FWD Group 2025 annual results announcement
Analyst briefing presentation script
16 March 2026

Slide 2 – Disclaimer

Business Highlights
Huynh Thanh Phong – Group Chief Executive Officer and Executive Director

Good morning, everyone, I am very excited to be here today to present FWD's first set of full year results post our IPO in July 2025.

I will start with providing you with an overview of our business achievements and then I will hand over to Sid, our Group CFO, who will take you through key financial highlights.

Slide 3 – 2025 was a stand-out year for FWD Group

2025 was a stand-out year for FWD Group. We successfully executed our customer-led strategy, underpinned by our digitally enabled business model, achieving record financial results.

The successful IPO on the Hong Kong Stock Exchange, where we raised $466 million in July, shows the market's confidence in our business, and in our strategy of building a leading pan-Asian insurer offering significant growth potential in years to come. This fulfilled a long-held objective to ensure FWD Group has full capital market access, as a solid foundation for our future development and growth.

This was followed by the credit rating upgrade to A2 from Moody's in the same month.

In August, we completed the build-out of our high-net-worth (HNW) hub in Asia, FWD Private, starting with Hong Kong, Bermuda and Singapore. This supports continued growth momentum in new business sales and value creation for shareholders which is already evident from the performance of FWD Private.

In September, we re-financed $1.15 billion of debt and using our IPO proceeds to further reduce leverage by $500 million. This reduced our leverage ratio to 21.3 per cent as at year-end 2025, which is closer to our 15 to 20 per cent target range, as well as reduced our debt servicing cost by more than 25 per cent, improving the cash available for shareholders' value creation.

Finally, in December, Fitch revised our credit outlook to Positive.

These achievements are the result of the hard work of the team, and I would like to thank everyone at FWD who are working relentlessly towards building a leading pan-Asian insurance company and delivering strong shareholder value.

Slide 4 - Our strategy delivered outstanding results in 2025

Moving to business highlights, FWD has delivered a record set of results for the full year 2025. This continuing growth momentum across the business is a testament to our unwavering customer focus and the agility of our business model.

Starting with growth, our new business sales in 2025 grew by 25 per cent to approximately $2.4 billion which is a continuation of the strong growth seen in 2024. Following strong sales momentum, our new business contractual service margin grew by 18 per cent to approximately $1.5 billion.

Looking at profitability, years of strong new business sales growth is now translating into growing profitability, which along with our ongoing focus on expense discipline has delivered a record net profit under IFRS 17 of $166 million. This focus on expense discipline has also led to a significant reduction in expense overrun.

In terms of value creation, consistent growth in new business metrics is supporting value creation for the shareholders as we grew our comprehensive tangible equity by 18 per cent to approximately $8.7 billion, and Group embedded value by 19 per cent to approximately $6.9 billion.

Last but not least, these fantastic results have been achieved while maintaining a strong balance sheet and delivering robust cash flows. Our latest Group prescribed capital ratio was 265 per cent, and net underlying free surplus generation for the year amounted to $857 million, an increase of 20 per cent year-over-year.

Slide 5 – Business highlights
Slide 6 – Delivered over a decade of significant growth since inception...

We have a proven track record of growth. Since our formation in 2013, we achieved a solid compound annual growth rate of over 20 per cent in new business sales. We have also established a footprint in Asian markets that are some of the fastest growing in the world and are well positioned to continue to grow.

Since 2022, we have grown at a CAGR of 20 per cent. Growth has come from most of our business segments, with Hong Kong and the Emerging Markets leading the growth momentum for our Group.

Slide 7 – ...with our clear strategy

Now, let's turn to the strategy that underpins this growth.

There are three key pillars to our strategy that has positioned us to capture Asia's significant protection gap, which is driven by favourable demographics, rising affluence, and rapid digital adoption. These pillars are:

- winning in our home markets in Asia;
- multi-channel distribution tailored for each market; and
- transforming insurance through technology.

We will discuss all of these in more detail.

Slide 8 – Winning in our home markets in Asia
Slide 9 – Captured growth opportunities in North Asian developed markets

Let us start with our mature markets in North Asia.

In Hong Kong and Macau, our largest segment, we delivered an outstanding performance in 2025, achieving 51 per cent growth in new business sales and continued market share gains.

Hong Kong remains one of the fastest growing life insurance markets globally, supported by strong demand from both onshore and offshore customers and its continued development as a global wealth management hub.

The recent build-out of FWD Private, alongside continued strengthening of our agency channel, where agent numbers grew by seven per cent and productivity improved by 40 per cent, has further enhanced our ability to capture this growth.

All these strengths came together through our diversified multi-channel distribution platform, including over 280 brokers and IFA partners, 13 bancassurance partners and a growing agency force, to deliver record new business sales of $1.2 billion.

Japan remains a strategically important market for FWD, anchored by a resilient protection business. Our recent entry into the savings market further broadens our product mix and creates new avenues for growth and diversification.

In 2025, the business delivered 11 per cent growth in new business sales to $132 million.

Japan also continues to be a key cash contributor to the Group, reflecting its relatively mature profile, with around $300 million of cash remitted to the Group since 2023, while the combination of our established protection business and expanding presence in savings support both continued cash generation and incremental growth over time.

