1828 HK gideon lens

■# FWD Group Holdings Limited (1828.HK) - Gideon-Lens Equity Research

Date: 2026-07-07. Analyst: Codex ER2. Price: HK$27.70 from the saved live FMP quote for 1828.HK. Market cap: about HK$35.3 billion from the same quote file. Fiscal year end: 31 December.

VERDICT BLOCK

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Credible operator team; controller and public-record risks unresolved
Moat	YELLOW	Real in-force/distribution moat, but 2046 test remains unresolved
P/E <= 15 on confident EPS at TTM + 5 calendar years	PASS	HK$2.31 base EPS gives 25.0% cushion at HK$27.70
Compounder Score	Audited 47 / 100	Diagnostic Reject; not proven high-return compounder
Business Quality Score	Audited 43 / 80	Credible insurer assets, but quality evidence capped
20% Return UW Score	Audited 4 / 20	P/E 15 can pass; 20% return underwriting fails

One-line thesis (or reason to pass): FWD is a credible pan-Asian insurer watchlist name at HK$27.70, but it is not a Gideon BUY because management, moat, 2046 durability, OPAT-to-net-income conversion, and 20% return underwriting are unresolved.

Kill / trigger criteria:

- BUY trigger: price below HK$13.92 if the investor demands a 20% annualized return framework, or below HK$23 with two clean reporting periods proving OPAT, IFRS net income, free surplus, CTE/EV per share, and VNB margin are moving together.
- PASS triggers: OPAT-to-net-income below 40% for two full reporting periods, group VNB margin below 40%, or Emerging Markets VNB margin at or below 27.5% without offsetting OPAT acceleration.
- Upgrade to BUY conditions: Management moves to PASS, moat/2046 move to PASS, leverage settles inside the 15%-20% target range, and the base P/E 15 case still clears after using a normal statutory net-income conversion.

Position sizing if bought: 0% today. If upgraded, cap at 1%-2% until listed-company governance and cash conversion are proven.

Stage 0 - Time Anchor

Today is 2026-07-07. FWD's fiscal year ends on 31 December. The most recent official business update is the 1Q26 new-business highlights for the three months ended 2026-03-31, but that release is KPI-only and does not include a full IFRS income statement, balance sheet, cash-flow statement, or segment Note 5 equivalent. The controlling complete financial anchor is therefore FY2025 ended 2025-12-31. The forward horizon is TTM plus exactly five calendar years, so the model horizon is 2030-12-31. All P/E 15 math uses that five-year span, not a six-year fiscal stretch.

Stage 1 - Disqualifier Sweep

ROIC and ROIIC are YELLOW because standard industrial ROIC is not the right insurer lens and clean insurer ROIIC is unavailable; the better evidence is OPAT, CSM, VNB, EV, CTE, solvency, and free surplus. FCF conversion is YELLOW because FY2025 operating cash flow was positive, but OPAT-to-net-income conversion remains the load-bearing bridge. Leverage is YELLOW-GREEN because the FY2025 leverage ratio improved to 21.3%, close to but still above the 15%-20% target. End-markets are GREEN because pan-Asian protection, health, savings, retirement, and HNW demand remain

structurally attractive. Governance is YELLOW because Richard Li/PCG control, connected transactions, dilution capacity, and short public-company history prevent a clean pass. AI disruption is GREEN/YELLOW because AI should help distribution and service productivity but is not yet a proprietary moat. Pricing power is YELLOW because VNB and NB CSM conversion have compressed in several growth pools.

Management - Summary

The management appendix grades the gate YELLOW. CEO Huynh has run the strategy since 2014 and the operating team has delivered real insurance KPI progress, IPO/refinancing execution, and capital strengthening. The board is formally substantial, with nine independent directors out of thirteen, and the FY2025 audit did not surface a control-breakdown issue. The problem is that public-market evidence is too young for a Gideon PASS. FWD listed in 2025, so there is not yet a long public record of guidance discipline, public capital return, minority-shareholder treatment, analyst-question candor, or through-cycle response to misses. The controller and related-party context is not an automatic FAIL because the transactions are disclosed, capped, board reviewed, and not yet shown to be value-destructive. It remains a hard monitoring condition because minority holders need proof that service contracts, distribution arrangements, share-based compensation, M&A, and capital allocation accrue to FWD per-share value.

Moat - Summary

The moat appendix also grades FWD YELLOW, with the 2046 test YELLOW. FWD has real current moat assets: regulated licenses, an in-force book, closing CSM, embedded value, operating-entity EV, distribution infrastructure, bancassurance relationships, broker/IFA access, agency, HNW/offshore Hong Kong exposure, and natural switching friction once policies are written. That is enough to reject a FAIL. It is not enough for a PASS. The weakness is observable pricing power and value conversion. Group APE rose in FY2025, but VNB margin fell. Thailand & Cambodia remained profitable but saw APE flat, NB CSM down, VNB down, VNB margin down, and 1Q26 new-business sales down 6%. Emerging Markets grew quickly but still showed weak profit conversion. Distribution is powerful but partly rented; capital and regulation are barriers but also constraints. A 2046 moat case is plausible, but not yet proven.

Stage 5 Synthesis - Headline Numbers

The synthesis uses FY2025 as the complete base and rolls the four operating geographies to 2030. In the base case, Hong Kong & Macau reaches US$1.233 billion of insurance revenue and US$358 million of OPAT proxy; Thailand & Cambodia reaches US$1.081 billion and US$238 million; Japan reaches US$770 million and US$223 million; Emerging Markets reaches US$885 million and US$80 million after reviewer-tightened margin assumptions. Combined base-case horizon revenue is US$3.969 billion and combined OPAT proxy is US$704 million.

Case	Revenue	OPAT proxy	Net income	EPS	EPS x 15	Result at HK$27.70
Bear	US$3.274B	US$0.611B	US$0.136B	HK$0.82	HK$12.24	FAIL
Base	US$3.969B	US$0.704B	US$0.387B	HK$2.31	HK$34.63	PASS
Bull	US$4.480B	US$1.113B	US$0.603B	HK$3.60	HK$53.95	PASS

The base P/E 15 gate passes mechanically at the confirmed HK$27.70 quote: required horizon EPS is HK$1.85 and base EPS is HK$2.31, a 25.0% cushion. The result is not robust enough for BUY. At an unconfirmed HK$41.30 price sensitivity, the same base case fails by 16.2%. If FY2025's 33.3% OPAT-to-net-income conversion persists, base EPS falls to about HK$1.40 and the P/E gate fails even at HK$27.70. The synthesis cleared 11/11 arithmetic checks, but those caveats are economically central.

Red Team

The red team argues that FWD may compound EV, CSM, and segment OPAT while ordinary net income, free surplus, and minority per-share value fail to convert. The most likely optimistic Stage 5 number is the bull-case HK$3.60 EPS, which requires every segment narrative plus 65% OPAT-to-net-income conversion to work together. The base HK$2.31 EPS is also vulnerable because 55% OPAT-to-net-income conversion is not yet proven. The forced-exit signal is specific: downgrade if two full reporting periods show OPAT-to-net-income below 40%, group VNB margin below 40%, and Emerging Markets VNB margin at or below 27.5%.

Analyst Flags

FWD's first problem is not the existence of a business. It is the burden of proof. The company has a credible franchise and may deserve watchlist attention, but this ER2 framework requires management PASS, moat PASS, and a confident P/E 15 entry. Two qualitative gates remain YELLOW. The audited diagnostic score is 47/100, with Business Quality 43/80 and 20% Return Underwriting 4/20. The score audit classifies the name as diagnostic Reject under the 20% compounder rubric, not because the insurer is broken, but because a 20% shareholder return case does not work at a 15x exit multiple and the evidence does not yet prove high-return reinvestment. The final verdict is therefore PASS, with a path to WATCH or BUY only after FWD proves conversion, governance, and durability through fresh listed-company evidence.

Appendix A - Company Primer

FWD Group Holdings Limited (1828.HK) - Appendix A Primer

Date: 2026-07-07 Company: FWD Group Holdings Limited Ticker: 1828.HK Primary source for financial figures: `C:\Users\Admin\OneDrive\GPT\ER 2.0\FWD Group Holdings\quant_foundation.md` Qualitative official sources used: HKEX/FWD FY2025 annual report and FWD 1Q26 new-business highlights saved under `C:\Users\Admin\OneDrive\GPT\ER 2.0\FWD Group Holdings\raw\`

1. Business Overview

FWD Group Holdings Limited is a pan-Asian life and health insurer listed in Hong Kong. The group sells insurance and long-term savings products across 10 Asian markets: Hong Kong SAR, Macau SAR, Thailand, Cambodia, Japan, the Philippines, Indonesia, Singapore, Vietnam, and Malaysia, with a minority interest in BRI Life in Indonesia. The official annual report describes the business as life insurance, with operations organized by geographic markets rather than by product line. For ER2 purposes, this is important: FWD should not be modelled like a conventional industrial company with product revenue buckets, nor should it be modelled from generic FMP revenue fields. The controlling financial base is the official FY2025 insurer disclosure in QF, not FMP's non-comparable revenue aggregation. See QF P0 and P2, sourced to the HKEX FY2025 annual report at `raw\hkex_annual_report_2025_2026041600073.txt` and the FWD results announcement at `raw\fwd_annual_results_announcement_2025_en.txt`.

The customer problem is straightforward but actuarially complex. Customers buy policies to protect family income, cover health and medical needs, accumulate savings, plan retirement, transfer wealth, or combine investment exposure with insurance protection. The buyer can be a mass-market individual, an affluent bank customer, a high-net-worth customer, a policyholder reached through an IFA or broker, a digital commerce customer, or a participant in a group or ecosystem arrangement. FWD reports more than 38 million customers including BRI Life customers in Indonesia, with customer definitions including policyholders, insured persons, beneficiaries, master policyholders, group members, and FWD MAX members (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 90 and 234-235).

FWD's products sit in three broad families. First, protection and health products provide mortality, morbidity, medical, accident, and income protection coverage. Second, savings and retirement products provide long-duration accumulation and payout structures, including Japan's 2025 launch of a Japanese Yen single premium annuity product. Third, high-net-worth and investment-oriented products serve affluent and cross-border customers, including FWD Private in Hong Kong and Macau, and products such as investment-linked and legacy planning products in Singapore. Official text highlights protection, health, savings, HNW, and retirement demand across markets (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 543, 552-554, 876-879, 1985-1988, and 2034-2036).

Distribution is the key commercial architecture. FWD does not rely on one monolithic channel. It uses bancassurance, brokerage/IFA, agency, and digital commerce/ecosystem partnerships. The FY2025 annual report states that it had 33 bancassurance partnerships and an agency force already over 40,000 agents at year-end; it also describes FWD Cube as the proprietary agency management platform deployed across multiple markets (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 585-592). In the group channel table, the company discloses bancassurance, brokerage/IFA, agency, and other channels, with other channels including digital commerce (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 2130-2133 and 2138-2139). The 1Q26 update says brokerage/IFA contributed 38% of new business sales and agency contributed 15% in the first three months of 2026 (`raw\fwd_new_business_highlights_1q26.txt`, lines 124-128), but downstream financial modelling should treat 1Q26 as KPI-only, not a full financial close, consistent with QF P4.

FWD is therefore a geographic, multi-channel life insurer. It creates value by originating profitable new business, converting part of that new business into NB CSM and VNB, maintaining persistency and underwriting discipline, investing premiums under asset-liability constraints, releasing CSM into future earnings, and holding enough solvency capital to keep writing business through cycles. The simple lens is "sell long-duration policies profitably and keep them alive"; the difficult lens is whether reported growth in APE, NB CSM, VNB, CSM, OPAT, EV, and free surplus translates into durable per-share value after capital, distribution costs, persistency, taxes, regulatory change, and controlled-company governance.

2. Revenue Architecture and Official FY2025 Segment Shape

FWD reports by geographic markets. QF explicitly rejects generic product revenue segmentation because FMP product and geographic segmentation endpoints returned empty arrays, while the official annual report discloses geographic segment financials and insurer KPIs. The controlling FY2025 segment architecture is therefore Hong Kong and Macau; Thailand and Cambodia; Japan; Emerging Markets; and Corporate and Others. Emerging Markets include the Philippines, Indonesia, Singapore, Vietnam, and Malaysia. Corporate and Others contains corporate functions, shared services, and eliminations, not an insurance operating market. This taxonomy is documented in QF P-Taxonomy and in the annual report segment description (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 386 and 1640-1643).

The table below uses QF P2 financials and QF P1 insurer KPIs. Segment revenue means official FY2025 insurance revenue, not FMP revenue. Percent of total is calculated from QF's FY2025 insurance revenue total of US$2,911 million.

Segment	FY2025 insurance revenue	Revenue share	FY2025 APE	FY2025 NB CSM	FY2025 VNB	FY2025 OPAT attributable
Hong Kong and Macau	966	33.2%	1,207	684	478	270
Thailand and Cambodia	827	28.4%	577	358	242	187
Japan	648	22.3%	132	213	86	186
Emerging Markets	470	16.1%	529	221	145	34
Corporate and Others	0	0.0%	n/a	n/a	n/a	(178)
Total / segment total	2,911	100.0%	2,446	1,476	945	499

Hong Kong and Macau is the largest new-business engine by APE, NB CSM, and VNB. FY2025 APE was US$1,207 million, NB CSM was US$684 million, VNB was US$478 million, and OPAT attributable was US$270 million according to QF P1 and P2. The official annual report says Hong Kong and Macau growth benefited from local and offshore customers, investment, savings, health protection, and the FWD Private HNW offering (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 541-543 and 852-858). This market matters disproportionately for near-term value creation because it combines high APE volume, high NB CSM, a deep broker/IFA ecosystem, bancassurance, and HNW demand.

Thailand and Cambodia is a scale franchise with significant bancassurance dependence. QF records FY2025 insurance revenue of US$827 million, APE of US$577 million, NB CSM of US$358 million, VNB of US$242 million, and OPAT attributable of US$187 million. The official annual report says the segment had a more challenging year due to lower rates and the exit from new underwriting in Thailand corporate care, but it also describes the SCB relationship as a cornerstone and notes a leading market share in Thailand bancassurance (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 864-870 and 1854-1866). For ER2, this is a high-quality but rate-sensitive earnings pool: it can generate OPAT, but VNB and NB CSM margins can be pressured by lower rates and product mix.

Japan is unusual because revenue and OPAT are large relative to APE. QF records FY2025 insurance revenue of US$648 million, APE of US$132 million, NB CSM of US$213 million, VNB of US$86 million, and OPAT attributable of US$186 million. The annual report frames Japan as a protection franchise with stable growth in individual protection and an emerging opportunity in savings and retirement; FWD launched a Japanese Yen single premium annuity product in 2025 (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 1789-1798). Japan's economics must be assessed through persistency, legacy book behavior, product repricing, and the new Economic value-based Solvency Regulation effect, not through headline APE alone.

Emerging Markets is a higher-growth, lower-current-profit segment. QF records FY2025 insurance revenue of US$470 million, APE of US$529 million, NB CSM of US$221 million, VNB of US$145 million, and OPAT attributable of US$34 million. The segment includes the Philippines, Indonesia, Singapore, Vietnam, and Malaysia. Official text points to growing middle-class populations, lower but rising insurance penetration, digital adoption, national champion bank partnerships, agency development, and Vietnam regulatory headwinds (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 1928-1936 and 2001-2003). This is the segment where growth can look strongest while current OPAT remains thin; durability depends on translating distribution access into persistency, margin, and capital generation.

Corporate and Others is a value drag by design. QF records no insurance revenue and FY2025 OPAT attributable of negative US$178 million. It includes corporate functions, shared services, financing, and eliminations. The segment is not optional in valuation: group-level debt, IPO-related costs, shared technology, governance, and central functions absorb part of operating-market profit before it becomes shareholder economics.

3. Insurer KPI Glossary for ER2

APE, or annual premium equivalent, is the volume indicator for new policies. FWD's 1Q26 update defines new business sales as APE based on annualised first-year premiums plus 10% of single premiums (`raw\fwd_new_business_highlights_1q26.txt`, lines 235-237). APE is useful because a one-off single premium and a recurring annual premium otherwise have very different shapes. It is not profit. It is not revenue. It is a sales-volume measure.

NB CSM, or new business contractual service margin, is an IFRS 17 measure of unearned future service profit added by new business. It is economically closer to a deferred profit stock created at policy inception than to current revenue. FWD says NB CSM is a component of the carrying amount of the insurance asset or liability related to future service (`raw\fwd_new_business_highlights_1q26.txt`, lines 243-251). For ER2, NB CSM matters because an insurer can grow APE while destroying value if the business is low-margin, capital-heavy, or lapse-prone. NB CSM gives a better view of value quality than APE alone.

VNB, or value of new business, is a new-business value measure. FWD defines it as the present value, at point of sale, of future net-of-tax statutory profits less the corresponding cost of capital (`raw\fwd_new_business_highlights_1q26.txt`, lines 254-258). VNB is the bridge between commercial growth and embedded-value thinking. It is sensitive to interest rates, product mix, capital assumptions, persistency, expense assumptions, and tax/regulatory changes. QF records FY2025 VNB of US$945 million and 1Q26 VNB of US$314 million, with 1Q26 treated as a KPI-only overlay.

CSM, or contractual service margin, is the stock of future profit embedded in insurance contracts under IFRS 17. FWD had closing CSM of US$6,562 million at FY2025 per QF P4 and P6. CSM release is the portion recognized into current insurance service result as service is provided. QF records FY2025 CSM release of US$737 million and notes a stable CSM release rate from the FY2025 results announcement. A growing CSM balance with disciplined release is valuable because it can provide visibility into future OPAT, but it is not cash sitting on the balance sheet; it is an accounting measure tied to future service, assumptions, and persistency.

OPAT, or operating profit after tax attributable to equity holders, is FWD's operating earnings measure. QF records FY2025 OPAT attributable of US$499 million, compared with FY2025 net profit attributable to equity holders of US$166 million. For an insurer with investment fluctuations, acquisition/integration costs, financing costs, and accounting effects, OPAT can be more useful for normalized operating progress than IFRS net profit. It still needs skepticism: OPAT adjustments must be tied back to cash generation, CSM release, and capital strain.

EV, or embedded value, is a supplementary insurer valuation lens that combines current net worth with the present value of expected future shareholder profits from in-force business, net of capital costs and assumptions. FWD's annual announcement discusses EV and VNB together as measures of long-term value creation, while QF keeps financial base modelling anchored to FY2025 audited financials and disclosed insurer KPIs. ER2 should use EV directionally, not as a substitute for per-share cash and earnings analysis.

CTE, or comprehensive tangible equity, is FWD's own shareholder-value measure. The annual report footnotes describe it as total equity attributable to shareholders plus CSM net of tax and non-controlling interests, less intangible assets net of non-controlling interests (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 226-229). CTE is useful because IFRS equity alone can understate the value of future service profit already locked into CSM, while intangible assets can overstate tangible shareholder capital. ER2 should still reconcile CTE to real capital fungibility, free surplus generation, and solvency constraints.

4. Unit Economics: From Premium to CSM, OPAT, Cash, and EV

The life-insurance unit-economic chain starts before revenue is reported. A policy is sold through a bank, broker/IFA, agent, or digital channel. The company receives premiums or expects future premiums, pays acquisition commissions or channel economics, underwrites mortality, morbidity, lapse, and expense risk, and invests the premium float under asset-liability management constraints. At issue, the policy may create NB CSM if expected future service profit remains after fulfilment cash flows, risk adjustment, expenses, and capital effects. It may also create VNB if the present value of future statutory after-tax profits exceeds the cost of capital.

This is why APE growth can be good or bad. A bancassurance relationship can create scale but may require high commissions, upfront payments, technology investment, or profit sharing with a bank partner. An IFA channel can bring HNW flows and high single-premium business, but that business may be more rate-sensitive and competitor-sensitive. Agency can support recurring protection sales and advice quality, but it requires recruitment, training, supervision, productivity tools, and

persistency management. Digital commerce can be efficient for smaller-ticket life, health, and simple products, but it may not replace advice-led distribution for complex savings or HNW solutions.

Once business is in force, earnings emerge through several channels. CSM release feeds insurance service result as the company provides coverage and service over time. Risk adjustment release contributes when uncertainty runs off. Experience variances can help or hurt depending on claims, lapses, expenses, and persistency. Investment return and insurance finance expenses interact with asset-liability duration, interest rates, credit spreads, participating and non-participating product design, and currency. QF records FY2025 insurance service result of US$835 million, investment return of US$1,901 million, net investment result of US$190 million, PBT of US$322 million, equity-holder NPAT of US$166 million, and OPAT attributable of US$499 million.

Cash is not the same as OPAT. A life insurer can report accounting profit while consuming capital if new business strain, reserving, or acquisition costs are high. Conversely, an in-force book can release capital and generate cash even when reported IFRS profit is volatile. QF records FY2025 net cash provided by operating activities of US$247 million, cash and cash equivalents of US$1,487 million, net underlying free surplus generation of US$857 million, and closing free surplus of US$1,369 million. For ER2, free surplus and solvency are at least as important as operating cash flow because insurance growth must be financed inside regulated entities.

Capital and solvency govern the speed limit. FWD is designated for group-wide supervision by the Hong Kong Insurance Authority and reports group LCSM capital metrics. QF records Group LCSM cover ratio on a PCR basis of 265% at FY2025, Group available capital of US$7,766 million, Tier 1 capital of US$5,398 million, Group minimum capital requirement of US$1,597 million, Group prescribed capital requirement of US$2,933 million, and an expected Group LCSM cover ratio after the Japan ESR effect of 210%. The Japan regulatory change matters because it changes the capital lens even if the underlying business has not economically deteriorated.

The best unit-economic outcome for FWD is high-quality APE that creates high NB CSM and VNB, persists well, consumes manageable capital, releases CSM into OPAT over time, generates free surplus, and raises EV and CTE per share. The failure mode is high sales growth bought with expensive distribution, weak persistency, optimistic assumptions, low interest-rate economics, or capital strain. ER2 should therefore resist treating APE as the headline answer.

5. Competitive Landscape

Pan-Asian life insurance is attractive because the structural demand drivers are real: protection gaps, ageing populations, health awareness, rising affluence, lower insurance penetration in emerging markets, and digital adoption. It is also brutally competitive because the best distribution is scarce. Banks, IFAs, brokers, agents, and ecosystem partners own customer access. Large incumbents have brand trust, deep agency forces, long bank relationships, capital strength, and long claims records. Newer or faster-growing insurers must pay for distribution, differentiate through service and product design, and maintain underwriting discipline while scaling.

FWD's positioning is deliberately pan-Asian but not equally mature everywhere. In Hong Kong and Macau, it competes in a sophisticated insurance and wealth market with local, offshore, broker, IFA, and HNW demand. The official annual report points to offshore and local growth, FWD Private, over 280 brokerage/IFA partners in Hong Kong and Macau, and agent growth (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 1711-1735). The competitive question is whether FWD can keep HNW and offshore flows profitable when product pricing, commission economics, and market sentiment change.

In Thailand and Cambodia, the central competitive asset is bancassurance, especially the SCB relationship. Official text states that the SCB partnership remains a cornerstone and that FWD has held a leading Thailand bancassurance share since 2020 (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 1854-1866). This is a strength but also a concentration risk. Bank relationships can provide reach and credibility, but they can also impose margin pressure, contract-renewal risk, and product-mix dependency.

Japan is a different competitive setting. FWD is more narrowly focused around individual protection and is expanding into savings and retirement. The annual report says Japan has high insurance literacy, an ageing population, rising interest-rate benefits for savings products, and a shift toward digital engagement and simplified products (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 1789-1795). FWD's lean, digitally enabled IFA distribution may be an advantage, but Japan also has sophisticated incumbents and strict customer expectations. The 1Q26 update's Japan APE growth of 22% is a useful momentum signal from QF, but the segment's durability will depend on product economics and persistency.

Emerging Markets combine large demand pools with execution complexity. The Philippines, Indonesia, Singapore, Vietnam, and Malaysia vary widely by regulation, customer behavior, bank partner strength, takaful opportunity, competition, and digital adoption. Official text highlights agency development, bancassurance with national champion banks, brokerage/IFA expansion, and digital commerce, while also flagging Vietnam regulatory reforms and consumer-confidence challenges (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 1935-1962 and 2001-2003). This segment should not be modelled as a uniform growth bucket.

FWD's digital positioning is real but should be evaluated as an operating lever, not a separate moat by itself. The annual report cites FWD Cube, FWD Omne, FWD Opus, straight-through processing, generative AI tools, underwriting, claims, and lapse-prevention models (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 2238-2246, 2353, 2384-2385, and 2419-2429). Digital can improve agent productivity, reduce leakage, shorten underwriting time, and make partner integrations smoother. It does not eliminate the need for trusted distribution, capital, claims credibility, and local regulatory competence.

6. Growth Drivers

The first growth driver is structural demand for protection, savings, retirement, and health. FWD's markets include high-income financial centers, ageing developed markets, and underpenetrated Southeast Asian markets. The official annual report explicitly frames the opportunity around protection gaps, rising affluence, and digital adoption (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 1637-1643). The durability question is whether demand becomes profitable retained business rather than campaign-driven APE.

The second driver is bancassurance productivity. FWD had 33 ongoing bancassurance partnerships at FY2025, including seven exclusive agreements, and official text says those partnerships provided access to a customer base of more than 350 million (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 2152-2164). Bancassurance is especially important in Thailand and Indonesia. ER2 should track whether APE growth comes with stable or improving NB CSM and VNB margins, because bank-distributed growth can be expensive if incentives rise.

The third driver is brokerage/IFA and HNW. Hong Kong and Macau, Singapore, and FWD Private expose the group to affluent and cross-border insurance demand. QF records strong Hong Kong and Macau FY2025 APE, NB CSM, and VNB, and the 1Q26 update says FWD Private remained a strong contributor. This can be a high-value growth engine, but it is sensitive to product yields, currency, market confidence, and regulatory shifts around offshore demand.

The fourth driver is agency productivity. FWD has over 40,000 agents and is investing in FWD Cube, AI assistant tools, recruitment programs, and MDRT-quality development. Agency growth is valuable if it produces recurring protection business with strong persistency. It is less valuable if headcount growth masks weak productivity, compliance issues, or lapse-prone sales.

The fifth driver is product mix. Japan's annuity launch, Hong Kong's health and HNW products, Thailand HNW whole-life products, Singapore investment-linked and participating products, Malaysia takaful, and digital micro-insurance all show a group trying to tailor product to market. Product mix can drive NB CSM and VNB margins; it can also import interest-rate risk, guarantee risk, market risk, or policyholder behavior risk.

The sixth driver is digital operations. FWD's stated goal is a customer-led, tech-enabled insurance experience. Digital platforms can reduce friction across purchase, underwriting, servicing, and claims. The key ER2 test is not whether FWD has digital tools; it is whether those tools reduce expense ratios, improve speed, increase persistency, lower leakage, and support channel partners without encouraging poor sales quality.

7. Risks and Failure Modes

Controlled-company governance is a real diligence item. The annual report's interests disclosure shows LI Tzar Kai, Richard deemed interested in 844,566,254 shares, or 66.19%, through controlled corporations, and identifies PCGI Holdings and Creative Knight structures (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 6617-6632). It also discloses continuing connected transactions involving PCCW/HKT-related counterparties where Mr. Li is a controlling shareholder or associated person (`raw\hkex_annual_report_2025_2026041600073.txt`, lines 6844-6859). Control can support long-term strategy, but minority investors need confidence that capital allocation, related-party transactions, executive incentives, and disclosure quality are aligned.

Regulatory and capital risk is central. Insurance subsidiaries are subject to local solvency requirements across markets, while the group is under Hong Kong group-wide supervision. QF records strong FY2025 solvency, but also records an expected

decline in the Group LCSM cover ratio after Japan ESR to 210%. The failure mode is not only breaching capital requirements; it is slower growth, trapped capital, lower distributable surplus, or lower returns because local rules force more capital against the same business.

Interest-rate risk cuts both ways. Higher rates can help savings economics in Japan, while lower rates in Thailand hurt NB CSM and VNB margins in 2025 and 1Q26 according to official commentary captured by QF and the 1Q26 update (`raw\fwd_new_business_highlights_1q26.txt`, lines 119-121 and 176-177). Duration mismatch, credit spreads, currency movement, and guarantees can change the economics of long-duration policies quickly.

Lapse and persistency risk are fundamental. FWD's OPAT commentary mentions persistency improvement in some markets and Japan persistency variances in a run-off block. A life insurer's economics depend on expected policyholder behavior. If customers surrender earlier than priced, if HNW flows are rate-shopping, or if digital and bank campaigns produce low-quality business, APE can grow while CSM, VNB, free surplus, and EV disappoint.

Investment result risk matters because FWD stewards a large policyholder and shareholder investment portfolio under asset-liability constraints. QF records FY2025 investment return of US$1,901 million and net finance expenses from insurance contracts of US$1,775 million. The spread, volatility, accounting treatment, and hedging cost around those lines can move reported profit materially. This is not a simple fee business.

Acquisition and integration risk remains relevant. FWD's pan-Asian footprint was built across markets and includes joint venture and minority-interest complexity such as BRI Life. Integration, shared platforms, local management quality, and regulatory compliance matter. Corporate and Others had negative FY2025 OPAT attributable of US$178 million, so group-level cost absorption is not theoretical.

Competitive distribution risk is the most practical business risk. The best banks, IFAs, brokers, agents, and digital partners have alternatives. If competitors bid up bank agreements, poach productive agents, offer richer guarantees, or price aggressively in HNW channels, FWD may have to choose between growth and margin. Because FWD has a short listed-company history after its 2025 IPO, public investors also have limited through-cycle evidence of listed governance, capital return behavior, and forecast reliability.

8. What Matters for ER2

The downstream ER2 work should focus on a small set of hard metrics. First, APE growth must be decomposed by segment and channel. Growth in Hong Kong and Macau HNW/brokerage is not the same as Thailand bancassurance growth, Japan savings growth, or Emerging Markets digital/agency growth.

Second, NB CSM and NB CSM margin should be treated as the first quality filter on growth. QF records FY2025 NB CSM of US$1,476 million and 1Q26 NB CSM of US$556 million. The question is whether NB CSM grows faster than APE because of better product mix and scale, or whether sales are being bought at lower margins.

Third, VNB and VNB margin should be the economic new-business test. QF records FY2025 VNB of US$945 million and 1Q26 VNB of US$314 million. VNB embeds cost of capital and assumptions, so it is more useful than APE, but it is also assumption-sensitive.

Fourth, CSM balance, CSM release, and OPAT should be tied together. QF records closing CSM of US$6,562 million, CSM release of US$737 million, and FY2025 OPAT attributable of US$499 million. A credible compounder case needs CSM growth to convert into OPAT without unexplained variance, reserve strain, or expense leakage.

Fifth, solvency, leverage, free surplus, and cash generation decide how much growth belongs to shareholders. QF records leverage ratio of 21.3%, Group LCSM PCR cover of 265%, expected post-Japan ESR Group LCSM cover of 210%, net UFSG of US$857 million, and operating cash flow of US$247 million. These metrics should discipline valuation.

Sixth, governance and distribution contracts should be hard diligence items, not boilerplate. FWD's controlled-company structure and connected-party context require minority-investor caution. Its distribution edge is valuable only if partner economics, persistency, and sales quality remain attractive.

The ER2 valuation case will ultimately turn on whether FWD can convert pan-Asian insurance demand into per-share OPAT, free surplus, and EV/CTE growth at a price that satisfies the Gideon framework's forward return hurdle. The primer supports that work by showing the core analytical map: geography-led reporting, channel-led origination, CSM-led earnings emergence, solvency-limited growth, and governance/distribution risks that can break an otherwise attractive demand story.

Appendix M - Management Assessment

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FWD Group Holdings Limited (1828.HK) -- Management Assessment

Date: 2026-07-07 Role: Sub-Agent M, ER2 Production Mode Company: FWD Group Holdings Limited Ticker: 1828.HK Primary local files read: `data_package.md`, `quant_foundation.md`, `quant_foundation_review.md`, and `appendix_A_primer.md`. Official live sources used: HKEX/FWD FY2025 annual report, FWD IPO prospectus, FWD FY2025 results announcement, FWD 1Q26 new-business highlights, HKEX 2025 over-allotment announcement, and HKEX 31 December 2025 continuing connected transaction announcement. No cached data warehouse files were used.

1. Who is running the company

FWD is led by a founder-controlled public-company structure layered over a seasoned insurance operating team. Richard Li founded FWD in 2013 through Pacific Century Group, remains an executive director, and is deemed interested in 844.6 million shares, or 66.19% of the company at 31 December 2025. The post-over-allotment HKEX announcement shows the same control architecture: PCGI Holdings, Spring Achiever Limited, and Spring Achiever Hong Kong collectively controlled about two-thirds of the share capital, all ultimately tied to Mr. Li. Minority shareholders are therefore investing alongside a dominant founder-owner whose external corporate network also supplies or receives services from FWD.

The operating chief executive is Huynh Thanh Phong, Group CEO and executive director. He has held the CEO role since March 2014 and was appointed an executive director in May 2021. His background is unusually relevant for a pan-Asian insurer: AIA regional leadership, Fullerton Financial insurance buildout, Prudential Corporation Asia roles including founding CEO of Prudential Vietnam, and actuarial credentials as a Fellow of the Society of Actuaries. He therefore owns most of the current strategy: pan-Asian expansion, multichannel distribution, digital operations, product localization, and the push to list FWD in Hong Kong. This is not a new hired hand brought in for the IPO; Huynh has been the operating leader for essentially the entire modern FWD story.

The finance and operating lead is Siddhartha "Sid" Sankaran, Group CFO and Group COO. The prospectus says he has held both titles since January 2025, joined as senior advisor in June 2023, and was managing director and Group CFO from September 2023 to December 2024. He oversees finance, actuarial, investment, governance functions, group coordination, and leadership of the Hong Kong/Macau and Japan businesses. His prior record is also relevant: AIG chief risk officer and then CFO, Oscar Health CFO and interim CFO, and chairman/CEO of SiriusPoint. For FWD, the positive read is that finance, risk, actuarial, investment, and operations sit under an executive with insurance balance-sheet experience. The caution is that his listed-company FWD track record is still short.

The board is strong on formal independence. The 2025 annual report states that the board has 13 directors: nine independent non-executive directors, two executive directors, and two non-executive directors. Professor Ma Si Hang, Frederick is independent non-executive chairman and alternative authorized representative for HKEX communication because Huynh is Singapore-based. Non-executive insurance experience is also real: Walter Kielholz and John Dacey bring Swiss Re-level insurance and risk expertise, with Dacey recently Swiss Re Group CFO and now chairing FWD's risk committee. Andrew Weir became audit committee chair in September 2025.

The segment and function bench is broad but in transition. The annual report names Tsuyoshi Ijichi as Japan CEO, Phuong Tien Minh as Vietnam CEO, Lau Soon Liang as Philippines CEO, and Knattapisit Krutkrongchai as incoming Thailand CEO, subject to regulatory approvals. Binayak Dutta covers Southeast Asia and business operations; Lee Yen Ho leads distribution and proposition; Peter Reynolds leads strategy; and Jeremy Porter leads risk and compliance. The bench is credible, but recent appointments reinforce that FWD is still professionalizing as a newly listed regional insurer.

2. Tenure and track record

Huynh has enough tenure to own the results. Three major decisions define his record. First, FWD built a pan-Asian footprint across 10 markets instead of remaining a single-market Hong Kong insurer. The quantitative foundation and data package show that this footprint now produces FY2025 insurance revenue of US$2.91 billion, operating profit after tax attributable of US$499 million, APE of US$2.45 billion, VNB of US$945 million, closing CSM of US$6.56 billion, and operating entities that are profitable in all four geographic reporting segments. That is a real operating achievement.

Second, management shifted the business toward locally tailored, multichannel distribution. At FY2025, FWD had 33 bancassurance partnerships, seven exclusive agreements, more than 40,000 agents, and material brokerage/IFA growth. The data package shows FY2025 channel APE of US$900 million from bancassurance, US$895 million from brokerage/IFA, US$453 million from agency, and US$198 million from other channels. This is strategically coherent because life insurance in Asia is won through distribution access, not just product design. It also carries concentration and margin risk because bank, IFA, and HNW flows can be expensive or rate-sensitive.

Third, management delivered the 2025 IPO and refinancing window. The annual report and data package show IPO gross proceeds of about US$466 million, US$1.15 billion of subordinated dated capital securities issued, a tender for US$539.6 million of the 2029 subordinated notes, redemption of US$750 million of perpetual capital securities, leverage reduced to 21.3%, and a stated target range of 15%-20%. That was good capital markets execution. It did not yet create a dividend or buyback record, and leverage remains above target, but the refinancing reduced balance-sheet risk and gave the group public-market access.

There are also decisions that need humility. Thailand & Cambodia had a difficult 2025 and 1Q26 because lower rates, product quality actions, and the earlier exit from new underwriting in Thailand corporate care weighed on growth and margins. Japan OPAT declined 5% in 2025, partly from persistency variances in a run-off block. Management discloses these issues directly enough, but the public evidence is still one cycle deep.

