in *PAS 32, Financial Instruments: Presentation*. There were no amounts subject to an enforceable master netting arrangement or similar agreement as of December 31, 2025 and 2024.

Credit quality of financial assets
It is the Company's policy to maintain accurate and consistent risk ratings across the financial assets. The Company utilizes an internal credit rating system based on its assessment of the quality of the financial assets.

The Company uses conventions which have been adapted to conform to the various ratings as follows:

Standard and Poor's	Moody's	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+ and below	Ba1 and below	Below investment grade

The tables below show the credit quality of the Company's financial assets as of December 31:

Non-linked

	2025				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱428,368,440	₱1,923,889,383	₱–	₱2,638,029	₱2,354,895,852
Loans and deposits	–	–	–	250,579,228	250,579,228
AFS financial assets:					
Government debt securities	–	7,075,320,247	–	–	7,075,320,247
Corporate debt securities	–	170,871,698	–	–	170,871,698
Reinsurance assets	–	–	–	828,525,330	828,525,330
Other assets	–	99,295,231	–	665,810,504	765,105,735
	₱428,368,440	₱9,269,376,559	₱–	₱1,747,553,091	₱11,445,298,090

Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱1,865,373,592	₱580,475,951	₱–	₱–	₱2,445,849,543
Other assets					
Receivables	–	–	–	1,092,051,176	1,092,051,176
Accrued income	–	–	–	190,413,647	190,413,647
Financial assets as FVPL:					
Debt securities	1,481,121,699	–	–	–	1,481,121,699
Equity securities	–	–	–	109,771,236,079	109,771,236,079
Unit investment trust fund	–	–	–	11,870,845,115	11,870,845,115
	₱3,346,495,291	₱580,475,951	₱-	₱122,924,546,017	₱126,851,517,259

Non-linked

	2024				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱108,392,663	₱1,264,923,398	₱–	₱3,168,589	₱1,376,484,650
Loans and deposits	–	–	–	247,012,646	247,012,646
AFS financial assets:					
Government debt securities	–	4,790,307,706	–	–	4,790,307,706
Corporate debt securities		170,080,377			170,080,377
Reinsurance assets	–	–	–	925,176,929	925,176,929
Other assets	–	62,207,429	–	565,154,093	627,361,522
	₱108,392,663	₱6,287,518,910	₱–	₱ 1,740,512,257	₱8,136,423,830

Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	638,755,651	752,457,422	₱–	₱–	₱1,391,213,073
Other assets					
Receivables	–	–	–	584,403,883	584,403,883
Accrued income	–	–	–	127,327,610	127,327,610
Financial assets as FVPL:					
Debt securities	1,352,010,717	–	–	–	1,352,010,717
Equity securities	–	–	–	68,767,079,114	68,767,079,114
Unit investment trust fund	–	–	–	12,991,255,927	12,991,255,927
	₱1,990,766,368	₱752,457,422	₱–	₱82,470,066,534	₱85,213,290,324

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing on repayment of a contractual obligation; or the insurance liabilities falling due for payment earlier than expected; or the inability to generate cash inflows as anticipated.

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and operating expenses. The Company manages liquidity by forecasting cash flow requirements. Investments are made in assets with maturities or interest payments which are matched against expected pay-outs of claims benefits (i.e., amount and duration of assets are matched against amount and duration of liabilities). In addition, significant outflows due to operating expenses (e.g., salaries, bonuses, IT expenditures, etc.) are scheduled based on an agreed budget timeline.

It is unusual for a company primarily transacting in insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement. The amounts and maturities in respect of insurance liabilities are thus based on management's best estimate based on actuarial techniques and past experience.

The table below summarizes the maturity profile of the Company's financial assets and liabilities based on the remaining period at the end of the reporting period. Most of the Company's financial assets are used to support its insurance contract liabilities which are shown in the table below. Refer to Note 12 for additional information on the Company's insurance contract liabilities as well as to the Insurance Risks Section.

