10 x FWD insurance

FWD Life Insurance Philippines

2024 Annual Report

10x young, 10x stronger

Celebrate living
fwd.com.ph

Overview

About FWD Group

FWD Group is a pan-Asian life and health insurance business that serves approximately 30 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.**

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Our business: 10 markets in Asia

>30 million customers*

33 bancassurance partnerships (including 8 exclusive partners) and >50 ecosystem partners

Claims net promoter score: +65
Purchase customer emotion ("good" or "great"): 92%

US$6.6 billion total premiums

>6,900 employees
>55,100 contracted agents

Ranked 6th in 2024 Million Dollar Round Table for multinational companies**

Cloud adoption rate: 98%
>290 active AI models

US$53.7 billion total assets

* Including Bank Rakyat Indonesia (BRI) Life
** In terms of the number of MDRT-registered members

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

FWD Life Insurance Corporation (FWD Life Insurance), a wholly owned subsidiary of FWD Group, launched its commercial operations in September 2014. Currently, FWD Life Insurance is among the top five[1] in customer experience among insurers in the country. In just 10 years, FWD Life Insurance now ranks 3rd in both new business annual premium equivalent[2] and premium income[3]. FWD Life Insurance has 17 business hubs located in key cities nationwide, with headquarters in Bonifacio Global City in Taguig City.

As the insurer of the next generation, FWD Life Insurance continues to aid in nation-building by promoting financial literacy and poverty alleviation through our innovative products and services so we can continue changing the way people feel about insurance and, ultimately, empower more Filipinos to celebrate living.

[1] Based on KPMG's Global Customer Experience Excellence Report 2024
[2] www.insurance.gov.ph > Data > Statistics > Life Insurance Companies > 2024 > Based on New Business Annual Premium Equivalent
[3] www.insurance.gov.ph > Data > Statistics > Life Insurance Companies > 2024 > Based on Premium Income

Celebrating our 10x year with a bang

On our 10th year, we celebrate the recognition we received from various industry award-giving bodies. This adds fuel to our fire, emboldening us to carry on our mission to truly change the way people feel about insurance.

Marketing awards

GOLD
Best Use of Partnership
FWD The One for Gamers with Mobile Legends
Anvil

SILVER
Multimedia Tool, Making Financial Literacy Fun and Exciting
FWD Pinoy Money Master
Anvil

GOLD
Excellence in Sponsorship Activation
FWD The One for Gamers
Marketing Excellence

GOLD
Excellence in AI-Powered Storytelling
FWD Dynamic Content Engine
Marketing Excellence

BRONZE
Excellence in Data-Driven Marketing
FWD Dynamic Content Engine
Marketing Excellence

GOLD
Brand Effectiveness through Marketing Communication Channels
FWD The One for Gamers
PANAta Brand Effectiveness

SILVER
Brand Effectiveness through Product Innovation
FWD The One for Gamers
PANAta Brand Effectiveness

SILVER
Brand Effectiveness through Disruptive Innovation
FWD The One for Gamers
PANAta Brand Effectiveness

BRONZE
Creativity in Strategy and Effectiveness – Creative Strategy
FWD The Gamer Insurance
Kidlat

INNOVATOR
Tech Innovator of the Year
Boomerang

Tech Innovation of the Year
FWD The One for Gamers
Boomerang

SILVER
Gaming
FWD The One for Gamers
Boomerang

BRONZE
Commerce
FWD The One for Gamers
Boomerang

BRONZE
Innovative Achievement in Corporate Social Responsibility
JA & FWD Financial Literacy Program
Stevie

GOLD
Emerging Tech Marketing: Data Insights / Contextual Marketing
FWD Dynamic Content Engine
MMA Smarties

GOLD
AI Marketing: AI-Driven Creative Excellence
FWD Dynamic Content Engine
MMA Smarties

SILVER
AI Marketing: AI-Powered Audience Engagement
FWD Dynamic Content Engine
MMA Smarties

Best in Show
FWD Dynamic Content Engine
MMA Smarties

Corporate / company awards

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

2 Golden Arrows
Corporate Governance Scorecard
ASEAN Corporate Governance Scorecard

TOP 5 Data Protection Officer of the Year
Privacy Awareness Week (PAW) Awards 2024
National Privacy Commission (NPC)


FWD insurance
Messages
Celebrate living
fwd.com.ph

Message from the Chairman of the Board

"In the decades to come, trust that FWD Life Insurance will be 10x stronger. We are on a direct path to becoming the insurer of the next generation of Filipinos so that they, too, may achieve financial wellness and truly celebrate living."

With the competitive insurance landscape having intensified in 2024, customers now enjoy a broader selection of innovative insurance solutions, tailored to protect and secure their futures. The industry's commitment to leveraging digital technologies, such as artificial intelligence, promises to further streamline operations and deliver unparalleled customer experiences.

For FWD Life Insurance, 2024 was a milestone year as it celebrated its 10th year. Along with this, we maintained our No. 2 position in the Million Dollar Round Table (MDRT) rankings among life insurance companies in the Philippines. On top of this, the company also observed continued robust growth in our net worth and assets under management. Our net income for 2024 is at PhP848.5 million, while

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

insurance premiums registered an increase of 36%. The growth is thanks in large part to impressive surges in agency and bancassurance annual premium equivalents (APEs), boost in manpower and productivity, and strategic digital initiatives.

The year 2024 demonstrated significant growth, not only in sales but also in the expansion of our agency distribution network. We continue to innovate our business to better address the ever-evolving needs of our customers.

We proudly offer one of the most innovative product portfolios to offer relevant protection that meet Filipinos' evolving needs. Our unwavering commitment to integrity and transparency, aligned with the highest performance standards and ethical guidelines, has earned us two Golden Arrows for corporate governance from the Institute of Corporate Directors in 2024.

FWD Life Insurance reported substantial growth, as much as 62% growth in Bancassurance new business annual premium equivalent (NBAPE) versus 2023, thanks to the great partnership we have with Security Bank Corporation, which we have renewed for another 15 years.

In 2024, the company accelerated its rapid growth, registering a 68.4% growth in NBAPE (based on the Insurance Commission's report regarding the insurance industry's performance in 2024) attaining the highest growth rate among the top 10 life insurers in the country. This remarkable growth enabled FWD to solidify its Top 3 ranking in terms of NBAPE, after only 10 years operating in the life insurance industry.

Congratulations to our management team, financial advisors, partners, and employees at FWD Life Insurance for solidifying our reputation as a leading life insurance company.

We extend our utmost gratitude to our customers for their confidence and trust in FWD. We will keep innovating and developing new products that address your needs, while ensuring that our customer experience remains exemplary in delivering high-quality services.

In line with this commitment, the Board members and I are eager to embrace product innovations that utilize technology, such as artificial intelligence (AI). These advancements will enable us to provide exceptional care for our customers and ensure they experience enhanced efficiency and convenience.

As Chairman of the Board of FWD Life Insurance, I look forward to many more successful years ahead, building on our first decade of accomplishments in the Philippines. I am confident that our employees and advisors will continue working toward ensuring our customers consistently experience quality service. We remain committed to supporting our customers, our teams, our stakeholders, and the insurance industry as a whole.

In the decades to come, trust that FWD Life Insurance will be 10x stronger. We are on a direct path to becoming the insurer of the next generation of Filipinos so that they, too, may achieve financial wellness and truly celebrate living.

Amb. Jose L. Cuisia, Jr.
Chairman of the Board
FWD Life Insurance

Message from the President and Chief Executive Officer

"As the insurer of the next generation, we will continue to innovate and place our customers at the heart of everything we do, empowering every Filipino to build their best future and truly celebrate living."

2024 was a milestone year for FWD Life Insurance as we celebrate a decade of protecting more Filipinos. Being relatively young in the industry places us in the best position to become the insurer of the next generation.

We have also maintained our position as the No. 3 life insurer in the country in terms of new business annual premium equivalent, according to the Insurance Commission's full year 2024 report. This remarkable feat serves as a testament to our unwavering commitment to empowering Filipinos to celebrate living and solidifies our position as one of the fastest growing insurance companies in the country.

On top of this great feat, FWD Life Insurance has also won a total of 18 prestigious awards in 2024, spread across corporate and marketing awards. Among these is our No. 2 spot in the Million Dollar Round Table (MDRT) rankings among life insurance companies in the Philippines.

In terms of our financial standing, we've generated PhP848.5 million net income in 2024. Insurance premiums also registered a growth of 36%.

Our agency business grew by 31%, and we secured the No. 3 ranking for our bancassurance business. These achievements highlight our strategic vision and commitment to excellence.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Furthermore, we have extended our exclusive bancassurance partnership with Security Bank for an additional 15 years. This long-term collaboration, rooted in our shared goal of nation-building, underscores our commitment to bolstering financial innovation and inclusion for the next generation of Filipinos.

Our customers remain at the heart of everything that we do. We were ranked No. 4 in customer experience among insurers in the country, according to KPMG's Global Customer Experience Excellence Report 2024. This drives us to continue innovating for them—to make insurance products that are relevant, easy to understand, easy to buy, and easy to claim. We pride ourselves as a customer-first business, and we are proud to be the first insurer to provide 24-hour customer service, and one of the first to launch a data-driven financial planning tool.

Our people are the heart and soul of our organization. We have fostered a culture of inclusivity, collaboration, and continuous learning, ensuring that every team member feels valued and empowered to contribute their best. Another milestone we have achieved in 2024 is our employee engagement score of 8.7, which is 0.3 higher than the benchmark.

In the year 2024, we continued innovating as we launched more first-to-market innovations, such as "SmartStart," an accessible and affordable insurance with investment product that allows our customers to grow their money while providing ample insurance protection for their loved ones. We also enhanced our top-selling affordable and fully customizable digital product, "FWD The One," to now cater to specific segments through "The One for music lovers" and "The One for mental wellbeing." Our commitment to staying ahead of the curve ensures that we remain a leader in our field, providing unparalleled value to our customers and stakeholders.

We invested more in our community with financial literacy. FWD, in partnership with Junior Achievement of the Philippines, reached over 8,000 primary school students across 60 schools through the "JA SparktheDream" program, a holistic financial literacy program for primary school students. We also launched the "JA It'sMyDream" program to equip out-of-school youth with much-needed financial and entrepreneurial skills through interactive sessions and practical learning experiences. These programs align with our mission to empower more individuals to positively impact their own lives and their communities. We continue to support nation-building by nurturing a financially literate generation of Filipinos.

These achievements have been possible thanks to the passion and dedication of our hardworking employees, agents, and team leaders; the guidance of our Board; the support of our agency and bank partners; and the trust of our valued customers. It is a privilege to lead such a driven group of people, and I extend my heartfelt gratitude to each one of you.

The first 10 years of FWD saw our swift growth and solidified our position in the industry with our commitment to changing the way people feel about insurance. As the insurer of the next generation, we will continue to innovate and place our customers at the heart of everything we do, empowering every Filipino to build their best future and truly celebrate living.

Antonio Manuel "Jumbing" De Rosas
President and Chief Executive Officer
FWD Life Insurance

Business review

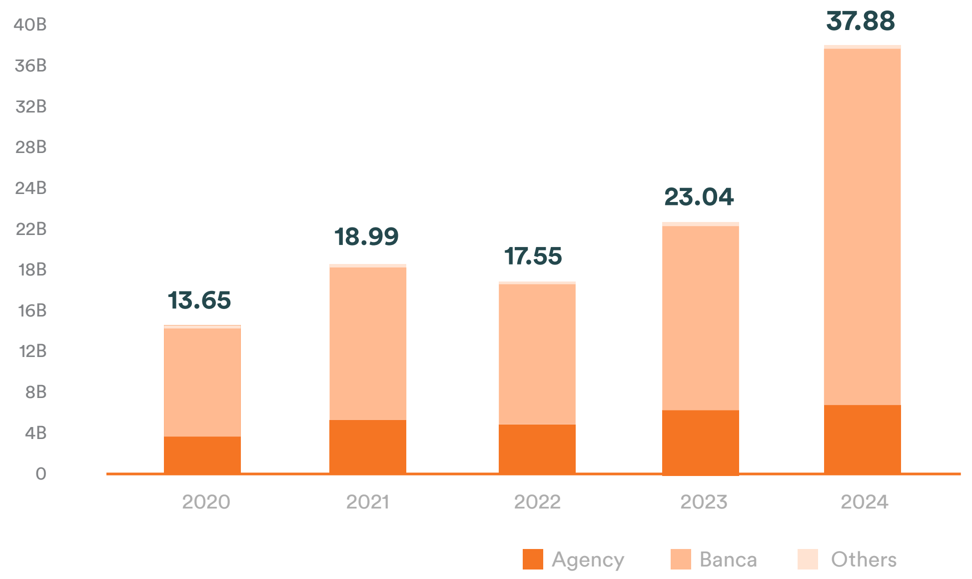
Overview Messages **Business review** ESG strategy Our people, our values Corporate governance Audited financial statements

Key business highlights

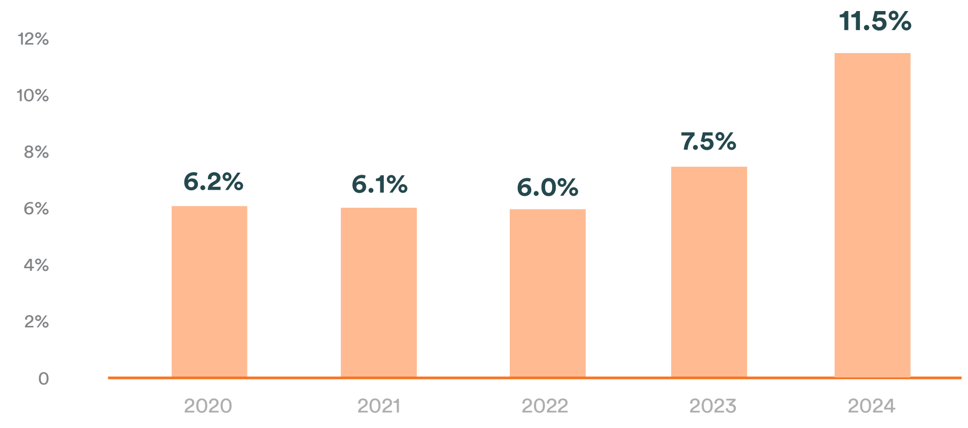
FWD Life Insurance exhibited steady and robust growth in 2024, solidifying our position as one of the fastest -growing insurance companies in the country.

Premium Income (PhP Billion)

PhP37,874,247,773

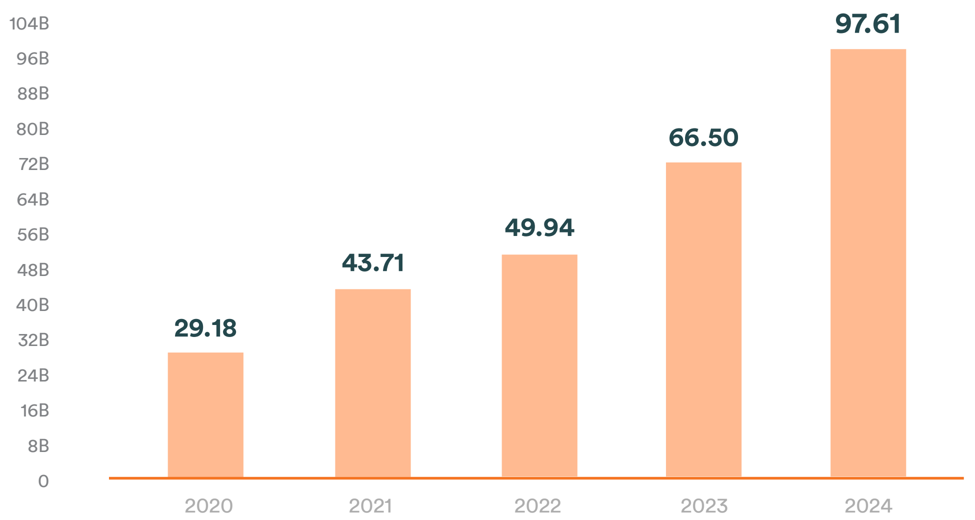


FWD Life Insurance Market Share for New Business Annualized Premium Equivalent



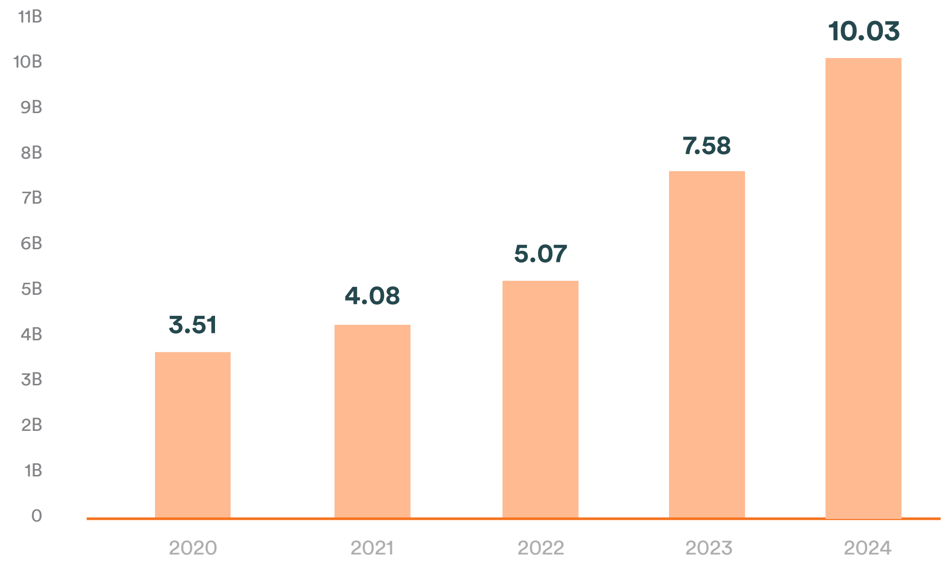
Total Assets (PhP Billion)

PhP97,608,299,224



Equity (PhP Billion)

PhP10,028,758,766



Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Strategy and investment

The Strategy and Investments Team is dedicated to continuously discovering innovative ways to help our clients achieve their financial goals. We ensure that the company's objectives are aligned with our vision of changing the way people feel about insurance, making it a more positive and empowering experience for everyone.

We are committed to driving the company's key initiatives and delivering both strategic and administrative support to the business.

Strategy

We are committed to driving the company's key initiatives and delivering both strategic and administrative support to the business. Through close collaboration with departments and stakeholders, we ensure the successful execution of these plans.

- **Top 3 in NBAPE among insurers in the Philippines:** Through the Strategy Team's forecasting and planning with the Senior Management Team, FWD Life Insurance ranked #3 in the recent NBAPE (New Business Annual Premium Equivalent) report from the Insurance Commission's submitted unaudited Enhanced Quarterly Report on Selected Financial Statistics (EQRSFS) as 31 Dec 2024, both on the Singleton and Combined basis of all life insurers in the Philippines.
- **Renewed partnership:** With close collaboration with our Partnerships Team and Financial Management Team, we have renewed our partnership with Security Bank Corporation (SBC) for another 10 years. This means a more solid, exclusive partnership with SBC until the year 2039.

Investments

Responsible for managing investment portfolios and overseeing investment operations, we achieved a remarkable 49% growth in Unit Linked AUM in 2024.

- **Co-sponsor of product and fund-development related projects of the business:** Launching the Golden Seven fund involved collaborative efforts across various FWD Life Insurance teams, showcasing values of collaboration, innovation, and openness, to deliver a product that meets client needs.
- **Investment leadership on strategic and tactical asset allocation across all portfolios:** The Peso Nitro and Dollar Nitro funds experienced impressive growth of 156% and 116%, respectively, over the year. This remarkable achievement was driven by the investment team's proactive support for the sales team. Through detailed market outlooks and comprehensive financial literacy initiatives, we played a pivotal role in boosting the fund's growth.

  Three Bank of the Philippine Islands (BPI)-managed funds were seamlessly transferred to SBC Trust without any issues. We proactively ensured that internal departments and clients were well-informed about the transfer. Additionally, we facilitated a reduction of about 0.05% in the fund management fee.
- **Overall direction and coordination of investment activities, operations and accounting of Traditional and Unit Linked Funds:** Effective 14 May 2024, the Security Bank Corporation Real-Time Gross Settlement (SBC RTGS) transfer fee was successfully reduced by 28.7% decrease.

Multi-channel elite distribution network

Our distribution network is growing 10x stronger! We are fully committed to providing more Filipinos with protection, peace of mind, and job opportunities to enable them to build their best futures.

Partnerships

FWD Life Insurance is broadening its reach and impact by forming 10x stronger partnerships with existing and new organizations and institutions, exploring new avenues to reach and empower more Filipinos.

Affinity:

- **Security Bank received its second milestone bonus from FWD Life Insurance in celebration of their 10th year of partnership.** This achievement marks a significant milestone in long-standing successful collaboration between FWD Life Insurance and Security Bank, highlighting continued growth and mutual success and delivering shared value to all their clients over the past decade.
- **Security Bank has launched 10x initiatives to support FWD Life Insurance, with the Client-Get-Client (CGC) program as a key contributor.** To support our goal of achieving a 10x stronger year, Security Bank has rolled out its 10x bank initiatives. A standout among these is the Client-Get-Client (CGC) program, which has played a key role by contributing 5% of the total annual premium equivalent (APE) channel production.
- **Solidified a partnership with Stronghold Insurance Co. Inc. and MoneyHero Insurance Brokerage, Inc.** To give Filipinos access to life insurance and help them make better decisions for their financial future, FWD Life Insurance partnered with Stronghold Insurance, a company committed to delivering excellent non-life insurance protection, and MoneyMax, a personal finance marketplace and subsidiary of MoneyHero Limited.