Sankaran's record at FWD is more limited but relevant. Since joining, the group completed its IPO, improved capital access, and reduced leverage. The CFO report emphasizes a "disciplined balance between growth, profitability, and risk management"; the numbers support that direction with OPAT up, net profit positive for a second year under IFRS 17, CTE up 18%, EV up 19%, and solvency at 265% on the PCR basis at FY2025. The unresolved point is whether he can consistently turn EV/CSM growth into per-share distributable value after new-business strain, related-party costs, and regulatory capital demands.

3. Capital allocation behavior

FWD's capital allocation is insurer-specific. Capex and R&D are not the core lens. The data package shows FY2025 intangible additions of US$80 million, FMP capex proxy of US$89 million, no buybacks, no ordinary dividend, and no pre-determined dividend payout ratio. Management is prioritizing solvency, growth, refinancing, and capital-market access over immediate capital return.

The positive signal is that 2025 capital actions were coherent with the strategy. FWD needed a cleaner public balance sheet and lower financing risk to support regulated insurance growth. IPO proceeds and subordinated capital securities funded refinancing actions, leverage fell from 25.5% to 21.3%, free surplus increased, and the group maintained strong solvency even as Japan ESR became relevant.

The negative signal is that minority shareholders have no tested evidence of price-sensitive capital return discipline. There is no buyback record. There is no dividend policy. There is no five-year listed track record showing that management will protect per-share value when growth opportunities compete with controlled-shareholder preferences, partner economics, or distribution-right renewals. For an ER2 compounder gate, that matters.

M&A and distribution-right history are mixed but not disqualifying. FWD was built by acquisitions and partnerships, including Japan, Malaysia, Vietnam, BRI Life, and bank relationships. Goodwill of US$1.54 billion and distribution rights of US$1.53 billion remain material balance-sheet items. The auditor highlighted goodwill and distribution-right impairment as key audit matters because their valuation depends on management forecasts, discount rates, new-business sales, and margins. That is normal for this model, but it means future capital allocation must be judged by persistency, VNB margin, CSM conversion, and free surplus, not by APE growth alone.

4. Compensation alignment

The remuneration framework is better than a simple sales-growth plan but still not a clean Gideon-style owner-operator structure. The 2025 short-term incentive plan weighted NB CSM at 50%, OPAT at 15%, NPAT at 15%, operating expenses/expense overrun at 10%, and strategic metrics at 10%. This is a sensible scorecard for an insurer because it links pay to new-business quality, operating profitability, accounting profit, and cost discipline. It is superior to a pure APE or revenue plan.

The long-term incentive plan uses RSUs and PSUs. RSUs vest over three or four years, primarily as retention. PSUs vest over three years with a performance factor based on cumulative NPAT, absolute TSR, and relative TSR versus AIA,

Prudential plc, and the Hang Seng Index. This creates some public-market alignment, but it lacks a disclosed ROIC/free-surplus-per-share/EV-per-share hurdle that would directly police per-share compounding. TSR can be influenced by re-rating after IPO; NPAT can be noisy under IFRS 17; and NB CSM can reward growth that later disappoints if persistency or capital assumptions prove optimistic.

The dilution capacity is material. The annual report discloses pre-IPO awards under the Share Option and RSU Plan representing up to 25.4 million shares, about 1.99% of shares in issue at 31 December 2025, and a post-listing plan mandate that can support 127.6 million shares, or 10% of shares in issue at that date. The prospectus also said the company intended to make grants under the Share Award Plan to the CEO, senior management, and employees across late 2025 and 2026. Key management personnel remuneration was US$47 million in 2025, including US$17 million of share-based payments, up from US$41 million in 2024. CEO Huynh's 2025 remuneration cost was about US$6.85 million, including US$4.06 million of bonuses and US$1.46 million of share-based payments; Richard Li received no remuneration from the company.

CEO share ownership is not enough to offset control risk. Huynh is deemed interested in 1.71 million shares, or 0.13%, mostly unvested share awards. That is useful retention but not founder-level skin in the game. Richard Li has large economic exposure through control vehicles, but his incentive is not identical to minority holders because he also controls or influences related entities that transact with FWD.

5. Disclosure quality and candor

FWD has no long eight-quarter listed earnings-call history. The first full-year public analyst briefing after IPO was for FY2025. That prevents a full PASS on disclosure quality, because there is not enough public evidence of how management behaves through misses, downgrades, and hard analyst questioning.

The available disclosure is better than promotional boilerplate. Management separates APE, NB CSM, VNB, CSM, OPAT, NPAT, EV, free surplus, solvency, and leverage. QF/QFR found that official disclosures, not FMP fields, provide usable insurer economics. Management also discloses difficult points: Thailand lower-rate pressure, product-quality actions, Japan persistency variance, Vietnam headwinds, global minimum tax effects, and the expected post-Japan ESR solvency impact. The 1Q26 update is explicitly new-business highlights, not a full financial statement package.

The weakness is narrative optimism. The CEO letter leans heavily on "customer-led", "digitally enabled", "changing the way people feel about insurance", and AI adoption. These phrases fit the brand, but they are not yet enough evidence that digital investment produces lower expense ratios, better persistency, or superior per-share economics.

6. Strategic coherence

The strategy is coherent. FWD is trying to be a pan-Asian, customer-led, tech-enabled life and health insurer with locally relevant distribution and product design. The investment pattern matches that statement: bank partnerships, brokerage/IFA and HNW growth, agency productivity tools, AI models, product launches, refinancing, and risk/compliance investment.

The better strategic evidence is the FY2025 and 1Q26 KPI pattern. Hong Kong & Macau grew strongly despite a high base; Japan expanded into savings and retirement; Expansion/Emerging Markets grew quickly; Thailand & Cambodia was weak but management did not pretend otherwise. 1Q26 NB CSM grew 18% and VNB grew 7% despite lower Thailand rates, with NB CSM margin up. This is not random pivoting.

The unresolved strategic question is whether FWD can grow without overpaying for distribution or relaxing assumptions. The biggest strategic assets -- bank partnerships, broker/IFA access, HNW flow, and acquired distribution rights -- are also the biggest future claims on economics. The strategy is clear, but the next five years must show that growth converts into free surplus and EV/CTE per share after commissions, capital, and related-party service costs.

7. Governance flags and minority risk

This is the central management issue. The prospectus explicitly warns that controlling shareholders may not act in the best interests of minority shareholders, can influence mergers, asset acquisitions, security issuance, dividends, and articles, and can prevent transactions that might benefit the company or shareholders as a whole. That is not a theoretical governance lecture; it applies directly because Richard Li controls about two-thirds of FWD.

Related-party exposure is also real. The annual report discloses related companies charging US$35 million for telecommunications, IT, investment advisory, advertising, and consulting services; group insurance premiums received from related companies of US$24 million; reinsurance premiums ceded, claim recoveries, and commission income with related companies; a US$58 million call option to acquire a minority stake in a related company; and US$99 million of investments

issued or controlled by related companies. The December 2025 HKEX announcement renewed PCCW/HKT continuing connected transaction frameworks through 2028, including annual caps of US$19.3 million for telecommunications and related services, US$25.6 million for insurance and related services, US$51.3 million for FWD insurance services/products to PCCW/HKT, and US$32.0 million for branding and marketing arrangements.

The mitigants are also visible. These transactions are disclosed, capped, subject to HKEX reporting and annual review, and the relevant announcement says independent non-executive directors considered the agreements fair, reasonable, normal commercial terms, and in shareholders' interests. Richard Li abstained from board voting on the CCT agreements. The annual report says the auditor found no evidence that the disclosed continuing connected transactions lacked board approval, breached pricing policies or agreements, or exceeded caps. Board independence and committee structure are stronger than the control percentage alone would imply.

But the mitigants do not make this a PASS. The transactions are exempt from independent shareholder approval because the percentage ratios are below 5%. The controller is also an executive director, PCCW/HKT chair, and HKT executive chair. The governance question is therefore not whether FWD has disclosed the issue; it is whether minority holders can trust that future service contracts, distribution arrangements, investment allocations, capital actions, and M&A choices will be optimized for FWD per-share value. Today, the evidence is insufficient to answer yes.

No material SEC-style restatement or internal-control failure was found in the official sources reviewed. The auditor issued an unqualified FY2025 opinion and identified expected insurer key audit matters around insurance contract liabilities/CSM, goodwill impairment, distribution rights impairment, and EV supplementary information rather than a control breakdown. The prospectus also includes waivers from HKEX requirements: management presence in Hong Kong, disclosure of full share-award grantee details, public-float concentration, and detailed changes in share capital of all subsidiaries. These are explainable for a complex insurer, but they add to the burden of proof for minority investors.

8. Peer comparison

Against AIA, FWD has the more founder-controlled and less seasoned listed governance profile. AIA has a long public record, broader analyst history, and deeper evidence around capital return and management-through-cycle behavior. FWD may grow faster off a smaller base in selected markets, but it has not earned an AIA-level management PASS.

Against Prudential plc or large regional insurers with mature capital-return frameworks, FWD has a cleaner pure-Asia focus but a shorter public-company record and a more concentrated shareholder structure. Its management bench has impressive insurance credentials, and the board includes serious insurance experience, but the current public evidence supports a watchlist rather than a decade-long follow-this-team conclusion.

9. Management gate verdict

Management gate: YELLOW.

The operating team is credible, experienced, and strategically coherent. Huynh has run FWD since 2014, the CFO/COO has relevant insurance finance and risk experience, the board has unusually high formal independence for a controlled company, and 2025 capital actions improved access, leverage, solvency, and public-market readiness. Compensation includes meaningful NB CSM, OPAT, NPAT, and TSR metrics rather than pure sales growth. Disclosure quality is better than expected for a newly listed insurer because management separates insurer KPIs and acknowledges Thailand, Japan, Vietnam, capital, and regulatory pressures.

The gate is not PASS because public listed-company evidence is too young, capital return discipline is untested, CEO ownership is modest, dilution capacity is meaningful, and Richard Li/PCG control plus PCCW/HKT/PineBridge/bolttech-related exposure creates a material minority-risk overhang. The gate is not FAIL today because the related-party transactions are disclosed, capped, board reviewed, auditor reviewed, and not yet shown to be value-destructive; the board has nine independent directors out of thirteen; and the operating team has delivered real insurance KPI progress and capital strengthening.

Monitorable upgrade conditions: (1) at least two more reporting periods showing NB CSM, VNB, OPAT, CTE/EV per share, and free surplus moving together without deterioration in persistency, assumptions, or related-party economics; (2) leverage moving into the 15%-20% target range while Group LCSM remains comfortably sound after Japan ESR; (3) no expansion of PCCW/HKT/other controller-linked transaction caps without independent shareholder approval or clearly superior third-party pricing evidence; and (4) a clearer ordinary dividend, buyback, or retained-capital framework that proves minority holders participate in per-share value creation.

Downgrade to FAIL if FWD uses the controlled structure to approve material related-party transactions without independent minority protection, expands share-based compensation or issuance in a way that chronically dilutes minorities, misses the leverage/solvency trajectory while continuing growth spending, or responds evasively to questions on persistency, distribution-right economics, VNB assumptions, or controller-linked transactions.

Appendix W - Moat and 2046 Durability

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FWD Group Holdings Limited (1828.HK) - Appendix W: Moat and 2046 Test

Date: 2026-07-07

1. Moat Verdict Summary

Moat gate: YELLOW.

2046 test verdict: YELLOW / not cleared for a high-conviction PASS.

FWD has a real moat today, but it is not yet a moat that earns an unqualified Gideon PASS. The company is not a generic distributor of interchangeable policies. It owns regulated insurance licenses across a pan-Asian footprint, has a meaningful in-force book, reports closing group CSM of US$6.562 billion, group embedded value of US$6.850 billion, and operating-entity EV of US$10.566 billion, and has visible distribution infrastructure across bancassurance, brokerage/IFA, agency, and digital commerce. Those are real assets. Life insurance also has natural switching friction after a policy is written: policyholders may lose underwriting status, riders, guarantees, tax or estate-planning structure, and accumulated relationship history if they move. This creates durability in the in-force book that a pure new-sales market share table can miss.

The problem is that "real moat today" is not the same as "durable profit protection through 2046." The strongest evidence for FWD is embedded value, CSM, and distribution reach. The weaker evidence is observable pricing power. A PASS moat would require proof that FWD can keep margins, VNB, CSM formation, and free surplus generation stable while competitors, banks, brokers, agents, regulators, and interest rates push against it. The current evidence is mixed. Group APE grew from US$1.916 billion in FY2024 to US$2.446 billion in FY2025, but group VNB margin fell from 43.5% to 38.6%. Emerging Markets APE grew strongly in FY2025, but VNB margin fell to 27.5%. Thailand & Cambodia remained profitable, but APE was flat, VNB fell, and 1Q26 new-business sales were down 6%. Japan has high value margins, but VNB margin declined from 74.5% to 64.9% and the segment operates in a mature market with large incumbents. Hong Kong & Macau is the best new-business engine, but the segment is still a challenger in a highly competitive financial-center insurance market.

The correct moat grade is therefore YELLOW: credible current advantages, meaningful in-force economics, and a plausible path to durable compounding, but unresolved durability because the profit pools depend on negotiated distribution, challenger positioning, rate-sensitive products, regulatory capital, short listed-company evidence, and still-thin proof of pricing power.

2. Moat Taxonomy

FWD's first moat source is the in-force book. This is the most defensible part of the business. Existing policies are long duration, actuarially priced, and serviced over many years. FWD's CSM balance is the accounting stock of future service profit, while EV and VIF show expected future shareholder economics from policies already written. The data package shows closing group CSM of US$6.562 billion, group EV of US$6.850 billion, and operating-entity EV of US$10.566 billion. At the segment level, Hong Kong & Macau had FY2025 EV of US$4.081 billion and VIF of US$2.212 billion; Thailand & Cambodia had EV of US$2.743 billion; Japan had EV of US$2.278 billion; Emerging Markets had EV of US$1.463 billion. This base is hard to replicate quickly because it requires years of underwriting, customer acquisition, persistency management, claims service, capital, and regulatory trust.

The second moat source is distribution. FWD had 33 bancassurance partnerships, seven exclusive agreements, more than 40,000 agents, and a growing broker/IFA channel. The data package identifies bancassurance as the largest and most durable group channel and brokerage/IFA plus FWD Private as the HNW growth engine. FY2025 channel APE was US$900 million from bancassurance, US$895 million from brokerage/IFA, US$453 million from agency, and US$198 million from other channels. Brokerage/IFA grew 51% in APE and 38% in VNB in FY2025, while bancassurance remained the largest APE channel despite an 8% VNB decline. That combination matters: bank access creates customer reach, brokerage/IFA creates HNW and cross-border flow, and agency creates more proprietary advice-led distribution.

The third moat source is regulation, capital, and actuarial infrastructure. Life insurance is not a low-entry-barrier category. New entrants need licenses, solvency capital, reserving competence, asset-liability management, claims operations, product approval capability, reinsurance relationships, conduct controls, and regulator trust. FWD's group LCSM cover ratio was 265%

on a PCR basis at FY2025, expected to be 210% after Japan ESR. The ratio remains sound, but the drop after Japan ESR is a reminder that regulation is both a barrier and a constraint. It protects incumbents from casual entry, but it also caps growth and can force product repricing or capital redeployment.

The fourth source is operating scale across Asia. A pan-Asian model lets FWD reuse technology, product design, underwriting experience, risk tools, agency platforms, and partner integrations across markets. That is valuable, especially in smaller Southeast Asian countries where standalone scale is harder. But this is not a network effect. Local insurance remains local: regulation, tax, currency, product preferences, bank partners, conduct standards, and competitors differ by country. The pan-Asian platform is an efficiency advantage, not a monopoly.

The fifth source, brand and digital, is the least proven as a standalone moat. FWD's customer-led and digitally enabled positioning may improve speed, ease of buying, claims, lapse prevention, underwriting, and agent productivity. The annual report and primer cite FWD Cube, FWD Omne, FWD Opus, straight-through processing, generative AI, underwriting, claims, and lapse-prevention models. These can help execution. They do not by themselves prove durable profit protection because competitors can buy similar technology, partner with vendors, and apply AI to underwriting, claims, agent support, fraud, and service. Digital is a moat amplifier only if it creates measurable cost, persistency, or distribution advantages that competitors cannot copy.

3. Segment Moat Assessment

Hong Kong & Macau has the strongest growth-quality case but not the strongest dominance case. FY2025 APE was US$1.207 billion, NB CSM was US$684 million, VNB was US$478 million, OPAT was US$270 million, and EV was US$4.081 billion. The in-force and VIF base is meaningful. The segment has onshore and offshore new-business demand, FWD Private, broker/IFA flow, HNW demand, bank and agency reach, and exposure to Hong Kong's role as a financial center. The moat is real because the segment combines in-force economics, cross-border/HNW access, and multiple channels. The constraint is market position. The segment appendix notes that FWD was number 10 in Hong Kong & Macau individual life APE in 2023 with 4.0% market share based on the prospectus industry overview. That is challenger evidence, not incumbent dominance. Hong Kong & Macau earns a YELLOW-to-GREEN segment read, but not a group-level PASS. It needs continued onshore resilience and HNW/brokerage growth without margin erosion. The base-case segment model assumes 5.0% insurance revenue CAGR to 2030 and a modest margin increase to 29.0%, producing US$358 million of OPAT. That is reasonable, but it is not proof of 20-year pricing power.

Thailand & Cambodia has a valuable distribution moat but the weakest recent signal among the large profit pools. FY2025 insurance revenue was US$827 million, OPAT was US$187 million, EV was US$2.743 billion, and the segment is ANW-heavy. Bancassurance access is the key moat candidate; when an insurer is embedded in a bank's customer flow, it gets trust, data, relationship-manager reach, and repeated financial-planning touchpoints. The segment appendix describes this as a real but medium-strength moat. The negative evidence is explicit: FY2025 APE was flat at US$577 million, NB CSM fell from US$398 million to US$358 million, VNB fell from US$278 million to US$242 million, VNB margin fell from 48.1% to 42.0%, and 1Q26 new-business sales were down 6%. Lower interest rates and quality controls are the immediate explanation. A strong moat would show stable value margins through that pressure. Thailand & Cambodia therefore supports the group moat, but it also prevents a PASS. It is a YELLOW segment: defendable bank access and in-force scale, but unclear pricing power.

Japan is the best evidence that FWD can own high-margin insurance economics without needing high APE volume. FY2025 Japan insurance revenue was US$648 million, OPAT was US$186 million, APE was only US$132 million, NB CSM was US$213 million, VNB was US$86 million, VNB margin was 64.9%, NB CSM margin was 161.1%, and EV was US$2.278 billion. The segment generated 37.3% of operating-segment OPAT before corporate drag despite only 5.4% of group APE. That is moat-like in economics. The issue is durability and growth. Japan is a mature market with powerful domestic incumbents, strong brands, deep distribution, and evolving economic-value solvency regulation. The 1Q26 new-business sales increase of 22% is constructive, but it is a KPI-only update and may reflect savings and annuity product traction that competitors can match. Japan's moat is a disciplined insurer moat: durable in-force earnings and high value margins, but not broad market power.

Emerging Markets has the highest growth optionality and the weakest conversion evidence. FY2025 insurance revenue was US$470 million, APE was US$529 million, NB CSM was US$221 million, VNB was US$145 million, and OPAT was only US$34 million. Revenue grew strongly, and 1Q26 Expansion Markets new-business sales were up 28%, with Singapore, Malaysia, and the Philippines offset partly by Vietnam. But FY2025 VNB margin fell to 27.5% from 32.3% in FY2024 and 50.4% in FY2023, while NB CSM margin fell to 43.0% from 52.6%. A business with strong pricing power should not usually

show that much margin compression while growing. Emerging Markets is a developing moat, not a proven one. The growth opportunity is real; the proof of durable profit protection is not.

4. Margin Persistence and Pricing Power

FWD's margin persistence case is stronger in the in-force book than in new business. The group has a large CSM balance, growing CTE, EV growth, and positive OPAT. FY2025 OPAT was US$499 million, up from US$463 million in FY2024, while equity-holder net profit rose to US$166 million. Closing CSM rose to US$6.562 billion, CTE rose to US$8.717 billion, and free surplus increased to US$1.369 billion. Those figures show that the business is not merely chasing sales. It has embedded future profit and capital generation.

The new-business pricing-power evidence is more mixed. FWD can price policy cohorts actuarially and can choose not to write poor business. That is underwriting discipline, not necessarily market-wide pricing power. Observable pricing power would show up as stable VNB margin, stable NB CSM margin, and rising OPAT conversion while APE grows. The actual pattern is uneven. Group VNB margin fell from 60.2% in FY2023 to 43.5% in FY2024 and 38.6% in FY2025, before recovering to 43.5% in 1Q26. Hong Kong & Macau is scaling well, but VNB margin is far below the FY2022-FY2023 level. Thailand & Cambodia's VNB and NB CSM both fell in FY2025. Japan is high margin but normalizing. Emerging Markets grew fastest but converted poorly. This does not mean FWD lacks a moat. It means the moat is not yet proven to protect margins through multiple product and rate cycles.

The base case across segment appendices is appropriately modest. Hong Kong & Macau assumes 5.0% revenue CAGR and OPAT margin of 29.0%. Thailand & Cambodia assumes 5.5% revenue CAGR and OPAT margin of 22.0%. Japan assumes 3.5% revenue CAGR and OPAT margin of 29.0%. Emerging Markets assumes 13.5% revenue CAGR and OPAT margin of 9.0%. These are not heroic margin-expansion assumptions. They imply that the current moat supports positive compounding, but the model does not rely on broad pricing power or an AIA-like franchise premium.

5. AI Disruption and Technology Moat

AI is more likely to change FWD's cost curve and competitive tempo than to destroy the insurance need. Life, health, savings, annuity, and HNW insurance are regulated, trust-based, capital-backed products. AI cannot replace solvency capital, a claims-paying balance sheet, regulatory licenses, bank partnerships, actuarial accountability, or long-duration policyholder obligations. The core customer need for mortality, morbidity, health, retirement, savings, and wealth-transfer risk pooling remains.

AI can still pressure the moat. Underwriting models, agent copilots, claims automation, fraud detection, lapse prediction, customer service, document processing, and product illustration tools will diffuse across the industry. If every major insurer gets faster underwriting and better agent tools, FWD's digital positioning becomes table stakes. AI may also make distributors more powerful by improving product comparison, commission optimization, and policyholder targeting. Brokers, IFAs, banks, and digital platforms could use AI to route flow toward the best economics, increasing competition among carriers.

The positive case is that FWD uses AI and digital tools to widen the practical moat: higher active-agent productivity, better persistency, faster underwriting, lower servicing cost, fewer claims leaks, cleaner bank integration, and better cross-sell. The evidence is not yet quantified enough for a PASS. The annual report and primer describe AI adoption and platforms, but the data package does not show a direct bridge from digital tools to lower expense ratio, better persistency, or superior OPAT margin by segment. AI is therefore a YELLOW factor: strategically necessary and potentially useful, but not currently a defensible standalone moat.

6. Competitive Threats

The main competitive threat is not a start-up replacing life insurance. It is incumbents and distributors capturing the economics. In Hong Kong, AIA, Prudential, HSBC Life, Manulife, China Life, BOC Life, AXA, Sun Life, CTF Life, and others can compete for bank shelves, agents, brokers, HNW clients, offshore flows, crediting rates, and product features. FWD is not the scale leader there.

In Thailand, the threat is bank economics and rate-sensitive product competition. A strong bancassurance relationship is valuable, but bank partners can extract economics, renegotiate terms, or demand investment. Competitors can bid for distribution, agents, product rates, and customer service reputation. The current Thailand evidence already shows how quickly new-business margins can come under pressure.

In Japan, domestic incumbents have brand, capital, agency, and distribution advantages. FWD can win specialist product niches, but it must do so without over-crediting savings products or consuming too much capital under Japan ESR. In Emerging Markets, the threat is fragmented but intense: local incumbents, multinationals, bank-affiliated insurers, takaful players, digital distributors, brokers, and regulators all shape the profit pool. Vietnam is an explicit current headwind.

The second threat is capital and regulation. Group leverage at 21.3% remains just above management's 15%-20% target range. Group LCSM cover is sound, but the expected post-Japan ESR ratio of 210% is materially lower than the FY2025 PCR basis of 265%. A capital-constrained insurer can have demand and distribution but still slow growth, reprice products, or retain surplus inside subsidiaries rather than distribute value to shareholders.

The third threat is governance and distribution-right economics. The management appendix gives Management gate YELLOW because FWD has a credible operating team and board, but a short public-company record, a dominant controller, related-party exposure, untested capital return discipline, and meaningful dilution capacity. A moat is weaker for minority shareholders if related-party costs, distribution renewals, share-based compensation, or capital allocation absorb the economics before they reach per-share value.

7. 2046 Test

The 2046 test asks whether FWD's current advantages are likely to protect durable excess economics for roughly twenty years, not merely whether the company survives. Survival is plausible. Asia will still need protection, health, retirement, savings, and HNW risk-transfer products. FWD's existing policy base will not disappear overnight. Regulatory licenses, capital, actuarial infrastructure, and distribution relationships will still matter. The company has enough real franchise substance to reject a FAIL.

The test does not clear PASS because the twenty-year durability evidence is not yet observable. FWD listed only in 2025, so public investors do not have a long record of listed management behavior, capital return discipline, related-party discipline, forecast reliability, or response to underwriting misses. Several of the most valuable channels are negotiated or partner-dependent rather than owned outright. The largest new-business pool, Hong Kong & Macau, is attractive but challenger-scale. Thailand & Cambodia depends heavily on bancassurance and is already showing rate and quality-pressure signals. Japan is high-margin but mature and capital-sensitive. Emerging Markets is growing but not yet converting growth into strong OPAT or stable VNB margins. These are exactly the reasons to hold the gate at YELLOW.

The upgrade path is concrete. FWD can earn a moat PASS over time if it shows at least several reporting periods where APE growth, NB CSM growth, VNB growth, OPAT, free surplus, CTE/EV per share, and solvency all move together; if VNB margin stabilizes in Thailand and Emerging Markets while those segments grow; if Japan keeps high NB CSM and VNB margins through ESR and product competition; if Hong Kong & Macau converts FY2024-FY2025 APE/NB CSM strength into CSM release and OPAT without cross-border or HNW margin leakage; and if distribution partnerships renew without obvious value transfer to banks, brokers, related parties, or the controller.

The downgrade path is also concrete. Move the moat to FAIL if FWD continues to grow APE while VNB margin, NB CSM margin, OPAT conversion, or free surplus generation deteriorate; if Thailand remains a weak patch beyond a temporary quality reset; if Emerging Markets becomes a low-margin distribution-cost sink; if Japan savings growth requires aggressive guarantees or capital; if connected transactions or distribution-right renewals absorb economics; or if management leans on digital/AI language without measurable expense, persistency, or margin improvement.

8. Final Gate Verdict

Moat gate: YELLOW.

2046 test verdict: YELLOW / not cleared for high-confidence PASS.

FWD is not a moatless insurer. The in-force book, CSM, EV, regulatory capital base, pan-Asian operating model, bancassurance footprint, broker/IFA and HNW access, agency base, and segment-level profitability all support a real current moat. The group has profitable operating entities across four geographic segments, meaningful embedded future profit, and a credible strategy for compounding in Asia.

The reason this is not PASS is that the profit protection is not yet hard enough. The most important evidence gap is pricing power. The group and several segments show margin compression where a durable moat should protect value: VNB margin, NB CSM conversion, and OPAT conversion during growth. Distribution is powerful but partly rented. Capital and regulation are barriers but also constraints. The listed history is short. AI and digital tools may improve execution, but they are not yet

proprietary enough to defend the franchise for 20 years. FWD can become a long-duration compounder, but on today's evidence the moat is investable only with monitoring conditions, not a Gideon-quality PASS.

Appendix B1 - Hong Kong & Macau

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Hong Kong & Macau - Segment Deep Dive

Date: 2026-07-07 Company: FWD Group Holdings Limited Ticker: 1828.HK Segment: Hong Kong & Macau Currency convention: US$ millions unless otherwise stated Stage 0 anchor: FY2025 complete financial base ended 2025-12-31; 1Q26 is a KPI-only overlay; horizon date is 2030-12-31, exactly five calendar years from 2025-12-31.

0. Segment boundary + taxonomy note

Hong Kong & Macau is FWD's reportable geographic segment covering Hong Kong SAR and Macau SAR operations. The data package says FWD's current official segments are Hong Kong SAR and Macau SAR, Thailand and Cambodia, Japan, Emerging Markets, and Corporate and Others, with the listed-company FY2025 base stable for this structure [data_package Section 1, reporting structure paragraph and table row "Hong Kong & Macau"]. The taxonomy caveat is not that the segment changed economically, but that older labels differ: FY2023 materials use "FWD Hong Kong" in some tables, while FY2025 uses "Hong Kong & Macau." The data package explicitly permits FY2023-FY2025 segment trend work but warns not to invent pre-FY2023 dollar rows [data_package Section 1, reporting structure note]. For insurer KPI history, the data package extends FY2022-FY2025 for APE, VNB and EV, but the cleanest insurance revenue and OPAT history is FY2023-FY2025 [data_package "DR-Added Segment Insurer KPI History"; Section 3].

That boundary matters because this appendix is not a product-dollar model. FWD does not disclose annual Hong Kong & Macau revenue by life, health, protection, savings, HNW or accident and health categories. The correct model spine is geographic insurance revenue, OPAT attributable, APE, NB CSM, VNB, VNB margin, NB CSM margin, EV, ANW and VIF. Product and channel language can explain mix, economics and durability, but it cannot be converted into historical product revenue. Where this appendix uses "onshore" and "offshore," those are new-business KPI sub-segments disclosed through APE and VNB, not product revenue lines.

1. What this segment actually is

Hong Kong & Macau is FWD's largest new-business contributor and one of the two key profit engines in the group. The segment sells life and health insurance in Hong Kong SAR and Macau SAR, serving domestic customers, cross-border mainland Chinese demand, high-net-worth and mass-affluent clients, and policyholders seeking protection, savings, retirement, medical and wealth-transfer products. The economics sit inside life-insurer accounting, not industrial revenue accounting. A new policy creates APE, new business CSM and VNB; over time the insurance service obligation converts into insurance revenue, insurance service result, investment spread and CSM release. The current-period income statement therefore lags sales momentum and can look flat even when new-business production is strong.

The data package gives FY2025 insurance revenue of 966, OPAT attributable of 270, APE of 1,207 and VNB of 478 for Hong Kong & Macau [data_package Section 1, reportable segment table row "Hong Kong & Macau"]. It also gives FY2025 segment assets of 26,904 and liabilities of 23,873, which makes this the largest capital pool among the operating segments [data_package Section 3, FY2025 segment operating statement row "Hong Kong & Macau"]. In EV terms, Hong Kong & Macau had FY2025 EV of 4,081, split between ANW of 1,869 and VIF of 2,212 [data_package DR-added EV table row "Hong Kong & Macau / FWD Hong Kong"]. The VIF component is important: more than half of the segment EV is expected profit from in-force business, so the model should not treat current APE as same-year revenue. The right analytical question is whether high new-business production and CSM additions can replenish and expand the future service-profit base without requiring margin-destructive guarantees, excessive capital, or unstable cross-border demand.

Go-to-market is multi-channel. At group level, the data package identifies bancassurance as the largest channel by APE in 1Q26, brokerage/IFA as the fastest growing strategic channel, agency as a productivity channel, and others as digital commerce and other channels [data_package Sections 4 and 5]. For Hong Kong & Macau specifically, the most granular disclosed split is onshore and offshore new business: FY2025 onshore APE was 595 and VNB was 250; FY2025 offshore APE was 612 and VNB was 227 [data_package Section 4, product/sub-segment table rows "Onshore" and "Offshore"]. The offshore line is economically tied to Hong Kong's role as a financial hub and to HNW demand, but the data package is explicit that FWD Private HNW has no standalone dollars. I therefore treat FWD Private as a qualitative growth and mix driver, not as a historical or forward revenue line.

2. Current economics (FY2025 / TTM base)

The complete financial base is FY2025 ended 2025-12-31. Because the 1Q26 release is a new-business highlights document only, the TTM financial base used for revenue and OPAT is FY2025, while 1Q26 informs the near-term sales overlay. Hong Kong & Macau FY2025 insurance revenue was 966, down slightly from 973 in FY2024 and 998 in FY2023 [data_package Section 3, insurance revenue by segment row "Hong Kong & Macau"]. OPAT attributable was 270, up from 218 in FY2024 and 210 in FY2023 [data_package Section 3, OPAT by segment row "Hong Kong & Macau"]. The reported OPAT margin proxy, OPAT divided by insurance revenue, was therefore 28.0% in FY2025, compared with 22.4% in FY2024 and 21.0% in FY2023. This is a meaningful improvement, but it is an OPAT-to-insurance-revenue proxy, not a statutory underwriting margin.

The segment's new-business engine was much stronger than the revenue line suggests. APE grew from 327 in FY2022 to 512 in FY2023, 802 in FY2024 and 1,207 in FY2025 [data_package DR-added segment insurer KPI history row "Hong Kong & Macau"]. VNB grew from 216 to 323, 333 and 478 across the same span. NB CSM is disclosed for FY2024 and FY2025 only, and grew from 418 to 684. VNB margin compressed from 66.2% in FY2022 and 63.0% in FY2023 to 41.5% in FY2024 and 39.6% in FY2025, while NB CSM margin improved from 52.6% in FY2024 to 57.0% in FY2025. The mixture implies a business that is writing much more volume, still at attractive absolute VNB dollars, but at lower VNB per APE than the unusually profitable 2022-2023 base. That is not automatically negative. In life insurance, lower VNB margin can be rational if the segment is acquiring durable, capital-efficient savings and HNW business that later feeds CSM release and recurring economics. The burden of proof is that the new business does not become a low-spread liability.

The 1Q26 overlay is mixed but not weak. The data package reports group 1Q26 APE of 720, up 4% CER from 679 in 1Q25; group NB CSM of 556, up 18%; group VNB of 314, up 7%; and group VNB margin of 43.5%, up 1.2 percentage points [data_package Section 5, KPI table]. For Hong Kong & Macau specifically, the data package says new-business sales were up 1% against a record 1Q25 and that onshore demand was stronger [data_package Section 5, segment/channel trend row "Hong Kong & Macau"]. This supports a high-base moderation interpretation rather than a deterioration interpretation. It does not justify compounding Hong Kong & Macau revenue at the recent APE CAGR; 1Q26 confirms momentum, but it also confirms that the base has become large enough for growth to slow.

3. Unit economics

The unit economics of Hong Kong & Macau begin at policy acquisition. A policy sale is measured first through APE, then through new business CSM and VNB. APE captures annualized sales volume. NB CSM captures the expected future profit that IFRS 17 will release as service is provided, net of the measurement assumptions embedded in the contract. VNB captures economic value from new policies using embedded-value methodology. Insurance revenue then emerges over the service period rather than on the sale date. For that reason, the key unit economics are not product revenue per policy, but APE-to-VNB conversion, APE-to-NB-CSM conversion, CSM build versus release, OPAT on the existing revenue base, and EV growth against required capital.

Hong Kong & Macau's FY2025 APE-to-VNB conversion was 39.6%, down from 41.5% in FY2024 and much lower than 63.0% in FY2023 [data_package DR-added segment insurer KPI history row "Hong Kong & Macau"]. FY2025 APE-to-NB-CSM conversion was 57.0%, up from 52.6% in FY2024. The difference between VNB margin and NB CSM margin is not a contradiction. VNB reflects the economic value of new contracts after capital and discount-rate assumptions, while CSM reflects future IFRS service profit under IFRS 17. A line can add a healthy CSM balance while VNB margin normalizes if sales shift toward savings, HNW or interest-rate-sensitive products with larger premiums and lower per-dollar margin.

The onshore/offshore split shows the same point. Onshore APE grew from 376 in FY2024 to 595 in FY2025 and VNB grew from 166 to 250 [data_package Section 4, product/sub-segment row "Onshore"]. That implies onshore VNB margin of 42.0% in FY2025, versus 44.1% in FY2024 using the data package's figures. Offshore APE grew from 426 to 612 and VNB from 167 to 227 [data_package Section 4, row "Offshore"]. That implies offshore VNB margin of 37.1% in FY2025, versus 39.2% in FY2024. Offshore remains attractive in dollar terms, but onshore looks slightly more profitable per APE on the disclosed numbers. This matters for the forecast: if stronger onshore demand continues, the segment can defend VNB margin even as total APE growth slows; if growth relies mostly on offshore savings and HNW flows in a competitive crediting-rate market, revenue can grow while VNB margin drifts lower.

The operating cost structure is partly fixed and partly acquisition-led. Fixed elements include Hong Kong regulatory, technology, actuarial, finance, distribution-platform and administration costs. Variable elements include commissions, bancassurance economics, broker/IFA economics, underwriting expenses, policy-servicing costs, and capital strain from new business. FY2025 OPAT margin proxy improved to 28.0% because OPAT rose 23.9% while insurance revenue fell 0.7%.

That kind of operating leverage cannot be repeated indefinitely if revenue stays flat, but it does indicate that the segment has expense discipline, investment spread and CSM release capacity. The forward margin model therefore assumes only modest base-case margin expansion from 28.0% to 29.0% by 2030, not a straight-line continuation of the FY2025 jump.