Slide 10 – Capitalising on Southeast Asia's growth opportunity

Moving to Southeast Asia. The Southeast Asian life insurance market offers a compelling long-term growth opportunity, and we are well positioned to capture this across the region.

Based on industry data, our Southeast Asia markets are expected to grow almost twice as fast as the G7 and other Asian developed markets over the next decade.

Today, around 45 per cent of our total new business APE comes from our Southeast Asia segments, which together form a core engine of growth for the Group.

Slide 11 – SEA delivering value through quality improvement and scalable growth

Thailand & Cambodia is our second largest segment, and we are the second largest life insurer in Thailand by new business sales.

2025 has been a more challenging year from a new business growth perspective. This was due to the lower interest rate environment and the impact from our focus on quality new business through actions such as the exit from underwriting new business in the corporate care segment in 2024. As a result of these actions, claims and persistency have improved, contributing to an increase in OPAT of 18 per cent. Record dividends were also remitted to the Group during 2025.

We are the leader in the bancassurance channel in this market through our partnership with Siam Commercial Bank (SCB). In December 2025, we further deepened our partnership through the integration of our customer-facing platform, FWD Omne, as the default insurance platform within SCB Easy, the banking app that serves over 15 million SCB customers.

We continue to develop a high-quality, digitally enabled agency channel in Thailand. In 2025, we retained the number two MDRT ranking and launched the 'FutureMe' programme to boost recruitment and long-term productivity.

We've just announced a leadership change for the segment. As our current CEO, David Korunic, prepares to retire later this year, we have appointed Khun Knattapisit Krutkrongchai (KK) as the new CEO. KK brings deep industry experience and strong leadership, and we are confident that he's well placed to continue executing our strategy and supporting the long-term performance of our Thailand business. I also would like to take this opportunity to thank David for his significant contribution to FWD Group, particularly for his leadership through the pandemic years.

Turning to Emerging Markets. This segment remains a key pillar of FWD's long-term growth ambition. In 2025, we delivered record new business sales of $529 million, with APE up 27 per cent across the segment, reflecting strong momentum.

Bancassurance continues to anchor our distribution model. In Indonesia, BRI Life is the number one bancassurer, and is complemented by four other exclusive partnerships in the EM segment.

Alongside this, our agency channel remains focused on quality growth. In both the Philippines and Vietnam, FWD's agents and advisors ranked number two in the latest MDRT rankings, and as a result of this disciplined approach, agent productivities across Emerging Markets improved by over 40 per cent.

Furthermore, our continued focus on digital enablement positions us well to unlock the next phase of growth across the segment.

Slide 12 – Distribution tailored for each market
Slide 13 – Diversified distribution tailored for each market

Let's now look into our diversified distribution strategy which continues to drive our growth.

As part of our "enhance, extend and empower" distribution strategy, we've built a strong multi-channel distribution model.

Bancassurance remains the cornerstone of our approach, and we have continued to strengthen our other channels, giving us the agility to capture new opportunities as they emerge.

A great example is the broker/IFA channel, which delivered more than 50 per cent growth in 2025 — an exceptional performance that reflects the momentum we've built across the business.

In 2025, bancassurance contributed 37 per cent of new business sales; brokerage/IFA channel delivered a similarly strong contribution; agency accounts for 18 per cent of new business sales, and digital and other channels contributed 8 per cent.

This diversified model ensures we are both resilient and nimble, enabling us to seize opportunities and create sustainable value for shareholders across multiple fronts.

Slide 14 – Bancassurance partnerships deepened to deliver sustainable growth

The bancassurance channel is the cornerstone of our distribution strategy as we are a leading bancassurer in Southeast Asia, where we currently have seven exclusive partnerships and 33 partnerships in total. We are penetrating and deepening our partnerships with banks and their customers via our digital and gen AI tools, such as our recent integration of the FWD Omne platform into the SCB Easy app.

Our bancassurance channel continued to grow robustly, due to significant growth in Hong Kong, Singapore, Malaysia and our JV with BRI Indonesia. This was partly offset by stable new business sales in our Thailand segment. Overall, our bancassurance channel delivered 15 per cent growth in APE for the full year of 2025.

Slide 15 – Brokerage / IFA is our fastest-growing channel in 2025

Moving to the brokerage/IFA channel. With a network of around 2,800 partners, our brokerage/IFA channel delivered 51 per cent APE growth, the fastest in our distribution mix. This is supported by the build-out of FWD Private across Hong Kong, Singapore and Bermuda, which we intend to further expand into new markets in the coming years.

In line with the strong APE momentum, VNB growth in our brokerage/IFA channel was also strong at 38 per cent. It's important to note that, the margin in this channel is comparable to the margins of our other key distribution channels.

Slide 16 – Continuing to build a high-quality, productive agency force powered by advanced technology

Turning to our agency channel. With over 40,000 agents, it's a key distribution channel to access our customers. APE increased 8 per cent year-on-year, and VNB grew 16 per cent year-on-year, supported by more than 50 per cent uplift in productivity. In 2025, we were ranked in the top 10 global multi-national insurers in MDRT. We were also ranked number two in Thailand, the Philippines and Vietnam in MDRT, reinforced by our quality growth in this channel.