In 2024, our elite recruitment efforts demonstrated significant growth and improvement in several key areas.

Bancassurance:

- **Impressive surge in APE:** Full-year annual premium equivalent (APE) grew over 60% year-on-year, the highest growth since inception.
- **Persistency rate strong:** Security Bank breached 80% persistency rating after three years.
- **High productivity:** Security Bank has matched its all-time high in branch active ratio, achieving a rate of eight cases per month. Meanwhile FWD Financial Solutions Consultants average more than 10 case counts a month.
- **High activity at 95%:** We recorded a total of 95% active FWD Financial Solutions Consultants in all Security Bank branches nationwide with 96% active branch rate.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Agency Sales Channel

In 2024, our elite recruitment efforts demonstrated significant growth and improvement in several key areas. This report highlights the major achievements and provides an analysis of the growth metrics compared to the previous year.

- **Growth in numbers:** We saw a 31.31% growth in annual premium equivalent (APE) rate vs 2023
- **Growth in manpower:** We achieved an 8% increase in overall manpower, reflecting our successful efforts in retaining talent and improving planner's satisfaction.
- **Growth in recruitment:** We recorded a substantial 36% increase in Grow Your Business Big and Fast (GYBBF) attendees in 2024.
- **Million Dollar Round Table (MDRT) qualifiers:** We registered a total number of 127 MDRTs for Agency Channel.
- **Launch of Cube:** We introduced our innovative digital platform specifically designed to elevate the selling and client servicing capabilities of our agency force.

Digital Commerce

In 2024, Digital Commerce played a pivotal role in transforming our business landscape, significantly enhancing our digital presence and customer engagement through strategic initiatives and innovative solutions that foster customer centricity.

- **Launch of innovative products:** We introduced innovative products such as "The One for music lovers" and "The One for mental wellbeing," maximizing this fully customizable product as we targeted specific segments and their needs.
- **Launch of Big 3 and The One on GCash:** The availability of our digital products, Big 3 and our bestselling The One, on the GCash platform was a strategic decision that increased our customers' access. This ultimately contributed to an astounding 15,894% growth in our Ecosystem Partnership compared to 2023 performance.

Million Dollar Round Table

In 2024, 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

Mary Ann Latonio
Mt. Carmel
Qualifying and Life Member
12x MDRT, 2x COT, 3x TOT

Court of the Table

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

Charina Quiambao
BrightAdvisors
Qualifying Member
4x MDRT, 2x COT

Rosario Reyes
BrightAdvisors
Qualifying Member
1x MDRT, 4x COT

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

Manuel Crisanto Corregidor
Mongibello
Qualifying Member
1x MDRT, 1x COT, 1x TOT

Marvin Espinosa
Mongibello
Qualifying Member
3x MDRT, 1x COT

Lester Angelo Reyes
Mt. Elbrus
Qualifying Member
1x MDRT, 6x COT

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

Clarissa Bautista
Pinnacle
Qualifying and Life Member
11x MDRT, 5x COT

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Michael Marasigan
A+Quest
Qualifying Member
2x MDRT

Novelyn San Juan
A+Quest BFP
Qualifying Member
2x MDRT

Reynaldo Almario
Andes TWF
Qualifying and Life Member
12x MDRT, 3x COT

Juan Rafael Crespo
Andes TWF
Qualifying Member
2x MDRT

Shirley Delos Reyes
Andes TWF
Qualifying and Life Member
7x MDRT, 3x COT

Eric De Torres
Bogda Peak Central
Qualifying Member
MDRT

Angelina Agustin
BrightAdvisors
Qualifying Member
6x MDRT

Merry Joys Pasion
D11 Direct
Qualifying Member
MDRT

Maria Monina Gallego
Dragon Integra
Qualifying Member
3x MDRT

Laurence Torres
Dragon Magis Integra
Qualifying Member
2x MDRT

Antonette Fernandez
Dragon Stone
Qualifying Member
6x MDRT

Marianne Gerona
Dragon Stone
Qualifying Member
3x MDRT

Deegee Razon
Dynamic Gold 11
Qualifying Member
3x MDRT, 1x COT

Exaltacion Razon
Dynamic Gold 11
Qualifying Member
MDRT

Marie Ann Casino
Fuji - Apo
Qualifying Member
MDRT

Sharon Labor
Fuji - Apo
Qualifying Member
8x MDRT

Mari Antonette Ascares
Fuji - Butuan
Qualifying Member
4x MDRT, 1x COT

Nerajea Mae Bautista
Fuji - Kitanglad
Qualifying Member
MDRT

Liza Madrid
Fuji - Kitanglad
Qualifying Member
4x MDRT

Joseph Pabalinas
Fuji Gargano
Qualifying Member
5x MDRT

Ardie Espiritu
Golden Dragon
Qualifying Member
MDRT

Neal Benedict Cabarroguis
Mongibello
Qualifying Member
1x MDRT, 1x COT

Mary Andrea Gantioqui
Mount King
Qualifying Member
6x MDRT, 2x COT

Maria Cristina Blancas
Mt. Carmel - Bethel
Qualifying Member
MDRT

Orita Mayumis
Mt. Carmel - Bethel
Qualifying Member
2x MDRT

Elaine Abando
Mt. Carmel - Cebu
Qualifying Member
4x MDRT

Marisol Betonio
Mt. Carmel - Cebu
Qualifying Member
5x MDRT

Jennifer Pollisco
Mt. Carmel - Cebu
Qualifying and LifeMember
10x MDRT

Marlon Lopez
Mt. Carmel Apollo
Qualifying Member
4x MDRT

Ma. Sherem Lumeran
Mt. Carmel Apollo
Qualifying Member
4x MDRT

Bernadith Ipanag
Mt. Carmel Davao
Qualifying Member
8x MDRT

Arni Sanchez
Mt. Elias South
Qualifying Member
MDRT

Debbie Vedan
Mt. Elias South
Qualifying and Life
Member 11x MDRT

Jhoma Vadil
Mt. Fortitude
Qualifying Member
2x MDRT

Atasha Nice Misterio
Mt. Fortune
Qualifying Member
MDRT

Noemi Dimabayao
Mt. Harvard
Qualifying Member
MDRT

Ail Keene Eboras
Mt. Horeb Financial
Qualifying Member
MDRT

Catherine Mendoza
Mt. Malaya - Mabuhay
Qualifying Member
6x MDRT

Romela Austria
Mt. Masaya-Mabuhay
Qualifying Member
MDRT

Janice Magsumbol
Mt. Masaya-Mabuhay
Qualifying Member
MDRT

George Benson Mendoza
Mt. Masaya-Mabuhay
Qualifying Member
5x MDRT, 1x COT

George Brandon Mendoza
Mt. Masaya-Mabuhay
Qualifying Member
2x MDRT

George Byron Mendoza
Mt. Meron - Mabuhay
Qualifying Member
5x MDRT

Jason Karl Salud
Mt. Meron - Mabuhay
Qualifying Member
MDRT

Esel John Dilag
Mt. Olympus Advocates
Qualifying Member
3x MDRT

Mary Ann Malvaroza
Mt. Parker
Qualifying Member
MDRT

Mercy Pagalan
Mt. Princeton
Qualifying Member
4x MDRT

Jenniflor Angustia
Mt. Triumph
Qualifying Member
2x MDRT

Kristina Delos Reyes
Mt. Triumph
Qualifying Member
2x MDRT

Arlyn Grace Guico
Mt. Triumph
Qualifying Member
3x MDRT, 3x COT

Maria Cecilia Legacion
Mt. Triumph
Qualifying Member
7x MDRT

Monalisa Tan
Mt. Triumph
Qualifying Member
MDRT

Bonna Faye Velicaria
Mt. Triumph
Qualifying Member
MDRT

Betsy Manapsal
Mt. Victoria Peak
Qualifying Member
8x MDRT

Kerrie Keane Shimura
Mt. Victoria Peak
Qualifying Member
6x MDRT, 1x COT

Jorinah Manabat
Mt. Weisshorn
Qualifying Member
1x MDRT, 1x COT

Ivan Lontoc
One Apex
Qualifying Member
5x MDRT

Nikko Olivar
One District Direct
Qualifying Member
MDRT

Pedro Belencion
Pinnacle
Qualifying Member
MDRT

Ramtee Chua
Pinnacle
Qualifying Member
2x MDRT

Annabelle Lagamayo
Pinnacle
Qualifying Member
7x MDRT

Joanna Lanuza
Pinnacle
Qualifying Member
MDRT

Rowena Suarez
Pinnacle
Qualifying and Life Member
9x MDRT, 7x COT

Purita Tane
Pinnacle
Qualifying and Life Member
6x MDRT, 3x COT, 1x TOT

Rowena Villajos
Rainbow 1
Qualifying Member
8x MDRT

Estela Siboa
Rainbow 2
Qualifying Member
9x MDRT

Johnna Arcoyo
Rising Dragon
Qualifying Member
MDRT

Christel Vilyn Lee
Rising Dragon
Qualifying Member
MDRT

Rosario Salientes
SGA
Qualifying and Life Member
5x MDRT, 4x COT, 28x TOT

Maria Celina Alonzo
SGA - Manila
Qualifying Member
8x MDRT, 1x COT

Melany Cajucom
SGA - Manila
Qualifying Member
9x MDRT

Elena Kamid
SGA - Manila
Qualifying Member
8x MDRT

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Angelyn Nepomuceno
SGA - Manila
Qualifying Member
3x MDRT, 2x COT

Rodrigo Pangan Jr
SGA - Manila
Qualifying Member
3x MDRT

Anne Nichole Reyes
SGA - Manila
Qualifying Member
MDRT

Greg Paolo Alcera
SGA - Mt. Jungfrau
Qualifying Member
MDRT

Michaela Jumao-as
SGA - Mt. Jungfrau
Qualifying and Life Member
4x MDRT, 8x TOT

Julieta Garcia
SGA - Mt. Phoenix
Qualifying and Life Member
13x MDRT, 1x TOT

Lily Yu
SGA - Mt. Phoenix
Qualifying Member
7x MDRT

Ana Fanlo
SGA PrimeHive
Qualifying Member
8x MDRT

Tarcius Abacial
SLA-Mt. Success
Qualifying Member
3x MDRT

Mary Grace San Antonio
SLA-Mt. Success
Qualifying Member
3x MDRT

Lady Grace Tiongson
SLA-Mt. Success
Qualifying Member
MDRT

Miraflora Talabo
The Great Provider
Qualifying Member
5x MDRT

Melanie Batungbakal
Yaris Peak 11
Qualifying Member
MDRT

MDRT Life Members

Ronaldo Legaspi
Bogda Peak Central
Life Member
10x MDRT, 1x COT

Philfa De la Cruz
Fuji Diamond Peak
Life Member
10x MDRT

Ed Dante Latonio
Mt. Carmel - Cebu
Life Member
10x MDRT

Teresita Ramoso
Mt. Olympus - Demeter
Life Member
11x MDRT, 3x COT

Lyne Dilag
Mt. Olympus Advocates
Life Member
19x MDRT

Claire Ann Guiao
Pinnacle
Life Member
4x MDRT, 6x COT

Veronica Gonzalez
SGA
Life Member
17x MDRT

Marion Victoriano
Rainbow
Life Member
4x MDRT, 3x COT, 4x TOT

Charito Aruta
SGA - Manila
Life Member
10x MDRT

Julian Venedict Baltazar
SGA - Manila
Life Member
10x MDRT

Erlinda Cando
SGA - Manila
Life Member
13x MDRT

Caroline Carig
SGA - Manila
Life Member
13x MDRT

Julie Miranda
SGA - Manila
Life Member
11x MDRT

Cereus Castro
SGA - Mt. Phoenix
Life Member
11x MDRT

Innovative and customer-centric propositions

We continue to develop innovative and best-in-class solutions to help protect more Filipinos and address the ever-changing market needs.

More flexible FWD The One
We enhanced our top-selling affordable digital product FWD The One by allowing our customers to customize and choose the right combination of life protection, accident and critical illness coverage based on their lifestyle, budget and financial needs. More commercial innovations were launched anchored on this product with the introduction of The One for music lovers and The One for mental wellbeing.

Golden 7 investment-linked insurance
We introduced a new dimension to our portfolio through a product that provides regular returns at rates comparable to those from a high-yielding time deposit. It offers 4% annual cash payout, 100% return of the client's money, and insurance coverage equal to 125%.

SmartStart and SmartStart Lite
To cater to the growing number of Filipinos, we launched two accessible and affordable insurance plus investment products that allow our customers to grow their money while providing ample insurance protection for their loved ones. In addition, customers can boost their coverage by adding protection benefits. They can also choose from a wide range of local and global investment outlets based on their risk profile to help maximize their earning potential.

Enhanced waiver of premium rider
To provide additional peace of mind to our customers, we also enhanced our Waiver of Premium rider that our clients can purchase together with their regular-pay variable life plan so they can still look forward to meeting their goals in case of disability or critical illness.

The One for music lovers and the One for mental wellbeing
We launched a second commercial innovation of The One for music lovers to celebrate Filipinos' passion for music. This plan offers customizable coverage including loss of hearing or speech, motor neuron disease, paralysis, stroke, and other major critical illnesses. Policyholders get an exclusive benefit of a Digital Walker voucher via Giftaway.

We likewise launched a third commercial innovation of The One for mental wellbeing, a plan that allows Filipinos to embrace their self-care journey. It includes coverage on critical illnesses related to mental health from cerebral aneurysm, chronic lung disease, cancer, and many more. Policyholders get an exclusive benefit of a full-year access to ThoughtFullChat mobile app where they can engage in unlimited chat-based mental wellness coaching and up to three one-on-one live video therapy sessions, and access to guided mental health learning tools.

FWD Fit for Me
FWD also implemented a personalized solution called FWD Fit for Me (FFM). It is a nurturing tool that provides customers with insights about their persona, quantifies their level of protection, and suggests the right products to fit their specific needs. Together with the marketing team, FWD FFM was launched in Q3 2024 and was able to assist nearly 900 prospective customers to go through the FFM journey.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Life operations and customer experience

We focus on delivering seamless and personalized experiences across all customer touchpoints, ensuring that every customer interaction aligns with our vision to change the way people feel about insurance.

FWD Champions
Recognized as one of a kind in the insurance space, FWD Champions is a customer panel designed to gather valuable feedback and insights from customers. This initiative aims to further enhance the delivery of best-in-class products and services that better meet the customers' evolving needs.

Omne by FWD
Policy management app Omne by FWD has an enhanced capability to accommodate living benefit claims, resulting in over 14% of claims submissions being processed digitally. This innovation kept customers informed throughout the claims process and reinforced FWD Life Insurance's commitment to a paperless environment.

The introduction of eADA (electronic Auto Debit Arrangement) enrollments for select banks in the same year provided policy owners with a seamless and worry-free solution for policy renewals.

Customer onboarding Straight-Through Processing (STP)
The implementation of Optical Character Recognition (OCR) technology within FWD Life Insurance's point-of-sale tool, Cube, enabled straight-through processing for qualifying applications, eliminating the need for manual intervention. Launched as a pilot in 2024, this initiative positions the company to efficiently meet growing business demands in the years ahead.

Robotics Process Automation (RPA)
As the FWD Operations Group continues to streamline its processes by eliminating various manual and repetitive back-office tasks, the team has added 10 more Robotic Process Automation (RPA) functions in 2024. RPA solutions deployed supported various back-office processes from New Business to After Sales and Claims.

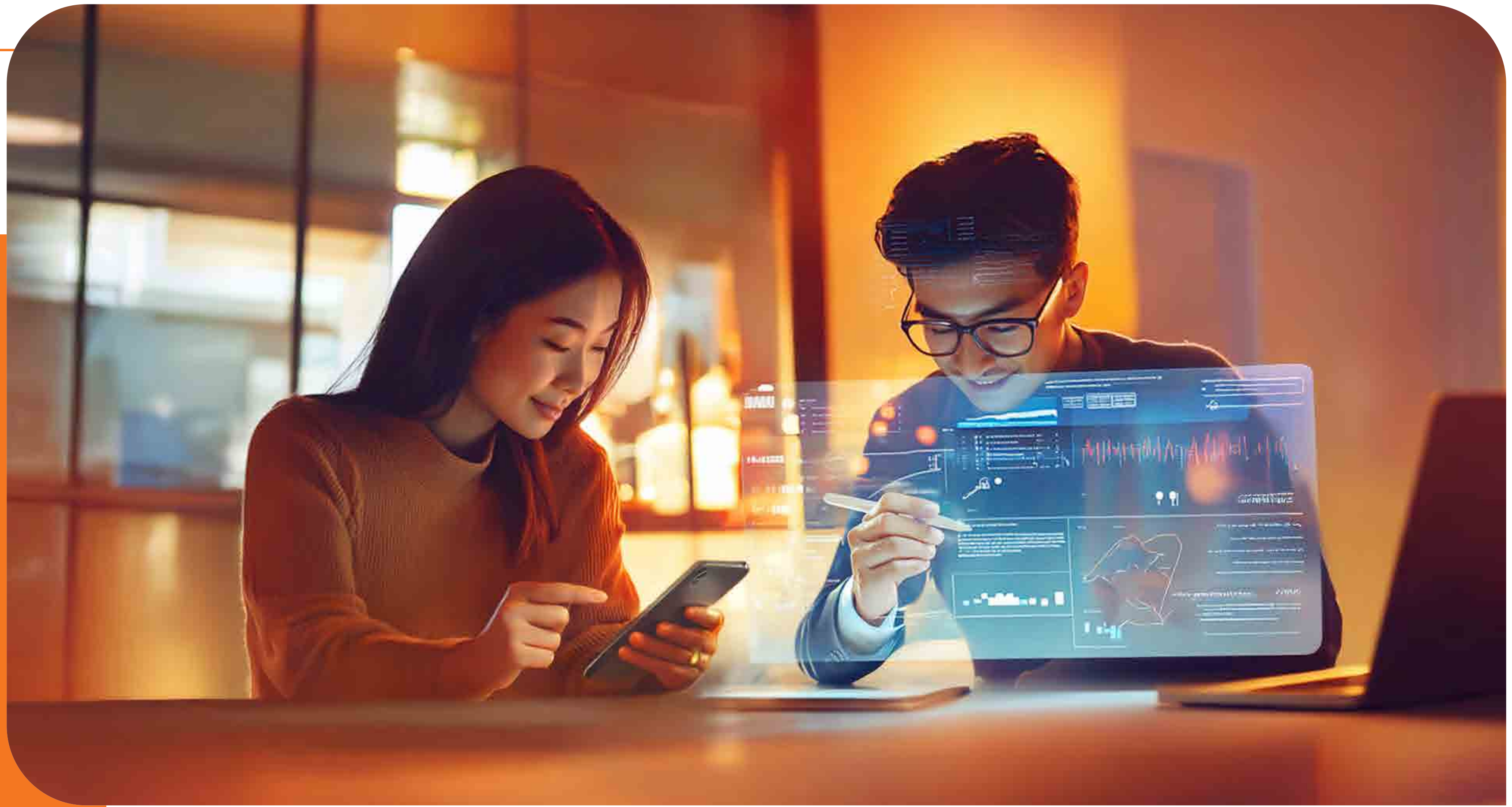
With this additional 10 new RPA functions, FWD Operations Group has successfully automated via RPA a total of 62 process tasks since 2019. This has led to a 78% improvement in the processing efficiency of these tasks.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Next-gen tech solutions

Information Technology Outsourcing (ITO) in FWD specializes in several key areas, primarily focusing on cloud data and artificial intelligence (AI) solutions. These integrations have been pivotal in transforming FWD into a data-driven company, creating opportunities for new business, managing persistency, and making operational processes more efficient.

These integrations have been pivotal in transforming FWD into a data-driven company, creating opportunities for new business, managing persistency, and making operational processes more efficient.



Data and artificial intelligence (AI) solutions

As FWD Life Insurance celebrates its 10x year, the integration of data and artificial intelligence (AI) solutions has been pivotal in making us a data-driven company. It created opportunities to generate new business, manage persistency, and make operational processes more efficient. Data generation and AI solutions have also helped us in better decision-making.

- **Partnership analytics:** Data partnerships help us expand our insights about our prospective customer's lifestyle, profile and potential needs. This year, the various campaigns under this program assisted 15% of Bancassurance issuance sales.

Information security and technology governance

In 2024, FWD Life Insurance aimed to simplify and elevate our systems and processes with cyber resilience.

- **Independent attack surface monitoring:** This is a view of our cybersecurity controls from an external party, with ratings from A (best) to F. It provides an analysis of our cybersecurity posture and gives an overview of potential threats to the organization. With a cyber rating of A, FWD Life Insurance shows strong cyber posture in terms of Safeguarding, Privacy, Resiliency, and Reputation.
- **Data protection:** The rollout of the Email Hold and Release feature has been completed, offering enhanced control over sensitive information shared via email. We are also actively working on continuous improvement of this feature and planning additional initiatives, including endpoint data loss protection (DLP), insider risk management, and automatic data labeling, to further safeguard sensitive data in the coming months.