Non-linked

	December 31, 2025					
	Maturity Breakdown					
	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash and cash equivalents	₱2,354,895,852	₱–	₱–	₱–	₱–	₱2,354,895,852
Loans and deposits	144,824,574	43,464,698	62,289,956	–	–	250,579,228
AFS financial assets						
Government and corporate debt securities	19,919,200	224,458,046	650,810,851	6,351,003,848	–	7,246,191,945
Reinsurance assets	828,525,330	–	–	–	–	828,525,330
Other assets	714,182,249	10,051,518	21,306,450	19,565,517	–	765,105,735
Total financial assets	**₱4,062,347,205**	**₱277,974,262**	**₱734,407,256**	**₱6,370,569,366**	**₱–**	**₱11,445,298,090**
Financial liabilities:						
Other liabilities:	4,864,745,347	–	–	–	–	4,864,745,347
Total financial liabilities	**₱4,864,745,347**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,864,745,347**

Unit-linked

	December 31, 2025					
	Maturity Breakdown					
	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash and cash equivalents	₱2,445,849,543	₱–	₱–	₱–	₱–	₱2,445,849,543
Other assets						
Accounts receivable	1,092,051,176	–	–	–	–	1,092,051,176
Accrued income	190,413,647	–	–	–	–	190,413,647
Financial assets at FVPL						
Debt securities	66,301,800	84,734,412	264,833,980	1,065,251,507	–	1,481,121,699
Equity securities	–	–	–	–	109,771,236,079	109,771,236,079
Other Investment:						
Feeder Fund (UITF)	–	–	–	–	11,870,845,115	11,870,845,115
Total financial assets	**₱3,794,616,166**	**₱84,734,412**	**₱264,833,980**	**₱1,065,251,507**	**₱121,642,081,194**	**₱126,851,517,259**
Financial liabilities:						
Other financial liabilities:						
Accounts payable and accrued expenses	616,503,817	–	–	–	–	616,503,817
Total financial liabilities	**₱616,503,817**	**₱–**	**₱–**	**₱–**	**₱–**	**₱616,503,817**

Non-linked

	December 31, 2024 Maturity Breakdown Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash and cash equivalents	₱1,376,484,650	₱–	₱–	₱–	₱–	₱1,376,484,650
Loans and deposits	182,347,220	64,665,426	–	–	–	247,012,646
AFS financial assets						
Government and corporate debt securities	221,244,750	92,560,800	486,345,772	4,160,236,761	–	4,960,388,083
Reinsurance assets	925,176,929	–	–	–	–	925,176,929
Other assets	598,837,334	8,577,871	12,005,882	7,940,435	–	627,361,522
Total financial assets	₱3,304,090,883	₱165,804,097	₱498,351,654	₱4,168,177,196	₱–	₱8,136,423,830
Financial liabilities:						
Other liabilities:	2,789,575,134	–	–	–	–	2,789,575,134
Total financial liabilities	₱2,789,575,134	₱–	₱–	₱–	₱–	₱2,789,575,134

Unit-linked

	December 31, 2024 Maturity Breakdown Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash and cash equivalents	₱1,391,213,073	₱–	₱–	₱–	₱–	₱1,391,213,073
Other assets						
Accounts receivable	584,403,883	–	–	–	–	584,403,883
Accrued income	127,327,610	–	–	–	–	127,327,610
Financial assets at FVPL						
Debt securities	11,075,698	99,169,727	418,066,023	823,699,269	–	1,352,010,717
Equity securities	–	–	–	–	68,767,079,114	68,767,079,114
Other Investment:						
Feeder Fund (UITF)	–	–	–	–	12,991,255,927	12,991,255,927
Total financial assets	₱2,114,020,264	₱99,169,727	₱418,066,023	₱823,699,269	₱81,758,335,041	₱85,213,290,324
Financial liabilities:						
Other financial liabilities:						
Accounts payable and accrued expenses	301,816,660	–	–	–	–	301,816,660
Total financial liabilities	₱301,816,660	₱–	₱–	₱–	₱–	₱301,816,660

Market Risk

- *Currency risk*

  Currency risk is the risk that the value of the Company's financial instruments will decrease, resulting from changes in the foreign currency exchange rates. The Company's financial assets are predominantly denominated in the same currencies as its insurance and other financial liabilities, which serve to mitigate the foreign currency exchange risks on its intercompany payables.