4. Competitive dynamics

Hong Kong is one of Asia's most competitive and financially sophisticated life-insurance markets. The Hong Kong Insurance Authority reported 2024 total office premiums for new individual life business of HK$206.9 billion, including HK$195.7 billion from individual life non-linked business and HK$11.2 billion from linked business; it also reported HK$537.4 billion of in-force long-term revenue premiums in 2024. That establishes both the size and the individual-life concentration of the addressable market. In 1Q25, the Insurance Authority reported new office premiums for long-term business of HK$93.4 billion, up 43.1% year over year, with non-linked individual business making up the great majority. These regulator statistics are external competitive context only; they are not used as FWD historicals.

The competitive set is led by AIA, Prudential, HSBC Life, Manulife, China Life, BOC Life, AXA, Sun Life, CTF Life and FWD. The FWD prospectus industry overview, citing NMG Asia Life Insurance Market Model, listed FWD as number 10 in Hong Kong & Macau individual life APE in 2023 with 4.0% market share, while competitors such as HSBC, AIA and Prudential were substantially larger. That ranking is an important moat constraint: FWD is not the incumbent scale leader in Hong Kong. It is a challenger with a meaningful but still small share of APE. Its strategic opening is not to out-scale AIA or HSBC across the whole market; it is to use targeted channels, brand, digital onboarding, offshore/HNW propositions and bank/broker relationships to capture profitable niches inside a large market.

The segment's competitive advantage is therefore channel and proposition depth rather than pure market share. At group level, the data package says bancassurance remains the largest and most durable channel, brokerage/IFA is the HNW growth engine, and FWD Private supports Hong Kong growth [data_package Downstream Modeling Notes 6; Section 6 segment-level management read-through]. In Hong Kong, where customers often compare savings yields, protection features, medical riders, claims experience and wealth-transfer flexibility, distribution quality can matter as much as product manufacturing. Broker and IFA strength gives access to HNW and cross-border cases; bancassurance gives recurring customer access; agency and digital commerce support productivity and mass-market reach.

There are also real competitive risks. Hong Kong insurance demand can be cyclical because part of it is driven by mainland Chinese customers seeking foreign-currency savings, wealth diversification and medical/protection coverage. That demand can surge when domestic China yields are low and Hong Kong dollar or US dollar products look attractive; it can also reverse if capital controls tighten, product rules change, border frictions rise, or mainland yields become more competitive. Large incumbents can respond aggressively with crediting rates, distribution economics and product launches. Because FWD is not top-three in Hong Kong APE, it must avoid buying share through structurally weak margins.

Macau is smaller but complementary. AMCM's insurance statistics page shows life-insurance market data for 1Q26 and 2025 insurance penetration data, but the data package does not provide a separate Macau contribution. This appendix therefore treats Macau as part of the Hong Kong & Macau segment without assigning standalone revenue, APE or VNB. The practical competitive role of Macau is likely incremental cross-border and Greater Bay Area adjacency, not a separate scale moat.

External competitive sources used in this section: Hong Kong Insurance Authority annual long-term business statistics at https://www.ia.org.hk/en/infocenter/statistics/annual_long_term_business_statistics.html; Hong Kong Insurance Authority 1Q25 provisional statistics at https://www.ia.org.hk/en/infocenter/press_releases/20250725.html; AMCM insurance statistics at https://www.amcm.gov.mo/en/research-statistics/statistics-page/statistic-insurance; and FWD prospectus industry overview at https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0707/11748313/sehk25051900949.pdf. The FWD historical numbers in the model remain sourced only from the data package.

5. Segment moat

Hong Kong & Macau has a moderate segment moat, not an unquestioned strong moat. The moat rests on distribution access, brand, product design, regulatory licenses, in-force book economics, and the segment's accumulated EV and VIF. FY2025 EV of 4,081 and VIF of 2,212 indicate that FWD has a meaningful embedded profit base in Hong Kong & Macau [data_package DR-added EV table]. That VIF is economically valuable because it represents expected future profit from policies already written. It also gives FWD data, customer relationships, renewal opportunities and a base for cross-sell. The in-force book is harder to dislodge than a new-product shelf because policyholders face switching costs, underwriting friction, tax and planning considerations, and potential loss of guarantees or riders.

The distribution moat is narrower than the in-force moat. FWD benefits from group-level bancassurance, broker/IFA and digital capabilities, and the data package calls brokerage/IFA the fastest growing channel [data_package Section 6, management commentary row "Brokerage/IFA"]. In Hong Kong, however, top competitors have strong agency forces, banks, brands and balance sheets. FWD's 2023 APE rank of number 10 and 4.0% market share in the FWD prospectus industry overview indicates that the company is more challenger than toll collector. The moat is enough to earn attractive economics when execution is good; it is not enough to guarantee pricing power if market growth slows or if large peers decide to compete harder for HNW/offshore flows.

The regulatory and capital moat is real but double-edged. Life insurance requires licenses, actuarial infrastructure, capital, risk controls and policyholder trust. Those requirements prevent trivial entry. They also make the business sensitive to solvency, crediting rates, asset-liability management and distribution conduct. A company can destroy value by growing too fast into guarantees or by using aggressive assumptions. FWD's FY2025 group LCSM cover ratio of 265% and leverage ratio of 21.3% provide a group-level capital backdrop [data_package Section 8, balance sheet snapshot], but the data package does not disclose segment-level solvency for Hong Kong & Macau. [REVIEWER NOTE: data gap - segment-level solvency is not disclosed, so moat grading relies on group capital ratios plus segment EV/VIF.]

The moat conclusion is YELLOW-to-GREEN within a segment appendix framing: economically attractive, with evidence of scale and embedded value, but not dominant enough to underwrite high growth without careful margin assumptions. The base case assumes that FWD can compound Hong Kong & Macau insurance revenue at 5.0% from the FY2025 base to 2030 while keeping OPAT margin near 29.0%. That requires continued onshore/offshore demand, disciplined broker and bank economics, and no major regulatory shock to cross-border sales. The bull case requires FWD to translate FY2025 APE and NB CSM strength into faster revenue emergence without paying away the economics. The bear case assumes the challenger position matters: competitors and normalization of cross-border flows keep revenue nearly flat and push margin down.

6. Historical growth rates - reproduced from data package, not re-derived

The table below uses only data package historicals. FY2023-FY2025 insurance revenue and OPAT are the clean reportable-segment financial statement span. FY2022-FY2025 APE, VNB and EV are clean insurer KPI histories. NB CSM is included for FY2024-FY2025 only because the data package states that segment NB CSM by segment is cleanly available only for those years. Onshore/offshore APE and VNB are FY2024-FY2025 only. No product revenue is back-solved.

Product / sub-segment or KPI	Oldest clean disclosure	Prior / middle disclosure	Latest disclosure	Historical CAGR / span	Most recent YoY	Data package cite
Insurance revenue, reported segment	FY2023 998	FY2024 973	FY2025 966	(1.6%) over FY2023-FY2025	(0.7%)	Section 3, insurance revenue by segment row "Hong Kong & Macau"
OPAT attributable	FY2023 210	FY2024 218	FY2025 270	13.4% over FY2023-FY2025	23.9%	Section 3, OPAT by segment row "Hong Kong & Macau"
APE / new business sales	FY2023 512; FY2022 327	FY2024 802	FY2025 1,207	54.6% over FY2022-FY2025	50.5%	DR-added segment insurer KPI history row "Hong Kong & Macau"
NB CSM	FY2023 n/d	FY2024 418	FY2025 684	n/m, two-year disclosure only	63.6%	DR-added segment insurer KPI history row "Hong Kong & Macau"
VNB	FY2023 323; FY2022 216	FY2024 333	FY2025 478	30.3% over FY2022-FY2025	43.5%	DR-added segment insurer KPI history row "Hong Kong & Macau"
VNB margin	FY2023 63.0%; FY2022 66.2%	FY2024 41.5%	FY2025 39.6%	n/m, margin rate	(1.9 ppts)	DR-added segment insurer KPI history row "Hong Kong & Macau"
NB CSM margin	FY2023 n/d	FY2024 52.6%	FY2025 57.0%	n/m, two-year disclosure only	4.4 ppts	DR-added segment insurer KPI history row "Hong Kong & Macau"
EV	FY2023 3,704; FY2022 3,756	FY2024 3,641	FY2025 4,081	2.8% over FY2022-FY2025	12.1%	DR-added EV table row "Hong Kong & Macau / FWD Hong Kong"
Onshore APE	FY2023 n/d	FY2024 376	FY2025 595	n/m, two-year disclosure only	58.2%	Section 4, product/sub-segment table row "Onshore"
Onshore VNB	FY2023 n/d	FY2024 166	FY2025 250	n/m, two-year disclosure only	50.6%	Section 4, product/sub-segment table row "Onshore"
Offshore APE	FY2023 n/d	FY2024 426	FY2025 612	n/m, two-year disclosure only	43.7%	Section 4, product/sub-segment table row "Offshore"

Product / sub-segment or KPI	Oldest clean disclosure	Prior / middle disclosure	Latest disclosure	Historical CAGR / span	Most recent YoY	Data package cite
Offshore VNB	FY2023 n/d	FY2024 167	FY2025 227	n/m, two-year disclosure only	35.9%	Section 4, product/sub-segment table row "Offshore"

Arithmetic tie-out notes: insurance revenue 998 to 973 to 966 produces YoY of (2.5%) and (0.7%), and a two-year CAGR of (1.6%). OPAT 210 to 218 to 270 produces YoY of 3.8% and 23.9%, and a two-year CAGR of 13.4%. APE 327 to 512 to 802 to 1,207 produces YoY of 56.6%, 56.6% and 50.5%, and a three-year CAGR of 54.6%. VNB 216 to 323 to 333 to 478 produces YoY of 49.5%, 3.1% and 43.5%, and a three-year CAGR of 30.3%. EV 3,756 to 3,704 to 3,641 to 4,081 produces YoY of (1.4%), (1.7%) and 12.1%, and a three-year CAGR of 2.8%. The onshore/offshore FY2024-FY2025 rows tie to the specific two-year disclosures but do not support three-year CAGRs.

The main historical interpretation is that Hong Kong & Macau's current-period insurance revenue has been flat to slightly down, while new-business volume and value have surged. This is exactly the lag structure expected in a life insurer when new contracts first appear in APE, NB CSM and VNB before converting into later insurance revenue and OPAT. It is also the central modeling risk: the forecast must not simply apply the APE CAGR to insurance revenue. The base case gives credit for future CSM and VNB emergence, but it caps revenue growth well below recent APE growth.

7. Management guidance - quoted from data package Section 6

The data package contains group-level management commentary and a segment-level read-through for Hong Kong & Macau. It does not contain a long segment transcript or management call. That is not a defect in this appendix; it is an explicit data-package limitation. The guidance used below is therefore the verified short official quotes and the data-package interpretation tied to Hong Kong & Macau.

- Data package Section 6, 1Q26 update, Huynh Thanh Phong, Group CEO: "another strong set of results." Interpretation: management frames 1Q26 as a continuation of positive momentum, which supports using the 1Q26 KPI overlay as confirmation that FY2025 strength did not immediately reverse.

- Data package Section 6, 1Q26 update, Huynh Thanh Phong: "rising middle-class trend in Asia will continue." Interpretation: for Hong Kong & Macau, the direct read-through is broader demand for protection, savings and wealth planning. It does not provide a segment growth number, so this appendix does not translate it mechanically into a revenue CAGR.

- Data package Section 6, FY2025 results announcement, CFO report: "disciplined balance between growth, profitability, and risk management." Interpretation: this is the most important margin guardrail. Hong Kong & Macau's APE growth was very strong, but the model should not assume FWD accepts unlimited margin dilution to sustain it.

- Data package Section 6, FY2025 results announcement, CFO report: "near our target leverage range of 15 to 20 per cent." Interpretation: group leverage at 21.3% remains just above the target range, so Hong Kong & Macau growth must fit within capital discipline. A bull case that requires capital-hungry growth at declining VNB margins would contradict management's capital posture.

- Data package Section 6, FY2025 annual report, distribution section: "one of the leading bancassurers in Southeast Asia." Interpretation: this is group-level, not Hong Kong-specific, but it supports bancassurance as a durable institutional capability rather than a one-off channel.

- Data package Section 6, FY2025 annual report, distribution section: "our fastest growing channel." Interpretation: the row identifies Brokerage/IFA. The segment-level read-through is important because the data package explicitly links brokerage/IFA and FWD Private to Hong Kong growth.

- Data package Section 6, 1Q26 update, capital management section: "cash flow were stable." Interpretation: this is a weak but useful capital generation signal. It is not a segment cash-flow figure and should not be used to compute Hong Kong & Macau free surplus.

- Data package Section 6, 1Q26 update, outlook section: "new business sales momentum to continue." Interpretation: the base case assumes continued new-business momentum, but at far lower growth than FY2022-FY2025 because 1Q26 Hong Kong & Macau was only up 1% against a record base.

- Data package Section 6, segment-level management read-through: "Hong Kong & Macau is framed as high-base but resilient, supported by onshore demand and FWD Private." Interpretation: this is the segment-specific anchor. It supports a base case with mid-single-digit revenue growth and stable-to-slightly-better OPAT margin, not a hypergrowth case.

[REVIEWER NOTE: data gap - no full 1Q26 IFRS income statement, balance sheet, cash flow, segment Note 5, segment OPAT, segment CSM balance, segment free surplus or segment solvency ratio is disclosed in the data package. 1Q26 is KPI-only.]

8. Forward growth assumptions - explicit, per product/KPI, justified

The forward horizon is 2030-12-31. The financial base is FY2025 because 1Q26 is KPI-only. Revenue assumptions are built on reported Hong Kong & Macau insurance revenue of 966, not on product-dollar revenue. Onshore and offshore assumptions are APE/VNB indicators, not revenue lines. NB CSM and VNB guide future earnings quality, but the rollup in Section 10 uses insurance revenue and OPAT margin because those are the disclosed segment financial statement measures.

Base case growth assumptions

Product / KPI	Historical CAGR / span	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Insurance revenue, reported segment	(1.6%)	(0.7%)	High-base but resilient; new-business momentum to continue	5.0%	FY2025 revenue has not yet reflected the APE/NB CSM surge; base gives credit for CSM emergence but keeps growth below recent APE.
APE / new business sales	54.6%	50.5%; 1Q26 segment APE +1%	Momentum to continue, high-base moderation	7.0%	1Q26 implies the FY2022-FY2025 surge is normalizing; onshore demand and FWD Private support positive but slower growth.
NB CSM	n/m, two-year disclosure	63.6%; group 1Q26 NB CSM +18%	Disciplined balance between growth and profitability	8.0%	NB CSM should grow faster than revenue if APE quality holds, but not at FY2025's step-change pace.
VNB	30.3%	43.5%; group 1Q26 VNB +7%	Profitability and risk management discipline	6.0%	VNB margin has normalized to 39.6%, so VNB growth trails APE unless mix improves.
Onshore APE	n/m, two-year disclosure	58.2%; 1Q26 onshore stronger	Onshore demand stronger	8.0%	Onshore growth gets the best base-case growth because the 1Q26 update specifically calls out stronger onshore demand.
Offshore APE	n/m, two-year disclosure	43.7%	FWD Private and brokerage/IFA support HNW demand	5.5%	Offshore remains attractive but more exposed to cross-border cycle, competitor crediting rates and regulatory frictions.

Bull case growth assumptions

Product / KPI	Historical CAGR / span	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Insurance revenue, reported segment	(1.6%)	(0.7%)	Momentum to continue	7.5%	Bull assumes FY2024-FY2025 APE and NB CSM convert into service revenue faster than base without sacrificing quality.
APE / new business sales	54.6%	50.5%; 1Q26 segment APE +1%	High-base but resilient	10.0%	FWD keeps taking HNW and onshore share even after a record base, helped by broker/IFA and FWD Private.

Product / KPI	Historical CAGR / span	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
NB CSM	n/m	63.6%; group 1Q26 +18%	Disciplined growth	11.0%	Bull requires mix that protects NB CSM margin near the FY2025 level while APE grows.
VNB	30.3%	43.5%; group 1Q26 +7%	Profitability discipline	8.5%	VNB margin stabilizes as onshore mix offsets offshore and savings-product margin pressure.
Onshore APE	n/m	58.2%	Onshore demand stronger	11.0%	Onshore becomes the main compounding vector and continues to outgrow total segment APE.
Offshore APE	n/m	43.7%	HNW and brokerage/IFA support	8.0%	Offshore remains open and attractive; cross-border wealth demand stays strong.

Bear case growth assumptions

Product / KPI	Historical CAGR / span	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Insurance revenue, reported segment	(1.6%)	(0.7%)	High-base but resilient	1.0%	Bear assumes FY2025 APE strength does not convert cleanly into revenue because lapse, mix and competitive pricing pressure offset new business.
APE / new business sales	54.6%	50.5%; 1Q26 segment APE +1%	Momentum to continue	0.0%	The record base catches up; mainland/offshore demand normalizes and large peers compete harder.
NB CSM	n/m	63.6%; group 1Q26 +18%	Disciplined growth	1.5%	New sales are lower-margin or more capital-intensive, so NB CSM barely grows.
VNB	30.3%	43.5%; group 1Q26 +7%	Profitability discipline	(1.0%)	VNB margin keeps drifting lower and offsets any small APE gains.
Onshore APE	n/m	58.2%	Onshore demand stronger	2.0%	Onshore is more resilient than offshore but not enough to keep total segment growth high.
Offshore APE	n/m	43.7%	FWD Private and brokerage/IFA support	(2.0%)	Cross-border and HNW savings demand normalizes; peers use rates and distributor economics to pressure FWD.

The base case's 5.0% insurance revenue CAGR is intentionally lower than the APE, NB CSM and VNB CAGRs. It recognizes the huge FY2022-FY2025 new-business build, but it also respects the FY2023-FY2025 insurance revenue trend and 1Q26's segment-specific +1% APE overlay. The bull case gives FWD credit for faster conversion of in-force and new-business economics into revenue. The bear case gives little credit for conversion and assumes the segment remains a strong sales franchise but a less impressive revenue and OPAT compounder.

9. Forward operating margin assumptions - explicit and justified

The current margin proxy is FY2025 OPAT attributable divided by FY2025 insurance revenue: 270 / 966 = 28.0%. This is the best disclosed segment profit proxy in the data package. The data package does not disclose product-level margins, segment CSM release by geography, segment acquisition cost ratio, or segment solvency/free-surplus economics, so margin assumptions must remain at segment level. Onshore/offshore VNB margins are useful economic indicators but cannot be converted into product operating margins.

Case	FY2025 margin base	TTM+5y OPAT margin	Change vs FY2025	Mechanism
Bear	28.0%	24.0%	(4.0 ppts)	Competitive crediting rates, broker/bank economics, cross-border normalization and lower VNB margin pressure OPAT conversion.

Case	FY2025 margin base	TTM+5y OPAT margin	Change vs FY2025	Mechanism
Base	28.0%	29.0%	1.0 ppt	Scale, CSM emergence and onshore mix modestly offset normalized acquisition costs and capital discipline.
Bull	28.0%	31.0%	3.0 ppts	Strong onshore mix, stable VNB margin, better expense leverage and CSM release convert new-business scale into OPAT.

The base margin increase is deliberately modest. FY2025 OPAT margin improved sharply, but part of that improvement may reflect investment return, finance result, claims pattern, CSM release timing or accounting effects that cannot be extrapolated from the data package. The margin should improve only if the FY2024-FY2025 APE and NB CSM additions mature into profitable service revenue. The bull case assumes that happens and that FWD's Hong Kong franchise earns operating leverage. The bear case assumes that FWD keeps selling policies but with enough margin pressure, commission strain or capital drag that OPAT conversion falls below the FY2025 level.

[REVIEWER NOTE: data gap - the data package does not disclose Hong Kong & Macau product-level operating margins, segment CSM release, segment acquisition expense ratio, lapse rates, mortality/morbidity claims, segment free surplus, segment remittances, segment solvency or segment capital consumption. Margin assumptions are therefore segment-level.]

10. Segment rollup - built bottoms-up, arithmetic must tie

Because the data package prohibits invented product-dollar revenue, the bottom-up rollup uses one disclosed revenue line: Hong Kong & Macau reported insurance revenue. It then cross-checks that revenue trajectory against non-revenue insurer KPIs: APE, NB CSM and VNB. This is less granular than an industrial product model, but it is more faithful to the actual disclosure. The product/KPI lines in Section 8 explain why the revenue CAGR is plausible; the rollup below performs the arithmetic used by the synthesis agent.

Formula: 2030 insurance revenue = 966 x (1 + CAGR)^5. OPAT = 2030 insurance revenue x 2030 OPAT margin. All cases are rounded to the nearest 1.

Case	FY2025 / TTM insurance revenue	Revenue CAGR to 2030	TTM+5y insurance revenue	TTM+5y OPAT margin	TTM+5y OPAT	Arithmetic check
Bear	966	1.0%	1,015	24.0%	244	966 x 1.01^5 = 1,015; 1,015 x 24.0% = 244
Base	966	5.0%	1,233	29.0%	358	966 x 1.05^5 = 1,233; 1,233 x 29.0% = 358
Bull	966	7.5%	1,387	31.0%	430	966 x 1.075^5 = 1,387; 1,387 x 31.0% = 430

Case	APE CAGR cross-check	NB CSM CAGR cross-check	VNB CAGR cross-check	Interpretation
Bear	0.0%	1.5%	(1.0%)	New-business base stalls; revenue barely grows and margin compresses.
Base	7.0%	8.0%	6.0%	New-business engine continues but normalizes; revenue grows below sales because emergence lags.
Bull	10.0%	11.0%	8.5%	Strong onshore and HNW execution keeps new-business economics healthy enough for faster revenue conversion.

This rollup reconciles within 1% by construction because the only disclosed revenue line is segment insurance revenue. It does not assign revenue to onshore, offshore, FWD Private, life, health, savings or protection. Those are explanatory lines only. If a later synthesis needs product-level revenue, it should not infer it from this appendix. It should either keep the segment as a single revenue line or dispatch a data follow-up that obtains official product revenue disclosure, if such disclosure exists.

The base case implies that Hong Kong & Macau OPAT rises from 270 in FY2025 to 358 in 2030, a 5.8% OPAT CAGR. That is below the FY2023-FY2025 OPAT CAGR of 13.4%, which is prudent because the FY2025 margin step-up may not repeat. The

bull case implies OPAT of 430, a 9.8% CAGR from FY2025, which requires both revenue and margin to improve. The bear case implies OPAT of 244, a (2.0%) CAGR, reflecting a segment that still has a valuable in-force base but loses margin quality.

11. Key risks and wildcards

Bear risk - cross-border demand normalization. A meaningful part of Hong Kong's life-insurance demand is tied to wealth diversification, foreign-currency savings and mainland/HNW flows. If this demand normalizes after the 2024-2025 surge, FWD's APE can flatten even while the long-term protection need remains intact.

Bear risk - margin competition. FWD is not the largest Hong Kong APE player. Larger competitors can compete through crediting rates, bank economics, broker commissions, agency productivity and product features. If FWD defends volume by overpaying distribution or offering aggressive guarantees, VNB margin and OPAT conversion fall.

Bear risk - regulatory and conduct rules. Hong Kong and Macau regulators can tighten cross-border sales practices, product illustrations, commission disclosure, capital requirements or distribution conduct. Such rules would matter most for offshore and HNW demand.

Base risk - accounting lag. The model assumes FY2024-FY2025 APE and NB CSM strength emerges into future insurance revenue and OPAT. If CSM release, lapse, claims or investment spread are weaker than expected, revenue and OPAT will trail the new-business indicators.

Base risk - capital discipline. Management says it is balancing growth, profitability and risk management, and group leverage remains just above the 15%-20% target range referenced in the data package. Growth that consumes too much capital could be slowed by group-level capital constraints.

Bull wildcard - onshore resilience. The 1Q26 update says Hong Kong & Macau sales were up 1% against a record base and onshore demand was stronger. If onshore growth persists at higher margins than offshore, the segment can defend VNB and OPAT margin better than expected.

Bull wildcard - FWD Private and broker/IFA mix. The data package links FWD Private and brokerage/IFA to Hong Kong growth, while identifying brokerage/IFA as the fastest growing channel. If this channel scales without destructive economics, Hong Kong & Macau can become a higher-quality earnings contributor despite its challenger share position.

Bull wildcard - CSM conversion. FY2025 NB CSM of 684 was large relative to segment insurance revenue of 966. If that CSM build converts into recurring service profit with manageable lapse and capital strain, the segment could outgrow the base case even if near-term APE slows.

Final summary table

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	1,015	24.0%	244	25%
Base	1,233	29.0%	358	55%
Bull	1,387	31.0%	430	20%

Final judgment: Hong Kong & Macau is a high-quality but not impregnable segment. The historical revenue line is flat, which prevents an aggressive revenue forecast. The new-business evidence is much stronger: FY2025 APE of 1,207, NB CSM of 684, VNB of 478, EV of 4,081 and 1Q26 resilience against a record base all support a constructive forward view. The correct base case is therefore not "flat forever," but neither is it "APE CAGR becomes revenue CAGR." The underwriting center is 5.0% insurance revenue CAGR to 2030, 29.0% OPAT margin and 358 of OPAT. The upside case is real if onshore and FWD Private-led HNW growth converts into CSM release without margin dilution. The downside case is also real because FWD's Hong Kong APE share is still challenger-scale, offshore demand can be cyclical, and product-level margin disclosure is limited.

Appendix B2 - Thailand & Cambodia

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Thailand & Cambodia - Segment Deep Dive

0. Segment Boundary + Taxonomy Note

This appendix covers FWD Group Holdings Limited's Thailand & Cambodia reportable segment only. The taxonomy boundary is the FY2025 listed-company reporting structure described in data_package.md section 1: current segments are Hong Kong SAR and Macau SAR, Thailand and Cambodia, Japan, Emerging Markets, and Corporate and Others. The data package states that historical comparison needs labels because the FY2023 annual report used FWD Thailand in some tables, while FY2025 uses Thailand & Cambodia; the economic units are comparable enough for FY2023-FY2025 segment trend work, but not enough to invent pre-FY2023 dollar rows. For insurer KPI history, data_package.md section 0a gives FY2022-FY2025 APE and VNB for the Thailand unit and FY2024-FY2025 NB CSM for the current Thailand & Cambodia label. FY2021 is not carried forward because the data package says official sources do not provide a clean IFRS17-plus-EV comparable history. Stage 0 anchor: FY2025 ended 2025-12-31 is the complete financial base; 1Q26 is a KPI-only overlay; the forward horizon is 2030-12-31, exactly five calendar years from 2025-12-31.

1. What This Segment Actually Is

Thailand & Cambodia is FWD's mature Southeast Asian life and health insurance market cluster. Thailand is the economic center of the segment; Cambodia is included in the reportable segment, but the data package does not provide separate Cambodia revenue, OPAT, APE, VNB, NB CSM, EV, assets, or liabilities. That means the model must be geography-led at the disclosed segment level, not split into invented Thailand and Cambodia product-dollar rows. The business sells life, protection, accident and health, savings, retirement, investment-linked, and related insurance products. The revenue recognized in the financial statements is IFRS 17 insurance revenue, which is not the same thing as product sales, new business premium, or APE. The sales and value metrics that matter are APE, NB CSM, VNB, NB CSM margin, VNB margin, OPAT, CSM/EV where disclosed, and the segment balance-sheet asset/liability base.

The segment is distribution-led. The data package's product taxonomy guardrails say FWD does not disclose annual product dollar revenue by life, health, savings, protection, high-net-worth, accident and health, or other product labels. It also says the correct hierarchy for segment appendices is geographic segment first, channel disclosure second, product commentary third. That is especially important for Thailand & Cambodia because the available evidence points to channel quality rather than a named product category as the binding driver. Management commentary in data_package.md section 6 calls FWD "one of the leading bancassurers in Southeast Asia", identifies brokerage/IFA as "our fastest growing channel", and names Thailand & Cambodia as the weak patch because lower rates and quality controls pressured new-business sales and VNB margin.

The underlying customer base is a combination of bank customers reached through exclusive and preferred bancassurance relationships, agents using FWD's digital tools, broker and IFA relationships, and some direct/affinity channels. Bancassurance is the most important durable moat candidate because it gives the insurer access to bank customer traffic and deposit-linked financial planning conversations. Agency is more labor-intensive and productivity-sensitive. Brokerage/IFA can carry higher-net-worth and advisory-led volumes, but it is more contestable because advisors can move flow toward carriers with better commissions, product features, investment options, or underwriting appetite.

Thailand is treated here as a competitive, execution-led life insurance market because the data package does not provide evidence for unconstrained market expansion or Cambodia-specific scale large enough to carry the segment. The competitive implication is straightforward: this segment is not underwritten as a greenfield growth market. It is a scale and channel-execution market where FWD must defend bank access, agent productivity, and product economics without relying on unsupported industry share or competitor-rank claims.

2. Current Economics (FY2025 Base And 1Q26 Overlay)

The segment's FY2025 financial base is material to FWD Group. data_package.md section 1 reports FY2025 Thailand & Cambodia insurance revenue of US$827 million, 28.4% of group insurance revenue, OPAT attributable of US$187 million, APE of US$577 million, and VNB of US$242 million. data_package.md section 3 reports the same FY2025 insurance revenue and OPAT figures in the segment historical tables. The FY2025 operating margin proxy, using OPAT attributable divided by insurance revenue, is 22.6%. That is not an industrial EBIT margin; it is an insurer segment profit proxy after tax and

attributable to equity holders, but it is the disclosed segment profit measure available for the rollup.

The segment's FY2025 operating statement is high quality on an accounting basis but mixed on new business momentum. data_package.md section 3 gives FY2025 insurance service result of US$231 million, investment return of US$522 million, net finance result of negative US$469 million, net insurance and investment result of US$284 million, OPAT attributable of US$187 million, total assets of US$21.957 billion, and total liabilities of US$18.526 billion. Those asset and liability balances are large relative to current OPAT because Thailand & Cambodia is an in-force book and capital-intensive insurer, not a pure distribution company. The economic franchise therefore depends on continued CSM/VIF emergence, reinvestment of new business into profitable cohorts, and disciplined crediting and asset-liability management.

New business is the problem area. data_package.md section 0a reports Thailand & Cambodia APE of US$577 million in FY2024 and again US$577 million in FY2025, so APE growth was effectively zero. VNB fell from US$278 million in FY2024 to US$242 million in FY2025, and VNB margin compressed from 48.1% to 42.0%. NB CSM fell from US$398 million in FY2024 to US$358 million in FY2025, while NB CSM margin fell from 65.5% to 62.3%. The segment still generated meaningful new-business value, but value growth did not track the group's broader FY2025 headline growth. This is consistent with the data package's downstream modeling note that Thailand & Cambodia is the key current risk because lower interest rates and quality focus pressured 2025 and 1Q26 APE/VNB.

The 1Q26 overlay does not provide revenue, OPAT, balance sheet, cash flow, or segment Note 5 financial statements. data_package.md section 5 states explicitly that the 1Q26 update is a new-business highlights document only. Group APE rose to US$720 million, NB CSM rose to US$556 million, and VNB rose to US$314 million, but the segment trend row says Thailand & Cambodia new business sales were down 6%, with lower interest rates and quality focus as the clearest near-term drag. That makes FY2025 the correct full financial anchor and makes 1Q26 a negative leading indicator for growth assumptions rather than a new TTM revenue base.

The segment's capital quality is better than the sales trend. data_package.md section 0a reports Thailand & Cambodia EV of US$2.303 billion in FY2022, US$2.247 billion in FY2023, US$2.356 billion in FY2024, and US$2.743 billion in FY2025. FY2025 ANW was US$2.279 billion and VIF was US$464 million. EV growth in FY2025 was strong at 16.4%, and the ANW-heavy composition says the segment has real accumulated capital backing rather than only future value from new business. The offset is that VIF of US$464 million is only 16.9% of segment EV, so the market should not underwrite this segment as a high-growth VIF machine unless APE, NB CSM, and VNB recover.

3. Unit Economics

The unit economics of Thailand & Cambodia are insurer economics: acquire policyholders through bank, agency, broker, and other channels; write policies at a target VNB and NB CSM margin; hold capital and reserves; recognize CSM and insurance service result over time; invest assets against liabilities; absorb finance result volatility; and convert the in-force book into OPAT and free surplus. A product-dollar revenue lens would be wrong because the data package explicitly says product revenue by life, health, protection, savings, HNW, accident and health is a true non-disclosure. The model therefore uses segment insurance revenue as the accounting revenue base and APE/NB CSM/VNB as the leading economic production base.

For a new policy cohort, APE is the sales scale indicator, NB CSM is the IFRS 17 future-profit store created by that new business, and VNB is the embedded-value measure of new business profitability. A healthy segment should show APE growth that is not bought by collapsing VNB margin or NB CSM margin. Thailand & Cambodia did not meet that ideal in FY2025. APE was flat at US$577 million, NB CSM fell to US$358 million, and VNB fell to US$242 million. The segment's new business value margin remained respectable at 42.0%, but the direction was negative. The bear case in this appendix assumes that the FY2025 and 1Q26 weakness is not just a timing issue: lower rates and stricter quality control continue to limit sales appetite and reduce economics on savings/protection mix. The base case assumes FWD stabilizes APE after the quality reset, but does not quickly return to the FY2022-FY2023 VNB margin levels above 54%. The bull case assumes that channel productivity and bank partnerships can rebuild APE growth while holding VNB margin in the low-to-mid 40s.

The in-force book tells a more constructive story than new business. Insurance revenue rose from US$644 million in FY2023 to US$760 million in FY2024 and US$827 million in FY2025. OPAT rose from US$151 million in FY2023 to US$187 million in FY2025, despite a dip to US$148 million in FY2024. This means the existing book and asset-liability management still produced profit growth even when new business economics weakened. The FY2025 OPAT margin proxy of 22.6% is above the FY2024 level of 19.5% and slightly below the FY2023 level of 23.4%. I treat 22% as the normalized base margin, not the floor. It is high enough to evidence franchise earnings, but not high enough to ignore volatility from crediting rates, lapse behavior, commission intensity, medical claims, and acquisition quality.

The main cost drivers are commissions and bank economics, agency recruitment and productivity investment, technology and servicing costs, underwriting and claims costs, and investment/finance spread effects. Bancassurance can be efficient when the bank partner has large customer access and the product fit is strong, but exclusive or long-term bank access can be expensive. data_package.md section 7 separately notes group distribution rights and capital actions, and FY2025 balance sheet data show US$1.526 billion of distribution rights at the group level. The data package does not allocate that distribution-right asset to Thailand & Cambodia, so this appendix does not allocate it. The qualitative implication still matters: bank access is valuable, contractual, and not cost-free.

Capital intensity is meaningful. FY2025 segment assets of US$21.957 billion against US$827 million of insurance revenue produce an asset-to-revenue ratio of 26.6x. Total liabilities of US$18.526 billion reflect the policyholder liability base. For the group, data_package.md section 8 reports a 265% LCSM cover ratio, expected 210% after Japan ESR, and 21.3% leverage; no Thailand-specific solvency ratio is disclosed. Because the segment's EV is ANW-heavy, the economic earnings path depends on maintaining capital generation while writing enough profitable new business to avoid runoff optics. A low-growth but high-OPAT segment can still be valuable, but it will not carry a compounder thesis if new business remains flat and margin compression persists.

4. Competitive Dynamics

Thailand is the decisive competitive arena. Cambodia is strategically useful as an underpenetrated market, but the data package does not provide enough Cambodia-specific scale to make it the driver of the segment forecast. The data package supports a channel-led competitive frame rather than a market-share table: faster growth must come from share gain, productivity, or mix, not from assuming a separate disclosed Cambodia engine or a product-dollar breakout that FWD does not provide.

FWD's channel position is the main competitive asset. The data package records management's phrase "one of the leading bancassurers in Southeast Asia" and identifies brokerage/IFA as the group's fastest-growing channel, while also showing that Thailand & Cambodia was the weak 1Q26 segment trend. That matters because bancassurance can be stickier than open-market agent share, but the package does not disclose Thailand-only channel APE, VNB, or market share. A bank customer interaction creates an embedded distribution moment: mortgage, deposit, wealth, loan, salary account, or retirement planning. FWD's bank partner access gives it scale economies in customer acquisition and a starting point for protection/savings cross-sell.

The counterweight is that the same channel is not proprietary forever. AIA, Thai Life, Muang Thai Life, Krungthai-AXA, Prudential, Allianz Ayudhya, Bangkok Life, and other insurers can compete on product rate, brand trust, claims service, agent quality, bank economics, and investment features. Thai customers have credible alternatives, and bank partners have negotiating leverage if an insurer is dependent on the channel. Bancassurance is a moat only if the contract terms, customer experience, sales productivity, and product economics are attractive after commission and distribution-right costs. If FWD has to buy volume with weaker margins, APE growth can destroy value rather than create it. The FY2025 data already show the warning sign: flat APE, lower NB CSM, lower VNB, and lower VNB margin.

Agency is both opportunity and risk. FWD's own materials emphasize quality agency growth and digital tools, and data_package.md section 4 records agency as a group channel with FY2025 APE of US$453 million and VNB of US$150 million, up 8% and 16% CER respectively at the group level. But those are group channel numbers, not Thailand-only numbers. The unit economics of agency depend on recruiting productive advisors, keeping persistency high, lowering inactive-agent drag, and using digital tools to reduce servicing friction. The segment's 1Q26 sales decline is consistent with a quality filter: better long-term value may require slower near-term APE. That is positive if persistency and VNB margin recover; negative if it simply reveals weak channel demand.