Information and transformation

FWD Life Insurance continues to make significant strides in our cybersecurity initiatives, demonstrating our unwavering commitment to IT governance, risk management, and compliance.

In 2024, the company did not note any security incidents. There were also no new regulations, standards, or industry guidelines impacting the organization during this period. Despite these, existing policies and procedures continue to be reviewed and enhanced. Further, internal and external audits continue to be conducted to ensure our policies and practices meet best-in-class cybersecurity standards.

We raised awareness about three new risks:

- Third Party Risks
- Cloud Migration
- Application Integration

These risks are being monitored with plans in place to address potential impacts on operations. The company has implemented information security training programs to focus on data protection and regulatory compliance and encourages employees to pursue relevant training and certifications for skill development.

Cloud migration, modernization, and optimization

FWD Life Insurance completed our AS400 Migration, which hosts our critical core Insurance Applications Group Asia and Life Asia from On-Premise Datacenter to Azure Cloud Skytap, without any issues. This helped modernize our core systems and achieve 20% cost savings.

The FWD brand

We are driven by innovation, passion, and purpose. We are changing the way people feel about insurance by developing industry-shaping initiatives and empowering Filipinos to celebrate living.

Manifesto (You'll Thank You Later)

We wanted to shift young Filipinos' view of insurance from a discretionary expense to a necessary financial tool. It empowered them to celebrate building a future they will be proud of and thankful for.

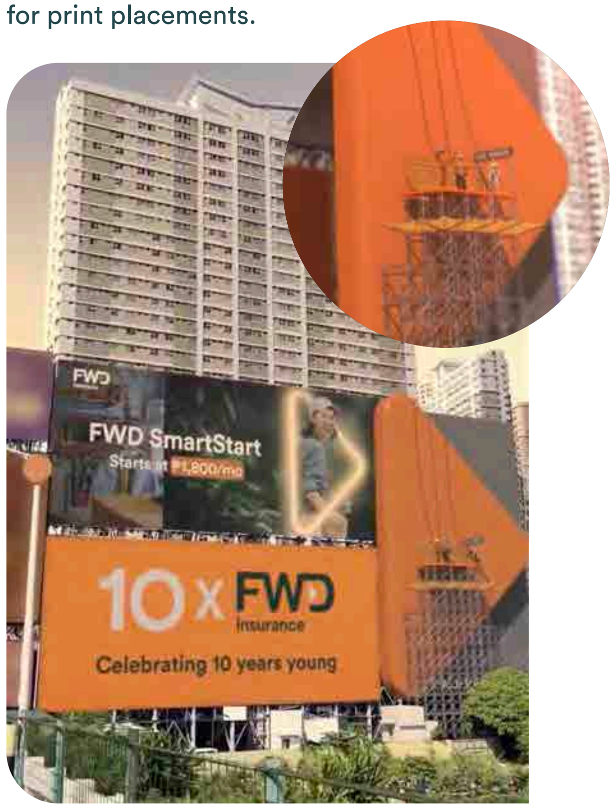
Aurora Music Festival

In celebration of our 10th anniversary, FWD became the main presenter for the Aurora Music Festival in Clark Global City, Pampanga. We engaged music lovers with branded experiences, among them:

- **FWD Orange Ticket,** an innovative limited-offer privilege for policyholders of The One for music lovers
- **"Time to Play" campaign** embodying the celebrate living ethos of this generation
- **Orange moment,** celebrating music to a crowd of 130,000 with our own DJ Kafa

SmartStart CGI Campaign

We used creative media to highlight our latest product, featuring personas pursuing their passions. It utilized major LED sites along EDSA and in Cebu and partnered with top publications for print placements.



Thank You-est Thank You!

FWD, with its significant milestones over the past 10 years, expresses its biggest and most genuine thanks to its customers for their trust and support.

FWD Prominence

This exclusive affluent portfolio offering a suite of insurance solutions was designed for wealth management and estate planning.

Launch of One Web

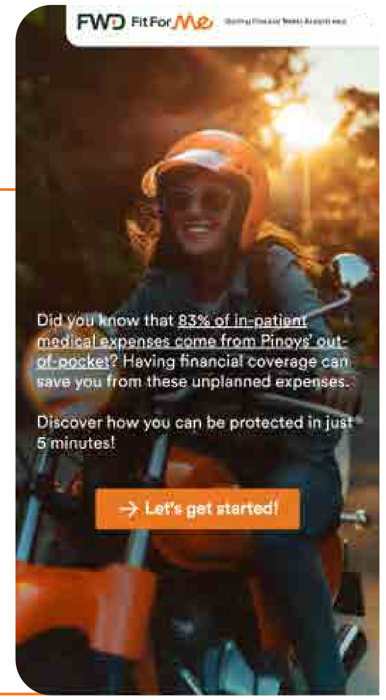
Integrating our marketing website with the FWD online shop has significantly improved the customer experience, allowing faster product copy changes while streamlining the customer journey with a shorter path to purchase.

Gen AI – Dynamic Content Engine

We launched the first-ever Philippine campaign on Meta using PX Perform, an AI-powered tool that merges audience data with automated ad elements. It dynamically customizes videos, products, and messaging to generate 4,096 dynamic assets based on real-time performance data.

FWD FitForMe

This AI-recommendation tool helps customers assess their level of financial wellness with ease and provides personalized recommendations to improve financial health.



Our ESG strategy

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Environmental, social, and governance

FWD Life Insurance 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 our business and those impacted by our decisions.

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 help our customers and communities to 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 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 run our business with strong governance and risk management by attracting and retaining a diverse and highly skilled workforce.	• Run our business with strong governance, risk management. and responsible business practices • Progress equity, inclusion, and wellbeing agenda for our diverse workforce • Enhance ESG considerations in our operations and sourcing decisions

Focus on the Sustainable Development Goals

We support the United Nations' Sustainable Development Goals (SDGs). Our Group ESG Strategy aligns with six SDGs, covering areas where we can make the greatest contribution.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Our Group ESG governance

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 of 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.

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 commitment to the community

FWD Life Insurance celebrated a decade of impact and commitment to caring for one another in 2024. Our Community Care program is a group-wide approach to community investment and nation-building, primarily focused on establishing financial literacy across the region. For our 10x year, we championed financial inclusion and equal opportunity to make sure that all forms of life and marginalized communities are protected and primed for brighter futures.

9,310 lives touched

8,989 young students taught

565 volunteer hours invested

Celebrating 10 years of inclusivity

We gathered our decade-long partners, Junior Achievement Philippines (JA Philippines), Humanity & Inclusion, and Special Olympics Philippines in a grand volunteer month themed "Dream Big, Play Hard."

The event brought together over 150 participants to celebrate 10 years of impact through Community Care, Diversity, Equity and Inclusion, further proving FWD Life Insurance's continued commitment to making sure everyone is protected and can live fulfilled lives. Participants played games revolving around financial literacy and camaraderie.

Father's Day at St. Rita's Orphanage

For years, we have been supporting St. Rita Orphanage's advocacy of providing care to abandoned, neglected, and indigent children. In 2024, our employees, most of them fathers, gave the children of the orphanage much-needed love and care.

Overview Messages Business review **ESG strategy** Our people, our values Corporate governance Audited financial statements

Igniting the fire and sparking the dream of Filipino students and out-of-school youth

A collaborative effort between JA Philippines and FWD Life Insurance, "JA It'sMyDream" helped equip out-of-school youth with essential financial and entrepreneurial skills through interactive sessions and practical learning experiences. The initiative culminated in a bazaar where the participants sold their goods, giving them hands-on experience in taking charge of their futures.

Giving a head start to Filipino students

Launched in 2023, "JA SparktheDream" is a holistic financial literacy program in partnership with JA Philippines, a non-government organization (NGO) dedicated to youth employment and entrepreneurship. FWD Life Insurance touched the lives of over 8,000 students in 60 schools, giving them a head start on finances and careers.

Showing our love and care for shelter animals

FWD Life Insurance brought joy to MBY Pet Rescue and Sanctuary, a local animal shelter in Morong, Rizal. our The volunteers donated pet food, treats, and other necessities.

FWD insurance

Our people, our values

Celebrate living
fwd.com.ph

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Investing in our people and culture

In 2024, we achieved and sustained an engagement score of 8.7, putting us 0.3 higher than the global financial industry benchmark. This is a testament to the impactful efforts our leaders and employees have undertaken together to create a better work environment for all.

Investing in tomorrow's champions

Our people are our greatest asset. We prioritize their growth through learning, development, and readiness in every stage of their journey.

- **Annual leadership conference:** 142 leaders attended the conference, a platform for innovation, strategy, and future-forward thinking. This year's conference highlighted the role of artificial intelligence (AI) in optimizing operations, enhancing productivity, and elevating customer experience through personalization and seamless service. More than just a technological shift, the event reinforced FWD's commitment to innovation and excellence, ensuring that advancements in AI are harnessed to create meaningful impact for both the business and our customers.

- **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; with 2,076 courses completed—equivalent to 12,491 hours), Future-Wise (training for six senior executives), LOMA (for 50 participants), and ITO Communications and EdVantage Program, among others. These have significantly enhanced employees' skills and knowledge and fostered continuous improvement. By investing in our people, we ensure our organization remains competitive, agile, and poised for future success.

- **Long-term incentive plan:** This is offered to select 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.

We foster a motivated workforce by creating an environment where employees feel valued, connected, and inspired so we can drive innovation, enhance performance, and achieve sustainable success.

Forging leaders

Great leaders aren't just born. They're shaped through experience, learning, and the right support system. We commit to shaping individuals who are ready to lead with confidence and integrity by equipping them with the tools, mentorship, and experiences necessary for them to reach their full potential.

- **FWD LIFE:** FWD launched FWD LIFE (Forging Women's Development in Leadership, Innovation, and Future Excellence) to empower and celebrate 20 exceptional women leaders, in partnership with the Asian Institute of Management (AIM).

- **Manager Experience Program:** 25 Directors and Assistant Vice-Presidents participated in this program, which introduces dynamic activities and intensive workshops that help enhance leaders' coaching skills so they can lead with confidence and empathy. The program fosters a culture of excellence and ensures agile, innovative leadership.

- **Leaders' Links:** This peer support program for FWD People Managers provides a safe space for them to discuss challenges, exchange insights, and gain expert guidance. With a 4.4 out of 5 satisfaction rating, the program promotes collaboration, employee well-being, and strong leadership.

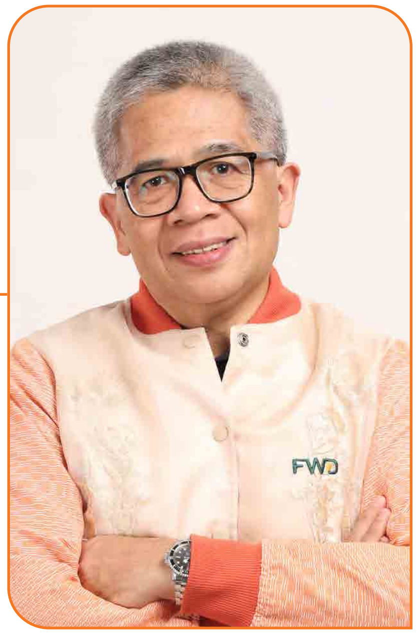
Promoting employee engagement

We foster a motivated workforce by creating an environment where employees feel valued, connected, and inspired so we can drive innovation, enhance performance, and achieve sustainable success.

- **Leading Edge Program:** This Leadership Capability Model (LCM) provides employees with leadership practices, fostering development and driving success. The program provides clear standards for growth, aligning individual capabilities with organizational goals, enhancing engagement, and accelerating career progression.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

2024 Senior Management Team



Antonio Manuel De Rosas
President and
Chief Executive Officer

Princess Charm B. Balingit
Head of Strategy
& Investments

Judith Baliton
Chief Life Operations Officer

Arnolfo de Leon
Head of Agency

Vita Marie Guillen
Chief People and
Culture Officer

Marlette Leticia Soliman Jaranilla
Chief Partnership Officer

Lee Longa
Chief Financial Officer

Manuel Nera, Jr.
Chief Information and
Transformation Officer

Atty. Juan Sotero Roman
Chief Legal and
Compliance Officer

D. Angela Rowley
Chief Risk Officer

Rochelle Vandenberghe
Chief Marketing and
Digital Business Officer

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Passionate leadership

A strong and highly experienced team, driven by their desire to create purposeful change, is the driving force behind FWD Life Insurance.

Antonio Manuel G. De Rosas

President and Chief Executive Officer, 60

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

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

Professional experiences:
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 Life Insurance's Audit Committee until 31 January 2023.

Princess Charm B. Balingit

Head of Strategy & Investments, 41

Qualifications:
Ms. Balingit graduated cum laude from the University of the Philippines - Diliman with a Bachelor of Science in Business Economics.

Training:
Ms. Balingit completed the Corporate Governance Scorecard Orientation conducted by the Institute of Corporate Directors in 2022. She also earned the Advanced Corp Governance through Institute of Corporate Directors in 2021 and the UTIF Training the Trainers through Trust Institute Foundation in 2018. She is also a Certified Investment Solicitor and Certified Fixed Income Salesman by the Securities and Exchange Commission. She likewise acquired the Treasury Certification—PX and MM—through the Bankers Association of the Philippines in 2010 and 2011, respectively.

Professional experiences:
Ms. Balingit brings with her close to 20 years of experience in the financial and insurance industries, with extensive expertise in insurance, banking, and asset management. Prior to joining FWD Life Insurance, she held positions such as Interim Chief Investment Officer, President of an Asset Management and Trust Corporation, as well as Business Development and Treasury Trader roles.

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 experiences:
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 Life Insurance, she was Vice President and Chief Underwriter in a multinational insurance company and a financial services provider.

Arnolfo de Leon

Head of Agency, 57

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.

Professional experiences:
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.

Vita Marie Guillen

Chief People and Culture Officer, 45

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 experiences:
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.

Marlette Jaranilla
Chief Partnership Officer, 54

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

Training:
Ms. Jaranilla joined FWD in November 2024.

Professional experiences:
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.

Lee Longa
Chief Financial Officer, 51

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.

Trainings:
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 experiences:
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.

Manuel Nera Jr.
Chief Information and Technology Officer, 55

Qualifications:
Mr. Nera earned his Bachelor of Science in Electronics and Communications Engineering at the Don Bosco Technical College in Mandaluyong, Philippines.

Trainings:
He completed the following programs: Managing IT Projects and PMP Exam Preparations of the George Washington University in Washington, D.C., USA; Finance for Executives of the Asian Institute of Management in Makati, Philippines; and Corporate Governance of the Ateneo Graduate School of Business Center for Continuing Education.

Professional experiences:
Mr. Nera has more than 20 years of professional experience in the insurance industry, seven of which he spent in Regional IT Shared Services of a multinational insurance company. He spent 13 years as Chief Information Officer, Chief Technology Officer, and Chief Data Officer of several multinational insurance companies. Mr. Nera also spent 10 years in the telecommunications industry.

Overview Messages Business review ESG strategy **Our people, our values** Corporate governance Audited financial statements

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 experiences:
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 Life Insurance, he was with other insurance companies as Vice President – Legal and Compliance (2011 to 2014); Assistant Vice President, Officer-In-Charge (January to June 2011); Senior Compliance Officer (2010 to 2011); Claims Head (2007 to 2010); and Sales Compliance Manager (2006 to 2007).

D. Angela Rowley
Chief Risk Officer, 53

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.

Trainings:
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 experiences:
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.

Rochelle Vandenberghe
Chief Marketing and Digital Business Officer, 48

Qualifications:
Ms. Vandenberghe holds a Bachelor of Science in Development Communication from the University of the Philippines in Los Baños, Laguna, Philippines. She also continued her executive education at the University of Michigan Ross School of Business in Michigan, US, taking up the Leadership in Action Program.

Training:
She attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2020.

Professional experiences:
Ms. Vandenberghe leads a team of trailblazers in changing the way people feel about insurance as well as digital sales. Simultaneously, she's the Chairperson of the Marketing Committee for the Philippine Life Insurance Association. Prior to joining FWD Life Insurance, she spent the majority of her career leading global advertising and communications companies in Southeast Asia. Ms. Vandenberghe is a sought-after juror and speaker at international marketing, advertising, and e-commerce events.

Corporate governance

Celebrate living
fwd.com.ph

FWD Life Insurance 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.

We strongly encourage our Stockholders' active participation in corporate affairs by ensuring their presence in Stockholders' meetings.

Stockholders

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

Stockholders' rights

FWD Life Insurance 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
- 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.

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 and at FWD Life Insurance's main office in Taguig City to give Stockholders flexibility and ensure their participation in the meetings.

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.

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 ahead of the meeting so that they are apprised of the rationale and explanation for each agenda item.

Before the Stockholders' meeting is convened, the Stockholders are also reminded of the governing rules and voting procedures. These include the rule that one share is equivalent to one vote and Stockholders must cast their votes individually.

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, and objections. 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 18 March 2025

Our Annual Stockholders' Meeting was scheduled on 18 March 2025. The formal Notice and Agenda, together with proxy forms, were routed to the Stockholders on 25 February 2025, 21 days before the scheduled meeting. Likewise, reference materials for the meeting were routed on 11 March 2025. 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 (as attorney-in-fact of FGFS)** with Jayson Lontoc as proxy
- **Ambassador Jose L. Cuisia, Jr.,** Chairperson of the Board and of the Related Party Transactions Committee
- **Antonio Manuel G. De Rosas,** Executive Director, President and Chief Executive Officer
- **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 Chairperson of the Audit Committee
- **Manolito T. Tayag,** Independent Director, and Chairperson 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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Board of Directors

Ambassador Jose L. Cuisia, Jr.
Chairman

Antonio Manuel G. De Rosas
President and Chief Executive Officer

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

Overview Messages Business review ESG strategy Our people, our values **Corporate governance** Audited financial statements

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 2024, four of the seven members of the Board are independent, including the Chairman.

Jose L. Cuisia, Jr.

Chairman of the Board, 80
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.

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 experiences:
He has held corporate directorships in Philippine conglomerates since 1996. He serves as an Independent Director in these Publicly Listed Companies (PLCs): PHINMA Corp. and Manila Water Company Inc., while he is the Independent Director of PLC Century Properties Group Inc. He likewise serves as the Chairman of the Board of The Covenant Car Company Inc. (Chevrolet Philippines), Adlemi Properties, Inc., JVC Holdings, Inc., and Five Js Diversified Holdings. In 2022, he was appointed as an Independent Director of Xendit Philippines Inc. and OmniPay, Incorporated and 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.

Antonio Manuel G. De Rosas

Executive Director, President and Chief Executive Officer, 60
Date of First Appointment: 25 March 2022

Qualifications:
Mr. De Rosas graduated from University of San Francisco, California, 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, Manila, Philippines in 2004. He is a Certified Public Accountant in Illinois, USA (2006) and Hong Kong (1992) and a Certified Information Systems Auditor (1993).

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

Relevant experiences:
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 Life Insurance's Audit Committee until 31 January 2023.

Atty. Lilia B. De Lima

Independent Director, 84
Date of First Appointment: 21 June 2018

Qualifications:
Atty. de Lima graduated with an Associate in Arts from Centro Escolar University, Manila, Philippines in 1958. She earned her Bachelor of Laws from Manuel L. Quezon University, Manila, Philippines in 1962 and the following year, in 1963, she was called to the Philippine Bar. She earned her fellowship in American and International Law at the Center of American and International Law in Dallas, Texas, USA and her Doctor of Laws (Honoris Causa) at Manuel L. Quezon University, Manila, Philippines in 2009.

Trainings:
She attended the Corporate Governance courses conducted by the Institute of Corporate Directors on 5 September 2018 and 10 July 2019; Business Continuity Planning and Executive Briefing for Board Directors and Management conducted by the Center for Global Best Practices on 23 October 2020; Anti-Money Laundering and Counter-Terrorist Financing Technical Training on 23 August 2020; "Investment, Trust, and Estate Management" seminar conducted by Wealth Management Center in 2021; Executive Learning Session: Microsoft on Generative AI on 27 April 2023; Executive Learning Session: ESG Best Practices for Business Innovation on 26 May 2023; Asia Pacific Board Leadership Center Webinar: 2023 Board and Audit Committee Priorities by KPMG on 6 July 2023; 2023 YGC Annual Corporate Governance seminar, "Building Trust and Ethical Leadership: Enhancing Corporate Governance for Sustainable Success" on 9 September 2023; and Roles, Responsibilities and Liabilities of Board of Directors by Center for Global Best Practices on 11 September 2023.

Relevant experiences:
She sits in the Board of Directors of the following publicly listed companies: Rizal Commercial Banking Corporation as a Non-Executive Director and Phinma Corporation as an Independent Director. She is also a Director of Dusit Thani Manila, Science Park of the Philippines, RFM Science Park of the Philippines, Pueblo de Oro Development Corp., Regatta Properties Inc., Ionics EMS Inc., Ionics Inc., and Cadence Property Development Corporation. She is an Executive-in-Residence at Asian Institute of Management, a Member of Board of Trustees of Fatima Center for Human Development, and a Member of the Advisory Council of AC Industrials.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Binayak Dutta
Non-Executive Director, 52
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.

Training:
He attended the Corporate Governance Course conducted by the Institute of Corporate Directors in the Philippines on 6 June 2018.