Agency remains a core pillar of our long-term, sustainable growth strategy. We are executing a disciplined approach to build a strong, profitable and scalable agency force, underpinned by our best-in-class digital foundation. Digital tools such as FWD Cube and Agent AI Assistant are now embedded in most of our Southeast Asian markets, empowering agents with simpler, smarter and more efficient and effective ways of working. We see significant headroom to expand the channel by further leveraging these capabilities.

Slide 17 – Transforming insurance through technology
Slide 18 – Gen AI-enabled technology driving emerging tangible gains

At the core of our progress are the foundations we've put in place across our data and technology stack. We now operate an integrated data environment that gives us a single source of truth across all our markets. Because of our standardised modular system, we're able to automate processes that can drive operational efficiency at scale.

With this foundation, tangible operational gains are now emerging across our businesses.

We're processing higher volumes with the same or even fewer resources, turnaround times are improving, and unit costs are coming down. In Japan, for example, the unit cost of claims management has been reduced by more than 20 per cent.
Real-time claims monitoring in Thailand and Japan identifies anomalies and prevents fraud often instantly.

AI tools also helped to retain customers, resulting in a decrease in surrender submissions in Thailand. While operational efficiency is the most immediate and visible outcome, these same foundations are also strengthening how we engage with our customers and support our distribution network.

On the customer side, generative AI underwriting in Japan reduced case review time by 40 per cent. Generative AI voicebots in Thailand and Singapore are providing 24/7 support, reducing wait time and manual call handling. By the end of 2025, chatbots were handling about 50 per cent of consumer calls in Thailand, and reduced call centre seats by almost one half.

On the distribution side, FWD Cube, AI Agent Assistant and our ACE prospecting tool draw from the same underlying data environment to improve productivity and sales effectiveness, where we have seen early success, including a 10 per cent uplift in APE for users in the Philippines.

We will continue to build on these capabilities thoughtfully and with discipline, ensuring they contribute to sustainable growth and long-term value for our shareholders.

Before I pass to Sid, I would like to recognise his significant contribution during some critical years for FWD Group, including leading us through our successful IPO last year. As we announced this morning, Sid will remain with us through a planned transition period, and the Group will continue to benefit from his deep experience in his capacity as an advisor. David Junius will join FWD Group as Managing Director and Group Chief Financial Officer from 1 July, bringing nearly 30 years of global financial leadership experience, including CFO and COO roles at SiriusPoint and senior positions at AIG.

Sid, thank you, and over to you to cover the financials.

Slide 19 – Financial highlights
Sid Sankaran – Group Chief Financial Officer and Group Chief Operating Officer, FWD Group

Thank you, Phong. Let me start by going through our financials.

Slide 20 – Record financial results in 2025

We have delivered fantastic results across all metrics. Exceptional growth, record profitability, strong value creation in excess of our long-term guidance for shareholders,

whilst further improving balance sheet strength, are the key financial highlights for the full year 2025.

Starting with Growth: we delivered record new business metrics for the full year 2025, with new business sales growing by 25 per cent year-on-year to approximately $2.4 billion, new business CSM growing by 18 per cent to approximately $1.5 billion and value of new business (VNB) growing 11 per cent to $945 million.

The comparability of new business CSM and VNB margins was impacted by certain notable items, such as the decline in interest rates in Thailand, operating assumption changes in 2024, and statutory tax changes. Adjusting for these factors, new business margins were broadly similar to that of the prior year.

Moving to profitability: Strong new business sales growth is now translating into growing profitability. Our operating profit after tax (OPAT) was up 5 per cent year-on-year to $499 million. All four segments delivered positive OPAT. We have also achieved record net profit after tax (NPAT) under IFRS 17 of $166 million, which is a result of our strong new business growth and ongoing focus on expense discipline.

Value creation: ultimately FWD is relentlessly working towards creating value for shareholders and we have delivered on this for the full year of 2025, with results exceeding the mid-teens guidance we gave at the half year. Return on tangible equity was 15.7 per cent, the contractual service margin (CSM) balance grew by 24 per cent to $6.6 billion, while comprehensive tangible equity (CTE) and embedded value (EV) grew by 18 per cent and 19 per cent, respectively.

The growth in CSM, CTE and EV are the leading indicators of future growth in profitability and cash flows. This full-year performance gives me tremendous confidence in the Group's ability to deliver further earnings and cash flow growth.

Finally, cash and capital: Supported by earnings growth and new business sales momentum, net underlying free surplus generation (net UFSG) grew by 20 per cent for the full year 2025. Our group prescribed capital requirements (GPCR) based solvency ratio was 265 per cent as at December 2025 and was 210 per cent after adjusting for the impact of the new economic value-based solvency regulation, also known as ESR, in Japan, which I will address later in the presentation. Cash remittances for the full year 2025 were broadly unchanged from the half year and the Group achieved operating cash flow break-even for the second consecutive year.

Slide 21 – Hong Kong & Macau

I would now like to walk you through some of our business financial highlights starting with our largest market, Hong Kong and Macau.

Hong Kong and Macau achieved outstanding results for the full year of 2025, with new business sales increasing by 51 per cent to approximately $1.2 billion. Growth was equally strong for onshore and offshore businesses at 58 per cent and 44 per cent, respectively. FWD Private, our high-net-worth value proposition, contributed approximately 25 per cent of the increase in new business sales in Hong Kong and Macau.