Cambodia is a small-market wildcard. Cambodia's life market remains less mature and less penetrated than Thailand, with international names such as Prudential, Manulife, AIA, Forte, and FWD competing for middle-class and protection-led demand. Available market commentary indicates Cambodia's insurance profit pools are still small relative to Thailand. For FWD, Cambodia can add long-duration growth but cannot be assumed to carry the segment without disclosed Cambodia-specific APE, VNB, revenue, OPAT, or EV. This appendix therefore treats Cambodia as a modest option value inside the segment, not as a separate forecast line.

The structural demand backdrop is favorable but not enough. Thailand's aging population, health-cost inflation, and middle-class financial-planning needs support demand for retirement, savings, protection, and health products. Cambodia's underpenetration supports long-run growth. But life insurance is regulated, trust-based, and distribution-constrained. The winning insurer is not simply the one with the biggest TAM slide; it is the one that converts demand into profitable, persistent

policies through channels it can defend. FWD has credible channel assets, but the FY2025 and 1Q26 indicators put the burden of proof on renewed growth quality.

5. Segment Moat

The segment moat is real but medium-strength, not impregnable. The strongest moat source is bancassurance access. When an insurer is embedded in a bank's sales process, it benefits from customer data, branch or relationship-manager reach, trusted financial context, and repeated touchpoints. The data package's management commentary calls FWD one of the leading bancassurers in Southeast Asia, and the raw presentation materials point to top Thailand bancassurance status. That supports a segment-level moat in distribution, especially if tied to long-duration contracts. In a market like Thailand, where financial institutions have deep retail relationships, bank access can be more defensible than a broad but shallow digital customer acquisition strategy.

The second moat source is in-force scale. FY2025 Thailand & Cambodia assets of US$21.957 billion, liabilities of US$18.526 billion, EV of US$2.743 billion, and OPAT of US$187 million imply a meaningful installed base. In-force policyholder books create renewal premium, CSM release, investment spread opportunities, and cross-sell data. They also impose obligations. Scale is moat-like only when it yields lower servicing cost, better claims experience, better ALM, and higher persistency. It becomes an anchor if new business slows and the book runs off or if asset-liability mismatches absorb spread gains.

The third moat source is execution around technology and agent productivity. FWD has invested in digital tools and AI-enabled distribution according to the raw results materials, and the data package allows software/intangible additions as the technology-investment proxy at group level. For Thailand, digital agent tools can improve lead management, reduce administrative friction, increase active-agent productivity, and support better compliance. This is not a standalone moat because competitors can buy or build similar tools. It is an operating advantage when paired with bank access and a large agency base.

The moat is constrained by commoditization and rate sensitivity. Savings and investment-linked products can be repriced by competitors; protection products require underwriting and claims trust but can still compete on features and agent relationships; health products face claims inflation and medical-cost risk. Lower interest rates already appear in the data package as a drag on Thailand & Cambodia. That means the segment is exposed to macro pricing and crediting economics. A strong moat would let FWD keep VNB margin stable while industry rates moved; FY2025 did not show that. VNB margin fell from 48.1% to 42.0%, and 1Q26 sales were down 6%.

The conclusion is a YELLOW moat at the segment level. FWD likely has a defendable position in Thailand bancassurance and an economically valuable in-force book, but the segment does not yet show the clean compounding pattern of rising APE, rising VNB, stable margins, and expanding OPAT margin. The base case assumes the moat stabilizes rather than accelerates growth, and that assumption is conditional: the next evidence must be positive APE/VNB growth without another VNB-margin step-down. The bull case requires evidence that FWD can return Thailand & Cambodia APE to mid-single-digit growth while holding VNB margins above 42%. The bear case assumes the moat is mainly access, not pricing power, and that lower rates plus competitor pressure keep the segment in low-growth runoff-like economics.

6. Historical Growth Rates - Reproduced From Data Package

The table below uses only data_package.md rows. Insurance revenue and OPAT are available for FY2023-FY2025 under the current segment trend work. APE and VNB are available for FY2022-FY2025. NB CSM by segment is included only for FY2024-FY2025. EV is available for FY2022-FY2025. Product-dollar revenue by life, health, savings, protection, HNW, accident and health is not disclosed, so no product-dollar rows are invented.

Product / sub-segment	FY-3 rev or KPI	FY-2 rev or KPI	FY-1 rev or KPI	3-yr CAGR	Most recent YoY	Data package cite
Insurance revenue	FY2023 644	FY2024 760	FY2025 827	n/a, 2-year CAGR 13.3%	8.8%	data_package section 3, Insurance Revenue By Segment row Thailand & Cambodia
OPAT attributable	FY2023 151	FY2024 148	FY2025 187	n/a, 2-year CAGR 11.3%	26.4%	data_package section 3, OPAT By Segment row Thailand & Cambodia
APE / new business sales	FY2023 619	FY2024 577	FY2025 577	FY2022-FY2025 CAGR 6.0% using FY2022 485	0.0%	data_package section 0a, DR-Added Segment Insurer KPI History row Thailand & Cambodia

Product / sub-segment	FY-3 rev or KPI	FY-2 rev or KPI	FY-1 rev or KPI	3-yr CAGR	Most recent YoY	Data package cite
NB CSM	[DATA GAP]	FY2024 398	FY2025 358	[DATA GAP]	-10.1%	data_package section 0a, DR-Added Segment Insurer KPI History row Thailand & Cambodia
VNB	FY2023 335	FY2024 278	FY2025 242	FY2022-FY2025 CAGR -3.6% using FY2022 270	-12.9%	data_package section 0a, DR-Added Segment Insurer KPI History row Thailand & Cambodia
VNB margin	FY2023 54.1%	FY2024 48.1%	FY2025 42.0%	-13.6 ppts from FY2022 55.6%	-6.1 ppts	data_package section 0a, DR-Added Segment Insurer KPI History row Thailand & Cambodia
EV	FY2023 2,247	FY2024 2,356	FY2025 2,743	FY2022-FY2025 CAGR 6.0% using FY2022 2,303	16.4%	data_package section 0a, EV by business unit row Thailand & Cambodia / FWD Thailand

Arithmetic checks: insurance revenue US$760 million x 1.088 = US$827 million within rounding. OPAT US$148 million x 1.264 = US$187 million within rounding. APE US$577 million x 1.000 = US$577 million exactly. NB CSM US$398 million x 0.899 = US$358 million within rounding. VNB US$278 million x 0.871 = US$242 million within rounding. EV US$2.356 billion x 1.164 = US$2.743 billion within rounding. The internal tension is not arithmetic; it is economic. Accounting revenue, OPAT, and EV improved in FY2025, while APE, NB CSM, VNB, and 1Q26 segment sales deteriorated.

7. Management Guidance - Quoted From Data Package Section 6

The data package contains no long segment-specific executive quote dedicated only to Thailand & Cambodia. It does contain several short official management quotes and one explicit segment-level read-through. I use the quotes below exactly as they appear in data_package.md section 6, then apply them to the Thailand & Cambodia model.

- data_package.md section 6, 1Q26 update, Group CEO: "another strong set of results". Interpretation: management wants investors to read 1Q26 as group-level continuity, but this does not neutralize the segment row showing Thailand & Cambodia new business sales down 6%.
- data_package.md section 6, 1Q26 update, Group CEO: "rising middle-class trend in Asia will continue". Interpretation: this supports the long-duration demand thesis for Thailand and Cambodia, but it is a TAM statement, not a segment-specific sales guide.
- data_package.md section 6, FY2025 results announcement, CFO report: "disciplined balance between growth, profitability, and risk management". Interpretation: this is the right frame for Thailand & Cambodia's quality reset. Flat APE and lower VNB may be acceptable if they improve persistency and future margin quality, but the data package does not yet prove that outcome.
- data_package.md section 6, FY2025 annual report distribution section: "one of the leading bancassurers in Southeast Asia". Interpretation: this is the strongest moat-relevant guidance for the segment because Thailand & Cambodia is part of the Southeast Asian bancassurance footprint.
- data_package.md section 6, FY2025 annual report distribution section: "our fastest growing channel". Interpretation: this refers to brokerage/IFA at group level. It may help Thailand if FWD shifts mix into higher-productivity advisory channels, but the data package does not disclose Thailand-only brokerage/IFA APE or VNB.
- data_package.md section 6, 1Q26 update, capital management section: "cash flow were stable". Interpretation: this is group-level stability and does not give a Thailand segment cash remittance figure.
- data_package.md section 6, 1Q26 update, outlook section: "new business sales momentum to continue". Interpretation: the group guide is positive, but the segment row explicitly says Thailand & Cambodia was down 6%, so this appendix gives Thailand a more conservative near-term path than the group.
- data_package.md section 6, segment-level read-through: Thailand & Cambodia is the weak patch because lower rates and quality controls pressure new-business sales and VNB margin. Interpretation: this is the controlling management read-through for the base and bear cases.

[DATA GAP: no Thailand-only management transcript, no Cambodia-only management quote, no Thailand-only FY2026 APE/VNB numeric guide, and no explicit management target for Thailand & Cambodia OPAT margin in the data package.]

8. Forward Growth Assumptions - Explicit And Justified

The forward horizon is 2030-12-31, five calendar years after the FY2025 complete financial base. Since there is no 1Q26 IFRS segment revenue or OPAT, FY2025 is the TTM financial base and 1Q26 is a KPI overlay. Growth assumptions are set for disclosed economic lines, but the rollup revenue case uses only insurance revenue because that is the disclosed segment revenue line.

Base case: Thailand & Cambodia stabilizes after a 2025-1Q26 quality reset, but this is a cautious stabilization case rather than a proven recovery. The in-force book continues to grow from prior cohorts, bancassurance remains defendable, and APE returns to low-single-digit growth, but VNB margin does not return to FY2022-FY2023 levels. Insurance revenue grows 5.5% CAGR from US$827 million to US$1.081 billion.

Product / economic line	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Insurance revenue	n/a, FY2023-FY2025 2-year CAGR 13.3%	8.8%	No segment revenue guide; 1Q26 KPI-only	5.5%	Decelerates below recent in-force growth because APE was flat in FY2025 and down 6% in 1Q26; stabilization is justified by FY2025 OPAT/EV/in-force evidence, not by current new-business momentum.
APE / new business sales	FY2022-FY2025 CAGR 6.0%	0.0% FY2025; -6% 1Q26 segment trend	Group says new business sales momentum to continue, but segment is weak patch	3.0%	Assumes quality reset reduces near-term volume but bank and agency productivity restore modest growth.
NB CSM	[DATA GAP] only FY2024-FY2025	-10.1%	No segment NB CSM guide	3.5%	Slightly above APE as product quality improves after FY2025 margin compression.
VNB	FY2022-FY2025 CAGR -3.6%	-12.9%	No segment VNB guide	3.0%	Recovery from depressed FY2025, but constrained by lower-rate environment and competition.
EV	FY2022-FY2025 CAGR 6.0%	16.4%	No segment EV guide	5.0%	ANW-heavy EV grows with retained earnings and in-force emergence, not heroic VIF expansion.

Bull case: FWD's Thailand bank position and digital agency tools rebuild profitable production. Lower-rate pressure fades, quality agency initiatives increase persistency, and Cambodia adds small option value. Insurance revenue grows 8.0% CAGR to US$1.215 billion.

Product / economic line	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Insurance revenue	n/a, FY2023-FY2025 2-year CAGR 13.3%	8.8%	No segment revenue guide; 1Q26 KPI-only	8.0%	Holds near FY2025 growth as in-force CSM emergence and renewed production offset 1Q26 weakness.
APE / new business sales	FY2022-FY2025 CAGR 6.0%	0.0% FY2025; -6% 1Q26 segment trend	Group momentum comment, segment weak patch	6.0%	Reverts to the FY2022-FY2025 APE CAGR as bancassurance and agency regain share.
NB CSM	[DATA GAP] only FY2024-FY2025	-10.1%	No segment NB CSM guide	6.5%	Mix and pricing recover enough for NB CSM to grow slightly faster than APE.
VNB	FY2022-FY2025 CAGR -3.6%	-12.9%	No segment VNB guide	6.0%	VNB returns to growth but does not regain the FY2022-FY2023 margin level.
EV	FY2022-FY2025 CAGR 6.0%	16.4%	No segment EV guide	7.0%	Retained earnings plus better new business lifts VIF contribution without assuming a step-change in capital regime.

Bear case: the moat is mostly bank access, not pricing power. Competitors pressure savings/protection economics, low rates keep crediting/spread economics tight, quality controls keep agency/bank conversion muted, and Cambodia remains too

small to matter. Insurance revenue grows only 2.5% CAGR to US$936 million.

Product / economic line	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Insurance revenue	n/a, FY2023-FY2025 2-year CAGR 13.3%	8.8%	No segment revenue guide; 1Q26 KPI-only	2.5%	New-business weakness bleeds into in-force revenue growth after a lag, approximating mature industry premium growth.
APE / new business sales	FY2022-FY2025 CAGR 6.0%	0.0% FY2025; -6% 1Q26 segment trend	Segment weak patch in data package	-1.0%	1Q26 decline persists as quality screens and rate pressure reduce volume.
NB CSM	[DATA GAP] only FY2024-FY2025	-10.1%	No segment NB CSM guide	0.0%	Mix improvement offsets lower volume, but there is no value growth.
VNB	FY2022-FY2025 CAGR -3.6%	-12.9%	No segment VNB guide	0.0%	Profitability stabilizes at a lower level, with no recovery to FY2024.
EV	FY2022-FY2025 CAGR 6.0%	16.4%	No segment EV guide	2.5%	ANW protects downside, but VIF contribution stagnates.

Year-by-year deceleration check: the base insurance revenue path is US$827 million in 2025, US$873 million in 2026, US$921 million in 2027, US$971 million in 2028, US$1.025 billion in 2029, and US$1.081 billion in 2030. That explicitly decelerates from the FY2024-FY2025 8.8% revenue growth rate to a 5.5% five-year CAGR. The base APE path is US$577 million in 2025, US$594 million in 2026, US$612 million in 2027, US$630 million in 2028, US$649 million in 2029, and US$669 million in 2030. This is conservative against the FY2022-FY2025 APE CAGR of 6.0% because the 1Q26 segment signal was negative.

9. Forward Operating Margin / OPAT Assumptions

Current FY2025 OPAT margin proxy is 22.6%, computed from US$187 million OPAT divided by US$827 million insurance revenue. The segment's FY2023 margin was 23.4% and FY2024 margin was 19.5%, using data package section 3 revenue and OPAT rows. That range is the relevant anchor. The model uses OPAT margin rather than EBIT margin because FWD discloses segment OPAT attributable, and the ER2 insurer economics should use OPAT/segment profit proxies rather than invented product gross margins.

Case	FY2025 OPAT margin proxy	TTM+5y OPAT margin	Change vs FY2025	Mechanism
Bear	22.6%	18.0%	-4.6 ppts	Lower new-business volume, pressure on VNB margin, higher acquisition strain per profitable policy, and weaker spread economics.
Base	22.6%	22.0%	-0.6 ppts	In-force earnings and cost discipline offset lower-rate pressure, but margin does not expand because APE/VNB recovery is modest.
Bull	22.6%	24.0%	+1.4 ppts	Bancassurance scale, agency productivity, and better mix lift OPAT margin modestly above FY2025 without exceeding the FY2023 high by much.

The bear margin is deliberately below the FY2024 trough of 19.5%. A true bear case should reflect the possibility that 1Q26 new-business pressure is an early indicator of weaker future CSM emergence, not merely a quarterly wobble. If flat or falling APE persists, acquisition costs and fixed distribution infrastructure are spread across less profitable production, while the in-force book gradually loses the benefit of high-value cohorts. In addition, a lower-rate environment can squeeze savings economics, reduce the attractiveness of guaranteed products, or require more capital discipline. The bear margin still leaves the segment profitable because the existing book and ANW-heavy EV support earnings; it is not a failure case.

The base margin of 22.0% is close to FY2025 and below FY2023. This reflects a normalizing segment, not a sharp improvement. It assumes management's "disciplined balance between growth, profitability, and risk management" holds, but also respects the data package's warning that Thailand & Cambodia is the weak patch. In base, lower rates and quality focus reduce top-line urgency, but disciplined underwriting, bank productivity, and expense leverage prevent the margin from falling back to FY2024 levels.

The bull margin of 24.0% requires evidence. It is only 1.4 percentage points above FY2025 and 0.6 percentage points above FY2023, so it is not an extreme target. But to earn it, FWD would need to show that the FY2025 drop in VNB margin was cyclical or mix-driven rather than structural. A bull path would likely involve higher agency productivity, more profitable bancassurance mix, tighter persistency management, and enough APE growth to absorb fixed expenses. If VNB margin remains around 42% while APE grows only low single digits, the bull margin should not be used.

10. Segment Rollup - Bottom-Up Arithmetic

Because product-dollar revenue is not disclosed, the rollup is not a fake product sum. It is an explicit segment-level arithmetic rollup from the disclosed FY2025 insurance revenue base and OPAT margin assumptions. The supporting economic KPI lines in section 8 are leading indicators used to defend the revenue and margin case; they are not substituted for revenue.

Case	FY2025 insurance revenue base	Revenue CAGR to 2030-12-31	TTM+5y segment revenue	TTM+5y OPAT margin	TTM+5y OPAT / operating income proxy	Arithmetic check
Bear	827	2.5%	936	18.0%	168	827 x 1.025^5 = 936; 936 x 18.0% = 168
Base	827	5.5%	1,081	22.0%	238	827 x 1.055^5 = 1,081; 1,081 x 22.0% = 238
Bull	827	8.0%	1,215	24.0%	292	827 x 1.080^5 = 1,215; 1,215 x 24.0% = 292

The model ties within rounding. Bear revenue of US$936 million is not a collapse; it is what happens when the in-force book grows but new production remains weak. Base revenue of US$1.081 billion assumes a clear deceleration from the FY2023-FY2025 revenue CAGR, because APE and VNB trends do not justify extrapolating 13.3% revenue growth. Bull revenue of US$1.215 billion requires FWD to turn its Thailand distribution position back into profitable growth, not just nominal premium growth.

The OPAT rollup is similarly conservative. FY2025 OPAT was US$187 million. Bear OPAT falls to US$168 million by 2030 despite revenue growth because margin compresses. Base OPAT rises to US$238 million, a 4.9% CAGR from FY2025, broadly aligned with base revenue growth but with slight margin drag. Bull OPAT rises to US$292 million, a 9.3% CAGR, which would be a strong but still plausible outcome if FWD converts channel scale into better sales productivity and stable value margins.

11. Key Risks And Wildcards

Bear risk - interest rates and savings economics. The data package specifically names lower interest rates as a drag on Thailand & Cambodia. If lower rates persist, guaranteed and savings-oriented products can become less attractive, crediting spreads can tighten, and VNB margin can remain under pressure. This risk primarily affects the bear and base cases because it limits both APE recovery and margin recovery.

Bear risk - quality focus reveals weak organic demand. Management's quality controls may be good underwriting discipline, but they can also expose that prior volume required looser economics or less persistent business. If the FY2025 flat APE and 1Q26 down 6% trend continue into FY2026, the base case revenue CAGR should be cut. This is the single most important monitoring item for the segment.

Base risk - bancassurance partner economics. Bancassurance is the strongest moat candidate, but it is also a negotiated channel. If bank economics become more expensive, or if competitors offer more attractive terms to banks, FWD could keep volume but sacrifice VNB. That would show up as APE growth without NB CSM and VNB recovery.

Base risk - regulatory and capital constraints. Life insurers operate under local solvency and product rules. The data package gives group LCSM cover but no Thailand-specific solvency ratio. If Thailand-specific capital requirements, product approvals, or reserving assumptions tighten, OPAT and free surplus generation could lag accounting revenue growth.

Bull wildcard - agency productivity. If FWD's digital tools and quality agency programs materially increase active-agent productivity, the segment could grow outside bank dependency. This would improve mix, reduce channel concentration, and support the bull case margin. Evidence would be rising Thailand APE, stable or rising VNB margin, and agent productivity disclosures.

Bull wildcard - Cambodia optionality. Cambodia is underpenetrated and could grow faster than Thailand, but it is too small and undisclosed to underwrite as a separate value driver. The bull case gets modest support if Cambodia begins to disclose scale or contributes visible APE/VNB growth, but until then it remains option value.

Cross-case risk - product-dollar non-disclosure. The data package explicitly says product dollars by life, health, savings, protection, HNW, accident and health are true non-disclosures. That limits precision. A future disclosure that shows the segment is overly concentrated in low-margin savings would lower the moat assessment; a disclosure showing high-margin protection/health growth would support the bull case.

Final Summary Table

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	US$936m	18.0%	US$168m	30%
Base	US$1,081m	22.0%	US$238m	50%
Bull	US$1,215m	24.0%	US$292m	20%

The Thailand & Cambodia segment is a profitable and material FWD market cluster, but it is not currently the cleanest growth engine in the group. FY2025 revenue, OPAT, and EV were good; FY2025 APE, NB CSM, VNB, VNB margin, and 1Q26 new business sales were weak. The base case therefore underwrites conditional stabilization rather than acceleration. The moat is strongest in bancassurance and in-force scale, medium in agency technology, and weakest in product-level pricing power. For the synthesis agent, the clean base contribution is US$1.081 billion of 2030 segment insurance revenue and US$238 million of OPAT proxy. The key monitoring condition is whether Thailand & Cambodia returns to positive APE and VNB growth without further VNB margin compression.

Appendix B3 - Japan

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Japan - Segment Deep Dive

Company: FWD Group Holdings Limited Ticker: 1828.HK Segment: Japan Stage 0 anchor: FY2025 complete financial base ended 2025-12-31. 1Q26 is a KPI-only overlay. Forward horizon: 2030-12-31, exactly five calendar years from 2025-12-31. Currency convention: US$ millions unless stated otherwise. Primary source hierarchy: `data_package.md` is the single source of truth for all FWD historical numbers and management commentary. External sources are used only for Japan market and competitor context.

0. Segment Boundary And Taxonomy Note

Japan is a current reportable geographic operating segment of FWD Group. The data package defines FWD's operating segments as Hong Kong SAR and Macau SAR, Thailand and Cambodia, Japan, Emerging Markets, and Corporate and Others, with Corporate and Others serving as corporate functions, shared services, and eliminations rather than an insurance market. There is no Japan segment restatement within the current FY2023-FY2025 segment financial statement span. The longer insurer KPI history uses FY2022-FY2023 labels from the 2023 annual report and FY2024-FY2025 listed-company labels from the FY2025 annual report and results announcement. For Japan, that label continuity is clean enough to use FY2022-FY2025 APE, VNB, VNB margin, and EV series, while insurance revenue and segment OPAT are modeled from the cleaner FY2023-FY2025 segment financial statement span. FY2021 is outside the taxonomy boundary because the data package says official sources do not provide a clean IFRS17-plus-EV comparable history for that year. The model therefore anchors on FY2025 for complete financials and uses 1Q26 only as a new-business momentum overlay, not as a TTM income statement substitute.

1. What This Segment Actually Is

FWD Japan is FWD Group's Japanese life insurance operation. Economically, it is not a product company selling a separately disclosed "Japan savings revenue" line or "Japan protection revenue" line. The official disclosure is geographic and insurer-KPI based. The segment earns IFRS insurance revenue as insurance services are provided under groups of insurance contracts, and it creates economic value through new business sales, new business CSM, value of new business, future CSM release, embedded value growth, investment spread, claims discipline, acquisition cost efficiency, and capital efficiency.

The segment's customer base is Japanese households and individuals buying life, protection, savings, and retirement-oriented products. The data package specifically notes that Japan is framed by management as a savings and retirement opportunity layered onto protection, and that the 2025 APE growth was supported by a Japanese yen single-premium annuity launched in the second half of 2025. That matters because the segment is not just a mortality protection book. It has meaningful sensitivity to interest rates, product crediting economics, annuity demand, and customer preference for yen-denominated wealth accumulation products. It also has a mature-market distribution challenge: Japan is a large but highly competitive life market with entrenched domestic brands, bank channels, agencies, and specialist foreign insurers.

The pricing model is actuarial. A product is attractive only if premiums, investment assumptions, guarantees, surrender behavior, longevity or mortality expectations, and acquisition costs together generate acceptable VNB, NB CSM, and eventual OPAT. This is why the Japan model cannot use industrial revenue gross margin. A dollar of new APE is not equivalent across protection, savings, and annuity business. A savings-heavy push can lift APE while putting pressure on VNB margin if guarantees, crediting rates, or distribution economics become less favorable. Conversely, the data package shows Japan's reported VNB margin is structurally high relative to the group: FY2025 VNB margin was 64.9% for Japan compared with 38.6% for total operating entities. The segment therefore has an attractive value profile if FWD can grow APE without diluting that margin too quickly.

Go-to-market is not fully broken out for Japan in the data package. Group distribution is disclosed by channel: bancassurance, brokerage and IFA, agency, and others. At the group level, bancassurance was the largest channel by 1Q26 APE mix at 41%, brokerage and IFA was 38%, and agency was 15%. The data package does not provide Japan channel-dollar tables, so this appendix does not assign Japan revenue, APE, or VNB dollars to those channels. The practical segment reading is that FWD Japan must compete through products that fit Japanese savings and retirement demand, through distribution access that can

overcome incumbent brand depth, and through underwriting and capital discipline that preserve the high VNB and NB CSM margins shown in the official segment KPI tables.

2. Current Economics

FY2025 is the complete financial base. Japan generated insurance revenue of 648, which was 22.3% of FWD Group's FY2025 insurance revenue of 2,911. Segment OPAT attributable was 186, implying a Japan OPAT margin proxy of 28.7% on insurance revenue. That margin is high compared with most industrial operating margins, but it should not be read as gross margin. It is the post-tax operating profit proxy after insurance service result, investment return, net finance result, and other operating items at the segment level.

The segment also produced FY2025 APE of 132, NB CSM of 213, and VNB of 86. These KPI relationships are important. APE was only 5.4% of group APE, while Japan insurance revenue was 22.3% of group insurance revenue and Japan OPAT was 37.3% of group OPAT before corporate drag. That divergence tells us Japan is an in-force earnings and capital-quality segment more than a headline new-business volume segment. It is not currently the main engine of group sales growth, but it is a disproportionately profitable contributor to group OPAT.

Japan's FY2025 NB CSM margin was 161.1% and VNB margin was 64.9%. The NB CSM margin means new business is adding a large amount of future service margin relative to APE. The VNB margin indicates that economic value creation per APE remains high. The caution is that margins have softened from FY2024: Japan's VNB margin declined from 74.5% in FY2024 to 64.9% in FY2025, while NB CSM margin declined from 162.7% to 161.1%, essentially flat at a still-high level. APE increased from 118 to 132 in FY2025, so the segment delivered growth in sales and NB CSM while VNB dollars slipped slightly from 88 to 86.

Japan's FY2025 EV was 2,278, with ANW of 1,320 and VIF of 959. The EV history is stable rather than explosive: 2,202 in FY2022, 2,312 in FY2023, 2,233 in FY2024, and 2,278 in FY2025. That pattern supports a mature-market interpretation. The segment has a sizeable in-force book, high profitability, and attractive unit economics, but it has not yet shown compounding at a high double-digit EV growth rate.

The 1Q26 overlay is positive but limited. The data package says Japan new business sales were up 22% in 1Q26, supported by savings expansion and protection growth. It also states there are no full 1Q26 IFRS income statement, balance sheet, cash-flow, or segment Note 5 statements. Therefore the 1Q26 signal improves confidence in near-term APE momentum but does not change the FY2025 revenue, OPAT, EV, or CSM base. The forward model uses the 22% 1Q26 growth as a directional proof point, not as a four-quarter run-rate extrapolation.

[DATA GAP: The data package does not disclose Japan product-level revenue, Japan channel APE, Japan channel VNB, Japan 1Q26 APE dollars, Japan 1Q26 VNB dollars, or Japan closing CSM balance.]

3. Unit Economics

Japan's unit economics are best understood through four layers: APE production, value conversion, CSM formation, and OPAT emergence. APE measures new business sales. It is useful for growth direction, but it is not revenue. VNB measures the economic value of new business under embedded-value assumptions. NB CSM measures the contractual service margin created by new business under IFRS17 economics. OPAT captures the operating earnings that have emerged from the in-force book and current-period business after tax.

The segment's FY2025 APE of 132 produced VNB of 86 and NB CSM of 213. That is attractive conversion. VNB margin of 64.9% is far above the group average of 38.6%, and NB CSM margin of 161.1% is above the group operating entity average of 61.0%. On these metrics, Japan looks like a high-quality, high-value-per-sale segment. The issue is not whether a dollar of Japan APE is valuable. The issue is how many such dollars FWD can originate in a mature market without losing economics.

Revenue-to-OPAT conversion is also strong. FY2025 insurance revenue of 648 produced OPAT of 186. The 28.7% OPAT margin proxy was below FY2024's 33.1% but above FY2023's 26.5%. The margin swing is not fully explained in the data package at the Japan product level. The segment's FY2025 operating statement shows insurance service result of 142, investment return of 130, net finance result of positive 7, net insurance and investment result of 279, and OPAT attributable of 186. Unlike some life insurers that face a large negative finance line in a rising-rate or guarantee-heavy environment, Japan's FY2025 net finance result was positive. That is a meaningful source of margin resilience, but it may not be repeatable in every rate and asset-liability-management environment.

The central unit-economic risk is mix. Management commentary in the data package says Japan is a savings and retirement opportunity layered onto protection, and it specifically notes a JPY single-premium annuity launched in 2H25. Savings and annuity products can be good business if priced with disciplined guarantees and distribution costs. They can also lift APE faster than VNB when competition forces higher crediting rates or when banks demand economics. The FY2025 data already shows this tension: APE rose 11.9%, NB CSM rose 10.9%, but VNB fell 2.3% and VNB margin declined by 9.6 percentage points. The base case assumes FWD keeps growing Japan but accepts a gradual normalization of VNB margin from very high levels. The bull case requires the 1Q26 growth signal to continue while margin stabilizes near the high-60s. The bear case assumes product mix, distribution competition, or rate volatility causes further VNB margin compression and lower revenue growth.

Capital intensity is not disclosed at the Japan segment statutory level in the data package. The best available segment capital-quality evidence is FY2025 Japan EV of 2,278, ANW of 1,320, VIF of 959, total assets of 6,651, and total liabilities of 5,353. Japan generated 186 of OPAT on 2,278 of EV, an 8.2% OPAT-to-EV proxy. It generated 186 on 1,320 of ANW, a 14.1% OPAT-to-ANW proxy. These are not official ROE or ROIC calculations, but they show that the in-force book is not a low-return asset sink. They also show why Japan matters to the group despite low APE share.

4. Competitive Dynamics

Japan is one of the world's largest life insurance markets, but it is mature and concentrated around strong incumbents. The Life Insurance Association of Japan's 2025 Fact Book frames the market through a large installed base of policies, premium income, claims, and asset balances across life insurers operating in Japan. FWD Japan therefore competes in a market with deep consumer familiarity, high product penetration, and established trust relationships rather than in an underpenetrated greenfield market. External market sources identify major domestic life groups such as Nippon Life, Dai-ichi Life, Meiji Yasuda Life, Sumitomo Life, Japan Post Insurance, and other established insurers as core competitors. These groups have brand strength, agency forces, bank relationships, balance sheet scale, and decades of claims-paying history.

The segment's pricing power is therefore conditional. FWD is unlikely to have broad market pricing power against the largest Japanese incumbents. It can have product-shelf pricing power in niches where it combines customer-friendly design, capital-efficient guarantees, faster launch cadence, and distribution relationships. The evidence for that is indirect but meaningful: Japan's FY2025 VNB margin of 64.9% and NB CSM margin of 161.1% would be difficult to sustain if FWD were simply buying volume through uneconomic pricing. However, the decline in VNB margin from FY2024's 74.5% shows competition and mix can still pressure economics.

Interest rates are a second competitive variable. Japanese life insurers spent many years operating in a low-rate environment that pressured guarantees and reinvestment yields. As Japan normalizes rates, the competitive field changes. Higher rates can improve demand for yen savings and annuity products, and they can improve investment returns on new money. They can also increase policyholder expectations for credited rates and create mark-to-market or asset-liability-management pressure. S&P has discussed Japanese insurers' hedging and risk reduction efforts around foreign-currency assets, while the FSA has been moving toward economic value-based solvency regulation. For FWD Japan, the practical point is that growth in savings products cannot be modeled as pure volume upside. It must be paired with disciplined rate guarantees and capital costs.

Regulation is also evolving. Japan's Financial Services Agency describes economic value-based solvency regulation as a framework for evaluating insurers' financial positions through economic value-based valuation of both assets and liabilities, with the goal of enhancing risk management. The data package notes that FWD's expected Group LCSM cover ratio after Japan ESR is 210%, down from the FY2025 Group LCSM cover ratio of 265% on a PCR basis. This directly links the Japan segment to group capital optics. Even if Japan OPAT is strong, a tougher economic-value capital regime can reduce growth appetite, change product mix, or require repricing.

Substitution risk is moderate rather than existential. Japanese consumers can meet savings and retirement needs through bank deposits, investment trusts, pensions, securities accounts, and other annuity products. Protection needs can be served by domestic insurers, mutuals, foreign specialists, and workplace or association channels. FWD's defense is not a patented product. It is actuarial discipline, product design, distribution execution, claims service, and capital management. That makes the moat narrower than a network-effect software segment, but still real if the company repeatedly originates high-margin new business without sacrificing solvency.

External competitive context sources used for this section: [Life Insurance Association of Japan, Life Insurance Fact Book 2025](https://www.seiho.or.jp/english/statistics/trend/pdf/2025.pdf); [Japan Financial Services Agency economic value-based solvency materials](https://www.fsa.go.jp/en/refer/councils/economic_value-based_solvency/index.html); [S&P Global Ratings

commentary on Japanese insurers' risk reduction](https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101629672) and [2025 sector outlook](https://www.spglobal.com/ratings/en/regulatory/article/250131-japan-insurers-in-2025-things-are-looking-up-s13380294); [Toa Re, Japan's Insurance Market 2025](https://www.toare.co.jp/english/img/knowledge/pdf/2025_insurance.pdf).

5. Segment Moat

Japan's moat is a disciplined insurer moat, not a monopoly moat. The segment is protected by regulatory licensing, actuarial know-how, capital requirements, product approval and risk-management infrastructure, distribution relationships, in-force policyholder relationships, claims operations, and the switching friction inherent in long-duration insurance contracts. Once a life policy or annuity is written, the customer does not behave like a monthly software subscriber. The liabilities are long-duration, and the future earnings stream depends on persistency, assumptions, investment returns, and service delivery. That gives the in-force book real durability.

The data supports a moat in economics more than a moat in growth. Japan's FY2025 OPAT margin proxy was 28.7%, FY2025 VNB margin was 64.9%, and FY2025 NB CSM margin was 161.1%. These figures show that the segment has been able to write profitable business and convert its in-force book into earnings. Japan's EV of 2,278 is also stable and material. This is not a subscale start-up operation that needs speculative future profitability.

The weakness is market share and volume. The data package does not disclose Japan market share, channel share, product-level revenue, or product-level APE. Without those, the moat cannot be described as broad franchise dominance. The major Japanese incumbents have deeper brands and larger domestic distribution platforms. FWD Japan's moat is therefore more likely to be a specialist challenger advantage in selected products and channels than a national scale advantage.

The five-to-ten-year durability test is mixed but investable. On the positive side, Japan's aging population and retirement needs should support demand for protection, health, savings, and annuity products. The 1Q26 new-business sales increase of 22% suggests FWD's recent product actions are working. On the negative side, a savings-led acceleration may be easier for competitors to replicate than proprietary protection underwriting. If rate competition or bank shelf economics intensify, VNB margin can compress quickly. The base case therefore gives Japan credit for durable in-force earnings and moderate new-business growth, but not for a high-growth compounding moat.

6. Historical Growth Rates - Reproduced From Data Package

The table below uses only data-package figures. Insurance revenue and OPAT are available on the clean current segment financial statement span of FY2023-FY2025. APE, VNB, and EV have clean FY2022-FY2025 insurer-KPI histories. NB CSM by segment is available only for FY2024-FY2025. Product-dollar revenue by life, health, savings, HNW, or annuity is not disclosed and is not back-solved.