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, 57
Date of First Appointment: 25 March 2022

Qualifications:
Mr. Ken 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.

Trainings:
He attended various trainings 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 experiences:
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 Life Insurance, 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, 65
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).

Trainings:
He attended the Corporate Governance Scorecard Orientation conducted by Institute of Corporate Directors 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 ICD in 2021, among others.

Relevant experiences:
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), 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.

Manolito T. Tayag
Independent Director, 62
Date of First Appointment: 22 May 2023

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

Training:
He attended the Corporate Governance Scorecard Orientation conducted by Institute of Corporate Directors in 2023.

Relevant experiences:
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 Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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 Life Insurance's 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.

The company prides itself in the transparency of its processes. As such, we disclose the voting results including approving, dissenting, and abstaining votes for each agenda item in all Board and Committee meetings.

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. 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 (5) directorships in publicly listed companies and Insurance Commission-regulated companies, including FWD Life Insurance. 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 Life Insurance diligently.

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 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 Life Insurance's 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.

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' remuneration packages are then presented to the Stockholders for their ratification.

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, Committee Terms of Reference, and policies and procedures.

Within six months of their election and/or appointment, all Directors and Officers are required to 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 cybersecurity to enrich their knowledge on the company's business and emerging risks.

Process of our Directors' evaluations and appraisal

After collaborating with the Institute of Corporate Directors for an evaluation of board performance in 2023, the company refreshed our annual performance evaluation for Individual Directors and, as a Board, expanded the assessment to Committee members and Chairpersons and other officers including the President and Chief Executive Officer, Treasurer and Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer, the Head of Internal Audit, and the Corporate Secretary.

The Performance Assessments were distributed on 06 December 2024. 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 18 March 2025, and recommendations were noted and considered.

Remuneration of Directors

Directors' remunerations are composed of fixed fees, which are based on the industry rate and fee structure within the 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. Director's annual remuneration is as follows:

Position	Remuneration (USD)
Board Chairperson	27,000
Board Member	21,000
Committee Chairperson (per Committee)	16,000
Committee Member (per Committee)	11,000

For 2024, the company paid a total of USD244,750.00 in Directors' fees. Binayak Dutta and Ken Lau, who are executives of FWD Group, and Antonio Manuel G. De Rosas, who is FWD Life Insurance President and CEO, did not receive remuneration as Directors of FWD Life Insurance.

As President and CEO, Antonio Manuel G. de Rosas'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 Life Insurance is indicated below.

Directors	Fees (USD)
Amb. Jose L. Cuisia, Jr.	76,000.00
Binayak Dutta	No separate remuneration received as Director
Atty. Lilia B. De Lima	56,250.00
Antonio Manuel G. De Rosas	No separate remuneration received as Director
Chi Kin Lau	No separate remuneration received as Director
Henry Joseph M. Herrera	56,250.00
Manolito T. Tayag	56,250.00

2024 Board meetings and attendance

Board meetings for the year are scheduled in the last regular meeting of the preceding year to encourage all Directors to actively participate.

The schedule of meetings conducted in 2024 is below. In addition to this, the Independent Directors convened in a meeting on 6 December 2024, without any Executive Directors present.

Directors	Outgoing Meeting (22 Mar 2024)	Organizational Meeting (22 Mar 2024)	Regular Meeting (06 Jun 2024)	Special Meeting (06 Sep 2024)	Regular Meeting (20 Sep 2024)	Regular Meeting (06 Dec 2024)	% Attendance
Amb. Jose L. Cuisia, Jr. Chairman	/	/	/	/	/	/	100%
Binayak Dutta	/	x	/	/	/	x	67%
Atty. Lilia B. De Lima	/	/	/	/	/	/	100%
Antonio Manuel G. De Rosas	/	/	/	/	/	/	100%
Chi Kin Lau	/	x	x	/	/	/	67%
Henry Joseph M. Herrera	/	/	/	/	/	/	100%
Manolito T. Tayag	/	/	/	/	/	/	100%
% Attendance	100%	71.42%	85.71%	100%	100%	85.71%	

Board Committees

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

Each Board Committee is guided by Terms of Reference (TOR), which it reviews annually to ensure its policies and processes are aligned with the best corporate governance practices. The Committee TOR is also used as basis for the Members to evaluate the Committee's performance.

For 2024, all Board Committees were comprised of independent directors.

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

Committees	21 Mar 24	22 Mar 24	05 Jun 24	06 Jun 24	20 Sep 24	06 Dec 24
Audit Committee	100%	n/a	100%	n/a	100%	100%
Related Party Transactions Committee	n/a	100%	n/a	100%	100%	100%
Corporate Governance Committee	n/a	100%	n/a	n/a	100%	100%
Risk Committee	n/a	100%	100%	n/a	100%	100%

Audit Committee

The Audit Committee performs the following functions among other tasks enumerated in our by-laws, its 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 2024, the Three-Year and 2025 Detailed Audit Plan was reviewed and approved during the Q4 2023 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	21 Mar 24	05 Jun 24	20 Sep 24	06 Dec 24
Henry Joseph Herrera (Chairman)	/	/	/	/
Amb. Jose L. Cuisia, Jr.	/	/	/	/
Manolito T. Tayag	n/a	/	/	/
% Attendance	100%	100%	100%	100%

Overview Messages Business review ESG strategy Our people, our values **Corporate governance** Audited financial statements

Corporate Governance Committee

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, which it endorses for Board approval.

Corporate Governance Committee	22 Mar 24	05 Jun 24	20 Sep 24	06 Dec 24
Atty. Lilia B. de Lima (Chairperson)	/	n/a	/	/
Amb. Jose L. Cuisia, Jr.	/	n/a	/	/
Manolito T. Tayag	/	n/a	/	/
% Attendance	100%	n/a	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 2024, the RPT Committee did not find any transaction that may be classified as financial assistance to its related parties.

Related Party Transactions Committee	22 Mar 24	06 Jun 24	20 Sep 24	06 Dec 24
Amb. Jose L. Cuisia, Jr. (Chairman)	/	/	/	/
Atty. Lilia B. de Lima	/	/	/	/
Henry Joseph Herrera	/	/	/	/
% Attendance	100%	100%	100%	100%

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 2024, the 2025 Risk Management Plan was reviewed and approved during the Q4 2024 Risk Committee Meeting.

Risk Committee	22 Mar 24	05 Jun 24	20 Sep 24	06 Dec 24
Manolito T. Tayag (Chairman)	/	/	/	/
Atty. Lilia B. de Lima	n/a	/	/	/
Amb. Jose L. Cuisia, Jr.	/	/	/	/
% Attendance	100%	100%	100%	100%

Compliance Officer

The Compliance Officer acts as a corporate governance advocate and ensures that FWD Life Insurance 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 trainings
- 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, 55
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.

Relevant experiences:
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 Life Insurance, he was with other insurance companies as Vice President – Legal and Compliance (2011 to 2014); Assistant Vice President, Officer-In-Charge (January to June 2011); Senior Compliance Officer (2010 to 2011); Claims Head (2007 to 2010); and Sales Compliance Manager (2006 to 2007).

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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 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
- Other functions described in the company's by-laws

Atty. Jordan Zafra-Bernardo

Corporate Secretary, 37
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.

Trainings:
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. Most recently, she attended the Corporate Secretary as Corporate Governance Professionals course of ICD in October 2024.

Relevant experiences:
She began her career in the insurance industry with FWD Life Insurance. 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, 33
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, Manila, Philippines. She was admitted to the Philippine Bar in 2017. She likewise holds a certification from TÜV Rheinland, Philippines, as a Data Protection Officer.

Trainings:
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 experiences:
Atty. Gana-Santos 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 2023. She likewise served as consultant of the Office of the Deputy Speaker, Gwendolyn F. Garcia, in 2018.

Winning with compliance

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

Code of Conduct and Business Ethics (Code)

FWD Life Insurance 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 Life Insurance.

Overview of our policies

Our Corporate Policies protect the most valuable assets of FWD Life Insurance: 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.

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 Life Insurance, 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**

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 2024, the RPT Committee evaluated all transactions with related parties and did not find any that would be classified as financial assistance to related parties.

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.

Information Security Policy and Data Privacy Policy: FWD Life Insurance 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. They are appointed as 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 Life Insurance's Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) program. Senior Management, employees, distributors, and suppliers must duly comply with the policy and standards based on applicable legal and regulatory requirements. FWD Life Insurance is committed to implementing the highest standards of AML and CTF and sanctions rules and procedures to ensure that our products and facilities are not being utilized on 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 don't 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.

Selection Practice of Suppliers/Contractors: This policy ensures FWD Life Insurance maintains impartiality and fairness in the selection process of its third-party vendors, contractors, and/or service providers (Partner-Vendors). The selection practice of suppliers/contractors involves validating the verifiable evidence of its 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 Insurance's needs; vendor's affirmation of their commitment to ethical procurement practices; and conduct of anti-bribery and corruption due diligence to determine risk profile of vendors. Working with local businesses and small-to-medium enterprises (SMEs), whenever possible, is also prioritized.

Compliance engagement initiatives

We organize employee engagement activities that promote awareness and campaign for proactive compliance culture in the workplace.

- **Privacy Awareness Week and a win for data protection efforts:** At FWD Life Philippines, we recognize that everyone, regardless of gender, ethnicity, or socio-economic status, deserves equal protection and respect for their privacy. On top of the year-long privacy campaigns, we also celebrated Privacy Awareness Week with the theme "Data Privacy for All: Embracing Inclusivity and Diversity."

  Our very own Chief Legal and Compliance Officer Atty. Juan Sotero Roman was also recognized as one of the Top 5 finalists for the Data Protection Officer of the Year awarded by the National Privacy Commission at the 7th National Data Privacy Conference.

- **Publication of FWD Consumer Assistance Management:** In September 2024, FWD Life Insurance published Consumer Assistance Management to promote our commitment to resolve consumer complaints.

  The publication is also in compliance with the Insurance Commission mandate to uphold the requirements of the Financial Products and Services Consumer Protection Act (RA 11765)

- **2024 Compliance Fun Fair:** In September, FWD Life Insurance held our annual Compliance Fun Fair where we brought all our local employees from regional markets together in virtual learning sessions. These sessions included fun-themed activities that promote our operating principle of "doing the right things right" and proactive compliance in the workplace.

- **Championing our customers:** Our Compliance team was recognized as a CX Finalist of the year. FWD Life Insurance integrates compliance (with laws, regulations and corporate policies) in every customer journey. We always aim to maintain customer trust and confidence to enhance the customer experience and collaborate closely with different business units for our customers.

An effective risk management

A decade of building a foundation of strong, diligent, and proactive risk management culture—this empowers us to consistently make intelligent, strategic, data-driven and risk-based decisions and seize opportunities while ensuring resilience, innovation, and long-term sustainable growth.

Risk management

Our approach to risk management has become more comprehensive and integrated. We have broadened our focus to include both threats and opportunities, embedding risk management into our decision-making processes.

Risk governance

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

The "Three lines of defense" model distinguishes three groups involved in effective risk management and ensures that risks are managed within the company's risk appetite, maintaining alignment with our strategic objectives and risk tolerance: 1) function that owns and manages risks (business and process owners); 2) risk and compliance function that oversees risks; and 3) internal audit function that provides independent assurance.

- **Committees:** 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 & 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 Life Insurance, while the CORC is responsible for overseeing the non-financial risks from daily operations involving technology, project management, data governance, business continuity, and compliance to regulatory mandates.

Philippine Board of Directors

1st Line of Defense	2nd Line of Defense	3rd Line of Defense
Management Committees	PH Risk Committee	Audit Committee
	Compliance & Operational Risk Committee	
	Local Investment & Asset-Liability Committee	

We have ensured that risk management is embedded in every aspect of our operations.

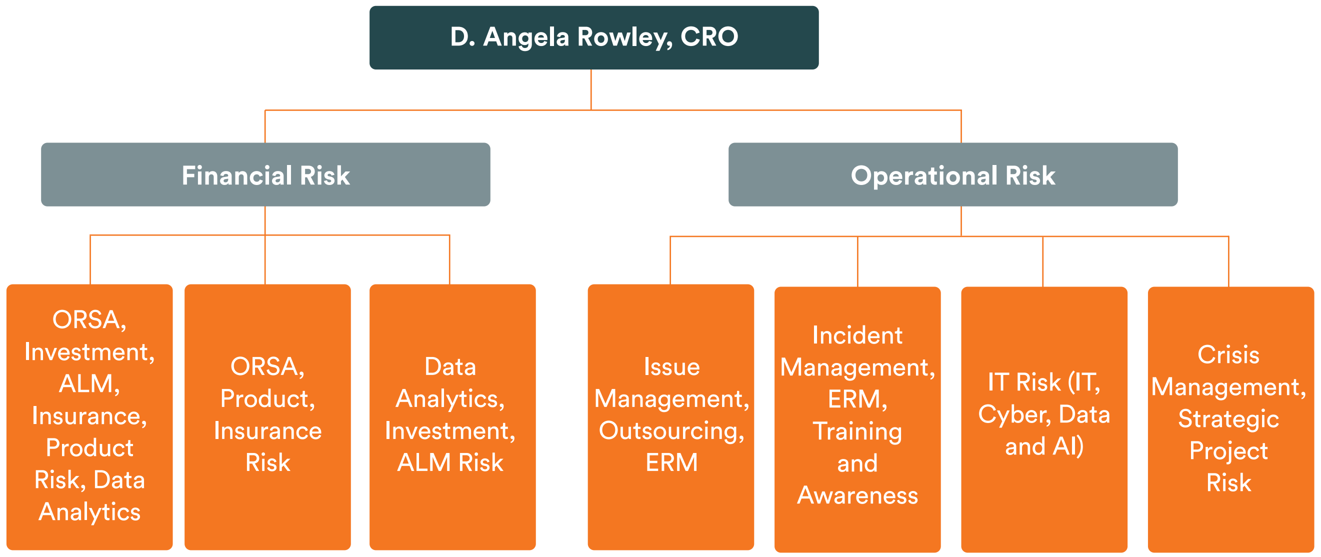
We have used a common language for risk management. Our risk appetite is clearly defined and approved by the Board, then integrated into business planning, strategic initiatives, and daily operations. Top risks and key risk indicators (KRIs) are monitored and measured against approved limits to ensure decisions align with our risk appetite and, 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's 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.

The risk management function is led by the Chief Risk Officer (CRO) D. Angela Rowley. She has been with FWD Life Insurance since August 2015 as Head of Risk and was later promoted to CRO in 2019. She has over 30 years of global experience in the financial services industry, spanning life insurance, banking, pensions, and investments.

Our CRO has created the two key risk management functions within FWD Life Insurance, namely: Financial Risk Management Team and Operational Risk Management Team. Both functions work closely with the first line of defense to ensure that they are effective and in place and that risks are within the company's defined risk appetite.



The Operational Risk Management team is composed of four full-time equivalents (FTEs) handling 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.

The Financial Risk Management team is composed of three FTEs handling investment, asset and liability management, liquidity, solvency, and insurance risk management of the business.

Risk management process

In the insurance sector, managing risks is essential. At FWD Life Insurance, we embed risk management in all business activities, including internal controls, product development, and strategic planning. We identify and assess risks; define controls and mitigation actions; and continuously monitor, report, and escalate risks as needed.

Risk culture: "Doing the Right Things Right"

We aim to build a strong risk culture, enabling proactive risk management by all employees. Our Code of Ethics and Business Conduct sets behavioral standards for everyone at FWD Life Insurance. 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 regularly use Peakon surveys to gauge employee perceptions of our risk culture and identify areas for improvement. To encourage proper behavior and risk management within approved tolerance, we incentivize employees with Risk and Compliance Key Performance Indicators (RCKPI). These ratings, determined by the Group Risk and Compensation Committees, influence the short-term incentive multiplier for all employees.

We also believe that everyone in the company is a risk manager and should embed risk management in their processes. Every quarter, we reward first line of defense employees who strongly exhibit and power up a positive risk culture behavior through a program called "First-Line Champion." Winners are announced at the quarterly town hall to celebrate and share their contributions in building a strong risk culture in the company.

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.

Risk management in action

As we continuously strive to foster a proactive risk culture, we remain steadfast in our commitment to doing the right things right. This means not only identifying and mitigating risks effectively but also embedding ethical practices and integrity into every aspect of our operations.

- **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 implement 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 conduct scenario-based training with our Crisis Management Team and its support team.

In addition to migrating all our systems to the Cloud to provide increased capacity and resiliency, we also conduct an annual Disaster Recovery Drill. 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 which are then escalated to Management for further investigation.

- **Key Control Self-Assessment (KCSA):** Both first and second lines of defense conduct proactive internal controls review through Key Control Self-Assessment (KCSA). 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 Life Insurance 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 an 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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

- **Risk Awareness Week:** We have always recognized the critical importance of Cyber Security in today's digital landscape. A Cyber Security Workshop was presented by our Chief Information and Transformation Officer, Manuel Nera, Jr., and the IT Security Team. The purpose being to create awareness in protecting sensitive data, ensure personal privacy, and maintain business continuity by defending against cyber threats like data breaches, ransomware, and identity theft. With our increasing reliance on technology, we implement robust cybersecurity measures to safeguard against sophisticated cybercriminals and maintain trust in our digital systems.

The annual Risk Awareness Week has significantly enhanced our company's risk management practices. Over the years, we have cultivated a proactive risk awareness culture, improved decision-making processes, and strengthened our preparedness for uncertainties. Our annual event focuses more on the Enterprise Risk Management Framework, KCSA, IT Risk, and Outsourcing Risk Assessment.

Additionally, incorporating both online and face-to-face games has made the event more engaging and interactive. These activities help reinforce key concepts, foster teamwork, and make learning about risk management enjoyable for everyone involved.

Top risks

In 2024, we closely monitored the following key areas to ensure our business remains resilient and adaptable:

- Business and investment performance risk brought upon by foreign geo-political tension with ripple effect to Philippine macroeconomics: equity market volatility, rising inflation, and high interest rates
- Channel growth and sales achievements
- Quality business and persistency
- Climate risk impact on both natural habitat, health, economy, consumer spending, and sales
- Significant regulatory changes from both local regulator and Group-wide supervision that may impact the business
- Conduct risk and treating customers fairly
- Cyber risk, artificial intelligence (AI) models, and data protection
- High surrender risk charge that depletes Risk-Based Capital (RBC) ratio
- Resiliency and general business operations

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), Ame June Lim, 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 CEO, Antonio Manuel De Rosas. 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 Life Insurance continues to engage in ethical practices and that we provide an independent review of the company's books and financial standing, we engage the services of an independent External Auditor, SGV & Co.

For 2024, we paid SGV & Co. PhP3.9 million. We did not engage SGV & Co. to perform non-audit services. We also paid PhP0.9 million to Isla Lipana for Tax Consultation services and PhP3.0 million and PhP2.3 million to Punongbayan & Araullo for Outsource and Payroll Services, respectively.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Audited financial statements

Celebrate living
fwd.com.ph

FWD Life Insurance Corporation

Financial Statement
December 31, 2024 and 2023

and

Independent Auditor's Report

Building a better working world

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

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, 2024 and 2023, 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, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs) 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) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have 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 PFRSs, 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.

SGV
Building a better working world

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.

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.

SGV
Building a better working world

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.

Report on the Supplementary Information Required Under Revenue Regulations 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
BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465263, January 2, 2025, Makati City

March 18, 2025

FWD LIFE INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

	Notes	December 31 2024	2023
ASSETS			
Cash and cash equivalents	4, 24	**₱1,376,484,650**	₱1,454,381,690
Financial assets			
Financial assets at fair value through profit and loss (FVPL)	5, 6, 24	**614,467,883**	769,517,932
Available-for-sale (AFS) financial assets	5, 24	**4,960,388,082**	3,677,339,658
Assets held to cover unit-linked liabilities	6, 24	**84,297,005,781**	56,707,641,772
Loans and deposits	5, 24	**247,012,646**	265,422,374
Reinsurance assets	10	**925,176,929**	494,116,554
Property and equipment	7	**162,812,196**	155,753,320
Right-of-use assets	8	**299,503,012**	169,676,647
Intangible assets	9	**123,275,052**	144,967,938
Deferred tax assets	23	**552,359,000**	93,815,309
Insurance contract assets	12	**920,102,946**	1,104,249,781
Other assets	11, 22	**3,129,711,047**	1,509,792,172
TOTAL ASSETS		**₱97,608,299,224**	₱66,546,675,147
LIABILITIES AND EQUITY			
Liabilities			
Unit-linked liabilities	6	**₱84,297,005,781**	₱56,707,641,772
Retirement liability	21	**348,202**	205,162
Income tax liabilities		**89,299,876**	-
Other liabilities	13, 22	**3,192,886,599**	2,262,612,798
		87,579,540,458	58,970,459,732
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	**5,733,850,000**	4,444,850,000
Defined benefit obligation revaluation reserve	21	**34,824,279**	34,870,074
Unrealized fair value loss on AFS financial assets	5	**(102,802,201)**	(98,480,227)
Other reserves			
Remeasurement gain on life insurance reserves	12	**363,748,164**	494,367,242
Reserve on share-based payment	20	**69,756,978**	69,756,978
Income/ (Deficit)	14	**(33,218,022)**	(1,331,748,220)
		10,028,758,766	7,576,215,415
TOTAL LIABILITIES AND EQUITY		**₱97,608,299,224**	₱66,546,675,147

See accompanying Notes to Financial Statements.