Our diversified distribution strategy was a key driver of new business sales growth, enabling us to capitalise on par product opportunities in the broker channel at broadly similar margins. This has resulted in increased market share and improved profitability through better operating leverage.

New business CSM growth outpaced the growth of APE for the full year of 2025, as it grew by 64 per cent to $684 million, whilst VNB grew by 44 per cent to $478 million. New business CSM benefited from expense underruns that supported margin improvement by 4.4 percentage points whereas VNB margins declined by 1.9 percentage points mainly due to a higher risk discount rate.

Looking ahead, new business sales growth is expected to moderate as market conditions normalise in 2026, following exceptionally strong performance in 2024 and 2025. The outlook reflects a high base effect from 2025. And in particular, we expect marginal growth in the first quarter given Q1'25 record high sales.

Finally, OPAT for the segment grew 24 per cent year-on-year to $270 million as a result of higher CSM release from new business growth.

Slide 22 – Japan

Turning to Japan, in the second half of 2025, we entered the individual savings market with a Japanese Yen single premium product. Sales from this new product and ongoing growth in our individual protection business supported new business sales growth of 11 per cent for the full year of 2025 to $132 million.

Rising interest rates and our focused distribution through the IFA channel give us confidence that we are well positioned to grow in our chosen segments of individual savings and protection in the Japanese market. The growth in new business sales in 2025 showcases this potential, despite only a small contribution from individual savings volumes for the calendar year.

New business CSM grew by 10 per cent, which is similar to the APE growth, while VNB declined by 4 per cent reflecting a decline in VNB margin, largely due to medical product repricing.

We've started the year well in 2026 with respect to new business sales and expect a continued incremental contribution coming from our savings market entry. Margins would reflect the growth in the savings business.

OPAT in Japan declined by 5 per cent year-on-year to $186 million which is mainly attributable to persistency variance in a run-off portfolio.

Slide 23 – Thailand & Cambodia

Moving to Thailand and Cambodia. Thailand and Cambodia is our second largest segment and has historically been a key driver of growth for the Group. For the full year 2025, APE in Thailand declined by 6 per cent year-on-year to $577 million, due to our focus on quality new business, through portfolio actions we had taken, such as the exit from the corporate care sector in 2024, as well as declining interest rates.

VNB and new business CSM in Thailand and Cambodia declined 18 per cent and 16 per cent respectively, due to the impact of lower interest rates on margins. When adjusting for this, margins were broadly in line with that of last year. We expect that the effect of lower interest rates will continue to impact margins in 2026.

In terms of new business sales, we currently expect moderate growth for the year 2026, as the impact of lower interest rates continues to weigh on the new business volumes for the early part of this year. As our disciplined actions to enhance the quality of new business starts to gain traction, we expect a return to growth towards the later part of the year. In the medium to longer term we remain confident in returning to higher growth given our market positioning, distribution network and product suite.

OPAT in the segment grew by 18 per cent year-on-year to $187 million, supported by growing CSM release, and an improvement in claims and persistency as a result of our continued focus on quality new business.

Slide 24 – Emerging Markets

Moving to Emerging Markets. The strong growth momentum from the first half of 2025 continued into the second half of the year as the Emerging Markets segment delivered 27 per cent growth in new business sales to $529 million for the full year of 2025. Singapore and Malaysia delivered the highest growth in the segment which was somewhat offset by headwinds in Vietnam.

New business CSM grew 4 per cent and VNB by 7 per cent, as margins were impacted by operating assumption changes at the year-end 2024 and statutory tax changes. Excluding these, new business CSM margin and VNB margin were broadly in line with 2024.

With the trend seen in 2025 and early part of 2026, we remain confident around continued momentum in new business sales growth for the full year in this segment. As mentioned in the past, Emerging Markets would be a core growth engine of Southeast Asia for us in the future.

OPAT grew by 2 per cent to $34 million for the full year of 2025. The underlying growth is from higher CSM release and persistency improvement which was offset by a methodology refinement.

Slide 25 – Higher CSM driving growth in profitability

For the full Company, OPAT for the full year 2025 was $499 million, up 5 per cent year-on-year, with all four operating segments being operating profit positive.

The largest contributor to OPAT is the net insurance service results that grew by approximately 35 per cent year-on-year to $795 million, driven by higher CSM from new business and in-force growth.

Our operating expenses grew by 8 per cent year-on-year as a result of disciplined expenses management.

Looking ahead, as our CSM balance grew by 24 per cent for the year-end 2025, we remain confident in our expectation of delivering sustainable mid-teens growth rate in operating profit in future years.

Slide 26 – Record net profit driven by new business growth and expense discipline

Moving to net profit after tax, NPAT grew over 400 per cent from $24 million to a record $166 million under IFRS17 for the full year. This improvement was driven by OPAT growth and ongoing expense discipline as non-market related expenses declined materially in the full year to $292 million versus $418 million in the full year of 2024.

Slide 27 – High organic growth of CSM continues to drive profitability

Turning to CSM, the CSM balance is one of the key indicators of value creation for shareholders at FWD, and we are pleased to report very strong growth of 24 per cent in the CSM balance to approximately $6.6 billion for the full year of 2025.