  The following tables show the details of the Company's foreign currency-denominated monetary transactions and their Philippine peso equivalents:

	2025		2024	
	USD	**PHP**	USD	PHP
Assets				
Cash	**$10,688,326**	**₱630,207,873**	$7,714,554	₱447,324,262
Financial assets at FVPL	**393,629**	**23,209,239**	363,340	21,068,089
Assets held to cover unit-linked liabilities	**515,387,303**	**30,388,402,280**	352,894,740	20,462,410,967
Loans and deposits	**553,080**	**32,610,833**	(208,663)	(12,099,189)
Reinsurance assets	**(1,213,050)**	**(71,524,188)**	533,722	30,947,569
Property and equipment – net	**126,863**	**6,868,905**	126,863	6,868,905
Intangible assets – net	**2,188,691**	**113,095,577**	2,188,691	113,095,577
Other assets	**530,040**	**37,582,203**	140,325	13,748,047
Insurance contract assets	**(57,533)**	**(3,392,287)**	(48,566)	(2,816,070)
	528,597,348	**31,157,060,437**	363,705,006	21,080,548,157
Liabilities				
Unit-linked liabilities	**(518,387,303)**	**(30,388,402,280)**	(352,894,740)	(20,462,410,967)
Other payables	**(6,352,105)**	**(374,534,487)**	(4,899,556)	(284,098,096)
Payable to related parties	**(14,288,746)**	**(842,496,821)**	(1,267,901)	(73,518,555)
	($539,028,154)	**(₱31,605,433,588)**	($359,062,196)	(₱20,820,027,617)

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Company's income before tax.

	2025		2024	
Currency	**Changes in foreign exchange rates**	**Impact on income before tax**	Changes in foreign exchange rates	Impact on income before tax
US Dollar	**(2.1%)**	**525,054,441**	(-1.0%)	161,012,595
	2.1%	**(525,054,441)**	1.0%	(161,012,595)

- *Equity price risk*
  Equity price risk is the risk that the fair value of equities will decrease resulting from changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risks arising from equity investments. Equity investments are held for the Company's variable unit linked funds. Exposure is being managed through equity asset class allocation target and range defined in the Investment Policy of the funds and is being monitored on a monthly basis.

  The effect on profit or loss (as a result of a change in fair value of instruments held in the unit-linked assets) due to a reasonably possible change in indices, with all other variables held constant, is as follows:

2025

	Change in Equity Price (%)	**Effect on profit or loss Increase (Decrease)**
Equity securities	**10%**	**74,578,449**
	(10%)	**(74,578,449)**

2024

	Change in Equity Price (%)	Effect on profit or loss Increase (Decrease)
Equity securities	10%	₱49,155,859
	(10%)	(49,155,859)

- *Interest rate risk*
  Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments classified as AFS financial assets and financial assets at FVPL in particular are exposed to such risk. The Company's investment policy manages interest rate risk by aiming to match the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The amount, duration and yield to maturity of assets are matched against the amount and duration of the liabilities.

  The Company's exposure to interest rate risk arises from its investment in government bonds and corporate bonds for the VUL funds. Exposure is being managed through asset class allocation and ranges defined in the Investment Policy of the funds.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates for the next financial year, with all other variables held constant, of the Company's total comprehensive income follows:

	2025		
	Change in Yield (bps)	**Effect on profit or loss Increase (Decrease)**	**Effect on OCI Increase (Decrease)**
Debt securities	**+50 bps**	**(₱37,105,065)**	**(₱279,165,455)**
	-50 bps	**37,105,064**	**297,107,038**

	2024		
	Change in Yield (bps)	Effect on profit or loss Increase (Decrease)	Effect on OCI Increase (Decrease)
Debt securities	+50 bps	(₱31,557,132)	(₱186,458,278)
	-50 bps	31,557,132	198,158,499

25. Commitments

Developmental Fees
The Company entered into Deeds of Undertaking (DOU) with the agency leaders to assist in building and maintenance of the agencies for the purpose of exclusively selling the Company's life insurance products.

Developmental fee commitments are as follows:

	2025	2024
Within one year	**₱1,735,363**	₱11,056,237
After one year but not more than five years	**7,797,794**	55,629,435
	₱9,533,157	₱66,685,672

Distribution Agreement
On September 15, 2014, FWD Life and Security Bank Corporation (SBC) signed a Distribution Agreement (DA) under which SBC will sell exclusively FWD Life products. The terms of the Agreement provide for payment by FWD Life of an Upfront Fee and Exclusive Access Fee in consideration for FWD Life's exclusive access to the distribution network. The DA also provides for payment of Initial Milestone Fee (IMF) and Subsequent Milestone Fee (SMF) upon meeting the cumulative ANP target. On December 10, 2018, the Company paid SBC the Initial Milestone Fee.