Product / sub-segment	FY2022	FY2023	FY2024	FY2025	Clean CAGR span	Most recent YoY	Data package cite
Japan insurance revenue	n/d	619	583	648	FY2023-FY2025: 2.3%	11.1%	data_package Section 3, Insurance Revenue By Segment, Japan row
Japan OPAT attributable	n/d	164	193	186	FY2023-FY2025: 6.5%	-3.6%	data_package Section 3, OPAT By Segment, Japan row
Japan APE	167	125	118	132	FY2022-FY2025: -7.5%	11.9%	data_package Section 0a, DR-Added Segment Insurer KPI History, Japan row
Japan VNB	138	136	88	86	FY2022-FY2025: -14.6%	-2.3%	data_package Section 0a, DR-Added Segment Insurer KPI History, Japan row
Japan NB CSM	n/d	n/d	192	213	FY2024-FY2025: 10.9%	10.9%	data_package Section 0a, DR-Added Segment Insurer KPI History, Japan row
Japan EV	2,202	2,312	2,233	2,278	FY2022-FY2025: 1.1%	2.0%	data_package Section 0a, Business unit EV table, Japan row

Additional financial-statement context from the data package: Japan's FY2025 insurance revenue was 648, FY2025 insurance service result was 142, FY2025 investment return was 130, FY2025 net finance result was positive 7, FY2025 net insurance and investment result was 279, FY2025 OPAT attributable was 186, FY2025 total assets were 6,651, and FY2025 total liabilities were 5,353. These figures come from the data package's FY2025 Segment Operating Statement. They are not re-fetched or re-derived here.

Internal arithmetic check:

Row	Check	Result
Japan insurance revenue	FY2024 583 to FY2025 648 equals 11.1% growth; FY2023-FY2025 CAGR equals 2.3%	Pass
Japan OPAT attributable	FY2024 193 to FY2025 186 equals -3.6% growth; FY2023-FY2025 CAGR equals 6.5%	Pass
Japan APE	FY2024 118 to FY2025 132 equals 11.9% growth; FY2022-FY2025 CAGR equals -7.5%	Pass
Japan VNB	FY2024 88 to FY2025 86 equals -2.3% growth; FY2022-FY2025 CAGR equals -14.6%	Pass
Japan NB CSM	FY2024 192 to FY2025 213 equals 10.9% growth; only FY2024-FY2025 segment history is disclosed	Pass
Japan EV	FY2024 2,233 to FY2025 2,278 equals 2.0% growth; FY2022-FY2025 CAGR equals 1.1%	Pass

7. Management Guidance From Data Package

The data package provides group-level management commentary and a segment-level Japan read-through, but not a dedicated Japan management quote table. The forward model therefore uses the Japan-specific paraphrase and the group-level quoted guidance as anchors. Any quote in this section is quoted from the data package, not independently re-fetched.

The first relevant anchor is the data package's segment-level management read-through: "Japan is framed as a savings and retirement opportunity layered onto protection." This is not a verbatim executive quote, but it is the data package's verified interpretation of management materials. It supports modeling Japan as a segment with near-term APE upside from savings products and ongoing profit support from protection and in-force business. It also cautions against treating the 2025 savings expansion as a separate disclosed product-revenue line.

The second anchor is the data package's 1Q26 segment trend row: "New business sales up 22%." The data package's model-use column says "Savings expansion and protection growth support positive momentum." This is the most direct Japan-specific forward signal. It supports a positive FY2026 new-business outlook but does not prove FY2026 insurance revenue or OPAT growth because 1Q26 does not include segment financial statements.

The third anchor is the CEO quote in the data package's management commentary table: "another strong set of results." The data package interprets this as management framing 1Q26 as continuation, not a one-off rebound. For Japan, that supports giving the 1Q26 new-business trend some weight in the base and bull cases, while still refusing to annualize it mechanically.

The fourth anchor is the CEO quote that the "rising middle-class trend in Asia will continue." Japan is not a rising-middle-class market in the same way as Southeast Asia, so this is weaker for Japan than for Emerging Markets. The relevant read-through is broader Asian demand for life, health, and retirement solutions, not a specific Japan demographic growth claim. Japan's real structural driver is aging and retirement planning rather than middle-class formation.

The fifth anchor is the CFO quote describing a "disciplined balance between growth, profitability, and risk management." This is central to Japan. The segment has high VNB and NB CSM margins, and the model assumes management will trade off sales growth against margin and capital discipline. A base case that simply compounds 1Q26 APE growth at 22% for five years would contradict this risk-management anchor.

The sixth anchor is the CFO quote that leverage is "near our target leverage range of 15 to 20 per cent." The data package notes FY2025 leverage was 21.3%, still above target. This matters for Japan because the data package also shows the expected Group LCSM cover ratio after Japan ESR at 210%, below the FY2025 PCR basis ratio of 265%. Capital discipline can limit growth appetite in capital-consuming savings or annuity products.

The seventh anchor is the data package's 1Q26 outlook quote: "new business sales momentum to continue." This supports a base case with positive APE and revenue growth, but the data package itself adds that margin moderation is expected. That

combination is exactly how this appendix models Japan: sales momentum continues, VNB margin remains attractive but does not expand from FY2025, and OPAT margin normalizes around the high-20s to low-30s depending on case.

[DATA GAP: The data package does not provide a Japan-specific verbatim management quote from the Japan CEO, Japan CFO, or product head. All Japan guidance is from data-package segment read-through and group management commentary.]

8. Forward Growth Assumptions - Explicit And Justified

All forward cases compound from the FY2025 base to the TTM+5y horizon of 2030-12-31. Because 1Q26 is KPI-only, the model does not recut the FY2025 base into a synthetic TTM. Insurance revenue is the segment revenue line. APE, NB CSM, and VNB are economic indicator lines, not product revenue. Product-dollar revenue is not disclosed, so there is no product revenue rollup below the segment line.

Base case:

Product / KPI line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Japan insurance revenue	2-yr CAGR 2.3%	11.1%	1Q26 Japan new business sales up 22%	3.5%	Revenue growth is above the two-year average but far below 1Q26 APE growth because insurance revenue emerges from the in-force book and product service pattern rather than from new sales immediately.
Japan APE	3-yr CAGR -7.5%	11.9%	1Q26 Japan new business sales up 22%	5.0%	FY2025 and 1Q26 show a rebound from weak FY2023-FY2024 APE, but mature-market competition argues for mid-single-digit normalized growth.
Japan NB CSM	n/m, FY2024-FY2025 growth 10.9%	10.9%	Sales momentum continues with margin moderation	4.1%	NB CSM grows faster than revenue but below recent growth as the savings mix normalizes and CSM margin remains high but not expanding.
Japan VNB	3-yr CAGR -14.6%	-2.3%	Sales momentum continues with margin moderation	4.3%	VNB recovers with APE growth, but VNB margin remains below the exceptional FY2024 level and is capped by competitive savings economics.
Japan EV	3-yr CAGR 1.1%	2.0%	Capital discipline and Japan ESR	2.5%	EV grows modestly with retained value and VNB, offset by regulatory capital pressure and mature-market competition.

Bull case:

Product / KPI line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Japan insurance revenue	2-yr CAGR 2.3%	11.1%	1Q26 Japan new business sales up 22%	5.5%	The bull case assumes 2H25 savings product traction and protection growth broaden into sustained in-force expansion without a sharp margin give-up.
Japan APE	3-yr CAGR -7.5%	11.9%	1Q26 Japan new business sales up 22%	8.0%	FWD gains niche share in retirement and protection products, and distribution access improves enough to compound above market but below the 1Q26 spike.
Japan NB CSM	n/m, FY2024-FY2025 growth 10.9%	10.9%	Sales momentum continues with margin moderation	8.5%	High NB CSM margin persists because product design remains disciplined and higher APE is not purchased through uneconomic guarantees.
Japan VNB	3-yr CAGR -14.6%	-2.3%	Sales momentum continues with margin moderation	8.9%	VNB dollars accelerate as APE growth and stable value margins overcome the FY2024-FY2025 VNB dip.

Product / KPI line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Japan EV	3-yr CAGR 1.1%	2.0%	Capital discipline and Japan ESR	4.0%	Higher VNB accretion and positive investment conditions allow EV growth to move above recent history despite ESR constraints.

Bear case:

Product / KPI line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Japan insurance revenue	2-yr CAGR 2.3%	11.1%	1Q26 Japan new business sales up 22%	0.5%	The bear case assumes 1Q26 is product-launch pull-forward, not a durable trend, and mature-market competition keeps revenue nearly flat.
Japan APE	3-yr CAGR -7.5%	11.9%	1Q26 Japan new business sales up 22%	2.0%	New product uptake fades, competitors match savings offers, and FWD chooses quality over volume.
Japan NB CSM	n/m, FY2024-FY2025 growth 10.9%	10.9%	Sales momentum continues with margin moderation	-0.1%	Lower CSM margin offsets modest APE growth as savings competition and ESR costs pressure contract economics.
Japan VNB	3-yr CAGR -14.6%	-2.3%	Sales momentum continues with margin moderation	-1.5%	VNB margin continues to normalize downward, so new-business value declines despite slightly positive APE growth.
Japan EV	3-yr CAGR 1.1%	2.0%	Capital discipline and Japan ESR	0.5%	EV is broadly flat as low VNB growth, assumption strain, and capital requirements absorb operating generation.

Thesis-consistency check: Japan's 1Q26 new-business sales growth of 22% is not used as a five-year CAGR in any case. The base case decelerates APE growth to 5.0%, the bull case to 8.0%, and the bear case to 2.0%. That deceleration is justified because Japan's FY2022-FY2025 APE CAGR was negative, the market is mature, and a 2H25 product launch can create a temporary growth surge. Conversely, the base and bull cases do not ignore the 1Q26 signal: both put revenue growth above the FY2023-FY2025 insurance revenue CAGR.

9. Forward Operating Margin Assumptions

The margin base is FY2025 Japan OPAT attributable of 186 divided by FY2025 Japan insurance revenue of 648, or 28.7%. This is a segment OPAT margin proxy, not an IFRS gross margin. It is the correct operating-income proxy for this appendix because the data package's segment tables disclose OPAT by segment and do not disclose product-level operating profit.

Case	Current margin	TTM+5y margin	Change vs current	Margin mechanism
Bear	28.7%	25.0%	-3.7 ppts	Savings competition, lower VNB margin, higher distribution cost, and ESR-related capital discipline reduce profit emergence from revenue.
Base	28.7%	29.0%	0.3 ppts	In-force scale and continued high NB CSM offset modest VNB margin normalization and mature-market acquisition costs.
Bull	28.7%	31.5%	2.8 ppts	Product mix stays value-accretive, protection growth complements savings, and investment spread plus operating scale lift OPAT conversion.

The bear case margin decline is larger than 100 bps because it assumes specific pressure mechanisms: savings products become more rate-competitive, banks and other distributors demand more economics, competitors match product features, and the new Japan ESR framework makes capital consumption more visible. Under that set of conditions, FWD may continue selling policies but at lower VNB and OPAT conversion. The base case holds margin essentially stable because Japan's

FY2025 profitability is already high and because management guidance stresses a disciplined balance between growth, profitability, and risk management. The bull case expands margin by 280 bps because it assumes FWD uses the 2H25 product cycle to grow value-accretive APE while maintaining high NB CSM margin and benefiting from in-force scale.

The product-level margin split is not disclosed. The data package explicitly says product revenue by life, health, protection, savings, HNW, and accident and health is a true non-disclosure. Therefore the segment margin is modeled directly rather than through product-dollar profit pools. A model that assigned a 20% margin to savings and 60% margin to protection would look more granular but would be unsupported by the data package.

Additional KPI margin assumptions used as cross-checks:

Case	TTM+5y APE	TTM+5y NB CSM margin	TTM+5y NB CSM	TTM+5y VNB margin	TTM+5y VNB
Bear	146	145.0%	212	55.0%	80
Base	168	155.0%	260	63.0%	106
Bull	194	165.0%	320	68.0%	132

These KPI margins are not used to back-solve insurance revenue. They serve as economic consistency checks at the 2030-12-31 horizon. In the base case, APE grows to 168, NB CSM grows to 260, and VNB grows to 106. That is consistent with the segment remaining valuable but not returning to FY2024's 74.5% VNB margin. In the bear case, APE rises to 146 but VNB falls to 80, a plausible failure mode if savings products generate volume with weaker value margins. In the bull case, APE rises to 194 and VNB to 132, requiring both share gains and disciplined pricing.

10. Segment Rollup Tied Arithmetically

The Japan rollup is intentionally simple because the data package discloses only the segment revenue line and insurer KPI lines. There are no product-dollar revenue rows to sum. The one revenue line is Japan insurance revenue, and the OPAT margin proxy is applied to that line. Arithmetic is exact to rounding.

Case	FY2025 revenue base	Revenue CAGR	TTM+5y revenue	TTM+5y margin	TTM+5y OPAT proxy	Arithmetic tie
Bear	648	0.5%	664	25.0%	166	664 times 25.0% equals 166
Base	648	3.5%	770	29.0%	223	770 times 29.0% equals 223
Bull	648	5.5%	847	31.5%	267	847 times 31.5% equals 267

KPI roll-forward cross-check:

Case	FY2025 APE	APE CAGR	TTM+5y APE	FY2025 VNB	TTM+5y VNB	FY2025 EV	TTM+5y EV
Bear	132	2.0%	146	86	80	2,278	2,336
Base	132	5.0%	168	86	106	2,278	2,579
Bull	132	8.0%	194	86	132	2,278	2,773

The base case can be reconstructed directly: 648 compounded at 3.5% for five years equals 770 after rounding; 770 multiplied by a 29.0% OPAT margin equals 223. The bull case revenue of 847 is 648 compounded at 5.5% for five years; 847 multiplied by 31.5% equals 267. The bear case revenue of 664 is 648 compounded at 0.5% for five years; 664 multiplied by 25.0% equals 166. Differences of one unit can occur from rounding to whole US$ millions.

The model does not force the KPI roll-forward to reconcile mathematically to insurance revenue because APE, NB CSM, VNB, EV, and IFRS insurance revenue are different measurement bases. Instead, the KPI roll-forward is used as a reasonableness guardrail. A base case with revenue CAGR of 3.5% while APE grows 5.0% and VNB grows to 106 is internally coherent: new-business momentum gradually improves the in-force earnings base, but not one-for-one within five years.

11. Key Risks And Wildcards

Bear risk - VNB margin compression. Japan's VNB margin declined from 74.5% in FY2024 to 64.9% in FY2025. The segment still has high value margins, but the direction matters. If the 2H25 savings expansion requires richer guarantees, higher credited rates, or more expensive distribution, APE can grow while VNB stagnates. That is the bear case's main mechanism.

Bear risk - Japan ESR and capital visibility. The data package shows expected Group LCSM cover ratio after Japan ESR at 210%, below the FY2025 PCR basis ratio of 265%. Even if 210% is still sound, the change can alter management behavior. Product design may become more conservative, growth capital may be constrained, or profitability targets may rise, slowing volume growth.

Bear risk - incumbent response. Nippon Life, Dai-ichi Life, Meiji Yasuda, Sumitomo Life, Japan Post Insurance, and other competitors have distribution scale and brand depth. If incumbents replicate product features or defend bank and agency shelf space aggressively, FWD's challenger economics can compress.

Base risk - 1Q26 is not financial-statement evidence. The 22% Japan new-business sales growth in 1Q26 is useful but incomplete. There is no 1Q26 Japan revenue, OPAT, balance sheet, CSM balance, or EV disclosure in the data package. The base case could be too optimistic if the 1Q26 growth was a launch spike that does not translate into durable CSM or OPAT.

Base risk - mature-market growth ceiling. Japan is large but not structurally fast growing. Aging supports retirement demand, but population and household formation trends do not create the same long runway as Emerging Markets. FWD can grow above market through product and distribution execution, but the segment should not be underwritten like a frontier-market expansion business.

Bull wildcard - higher-rate product window. If Japanese rates and customer demand support attractive yen savings and retirement products while FWD maintains disciplined guarantees, Japan could grow APE and NB CSM faster than modeled. This is the bull case's main upside driver.

Bull wildcard - mix shift back toward protection value. If the savings product launch brings customers into the franchise and cross-sell or protection attachment improves, VNB margin could stabilize or rise. That would make FY2025's VNB dip a transition cost rather than a new normal.

Bull wildcard - operating scale. Japan's FY2025 OPAT contribution was large relative to APE. If FWD can add new business without materially expanding fixed costs, the segment could produce more operating leverage than the base case assumes.

Final probability-weighted view:

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	664	25.0%	166	25%
Base	770	29.0%	223	55%
Bull	847	31.5%	267	20%
Probability-weighted	760	28.7%	218	100%

The probability-weighted row is calculated as 25% bear, 55% base, and 20% bull: revenue of 760, OPAT proxy of 218, and an implied weighted margin of 28.7%. The Japan segment is a high-margin in-force profit contributor with improving near-term new-business momentum, not a high-volume group growth engine. FY2025 profitability was strong, and the 1Q26 APE signal is positive. The constraint is evidence depth: product dollars, channel dollars, Japan 1Q26 dollars, and Japan CSM balance are not disclosed. The cleanest underwriting stance is to give Japan credit for stable-to-moderate revenue growth and strong OPAT conversion while refusing to capitalize the 22% 1Q26 sales growth as a five-year trend. The base case of 770 revenue and 223 OPAT proxy by 2030-12-31 is therefore deliberately moderate: it assumes FWD Japan keeps its economics, but not that it breaks out of Japan's mature-market gravity.

Appendix B4 - Emerging Markets

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FWD Group Holdings Limited (1828.HK) - Appendix B: Emerging Markets Segment Deep Dive

Stage 0 anchor: the complete financial base is FY2025 ended 2025-12-31. The 1Q26 disclosure is a new-business KPI overlay only, not a complete IFRS income statement, balance sheet, cash-flow statement, or segment Note 5. The forward horizon used throughout this appendix is 2030-12-31, exactly five calendar years from 2025-12-31. All FWD historical numbers and management commentary in this appendix are taken from `data_package.md`; no FWD historical dollar figures are re-fetched or re-derived from external filings.

0. Segment Boundary And Taxonomy Note

Emerging Markets is FWD's reportable segment covering the Philippines, Indonesia, Singapore, Vietnam, and Malaysia. The same country set is called "Expansion Markets" in the 1Q26 update, but the data package states that this is a source-label difference, not a new segment. The listed-company FY2025 base is stable for current modeling, while the clean comparable segment financial statement span is FY2023-FY2025. The longest clean insurer KPI history is FY2022-FY2025 for APE, VNB, VNB margin, and EV, with FY2024-FY2025 for segment NB CSM. FY2021 is outside the comparable taxonomy boundary. There is no disclosed country-level insurance revenue, OPAT, APE, VNB, NB CSM, CSM, or EV table inside Emerging Markets, so this appendix models the segment at the official reportable-segment level and flags all country/product dollar splits as [DATA GAP] rather than inventing them.

1. What This Segment Actually Is

Emerging Markets is FWD's Southeast Asian growth portfolio outside the larger Thailand and Cambodia reporting unit. It consists of five markets at different stages of life insurance maturity: the Philippines, Indonesia, Singapore, Vietnam, and Malaysia. The segment is not a single product line. It is a collection of local insurance subsidiaries and partnerships selling life, health, savings, protection, retirement, takaful, group, and digital or direct-to-consumer propositions through multiple channels. The official disclosure does not provide product-dollar revenue by life, health, savings, protection, high-net-worth, or accident and health categories; the data package explicitly warns downstream appendices not to back-solve those dollars.

The economic unit is best understood through insurer KPIs rather than industrial revenue. IFRS insurance revenue measures services provided under insurance contracts. APE measures new business sales. NB CSM measures the contractual service margin written by new business, a key source of future IFRS profit emergence under IFRS 17. VNB measures the economic value of new business under embedded-value assumptions. OPAT is the operating profit after tax proxy used in the segment tables. EV, ANW, and VIF describe the embedded value capital base. Because these measures sit at different points in the insurance value chain, the model does not treat APE or VNB as revenue; it uses them as leading indicators of future insurance revenue, CSM growth, and OPAT conversion.

The customer base is a mix of rising middle-income retail customers, affluent retail or high-net-worth customers reached through broker and IFA channels, and bank customer pools reached through bancassurance. In Singapore, Malaysia, and parts of the Philippines, banked populations and broker networks support more sophisticated savings, protection, health, takaful, and wealth-adjacent insurance sales. In Indonesia, Vietnam, and the Philippines, insurance penetration remains lower and the strategic issue is reach, education, and trust. The go-to-market model therefore depends heavily on distribution access. The data package identifies bancassurance as a strategic channel for FWD and brokerage/IFA as the fastest-growing group channel in FY2025, but it does not disclose Emerging Markets-only channel dollars.

Pricing is actuarial and capital-driven. The segment earns profit when premiums, investment returns, and CSM release exceed claims, acquisition costs, maintenance expenses, finance costs, and capital strain. Margins can expand from scale, better underwriting, persistency, richer health/protection mix, higher-quality distribution, and more efficient digital servicing. Margins can contract from Vietnam disruption, bank partner economics, acquisition-cost pressure, commission competition, lapse risk, medical inflation, lower reinvestment yields, adverse claims, currency weakness, and regulatory tightening.

2. Current Economics (FY2025 Base And 1Q26 Overlay)

The FY2025 complete financial base shows Emerging Markets as a small but fast-growing contributor to FWD's group insurance revenue and a much smaller contributor to group OPAT. The data package Section 1 segment table gives FY2025 Emerging Markets insurance revenue of US$470 million, 16.1% of group insurance revenue, OPAT attributable of US$34 million, APE of US$529 million, and VNB of US$145 million. The Section 3 segment operating statement adds FY2025 insurance service result of US$92 million, investment return of US$360 million, net finance result of negative US$330 million, net insurance and investment result of US$122 million, total assets of US$6.614 billion, and total liabilities of US$4.579 billion.

The most important first observation is that Emerging Markets is larger in new-business activity than in current profit. FY2025 APE of US$529 million exceeded FY2025 insurance revenue of US$470 million, which is not a revenue comparison but does show that new business is material relative to the in-force base. FY2025 VNB of US$145 million was 27.5% of APE, down from 32.3% in FY2024 and materially below the 46.2%-50.4% levels disclosed for FY2022-FY2023. FY2025 NB CSM was US$221 million, only slightly above FY2024's US$214 million, and NB CSM margin fell from 52.6% to 43.0%. This is the core economic tension: the segment is growing, but new-business profitability has compressed.

OPAT margin is also still low. FY2025 OPAT of US$34 million divided by FY2025 insurance revenue of US$470 million gives a segment OPAT margin of 7.2%. FY2024 was US$32 million of OPAT on US$350 million of insurance revenue, or 9.1%. FY2023 was US$17 million on US$327 million, or 5.2%. The three-year progression is profitable but not yet a stable high-margin franchise. The segment has scale potential, but management has not yet demonstrated a durable double-digit OPAT margin across the current country mix.

The 1Q26 overlay is favorable on growth but incomplete on profit. The data package Section 5 states that Expansion Markets new business sales were up 28% in 1Q26, with growth in Singapore, Malaysia, and the Philippines partly offset by Vietnam. It also states that the group disclosed no 1Q26 IFRS income statement, balance sheet, cash-flow, or Note 5 segment statements. Therefore the 1Q26 evidence supports a positive near-term APE trajectory but cannot be used to mark FY2026 segment revenue, OPAT, assets, liabilities, CSM, or EV. This appendix treats 1Q26 as a signal that the FY2025 APE momentum did not immediately stall, not as a new TTM financial base.

Capital intensity is not disclosed as segment required capital, but the EV table gives useful clues. Emerging Markets FY2025 EV was US$1.463 billion, with ANW of US$1.008 billion and VIF of US$455 million. EV increased from US$1.105 billion in FY2022, US$1.204 billion in FY2023, and US$1.234 billion in FY2024. Segment total assets of US$6.614 billion and liabilities of US$4.579 billion imply a sizeable balance sheet backing a relatively modest FY2025 OPAT contribution. That is typical for a growing life insurer: cash and capital are invested before the full accounting profit emerges. For Gideon underwriting, the question is whether the growth in APE and EV can convert into higher CSM release and OPAT margin by 2030 without requiring uneconomic distribution spend.

3. Unit Economics

Emerging Markets unit economics begin with distribution. FWD needs to acquire customers through bank partners, brokers/IFAs, agencies, direct digital commerce, or ecosystem channels. APE is created at sale, but the economic value of that sale depends on product margin, persistency, capital strain, commission economics, risk selection, and policyholder behavior. A high APE year can still be mediocre if margin collapses or if sales skew to low-return savings contracts. Conversely, a lower APE year can be attractive if it writes high-quality protection or health business at strong VNB and NB CSM margins.

The segment's disclosed history shows exactly this distinction. APE rose from US$420 million in FY2024 to US$529 million in FY2025, up 26.0%. NB CSM rose from US$214 million to US$221 million, up only 3.3%. VNB rose from US$136 million to US$145 million, up 6.6%. VNB margin fell from 32.3% to 27.5%, and NB CSM margin fell from 52.6% to 43.0%. The segment therefore added volume in FY2025, but the incremental new-business economics were weaker than the headline APE growth. The data package's segment-level read-through says Vietnam remained a headwind in 1Q26, which is consistent with the idea that country mix and distribution quality matter as much as top-line sales.

Insurance revenue then emerges over time as services are provided. Under IFRS 17, NB CSM written today is not immediately revenue or OPAT; it becomes future profit through release patterns, assumption changes, experience variances, and investment/finance effects. That makes NB CSM a more relevant bridge to future OPAT than product-dollar revenue, but the data package provides NB CSM by segment only for FY2024-FY2025. This is a [DATA GAP] for a longer segment-specific CSM bridge.

The expense base should have meaningful scale leverage if the segment can grow persistently. Local market management, compliance, technology, policy administration, claims infrastructure, and distribution support are partly fixed or semi-fixed.

Digital servicing and group-wide platforms can lower unit servicing costs, but acquisition costs remain variable and partner economics can absorb a large share of value. In early-stage markets, spending on brand, agency productivity, partner integration, and regulatory compliance can keep OPAT margins low even when EV is compounding.

Investment and finance results matter. FY2025 Emerging Markets had investment return of US$360 million and net finance result of negative US$330 million. The net insurance and investment result was US$122 million before OPAT attributable of US$34 million. This spread is not a clean industrial gross margin; it reflects asset-liability management, policyholder crediting, discount-rate effects, and finance income/expense under insurance accounting. A scenario with lower reinvestment yields, volatile currencies, or adverse insurance finance expenses could keep OPAT below the level implied by APE growth. A scenario with stable rates, better product mix, and scale leverage could lift OPAT margin into high single digits or low double digits by 2030.

The segment's EV progression is the clearest positive unit-economic evidence. EV grew from US$1.105 billion in FY2022 to US$1.463 billion in FY2025, a 9.8% three-year CAGR. That is not explosive, but it is stronger and smoother than VNB growth. EV combines in-force value and adjusted net worth; its steady growth suggests the franchise is building embedded economic capital even while VNB margin is under pressure. The base case therefore assumes revenue grows faster than the group average and OPAT margin rises moderately, but does not assume FY2025's 26% APE growth turns directly into double-digit OPAT compounding without friction.

4. Competitive Dynamics

Emerging Markets competes against local incumbents, bank-owned or bank-affiliated insurers, large multinational life insurers, regional insurers, takaful operators, digital insurers, and broker-led wealth or HNW propositions. Relevant competitor sets vary by market, but the recurring names across the region include AIA, Prudential, Manulife, Sun Life, Allianz, AXA or legacy AXA platforms, Great Eastern, Etiqa and other Malaysian takaful players, bank-affiliated insurers, and large domestic groups. In Singapore, competitors are sophisticated, well-capitalized, and distribution-rich. In Malaysia, takaful and bank relationships matter. In Indonesia and the Philippines, agency, bancassurance, and brand trust are central. In Vietnam, the industry has been under pressure from bancassurance conduct issues and weaker consumer trust, which is why the data package's "partly offset Vietnam" language deserves weight.

The structural demand backdrop is attractive. Swiss Re's 2025 Asia Life & Health consumer survey estimates Asia's health protection gap at US$258 billion in premium-equivalent terms in 2024 and states that emerging Asian markets account for the largest share of widening protection gaps because of large populations and low insurance coverage. Source: https://www.swissre.com/reinsurance/insights/asia-protection-gap-consumer-survey.html. Allianz's 2025 Global Insurance Report states that health insurance demand in Asia grew 12.6% in 2024 and links the opportunity to low penetration in most Asian markets. Source: https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/economic-research/publications/specials/en/2025/may/2025-05-27-global-insurance-report.pdf. These are not FWD-specific historicals, but they support the competitive context: the segment is fishing in markets with real underinsurance and health/protection demand.

FWD's competitive advantage is not that it has monopolistic pricing power. It is that it has a pan-Asian operating model, brand, technology stack, and distribution playbook that can be deployed across countries that are too small or fragmented to justify as standalone public-company theses. The HKEX industry overview in FWD's listing materials states that FWD moved from fourteenth to fifth by APE in its Southeast Asia markets from 2015 to 2023, and describes it as the fastest-growing Pan-Asian life insurer in that period. Source: https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0707/11748317/sehk25061601619.pdf. This is competitive context rather than a new FWD historical number for the model, but it is consistent with the data package's picture of a segment that has scaled to US$529 million of FY2025 APE.

The problem is that competition is often won through distribution economics, not pure product superiority. Bancassurance can be powerful because banks own customer access and trust, but bank partners can extract economics through fees, exclusivity costs, commissions, or renewal terms. Brokers and IFAs can grow quickly, especially in affluent or cross-border savings markets, but they can also intensify commission competition and select products by compensation. Agency can build proprietary reach, but it is slow and expensive. Digital commerce can improve customer experience, yet pure online insurance remains hard for complex life and health products because advice, trust, and claims credibility matter.

Pricing power therefore differs by product and channel. Protection and health products can have underwriting, service, and claims-management differentiation, but medical inflation can erode margins. Savings and retirement products can scale through banks and brokers, but returns are sensitive to guarantee design, interest rates, policyholder behavior, and competitor crediting rates. Takaful can benefit from religiously aligned demand and underpenetration in Malaysia, but it also faces local

operators and regulatory capital rules. FWD's "different kind of insurer" brand and customer experience may help acquisition and persistency, but the hard moat is distribution access plus underwriting discipline, not a brand slogan.

Substitution risk is moderate. Customers can choose bank deposits, mutual funds, securities products, employer benefits, public healthcare, social insurance, or competing insurers. In affluent markets, savings products compete directly with wealth products. In lower-income markets, affordability constrains ticket sizes. However, protection, health, and retirement risk pooling still have a role that pure investment products cannot replicate. The most credible bear case is not that insurance disappears; it is that FWD buys growth through lower-margin products and channels while incumbents and bank partners capture most of the surplus.

5. Segment Moat

Emerging Markets has a developing moat, not a fully proven one. The moat is strongest where FWD has durable distribution access, local regulatory licenses, a scalable technology and operating platform, and a brand that can win younger or digitally oriented customers. Insurance licenses, actuarial infrastructure, compliance systems, claims operations, and capital requirements are real entry barriers. Cross-market management experience also matters because Southeast Asia is not one homogeneous market; local regulation, language, tax, bank relationships, consumer trust, and product preferences differ.

The moat is weakest where distribution partners control the customer. Bancassurance can create scale and exclusivity, but the bank often owns the primary relationship and can renegotiate economics. Broker and IFA growth can be fast, but brokers are economically rational and can route flows to the most attractive product or commission. Agency is more proprietary, but FWD's Emerging Markets agency economics are not separately disclosed. Digital direct channels may improve cost and experience, but no disclosed segment-level direct digital APE or VNB table proves that digital has already become a dominant low-cost moat.

The segment's historical numbers show both moat potential and moat fragility. Insurance revenue grew from US$327 million in FY2023 to US$470 million in FY2025, but VNB margin fell from 50.4% in FY2023 to 27.5% in FY2025. A business with strong pricing power would not normally show that much new-business margin compression while growing. Some compression may be mix, lower rates, country pressure, or deliberate quality management, but the disclosed data do not let us allocate it. The base case therefore credits FWD with a practical distribution and execution moat but does not underwrite a high-margin compounding moat yet.

Over five to ten years, durability depends on whether FWD can turn the current growth portfolio into an in-force profit engine. If FY2025-FY2030 APE growth builds CSM and EV while OPAT margin rises toward 9%-10%, the segment will look like a successful emerging-market compounder. If APE grows but VNB margin stays in the high-20s or falls further, the segment may remain strategically attractive but economically ordinary. The moat test is not market growth; it is profitable market growth after paying for distribution, capital, and claims.

6. Historical Growth Rates - Reproduced From Data Package

The table below uses only the clean data-package history. For insurance revenue and OPAT, the clean span is FY2023-FY2025. For APE, VNB, VNB margin, and EV, the clean annual KPI span begins in FY2022. For NB CSM, the clean segment disclosure located by the data package is FY2024-FY2025 only. Product or country dollar splits within Emerging Markets are not disclosed.

Metric / disclosed unit	FY2022 value	FY2023 value	FY2024 value	FY2025 value	CAGR or available growth	Most recent YoY	Data package cite
Emerging Markets insurance revenue	n/d	327	350	470	19.9% FY2023-FY2025	34.3%	Section 3, Insurance Revenue By Segment, Emerging Markets row
Emerging Markets OPAT attributable	n/d	17	32	34	41.4% FY2023-FY2025	6.3%	Section 3, OPAT By Segment, Emerging Markets row
Emerging Markets OPAT margin	n/d	5.2%	9.1%	7.2%	+200 bps FY2023-FY2025	-190 bps	Calculated from Section 3 revenue and OPAT rows
Emerging Markets APE	429	390	420	529	7.2% FY2022-FY2025; 16.5% FY2023-FY2025	26.0%	Section 0a, DR-Added Segment Insurer KPI History, Emerging Markets row

Metric / disclosed unit	FY2022 value	FY2023 value	FY2024 value	FY2025 value	CAGR or available growth	Most recent YoY	Data package cite
Emerging Markets NB CSM	n/d	n/d	214	221	3.3% FY2024-FY2025	3.3%	Section 0a, DR-Added Segment Insurer KPI History, Emerging Markets row
Emerging Markets NB CSM margin	n/d	n/d	52.6%	43.0%	-960 bps FY2024-FY2025	-960 bps	Section 0a, DR-Added Segment Insurer KPI History, Emerging Markets row
Emerging Markets VNB	198	197	136	145	-9.9% FY2022-FY2025; -14.2% FY2023-FY2025	6.6%	Section 0a, DR-Added Segment Insurer KPI History, Emerging Markets row
Emerging Markets VNB margin	46.2%	50.4%	32.3%	27.5%	-1870 bps FY2022-FY2025; -2290 bps FY2023-FY2025	-480 bps	Section 0a, DR-Added Segment Insurer KPI History, Emerging Markets row
Emerging Markets EV	1,105	1,204	1,234	1,463	9.8% FY2022-FY2025; 10.2% FY2023-FY2025	18.6%	Section 0a, EV by business unit table, Emerging Markets row
Country/product revenue split	[DATA GAP]	[DATA GAP]	[DATA GAP]	[DATA GAP]	[DATA GAP]	[DATA GAP]	Section 4 Product Taxonomy Guardrails and Section 10 Open Data Gaps

Arithmetic tie-out checks: revenue FY2024 to FY2025 is 350 x 1.343 = 470.1, matching the disclosed US$470 million within rounding. Revenue FY2023 to FY2024 is 327 x 1.070 = 349.9, matching the disclosed US$350 million. APE FY2024 to FY2025 is 420 x 1.260 = 529.2, matching US$529 million within rounding. VNB FY2024 to FY2025 is 136 x 1.066 = 145.0, matching US$145 million. EV FY2024 to FY2025 is 1,234 x 1.186 = 1,463.5, matching US$1.463 billion within rounding. NB CSM FY2024 to FY2025 is 214 x 1.033 = 221.1, matching US$221 million within rounding.

The history says the segment is growing, but it does not yet say the segment has solved profitable growth. Insurance revenue acceleration in FY2025 was strong, but OPAT rose only US$2 million. APE growth was strong, but VNB and NB CSM growth lagged sharply. The forward model therefore separates revenue growth from margin expansion and applies a lower base-case revenue CAGR than the latest FY2025 and 1Q26 sales momentum might imply.

7. Management Guidance From Data Package

The data package has limited Emerging Markets-specific quotation, so this section uses the explicit group guidance and the segment-level read-through in Section 6. There is no verbatim management quote that says "Emerging Markets will grow X%" or "Vietnam will recover by Y date." That absence is a [DATA GAP] for precise segment guidance.

Data package row	Verbatim quote or segment read-through	Interpretation for Emerging Markets
Section 6, 1Q26 CEO quote	"rising middle-class trend in Asia will continue"	Supports long-duration demand for protection, health, savings, and retirement products in the segment's Southeast Asian markets. It is a structural demand statement, not a margin guide.
Section 6, 1Q26 outlook quote	"new business sales momentum to continue"	Supports a positive FY2026 APE starting point. Because 1Q26 is KPI-only, it does not update FY2026 segment revenue or OPAT.
Section 6, CFO report quote	"disciplined balance between growth, profitability, and risk management"	Important because Emerging Markets FY2025 growth came with margin compression. The base case assumes management does not chase volume at any price.
Section 6, Distribution section quote	"one of the leading bancassurers in Southeast Asia"	Bancassurance is a strategic distribution asset, but the economics depend on partner terms and product mix.
Section 6, Distribution section quote	"our fastest growing channel"	The data package identifies brokerage/IFA as the fastest growing group channel. This supports Emerging Markets growth where broker and IFA channels are contributing, but the segment-only channel split is not disclosed.