The operating contribution to CSM was approximately $1 billion, a significant increase from approximately $400 million reported in the year 2024. The increase is due to higher new business contribution and improved operating variances and assumption changes in 2025.

Non-operating factors contributed to the rest of the growth at approximately $400 million.

Part of this was FX related, with benefits coming from the weaker US dollar against the Thai Baht and part was from economic variances, due to favourable interest rate and credit spread movements in 2025.

Driven by our confidence in new business CSM growth and expense discipline, we are well positioned to grow CSM balance by mid-teens in the coming years.

Slide 28 – Robust underlying embedded value growth

Embedded value grew by 19 per cent for the full year of 2025 to approximately $6.9 billion. EV operating profit grew by 33 per cent year-on-year to approximately $1.5 billion and was the largest contributor to EV growth for the full year.

Similar to CSM, operating variance and assumption changes have reduced materially for the full year 2025 compared to the previous year.

We remain committed to ongoing expense discipline, which has led to an expense overrun reduction in the calendar year and expect operating leverage to continue to improve further in future periods.

Similar to our CSM trajectory, new business value growth and expense discipline positions us well to grow EV by mid-teens in the future years.

Slide 29 – Debt transactions reduced interest costs; further improved leverage ratio and debt maturity profile

With respect to our debt profile, our leverage ratio reduced by 4.2 per cent from year-end 2024 to 21.3 per cent at the full year of 2025, mainly as a result of an increase in shareholders equity following our IPO and deleveraging using the IPO proceeds.

Whilst there are no immediate refinancing needs with the next hard maturity being in 2028, prudent capital management actions will always be considered that could further accelerate the attainment of our long-term target leverage ratio of 15 - 20 per cent.

Slide 30 – Continued capital generation and remittances

Ultimately, higher new business growth metrics, a strong earnings profile and value creating metrics feed into free surplus generation and cash remittances that fund debt cost, holding company expenses and create long-term capacity for potential financial flexibility.

Net UFSG for the full year of 2025 was $857 million, an increase of 20 per cent from the full year of 2024. Net UFSG for the full year benefitted from improvement in operating variances and free surplus uplift from reinsurance transactions as we continue to optimise capital and free surplus generation.

In the short term, we expect $50-100m approximate impact on free surplus generation from ESR implementation and some additional impact from lower interest rate in Thailand, but do not expect any impact to our financial flexibility and operating cash flows. We are confident that underlying business trends are robust and that we will deliver growing free surplus generation on an underlying basis.

The Group was operating cashflow positive for the second consecutive year and expects this trend to continue into the future. There was no change to cash remittances as remittances are usually completed in the first half of every year.

Slide 31 – Japan ESR – No impact expected to financial flexibility

We've worked hard over the last few years to balance our strong growth by taking actions to improve capital efficiency, which resulted in our strong Group solvency ratios on a PCR basis of 265 per cent as at year-end 2025. This is mainly driven by free surplus generated from business growth, favourable foreign exchange movements from the Thai Baht and capital optimisation initiatives.

Looking ahead, our Group solvency ratios will be impacted following adoption of the Japan ESR. We are supportive of the change to ESR as the economic principles underpinning it align well with our risk management approach in running the business. The change is coming into effect from 31 March 2026, and with the implementation of this change, our Group LCSM cover ratio is expected to decrease to 210 per cent on a pro-forma basis. However, this change does not alter the underlying economics of our business. We do not anticipate any additional constraints on the Group's financial flexibility or any material changes to Holding Company financial resources as a result of the change.

To conclude, the Group maintains a robust capital position with the reduced leverage ratio. Growth is now translating into earnings and, in turn, into capital generation, as reflected in our net UFSG, which will continue to enhance our financial flexibility and support future growth in the coming years.

Before I hand over to Phong for the wrap up, I wanted to briefly acknowledge my own upcoming transition. I'll be handing over the Group CFO role later this year, at a time when the Group has delivered record results, strengthened its balance sheet, and improved the quality and sustainability of earnings — translating into robust cash flows and net UFSG.

I'd like to sincerely thank the team at FWD for their hard work and commitment over the years, particularly in delivering these outcomes. With David joining as CFO, someone I've worked closely with for many many years, the Group is well positioned to build on the progress we've already made as a newly listed company. I remain very confident in the direction and fundamentals of the business.

With that, let me hand over to Phong to wrap up, before we go to Q&A.

Closing

Huynh Thanh Phong – Group Chief Executive Officer and Executive Director
Slide 32 – Well-positioned to deliver sustainable growth and long-term value creation

In closing, as we enter 2026 — our first full year as a public company — we are well positioned to deliver sustainable value for shareholders.

Our strategy is clear and focused. Winning in our home markets, leveraging a balanced and scalable multi-distribution model, and differentiating ourselves through industry leading digital capabilities that enhance customer, distributor, and underwriting outcomes. We operate in Asia's most attractive growth markets, with a proven track record of delivering strong growth. This is now translating into earnings and growth in value creating metrics like CSM, EV and CTE.

Together, our strategy, and strong financial discipline give us confidence in our ability to sustainably grow our key value metrics at mid-teens levels, while maintaining a strong and resilient balance sheet.

Thank you once again for your time and attendance today.