The bancassurance partner is given annual performance bonus and over-achievement bonus under the DA with SBC. Annual performance bonus is given in the event that the ANP generated from eligible sales during the year achieves the annual performance target of the bancassurance agent for the financial year. Annual over-achievement performance bonus is provided to bancassurance agents in the event that the ANP generated from eligible sales during the year achieves the annual over-achievement performance target.

On December 11, 2024, the Company and SBC signed the Amended and Restated Distribution Agreement (ARDA) which extends the contract to until 2039. The ARDA was approved by the Insurance Commission on March 19, 2025.

Variable Life Insurance Processing Fee Income
The Company entered into a Discretionary Investment Management Agreement with BPI wherein the Company availed of the services of BPI as investment manager relative to the management and investment of the funds of the Company for its unit-linked products. The Company has 3 Funds that were managed by BPI until November 2024.

The Company also entered into a Participating Trust Agreement with SBC wherein the Company agrees to participate in the Unit Investment Trust Fund established by SBC for the purpose of providing investment opportunities for higher investment yields through a diversified portfolio of investments for the Company's unit-linked products. Currently, the Company has participation in 6 Funds.

In 2017, the Company entered into a Discretionary Investment Management Agreement with SBC wherein the company availed of the services of SBC as investment manager relative to the management and investment of funds of the Company for its unit-linked products. The Company has 4 funds that is managed by SBC under this arrangement.

In 2017, the Company has also set up a US dollar denominated equity index-linked fund. The fund replicates an index-based strategy and is administered by the Company.

VUL Insurance Processing Fees pertaining to fund management ranging from 0.5% up to 2.25% of the Net Asset Value are collected from the funds. VUL Insurance Processing Fees are collected on a monthly and quarterly basis from the funds managed by BPI and SBC, respectively.

26. Contingencies

The Company has suits and claims that remain unsettled outside of provisions. Management believes, based on the opinion of its legal counsels, that the ultimate outcome of such cases and claims will not involve sums having a material or adverse effect on the financial statements.

27. Supplementary Tax Information Required Under Revenue Regulation (RR) 15-2010

The following supplementary information under RR 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Output VAT
Details of the Company's output VAT declared are as follows:

Fee income:	
Variable Life Insurance Processing Fee Income on assets held to cover unit-linked liabilities	₱2,007,436,642
Interest – Staff loans	1,041,489
Interest – Agency loans	2,800,965
Other Income	2,494,498
Total	2,013,773,594
Output VAT rate	12%
	₱241,652,831

Documentary stamp tax
The Company's documentary stamp tax paid or accrued in 2025 follows:

Source	Payment
Life insurance premiums/coverage	₱12,569,260
Other documents	521,360
Total	₱13,090,620

Other taxes and licenses
This includes all local taxes including Premium Taxes under the account "Commission-related expenses" and licenses and permit fees under the account "Taxes and Licenses" and under "General and Administration" expenses.

Local Taxes	
Business registration fees	₱36,446,622
Real property tax	–
Community tax certificate	10,500
National Taxes	
Percentage taxes (see Note 20)	190,156,913
Insurance commission license	310,235
Notarial fee	247,386
BIR annual registration	–
Total	₱227,171,656

Withholding taxes
Details of the Company's withholding taxes paid and accrued during the year are as follows:

	Total remittance	Balance
Expanded withholding tax	₱775,460,623	₱34,726,827
Tax on compensation and benefits	358,886,616	38,605
Final withholding VAT	16,392,405	2,582,463
Final withholding tax	3,906,343	657,610
Fringe benefit tax	2,107,734	3,153,561
	₱1,156,753,721	₱41,159,066

Tax assessments
As of December 31. 2025, the Company does not have any tax cases outstanding or pending in courts or bodies outside the BIR in any of the open taxable years.

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FWD Philippines is regulated by the Insurance Commission of the Philippines and is legally permitted to provide insurance products and services within the country.

You can reach the Insurance Commission of the Philippines here:

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