Overview Messages Business review ESG strategy Our people, our values Corporate governance **Audited financial statements**

FWD LIFE INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Years Ended December 31 2024	2023
REVENUES			
Gross insurance premiums	15	**₱37,874,247,773**	₱23,038,687,587
Fees revenue	15	**1,164,678,015**	992,682,055
		39,038,925,788	24,031,369,642
Premiums ceded to reinsurers	15	**(288,750,951)**	(242,673,215)
Net insurance premiums and fees revenue	15	**38,750,174,837**	23,788,696,427
Investment returns	16	**4,718,709,395**	3,636,181,043
Non-operating investment losses	17	**(362,498,098)**	(68,503,032)
Other operating revenue	18	**2,735,740,105**	1,604,328,466
Total revenues		**45,842,126,239**	28,960,702,904
BENEFITS, CLAIMS, EXPENSES AND LOSSES			
Gross benefits and claims	19	**9,613,817,289**	7,242,061,552
Gross change in insurance contract assets		**31,283,332**	(149,584,878)
Increase in unit-linked liabilities		**26,834,517,357**	14,424,318,350
Gross insurance contract benefits		**36,479,617,978**	21,516,795,024
Reinsurers' share on benefits and claims incurred	19	**(173,988,389)**	(133,473,886)
Reinsurers' share of gross change in insurance contract liabilities		**(109,102,619)**	(4,130,264)
Net insurance contract benefits		**36,196,526,970**	21,379,190,874
General and administrative expenses	20	**2,922,300,695**	2,673,237,551
Commission expense and commission-related expenses	20	**5,636,807,278**	3,659,050,767
Investment expenses		**13,206,646**	13,466,878
Interest expense on lease liabilities	8	**12,061,204**	13,967,136
Total expenses		**44,780,902,793**	27,738,913,206
INCOME BEFORE INCOME TAX		**1,061,223,446**	1,221,789,698
Provision for income tax	23	**(237,306,752)**	79,738,759
NET INCOME		**1,298,530,198**	1,142,050,939
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent periods:			
Unrealized fair value gain (loss) on AFS financial assets	5	**(4,321,974)**	220,964,536
Remeasurement gain (loss) on life insurance reserves	12	**(130,619,078)**	19,584,313
Item that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on pension obligation	21	**(45,795)**	362,884
		(134,986,847)	240,911,733
TOTAL COMPREHENSIVE INCOME		**₱1,163,543,351**	₱1,382,962,672

See accompanying Notes to Financial Statements.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited 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)	Reserve on Share-Based Payment (Note 20)	Remeasurement Gain on Pension Obligation (Note 21)	Remeasurement Gains (Losses) on Life Insurance Reserves (Note 12)	Deficit (Note 20)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 5)	Total Equity
Balances at January 1, 2024	₱2,300,000,000	₱327,599,568	₱1,335,000,000	₱4,444,850,000	₱69,756,978	₱34,870,074	₱494,367,242	(₱1,331,748,220)	(₱98,480,227)	₱7,576,215,415
Unrealized fair value loss on AFS financial assets	–	–	–	–	–	–	–	–	(4,321,974)	(4,321,974)
Remeasurement gain on pension obligation	–	–	–	–	–	(45,795)	–	–	–	(45,795)
Impact of Gross Premium Valuation (GPV) reserves	–	–	–	–	–	–	(130,619,078)	–	–	(130,619,078)
Net income	–	–	–	–	–	–	–	1,298,530,198	–	1,298,530,198
Total comprehensive income	–	–	–	–	–	(45,795)	(130,619,078)	1,298,530,198	(4,321,974)	1,163,543,351
Reserve on share-based payment	–	–	–	–	–	–	–	–	–	–
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**	**₱69,756,978**	**₱34,824,279**	**₱363,748,164**	**(₱33,218,022)**	**(₱102,802,201)**	**₱10,028,758,766**

	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Contributed Surplus (Note 14)	Contingency Surplus (Note 14)	Reserve on Share-Based Payment (Note 20)	Remeasurement Gain on Pension Obligation (Note 21)	Remeasurement Gains (Losses) on Life Insurance Reserves (Note 12)	Deficit (Note 20)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 5)	Total Equity
Balances at January 1, 2023	₱2,300,000,000	₱327,599,568	₱1,335,000,000	₱3,324,850,000	₱69,430,193	₱34,507,190	₱474,782,929	(₱2,473,799,159)	(₱319,444,763)	₱5,072,925,958
Unrealized fair value loss on AFS financial assets	–	–	–	–	–	–	–	–	220,964,536	220,964,536
Remeasurement gain on pension obligation	–	–	–	–	–	362,884	–	–	–	362,884
Impact of Gross Premium Valuation (GPV) reserves	–	–	–	–	–	–	19,584,313	–	–	19,584,313
Net income	–	–	–	–	–	–	–	1,142,050,939	–	1,142,050,939
Total comprehensive income (loss)	–	–	–	–	–	362,884	19,584,313	1,142,050,939	220,964,536	1,382,962,673
Reserve on share-based payment	–	–	–	–	326,785	–	–	–	–	326,785
Additional contingency surplus	–	–	–	1,120,000,000	–	–	–	–	–	1,120,000,000
Balances at December 31, 2023	₱2,300,000,000	₱327,599,568	₱1,335,000,000	₱4,444,850,000	₱69,756,978	₱34,870,074	₱494,367,242	(₱1,331,748,220)	(₱98,480,227)	₱7,576,215,415

See accompanying Notes to Financial Statements.

FWD LIFE INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS

	Notes	Years Ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱ 1,061,223,446**	₱1,221,789,698
Adjustments for:			
Net change in insurance contract assets	12	**808,374,408**	(184,397,163)
Increase in unit-linked liabilities	5	**26,834,517,357**	14,424,318,350
Depreciation of property and equipment	7	**74,214,398**	70,614,123
Depreciation of right-of-use assets	8	**104,662,458**	80,569,289
Amortization of prepaid assets	11	**533,525,344**	507,276,151
Amortization of intangible assets	9	**39,248,567**	56,042,374
Provision for doubtful accounts	20	**81,610,298**	11,854,167
Net fair value gain of assets held to cover unit-linked liabilities	6, 16	**(4,229,462,081)**	(3,431,767,374)
Interest expense on lease liabilities	8	**12,061,204**	13,967,136
Share-based payment	20	**–**	326,785
Interest income	16	**(539,679,844)**	(204,413,668)
Operating income before working capital changes		**24,780,295,555**	12,566,179,868
Decrease (increase) in:			
Loans and deposits	6	**517,122**	42,350,489
Financial assets at fair value through profit and loss	5, 6	**205,482,580**	(475,149,322)
Assets held to cover unit-linked liabilities	5	**(23,410,334,459)**	(10,749,369,258)
Reinsurance assets	10	**(431,060,375)**	122,738,970
Other assets	11	**(2,451,650,733)**	(1,228,061,053)
Increase (decrease) in:			
Pension liability	21	**97,245**	107,704
Other liabilities	13	**1,042,368,696**	40,654,650
Net cash generated from (used in) operations		**(264,284,369)**	319,452,048
Income taxes paid		**(131,937,064)**	(65,387,681)
Net cash provided by (used in) operating activities		**(396,221,433)**	254,064,367
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Available-for-sale financial assets	5, 24	**(2,138,237,000)**	(1,470,677,921)
Property and equipment	7	**(83,071,816)**	(88,094,605)
Intangible assets	9	**(17,555,680)**	(1,215,130)
Proceeds from maturity, disposal or exchange of:			
Available-for-sale financial assets	5, 24	**848,611,938**	408,420,000
Property and equipment		**1,798,540**	2,168,020
Interest received		**541,934,508**	203,247,893
Net cash used in investing activities		**(846,519,510)**	(946,151,743)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional infusion of contingency surplus	14	**1,289,000,000**	1,120,000,000
Payment of lease liabilities	8	**(124,156,098)**	(100,066,702)
Net cash provided by financing activities		**1,164,843,902**	1,019,933,298
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(77,897,039)**	327,845,922
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	**1,454,381,690**	1,126,535,768
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,376,484,652**	₱1,454,381,690

See accompanying Notes to Financial Statements.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

FWD LIFE INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. 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 registered principal office of the Company is at 19th floor W Fifth Avenue Bldg., 5th Avenue, Corner 32nd Street, Bonifacio Global City, Taguig City. 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 agreement was filed on November 11, 2014 with the Bangko Sentral ng Pilipinas (BSP) and the IC for their respective approvals. On December 22, 2014, SBC received the approval of BSP through its Resolution No. 2073. On January 12, 2015, the Company received the approval of the agreement from IC.

The financial statements of the Company were approved and authorized for issuance by the Board of Directors (BOD) on March 18, 2025.

2. Summary of Material Accounting Policies

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 Peso unless otherwise indicated.

Statement of Compliance
The financial statements of the Company have been prepared in accordance with 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 the following new accounting pronouncements beginning January 1, 2024. Unless otherwise indicated, the adoption of these pronouncements did not have any significant impact on the Company's financial position or performance.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Accounting Standard Effective but not yet Adopted
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, 2025

- 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 amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted, and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

Overview Messages Business review ESG strategy Our people, our values Corporate governance **Audited financial statements**

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- 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 *Insurance Contracts* 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 is effective for reporting periods beginning on or after January 1, 2017, with full retrospective application from the transition date is required. 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 by 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 requires 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 which will depends on the circulars and implementing guidelines to be issued by local regulator (IC), and as such will include enhancements to the Company's actuarial and accounting systems and updating of the accounting manual and operating controls.

- PFRS 18, *Presentation and Disclosure in Financial Statements*
  PFRS 19, *Subsidiaries without Public Accountability*

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*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Company does not have investments in subsidiaries, associates, and joint ventures and as such this amendment is not expected to have an impact on the financial statements.

- 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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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.

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard, 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.

  Qualifying for temporary exemption from 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, 2025 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 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.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:

  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

Fair value disclosures
The table below presents an analysis of the fair value of classes of financial assets as of December 31, 2024 and 2023, as well as the corresponding change in fair value for the year ended December 31, 2024 and 2023, respectively. In the table, the amortized cost of cash and cash equivalents and short-term receivables has 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

	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	**–**	**–**	**925,176,929**	**–**
Other assets	**–**	**–**	**627,361,522**	
	₱5,207,400,729	**(₱4,423,532)**	**₱2,929,023,101**	**₱–**

Overview Messages Business review ESG strategy Our people, our values Corporate governance **Audited financial statements**

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**	**₱–**
Other assets				
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)**

Non-linked

	2023			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	₱–	₱–	₱1,454,381,690	₱–
Loans and deposits	265,422,374	–	–	–
AFS financial assets:				
Government and corporate debt securities	3,677,339,658	220,964,536	–	–
Reinsurance assets	–	–	494,116,554	–
Other assets	–	–	463,983,003	
	₱3,942,762,032	₱ 220,964,536	₱2,412,481,247	₱–

Unit-linked

	2023			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	₱–	₱–	₱938,273,207	₱–
Other assets				–
Receivables	–	–	319,180,350	–
Accrued income	–	–	20,342,036	–
Financial assets at FVPL:				
Debt securities	–	–	1,424,744,544	(139,605,275)
Equity securities	–	–	41,751,882,989	(3,195,761,974)
Unit investment trust fund	–	–	13,205,263,275	(115,911,264)
	₱–	₱–	₱57,659,686,401	(₱3,451,278,513)

Credit risk disclosures
The following table shows 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.

2024

Non-linked

	2024				
	A	**BBB**	**BB**	**Not rated**	**Total**
Cash and cash equivalents	**₱108,392,663**	**₱1,264,923,399**	**₱–**	**₱3,168,589**	**₱1,376,484,650**
Loans and deposits	**–**	**–**	**–**	**247,012,646**	**247,012,646**
AFS financial assets:					
Government and corporate debt securities	**–**	**4,960,388,083**	**–**	**–**	**4,960,388,083**
Reinsurance assets	**–**	**–**	**–**	**925,176,929**	**925,176,929**
Other assets	**–**	**–**	**–**	**627,361,522**	**627,361,522**
	₱108,392,663	**₱6,225,311,481**	**₱–**	**₱1,802,719,686**	**₱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**

2023

Non-linked

	2023				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱161,792,461	₱1,289,646,782	₱–	₱2,942,447	₱1,454,381,690
Loans and deposits	–	–	–	265,422,374	265,422,374
AFS financial assets:					
Government and corporate debt securities	–	3,677,339,658	–	–	3,677,339,658
Reinsurance assets	–	–	–	494,116,554	494,116,554
Other assets	–	–	–	463,983,003	463,983,003
	₱161,792,461	₱4,966,986,440	₱–	₱1,226,464,378	₱6,355,243,279

Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱ 428,625,398	₱ 509,647,809	₱–	₱-	₱938,273,207
Other assets					
Receivables	–	–	–	319,180,350	319,180,350
Accrued income	–	–	–	20,342,036	20,342,036
Financial assets as FVPL:					
Debt securities	1,424,744,544	-	–	-	1,424,744,544
Equity securities	–	–	–	41,751,882,989	41,751,882,989
Unit investment trust fund	–	–	–	13,205,263,275	13,205,263,275
	₱1,853,369,942	₱ 509,647,809	₱–	₱55,296,668,650	₱57,659,686,401

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.

	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**

	2023			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,454,381,690	₱1,454,381,690	₱938,273,207	₱938,273,207
Loans and deposits	265,422,374	265,422,374	339,522,386	339,522,386
AFS financial assets:				
Government and corporate debt securities	3,677,339,658	3,677,339,658	–	–
Financial assets at FVPL:				
Debt securities	–	–	1,424,744,544	1,424,744,544
Equity securities	–	–	41,751,882,989	41,751,882,989
Unit investment trust fund	–	–	13,205,263,275	13,205,263,275
Reinsurance assets	494,116,554	494,116,554	–	–
Other assets	463,983,003	463,983,003	–	–
	₱6,355,243,279	₱6,355,243,279	₱57,659,686,401	₱57,659,686,401

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.

Material Accounting Policies

Cash and Cash Equivalents
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.

Financial Instruments
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.

Initial Recognition and Measurement
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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

'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.

Subsequent Measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets
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.

Financial liabilities
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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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.

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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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.

Insurance Receivables
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.

Prepayments
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.

Property and Equipment
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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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.

Insurance Contract Liabilities
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 "Management 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 recoverables 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.

Unit-linked insurance contracts
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.

Deficit
Deficit represent accumulated net losses of the Company.

Revenue Recognition (within the scope of PFRS 15)
Upon adoption 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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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

Management fee income
Unit-linked funds are charged for 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)
Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. 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 of its revenue arrangements. 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 contracts, receivables are recorded at the date when payments are due.

Fee income
Fee income in respect of service provided by the insurer should be recognized in the profit and loss with the associated expenses (of the policyholder) recognized separately to reflect the charges borne by the policyholders and should not be offset/eliminated when preparing the company level financial information. This reflects the nature of the transactions (that fee income is earned by the insurer) and also considered IFRS Conceptual Framework that requires an entity to report income and expenses separately unless offsetting is required or permitted by an IFRS, 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 inforce.

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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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 compensation
FWD Group Management Holdings Pte. Ltd., (hereinafter referred to as "FWD Group"), an affiliate of the Company, offers a share-option award plan for 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 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 the Company's equity as reserve.

In 2022, the FWD Group offered a long-term incentive bonus (share award plan) to eligible employees of the Company after meeting certain performance indicators over the agreed period. The Company has the obligation to settle the transaction with its employees in FWD Group's equity instruments which is purchased by the Company from FWD Group resulting to a recognition of a liability.

At each period end, FWD Group assesses the number of shares and share-options that are expected to vest from those so far granted. Any impact arising from revisions to original estimates is recognised in profit or loss with a corresponding adjustment to equity. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate award, and the fair value of each tranche is recognised over the applicable vesting period.

FWD Group estimates the fair value of share options using the Black-Scholes model and an assessment of performance of conditions (internal rate of return or IRR achievement) to calculate the fair value of the share-option awards, taking into account the terms and conditions upon which the awards were granted.

For the share award plan, the FWD Group utilizes an appraisal value method and an assessment of performance conditions to calculate the fair value of the share awards, considering the terms and conditions upon which the shares are granted.

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.

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, 2024 and 2023. 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.

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.

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 consolidated financial statements as share-based payment expense and share-based payment reserve.

Under the market valuation approach, the 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.

Estimates and Assumptions
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:

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 ₱963.54 million and ₱596.62 million as of December 31, 2024 and 2023, 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 loans and deposits amounted to ₱247.01 million and 265.42 million as of December 31, 2024 and 2023, respectively (see Note 5). The carrying value of insurance receivables under 'Other Assets' amounted to ₱238.01 million and ₱148.64 million as of December 31, 2024 and 2023, respectively (see Note 11). The carrying value of accounts receivable under 'Other Assets' amounted to ₱90.36 million and ₱86.61 million as of December 31, 2024 and 2023, respectively. The total allowance for doubtful accounts on receivables under 'Loans and deposits' and 'Other assets' amounted to ₱140.96 million and ₱59.35 million as of December 31, 2024 and 2023, respectively (see Note 11).

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.

As of December 31, 2024 and 2023, the carrying values of property and equipment amounted to ₱162.81 million and ₱155.75 million, respectively (see Note 7), the carrying values of intangible assets amounted to ₱123.28 million and ₱144.97 million, respectively (see Note 9) and the carrying values of prepaid assets under other assets amounted to ₱2,359.38 million and ₱924.49 million, respectively (see Note 11).

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 ₱254.76 million and ₱143.06 million as of December 31, 2024 and 2023, respectively (see Note 8).

Employee benefits
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, 2024 and 2023, the carrying amount of retirement obligation amounted to ₱0.30 million and ₱0.21 million, respectively (see Note 21).

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, 2024 and 2023, the Company recognized accumulated deferred tax assets amounting to ₱552.36 million and ₱93.82 million, respectively, while the Company has no unrecognized deferred tax assets as of December 31, 2024 and 2023 (see Note 23).

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:

	2024	2023
Cash on hand	**₱3,168,589**	₱2,942,448
Cash in banks	**1,283,326,057**	1,184,704,944
Short-term deposits	**89,990,004**	266,734,298
	₱1,376,484,650	₱1,454,381,690

Cash in banks and short-term deposits earn annual interest at the prevailing bank deposit rates ranging from 0.05% to 6.15% in 2024 and from 0.05% to 5.96% in 2023 (see Note 16).

5. Financial Assets

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

	2024	2023
Financial assets at FVPL	**₱614,467,883**	₱769,517,932
AFS financial assets	**4,960,388,082**	3,677,339,658
Assets held to cover unit-linked liabilities (Note 6)	**84,297,005,781**	56,707,641,772
Loans and deposits	**247,012,646**	265,422,374
	₱90,118,874,392	₱61,419,921,736

Financial assets at FVPL
This account consists of:

	At Cost		**At Fair value**	
	2024	2023	**2024**	2023
Investment in UITF	**₱–**	₱175,500,000	**₱–**	₱174,728,463
Seed capital in unit-linked funds (Note 6)	**593,736,837**	575,278,330	**614,467,883**	594,789,469
	₱593,736,837	₱750,778,330	**₱614,467,883**	₱769,517,932

AFS financial assets
This account consists of:

	At Amortized Cost		**At Fair value**	
	2024	2023	**2024**	2023
Government debt securities	**₱4,888,970,143**	₱3,551,326,327	**₱4,790,307,706**	₱3,456,940,328
Corporate debt securities	**174,290,000**	224,282,113	**170,080,377**	220,399,330
	₱5,063,260,143	₱3,775,608,440	**₱4,960,388,083**	₱3,677,339,658

Movements in AFS financial assets follow:

	2024	2023
At January 1	**₱3,677,339,658**	₱2,392,951,426
Additions	**2,138,237,000**	1,470,677,921
Disposals/maturities	**(848,611,938)**	(408,420,000)
Fair value gains (losses)	**(4,321,974)**	220,964,536
Amortization of discount (premium)	**(2,254,663)**	1,165,775
At December 31	**₱4,960,388,083**	₱3,677,339,658

AFS debt securities bear annual interest ranging from 2.375% to 7.25% in 2024 and 2023, respectively (Note 16).

As of December 31, 2024 and 2023, AFS financial assets amounting to ₱329.20 million, are deposited with the IC 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:

	2024	2023
At January 1	**(₱98,480,227)**	(₱319,444,763)
Unrealized fair value movement	**(4,321,974)**	220,964,536
At December 31	**(₱102,802,201)**	(₱98,480,227)

Loans and deposits
This account consists of:

	2024	2023
Receivable from VUL funds	**₱136,706,236**	₱167,838,770
Agency loans	**86,393,144**	77,411,289
Employee loans	**18,972,266**	15,349,027
Policy loans	**27,250,963**	18,585,348
	269,322,609	279,184,434
Less:		
Allowance for doubtful accounts – Agent loans (Note 11)	**(21,727,718)**	(3,404,437)
Allowance for doubtful accounts – Employee loans (Note 11)	**(582,245)**	(10,357,623)
	₱247,012,646	₱265,422,374

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

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 ₱2.89 million and ₱2.42 million in 2024 and 2023 (Note 16), respectively.