Data package row	Verbatim quote or segment read-through	Interpretation for Emerging Markets
Section 6, segment-level read-through	Emerging/Expansion Markets is the growth segment, but Vietnam remains a headwind.	This is the most relevant segment-specific statement. The base case allows strong growth but keeps margin below the bull case because one country remains a drag.
Section 5, recent trend table	Expansion Markets new business sales up 28%; Singapore, Malaysia, Philippines partly offset Vietnam.	1Q26 supports a strong top-line sales overlay. The model does not convert this directly into 28% five-year revenue CAGR because no 1Q26 IFRS revenue or OPAT is disclosed.

The guidance anchor is therefore qualitative: sustained new-business momentum, rising Asian middle-class demand, distribution strength, and an explicit profitability/risk discipline message. The limiting factor is that the data package does not provide segment-specific FY2026 revenue guidance, OPAT guidance, VNB guidance, country mix, or channel mix. The model must use conservative scenario logic rather than a mechanical management target.

8. Forward Growth Assumptions

The only official revenue line available for bottom-up rollup is Emerging Markets insurance revenue. APE, NB CSM, and VNB are included as leading indicators and guardrails, not as revenue substitutes. The 1Q26 KPI overlay raises confidence in near-term sales growth, but the 2030 endpoint is compounded from FY2025 because the Stage 0 base is FY2025 ended 2025-12-31.

Base Case Growth

Product / economic line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Emerging Markets insurance revenue	19.9% FY2023-FY2025	34.3%	1Q26 sales momentum positive, no revenue guide	13.5%	Revenue grows below the recent two-year rate because FY2025 was a step-up year and Vietnam remains a headwind, but above group maturity because 1Q26 Expansion Markets sales rose strongly.
APE leading indicator	16.5% FY2023-FY2025	26.0%	"new business sales momentum to continue"	10.0%	APE continues to grow, but the model assumes normalization as larger FY2025 and 1Q26 bases lap and distribution quality discipline matters.
NB CSM leading indicator	3.3% FY2024-FY2025	3.3%	Profitability and risk discipline	8.0%	NB CSM growth improves from FY2025's weak conversion as mix stabilizes, but remains below APE growth because margin recovery is gradual.
VNB leading indicator	-14.2% FY2023-FY2025	6.6%	Profitability and risk discipline	8.0%	VNB recovers modestly from compressed FY2024-FY2025 margin, but the base case does not restore FY2022-FY2023 margins.

Base-case year-by-year revenue path: US$470 million in FY2025, US$533 million in FY2026, US$605 million in FY2027, US$687 million in FY2028, US$780 million in FY2029, and US$885 million in FY2030. This is a visible deceleration from FY2025's 34.3% insurance revenue growth and 1Q26's 28% new-business sales growth, but it is not a collapse. The deceleration is justified by larger base size, Vietnam drag, partner economics, and margin discipline.

Bull Case Growth

Product / economic line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Emerging Markets insurance revenue	19.9% FY2023-FY2025	34.3%	1Q26 Expansion Markets sales up strongly	17.0%	Bull case assumes Singapore, Malaysia, and the Philippines sustain growth, Vietnam stabilizes, and in-force revenue catches up with APE and EV growth.
APE leading indicator	16.5% FY2023-FY2025	26.0%	"new business sales momentum to continue"	14.0%	Distribution partnerships and broker/IFA growth remain productive without a major margin sacrifice.

Product / economic line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
NB CSM leading indicator	3.3% FY2024-FY2025	3.3%	Profitability and risk discipline	12.0%	Mix recovery and better product economics let NB CSM compound faster than FY2025 while still below APE in some years.
VNB leading indicator	-14.2% FY2023-FY2025	6.6%	Profitability and risk discipline	12.0%	VNB margin stabilizes and improves as Vietnam drag fades and protection/health mix improves.

Bull-case year-by-year revenue path: US$470 million in FY2025, US$550 million in FY2026, US$643 million in FY2027, US$753 million in FY2028, US$881 million in FY2029, and US$1.031 billion in FY2030. This case requires FWD to convert the 1Q26 Expansion Markets momentum into sustained in-force growth and to avoid buying sales with unacceptable VNB margin compression.

Bear Case Growth

Product / economic line	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Emerging Markets insurance revenue	19.9% FY2023-FY2025	34.3%	Momentum positive, but Vietnam headwind noted	7.0%	Bear case assumes Vietnam remains weak, bank and broker economics tighten, and FY2025 revenue growth proves partly non-repeatable.
APE leading indicator	16.5% FY2023-FY2025	26.0%	No segment APE target	3.0%	Sales slow materially as management prioritizes quality or loses channel momentum.
NB CSM leading indicator	3.3% FY2024-FY2025	3.3%	Profitability discipline	1.5%	Low-margin sales and adverse country mix keep NB CSM almost flat.
VNB leading indicator	-14.2% FY2023-FY2025	6.6%	Profitability discipline	0.0%	VNB remains stuck near FY2025 levels because margin compression offsets volume.

Bear-case year-by-year revenue path: US$470 million in FY2025, US$503 million in FY2026, US$538 million in FY2027, US$576 million in FY2028, US$616 million in FY2029, and US$659 million in FY2030. This is not a disaster case; it is a plausible weak-compounding case in which the underinsurance opportunity exists but FWD captures it with mediocre economics.

9. Forward Margin And OPAT Assumptions

The current FY2025 OPAT margin is 7.2%, calculated as US$34 million OPAT divided by US$470 million insurance revenue. FY2024 was 9.1%, and FY2023 was 5.2%. The model uses OPAT margin rather than a product gross margin because the segment does not disclose product-level margins, country-level margins, or expense line splits.

Case	FY2025 OPAT margin	TTM+5y OPAT margin	Change vs FY2025	Mechanism	Reasonableness check
Bear	7.2%	5.0%	-220 bps	Volume growth fails to offset Vietnam pressure, acquisition costs, partner economics, and medical or claims inflation.	Margin remains near FY2023 levels, consistent with a still-profitable but weakly scaled franchise.
Base	7.2%	9.0%	+180 bps	Scale leverage, better country mix, gradual NB CSM/VNB recovery, and operating discipline lift margin above FY2025.	Margin remains slightly below FY2024's 9.1%, reflecting that FY2025 revenue growth converted poorly into OPAT.
Bull	7.2%	12.0%	+480 bps	Vietnam stabilizes, higher-value products and channels improve, fixed costs scale, and CSM release catches up with prior sales.	Requires clear evidence of VNB and NB CSM margin recovery; otherwise this case should not drive valuation.

The base-case margin is deliberately below what a mature high-quality insurer segment might earn. Emerging Markets is still building scale, and the FY2025 data show that VNB margin and NB CSM margin compressed despite APE growth. The model therefore gives FWD credit for some operating leverage but not for a sudden jump to mature-market profitability. The FY2025 profit-conversion evidence is weak: insurance revenue increased 34.3%, but OPAT increased only 6.3%, so any margin

recovery above FY2025 is contingent on evidence that mix, Vietnam, and distribution economics are improving rather than merely on scale. For a segment-level moat to be upgraded, FY2026-FY2027 evidence should show OPAT growth faster than revenue, VNB margin stabilization, and NB CSM growth closer to or above APE growth.

The bear case uses a 5.0% margin because FY2023 already showed a 5.2% OPAT margin on a smaller revenue base. If the segment grows but mix deteriorates, a return to that level is plausible. The bull case uses 12.0% because a larger in-force book, strong CSM emergence, and better product mix can support low-double-digit OPAT margins, but the current evidence does not justify anything much higher. A 12.0% margin on US$1.031 billion of revenue would produce US$124 million of OPAT, more than 3.6x FY2025's US$34 million, which is a demanding but not impossible outcome.

10. Segment Rollup Tied Arithmetically

Because FWD does not disclose product or country revenue within Emerging Markets, the segment rollup has one official revenue line. APE, NB CSM, VNB, EV, and channel discussion are used as economic guardrails; they are not summed into revenue. The arithmetic below compounds FY2025 insurance revenue of US$470 million for exactly five calendar years to 2030-12-31, applies the scenario margin from Section 9, and computes OPAT as revenue multiplied by margin.

Case	FY2025 revenue base	Revenue CAGR	TTM+5y revenue	TTM+5y OPAT margin	TTM+5y OPAT	Arithmetic check
Bear	470	7.0%	659	5.0%	33	470 x 1.07^5 = 659; 659 x 5.0% = 33
Base	470	13.5%	885	9.0%	80	470 x 1.135^5 = 885; 885 x 9.0% = 80
Bull	470	17.0%	1,031	12.0%	124	470 x 1.17^5 = 1,031; 1,031 x 12.0% = 124

The rollup ties to the forward growth and margin sections within rounding. It does not include a separate product or country subtotal because the data package explicitly says product revenue and country-level segment splits are not disclosed. If a later data package update adds country APE, country VNB, or country revenue, this appendix should be revised to split the one-line rollup into Philippines, Indonesia, Singapore, Vietnam, and Malaysia. Until then, a one-line official segment model is more honest than a fabricated country model.

The scenario distribution is bear 25%, base 55%, and bull 20%. Probability-weighted 2030 revenue is US$858 million and probability-weighted OPAT is US$77 million. The probability-weighted margin is 9.0%, slightly below the FY2024 margin and above FY2025. That is a reasonable central estimate only if FY2026-FY2027 evidence shows the FY2025 margin compression was temporary rather than structural.

11. Key Risks And Wildcards

The first risk is low-quality growth, mostly affecting the bear case. FY2025 Emerging Markets APE rose 26.0%, but VNB rose only 6.6% and NB CSM rose only 3.3%. If FWD must keep paying up for bank, broker, or agency distribution, revenue can grow while OPAT stays flat. The clearest early warning is VNB margin staying near or below the FY2025 level of 27.5% while APE grows.

The second risk is Vietnam and country mix, mostly affecting bear and base cases. The data package states that 1Q26 growth in Singapore, Malaysia, and the Philippines was partly offset by Vietnam. If Vietnam remains pressured for several years, it can drag both growth and margin, especially if management has to rebuild trust, change product design, or reduce bancassurance intensity.

The third risk is regulatory and conduct intervention. Southeast Asian life insurance markets can change quickly when regulators focus on product suitability, bancassurance sales practices, commission structures, capital, solvency, medical inflation, or policyholder disclosure. Regulation can improve long-term trust, but the near-term effect can be slower sales, higher compliance cost, or lower channel economics.

The fourth risk is medical and claims inflation. Health and protection demand is structurally attractive, but medical inflation can turn revenue growth into margin pressure if pricing, underwriting, reinsurance, and claims management do not keep pace. This risk matters most if the growth mix shifts toward health without enough repricing power.

The fifth risk is currency. The segment earns across Southeast Asian currencies while the reporting currency is US dollars. Currency weakness can reduce reported revenue, EV, ANW, and OPAT even when local-currency operations are healthy. The data package does not provide country-level FX sensitivity, so this remains a [DATA GAP].

The sixth risk is capital allocation. Emerging life insurance growth consumes capital before all accounting profit emerges. If the segment grows APE but produces weak NB CSM, weak VNB, or low free surplus generation, group capital could be tied up in a low-return expansion. The key monitoring metric is not only APE; it is APE plus VNB margin, NB CSM margin, OPAT margin, and EV growth.

The bull wildcard is that Emerging Markets may become a more important embedded-value engine than current OPAT suggests. FY2025 EV of US$1.463 billion is already far larger than FY2025 OPAT of US$34 million, and EV grew 18.6% year over year. If this EV base begins to release earnings more efficiently, the segment can compound OPAT faster than insurance revenue for several years.

The bear wildcard is that the segment remains a strategic growth story but not a Gideon-quality profit story. Underinsurance, rising middle classes, and channel partnerships are real, but they do not guarantee shareholder value if every insurer is competing for the same bank shelves, brokers, agents, and affluent customers.

Final Summary Table

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	659	5.0%	33	25%
Base	885	9.0%	80	55%
Bull	1,031	12.0%	124	20%

Final judgment: Emerging Markets is the highest-growth segment candidate inside FWD's geography stack, but it is not yet the cleanest profit engine. The data package supports strong FY2025 revenue growth, strong FY2025 APE growth, positive 1Q26 new-business momentum, and steady EV growth. It also shows VNB margin compression, weak NB CSM growth, and only US$34 million of FY2025 OPAT on US$470 million of insurance revenue. The base case therefore underwrites continued growth and moderate margin expansion, not a straight-line extrapolation of FY2025 APE or 1Q26 sales momentum. The segment can help the group compound if it turns new business into CSM, EV, and OPAT. It can dilute quality if growth is bought through expensive distribution or low-margin country/product mix.

Data gaps inserted in this appendix: [DATA GAP] country-level revenue, OPAT, APE, NB CSM, VNB, CSM, and EV inside Emerging Markets; [DATA GAP] product-dollar revenue by life, health, savings, protection, HNW, accident and health, takaful, or direct digital inside Emerging Markets; [DATA GAP] full 1Q26 IFRS segment statement; [DATA GAP] segment channel mix; [DATA GAP] segment required capital, free surplus, remittances, and FX sensitivity; [DATA GAP] precise segment management guidance or FY2026 target.

Appendix S - Synthesis (Combined Earnings Model)

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FWD Group Holdings Limited (1828.HK) - Appendix S: Synthesis And Combined Earnings Model

Date: 2026-07-07

This appendix builds the combined five-year earnings model for FWD Group Holdings Limited from the reviewed segment appendices, the data package, the management appendix, and the moat appendix. The output is deliberately insurer-specific. FWD does not disclose industrial product revenue, product EBIT, or a normal non-financial-company tax bridge. The segment appendices therefore model insurance revenue and segment operating profit after tax attributable to equity holders. In this synthesis, combined operating income means combined OPAT proxy unless otherwise stated. That is not industrial EBIT. It is an after-tax operating profit measure that FWD uses for segment economics and that the data package treats as the best operating spine for this life-insurance model.

The controlling financial base is FY2025 ended 2025-12-31. The 1Q26 update is useful because it gives current new-business momentum by segment and channel, but it does not contain a complete IFRS income statement, balance sheet, cash-flow statement, or Note 5 segment statement. No 1Q26 IFRS TTM has been manufactured here. The forward horizon is 2030-12-31, exactly five calendar years after the FY2025 financial base.

The prompt supplied `CURRENT_PRICE: HK$41.30`, but the QF raw FMP quote files saved in the workdir show HK$27.70 in `raw\fmp_quote_1828HK_live.json` and HK$27.66 in the later D quote snapshot. The QF source therefore does not confirm HK$41.30. Per the instruction to use the QF quoted current price if the source does not confirm the supplied price, the controlling P/E gate uses HK$27.70. Because this discrepancy is material, Section 7 also shows the HK$41.30 sensitivity. At HK$27.70, the base case mechanically clears the P/E 15 test. At HK$41.30, the same base case does not clear it.

1. Anchors

Anchor	Value	Source / treatment
Today	2026-07-07	Dispatch instruction and QF date
Company fiscal year end	December 31	QF Stage 0 anchor
TTM anchor end date	2025-12-31	FY2025 complete audited financial base
TTM quarters	FY2025 full-year official financials as controlling complete financial base	No fabricated 1Q26 IFRS TTM
Latest completed FY label	FY2025	Historical tie-out base
Horizon date	2030-12-31	TTM end plus exactly 5.0 calendar years
Compounding span	5.0 years	Not 6 years and not FY-1 plus 5
Current price for controlling P/E gate	HK$27.70	QF saved FMP quote source
Prompt price sensitivity	HK$41.30	Not confirmed by QF raw quote
FX assumption	USD/HKD 7.80	Explicit HKD peg assumption for EPS conversion
Starting ordinary shares	1,276.0m	FY2025 year-end issued shares; FMP market cap / price cross-checks this count
Adjusted weighted-average shares	1,225.5m	FY2025 OPAT-per-share analysis only
Forward diluted shares	1,308.2m	0.5% annual dilution, no buybacks

The share-count choice matters. FWD listed recently, has no stated buyback program in the data package, declared no FY2025 dividend, and has meaningful dilution capacity noted in the management appendix. The cleanest forward model starts from the official year-end issued share count, assumes no buyback offset, and applies modest 0.5% annual dilution for RSU, incentive, and public-company issuance risk. This is intentionally more conservative than holding the adjusted weighted average flat.

2. Segment-Level Forward Assumptions

The segment rows below reproduce the reviewed Appendix B outputs. Currency is US$ millions unless noted. Revenue is insurance revenue. Margin is OPAT proxy margin. The synthesis does not assign product-dollar revenue inside each segment because the data package flags product dollars as not disclosed.

Segment	FY2025 revenue	Bear TTM+5y revenue	Base TTM+5y revenue	Bull TTM+5y revenue	Bear OI margin	Base OI margin	Bull OI margin	Source
Hong Kong & Macau	966	1,015	1,233	1,387	24.0%	29.0%	31.0%	Appendix B HK/Macau Sections 8-10
Thailand & Cambodia	827	936	1,081	1,215	18.0%	22.0%	24.0%	Appendix B Thailand/Cambodia Sections 8-10
Japan	648	664	770	847	25.0%	29.0%	31.5%	Appendix B Japan Sections 8-10
Emerging Markets	470	659	885	1,031	5.0%	9.0%	12.0%	Appendix B Emerging Markets Sections 8-10

The four segment appendices use a consistent method: start with FY2025 official insurance revenue, apply a five-year revenue CAGR to the 2030 horizon, then apply a 2030 OPAT margin. They use APE, NB CSM, VNB, EV, and 1Q26 new-business trends as economic guardrails, not as substitute revenue. That distinction is essential for FWD because APE is a new-business volume measure, NB CSM and VNB are value indicators, and insurance revenue is an IFRS statement line. They do not move one-for-one.

Hong Kong & Macau is the highest-quality growth engine in the current file set. Its FY2025 insurance revenue was flat, but its FY2025 APE, NB CSM, VNB, and EV were strong, and 1Q26 sales were resilient against a record base. The base case therefore assumes revenue CAGR of 5.0% and margin of 29.0%, not an aggressive translation of APE growth into revenue. Thailand & Cambodia is profitable but has the weakest recent new-business signal: FY2025 APE was flat and 1Q26 sales were down 6%. The base case therefore uses 5.5% revenue CAGR and a 22.0% margin, below the recent revenue growth rate. Japan has high margins and 1Q26 sales momentum, but it is a mature and capital-sensitive market, so the base revenue CAGR is only 3.5%. Emerging Markets has the fastest revenue growth profile but weak OPAT conversion, so its base case gives credit for scale and mix improvement while keeping margin at 9.0%, near but not above the FY2024 margin.

3. Combined Revenue Build

The data package Section 3 ties FY2025 segment insurance revenue to consolidated FY2025 insurance revenue: 966 + 827 + 648 + 470 + 0 corporate revenue = 2,911. There are no corporate eliminations in the FY2025 revenue table, and the segment appendices do not create corporate revenue at the horizon.

Line	Bear	Base	Bull
Hong Kong & Macau	1,015	1,233	1,387
Thailand & Cambodia	936	1,081	1,215
Japan	664	770	847
Emerging Markets	659	885	1,031
Sum of segment TTM+5y revenue	3,274	3,969	4,480
Corporate eliminations	0	0	0
Combined TTM+5y revenue	3,274	3,969	4,480
FY2025 revenue base	2,911	2,911	2,911
Implied five-year CAGR	2.4%	6.4%	9.0%

The base revenue CAGR of 6.4% is plausible but not undemanding. It is materially above the FY2023-FY2025 consolidated insurance revenue CAGR because it assumes that the FY2024-FY2025 new-business build begins to emerge into reported revenue. It is still well below recent APE growth and below the Emerging Markets segment's historical revenue growth. The model is not saying FWD becomes a hyper-growth insurer. It is saying that a pan-Asian life insurer with rising CSM, rising group APE, rising NB CSM, and strong selected segment signals should grow insurance revenue faster than a mature single-market life company if it executes without unacceptable margin leakage.

The bear case grows combined revenue only 2.4% annually. That is a weak-compounding case rather than a failure case. It reflects resilience of the in-force book but assumes Hong Kong normalizes, Thailand stays weak, Japan's 1Q26 sales jump

proves transitory, and Emerging Markets growth is lower quality. The bull case grows revenue 9.0% annually. That requires the Hong Kong APE/CSM engine to translate into service revenue, Thailand to recover, Japan product momentum to be sustained, and Emerging Markets to convert distribution growth into higher-value business.

4. Combined Operating Income Build

Operating income here is combined OPAT proxy, not industrial EBIT. Each segment Appendix B provides horizon OPAT. The corporate and others line is modeled separately because it is not a market segment and has no insurance revenue. FY2025 corporate and others OPAT was negative US$178m. The base case grows that cost at about 1.8% per year to negative US$195m, reflecting public-company costs, group functions, debt/refinancing cost, and regulatory overhead. The bear case uses negative US$220m because lower growth and capital strain leave less scale absorption. The bull case uses negative US$185m because faster segment profit absorbs more group overhead without assuming corporate cost disappears.

Line	Bear	Base	Bull
Hong Kong & Macau OPAT proxy	244	358	430
Thailand & Cambodia OPAT proxy	168	238	292
Japan OPAT proxy	166	223	267
Emerging Markets OPAT proxy	33	80	124
Sum of market-segment OPAT proxy	611	899	1,113
Corporate and others OPAT proxy	(220)	(195)	(185)
Combined TTM+5y OI / OPAT proxy	391	704	928
Combined OI margin on insurance revenue	11.9%	17.7%	20.7%
FY2025 combined OPAT proxy	499	499	499
Implied five-year OI CAGR	(4.8%)	7.1%	13.2%

The base case implies combined OPAT proxy grows from US$499m to US$704m, a 7.1% CAGR. That is higher than revenue growth because Emerging Markets margin improves and Hong Kong maintains strong OPAT conversion, but it is far below the growth rate that would result from simply extrapolating FY2025 APE or NB CSM. The bear case shows the main risk clearly: segment revenue can grow while group OPAT proxy falls if corporate cost grows and margins compress in Hong Kong, Thailand, Japan, and Emerging Markets. The bull case is not impossible, but it is a high-execution case that requires all four segment narratives to work at once.

Management and moat both stay YELLOW. That matters for interpreting the OPAT line. A YELLOW management gate means the operating team is credible, but listed-company capital discipline, related-party exposure, dilution, and minority-shareholder treatment need more evidence. A YELLOW moat and YELLOW 2046 test mean the current franchise has real substance, but the durability of pricing power, VNB margins, distribution economics, and free-surplus conversion is not yet proven. The OI build therefore should not be used as if it were a mature, wide-moat industrial compounder with decades of public evidence.

5. Net Income And EPS Build

The data package does not support a clean industrial bridge from segment EBIT to pretax income, tax, and net income. The segment output is already OPAT after tax attributable to equity holders. FY2025 combined OPAT proxy was US$499m, while official net profit attributable to equity holders was US$166m. That is a 33.3% IFRS net-income conversion ratio. Using 33.3% forever would probably understate normalized earnings if FY2025 included listing, refinancing, market, or accounting noise; using 100% would overstate ordinary EPS because it would treat adjusted OPAT as fully available statutory net profit. The model therefore uses explicit conversion ratios from combined OPAT proxy to ordinary net income: 35% bear, 55% base, and 65% bull.

This is the biggest modeling judgment in the synthesis. The P/E gate uses net income, not raw OPAT. The OPAT proxy is still shown because it is the best segment economic measure; however, the EPS gate is based on the net-income bridge below.

Line	Bear	Base	Bull
Combined TTM+5y OI / OPAT proxy	391	704	928
Net interest / other income	n/m	n/m	n/m
Pre-tax income	n/m	n/m	n/m

Line	Bear	Base	Bull
Explicit tax rate	n/m	n/m	n/m
OPAT-to-net-income conversion	35.0%	55.0%	65.0%
Net income attributable to ordinary equity	137	387	603
Diluted shares at TTM+5y	1,308.2m	1,308.2m	1,308.2m
EPS, USD	0.105	0.296	0.461
EPS, HKD at 7.80 USD/HKD	0.82	2.31	3.60

The `n/m` labels are intentional. A false pretax/tax bridge would look more complete but would be less honest. FWD's reported IFRS statement has insurance service result, investment return, net finance expenses from insurance contracts, reinsurance finance income, movement in investment contract liabilities, other revenue, general and other expenses, borrowing costs, tax, perpetual securities, and non-controlling interests. The segment appendices do not forecast each of these items. The conservative bridge is to haircut the combined OPAT proxy to ordinary net income and test whether the resulting HKD EPS clears the P/E 15 gate.

The base case assumes a partial normalization from FY2025's 33.3% OPAT-to-NI conversion to 55.0%. That still leaves a large friction reserve. Put differently, it does not assume that every dollar of segment OPAT is clean ordinary earnings. It does assume that by 2030, refinancing, public-company setup, and one-time transition items are less punitive than in the listing-year financial base. If future FWD disclosures prove that IFRS net profit remains structurally near one-third of OPAT, the P/E gate fails even at the QF quote. If future disclosures show OPAT, net profit, free surplus, and CTE/EV per share moving together, the bridge can be upgraded.

6. Share Count Path

FWD's FY2025 official issued ordinary share count was 1,276.0m. The adjusted weighted-average share count was 1,225.5m, but that is not the right forward denominator because FWD had a recent listing and year-end issued shares better capture the ongoing share base. The data package shows no buybacks and no dividends to shareholders. The management appendix flags dilution capacity as a reason the management gate is YELLOW. The forward path therefore assumes no buybacks and modest 0.5% annual dilution.

Year	Starting shares	Buyback spend	Avg price assumed	Shares retired	SBC / issuance	Ending shares
FY2026	1,276.0	0	n/a	0.0	6.4	1,282.4
FY2027	1,282.4	0	n/a	0.0	6.4	1,288.8
FY2028	1,288.8	0	n/a	0.0	6.4	1,295.2
FY2029	1,295.2	0	n/a	0.0	6.5	1,301.7
FY2030	1,301.7	0	n/a	0.0	6.5	1,308.2

The five-year ending count is 1,308.2m. The share count increases by 32.2m shares over the horizon, or 2.5% cumulatively. This is not a punitive dilution assumption. It simply refuses to give EPS credit for buybacks that do not exist in the historical capital-allocation record. A future ordinary dividend or buyback framework could improve per-share underwriting, but the model should not pre-fund that benefit before it is disclosed.

7. P/E 15 Test

The required EPS for P/E 15 is current price divided by 15. At the QF saved quote of HK$27.70, required horizon EPS is HK$1.85. At the prompt's unconfirmed HK$41.30 price, required horizon EPS would be HK$2.75. EPS below is HKD per share after converting USD net income at USD/HKD 7.80.

Case	EPS at TTM+5y	EPS x 15	Current price	Cushion	Pass?
Bear	HK$0.82	HK$12.24	HK$27.70	(55.8%)	FAIL
Base	HK$2.31	HK$34.63	HK$27.70	25.0%	PASS
Bull	HK$3.60	HK$53.95	HK$27.70	94.8%	PASS

Case	EPS at TTM+5y	EPS x 15	Prompt price sensitivity	Cushion	Pass?
Bear	HK$0.82	HK$12.24	HK$41.30	(70.4%)	FAIL

Case	EPS at TTM+5y	EPS x 15	Prompt price sensitivity	Cushion	Pass?
Base	HK$2.31	HK$34.63	HK$41.30	(16.2%)	FAIL
Bull	HK$3.60	HK$53.95	HK$41.30	30.6%	PASS

The controlling P/E 15 gate is a mechanical PASS using the QF source-confirmed price: base EPS x 15 is HK$34.63 versus HK$27.70. The cushion is 25.0%. The qualitative read should still be YELLOW because the conclusion is sensitive to two non-trivial issues: the current-price discrepancy and the OPAT-to-net-income bridge. If HK$41.30 is the intended current price, the same base case fails by 16.2%. If the OPAT-to-net-income conversion remains near FY2025's 33.3%, the base case also fails at HK$27.70.

8. Reflexivity And Historical Tie-Out

The FY2025 revenue and OPAT anchor ties exactly to the data package. Segment revenue sum is 966 + 827 + 648 + 470 + 0 = 2,911, matching consolidated insurance revenue of US$2,911m. Segment OPAT sum is 270 + 187 + 186 + 34 - 178 = 499, matching group OPAT of US$499m. Because no full 1Q26 IFRS statements were available, FY2025 is also the complete TTM base. The model does not add a phantom 1Q26 income statement to improve recency.

Historical tie-out	Calculation	Reported value	Result
FY2025 segment revenue sum	966 + 827 + 648 + 470 + 0 = 2,911	2,911	PASS
FY2025 market-segment OPAT	270 + 187 + 186 + 34 = 677	n/a	Informational
FY2025 corporate and others OPAT	(178)	(178)	PASS
FY2025 group OPAT proxy	677 - 178 = 499	499	PASS
FY2025 IFRS net profit attributable	166	166	PASS
FY2025 OPAT-to-NI conversion	166 / 499 = 33.3%	n/a	Bridge anchor

The reflexivity check is therefore clean at the historical base. The uncertainty is not whether the base numbers tie. They do. The uncertainty is how much of the segment OPAT proxy turns into ordinary net income by 2030, and whether new-business indicators become insurance revenue and free surplus without margin leakage.

9. In-Progress FY And Recency Anchor

There is no in-progress FY income statement treatment in this appendix. The 1Q26 disclosure is a KPI update only. It gives group APE, NB CSM, VNB, segment new-business sales trends, and channel mix. It does not give 1Q26 insurance revenue, segment OPAT, assets, liabilities, cash flow, or a Note 5 equivalent. The correct recency treatment is to use 1Q26 as directional evidence, not as a full TTM restatement.

The base case first-forward-year revenue path is still checked against FY2025 to ensure the model does not jump unrealistically above the anchor. Using the base CAGRs, FY2026 revenue would be approximately HK/Macau 1,014, Thailand/Cambodia 873, Japan 671, and Emerging Markets 533, for a combined US$3,091m. That is 6.2% above FY2025 revenue of US$2,911m. It is within the 10% recency guardrail and is supported by positive group 1Q26 KPI growth, but it also reflects the segment-specific weakness in Thailand and the high-base moderation in Hong Kong.

Recency item	Value	Treatment
FY2025 insurance revenue base	2,911	Complete financial base
Implied FY2026 base revenue run-rate	3,091	First forward-year base path
Increase vs FY2025	6.2%	Within 10% guardrail
1Q26 group APE trend	+4% CER / +6% AER	KPI overlay only
1Q26 group NB CSM trend	+18% CER / +20% AER	Supports CSM emergence but not revenue restatement
1Q26 group VNB trend	+7% CER / +9% AER	Supports value growth but not margin proof

This is a pass with a caveat. It passes because the first forward-year run-rate is not a leap. The caveat is that the most recent source is KPI-only. If FWD publishes a full 1H26 or FY2026 IFRS package showing revenue or OPAT materially below this path, the synthesis must be updated rather than defended with stale FY2025 numbers.

10. Sensitivity

The base case is most sensitive to the OPAT-to-net-income conversion and the current share price. Segment revenue CAGRs matter, but the valuation verdict changes faster when the conversion ratio or price changes because the P/E gate is an EPS threshold. The table below holds other assumptions constant unless otherwise stated.

Sensitivity	Base EPS, HKD	EPS x 15	Cushion vs HK$27.70	Interpretation
Base case	2.31	34.63	25.0%	Mechanical pass at QF price
OPAT-to-NI conversion 45%	1.89	28.34	2.3%	Barely clears; bridge is critical
OPAT-to-NI conversion 33.3%	1.40	20.97	(24.3%)	FY2025 conversion repeated; fails
OPAT-to-NI conversion 65%	2.73	40.92	47.7%	Cleaner statutory conversion; larger cushion
Share count +5% vs base	2.20	32.98	19.1%	Still clears, but cushion falls
Share count -5% vs base	2.43	36.45	31.6%	Per-share capital return helps
Corporate cost US$25m worse	2.23	33.40	20.6%	Does not break gate alone
Emerging Markets margin 200 bps lower	2.24	33.58	21.2%	Margin pressure matters but not decisive alone
HK/Macau revenue CAGR 200 bps lower	2.21	33.12	19.6%	Hong Kong is important but bridge remains bigger
Current price HK$41.30	2.31	34.63	(16.2%)	Fails if prompt price controls

The most important variables are therefore: (1) the current price source, (2) statutory net-income conversion from OPAT, (3) Hong Kong & Macau revenue and margin quality, and (4) whether Emerging Markets growth becomes OPAT rather than low-quality distribution volume. Thailand and Japan matter, but in the base model they are not the main swing factors for the P/E 15 verdict.

11. Combined Earnings Summary

Probability weights are 25% bear, 55% base, and 20% bull. The weighting gives the base case the largest share because FWD has real segment profit, CSM, EV, solvency, and new-business evidence. It keeps a larger bear probability than bull because management and moat are both YELLOW, Thailand is weak, Emerging Markets margin conversion is unproven, Japan is mature and capital-sensitive, and listed-company evidence is short.

Case	Revenue	OI / OPAT proxy	OI margin	NI	EPS, HKD	Probability	EPS x 15	Vs HK$27.70
Bear	3.274B	0.391B	11.9%	0.137B	0.82	25%	12.24	(55.8%)
Base	3.969B	0.704B	17.7%	0.387B	2.31	55%	34.63	25.0%
Bull	4.480B	0.928B	20.7%	0.603B	3.60	20%	53.95	94.8%
Probability-weighted	3.840B	0.666B	17.3%	0.383B	2.20	100%	32.93	18.9%

The summary shows why this is not a simple PASS despite the mechanical P/E result at HK$27.70. The probability-weighted EPS also clears at the QF quote, but the bear case fails badly, and the unconfirmed HK$41.30 price would cause the base and probability-weighted cases to fail. The model is therefore price-sensitive and accounting-bridge-sensitive. FWD can become investable if the QF price is the true current price and if OPAT increasingly converts into statutory net income and free surplus. It is not investable on a high-conviction basis if HK$41.30 is the correct price or if FY2025's 33.3% OPAT-to-NI conversion persists.

Tie-Out Checks

Check	Description	Result	Evidence
1	Reported-financial tie-out	PASS	FY2025 segment revenue sums to 2,911 and group OPAT proxy sums to 499, matching data package
2	NI / shares = EPS	PASS	Base: US$387m / 1,308.2m = US$0.296; x 7.80 = HK$2.31

Check	Description	Result	Evidence
3	Segment sum tie-out at horizon	PASS	Combined horizon revenue equals segment sum in every case; no corporate revenue adjustment
4	Product-to-segment rollup	PASS WITH CAVEAT	Product revenue is not disclosed; each appendix uses one official segment revenue line rather than fabricated product sums
5	Weighted margin check	PASS WITH CAVEAT	Product margins are not disclosed; segment OPAT margin is modeled directly from official segment OPAT/revenue
6	Share count path	PASS	1,276.0m plus five years of 0.5% annual issuance equals 1,308.2m
7	Growth plausibility	PASS	Base CAGRs are below or justified against segment history and 1Q26 KPI overlay
8	Historical arithmetic	PASS	Segment appendix formulas tie within rounding: revenue base x CAGR for five years = horizon revenue
9	Recency anchor	PASS WITH CAVEAT	FY2026 implied base revenue is 6.2% above FY2025; no 1Q26 IFRS TTM exists
10	Valuation-gate arithmetic	PASS WITH CAVEAT	Base EPS x 15 is HK$34.63 vs QF price HK$27.70, but fails vs HK$41.30 sensitivity
11	Markdown table integrity	PASS	Sections 2, 3, 4, 5, 6, 7, 10, and 11 use valid pipe tables with consistent rows

All 11 checks pass, with explicit caveats on checks 4, 5, 9, and 10. The caveats are not arithmetic failures; they are disclosure and interpretation constraints. The most important constraint is the price-source discrepancy. The second is the net-income bridge. The third is the lack of product-level revenue and margin disclosure.

Key Findings For The Main Narrative

The base-case combined model produces US$3.969B of 2030 insurance revenue, US$0.704B of combined OPAT proxy, US$0.387B of net income attributable to ordinary equity, and HK$2.31 of EPS after USD/HKD conversion. Required EPS for a P/E of 15 at the QF source price of HK$27.70 is HK$1.85, so the base case clears with a 25.0% cushion. Required EPS at the unconfirmed HK$41.30 prompt price is HK$2.75, so the base case would fail by 16.2%.

The segment stack is balanced but not bulletproof. Hong Kong & Macau carries the highest-quality growth case because new-business and CSM evidence are strongest, yet the revenue line itself has been flat and the segment is still challenger-scale. Thailand & Cambodia is profitable and valuable, but 1Q26 weakness and lower-rate pressure prevent an aggressive forecast. Japan is high-margin, but the model refuses to extrapolate a 22% 1Q26 sales print into a five-year revenue CAGR. Emerging Markets has the highest growth potential but the weakest current OPAT conversion.

The management gate is YELLOW and the moat gate is YELLOW, including the 2046 test. Those gates are consistent with the synthesis. FWD has a real franchise, real in-force economics, real CSM and EV, and credible management. It does not yet have enough listed-company evidence, pricing-power proof, related-party discipline proof, or statutory earnings conversion proof to treat the base case as a high-confidence compounder case.

The watch items are specific. First, verify the true current price before using the P/E gate in the final report. Second, track whether OPAT, IFRS net profit, free surplus, and CTE/EV per share converge over FY2026-FY2027. Third, require Hong Kong & Macau to convert APE and NB CSM into OPAT without margin leakage. Fourth, require Thailand to return to positive APE and VNB growth. Fifth, require Emerging Markets to show OPAT growth faster than revenue and VNB margin stabilization. If those conditions do not appear, the base case should be cut and the P/E gate should be re-tested.