Q&A Session

Evan Esterhuizen – Group Treasurer, FWD Group

Good morning and welcome to the briefing for the FWD Group 2025 annual results announcement. My name is Evan Esterhuizen, Group Treasurer for FWD Group.

We're about to begin our Q&A session. If you have a question, simply click the "raise hand" button at the bottom of your screen.

Please be advised that, should there be a higher volume of inquiries, there may be a delay before your request is placed into the queue.

Over to you, operator.

Operator

Thank you, Evan. We will now commence the Q&A session. All lines are open now and we are standing by for your questions. Please be reminded that if you wish to raise a question, you may click the "Raise hand" button of the screen.

We will first begin with two submitted questions before the meeting from Mr. Joseph Theuns at Autonomous. Due to the time difference as he is based in the UK, he is unable to dial in. His first question is: What is the trajectory of expense over-runs from here? And the second question is: Is the 40 per cent margin in the Hong Kong business sustainable given the build-out of the UHNW business?

Sid Sankaran – Group Chief Financial Officer and Group Chief Operating Officer, FWD Group

Well, great. I'll take those, if that's okay. And thank you, Joe, for submitting the questions. First, on the expense overrun, I think if you look at the financials, you see, over the past couple of years, an excellent track record in terms of making progress against the overrun. And we fully expect that to continue going forward.

More broadly, providing a little bit more colour on that. Three big countries for us, Thailand, Japan and of course, Hong Kong, when you look at them in aggregate, have closed the expense gap and frankly, are in an underrun position, which really leaves Emerging Markets, which, as you can see, is our fastest growing, structurally top-line market when we think of the countries that make it up.

As the remaining pocket of the company that still has an expense gap. I think the team led by Binayak has done a fantastic job in that segment, and it continues to grow and scale. So, I think the trajectory on the expense overrun is extremely well positioned as we sit here today.

The second question is around margins. Look, I think structurally, short answer is we think the margins, in Hong Kong and Macau, are extremely sustainable. And as we look forward, we don't really see any material margin pressures. We're going to continue to benefit from growth, scale and the underrun, we think in Hong Kong. And of course, the outstanding performance of FWD Private. So, again, we think we're well positioned here.

Operator

The second question comes from M.W. Kim from J.P. Morgan. Your line is open. Please go ahead.

M.W. Kim from J.P. Morgan

Thank you so much for this opportunity and congratulations on strong numbers. I have two questions on investment book and also the free surplus generation. Firstly, the free surplus generation, the company appears to have achieved this economy of scale and its cost control initiatives are on track.

So my question is that, what is the outlook for the underlying free surplus generation? Do we expect acceleration from current level alongside the business growth? The second one is about the investment book. The company is derisking the balance sheet leverage, as suggested in the leverage ratio decline. However, the private credit risk is emerging globally. Could you comment on the company's exposure in the private credit investment, and provide your broader view on the level three asset risk, please? Thank you.

Sid Sankaran – Group Chief Financial Officer and Group Chief Operating Officer, FWD Group

Great. So I think, M.W., I'll take those. The first question is about net UFSG. I think again, if you look at the financials, we have as a company had a serious focus on both free cash flow and optimising UFSG. And so, I think in 2025, you see roughly 20 per cent net UFSG growth.

I think with respect to UFSG, with changes in capital rules as well as one-time items like reinsurance, I think you're always going to have ups and downs, probably year-on-year in our scale. But I think you're exactly right. The company has developed real operating leverage, a strong earnings profile, and the expense discipline is clearly contributed to that.

So I think as you go forward and my broad rule is that net USFG ex[cluding] the one times, will really grow with earnings. And I think in 2026, we have highlighted that the change to ESR regime in Japan will likely impact net UFSG in the range of $50 or $100 million dollars. But we think, again, we're extremely well positioned here for net UFSG growth over time.

I think your investment question, I'm going to try and make sure I recall these. There are two parts to it. One is around private credit. Look, it's clear you're seeing some late cycle behaviour and underwriting in the private credit markets. That said, we work with a range of established asset managers and have had, real risk management focus in the space. More broadly, for us, while that private credit definition can be pretty broad, the most material of our exposures is in the structured securities portfolio space. And this portfolio is made up largely of CLOs and mortgage-backed securities. That portfolio is roughly 95 per cent investment grade, AAA down to A. So we've looked at all of our exposures and we remain pretty comfortable, and that we've been conservative on the risk management side.

I think the final comment was around level three assets. With respect to level three assets, the largest component for us, and frankly, every other insurer, is private equity funds and investment in funds.

So, we have a disciplined accounting process around that. And we go through that process at year end. So of course, very comfortable with that exposure in private equity and pretty common relative to many of our peers and competitors. So hopefully that helps with your questions.

Operator

Next in line we have Mr. Rick Zhao from Morgan Stanley. Mr. Zhao, you may proceed.

Rick Zhao from Morgan Stanley

Thanks, and morning management, thanks for sharing and taking my question. And congratulations on the solid and strong full year results. I'm Rick from Morgan Stanley. So two questions from my side focused on the growth perspective. First, this year, we have a very strong 2025 and wondering our growth outlook into 2026 across markets, especially our biggest exposure in Hong Kong.