Employee loans are granted to employees and settled through payroll deductions. These loans earn interest at 6% per annum. For 2022, the Company started to recognized allowance for unpaid loans of resigned employees whose final pay is not sufficient to cover said employee loans.

Policy loans bearing interest of 8% per annum are those granted by the Company as a loan to policyholders in an amount no greater than the cash value of the policy. Interest accrued amounted to ₱0.84 million and ₱0.55 million as of December 31, 2024 and 2023, respectively (see Note 11)

The Company classifies its non-linked and unit-linked financial assets at fair value as follows:

	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**

	2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at FVPL (Note 6)	₱174,728,463	₱594,789,469	₱–	₱769,517,932
AFS financial assets	3,677,399,658	–	–	3,677, 399,658
Assets held to cover unit-linked liabilities (Note 6)	–	56,707,641,772	–	56,707,641,772
	₱3,852,128,121	₱57,302,431,241	₱–	₱61,154,559,362

In 2024 and 2023, there have been transfers amounting to Php 55 million from Level 1 to Level 2 category in fair value measurements pertaining to debt investment securities due to changes in market conditions.

6. **Unit-Linked Funds**

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

SBC Funds

	2024				
	FWD Peso Balanced Fund	**FWD Peso Equity Fund**	**FWD Peso Fixed Income Fund**	**FWD Peso Stable Fund**	**FWD Peso Bond Fund**
Financial assets at FVPL (Note 5)	**₱25,980,213**	**₱34,966,966**	**₱9,668,017**	**₱11,440,950**	**₱35,891,968**
Assets held to cover unit-linked liabilities (Note 5)	**1,248,934,017**	**4,692,844,860**	**388,085,722**	**996,748,152**	**1,118,893,782**
	₱1,274,914,230	**₱4,727,811,826**	**₱397,753,739**	**₱1,008,189,102**	**₱1,154,785,750**

	FWD Peso Growth Fund	**FWD Peso High Dividend Equity**	**FWD Equity Index Fund**	**FWD Peso Pitstop**	**Total**
Financial assets at FVPL (Note 5)	**₱22,431,673**	**₱18,509,304**	**₱103,867,704**	**₱10,702,803**	**₱273,459,598**
Assets held to cover unit-linked liabilities (Note 5)	**6,380,749,074**	**4,127,193,844**	**4,662,495,274**	**274,178,372**	**23,890,123,097**
	₱6,403,180,747	**₱4,145,703,148**	**₱4,766,362,978**	**₱284,881,175**	**₱24,163,582,695**

FWD Managed Funds

	2024					
	FWD Global Good Peso ESG Fund	**FWD Diversity Fund**	**FWD Peso Nitro Global Payout Fund**	**FWD Peso Velocity Global Payout Fund**	**FWD PH Peso Structured Income Fund**	**FWD Global US Dollar Equity Index Fund**
Financial assets at FVPL (Note 5)	**₱301,790,684**	**₱3,599,604**	**₱1,114,805**	**₱1,159,571**	**₱12,275,533**	**₱4,100,061**
Assets held to cover unit-linked liabilities (Note 5)	**5,052,955,413**	**85,860,352**	**33,805,958,275**	**411,695,878**	**588,001,858**	**2,574,318,927**
	₱5,354,746,097	**₱89,459,956**	**₱33,807,073,080**	**₱412,855,449**	**₱600,277,391**	**₱2,578,418,988**

	FWD Global Good USD ESG Fund	**FWD Dollar Nitro Global Payout Fund**	**FWD Dollar Velocity Global Payout Fund**	**FWD Dollar Pitstop Liquidity Fund**	**Total**
Financial assets at FVPL (Note 5)	**₱1,963,139**	**₱1,203,472**	**₱1,248,955**	**₱12,552,462**	**₱341,008,286**
Assets held to cover unit-linked liabilities (Note 5)	**3,109,065,599**	**14,436,417,581**	**263,666,899**	**78,941,901**	**60,406,882,683**
	₱3,111,028,738	**₱14,437,621,053**	**₱264,915,854**	**₱91,494,363**	**₱60,747,890,969**

BPI Funds

	2023			
	FWD Peso Balanced Fund	FWD Peso Equity Fund	FWD Peso Fixed Income Fund	Total
Financial assets at FVPL (Note 5)	₱93,042,892	₱18,262,007	₱99,816,270	₱211,121,169
Assets held to cover unit-linked liabilities (Note 5)	1,178,326,431	4,624,123,200	367,211,129	6,169,660,760
	₱1,271,369,323	₱4,642,385,207	₱467,027,399	₱6,380,781,929

SBC Funds

	2023			
	FWD Peso Stable Fund	FWD Peso Bond Fund	FWD Peso Growth Fund	FWD Peso High Dividend Equity
Financial assets at FVPL (Note 5)	₱6,245,615	₱21,896,387	₱15,133,668	₱13,068,943
Assets held to cover unit-linked liabilities (Note 5)	1,028,616,114	1,115,145,069	6,631,994,015	4,364,152,848
	₱1,034,861,729	₱1,137,041,456	₱6,647,127,683	₱4,377,221,791

	FWD Equity Index Fund	FWD Peso EPitstop Liquidity Fund	Total
Financial assets at FVPL (Note 5)	₱82,226,372	₱10,243,800	₱148,814,785
Assets held to cover unit-linked liabilities (Note 5)	5,125,653,494	3,601,896	18,269,163,436
	₱5,207,879,866	₱13,845,696	₱18,417,978,221

FWD Managed Funds

	2023					
	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Peso Nitro Global Payout Fund	FWD Peso Velocity Global Payout Fund	FWD Global US Dollar Equity Index Fund	FWD Global Good USD ESG Fund
Financial assets at FVPL (Note 5)	₱ 174,486,660	₱3,132,880	₱1,035,963	₱1,085,118	₱39,631,355	₱1,721,298
Assets held to cover unit-linked liabilities (Note 5)	4,128,714,490	60,988,556	13,194,929,766	265,095,383	3,241,497,512	4,455,284,059
	₱4,303,201,150	₱64,121,436	₱13,195,965,729	₱266,180,501	₱3,281,128,867	₱4,457,005,357

	FWD Dollar Nitro Global Payout Fund	FWD Dollar Velocity Global Payout Fund	FWD Dollar Pitstop Liquidity Fund	Total
Financial assets at FVPL (Note 5)	₱1,116,176	₱1,172,028	₱11,472,037	₱234,853,515
Assets held to cover unit-linked liabilities (Note 5)	6,688,767,403	215,892,694	17,647,713	32,268,817,576
	₱6,689,883,579	₱217,064,722	₱29,119,750	₱32,503,671,091

On November 13, 2024, FWD has appointed Security Bank Trust and Asset Management Group (SECB TAMG) as the new fund manager for the Peso Fixed Income, Peso Balanced, and Peso Equity Funds which was previously managed by BPI.

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

	2024				
SBC Funds	**FWD Peso Balanced Fund**	**FWD Peso Equity Fund**	**FWD Peso Fixed Income Fund**	**FWD Peso Stable Fund**	**FWD Peso Bond Fund**
Asset					
Cash and cash equivalents	**₱38,622,489**	**₱62,764,641**	**₱22,618,466**	**₱1,007,715,912**	**₱1,150,307,399**
Other investments - feeder fund		**-**	**-**	**-**	**-**
Debt securities	**981,591,227**	**-**	**370,419,490**	**-**	**-**
Equity securities	**244,293,287**	**4,682,867,850**	**-**	**-**	**-**
Accrued income	**12,701,963**	**2,226,502**	**4,605,756**	**-**	**-**
Other receivables	**3,363,778**	**5,789,540**	**1,274,105**	**1,584,685**	**5,994,309**
Total Assets	**1,280,572,744**	**4,753,648,533**	**398,917,817**	**1,009,300,597**	**1,156,301,708**
Liabilities					
Amounts payable on redemption of units	**2,122,630**	**11,304,403**	**189,691**	**604,496**	**907,830**
Other payables	**3,535,884**	**14,532,304**	**974,386**	**506,998**	**608,128**
Total Liabilities	**5,658,514**	**25,836,707**	**1,164,077**	**1,111,494**	**1,515,958**
Net Asset Value	**₱1,274,914,230**	**₱4,727,811,826**	**₱397,753,740**	**₱1,008,189,103**	**₱1,154,785,750**

SBC Funds	**FWD Peso Growth Fund**	**FWD Peso High Dividend Equity Fund**	**FWD Equity Index Fund**	**FWD Peso EPitstop Liquidity Fund**	**TOTAL**
Asset					
Cash and cash equivalents	**₱6,403,826,644**	**₱4,144,480,412**	**₱75,544,655**	**₱487**	**₱ 12,905,881,105**
Other investments - feeder fund	**-**	**-**	**-**	**284,925,560**	**284,925,560**
Debt securities	**-**	**-**	**-**	**-**	**1,352,010,717**
Equity securities	**-**	**-**	**4,701,204,678**	**-**	**9,628,365,815**
Accrued income	**-**	**-**	**45,997**	**-**	**19,580,218**
Other receivables	**12,664,484**	**6,980,943**	**19,960,841**	**29,598**	**57,642,283**
Total Assets	**6,416,491,128**	**4,151,461,355**	**4,796,756,171**	**284,955,645**	**24,248,405,698**
Liabilities					
Amounts payable on redemption of units	**3,855,589**	**2,495,524**	**2,816,221**	**45,869**	**24,342,253**
Other payables	**9,454,792**	**3,262,683**	**27,576,972**	**28,601**	**60,480,748**
Total Liabilities	**13,310,381**	**5,758,207**	**30,393,193**	**74,470**	**84,823,001**
Net Asset Value	**₱6,403,180,747**	**₱4,145,703,148**	**₱4,766,362,978**	**₱284,881,175**	**₱24,163,582,697**

	2024				
Dollar Equity Funds	**FWD Global Good Peso ESG Fund**	**FWD Diversity Fund**	**FWD Peso Nitro Global Payout Fund**	**FWD Peso Velocity Global Payout Fund**	**FWD PH Peso Structured Income Fund**
Asset					
Cash and cash equivalents	**₱70,954,609**	**₱964,900**	**₱871,210,153**	**₱7,225,469**	**₱6,639,739**
Equity Securities	**5,298,775,763**	**88,303,013**	**32,625,975,480**	**404,468,407**	**593,700,000**
Accrued income	**–**	**–**	**60,082,772**	**888,921**	**20,057,000**
Other receivables	**969,686**	**338,264**	**336,328,992**	**1,163,762**	**11,107**
Total Assets	**5,370,700,058**	**89,606,177**	**33,893,597,397**	**413,746,559**	**620,407,846**
Liabilities					
Amounts payable on redemption of units	**5,633,324**	**53,595**	**15,647,220**	**–**	**–**
Other payables	**10,320,637**	**92,626**	**70,877,097**	**891,110**	**20,130,455**
Total Liabilities	**15,953,961**	**146,221**	**86,524,317**	**891,110**	**20,130,455**
Net Asset Value	**₱5,354,746,097**	**₱89,459,956**	**₱33,807,073,080**	**₱412,855,449**	**₱600,277,391**

Dollar Equity Funds	**FWD Global Dollar Equity Index Fund**	**FWD Global Good USD ESG Fund**	**FWD Dollar Nitro Global Payout Fund**	**FWD Dollar Velocity Global Payout Fund**	**FWD Dollar Pitstop Liquidity Fund**	**TOTAL**
Asset						
Cash and cash equivalents	**₱1,798,461**	**₱12,810,347**	**₱215,635,691**	**₱4,285,202**	**₱137,765**	**₱ 1,191,662,336**
Equity Securities	**2,589,389,279**	**3,142,670,279**	**14,040,910,605**	**263,050,064**	**91,470,408**	**59,138,713,298**
Accrued income	**–**	**–**	**26,135,475**	**583,224**	**–**	**107,747,392**
Other receivables	**814,255**	**(1,700,585)**	**188,264,257**	**571,865**	**0**	**526,761,603**
Total Assets	**2,592,001,995**	**3,153,780,041**	**14,470,946,028**	**268,490,355**	**91,608,173**	**60,964,884,629**
Liabilities						
Amounts payable on redemption of units	**9,239,139**	**36,673,313**	**3,037,456**	**3,006,484**	**27,478**	**73,318,009**
Other payables	**4,343,868**	**6,077,990**	**30,287,519**	**568,017**	**86,332**	**143,675,651**
Total Liabilities	**13,583,007**	**42,751,303**	**33,324,975**	**3,574,501**	**113,810**	**216,993,660**
Net Asset Value	**₱2,578,418,988**	**₱3,111,028,738**	**₱14,437,621,053**	**₱264,915,854**	**₱91,494,363**	**₱60,747,890,969**

	2023			
BPI Funds	FWD Peso Balanced Fund	FWD Peso Equity Fund	FWD Peso Fixed Income	TOTAL
Asset				
Cash and cash equivalents	₱41,007,703	₱97,444,296	₱14,723,754	₱153,175,753
Debt securities	977,042,906	–	447,701,638	1,424,744,544
Equity securities	242,629,555	4,547,890,227	–	4,790,519,782
Accrued income	11,416,902	3,320,380	5,187,226	19,924,508
Other receivables	3,417,108	9,430,614	483,612	13,331,334
Total Assets	1,275,514,174	4,658,085,517	468,096,230	6,401,695,921
Liabilities				
Amounts payable on redemption of units	1,065,268	2,593,701	158,617	3,817,586
Other payables	3,079,584	13,106,609	910,214	17,096,407
Total Liabilities	4,144,852	15,700,310	1,068,831	20,913,993
Net Asset Value	₱1,271,369,322	₱4,642,385,207	₱467,027,399	₱6,380,781,928

SBC Funds	2023 FWD Peso Stable Fund	FWD Peso Bond Fund	FWD Peso Growth Fund	FWD Peso High Dividend Equity Fund
ASSET				
Cash and cash equivalents	₱–	₱–	₱–	₱–
Other investments - feeder fund	1,034,669,771	1,134,223,299	6,646,913,658	4,375,600,863
Equity securities	–	–	–	–
Accrued income	–	–	–	–
Other receivables	1,633,951	5,476,839	17,514,571	10,691,267
Total Assets	1,036,303,722	1,139,700,138	6,664,428,229	4,386,292,130
Liabilities				
Amounts payable on redemption of units	613,256	880,962	4,444,893	2,592,604
Other payables	828,737	1,777,720	12,855,653	6,477,735
Total Liabilities	1,441,993	2,658,682	17,300,546	9,070,339
Net Asset Value	₱1,034,861,729	₱1,137,041,456	₱6,647,127,683	₱4,377,221,791

SBC Funds	FWD Equity Index Fund	FWD Peso EPitstop Liquidity Fund	TOTAL
Asset			
Cash and cash equivalents	₱102,071,338	₱–	₱102,071,338
Other investments - feeder fund	–	13,855,684	13,205,263,275
Equity securities	5,178,977,333	–	5,178,977,333
Accrued income	25,230	–	25,230
Other receivables	13,942,521	2,479	49,261,628
Total Assets	5,295,016,422	13,858,163	18,535,598,804
Liabilities			
Amounts payable on redemption of units	5,658,345	11,504	14,201,564
Other payables	81,478,212	963	103,419,020
Total Liabilities	87,136,557	12,467	117,620,584
Net Asset Value	₱5,207,879,865	₱13,845,696	₱18,417,978,220

Dollar Equity Funds	2023 FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Peso Nitro Global Payout Fund	FWD Peso Velocity Global Payout Fund	FWD Global Dollar Equity Index Fund
Asset					
Cash and cash equivalents	₱24,177,290	₱516,247	₱477,975,973	₱ 11,768,122	₱1,271,941
Equity Securities	4,317,381,490	63,869,066	12,585,996,063	254,977,897	3,303,752,263
Accrued income	-	–	324,119	-	140
Other receivables	6,598,879	647,220	159,189,129	277	968,863
Total Assets	4,348,157,659	65,032,533	13,223,485,284	266,746,296	3,305,993,207
Liabilities					
Amounts payable on redemption of units	36,961,885	846,140	926,946	14,118	18,256,575
Other payables	7,994,624	64,958	26,592,609	551,676	6,607,766
Total Liabilities	44,956,509	911,098	27,519,555	565,794	24,864,341
Net Asset Value	₱4,303,201,150	₱64,121,435	₱13,195,965,729	₱266,180,502	₱ 3,281,128,866

Dollar Equity Funds	FWD Global Good USD ESG Fund	FWD Dollar Nitro Global Payout Fund	FWD Dollar Velocity Global Payout Fund	FWD Dollar Pitstop Liquidity Fund	Total
Asset					
Cash and cash equivalents	₱16,840,546	₱126,413,909	₱6,974,345	₱17,087,743	₱683,026,116
Equity Securities	4,519,267,168	6,499,544,614	223,658,129	13,939,184	31,782,385,874
Accrued income	–	68,039	-	-	392,298
Other receivables	1,011,376	82,634,101	5,535,881	1,662	256,587,388
Total Assets	4,537,119,090	6,708,660,663	236,168,355	31,028,589	32,722,391,676
Liabilities					
Amounts payable on redemption of units	64,583,849	5,237,307	17,131,281	1,841,874	145,799,975
Other payables	15,529,883	13,539,778	1,972,352	66,963	72,920,609
Total Liabilities	80,113,732	18,777,085	19,103,633	1,908,837	218,720,584
Net Asset Value	₱ 4,457,005,358	₱6,689,883,578	₱ 217,064,722	₱29,119,752	₱32,503,671,092

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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.

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

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

	2024	2023
At January 1	**₱57,302,431,241**	₱42,779,693,251
Contributions	**35,234,488,904**	16,108,256,761
Redemptions	**(12,853,078,814)**	(6,497,134,779)
Fair value gain	**4,229,462,081**	3,431,767,374
Foreign exchange rate	**998,170,252**	1,479,848,634
At December 31	**₱84,911,473,664**	₱57,302,431,241

Breakdown of the fair value gain pertaining to net income of unit-linked funds in 2024 and 2023 are as follow:

	2024	2023
Dividend income	**₱2,827,321,983**	₱1,362,221,515
Interest income	**463,114,160**	353,383,738
Unrealized gain on investments	**6,482,169,290**	4,480,660,155
Realized gain on investments	**592,043,241**	28,563,840
Total gain	**₱10,364,648,674**	6,224,829,248
Management fees	**(3,043,672,462)**	(1,714,052,226)
Other operating expenses	**(2,940,316,716)**	(964,330,315)
Total expenses	**(5,983,989,178)**	(2,678,382,541)
Net income (loss) before final tax	**4,380,659,496**	3,546,446,707
Provision for final tax	**(151,197,415)**	(95,168,194)
Net income (loss) after final tax	**₱4,229,462,081**	₱3,451,278,513

Investment in debt securities in the unit-linked funds bear an annual interest ranging from 3.750% to 12.125% and 4.425% to 8.025% in 2024 and 2023, respectively.

The breakdown of fair value gain pertaining to net income of unit-linked funds included in "Investment returns" and "Non-operating investment returns" follows:

	2024	2023
Investment returns (Note 16)	**₱4,179,029,550**	₱3,431,767,374
Non-operating investment returns (Note 17)	**50,432,531**	19,511,139
	₱4,229,462,081	₱3,451,278,513

7. **Property and Equipment**

The rollforward analysis of this account follow:

<u>2024</u>

	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	**(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**

2023

	EDP Equipment	Office Equipment	Motor Vehicles	Leasehold Improvements	Furniture and Fixtures	Total
Cost						
At January 1	₱300,431,961	₱21,360,695	₱47,773,117	₱309,619,141	₱43,802,094	₱722,987,008
Additions	31,061,953	805,354	28,118,636	26,302,603	1,806,058	88,094,604
Disposals	(9,315,694)	–	(6,471,888)	-	-	(15,787,582)
At December 31	322,178,220	22,166,049	69,419,865	335,921,744	45,608,152	795,294,030
Accumulated depreciation						
At January 1	260,195,177	21,198,066	12,900,875	249,565,870	38,686,162	582,546,150
Depreciation (Note 21)	28,640,480	139,793	11,499,280	27,313,512	3,021,058	70,614,123
Disposals	(9,315,694)	–	(4,303,869)	-	-	(13,619,563)
At December 31	279,519,963	21,337,859	20,096,286	276,879,382	41,707,220	639,540,710
Net Book Values	₱42,658,257	₱828,190	₱49,323,579	₱59,042,362	₱3,900,932	₱155,753,320

The costs of fully depreciated property and equipment that are still being used as of December 31, 2024 and 2023 amounted to ₱565.91 million and ₱518.66 million, respectively.

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, has 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, renewable subject to mutually agreeable terms by parties. The rental charges shall be subject to 6% escalation each year over the five-year term of the lease.

The Company exercised its renewal option on May 31, 2019, with the extended lease term to commence on May 31, 2024 to May 31, 2029. However, the Company started to lease an office space on the penthouse of W Fifth Building covering the periods September 1, 2023 to May 31, 2026. The rental charges shall be 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

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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. There are several lease contracts that include extension and termination options, which are further discussed below.