Appendix CS - Compounder Score

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FWD Group Holdings Limited - Compounder Score

Analysis date: 2026-07-07 Ticker: 1828.HK Exchange: HKEX Current price used: HK$27.70 from `raw\fmp_quote_1828HK_live.json` Reporting convention: share price and market capitalization in HKD; FWD financial reporting values in US$ millions unless noted. TTM anchor: FY2025 ended 2025-12-31 because 1Q26 is KPI-only. Forward horizon: 2030-12-31.

1. Executive Verdict

FWD is a credible pan-Asian life insurer with real in-force economics, visible new-business production, sound solvency, and a plausible path to better statutory earnings conversion. It is not yet a proven Gideon-style compounder. The diagnostic compounder score is 55 / 100, made up of 50 / 80 for business quality and 5 / 20 for 20% return underwriting.

This score is diagnostic only. It does not override the ER2 gates. The management gate is YELLOW, the moat gate is YELLOW, and the 2046 test is YELLOW. The synthesis base case mechanically clears the ER2 P/E <= 15 test at the QF-confirmed HK$27.70 price, with 2030 EPS of HK$2.31 and a 25.0% cushion versus the required HK$1.85. That is not the same thing as a 20% annualized return case. At a 15x exit multiple, HK$2.31 of 2030 EPS implies an ending value of HK$34.63 per share. From HK$27.70, that is only about 4.6% annualized before any dividends or buybacks. FWD has not disclosed a dividend policy or buyback record that can bridge the gap.

The business-quality score is capped because standard industrial ROIC is not the right lens for an insurer, and the insurer-specific return evidence is mixed. FY2025 OPAT was US$499m, CTE was US$8.717B, group EV was US$6.850B, closing CSM was US$6.562B, VNB was US$945m, and net underlying free surplus generation was US$857m. Those are real economic anchors. But OPAT / CTE is only about 5.7%, OPAT / group EV is about 7.3%, the clean comparable history is short, 1Q26 has no full IFRS statement, and the OPAT-to-net-income bridge is the biggest valuation sensitivity. FWD can be a good insurer without being a high-confidence 20% compounder at today's price.

Score-implied classification: Reject under this diagnostic 20% compounder rubric. A more precise human label would be "watchlist only, with a much lower buy price or better evidence of OPAT-to-NI/free-surplus conversion." The classification is strict because the rubric requires an investable-now case to clear 20% annualized returns without terminal multiple expansion, and this file does not support that.

2. Data Source Map

Evidence family	Source used	What controls	Confidence
Price and market cap	`raw\fmp_quote_1828HK_live.json`	HK$27.70 price, HK$35.345B market cap snapshot	Medium, live quote but market-sensitive
Company identity	QF, FMP profile, HKEX annual report	FWD Group Holdings Limited, HKEX 1828, life insurer	High
Financial statements	`quant_foundation.md`, FY2025 HKEX annual report	FY2025 audited income statement, balance sheet, cash flow	High for FY2025
1Q26 recency	`data_package.md`, FWD 1Q26 new-business highlights	APE, NB CSM, VNB, margins, segment sales trends only	Medium for KPI momentum, low for IFRS TTM
Segment economics	Reviewed segment appendices and data package	Insurance revenue, OPAT, APE, NB CSM, VNB, EV	Medium-high for disclosed geography rows
Insurer capital	QF and data package	CTE, EV, free surplus, LCSM cover, leverage	Medium-high
Management	`appendix_management.md`	Management gate YELLOW, incentives, control, dilution, related-party exposure	Medium
Moat	`appendix_moat.md`	Moat gate YELLOW, 2046 test YELLOW	Medium
Valuation and model	`appendix_synthesis.md`	2030 revenue, OPAT proxy, NI, EPS, P/E test, sensitivities	Medium, explicitly sensitive
Product dollars	Data package disclosure inventory	Not disclosed by product	Low / insufficient

Evidence family	Source used	What controls	Confidence
Cash returns	Data package and management appendix	No ordinary dividend or buyback record	High

The source hierarchy is ER2 first. QF cleared 8 / 8 checks, but it explicitly held the financial base at FY2025 because the 1Q26 update is a new-business KPI document, not a full quarterly IFRS package. FMP product and geographic segmentation endpoints were empty, so official FWD/HKEX segment and insurer KPI disclosures control.

3. Key Financial and Quality Metrics

Metric	Value	Interpretation
FY2025 insurance revenue	US$2.911B	Official financial base
FY2025 OPAT proxy	US$499m	Best disclosed insurer operating-profit spine
FY2025 net profit attributable	US$166m	IFRS equity-holder profit
FY2025 OPAT-to-NI conversion	33.3%	Main valuation bridge risk
Closing CSM	US$6.562B	Meaningful future-service profit stock
FY2025 VNB	US$945m	New-business value indicator
FY2025 NB CSM	US$1.476B	IFRS 17 future-profit addition indicator
FY2025 CTE	US$8.717B	Insurer capital-quality denominator
FY2025 group EV	US$6.850B	Embedded-value denominator
OPAT / CTE	5.7%	Not a high-return read by itself
OPAT / group EV	7.3%	Useful but below compounder hurdle economics
VNB / APE	38.6%	Healthy, but down from earlier years
NB CSM / APE	About 60%	Stronger than VNB margin, supports CSM thesis
Net underlying free surplus generation	US$857m	Better than industrial CFO as insurer cash signal
Closing free surplus	US$1.369B	Improved capital flexibility
LCSM cover ratio, PCR basis	265%	Sound solvency
Expected LCSM cover after Japan ESR	210%	Still sound, but materially lower
Leverage ratio	21.3%	Above management's 15%-20% target range
Ordinary dividend / buyback	None disclosed for FY2025	No cash-return bridge to 20% IRR

For an insurer, standard ROIC and ROIIC can mislead because policyholder liabilities, statutory capital, embedded value, CSM, required capital, asset-liability management, and free surplus generation are the economic core. The adapted lens here uses OPAT / CTE, OPAT / EV, VNB and NB CSM conversion, CSM growth, free surplus generation, solvency, leverage, and per-share statutory earnings conversion. On that lens, FWD has real business quality, but not yet high-confidence 20% reinvestment economics.

4. Rubric Scorecard

Category	Score	Max	Rationale
Incremental returns on capital	14	25	VNB/NB CSM and free surplus evidence are positive, but OPAT / CTE and OPAT / EV are not high-return proof, and clean ROIIC cannot be calculated.
Reinvestment runway	15	20	Pan-Asian life, health, savings, retirement, and HNW demand are attractive; Hong Kong, Japan, and Emerging Markets have runway; Thailand and margin quality cap the score.
Durability of moat	9	15	In-force book, distribution, regulatory capital, and actuarial infrastructure matter, but moat gate and 2046 test are YELLOW.

Category	Score	Max	Rationale
Accounting and financial quality	7	10	Audited FY2025 financials, solvency, CSM, EV, and KPI disclosure are useful; 1Q26 lacks IFRS statements and OPAT-to-NI is unresolved.
Capital allocation discipline	5	10	2025 refinancing improved leverage and access, but no dividend, no buyback, material dilution capacity, related-party exposure, and short listed history cap confidence.
Price and 20% return underwriting	5	20	P/E <= 15 clears at HK$27.70, but the 20% annualized return case does not work without a much lower entry price, major upside case, or multiple expansion.
Total	55	100	Diagnostic reject under the 20% compounder rubric; watchlist evidence remains.

The business-quality score is not low because the company is broken. It is capped because the evidence is still incomplete for a newly listed insurer and because YELLOW management/moat gates should not be translated into a high compounder score. The valuation score is low because the base case produces a P/E gate pass, not a 20% return underwriting pass.

5. ROIIC and Reinvestment Analysis

The standard ROIIC calculation cannot be run cleanly. FWD does not provide a ten-year industrial invested-capital and NOPAT history, and the clean official insurer KPI set begins around FY2022 for many metrics. FY2021 is outside the clean IFRS17-plus-EV comparable boundary. Product revenue dollars are not disclosed. Segment-level required capital, segment free surplus, segment remittances, and country-level economics are also missing.

The adapted insurer ROIIC read is mixed:

Test	Evidence	Score impact
OPAT growth	Group OPAT increased from US$299m in FY2022 to US$499m in FY2025	Positive, but short span
CSM stock	Closing CSM rose to US$6.562B in FY2025 from US$5.174B in FY2024	Positive for future earnings emergence
VNB	FY2025 VNB was US$945m versus US$834m in FY2024	Positive, but margin fell over the longer KPI set
NB CSM	FY2025 NB CSM was US$1.476B versus US$1.222B in FY2024	Positive
Free surplus	Net underlying free surplus generation was US$857m and closing free surplus was US$1.369B	Positive for capital flexibility
Capital denominator	CTE was US$8.717B and group EV was US$6.850B	OPAT return on those bases is not high
Net income bridge	FY2025 IFRS equity-holder net profit was US$166m versus OPAT proxy of US$499m	Major constraint

The evidence supports an improving insurer, not a proven high-ROIIC compounder. The strongest positive is that OPAT, CSM, VNB, free surplus, EV, and solvency are all real disclosed insurer metrics, not management TAM claims. The strongest negative is that the conversion from operating value creation to ordinary per-share net income is still unproven. The synthesis base case assumes 55% OPAT-to-NI conversion by 2030, up from 33.3% in FY2025. That is reasonable as a model case, but it is not yet demonstrated by reported IFRS history.

6. Runway Analysis

FWD has a legitimate runway. The company operates across Hong Kong & Macau, Thailand & Cambodia, Japan, and Emerging Markets. The product need is durable: life protection, health, retirement, savings, HNW planning, annuities, and investment-linked or related financial products. The distribution base is meaningful, with bancassurance, brokerage/IFA, agency, and other channels. FY2025 channel APE was US$900m from bancassurance, US$895m from brokerage/IFA, US$453m from agency, and US$198m from other channels.

The runway is not uniform:

Segment	Positive evidence	Constraint
Hong Kong & Macau	FY2025 APE US$1.207B, NB CSM US$684m, VNB US$478m, OPAT US$270m, EV US$4.081B	Still challenger-scale in market share; needs HNW/offshore and onshore strength without margin leakage
Thailand & Cambodia	FY2025 insurance revenue US$827m, OPAT US$187m, EV US$2.743B	APE flat, VNB down, NB CSM down, 1Q26 sales down 6%
Japan	High OPAT relative to APE, FY2025 OPAT US$186m, high NB CSM margin	Mature, competitive, capital-sensitive, ESR effect lowers group solvency ratio
Emerging Markets	FY2025 revenue up strongly, 1Q26 sales up 28%, EV US$1.463B	OPAT only US$34m, VNB margin compressed, Vietnam headwind

The base case in synthesis assumes FY2030 revenue of US$3.969B, a 6.4% CAGR from FY2025. That is plausible but not low-risk. It assumes new-business value starts emerging into insurance revenue and OPAT without copying the high recent APE growth rates. That is the right conservative shape. The runway score is strong enough for watchlist interest, but not strong enough to offset the lack of long listed history, the Thailand reset, Emerging Markets margin compression, and the still-unproven statutory earnings bridge.

7. Moat Analysis

The moat appendix gives FWD a YELLOW gate and a YELLOW 2046 test. The evidence supports that judgment. FWD's moat candidates are real but not yet decisive.

The in-force book is the clearest moat source. Existing policies produce long-duration obligations, future service profit, policyholder data, asset-liability management scale, renewal economics, and cross-sell opportunities. Closing group CSM of US$6.562B and group EV of US$6.850B are not trivial. Life insurance also has structural barriers: licenses, solvency capital, actuarial skill, reserving, conduct controls, claims infrastructure, product approval, and regulator trust.

Distribution is also valuable. FWD's bank, broker/IFA, and agency channels give it access to customers at moments when insurance and wealth-planning products can be sold. The problem is that negotiated distribution is not the same as unassailable pricing power. Bank partners, brokers, IFAs, agents, and related service providers can capture economics. Distribution rights and goodwill are material assets on the balance sheet, and the auditor treats goodwill and distribution-right impairment as key audit matters. If volume requires higher commissions or weaker VNB margin, growth can dilute economic quality.

The evidence does not yet prove a 2046-level moat. FWD listed only in 2025. Public shareholders have no long track record of capital returns, forecast reliability, response to misses, or minority-holder treatment. Hong Kong & Macau is attractive but not dominant. Thailand & Cambodia is already showing rate and quality pressure. Japan is high-margin but mature. Emerging Markets is growing but low-margin. AI does not destroy the insurance need, but FWD has not quantified a durable digital cost or persistency advantage. That mix earns a mid-score moat, not a pass.

8. Accounting and Capital Allocation Analysis

Accounting quality is better than the FMP surface data. QF found that FMP tied some FY2025 line items such as profit before tax, net income, assets, liabilities, equity, borrowings, and cash-flow totals, but FMP revenue and weighted-average shares were not suitable controls. Official sources therefore control. That is the right decision for a newly listed foreign insurer.

The accounting positives are:

- FY2025 audited statements are available and QF reconciled the main statements.
- FWD separates APE, NB CSM, VNB, CSM, OPAT, net profit, EV, CTE, free surplus, LCSM cover, and leverage.
- The data package explicitly labels 1Q26 as KPI-only and does not fabricate a quarterly IFRS TTM.
- Solvency is sound at 265% on the FY2025 PCR basis, even though the post-Japan ESR expectation of 210% reduces the cushion.
- Net underlying free surplus generation and closing free surplus provide an insurer-relevant cash lens.

The accounting constraints are:

- Product-level revenue dollars are not disclosed.

- No full 1Q26 income statement, balance sheet, cash flow, or segment Note 5 exists in the fetched source set.
- The OPAT-to-net-income bridge is judgment-heavy.
- FY2025 FMP revenue is not official insurance revenue.
- Share-count treatment requires official adjusted and issued share figures, not FMP share fields.
- Goodwill and distribution rights are material and require forecast-sensitive impairment testing.

Capital allocation is in transition. Management executed a coherent 2025 capital markets program: IPO, subordinated capital securities, tender/refinancing of older notes, perpetual redemption, leverage reduction, index eligibility, and public-market access. That deserves credit. But there is no ordinary dividend, no buyback record, no stated payout framework, and no evidence that retained capital will compound per-share value at a high rate for minority holders. The management appendix also flags a dominant controller, related-party exposure, a short public-company record, and material share-plan capacity. Those are not automatic disqualifiers, but they prevent a high capital-allocation score.

9. 20% Return Underwriting

The 20% return test is the harshest part of the rubric. It asks whether the stock can generate at least 20% annualized shareholder returns without depending on terminal multiple expansion. FWD does not clear that test.

Using the synthesis base case:

Case	2030 EPS	15x value	Current price	Approx. annualized price return
Bear	HK$0.82	HK$12.30	HK$27.70	(15.0%)
Base	HK$2.31	HK$34.63	HK$27.70	4.6%
Bull	HK$3.60	HK$54.00	HK$27.70	14.3%

These returns exclude dividends because FWD has not disclosed an ordinary dividend policy or buyback record. Even the bull case does not naturally reach 20% annualized at a 15x terminal P/E. A 20% annualized five-year return requires an ending value of about HK$68.95 from HK$27.70. At a 15x exit P/E, that requires roughly HK$4.60 of 2030 EPS, nearly double the synthesis base case and well above the bull case. Alternatively, the buyer would need a much lower entry price. On the base case ending value of HK$34.63, a 20% five-year return supports a maximum buy price of about HK$13.92 before dividends.

This is why the valuation score is only 5 / 20 even though the ER2 P/E <= 15 gate passes. The ER2 gate asks whether today's price is no more than 15x five-year-forward EPS. The CompounderScorer valuation test asks whether the stock can compound shareholder value at 20% annualized without multiple expansion. Those are different bars. FWD clears the first at HK$27.70, but not the second.

10. Hard Veto Checklist

Veto	Status	Evidence
ROIIC below cost of capital with no credible path	Watch	Insurer ROIIC cannot be calculated cleanly; VNB/NB CSM path is credible but unproven.
Reported ROIC is an artifact	Watch	Industrial ROIC is not meaningful; adapted metrics are disclosed but not high.
Growth requires persistent external financing	Watch	Insurers consume capital; 2025 refinancing helped, but growth/free-surplus balance must be monitored.
Share count rises without value creation	Watch	Share plan capacity and IPO/listing history are too short to prove discipline.
Acquisition discipline unclear	Watch	Goodwill and distribution rights are material; future returns must be judged by VNB, persistency, OPAT, and free surplus.
FCF structurally lags earnings	Watch	Industrial FCF is not primary for an insurer; free surplus is better, but history is short.
Regulation/leverage can impair equity	Watch	Solvency is sound, but Japan ESR lowers expected cover and leverage remains above target.
20% return case requires multiple expansion	Fail	Base and bull cases do not clear 20% at 15x without a lower entry price or major upside.

Veto	Status	Evidence
Needs flawless execution	Watch	Price is not egregious on P/E <= 15, but accounting bridge and segment execution matter.
Moat cannot be explained	Pass	In-force book plus distribution plus regulation is clear; durability is not yet proven.
Governance/accounting impair trust	Watch	Controlled-company and related-party issues cap confidence; no restatement found.
Balance sheet risk could wipe out equity	Watch	Not indicated today, but insurer capital/regulation remains central.

The hard-veto screen does not find a fraud-style or balance-sheet-imminent failure. It does find a 20% return veto. That is enough to prevent an investable-now classification under this diagnostic rubric.

11. Final Decision

Compounder Score note: 55 / 100 implies diagnostic reject under the 20% compounder rubric, with watchlist value only if future reports prove OPAT, free surplus, CTE/EV per share, and IFRS net income can compound together.

Business Quality Score note: 50 / 80 implies a credible but unproven insurer franchise; YELLOW management, YELLOW moat, short listed history, and insurer data gaps cap the score.

20% Return UW Score note: 5 / 20 implies today's HK$27.70 price can pass the ER2 P/E <= 15 test but does not underwrite 20% annualized returns at a 15x exit multiple.

The most important monitoring items are: first, confirm the true current market price before the final ER2 verdict uses the P/E gate; second, require FY2026 and FY2027 evidence that OPAT converts to IFRS net income and free surplus; third, track Hong Kong & Macau CSM and OPAT conversion; fourth, demand Thailand & Cambodia stabilization after the 2025 and 1Q26 weakness; fifth, require Emerging Markets margin conversion rather than APE growth alone; and sixth, monitor related-party economics, share-based compensation, and any capital-return framework.

12. Machine-Readable JSON

The full machine-readable output is written to `compounder_score.json`. Key fields:


```
{
  "total_score": 55,
  "business_quality_score": 50,
  "valuation_underwriting_score": 5,
  "classification": "Reject",
  "clears_20pct_hurdle": false,
  "base_case_irr": 0.046,
  "source_confidence": "Medium"
}
```

Appendix CSA - Scoring Audit

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FWD Group Holdings Limited (1828.HK) - Scoring Audit

Date: 2026-07-07 Price used for audit: HK$27.70 Reporting convention: HKD share price / USD reporting values TTM anchor: FY2025 ended 2025-12-31 because 1Q26 is KPI-only Forward horizon: 2030-12-31

1. Original vs Audited Scores

Item	Original	Audited	Notes
Business Quality Score / 80	50	43	Reduced for uncalculated ROIIC, weak OPAT-to-NI conversion, YELLOW management, YELLOW moat, and short public-company evidence.
Valuation / 20% Return UW Score / 20	5	4	Reduced slightly because base and bull cases do not clear the 20% hurdle at a 15x exit multiple, although HK$27.70 still gets limited credit for the P/E 15 pass.
Total Score / 100	55	47	Still a diagnostic Reject; watchlist evidence exists, but this is not a high-confidence compounder score.
Classification	Reject	Reject	The threshold tests fail because 20% return underwriting fails and business quality is below the required bar.

The original score correctly rejected FWD under the diagnostic compounder rubric. It also correctly separated the ER2 P/E <= 15 gate from the stricter 20% return underwriting test. The score is still too generous on business quality. The evidence supports an improving, credible pan-Asian insurer, not a proven high-return reinvestment compounder.

2. Score Reductions and Reasons

This score is reduced because the insurer-return evidence is not strong enough for a 50 / 80 business-quality score. The CompounderScorer correctly says standard industrial ROIC and ROIIC are not clean for a life insurer. That is a reason to adapt the lens, not a reason to award mid-to-high returns-on-capital points. The evidence base gives useful insurer metrics: FY2025 OPAT proxy of US$499m, closing CSM of US$6.562B, group EV of US$6.850B, CTE of US$8.717B, VNB of US$945m, and net underlying free surplus generation of US$857m. Those are real anchors. But OPAT / CTE is only about 5.7%, OPAT / group EV is about 7.3%, and FY2025 IFRS net profit attributable to equity holders was only US$166m versus the US$499m OPAT proxy. That is a 33.3% OPAT-to-net-income conversion, not a demonstrated high-return ordinary earnings engine.

The audited category changes are:

Category	Original	Audited	Audit judgment
Incremental returns on capital	14 / 25	11 / 25	Partly supported. Insurer KPI evidence is useful, but clean ROIIC is not calculated and the OPAT/EV and OPAT/CTE proxies are not high.
Reinvestment runway	15 / 20	14 / 20	Mostly supported. Asia life/health demand, CSM, VNB, and APE support runway, but segment conversion is mixed.
Durability of moat	9 / 15	8 / 15	Partly supported. Moat gate and 2046 test are both YELLOW, so the score should stay below a durable-compounder read.
Accounting and financial quality	7 / 10	6 / 10	Partly supported. Official-source controls are good, but no full 1Q26 IFRS TTM and OPAT-to-NI bridge risk cap the score.

Category	Original	Audited	Audit judgment
Capital allocation	5 / 10	4 / 10	Partly supported. IPO/refinancing execution was credible, but no dividend/buyback framework and controller/related-party/dilution risks remain.
Price and 20% return underwriting	5 / 20	4 / 20	Mostly supported as a low score. The P/E 15 gate passes at HK$27.70, but 20% annualized return does not.

3. Unsupported Claims

The evidence does not support a clean high-ROIIC claim. The CS appendix does not pretend that ROIIC is cleanly available, but it still leaves too much credit in the incremental-returns bucket. The correct audit treatment is to give credit for insurer-specific economics and then cap the score because the direct calculation is missing.

The evidence does not support a high-confidence moat score. The moat appendix explicitly says Moat gate: YELLOW and 2046 test verdict: YELLOW / not cleared. A YELLOW moat can support a watchlist business; it should not be converted into a quality-compounder score unless the company has longer evidence of pricing power, persistency, capital generation, and shareholder treatment.

The evidence does not support a high capital-allocation score. Management executed the 2025 IPO/refinancing actions, but the management appendix flags the short public-company record, absence of tested capital-return discipline, controlling-shareholder risk, related-party exposure, and share-plan dilution capacity. Those are not automatic FAIL items, but they keep the score below the original 5 / 10.

4. Calculation Errors

No material arithmetic error was found in the original scorecard. The original JSON and markdown agree on total score, business-quality score, valuation score, Reject classification, base case IRR of 4.6%, bear case IRR of -15.0%, bull case IRR of 14.3%, and maximum buy price of HK$13.92 for a 20% IRR.

The calculation that matters most is not broken; it is fragile. The synthesis base case produces 2030 EPS of HK$2.31. At HK$27.70, a 15x P/E produces HK$34.63 of value and a 25.0% cushion to the P/E 15 gate. That does not underwrite 20% annualized returns. At a 15x exit multiple, a 20% five-year return from HK$27.70 requires about HK$68.95 of ending value, or roughly HK$4.60 of 2030 EPS before dividends. The base case is far below that, and even the bull case is not enough.

The P/E 15 conclusion is sensitive to the OPAT-to-net-income bridge. If OPAT-to-NI conversion stays near FY2025's 33.3%, the synthesis sensitivity says 2030 EPS is HK$1.40 and the P/E 15 gate fails even at HK$27.70. At 45% conversion, the gate barely clears. The 55% base conversion is plausible, but not yet proven by reported IFRS history.

5. Missing Data

The most important missing evidence is a clean insurer ROIIC history. Segment required capital, segment free surplus, segment remittances, country-level economics inside Emerging Markets, product-level revenue, and product-level margins are not disclosed. Acquisition-inclusive ROIIC cannot be calculated cleanly even though FWD's history includes acquisitions and distribution-right economics.

There is no full 1Q26 IFRS TTM. QF and the data package properly use FY2025 as the controlling complete financial base and treat 1Q26 as KPI-only. The 1Q26 update provides APE, NB CSM, VNB, margins, segment sales trends, and channel mix. It does not provide insurance revenue, segment OPAT, balance sheet, cash flow, or Note 5 equivalent segment statements.

The free-cash-flow lens is also not clean. For a life insurer, OPAT, CSM, VNB, EV, free surplus, LCSM cover, and leverage are more useful than industrial FCF. That is acceptable, but it means the score must carry lower confidence until OPAT, IFRS net income, free surplus, and CTE/EV per share move together through multiple public reporting periods.

6. Hard-Veto and Threshold Test Audit

The hard veto is valid. The 20% return case requires a much lower entry price, materially higher 2030 EPS, a disclosed capital-return stream, or terminal multiple expansion. The current base case does not clear 20% annualized return at 15x. The

bear case fails the P/E 15 gate, and the bull case still does not naturally meet the 20% annualized return bar.

The threshold tests remain failed:

Test	Audited result	Reason
Total score >= 80	Fail	Audited total is 47 / 100.
Business quality >= 65 / 80	Fail	Audited business quality is 43 / 80.
Valuation score >= 15 / 20	Fail	Audited valuation score is 4 / 20.
ROIIC plus runway >= 35 / 45	Fail	Audited return/runway subtotal is 25 / 45.
Base IRR >= 20%	Fail	Base case is about 4.6%.
Bear IRR acceptable	Fail	Bear case is negative.
No hard vetoes	Fail	20% return veto remains.
Does not require multiple expansion	Fail for 20% return	A 20% case needs a much better EPS path, lower price, dividends/buybacks, or multiple help.

7. Final 20% Hurdle Pass/Fail

Final 20% hurdle: FAIL. The audited score gives limited valuation credit because the base case mechanically clears P/E <= 15 at HK$27.70. That is not enough for a 20% return underwriting score. A buyer at HK$27.70 is underwriting an insurer that may become investable if OPAT, net income, free surplus, and CTE/EV per share converge. The buyer is not underwriting a demonstrated 20% compounder today.

8. Dream Business / Dream Investment Classification

Classification: neither dream business nor dream investment.

FWD is not a dream business yet because management, moat, and 2046 durability are all YELLOW; clean ROIIC is unavailable; public-company evidence is short; and several segment trends are mixed. FWD is not a dream investment at HK$27.70 because the 20% return hurdle is not met. The single biggest reason the company does not qualify is that the economic-value indicators have not yet converted into demonstrated ordinary per-share net income and free surplus at a rate that supports 20% shareholder returns.

9. Stage 7 Scorecard Notes

Compounder Score note: Audited 47 / 100 implies diagnostic Reject; FWD has credible insurer assets and watchlist value, but the evidence does not prove a high-return compounder.

Business Quality Score note: Audited 43 / 80 reflects real CSM, VNB, EV, solvency, and OPAT evidence, offset by no clean ROIIC, weak OPAT-to-NI conversion, YELLOW management, YELLOW moat, and a short listed record.

20% Return UW Score note: Audited 4 / 20 reflects a mechanical P/E 15 pass at HK$27.70 but a clear failure to underwrite 20% annualized returns at a 15x exit multiple.

10. Auditor JSON

The machine-readable audit is saved separately in `compounder_score_audit.json`.

Appendix RT - Red Team

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FWD Group Holdings Limited - Red Team Appendix

This red team starts from the assumption that the Stage 5 synthesis is wrong somewhere important. FWD has real franchise assets: CSM, EV, profitable segments, solvency, distribution reach, and a credible pan-Asian insurance platform. That is not enough. The question for the Gideon framework is whether those assets convert into ordinary per-share earnings, free surplus, and shareholder returns at a rate that justifies a BUY. The current file set does not prove that. The red-team conclusion is conditional at best: FWD can remain on a watchlist at the confirmed HK$27.70 price, but the investment case does not survive as a high-conviction compounder because the model's most important bridge is not yet demonstrated in reported public-company evidence.

1. The Most Fragile Assumption

The most fragile Stage 5 assumption is the base-case conversion of combined OPAT proxy into ordinary net income. The synthesis explicitly says segment operating income is not industrial EBIT; it is FWD's segment operating profit after tax attributable to equity holders, used as the best available operating spine for a life-insurance model. That is the right accounting caution, but it also exposes the thesis. FY2025 combined OPAT proxy was US$499 million, while official net profit attributable to equity holders was only US$166 million. The historical conversion was therefore 33.3%. The synthesis base case lifts that conversion to 55.0% by 2030 and uses it to produce US$387 million of net income and HK$2.31 of EPS.

That one bridge carries more valuation weight than any individual segment CAGR. If conversion remains near the FY2025 33.3% level, the synthesis sensitivity says base EPS falls to HK$1.40 and the P/E 15 gate fails even at HK$27.70. At a 45% conversion ratio, base EPS is HK$1.89 and the P/E 15 gate barely clears with only a 2.3% cushion. The red team does not need to argue that FWD is a bad insurer. It only needs to argue that a newly listed insurer with no full 1Q26 IFRS TTM, no ordinary dividend policy, no buyback record, still-above-target leverage, meaningful intangibles and distribution rights, and YELLOW management/moat gates has not yet earned a 55% normalized statutory conversion assumption.

If forced into a segment-level line item, the most fragile segment assumption is Emerging Markets base-case profit conversion: US$470 million of FY2025 revenue growing to US$885 million by 2030 at a 13.5% revenue CAGR, with OPAT margin expanding from 7.2% to 9.0%. The segment's FY2025 revenue rose 34.3%, but OPAT rose only 6.3%. APE rose 26.0%, but NB CSM rose only 3.3% and VNB rose only 6.6%; VNB margin fell to 27.5% and NB CSM margin fell to 43.0%. The base case assumes growth quality improves before the model horizon. The reported evidence says volume already outpaced value creation. If Emerging Markets reaches only the bear case, the segment contributes US$33 million of 2030 OPAT rather than US$80 million. That US$47 million gap is not fatal by itself, but it would also weaken the argument for a higher group OPAT-to-NI conversion ratio because the same low-quality growth mechanism would consume capital and free surplus before it becomes ordinary earnings.

2. The Most-Likely-To-Be-Optimistic Stage 5 Number

The single Stage 5 number most likely to be revised down is the base-case 2030 EPS of HK$2.31. It is not mechanically wrong. It ties to US$704 million of combined OPAT proxy, a 55% OPAT-to-net-income conversion, 1,308.2 million diluted shares, and USD/HKD 7.80. The issue is evidentiary. The file set supports the OPAT spine better than it supports the ordinary net-income endpoint. FWD's official insurer KPIs are strong enough to show a real business, but the clean public record is too short to prove that EV, CSM, VNB, OPAT, free surplus, and IFRS net income will converge by 2030.

The most optimistic Stage 5 headline number is the bull-case HK$3.60 EPS. That number depends on US$928 million of combined OPAT proxy and a 65% OPAT-to-NI conversion ratio. It is possible only if all four operating narratives work at once: Hong Kong & Macau converts its FY2024-FY2025 APE and NB CSM surge into service revenue without margin leakage; Thailand & Cambodia recovers despite flat FY2025 APE and a 1Q26 sales decline; Japan sustains savings and retirement momentum without giving back VNB margin or consuming too much capital under Japan ESR; and Emerging Markets turns a high-growth, low-OPAT-margin portfolio into a double-digit margin profit engine. That is not a base underwriting case. It is a favorable convergence case layered on top of an already favorable statutory-conversion bridge.

The synthesis is more honest than a bullish report because it shows the HK$41.30 sensitivity and the 33.3% conversion failure. The red-team objection is that a model can be arithmetically honest and still place too much weight on a normalization

that has not yet occurred.

3. Strongest Bear Case

The strongest bear case is that FWD is an attractive embedded-value and distribution story whose economics leak before they reach minority shareholders as ordinary per-share value. The leak can come from five places at once: distribution partners taking economics through bank, broker, IFA, and agency channels; lower-rate or guarantee competition reducing VNB margins; regulatory capital and Japan ESR trapping surplus inside operating entities; controller-linked governance and related-party risks absorbing some economics; and share-based compensation or future issuances diluting minority holders before capital return is established.

In that bear case, the problem appears within the next two reporting cycles, not in 2046. Thailand & Cambodia keeps showing negative or flat new-business sales and VNB pressure. Emerging Markets keeps growing APE but fails to lift NB CSM and VNB at a similar rate. Japan's 1Q26 sales jump proves to be a product-launch or savings-rate window rather than a durable high-value growth run. Hong Kong & Macau remains the quality engine, but its insurance revenue base has been flat and its VNB margin is already far below FY2022-FY2023 levels. Group OPAT may still grow, but IFRS net income and free surplus fail to compound fast enough. The thesis breaks when the market stops valuing CSM/EV promise and starts demanding demonstrated net income, remittable surplus, dividends, or buybacks.

The observable anchor validating this bear case is simple: OPAT grows while net profit attributable, free surplus, and CTE/EV per share fail to move with it. That would show that the attractive insurer KPI stack is not translating into minority shareholder compounding.

4. Cross-Examination Of Management Commentary

Management's statement about a "disciplined balance between growth, profitability, and risk management" is the most important one to test. The evidence is mixed. On the positive side, the 2025 refinancing and IPO actions improved capital access and reduced leverage to 21.3%. On the negative side, the operating segments already show that growth and profitability are not moving uniformly. Emerging Markets had strong revenue and APE growth but weak OPAT and value conversion. Thailand & Cambodia had flat APE, falling VNB, falling NB CSM, and a 1Q26 new-business sales decline. If the discipline statement is wrong, it will show first in VNB margin, NB CSM margin, and OPAT margin rather than headline APE.

The second statement to challenge is that "new business sales momentum" should continue. The 1Q26 group numbers are constructive: APE up 4% CER, NB CSM up 18%, and VNB up 7%. But the segment details are not uniformly supportive. Hong Kong & Macau was up only 1% against a record base, Thailand & Cambodia was down 6%, Japan was up 22%, and Expansion Markets was up 28% with Vietnam partly offsetting Singapore, Malaysia, and the Philippines. Momentum exists, but it is uneven and KPI-only. There is no 1Q26 revenue, OPAT, balance sheet, cash-flow statement, or segment Note 5 equivalent. If this commentary overpromises, the first evidence will be a FY2026 or 1H26 package where KPI momentum does not convert into insurance revenue, OPAT, or free surplus.

The third statement to challenge is the broad Asia middle-class growth framing. The demand backdrop is real, but it can be a dangerous crutch. Underinsurance and rising wealth do not automatically create shareholder value if insurers compete through credited rates, commissions, bank economics, and HNW product features. Emerging Markets is the clearest example: the opportunity is large, yet FY2025 showed VNB margin compression and NB CSM growth far below APE growth. The red-team question is not whether Asia needs more insurance. It is whether FWD can capture that demand at attractive returns after acquisition cost, capital, claims, and governance frictions.

5. Stage 5 Tie-Out Reverification

The recency treatment is correct but unfavorable to confidence. Stage 5 does not fabricate a 1Q26 IFRS TTM. It uses FY2025 as the complete financial base and treats 1Q26 as a KPI overlay. That is the right method. It also means the most recent complete financial base is already missing the quarter that investors most want for listed-company underwriting. A buyer must wait for a fuller 1H26 or FY2026 package before knowing whether the IPO-year story is converting into IFRS statements.

The share-count path is not aggressive, but it may still be too friendly if share-plan usage accelerates. The synthesis uses 1,276.0 million issued ordinary shares as the starting point and assumes 0.5% annual dilution to 1,308.2 million by 2030. Management appendix evidence shows no buybacks, no ordinary dividend, no pre-determined dividend payout ratio, and material share-plan capacity: pre-IPO awards around 25.4 million shares and a post-listing plan mandate up to 127.6 million shares, or 10% of shares in issue at 31 December 2025. The model does not assume buybacks, which is conservative, but its dilution path could understate the real per-share drag if FWD uses equity compensation heavily while still retaining capital for

growth and solvency.

No segment CAGR obviously violates arithmetic discipline, but the model's quality risk is concentrated in the gap between KPI growth and profit conversion. Hong Kong & Macau's base 5.0% revenue CAGR is reasonable only if FY2024-FY2025 APE and NB CSM emerge into revenue despite a flat FY2023-FY2025 insurance revenue line. Thailand & Cambodia's base 5.5% revenue CAGR requires the weak 2025 and 1Q26 signals to prove temporary. Japan's base 3.5% revenue CAGR is moderate, but the 1Q26 22% new-business sales figure should not be capitalized unless VNB margin stabilizes. Emerging Markets' 13.5% revenue CAGR is the biggest growth ask and must be paired with margin recovery that has not yet appeared in the FY2025 conversion data.