I remember some previous consensus was around double-digit and Sid just as mentioned, marginal growth in first quarter. So can we continue to outperform the market? And considering the regulatory changes in Hong Kong the past few quarters, will this bring any impact to our distribution channel deployment? And the second is, our other region business in Thailand, are we more confident on our turnaround story in this market? And also maybe help us go through a broad-based acceleration trends in EM and Japan. This is what we saw in the second half. And can this momentum sustain into 2026? Thank you.

Sid Sankaran – Group Chief Financial Officer and Group Chief Operating Officer, FWD Group

So why don't I open, Phong, and then maybe I'll pass over to you?

First, I would point you to many of the comments I made in our earlier prepared remarks. Obviously, in terms of the near-term outlook, we do expect continued growth in 2026. You know, different stories by different markets. I think Hong Kong, first, with respect to, I think the initial part of your question, obviously, first quarter 2025 last year was an extremely strong quarter. And so, we've seen moderate growth in the first couple of months of 2026. And we feel again, we're very well positioned here in Hong Kong. Of course, there's a wide range of regulatory changes. And I think we've spoken to this before. This has a meaningful impact in particularly the retail space and kind of MCV broker channel.

We've historically been a little bit underweight in that segment. And obviously for us, the lever that has proven to be balanced and not materially impacted by this because of the nature of this channel and business, is the high-net-worth segment where obviously we've continued to deliver and execute.

The second segment, Japan, again, we've started the year really well in 2026 with respect to new business sales. We feel very confident in the trajectory of Japan, and obviously, in particular, given the demographic changes and the focus on retirement in that market. The launch of our new savings product we think is very exciting and there will likely be future product rollouts. And so there's going to continue to be incremental growth from that market and in particular that product segment.

I think third part of your question is really around Thailand. So maybe with that, I'll turn it over, Phong, to you, and you can cover Thailand.

Huynh Thanh Phong – Group Chief Executive Officer and Executive Director

Thanks, Sid and thanks Rick for the question. I think when it comes to Thailand, I think we shared with you earlier that, we expect, the new business sales growth to, to continue into the early part of 2026.

But we also shared with you the impact of the lower interest rates continues to weigh on the early part of the year. And we also shared with you that, the focus that we put in, in terms of pruning the less profitable business segment, such as the corporate care or some of the segments where the agency in part of the country that's not profitable. And that effort,

certainly, bears fruit for us. We also double up when it comes to the investment in technology, to enhance productivity. And if you look across the Group about enhancement, for example, and digital enablement, deliver a 40 per cent growth in terms of productivity for our agency for us. And that [improvement] include market like Thailand. We will continue to do that. So this, we will build on that momentum that we see in Thailand for this year. For Emerging Markets, that definitely is an important engine of growth for us in the future. And we continue to see very good momentum that carried from 2025 to this year. We grew 27 per cent and that carries into 2026, so we're feeling pretty good about the Emerging Markets segment.

Operator

Moving on, we have Mr. Thomas Wang from Goldman Sachs. Mr. Wang, please kindly go ahead.

Thomas Wang from Goldman Sachs

Thank you for the opportunity to ask questions. Couple ones from me. Maybe just to follow up, I think the first one, on the economic assumption. That one I see a negative impact on the EV side but a positive impact on the CSM side. Just want to get a sense of what's driving, firstly, what's driving that that assumption change and secondly, what was driving that difference between the two reporting matrix.

And secondly, on the operating assumption variances, in the first half was positive, and if you back out the second half, it was close to $100 million negative. I think Sid talked about this positive expense overrun in three of the four key markets. I just want to try to understand what's driving that negative variance or what assumption change impact in the second half on the EV movement? Thank you.

Sid Sankaran – Group Chief Financial Officer and Group Chief Operating Officer, FWD Group

Great. Thank you, Thomas, why don't I take those, First on the economic variances, most important element is broadly our investment performance has been very much in line with the pricing assumption, So that's obviously function of disciplined asset liability and risk management. With respect to, the difference between the IFRS and the EV. IFRS is a much more economic and real-time view of what's happening in markets, and the EV and VNB have a lag. So in particular, the negative variance on the EV and VNB side is mostly related to interest rate and credit spreads being updated as of year end, which is a one-time versus for IFRS, we're constantly updating that each quarter and each half-year. And so is probably a more reflective economic view of risk management.

Thomas, I think your second question is around operating variances. The short answer, and I think we even commented on this in the first half results, if my memory is correct, is there's just some seasonality vis-a-vis the variances in terms of certain markets. So there's nothing really that gives us any pause. I think we view the operating variances as very confident in terms of how our actuarial assumptions are set, and largely and broadly across markets.

Although you always have some pluses, good guys and bad guys, in general, everything's falling in line with the pricing assumption that we see as we look at it today.

Operator

The fourth caller is Michael Li from Bank of America. Mr. Li, you may proceed.

Michael Li from Bank of America

Hi, thanks management. This is Michael Li from Bank of America. And congratulations on the strong numbers. And thank you Sid for the past communication with clients and analysts and best wishes. My questions are two, the first question is about the mix in Hong Kong. So can you give us some breakdown in 2025 about MCV and the local clients in terms of value of new business in Hong Kong. And what kind of outlook do you have for MCV?