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 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

	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 amortization					
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**

	2023				
	Head Office & Branch Premises	Parking Spaces	Motor Vehicles	Advertising Spaces	Total
Cost					
At January 1	₱244,807,610	₱21,283,714	₱34,747,128	₱101,696,186	₱402,534,638
Additions	105,551,400	3,381,000	-	–	108,932,400
Terminations/expiration	(58,235,924)	(1,962,539)	(15,163,035)	–	(75,361,498)
At December 31	292,123,086	22,702,175	19,584,093	101,696,186	436,105,540
Accumulated amortization					
At January 1	191,665,325	16,865,628	21,875,240	27,482,992	257,889,185
Depreciation (Note 20)	57,966,567	3,775,536	6,226,721	12,600,466	80,569,290
Terminations/expiration	(58,235,924)	(1,962,539)	(11,831,119)	–	(72,029,582)
At December 31	191,395,968	18,678,625	16,270,842	40,083,458	266,428,893
Net Book Values	₱100,727,118	₱4,023,550	₱3,313,251	₱61,612,728	₱169,676,647

The following are the amounts recognized in statement of income:

	2024	2023
Depreciation expense of right-of-use assets (Note 20)	**₱104,662,458**	₱80,569,289
Interest expense on lease liabilities	**12,061,204**	13,967,136
Operating lease rentals considered short-term lease and lease of low-value assets (Note 20)	**26,065,240**	26,869,347
Total amount recognized in statement of income	**₱142,788,902**	₱121,405,772

The rollforward analysis of lease liabilities follows:

	2024	2023
At January 1	**₱143,055,291**	₱138,909,077
Additions	**234,488,823**	108,932,400
Interest expense	**12,061,204**	13,967,136
Payments	**(124,156,098)**	(100,066,702)
Terminations	**(10,684,300)**	(18,686,620)
At December 31	**₱254,764,920**	₱143,055,291

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. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

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

	2024	2023
Within one year	**₱91,205,396**	₱59,426,030
After one year but not more than five years	**202,860,076**	102,892,279
	₱294,065,472	₱162,318,309

9. Intangible Assets

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

	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**

	2023		
	SBC Access fee	Software	Total
Cost			
At January 1	₱300,000,000	₱363,284,711	₱663,284,711
Addition	–	1,215,130	1,215,130
At December 31	300,000,000	364,499,841	664,499,841
Accumulated Amortization			
At January 1	160,000,000	303,489,528	463,489,528
Amortization (Note 20)	20,000,000	36,042,375	56,042,375
At December 31	180,000,000	339,531,903	519,531,903
Net book values	₱120,000,000	₱24,967,938	₱144,967,938

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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. Amortization expense is reported under "Commission expense and commission-related expenses" in the statement of income (see Note 20).

10. Reinsurance Assets

This account consists of:

	2024	2023
Reinsurance recoverable on paid losses	**₱661,301,658**	₱339,343,901
Reinsurance contract claims reserves	**194,936,858**	102,615,025
Ceded insurance and investment contracts	**68,938,413**	52,157,628
	₱925,176,929	₱494,116,554

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

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

The ceded insurance and investment contracts can be broken further as follows:

	2024	2023
Reinsurer's share in legal policy reserves		
Unearned premium reserves from group life insurance contracts	**₱8,008,955**	₱2,884,954
Unearned premium reserves from unit-linked insurance contracts	**1,222,894**	1,181,356
Unearned premium reserves from individual life insurance contracts	**59,706,564**	48,091,318
	₱68,938,413	₱52,157,628

11. Other Assets

This account consists of:

	2024	2023
Prepaid assets	**₱2,359,376,919**	₱924,489,496
Insurance receivables	**238,007,991**	148,636,817
Accrued income	**228,200,090**	150,349,313
Accounts receivable	**90,364,681**	86,605,402
Deposits	**56,553,762**	52,583,535
Current tax receivables	**-**	35,046,438
Due from related parties (Note 22)	**14,234,997**	25,807,935
Others	**142,972,607**	86,273,236
	₱3,129,711,047	₱1,509,792,172

Prepaid assets

The rollforward analysis of this account as of December 31 is as follow:

	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**

	2023				
	SBC Access fee	Developmental fees	Prepaid Commission	Prepayments	Total
Cost					
At January 1	₱1,300,000,000	₱1,115,413,278	₱18,884,456	₱1,331,309,020	₱3,765,606,754
Additions	–	781,546,477	–	192,259,558	973,806,035
At December 31	1,300,000,000	1,896,959,755	₱18,884,456	1,523,568,578	4,739,412,789
Accumulated amortization					
At January 1	1,022,650,540	985,152,775	12,302,976	1,287,540,851	3,307,647,142
Amortization	208,170,203	129,992,239	54,849	169,058,860	507,276,151
At December 31	1,230,820,743	1,115,145,014	12,357,825	1,456,599,711	3,814,923,293
Net Book Values	₱69,179,257	₱781,814,741	₱6,526,631	₱66,968,867	₱924,489,496

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 expense and commission-related expenses" in the profit or loss (see Note 20).

On March 21, 2024, the Company paid SBC ₱1.4 billion as second milestone fee for the achievement of milestone target as per Distribution Agreement.

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 is submitted to and awaiting approval by the Insurance Commission.

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 statements of financial position (see Note 5). Amortization expense is reported under "Commission expense and agency-related expenses" in the statements of income (see Note 20).

Overview Messages Business review ESG strategy Our people, our values Corporate governance **Audited financial statements**

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:

	2024	2023
Management fee accrual	**₱165,153,762**	₱99,424,914
Accrued interest income on:		
AFS financial assets (Note 5)	**62,066,767**	49,841,141
Policy loans (Note 5)	**838,898**	552,752
Time deposits (Note 4)	**140,663**	530,506
	₱228,200,090	₱150,349,313

Management fee accrual pertains to unpaid fees relating to VUL funds of the Company and is accrued daily and collected from the BPI and SBC managed funds on monthly and quarterly basis, respectively.

Insurance receivables - net
This account consists of:

	2024	2023
Premiums due and uncollected	**₱264,044,598**	₱135,407,972
Premiums receivable	**27,315,447**	27,640,133
Receivable from switch fees	**1,847,887**	1,455,062
Insurance receivable from policyholders	**293,207,932**	164,503,167
Less: Allowance for doubtful accounts	**(55,199,941)**	(15,866,350)
	₱238,007,991	₱148,636,817

Premium due and uncollected - net 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 - net
This account consists of:

	2024	2023
Receivable from agents	**₱117,674,580**	₱57,014,890
Employee advances	**17,966,624**	50,004,037
Creditable withholding tax	**18,402,699**	9,536,892
	154,043,903	116,555,819
Less: Allowance for doubtful accounts-agency receivable	**(53,868,037)**	(29,483,936)
Allowance for doubtful account- employee advances	**(9,811,185)**	(466,481)
	₱90,364,681	₱86,605,402

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.

The rollforward analysis for allowance for doubtful accounts follow:

	2024	2023
At January 1	**₱59,352,699**	₱47,498,531
Provision for (reversal of) doubtful accounts arising from:		
Receivable from agents (Notes 11)	**24,384,100**	6,700,187
Receivable from employees (Note 11)	**-**	20,813
Insurance receivables (Note 11)	**39,333,591**	(830,027)
Employee loans (Note 5)	**(430,674)**	9,747,063
Agents loans (Note 5)	**18,323,280**	(3,783,869)
At December 31	**₱140,962,996**	₱59,352,698

The Company provides for bad debts based on specific assessment of outstanding balances. The provision for bad debts is presented in Operating expenses under Provision for doubtful accounts expense, except for provision on bad debts on receivable from agents which is presented in Commission and commission related expense (see Note 20).

Deposits
This account consists of:

	2024	2023
Rental and other deposits	**₱56,483,673**	₱52,513,447
Security fund	**70,089**	70,089
	₱56,553,762	₱52,583,536

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.

12. Insurance Contract Assets

This account consists of:

	2024	2023
Legal policy reserves	**₱1,883,645,058**	₱1,700,869,572
Policy and contract claims reserve	**(963,542,110)**	(596,619,791)
Insurance contract assets	**₱920,102,948**	₱1,104,249,781

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

	2024	2023
At January 1	**₱596,619,791**	₱554,369,845
Provision during the year	**366,922,319**	42,249,946
At December 31	**₱963,542,110**	₱596,619,791

Details of the legal policy reserves follow:

	2024	2023
Gross legal policy reserves		
Unearned premium reserves from group life insurance contracts	**₱99,632,929**	₱86,849,953
Unearned premium reserves from unit-linked insurance contracts	**137,608,473**	85,947,857
Unearned premium reserves from individual life insurance contracts	**466,986,243**	110,918,789
Gross premium reserves from individual life insurance contracts	**(2,587,872,703)**	(1,984,586,171)
Legal policy reserves	**(₱1,883,645,058)**	(₱1,700,869,572)

Details of gross legal policy reserves follow:

	2024	2023
Negative legal policy reserves	**(₱4,192,259,887)**	(₱3,244,212,588)
Positive legal policy reserves	**1,604,387,184**	1,259,626,417
	(2,587,872,703)	(1,984,586,171)
Unearned premium reserves	**704,227,645**	283,716,599
Gross legal policy reserves	**(₱1,883,645,058)**	(₱1,700,869,572)

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

	2024	2023
At January 1	**₱494,367,242**	₱474,782,929
Due to change in discount rates	**(130,619,078)**	19,584,313
At December 31	**₱363,748,164**	₱494,367,242

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 remeasurement gains on life insurance reserves of ₱20 million for the year is driven by mostly steady level of interest rates in 2023, with some fluctuations around Q3 but mostly ending in the same range as 2022.

The movement in negative legal policy reserves can be attributed to the following: a) new issues and the aging of the in-force policies of the individual health products, b) impact of the change in the IC-prescribed discount rates, and c) strengthening of lapse assumptions.

13. Other Liabilities

This account consists of:

	2024	2023
Accrued expenses	**₱1,312,623,434**	₱892,298,668
Accounts payable	**1,216,232,857**	678,911,382
Lease liabilities (Note 8)	**254,764,920**	143,055,291
Reinsurance payables	**187,200,288**	163,152,519
Tax payables	**148,546,544**	116,939,206
Due to related parties (Note 22)	**73,518,555**	268,255,732
	₱3,192,886,598	₱2,262,612,798

Accrued expenses
This account consists of:

	2024	2023
Accruals for:		
Commission-related expenses	**₱904,934,024**	₱598,206,212
Employee incentives	**133,403,532**	141,220,078
Other accrued expenses	**274,285,879**	152,872,378
	₱1,312,623,435	₱892,298,668

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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Accounts payable
This account consists of:

	2024	2023
Unit-linked subscription payable	**₱561,139,966**	₱258,299,713
Insurance payables to policyholders	**406,336,730**	262,076,066
Premium received in advance	**152,634,144**	145,495,127
Supplier invoices	**81,526,959**	(6,609,529)
Agency payables	**3,367,095**	8,442,670
Others	**11,227,963**	11,207,333
	₱1,216,232,857	₱678,911,380

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

Taxes payable
This account consists of:

	2024	2023
Withholding VAT payable	**₱69,209,660**	₱45,694,962
Premium tax payable	**46,884,157**	33,229,561
Expanded Withholding tax payable	**24,615,866**	32,342,092
Final withholding tax payable	**7,019,749**	3,898,030
Fringe benefit tax payable	**772,405**	766,919
Others	**44,707**	1,007,642
	₱148,546,544	₱116,939,206

Others include Documentary Stamp Taxes payable and withholding tax on compensation. 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, 2024 and 2023 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 December 6, 2024 and March 22, 2024, the BOD approved the infusion of additional contingency surplus amounting to ₱589.00 million and ₱700.00 million, respectively, which were received on December 11, 2024 and March 26, 2024, respectively.

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 movements of the Company's deficit follow:

	2024	2023
Deficit	**₱4,225,477,908**	₱4,575,960,806
Appropriation for negative reserves (Note 12)	**(4,192,259,887)**	(3,244,212,588)
Deficit after reserves	**₱33,218,021**	₱1,331,748,218

15. **Net Insurance Premiums**

This account consists of:

	2024	2023
Premium revenue arising from contracts issued		
Unit-linked insurance contracts	**₱33,779,606,529**	₱19,815,155,008
Life insurance contracts	**4,094,641,244**	3,223,532,579
	37,874,247,773	23,038,687,587
Fee Income		
Cost of insurance and riders	**951,939,452**	831,616,203
Surrender Charge	**162,699,935**	138,665,870
Others	**50,038,628**	22,399,982
	1,164,678,015	992,682,055
Premium revenue ceded to reinsurers on contracts issued		
Unit-linked insurance contracts	**(₱86,160,405)**	(₱75,528,428)
Life insurance contracts	**(202,590,546)**	(167,144,787)
	(288,750,951)	(242,673,215)
Net insurance premiums and fees revenue	**₱38,750,174,837**	₱23,788,696,427

Fee income includes cost of insurance (COI) and cost of rider (COR) which are charged to the policyholder for the service provided by the insurer in respect of the investment-linked insurance policies (ILP). This is deducted from the policyholder's account value. Surrender charge is deducted from the proceeds of the surrendered ILP policies. Others includes reinstatement cost, fund switch charge and policy fee.

16. **Investment Returns**

This account consists of:

	2024	2023
Interest income arising from:		
AFS financial assets (Note 5)	**₱226,527,683**	₱167,546,833
Cash and cash equivalents (Note 4)	**13,003,605**	32,239,008
Other financial receivables (Note 5)	**300,148,557**	4,627,828
	539,679,845	204,413,669
Net fair value gains of assets held to cover unit linked liabilities (Notes 5 and 6)	**4,179,029,550**	3,431,767,374
	₱4,718,709,395	₱3,636,181,043

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:

	2024	2023
Net foreign exchange losses – net	**(₱404,777,318)**	(₱88,014,171)
Net fair value gains of financial assets at FVPL (Notes 5 and 6)	**50,432,531**	19,511,139
Realized net gain on AFS Assets	**(8,153,311)**	–
	(₱362,498,098)	(₱68,503,032)

18. **Other Operating Revenue**

This account consists of:

	2024	2023
Management fee income	**₱1,395,009,177**	₱902,789,440
Reinsurance allowance	**1,328,267,433**	686,965,310
Other income	**12,463,494**	14,573,716
	₱2,735,740,104	₱1,604,328,466

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.

Management fee income
Management fee income pertains to fees earned for managing the VUL funds.

Other Income
Other income pertains to sundry income, gain (loss) on re-measurement of lease liability and various re-charges for the reimbursement of expense incurred by the Company on behalf of other entities within the FWD Group such as travel expenses, training and prizes to employees related to Group-led activities.

19. Benefits and Claims

This account consists of:

	2024	2023
Surrenders	**₱8,807,832,151**	₱6,867,762,323
Death and hospitalization benefits	**805,985,138**	374,299,229
Gross benefits and claims	**9,613,817,289**	7,242,061,552
Reinsurers' share on claims and benefits incurred	**(173,988,389)**	(133,473,886)
Net benefits and claims	**₱9,439,828,900**	₱7,108,587,666

20. Operating Expenses

General and administrative expenses

General and administrative expenses consist of:

	2024	2023
Employee benefits	**₱1,104,156,045**	₱1,074,118,296
Information technology expenses	**261,111,892**	168,806,530
Depreciation (Notes 7 and 8)	**178,876,855**	151,183,412
Marketing and advertising (Note 22)	**112,504,738**	127,516,155
Professional service fees	**78,765,217**	32,079,221
Operating lease rentals (Note 8)	**26,065,240**	26,869,347
Amortization (Note 9)	**19,248,567**	36,042,375
Other operating expenses		
Group Office management fee (Note 22)	**520,775,552**	659,808,535
Office-related expenses	**92,666,575**	83,370,349
Shared services fee (Note 22)	**84,432,813**	92,504,530
Bank service charges	**69,410,465**	51,727,532
Provision for doubtful accounts expense	**57,226,198**	5,153,980
Distribution-related expenses	**50,870,830**	72,354,663
Travel and entertainment	**23,801,446**	27,553,144
Tax-related expenses	**22,216,607**	19,557,295
Printing and stationery	**10,040,413**	2,505,551
Courier charges	**6,908,252**	1,714,047
Conference expenses	**4,233,297**	3,315,028
Other new business expenses	**2,350,425**	2,257,664
Others	**196,639,268**	34,799,897
	₱2,938,630,010	₱2,673,237,551

Employee benefits expenses consist of:

	2024	2023
Salaries and wages	**₱846,213,035**	₱847,121,556
Benefits and allowances	**247,514,128**	185,912,274
Directors' fees	**13,995,255**	11,900,717
Share-based payments	**(3,663,618)**	29,076,283
Net pension expense	**97,245**	107,466
	₱1,104,156,045	₱1,074,118,296

Share-based payments
FWD Group operates share-option award plans that provides FWD Group Limited share-options to participants from the Company upon vesting. Eligible employees are granted share-option awards to reward service and the achievement of shareholder value targets. These awards are in the form of a contingent right to receive share-options or a conditional allocation of share-options. These share-option awards have vesting periods of up to three years and are at nil cost to the employee. Vesting of certain awards is conditional upon the employee being in active employment at the time of vesting. Each share-option grant has a 10-year exercise period and confers the right to the award holder to subscribe for an ordinary share of FWD Group Limited at a nominal exercise price of US$0.01.

On 30 January 2022, the Board of Directors approved a new Share Award Plan and a new Employee Share Purchase Plan to attract and retain eligible persons.

The following table shows the movement of number of share-options under the award plans charged to the Company:

	2024	2023
At January 1	–	345
Granted	–	–
Vested	–	–
Forfeited	–	–
Transferred out during the period	–	(345)
At December 31	–	–

The following table shows the number of share awards under the award plan charged to the Company in 2024 and 2023:

	2024	2023
At January 1	**19,514**	23,237
Granted	**–**	11,223
Vested	**(1,224)**	–
Forfeited	**(24,335)**	(2,943)
Transferred during the year	**17,616**	(12,003)
At December 31	**11,571**	19,514

During the year ended 31 December 2024, the awards under RSU Plan were granted based on fixed monetary value, in which the number of RSUs will be determined at a later stage based on the details set out in the RSU Plan. The awards granted based on fixed monetary value are not included in the above table.

For awards granted, FWD Group utilises an appraisal value methodology (embedded value plus a multiple of value of new business) (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 expected volatility reflects the assumption that historical volatility patterns continue, which may not be the actual outcome.

The expected life of the share options is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees. Weighted average share price is determined by appraisal value per share.

The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized.

	2024	2023
Risk-free interest rate (in %)	–	Not Applicable
Volatility (in %)	–	Not Applicable
Dividend yield (in %)	–	Not Applicable
Expected life of share-options (in years)	–	Not Applicable
Exercise price per share	–	Not Applicable
Weighted average price per share	–	Not Applicable

The total fair value of RSUs granted in 2024 is ₱52.82 million and ₱59.09 million in 2023.

The total recognised share-based payments related to share-option award by the Group included in "Employee benefit expense" amounted to (₱3.66) million and ₱29.08 million in 2024 and 2023, respectively.

<u>Commission and commission-related expenses</u>
Commission expense and commission-related expenses consist of:

	2024	2023
Commission expense	**₱1,994,269,901**	₱1,469,347,685
Commission-related expenses	**1,616,708,109**	886,340,070
Sales employees- Salaries and benefits	**797,950,584**	465,878,095
Override commission expense	**489,331,825**	313,451,614
Premium tax expense	**164,289,060**	133,695,690
Amortization of:		
Prepaid asset (SBC access fee) (Note 11)	**260,713,988**	208,170,204
Intangible asset (SBC access fee) (Note 9)	**20,000,000**	20,000,000
Prepaid asset (Developmental fees) (Note 11)	**211,686,869**	129,992,239
Distribution operation expenses	**42,378,352**	14,377,262
Provision for credit losses (Note 11)	**24,384,100**	6,700,188
Documentary stamp tax (policy-related)	**15,094,490**	11,097,720
	₱5,636,807,278	₱3,659,050,767

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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

Provision for credit losses amounting to ₱24.38 million and ₱6.7 million in 2024 and 2023, 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. Employee Benefits

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 pension expense relating to its defined contribution plan included in the statement of comprehensive income which consists of:

	2024	2023
Current service cost	**₱90,657,177**	₱78,421,095
Net interest expense	**12,310**	30,383
	₱90,669,487	₱78,451,478

As of December 31, 2024 and 2023, the carrying amount of retirement obligation as shown in the statement of financial position amounted to ₱0.30 million and ₱0.21 million, respectively.