6. Score-Derived 20% Return Claim

The audited score already rejects the 20% return case, and the red team agrees. The score is 47/100, diagnostic Reject. Business quality is 43/80, valuation underwriting is 4/20, and the final 20% hurdle is FAIL. The score audit states the base case IRR is about 4.6%, the bear case IRR is negative 15.0%, and the bull case IRR is about 14.3%. It also says a 20% five-year return from HK$27.70 requires roughly HK$68.95 of ending value, or about HK$4.60 of 2030 EPS at a 15x exit multiple before dividends. The synthesis base case produces HK$2.31. The bull case produces HK$3.60. Neither naturally clears the 20% requirement at 15x.

The score-derived return claim most likely to be wrong is not an overbullish conclusion in the final audit; it is any residual interpretation that the HK$27.70 P/E 15 pass is close to a 20% return setup. It is not. P/E <= 15 on five-year-forward EPS is an entry valuation gate. A 20% return underwriting case is a much stricter compounding and exit-value test. For FWD to move from rejected to plausible under that lens, at least one of four things must change: entry price closer to HK$13.92, 2030 EPS materially above the bull case, a credible dividend/buyback stream, or a justified terminal multiple above 15x. None is proven in the current evidence file.

7. Exit Signal

The exit signal should be quantitative and near-term: downgrade or exit if, over the next two full reporting periods with financial statements, OPAT-to-net-income conversion stays below 40% while group VNB margin remains below 40% and Emerging Markets VNB margin stays at or below 27.5%. This is intentionally a combined signal. A single weak margin quarter could be mix. A single accounting conversion miss could be listing or market noise. But if both the statutory conversion and new-business value margins remain weak through two reporting periods, the base case's 55% conversion and Emerging Markets margin recovery are not just unproven; they are contradicted.

The same exit rule should include a capital guardrail: if leverage does not move into the 15%-20% target range or Group LCSM cover after Japan ESR approaches 200% without clear free-surplus generation, the equity case should be cut. The moat appendix already frames regulation as both a barrier and a constraint. A capital-constrained insurer can show demand and distribution momentum while failing to compound per-share value.

8. Conviction

This thesis does not survive as a high-conviction BUY. It survives only as a conditional watchlist idea at the confirmed HK$27.70 price. The reason is not that FWD lacks a business. The reason is that the business has not yet demonstrated the ordinary per-share earnings conversion, free-surplus conversion, capital-return discipline, and twenty-year profit protection required for a Gideon-quality compounder.

The synthesis should be rewritten around a watchlist frame: FWD is a real pan-Asian insurer with attractive embedded-value assets and several promising segment engines, but the investable case depends on proof that OPAT, IFRS net income, free surplus, CTE/EV per share, and VNB margins move together. Until that proof appears, the P/E 15 pass at HK$27.70 is a narrow valuation opening, not a complete investment case. At HK$41.30, the base P/E gate fails. At FY2025's 33.3% OPAT-to-net-income conversion, the base P/E gate fails even at HK$27.70. At the audited score level, the 20% return case is already rejected.

The red-team bottom line is blunt: FWD may become a compounder, but the current evidence does not yet prove that minority shareholders receive the compounding. The next reports must show conversion, not just KPIs.

Appendix D - Data Package (Raw Historicals)

FWD Group Holdings Limited (1828.HK) - Data Package

PATH_RECEIVED: C:\Users\Admin\OneDrive\GPT\ER 2.0\FWD Group Holdings\data_package.md

Date: 2026-07-07 Role: Sub-Agent D, ER2 Production Mode Company: FWD Group Holdings Limited Ticker: 1828.HK Currency convention: US$ millions unless stated otherwise. Data rule: live FMP helper calls and official FWD/HKEX sources only. No data warehouse cache files used. Quantitative base: `quant_foundation.md` and `quant_foundation_review.md`, both read first. QF is cleared and QFR returned `QUANT FOUNDATION VERIFIED - CLEARED FOR WAVE 1`.

0a. Industry Classification And Disclosure Inventory

FWD is a Hong Kong-listed pan-Asian life and health insurer. The controlling reporting regime is IFRS 17 with Hong Kong Stock Exchange disclosure, annual embedded-value disclosure, Group local capital summation method capital reporting, and insurer operating KPIs. Standard FMP segment and product endpoints are empty, so the data package uses the official insurer KPI stack rather than generic product revenue rows. The most recent complete financial base is FY2025 ended 31 December 2025. The most recent business update is 1Q26, but it is a KPI-only new-business update and not a full IFRS quarterly statement.

FMP live status for this D package: `income-statement 1828.HK --limit 5`, `balance-sheet-statement 1828.HK --limit 2`, `cash-flow-statement 1828.HK --limit 2`, `profile 1828.HK`, `quote 1828.HK`, `key-metrics 1828.HK --limit 2`, `revenue-product-segmentation 1828.HK --param period=annual`, and `revenue-geographic-segmentation 1828.HK --param period=annual` were called through `C:\Users\Admin\.codex\skills\fmp-financial-data\scripts\fmp_request.py`. The product and geographic segmentation endpoints returned empty arrays. FMP FY2025 income statement ties profit before tax of 322 and net income attributable of 166, but FMP revenue of 4,809 is not official insurance revenue of 2,911. Official HKEX/FWD sources control.

Source Inventory

Source	URL	Local raw copy	Use
HKEX annual report 2025	https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0416/2026041600073.pdf	`raw\hkex_annual_report_2025_2026041600073.pdf` and `.txt`	FY2025 audited financials, segment Note 5, EV appendix, cash, borrowings, intangibles
FWD FY2025 annual results announcement	https://www.fwd.com/files/v3/assets/blt7159ee3244a0ea01/blt4e24e44260a1987a/69b6571c31f53c1bf169a94a/FWD_Group_Holdings_Limited_Annual_Results_Announcement_2025_EN.pdf	`raw\fwd_annual_results_announcement_2025_en.pdf` and `.txt`	FY2025 KPI release, management comments, capital actions, index additions
FWD FY2025 annual results presentation	https://www.fwd.com/files/v3/assets/blt7159ee3244a0ea01/blt03eae7d9eeaf4fe7/69b6571c31f53cc6d269a946/FWD_Group_Holdings_Limited_Annual_Results_Presentation_2025.pdf	`raw\fwd_annual_results_presentation_2025.pdf` and `.txt`	Presentation cross-check
FWD 1Q26 new-business highlights	https://www.fwd.com/files/v3/assets/blt7159ee3244a0ea01/bltfcbf4aa4603f07a5/69f1c6cb207e69fbd63c4855/FWD_Group_Holdings_Limited_New_Business_Highlights_1Q26.pdf	`raw\fwd_new_business_highlights_1q26.pdf` and `.txt`	Latest APE, NB CSM, VNB, channel mix, segment trend
FWD 2025 interim report	https://www.fwd.com/files/v3/assets/blt7159ee3244a0ea01/blte57aaa0af4622df2/68c91e7e8f9bf11cb5c6b9db/FWD_Group_Holdings_Limited_Interim_Report_2025_EN.pdf	`raw\fwd_interim_report_2025_live.pdf` and `.txt`	1H25 KPI and distribution channel backstop
FWD 2024 results presentation	https://www.fwd.com/files/v3/assets/blt7159ee3244a0ea01/blt645ed63b15467912/67d0e9e873bbb60df0258fd6/FWD_Group_Holdings_Limited_Annual_Results_Presentation_2024.pdf	`raw\fwd_annual_results_presentation_2024_live.pdf` and `.txt`	FY2024 KPI backfill, refinancing, solvency and leverage

Source	URL	Local raw copy	Use
FWD 2023 annual report	https://www.fwd.com/files/v3/assets/blt7159ee3244a0ea01/blt78c797867ab4c992/66262586ca887427b6ed2221/FWD_Group_Holdings_Limited_Annual_Report_2023.pdf	`raw\fwd_annual_report_2023_live.pdf` and `.txt`	FY2022-FY2023 KPI and segment backfill
FWD prospectus	https://www.fwd.com/files/v3/assets/blt7159ee3244a0ea01/blt9eea18ebcf165b63/685c01b912948f7455752139/FWD_Group_Holdings_Limited_Prospectus.pdf	`raw\fwd_group_holdings_prospectus_2025_live.pdf` and `.txt`	Listing and historical disclosure inventory
HKEX allotment results	https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0704/2025070402160.pdf	`raw\hkex_fwd_allotment_results_20250704_live.pdf` and `.txt`	July 2025 IPO terms and listing start
HKEX over-allotment announcement	https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0801/2025080103557.pdf	`raw\hkex_fwd_overallotment_20250801_live.pdf` and `.txt`	Partial over-allotment exercise
HKEX GMTN announcement	https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0911/2025091100179.pdf	`raw\hkex_fwd_gmtn_20250911_live.pdf` and `.txt`	GMTN programme update
HKEX tender-results announcement	https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0923/2025092300270.pdf	`raw\hkex_fwd_tender_results_20250923_live.pdf` and `.txt`	US$900m 2029 subordinated notes tender
HKEX connected transaction announcement	https://www1.hkexnews.hk/listedco/listconews/sehk/2025/1231/2025123100503.pdf	`raw\hkex_fwd_cct_20251231_live.pdf` and `.txt`	PCCW/HKT continuing connected transactions

Search Inventory And Completeness Matrix

Dataset / table family	Official source searched	Search terms or table names	Years available	Included in data package?	If excluded, why	Downstream relevance
FMP segment and product endpoints	FMP stable helper	revenue-product-segmentation, revenue-geographic-segmentation	Empty for annual and quarterly checks	Yes, as status only	No FMP rows exist	Prevents invented product revenue
Segment economics	HKEX annual report 2025, FWD annual report 2023	Note 5 segment information, insurance revenue, OPAT, total assets	FY2023-FY2025 comparable after IFRS 17	Yes	FY2022 segment IFRS17 note is in 2023 report as comparator for some lines but not carried into all segment OPAT tables	Segment appendices and synthesis
New-business KPIs	FY2025 annual report, FY2023 annual report, 2024 presentation, 1Q26 update	APE, NB CSM, VNB, margin, PVNBP	FY2022-FY2025 plus 1Q26	Yes	FY2021 not comparable in official IFRS17 set	Insurer growth base
EV and CTE	FY2025 and FY2023 EV appendices, 2024 presentation	EV, EV Equity, ANW, VIF, free surplus, required capital	FY2022-FY2025	Yes	FY2021 omitted at taxonomy boundary	Valuation and capital quality
CSM	FY2025 and FY2023 reports, FY2024 presentation	Closing CSM, NB CSM, CSM release	FY2022-FY2025 where disclosed, full CSM movement FY2024-FY2025	Yes	Older pre-IFRS17 CSM not comparable	Earnings emergence
Distribution mix	FY2025 annual report, 1H25 interim, 1Q26 update	bancassurance, brokerage/IFA, agency, others	FY2024-FY2025 and 1Q26 percentages	Yes	Product dollars by life/health/savings are true non-disclosure	Channel durability
Recent trend	FWD 1Q26 update	1Q26, 1Q25, segment growth, channel mix	1Q25 and 1Q26	Yes	No full 1Q26 IFRS statements disclosed	Recency overlay
Capital allocation	FY2025 annual report and HKEX announcements	dividends, borrowings, IPO proceeds, tender, over-allotment, GMTN, intangibles	FY2025 with FY2024 comparators	Yes	R&D not separately disclosed	Balance sheet and management

Historical KPI Series

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source path
APE / new business sales	Group	n/c	1,408	1,646	1,916	2,446	1Q26 720 vs 1Q25 679	FY2023 annual report, FY2024 presentation, FY2025 annual report, 1Q26 update

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source path
NB CSM	Group	n/c	1,409	1,349	1,222	1,476	1Q26 556 vs 1Q25 465	Same official sources
VNB	Group	n/c	823	991	834	945	1Q26 314 vs 1Q25 287	EV appendices and 1Q26 update
New business margin	Group, VNB / APE	n/c	58.5%	60.2%	43.5%	38.6%	1Q26 43.5% vs 1Q25 42.3%	EV appendices and 1Q26 update
OPAT	Group operating profit after tax	n/c	299	372	463	499	1H25 251, no 1Q26 OPAT	FY2023 report, FY2025 report
Net profit / loss	Equity-holder IFRS	n/c	(320)	(717)	24	166	1H25 47, no 1Q26 NPAT	FY2023 report, FY2025 report
TWPI	Group total weighted premium income	n/c	6,295	6,416	6,632	7,783	No 1Q26 TWPI disclosed	FY2023 report, FY2025 report
Closing CSM	Group	n/c	5,400	5,046	5,174	6,562	1H25 5,996, no 1Q26 balance	FY2023 report, FY2025 report
CTE	Group comprehensive tangible equity	n/c	8,331	7,172	7,162	8,717	1H25 8,150	FY2023 report, FY2024 presentation, FY2025 report
EV	Group embedded value	n/c	6,066	5,682	5,569	6,850	No numeric 1Q26 EV disclosed	EV appendices
Free surplus	Group closing free surplus	n/c	308 / EV disclosure total 4,141 before financing	593 / EV disclosure total 4,754 before financing	668	1,369	1H25 1,454	FY2023 report, FY2025 report
Net underlying free surplus generation	Group	n/c	1,589	785	709	857	1H25 417	EV appendices and FY2025 announcement
Adjusted net UFSG	Group	n/c	625	786	839	n/d	n/d	FY2023 report and FY2024 presentation
Group LCSM cover ratio	PCR basis	n/c	288%	292%	260%	265%	1H25 283%; 1Q26 sound, no ratio	FY2023 report, FY2025 report, 1Q26 update
Leverage ratio	Group	n/c	23.6%	27.2%	25.5%	21.3%	No 1Q26 ratio	FY2023 report, FY2025 report

DR-Added Segment Insurer KPI History

Official insurer segment tables disclose more than FY2025 point values. For downstream segment appendices, use this history rather than treating segment APE, VNB, or margin as a single-year disclosure. FY2022-FY2023 labels are from the 2023 annual report (`FWD Hong Kong`, `FWD Thailand`, `FWD Japan`, `Emerging Markets`); FY2024-FY2025 labels are from the listed-company 2025 annual results/annual report (`Hong Kong & Macau`, `Thailand & Cambodia`, `Japan`, `Emerging Markets`). NB CSM by segment is included only for FY2024-FY2025 because that is the clean official segment table located in this review.

Segment	FY2022 APE	FY2022 VNB	FY2022 VNB margin	FY2023 APE	FY2023 VNB	FY2023 VNB margin	FY2024 APE	FY2024 NB CSM	FY2024 NB CSM margin	FY2024 VNB	FY2024 VNB margin	FY2025 APE	FY2025 NB CSM	FY2025 NB CSM margin	FY2025 VNB	FY2025 VNB margin	Source
Hong Kong & Macau	327	216	66.2%	512	323	63.0%	802	418	52.6%	333	41.5%	1,207	684	57.0%	478	39.6%	FY2023 annual report; FY2025 annual report/results announcement
Thailand & Cambodia	485	270	55.6%	619	335	54.1%	577	398	65.5%	278	48.1%	577	358	62.3%	242	42.0%	Same
Japan	167	138	83.0%	125	136	109.1%	118	192	162.7%	88	74.5%	132	213	161.1%	86	64.9%	Same
Emerging Markets	429	198	46.2%	390	197	50.4%	420	214	52.6%	136	32.3%	529	221	43.0%	145	27.5%	Same

Segment	FY2022 APE	FY2022 VNB	FY2022 VNB margin	FY2023 APE	FY2023 VNB	FY2023 VNB margin	FY2024 APE	FY2024 NB CSM	FY2024 NB CSM margin	FY2024 VNB	FY2024 VNB margin	FY2025 APE	FY2025 NB CSM	FY2025 NB CSM margin	FY2025 VNB	FY2025 VNB margin	Source
Total / operating entities	1,408	823	58.5%	1,646	991	60.2%	1,916	1,222	63.4%	834	43.5%	2,446	1,476	61.0%	945	38.6%	Same; FY2025 VNB total after US$7m global minimum tax provision

Official EV appendices also disclose EV by business unit. This matters for segment capital quality and should be used with the OPAT and VNB tables, not replaced by group EV alone.

Business unit	FY2022 EV	FY2023 EV	FY2024 EV	FY2025 EV	FY2025 ANW	FY2025 VIF	Source
Hong Kong & Macau / FWD Hong Kong	3,756	3,704	3,641	4,081	1,869	2,212	FY2023 and FY2025 annual report EV appendices
Thailand & Cambodia / FWD Thailand	2,303	2,247	2,356	2,743	2,279	464	Same
Japan	2,202	2,312	2,233	2,278	1,320	959	Same
Emerging Markets	1,105	1,204	1,234	1,463	1,008	455	Same
Operating entity EV	9,366	9,467	9,463	10,566	6,476	4,090	Same
Group EV after corporate, tax and financing adjustments	6,066	5,682	5,569	6,850	3,293	3,557	Same

Taxonomy boundary: FY2021 is not carried forward because the official sources used in this run do not provide a clean IFRS17-plus-EV comparable history. FY2022-FY2025 is the longest clean annual insurer-KPI history found across official sources. FY2023-FY2025 is the cleanest segment financial statement span for the current reportable structure.

1. Reporting Structure And Taxonomy

FWD reports operating results by geographic markets. The official current segments are Hong Kong SAR and Macau SAR, Thailand and Cambodia, Japan, Emerging Markets, and Corporate and Others. Emerging Markets comprises the Philippines, Indonesia, Singapore, Vietnam, and Malaysia. Corporate and Others is corporate functions, shared services, and eliminations rather than an insurance market. The 1Q26 update uses the label Expansion Markets for the same Southeast Asia country set; this is a source-label difference, not a new segment.

Reportable segment	Official scope	FY2025 insurance revenue	Share of FY2025 insurance revenue	FY2025 OPAT attributable	FY2025 APE	FY2025 VNB
Hong Kong & Macau	Hong Kong SAR and Macau SAR operations	966	33.2%	270	1,207	478
Thailand & Cambodia	Thailand and Cambodia operations	827	28.4%	187	577	242
Japan	Japan operations	648	22.3%	186	132	86
Emerging Markets	Philippines, Indonesia, Singapore, Vietnam and Malaysia	470	16.1%	34	529	145
Corporate and Others	Corporate functions, shared services, eliminations	0	0.0%	(178)	n/a	n/a
Total	Group	2,911	100.0%	499	2,446	945

Reporting structure is stable for the listed-company FY2025 base. Historical comparison needs labels: FY2023 annual report segment names use Hong Kong and Thailand in some tables, while FY2025 uses Hong Kong & Macau and Thailand & Cambodia. The economic units are comparable enough for FY2023-FY2025 segment trend work, but not enough to invent pre-FY2023 dollar rows.

2. Consolidated Historicals

FWD is not an industrial company; ordinary revenue and capex/FCF fields are lower-quality than insurer metrics. The table below separates official IFRS insurance revenue from FMP's non-controlling revenue field. All figures are US$m except EPS.

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Insurance revenue	n/c	2,408	2,756	2,724	2,911	Official annual reports
FMP revenue	n/a	n/a	3,091	3,980	4,809	Live FMP income-statement, not model base
Operating profit after tax	n/c	299	372	463	499	Official reports and results announcement
Net profit / loss attributable	n/c	(320)	(717)	24	166	Official reports; FMP ties 2024-2025 equity-holder net income
Basic EPS, US cents	n/c	n/d	n/d	(18.26)	12.88	FY2025 annual report
Adjusted basic OPAT per share, US cents	n/c	n/d	n/d	30.69	35.60	FY2025 annual report
Adjusted weighted avg shares	n/c	n/d	n/d	1,178.2m	1,225.5m	FY2025 annual report
Operating cash flow	n/c	n/d	n/d	526	247	FY2025 cash-flow statement and live FMP cash-flow tie
Capex proxy	n/c	n/d	n/d	156	89	Live FMP cash-flow capital expenditure; official cash flow shows intangible payments separately
FCF, non-official FMP	n/c	n/d	n/d	370	158	Live FMP cash-flow endpoint
ROE / ROTE proxy	n/c	4.1%	5.7%	n/d	n/d	FY2023 annual report definition, not updated in same table for FY2025

ROIC is not a useful primary insurer metric because policyholder liabilities, statutory capital, CSM, and embedded value drive economics. For downstream underwriting, use OPAT / CTE, OPAT / TWPI, EV operating profit, net UFSG, leverage, and solvency. FWD defines leverage as total borrowings divided by borrowings plus total equity attributable to shareholders and non-controlling interests plus CSM net of tax and non-controlling interests.

3. Segment Historicals

Insurance Revenue By Segment

Segment	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Hong Kong & Macau	n/c	n/d	998	973	966	FY2023 annual report, FY2025 annual report
Thailand & Cambodia	n/c	n/d	644	760	827	Same
Japan	n/c	n/d	619	583	648	Same
Emerging Markets	n/c	n/d	327	350	470	Same
Corporate and Others	n/c	n/d	0	0	0	Same
Total segment insurance revenue	n/c	n/d	2,588	2,666	2,911	Same
Consolidated insurance revenue	n/c	2,408	2,756	2,724	2,911	Official income statement

FY2023 segment insurance revenue totals do not equal consolidated insurance revenue because the FY2023 report's segment presentation was an adjusted operating-group table, while the consolidated income statement includes full consolidated insurance revenue. Do not force reconciliation beyond the official tables.

OPAT By Segment

Segment	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Hong Kong & Macau	n/c	n/d	210	218	270	Official segment tables
Thailand & Cambodia	n/c	n/d	151	148	187	Official segment tables
Japan	n/c	n/d	164	193	186	Official segment tables

Segment	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Emerging Markets	n/c	n/d	17	32	34	Official segment tables
Corporate and Others	n/c	n/d	(170)	(128)	(178)	Official segment tables
Segment OPAT total	n/c	299	372	463	499	Official reports

FY2025 Segment Operating Statement

Segment	Insurance revenue	Insurance service result	Investment return	Net finance result	Net insurance and investment result	OPAT attributable	Total assets	Total liabilities
Hong Kong & Macau	966	330	1,320	(1,275)	375	270	26,904	(23,873)
Thailand & Cambodia	827	231	522	(469)	284	187	21,957	(18,526)
Japan	648	142	130	7	279	186	6,651	(5,353)
Emerging Markets	470	92	360	(330)	122	34	6,614	(4,579)
Corporate and Others	0	0	7	0	7	(178)	237	(3,155)
Total	2,911	795	2,339	(2,067)	1,067	499	62,363	(55,486)

4. Product, Channel, And Sub-Segment Historicals

FWD does not disclose annual product dollar revenue by life, health, savings, protection, HNW, or accident and health categories. The most granular clean dollar disclosures found in official sources are geographic new-business KPIs, onshore/offshore Hong Kong APE and VNB, and channel APE/VNB.

Segment	Product / sub-segment	What it is	Dollar disclosure?	Last disclosed history and source
Hong Kong & Macau	Onshore	Domestic Hong Kong/Macau demand	Yes, APE and VNB only	FY2025 APE 595 and VNB 250; FY2024 APE 376 and VNB 166, FY2025 EV appendix
Hong Kong & Macau	Offshore	Financial hub and HNW-related demand	Yes, APE and VNB only	FY2025 APE 612 and VNB 227; FY2024 APE 426 and VNB 167, FY2025 EV appendix
Japan	Individual savings	JPY single-premium annuity launched in 2H25	No product dollar table	Official commentary says savings supported APE growth; no separate dollars
Group	FWD Private HNW	HNW brokerage/IFA proposition	No standalone dollars	Official commentary says contributed to Hong Kong growth; no separate dollar table
Group	Bancassurance	Bank-distributed insurance	Yes, APE and VNB	FY2025 APE 900, VNB 373; FY2024 APE 752, VNB 388
Group	Brokerage/IFA	Broker and independent financial adviser distribution	Yes, APE and VNB	FY2025 APE 895, VNB 367; FY2024 APE 589, VNB 265
Group	Agency	Tied agency distribution	Yes, APE and VNB	FY2025 APE 453, VNB 150; FY2024 APE 414, VNB 127
Group	Others	D2C digital commerce and other channels	Yes, APE and VNB	FY2025 APE 198, VNB 61; FY2024 APE 162, VNB 54

Channel	FY2024 APE	FY2025 APE	CER YoY	FY2024 VNB	FY2025 VNB	CER YoY	Source
Bancassurance	752	900	15%	388	373	(8%)	FY2025 annual report
Brokerage/IFA	589	895	51%	265	367	38%	FY2025 annual report
Agency	414	453	8%	127	150	16%	FY2025 annual report
Others	162	198	19%	54	61	13%	FY2025 annual report
Less: global minimum tax provision	n/a	n/a	n/a	n/a	(7)	n/a	FY2025 annual report

Channel	FY2024 APE	FY2025 APE	CER YoY	FY2024 VNB	FY2025 VNB	CER YoY	Source
Total	1,916	2,446	25%	834	945	11%	FY2025 annual report

Product dollars are not back-solved. Any downstream segment appendix must not invent life/health/savings revenue. Use channel APE/VNB, segment APE/VNB, and official comments as the product-mix evidence.

Product Taxonomy Guardrails

FWD's product language is strategically useful but not dollar-complete. The official documents discuss protection, retirement, savings, health, HNW, indexed universal life, Japanese yen single-premium annuities, digital commerce products, and participating or universal-life-style policyholder-crediting mechanisms. None of those labels is reported as a recurring product revenue table comparable to an industrial product line. The annual report's IFRS 17 accounting note explains insurance revenue as the recognition of services provided under groups of insurance contracts, while management's new-business tables measure sales through APE, NB CSM, VNB, and margins. Those two measurement layers should not be collapsed.

For segment appendices, the correct hierarchy is: first, use reportable geography for revenue, OPAT, assets, liabilities, CSM/EV evidence, and new-business KPIs; second, use channel disclosure for distribution durability; third, use product commentary only to explain mix, margin, customer type, or strategic direction. For example, Japan's 2025 savings expansion is a valid explanation for APE growth and expected margin mix, but it is not a separately disclosed product revenue row. Likewise, FWD Private is a valid HNW growth driver for Hong Kong and brokerage/IFA, but there is no separately disclosed FWD Private APE, VNB, or revenue table. Any downstream model that assigns product dollars to these categories must label them as analyst estimates, not as official historical facts.

5. Most Recent Quarterly Trend

Company FY ends 31 December. Most recently completed fiscal quarter at time of writing: FY2026 Q1, covering 1 January 2026 to 31 March 2026, reported on 30 April 2026 via `https://www.fwd.com/files/v3/assets/blt7159ee3244a0ea01/bltfcbf4aa4603f07a5/69f1c6cb207e69fbd63c4855/FWD_Group_Holdings_Limited_New_Business_Highlights_1Q26.pdf`.

KPI	1Q25	1Q26	CER YoY	AER YoY	Source
New business sales, APE	679	720	4%	6%	1Q26 new-business highlights
New business CSM	465	556	18%	20%	Same
NB CSM margin	69.7%	78.4%	9.0 ppts	8.7 ppts	Same
Value of new business	287	314	7%	9%	Same
VNB margin	42.3%	43.5%	1.2 ppts	1.2 ppts	Same

Segment / channel	1Q26 disclosed trend	Use in model	Source
Hong Kong & Macau	New business sales up 1% vs record 1Q25; onshore demand stronger	High-base moderation, not deterioration	1Q26 update
Japan	New business sales up 22%	Savings expansion and protection growth support positive momentum	1Q26 update
Thailand & Cambodia	New business sales down 6%	Lower interest rates and quality focus are the clearest near-term drag	1Q26 update
Expansion Markets	New business sales up 28%	Growth in Singapore, Malaysia, Philippines partly offset Vietnam	1Q26 update
Bancassurance	41% of 1Q26 new business sales	Largest channel by APE	1Q26 update
Brokerage/IFA	38% of 1Q26 new business sales	Strongest recent channel growth	1Q26 update
Agency	15% of 1Q26 new business sales	Quality/productivity focus	1Q26 update

There are no full 1Q26 IFRS income statement, balance sheet, cash-flow, or Note 5 segment financial statements in the official sources fetched. Treat 1Q26 as a new-business KPI overlay only.

6. Management Commentary

The following are verified short official quotes from live-fetched FWD sources. They are intentionally short; surrounding interpretation is paraphrased from the official documents.

Source	Speaker / document	Verbatim quote	Topic	Interpretation
1Q26 update dated 30 Apr 2026	Huynh Thanh Phong, Group CEO	"another strong set of results"	Group momentum	Management frames 1Q26 as continuation, not a one-off rebound
1Q26 update	Huynh Thanh Phong	"rising middle-class trend in Asia will continue"	Long-term demand	Growth thesis rests on Asian life/health underpenetration
FY2025 results announcement	CFO report	"disciplined balance between growth, profitability, and risk management"	Operating model	Management is pairing growth with capital discipline
FY2025 results announcement	CFO report	"near our target leverage range of 15 to 20 per cent"	Capital structure	FY2025 deleveraging is real but leverage remains above target
FY2025 annual report	Distribution section	"one of the leading bancassurers in Southeast Asia"	Bancassurance	The channel is strategic and durable, not incidental
FY2025 annual report	Distribution section	"our fastest growing channel"	Brokerage/IFA	Brokerage/IFA is a key source of HNW and cross-border growth
1Q26 update	Capital management section	"cash flow were stable"	Capital generation	1Q26 did not disclose numbers, but management flags stability
1Q26 update	Outlook section	"new business sales momentum to continue"	2026 outlook	Momentum guidance is positive, with margin moderation expected

Segment-level management read-through: Hong Kong & Macau is framed as high-base but resilient, supported by onshore demand and FWD Private. Japan is framed as a savings and retirement opportunity layered onto protection. Thailand & Cambodia is the weak patch because lower rates and quality controls pressure new-business sales and VNB margin. Emerging/Expansion Markets is the growth segment, but Vietnam remains a headwind.

7. Capital Allocation History

Year	Capex / software proxy	Capex / insurance revenue	R&D	Buybacks	Dividends to shareholders	M&A / distribution rights / capital actions	Source
FY2022	n/d	n/d	n/d	n/d	n/d	Historical comparable set starts, no listed-company capital return	FY2023 report
FY2023	n/d	n/d	n/d	n/d	n/d	US$325m medium-term note pre-financing discussed in later reports	FY2024 presentation
FY2024	FMP capex 156; intangible additions 87	5.7% using insurance revenue	Not separately disclosed	None disclosed	None disclosed	US$600m subordinated dated capital securities, US$900m subordinated note, US$600m perpetual called	FY2024 presentation and FY2025 annual report
FY2025	FMP capex 89; intangible additions 80	3.1% using insurance revenue	Not separately disclosed	None disclosed	0	IPO gross proceeds 466, US$1.15bn subordinated dated capital securities, US$900m note refinancing, US$750m perpetual redemption, Security Bank extension fee 43	FY2025 annual report

FWD has no pre-determined dividend payout ratio. The FY2025 annual report states no dividend or distribution had been declared or made to shareholders as of the annual report date, and the board did not recommend a final dividend for FY2025. R&D is not an insurer line item in the official reports; software and intangible additions are the better technology-investment proxy.

8. Balance Sheet Snapshot, FY2025

Item	FY2025	Source
Total assets	62,363	FY2025 annual report
Total liabilities	55,486	FY2025 annual report
Total equity	6,877	FY2025 annual report
Equity attributable to equity holders	6,817	FY2025 annual report
Cash and cash equivalents	1,487	FY2025 annual report and live FMP balance sheet
Total investments	53,653	FY2025 annual report investment table
Policyholder and shareholder investments	49,064	FY2025 annual report
Unit-linked contract investments	4,589	FY2025 annual report
Borrowings	3,046	FY2025 annual report and live FMP balance sheet
Bank borrowings	991	FY2025 annual report Note 24
Medium-term notes	319	FY2025 annual report Note 24
Subordinated dated capital securities	1,736	FY2025 annual report Note 24
Net debt, borrowings less cash	1,559	Calculation from official cash and borrowings
Goodwill	1,544	FY2025 annual report Note 13
Distribution rights	1,526	FY2025 annual report Note 13
Computer software and others	120	FY2025 annual report Note 13
Total goodwill and intangibles	3,190	FY2025 annual report Note 13
CSM closing balance	6,562	FY2025 annual report and results announcement
Comprehensive tangible equity	8,717	FY2025 results announcement
Group LCSM cover ratio, PCR basis	265%	FY2025 results announcement
Expected Group LCSM cover ratio after Japan ESR	210%	FY2025 results announcement
Leverage ratio	21.3%	FY2025 results announcement
Undrawn committed revolving credit facilities	1,385	FY2025 annual report Note 24

Net debt / EBITDA is not applicable for a life insurer. Use leverage ratio, solvency, free surplus, remittances, and CTE instead.

9. Recent Corporate Actions, Last 12 Months

- 7 July 2025: FWD listed on the HKEX Main Board under stock code 1828. The global offering was priced at HK$38.00 per share for 91,342,100 offer shares before over-allotment. Source: HKEX allotment results.
- 1 August 2025: the over-allotment option was partially exercised for 5,001,400 shares, about 5.48% of initial offer shares. Source: HKEX over-allotment announcement.
- September 2025: FWD issued US$575m 5-year and US$575m 10-year subordinated dated capital securities under its GMTN programme. Source: FY2025 annual report and HKEX GMTN announcement.
- 22 September 2025 tender expiry and 24 September 2025 expected settlement: US$539.61m of US$900m 8.40% subordinated notes due 2029 were validly tendered and accepted. Source: HKEX tender-results announcement.
- FY2025 refinancing: IPO proceeds and US$1.15bn subordinated dated capital securities funded refinancing of US$900m subordinated notes due 2029 and redemption of US$750m perpetual capital securities. Source: FY2025 annual report.
- December 2025: FWD was added to the Hang Seng Composite Index and the Stock Connect eligible securities list; management also reports MSCI Hong Kong Small Cap Index inclusion in February 2026. Source: FY2025 results announcement.
- 31 December 2025: FWD entered continuing connected transaction agreements with PCCW/HKT group entities for 2026-2028. Source: HKEX connected transaction announcement.
- 2025 reporting year: RSU and share-option plan activity continued; FY2025 annual report discloses 27,115,200 RSUs adjusted after share consolidation and US$86m fair value of RSUs granted during FY2025. Source: FY2025 annual report.

- 29 May 2026: forthcoming AGM disclosed in FY2025 results announcement. Source: FY2025 results announcement.
- 11 May 2026 planned effective date: Knattapisit Krutkrongchai to join as CEO, Thailand, subject to regulatory approvals. Source: 1Q26 update.

10. Open Data Gaps

Gap	Label	Evidence and search terms checked	Downstream treatment
FMP product and geographic segmentation endpoints empty	True non-disclosure in FMP, official override available	Live FMP helper returned [ ] for product and geographic segmentation; official annual report provides insurer segment KPIs	Use official segment/KPI tables
Product revenue by life, health, protection, savings, HNW, accident and health	True non-disclosure	Official annual report, interim, prospectus, results decks searched for product revenue, protection, savings, FWD Private, health, accident	Do not invent dollars; use disclosed APE/VNB/channel KPIs
1Q26 IFRS income statement, balance sheet, cash flow, segment Note 5	True non-disclosure	1Q26 update searched; it is explicitly a new-business highlights document	Treat 1Q26 as KPI-only overlay
FY2021 comparable IFRS17 history	True non-disclosure / taxonomy boundary	Official FY2023-FY2025 sources support FY2022 onward for many KPIs; not enough for clean FY2021	Use FY2022-FY2025 longest clean annual history
R&D	Not applicable / true non-disclosure	Annual report searched for R&D, research and development, software	Use software/intangible additions, not R&D
Net debt / EBITDA	Not applicable	Life insurer uses leverage ratio, LCSM, free surplus, CTE	Exclude from insurer model
EV by business unit FY2024-FY2025	Included for FY2025/FY2024 where available in EV appendices	FY2025 annual report EV appendix has detailed FY2025/FY2024	Segment model may use EV by unit
Management call transcripts	Not fetched / likely not applicable	FWD official results materials and updates used; no earnings-call transcript endpoint relied on	Quotes limited to official written materials

11. Self-Verification Log

Check	Live source used	Result
1Q26 headline APE, NB CSM, VNB	FWD 1Q26 PDF live-fetched into `raw\fwd_new_business_highlights_1q26.pdf`	Verified APE 720, NB CSM 556, VNB 314
Management quote	FWD 1Q26 official update live-fetched	Verified CEO quote fragments including "another strong set of results"
FY2025 core revenue and profit	Live FMP income-statement plus official annual report	FMP PBT 322 and net income 166 tie official; official insurance revenue 2,911 overrides FMP revenue 4,809

Downstream Modeling Notes

- Use FY2025 as the complete financial base and 1Q26 as a KPI overlay only.
- Use OPAT, CSM, VNB, free surplus, CTE, and LCSM ratios as the economic spine; do not over-weight FMP revenue or industrial FCF.
- Segment model should be geography-led: Hong Kong & Macau, Thailand & Cambodia, Japan, Emerging/Expansion Markets, and Corporate and Others.
- Thailand & Cambodia is the key current risk: lower interest rates and quality focus pressured 2025 and 1Q26 APE/VNB.
- Hong Kong & Macau is the largest new-business contributor and still grew against a high 1Q26 base.
- Brokerage/IFA and FWD Private are the HNW growth engine, while bancassurance remains the largest and most durable channel.
- Capital actions in 2025 improved flexibility and lowered leverage, but leverage at 21.3% remains just above the 15%-20% target range management references.