The second thing is, Phong talked about the generative AI in the future adoption. Can you talk about, in next two to three years, what kind of impact could be from the adoption of AI and any kind of cost cuts on distribution channel changes due to AI adoption? Because in the past a few months, I think market worried a lot in the US, in Europe, market worried a lot about AI's disruption in the insurance distribution sectors. Thank you.

Sid Sankaran – Group Chief Financial Officer and Group Chief Operating Officer, FWD Group

Thanks, Michael. I've enjoyed working with you as well. And so really appreciative of the comment. Why don't I take the first part of the question, Phong? And then you can take the second part.

More broadly, with respect to the specifics, we don't get into a deep disclosure of that, Michael, at the more granular kind of segment level. I think we've talked a little bit about in my prepared remarks on the onshore versus offshore split and how we think about the business. But more broadly, I would say we're not seeing huge changes in the portfolio from the MCV dynamic outside of what I alluded to in the earlier question, which is obviously the MCV kind of retail broker segment is, probably been most impacted out of the overall portfolio.

With that, Phong, why don't I hand over the second part of the question.

Huynh Thanh Phong – Group Chief Executive Officer and Executive Director

Sure, and thank you Michael for the question. I was waiting to see how many minutes into the session before the word "AI" comes up. But that's really important that we have been making AI and digital transformation as our key strategy.

We're certainly doubling up in terms of that focus within the Group. The impact of AI as you asked is across the value chain for insurance company, including ours. You can look that from distribution to customer service, to the back office. Efficiency of things, some of the data points that we shared with you earlier, for example, in the back office, we've now implemented quite a number of AI tools and models in our underwriting across the Group,

and thus enhance productivity significantly. I think we cut down like 40 per cent of the manual effort that goes into underwriting in a number of countries, for example. And in terms of customer service, we've certainly cut down the headcount requirement to handle customer call, because of our AI chatbot and capability now have improved significantly and can do an excellent job in taking care of our customer requirements.

On the distribution side, you can see that, I shared with you earlier, I think by giving our distributors the right digitally enabled tools, and make their life easier and more efficient and more effective in the conversation with potential customers, you can see that, across channels such as agency, productivity improved by 40 per cent.

That's a result of a number of factors, but digital and digitally enabled tool is certainly a big factor amongst them, so that you can certainly see the impact. The other example I can share with you is, for example, Omne platform [for] customer service. We're now able to embed that with the platform of our bank partner, SBC Easy, this is the digital platform that SCB is taking care of their 15 million customers across Thailand.

So those are the things that you can see that, come to the forefront in a more scaled fashion. So that's some of the things I can share with you on AI.

Operator

We will now address one final question. We have Mr. Michael Chang from CGSI. Mr. Chang, your line is open. Please kindly proceed.

Michael Chang from CGSI

Hi, thanks for giving me the chance to ask questions. Congrats on the strong results and all the best for Sid going forward. Just two questions. Firstly, on the Hong Kong business, understand that the first quarter growth could be a bit more moderate, but I suspect that would be largely due to the high base in the broker channel. Could management maybe just opine on the agent channel which saw quite strong growth, especially in terms of productivity, 40 per cent year-on-year. How should we think about the non-MCV agent business? Is that quite solid? And are there any particular initiatives to actually see the strong momentum continue?

And then second question is probably more of a technical question for Sid. I'm just comparing slide 40 and 42 of the slide pack. One of it is the risk discount rate for the EV in Hong Kong, which is going up, and the other one is the IFRS 17 risk free rate with the illiquidity premiums. I note that they're basically moving in different directions. In Hong Kong, the IFRS 17 risk free rates with the illiquidity premiums are falling, whilst the EV risk discount rates are actually rising. Could Sid just elaborate a bit more on what's driving these differences? Thanks a lot.

Sid Sankaran – Group Chief Financial Officer and Group Chief Operating Officer, FWD Group

Yeah, sure. I'll take the first two questions. I think on the first question, a couple of quick comments. I think you're spot on in terms of growth. Yes, we expect kind of moderate growth in the early part of the year because in the first quarter you had high base and then you had seasonality. And as you saw, as we close the year, fourth quarter growth in Hong Kong is more muted, so I think you'll definitely see some very solid back-end growth effects in our view.

With respect to the agency channel, I think our team in Hong Kong, Ken Lau, Jeff Wong, they've done a great job. And what I think is really the opportunity here is we've made some meaningful investments, and we expect that to bear fruit in the new year. We're well positioned in the agency space. And Ken and Jeff, I think they've done a fantastic job.

With respect of the technical question, IFRS is very much economic based view. We update that every quarter based on what real rates and spreads are. Obviously the risk discount rate and the EV, VNB, that rate setting is more annualised, so there's always some disconnect between the two is what I would say. So on that topic on slides 40 and 42, obviously I don't have them in front of me right here, but I'm sure Evan and team will be happy to follow up with you on anything you need with respect to that.

Operator

Ladies and gentlemen, that is all the time we have for questions today. If we were unable to get to your query, the FWD Group Investor Relations team will be pleased to follow up with you directly after the event.

Evan Esterhuizen – Group Treasurer, FWD Group

This concludes our FWD Group 2025 annual results announcement. On behalf of FWD, thank you all again for your participation.

Presentation materials, recordings and transcripts from today's briefing can be downloaded from the Investor Relations section of our corporate website.

Thank you again for joining.

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