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

	2024	2023
At January 1	**₱299,859,996**	₱231,291,042
Current service cost	**90,742,112**	84,026,390
Interest expense	**17,991,600**	15,265,209
Benefits paid	**(64,007,704)**	(49,224,996)
Remeasurement losses (gains)		
Defined contribution component	**2,793,570**	18,865,235
Changes in financial assumptions	**–**	10,311
Experience adjustment	**45,796**	(373,195)
At December 31	**₱347,425,370**	₱299,859,996

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

	2024	2023
At January 1	**₱299,654,834**	₱230,830,700
Contributions	**85,159,025**	60,451,648
Contributions from forfeitures	**5,498,153**	23,497,421
Interest income	**17,979,290**	15,234,826
Forfeitures	**(21,209,643)**	(26,522,432)
Benefits paid	**(42,798,061)**	(22,702,564)
Remeasurement losses	**2,793,570**	18,865,235
At December 31	**₱347,077,168**	₱299,654,834

The rollforward analysis of remeasurement gain on pension obligation follows:

	2024	2023
At January 1	**₱34,870,074**	₱34,507,190
Actuarial gain on obligation		
Experience adjustment	**(45,795)**	373,195
Change in financial assumptions	**-**	(10,311)
	(45,795)	362,884
At December 31	**₱34,824,279**	₱34,870,074

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

	2024	2023
Salary increase rate	**5.50**	5.50%
Discount rate	**5.50**	6.00%
Expected average remaining working lives	**10 years**	10 years

The following tables demonstrate the sensitivity to a reasonably possible change in discount rates and salary increase for the next financial year, with all other variables held constant, of the Company's total comprehensive income using the projected unit cost (PUC) method:

		2024	2023
	Change in Assumptions	**Impact on total comprehensive income**	Impact on total comprehensive income
Discount rate	**+1.00%**	**(₱280,476)**	(₱142,443)
	-1.00%	**985,870**	435,043
Salary rate	**+1.00%**	**(919,317)**	(419,007)
	-1.00%	**₱312,187**	₱146,346

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	2024	2023
1-5 years	**₱446,825**	₱266,888
6-10 years	**134,460**	662,959
11-15 years	**-**	–
	₱581,285	₱929,847

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:

	2024		2023			
Category	**Amount***	**Outstanding Balances**	Amount	Outstanding Balances	**Terms**	**Conditions**
Receivables from Affiliates:						
FWD Group Management Holdings Ltd.	**(₱10,864,066)**	**₱14,187,262**	₱25,732,640	₱25,051,328	Interest-free, settlement in cash; annual	Unsecured
DeValdimir Pte. Ltd.	–	–	615,138	615,138	Interest-free, settlement in cash; annual	Unsecured
FWD Vietnam Life Insurance Company Limited	**24,001**	**(3,001)**	–	21,000	Interest-free, settlement in cash; annual	Unsecured
FWD Technology and Innovation Malaysia Sdn. Bhd.	**69,733**	**50,736**	120,469	120,469	Interest-free, settlement in cash; annual	Unsecured
		₱14,234,997		₱25,807,935		

(Forward)

Category	2024 Amount*	2024 Outstanding Balances	2023 Amount	2023 Outstanding Balances	Terms	Conditions
Payable to Affiliates:						
FWD Group Management Holdings Ltd. (a) (Note 20)	**(₱111,281,864)**	**₱–**	₱458,458,091	₱111,281,864	Interest-free, settlement in cash; annual	Unsecured
Valdimir Pte. Ltd. (b)	**(24,735,792)**	**–**	150,232,114	24,735,792	Interest-free, settlement in cash; annual	Unsecured
FWD Technology and Innovation Malaysia Sdn. Bhd.	**(22,592,820)**	**–**	84,941,367	22,592,820	Interest-free, settlement in cash; annual	Unsecured
FWD Information Technology (Guangzhou) Co., Ltd.	**(18,696,584)**	**11,507,789**	81,040,389	30,204,373	Interest-free, settlement in cash; annual	Unsecured
FWD Group Limited (Non-GO)	**(10,126,610)**	**31,390,927**	–	41,517,537	Interest-free, settlement in cash; annual	Unsecured
FWD Limited (Non-Go)	**(7,303,508)**	**30,619,838**	–	37,923,346	Interest-free, settlement in cash; annual	Unsecured
		73,518,554		₱268,255,732		

**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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance **Audited financial statements**

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

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

	2024	2023
Salaries and other short-term employee benefits	**₱163,580,561**	₱127,594,358
Directors' fees	**13,995,255**	11,900,717
Pension expense	**7,521,236**	5,799,136
Other long-term benefits	**4,341,284**	28,471,822
	₱189,438,336	₱173,766,033

23. Income Taxes

Provision for income tax consists of:

	2024	2023
Current		
MCIT	**₱91,213,694**	₱8,346,848
Final	**130,023,245**	46,374,123
	221,236,939	54,720,971
Deferred	**(458,543,691)**	25,017,788
	(₱237,306,752)	₱79,738,759

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

	2024	2023
Income tax at statutory rate	**₱265,305,862**	₱305,447,424
Tax effects of:		
Interest income subjected to final tax	**(26,983,992)**	(3,280,894)
Non-deductible expenses	**17,942,411**	234,754
Non-taxable income	**(35,027,342)**	(858,254,086)
Change in deferred tax assets	**(458,543,691)**	635,591,561
Effective income tax	**(₱237,306,752)**	₱79,738,759

The Company is subject to regular corporate income tax (RCIT) of 25% of taxable income. It also recognizes the higher of RCIT and MCIT on modified gross income as current income tax expense. On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company computed MCIT using the effective rate of 2% in 2024 in accordance with RMC 69-2023.

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

Year Recognized	MCIT	Application and Expired	Balance	Year of Expiry
2024	₱91,213,694	₱–	₱91,213,694	2027
2023	8,346,848	–	8,346,848	2026
2022	29,902,606	–	29,902,606	2025
2021	26,696,927	26,696,927	–	2024
	₱156,160,075	₱26,696,927	₱129,463,148	

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

Year Recognized	NOLCO	Application and Expired	Balance	Year of Expiry
2023	₱2,256,672,900	₱895,132,351	₱1,361,540,549	2026
2022	159,813,397	159,813,397	–	2025
	₱2,416,486,297	₱1,054,945,748	₱1,361,540,549	

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

	2024	2023
Deferred tax assets on:		
Provision for IBNR reserves	**₱63,929,010**	₱33,157,658
Retirement liability	**18,008,808**	6,257,459
Provision for credit losses	**25,981,284**	11,674,735
MCIT	**129,463,149**	65,219,381
NOLCO	**340,385,137**	–
	577,767,388	116,309,233
Deferred tax liabilities on:		
Right-of-use asset	**(5,053,685)**	(1,965,776)
Other unrealized gain	**(8,709,832)**	(6,326,870)
Net unrealized foreign exchange gain	**(11,644,871)**	(14,201,278)
	(25,408,388)	(22,493,924)
	₱552,359,000	₱93,815,309

As of December 31, 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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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

In 2024 and 2023, the Company fully complied with the externally imposed capital requirements with Statutory Net Worth amounting to ₱4.50 billion. This amount is still subject for examination of 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	95^{th} percentile
2018	97.5^{th} percentile
2019	99.5^{th} 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:

	2024	2023
Total Available Capital	**₱6,806,000,667**	**₱6,232,735,003**
RBC requirement	**4,495,954,532**	**3,470,243,404**
RBC Ratio	**151%**	**180%**

The final RBC Ratio for 2024 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 2023 is based on the Synopsis of the Annual Statement as approved by the Insurance Commission dated February 5, 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 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.

The Company's concentration of insurance risk, before and after reinsurance, in relation to the type of insurance contract is as follows:

	2024	2023
Variable unit-linked		
Gross	**₱167,723,948,001**	₱132,868,851,231
Net	**142,829,317,959**	111,466,821,449
Accident and health		
Gross	**44,120,443,061**	36,713,306,526
Net	**23,378,053,710**	19,948,327,382
Ordinary life		
Gross	**37,680,332,604**	29,616,703,995
Net	**29,551,992,099**	23,255,170,974
Group life		
Gross	**187,104,022,222**	161,844,545,236
Net	**148,644,404,712**	138,494,133,330
Total		
Gross	**436,628,745,889**	361,043,406,988
Net	**344,403,768,480**	293,164,453,135

The risks associated with the life and accident and health products are underwriting risk and investment risk.

<u>Underwriting Risk</u>
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.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

<u>Investment Risk</u>
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, 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**
Financial liabilities				
Other liabilities	**₱2,789,575,134**	**₱2,789,575,134**	**₱301,816,660**	**₱301,816,660**

	December 31, 2023			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,454,381,690	₱1,454,381,690	₱938,273,207	₱938,273,207
Loans and deposits	265,422,374	265,422,374	339,522,386	339,522,386
AFS financial assets:				
Government and corporate debt securities	3,677,339,658	3,677,339,658	-	-
Financial assets at FVPL:				
Debt securities	–	–	1,424,744,544	1,424,744,544
Equity securities	–	–	41,751,882,989	41,751,882,989
Unit investment trust fund	–	–	13,205,263,275	13,205,263,275
Reinsurance assets	494,116,554	494,116,554	-	-
Other assets	463,983,003	463,983,003	-	-
	₱6,355,243,279	₱6,355,243,279	₱57,659,686,401	₱57,659,686,401
Financial liabilities				
Other liabilities	₱2,022,670,760	₱2,022,670,760	₱357,255,160	₱357,255,160

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/BSP 813 Reference rate 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.

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, 2024 and 2023, 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. In addition, there is no significant concentration of credit risk identified. The gross maximum exposure to credit risk of the Company approximates its net maximum exposure. There were no amounts that are set-off in accordance with the criteria in

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

PAS 32, *Financial Instruments: Presentation*. There were no amounts subject to an enforceable master netting arrangement or similar agreement as of December 31, 2024 and 2023.

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

	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 and corporate debt securities	–	**4,960,388,083**	–	–	**4,960,388,083**
Reinsurance assets	–	–	–	**925,176,929**	**925,176,929**
Other assets	–	–	–	**627,361,522**	**627,361,522**
	₱108,392,663	**₱6,225,311,481**	**₱–**	**₱ 1,802,719,686**	**₱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**

Non-linked

	2023				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱161,792,461	₱1,289,646,782	₱–	₱2,942,447	₱1,454,381,690
Loans and deposits	–	–	–	265,422,374	265,422,374
AFS financial assets:					
Government and corporate debt securities	–	3,677,339,658	–	–	3,677,339,658
Reinsurance assets	–	–	–	494,116,554	494,116,554
Other assets	–	–	–	463,983,003	463,983,003
	₱161,792,461	₱4,966,986,440	₱–	₱1,226,464,378	₱6,355,243,279

Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱428,625,398	₱509,647,809	₱–	₱-	₱938,273,207
Other assets					
Receivables	–	–	–	319,180,350	319,180,350
Accrued income	–	–	–	20,342,036	20,342,036
Financial assets as FVPL:					
Debt securities	1,424,744,544	-	–	-	1,424,744,544
Equity securities	–	–	–	41,751,882,989	41,751,882,989
Unit investment trust fund	–	–	–	13,205,263,275	13,205,263,275
	₱1,853,369,942	₱509,647,809	₱–	₱55,296,668,650	₱57,659,686,401

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, 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**
Other liabilities:	**2,789,575,134**	–	–	–	–	**2,789,575,134**
Total financial liabilities	**₱2,789,575,134**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,789,575,134**

Unit-linked

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**

Non-linked

		December 31, 2023				
		Maturity Breakdown				
	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash and cash equivalents	₱1,454,381,690	₱–	₱–	₱–	₱–	₱1,454,381,690
Loans and deposits	196,113,467	69,308,907	–	–	–	265,422,374
AFS financial assets						
Government and corporate debt securities	183,444,587	23,973,500	334,887,733	3,135,033,838	–	3,677,339,658
Reinsurance assets	494,116,554	-	–	–	–	494,116,554
Other assets	415,415,502	12,782,030	26,822,027	8,963,444	–	463,983,003
Total financial assets	₱2,743,471,800	₱106,064,437	₱361,709,760	₱3,143,997,282	₱–	₱ 6,355,243,279
Other liabilities:	2,022,670,760	-	–	–	–	2,022,670,760
Total financial liabilities	₱ 2,022,670,760	₱–	₱–	₱–	₱–	₱2,022,670,760

Unit-linked

Financial assets:						
Cash and cash equivalents	₱938,273,207	₱–	₱–	₱–	₱–	₱938,273,207
Other assets						
Accounts receivable	319,180,350	–	–	–	–	319,180,350
Accrued income	20,342,036	–	–	–	–	20,342,036
Financial assets at FVPL						
Debt securities	24,830,044	52,185,139	201,735,073	1,145,994,288	–	1,424,744,544
Equity securities	-	–	–	–	41,751,882,989	41,751,882,989
Other Investment:						
Feeder Fund (UITF)	-	–	–	–	13,205,263,275	13,205,263,275
Total financial assets	₱1,302,625,637	₱52,185,139	₱201,735,073	₱1,145,994,288	₱54,957,146,264	₱57,659,686,401
Financial liabilities:						
Other financial liabilities:						
Accounts payable and accrued expenses	₱357,255,160	₱–	₱–	₱–	₱–	₱357,255,160
Total financial liabilities	₱357,255,160	₱–	₱–	₱–	₱–	₱357,255,160

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 serves 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:

	2024		2023	
	USD	**PHP**	USD	PHP
Assets				
Cash	**$7,714,554**	**₱447,324,262**	$5,259,027	₱291,294,302
Financial assets at FVPL	**363,340**	**21,068,089**	927,138	51,353,619
Loans and deposits	**(208,663)**	**(12,099,189)**	2,071,588	114,743,976
Reinsurance assets	**533,722**	**30,947,569**	(3,360,738)	(186,149,230)
Property and equipment - net	**126,863**	**6,868,905**	126,863	6,868,905
Intangible assets - net	**2,188,691**	**113,095,577**	1,922,751	98,127,921
Other assets	**140,325**	**13,748,047**	(672,623)	(33,779,864)
Insurance contract assets	**(48,566)**	**(2,816,070)**	(45,286)	(2,508,276)
	10,810,266	**618,137,190**	6,228,720	339,951,353
Liabilities				
Other payables	**(4,899,556)**	**(284,098,096)**	2,226,869	123,344,897
Payable to related parties	**(1,267,901)**	**(73,518,555)**	(4,775,872)	(264,532,618)
	($6,167,457)	**(₱357,616,651)**	($2,549,003)	(₱141,187,721)

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.

	2024		2023	
Currency	**Changes in foreign exchange rates**	**Impact on income before tax**	Changes in foreign exchange rates	Impact on income before tax
US Dollar	**(-1.0%)**	**161,012,595**	0.3%	83,381,672
	1.0%	**(161,012,595)**	(-0.3%)	(83,381,672)

- *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:

<u>2024</u>

	Change in Equity Price (%)	**Effect on profit or loss Increase (Decrease)**
Equity securities	**10%**	**₱49,155,859**
	10%	**(49,155,859)**

<u>2023</u>

	Change in Equity Price (%)	Effect on profit or loss Increase (Decrease)
Equity securities	10%	₱42,478,901
	10%	(42,478,901)

Overview Messages Business review ESG strategy Our people, our values Corporate governance **Audited financial statements**

- *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:

<u>2024</u>

	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**

<u>2023</u>

	Change in Yield (bps)	Effect on profit or loss Increase (Decrease)	Effect on OCI Increase (Decrease)
Debt securities	+50 bps	(₱6,143,623)	(₱128,216,410)
	-50 bps	6,143,623	135,542,979

25. **Commitments**

<u>Developmental Fees</u>
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:

	2024	2023
Within one year	**₱11,056,237**	₱53,637,214
After one year but not more than five years	**55,629,435**	112,298,678
	₱66,685,672	₱165,935,892

<u>Distribution Agreement</u>
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 provides 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.

Amortization of the 300.00 million Intangible Asset shall be amortized over its economic life of fifteen (15) years while the amortization of the Prepaid Asset for the remaining 300.00 million and 1.00 billion shall be expressed in terms of Unit of Production (UOP).

The bancassurance partner are 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.

The bancassurance agents are 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.

Management 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 1 fund 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.

Management fees ranging from 0.5% up to 2.25% of the Net Asset Value are collected from the fund. Management fees are collected on a monthly and quarterly basis from the funds managed by BPI and SBC, respectively.

Overview Messages Business review ESG strategy Our people, our values Corporate governance Audited financial statements

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:	
Management fee income on assets held to cover unit-linked liabilities	₱1,331,735,851
Interest – Staff loans	745,161
Interest – Agency loans	2,692,312
Other Income	6,523,915
Total	1,341,697,239
Output VAT rate	12%
	₱161,003,669

Documentary stamp tax
The Company's documentary stamp tax paid or accrued in 2023 follows:

Source	Payment
Life insurance premiums/coverage	₱15,094,490
Other documents	850,716
Total	₱15,945,206

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	₱18,135,780
Real property tax	–
Community tax certificate	10,500
National Taxes	
Percentage taxes (see Note 20)	164,289,061
Insurance commission license	577,000
Notarial fee	244,701
BIR annual registration	–
Total	₱183,257,042

Withholding taxes

Details of the Company's withholding taxes paid and accrued during the year are as follows:

	Total remittance	Balance
Expanded withholding tax	₱607,962,601	₱32,818,535
Tax on compensation and benefits	355,271,510	803,988
Final withholding tax	24,058,670	10,836
Final Withholding VAT	8,795,273	5,201
Fringe benefit tax	2,411,362	772,405
	₱998,499,416	₱34,410,965

Tax assessments

On December 29, 2022. the Company received a final assessment notice (FAN) and final letter of demand covering all taxes for the taxable year 2017. The Company submitted its protest letter to the FAN on January 27. 2023. The Company requested for a reinvestigation and has submitted the documents pertinent to the 60-day period on March 28. 2023. On August 13. 2024. the Company received the Final Decision on Disputed Assessment (FDDA).

On September 8. 2023. the Company also received a final assessment notice (FAN) and final letter of demand covering all taxes for the taxable year 2019. The Company submitted its protest letter to the FAN on October 9. 2023. The Company has requested for a reinvestigation and has submitted the documents pertinent to the 60-day period on December 11. 2023. On July 16, 2024. the Company received the Final Decision on Disputed Assessment (FDDA).

The Company has already closed the 2017 and 2019 tax assessments on October 4. 2024. and July 16. 2024, respectively.

As of December 31. 2024, 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.

Contact information

FWD Head Office
19F W Fifth Avenue Building,
5th Avenue corner 32nd Street,
Bonifacio Global City,
Taguig City 1634, Philippines
+632.8888.8393

FWD Business Hub - Ortigas
26F IBP Tower,
Julia Vargas Avenue,
Ortigas Center, Pasig City 1605,
Philippines
+632.8281.7108

FWD Business Hub - Imus, Cavite
G/F VMI Building,
Emilio Aguinaldo Highway,
Palico 1, Imus City,
Cavite 4103, Philippines
+6346.416.1090

FWD Business Hub - Del Rosario Law Center, BGC
10-11/F Del Rosario Law Centre,
21st Drive Corner 20th Drive,
Bonifacio Global City,
Taguig City 1630, Philippines
+632.7776.5559

FWD Business Hub - Angeles City, Pampanga
2/F Metropolis Centre,
McArthur Highway, Angeles City,
Pampanga, Philippines
+6345.304.7253

FWD Business Hub - Malolos, Bulacan
V. Ladia Space, Maharlika
Highway Sumapang Matanda
Malolos City 3000, Philippines
+6344.795.1447

FWD Business Hub - MDI Corporate Center, BGC
Unit 1203 MDI Corporate
Center, 10th Ave Cor 39th St.,
Bonifacio Global City, Taguig
City 1639, Philippines
+632.8805.1641

FWD Business Hub - Cagayan de Oro
2F SM City CDO Northwing
Building Mastersons Avenue
corner Gran Via St.,
Pueblo de Oro Upper Carmen,
Cagayan De Oro City 9000,
Philippines
+6388.323.6393

FWD Business Hub - Santiago, Isabela
Upper G/F, Mango Suites
Calao East, Santiago City,
Isabela 3311, Philippines
+6378.305.5505

FWD Business Hub - Pacific Star
23F Pacific Star Building,
Sen. Gil Puyat corner
Makati Avenue Makati City
1226, Philippines
+632.8807.8410

FWD Business Hub - Cebu 1
G/F eBloc Tower 1 Geonzon St.,
JP Morgan Bldg., Cebu IT Park,
Cebu City 6000, Philippines
+6332.412.3013

FWD Business Hub - Valencia, Bukidnon
G/F, JBE Bldg.,
Sayre Highway,
Valencia City, Bukidnon,
Philippines
+6388.828.7321

FWD Business Hub - Alabang
G/F Capella Building,
ASEAN Drive, Filinvest City,
Alabang, Muntinlupa City 1770,
Philippines
+632.8829.1487

FWD Business Hub - Cebu 2
G/F China Bank Corporate
Center, Cebu Business Park,
Cebu City 6000, Philippines
+6332.328.8271

FWD Business Hub - Tacloban
Tacloban City
Center Hub Building
2nd Floor Unit 6 & 7, Real St.
Brgy. Aslum, Sagkahan,
Tacloban City, Philippines

FWD Business Hub - Binondo, Manila
11/F A.CBK Bldg., Quintin
Paredes St., Binondo, Manila,
Philippines
+632.8362.5851

FWD Business Hub - Davao
3F B.I. Zone Building,
J.P. Laurel Ave. Bajada,
Davao City 8000,
Philippines
+6382.224.6550

Celebrate living
fwd.com.ph

We're here for you, 24/7.

For concerns and inquiries, you can reach us any time.

Chat with us at **fwd.com.ph**

Email us at
customerconnect.ph@fwd.com

Manage your policy with
Omne by FWD or **Customer Portal**

Call our Customer Connect Hotline
at **+632 8888 8388**

FWD Life Insurance Corporation
(FWD Philippines)
19/F W Fifth Avenue Bldg., 5th Avenue
cor. 32nd Street, Bonifacio Global City,
Taguig City, Philippines 1634

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:

Main Office
1071 United Nations Avenue, Ermita,
Manila, 1000

Call Us
Public Assistance
(02) 8-523-8461 local 103/127