Disclosure Statement at 31 December 2025

This disclosure statement is prepared in accordance with the requirements under the Insurance (Valuation and Capital) Rules and the Insurance (Public Disclosure) Rules.

1 Company profile

(a) Authorized insurer's name

Prudential General Insurance Hong Kong Limited

(b) Nature of the business, and places of business operations

The principal activity of the Company is transacting general insurance business in Hong Kong.

The Company's general insurance products consist of both personal lines and group medical and accident plans as well as statutory business including employees' compensation insurance and third-party liability insurance for motor vehicles.

(c) Description of corporate structure

The Company is a limited liability company incorporated and registered in Hong Kong, and has its registered office in Hong Kong. The Company's immediate holding company is Prudential Corporation Asia Limited which is incorporated and registered in Hong Kong. The ultimate holding company is Prudential plc, incorporated and registered in England and Wales.

2 Corporate governance framework

The Board is ultimately responsible for the overall management of the business and affairs of the Company, including but not limited to setting the strategic plan and policies of the Company, promoting the long-term sustainable performance and success of the Company, and generating value for stakeholders.

To support the effective discharge of its responsibilities, the Board has established various committees, including but not limited to the Audit Committee (AC), the Board Risk Committee (BRC) and the Nomination and Remuneration Committee (NRC) (the AC, BRC and NRC are collectively referred to as the Board Committees). Each Board Committee operates under clearly defined terms of reference and is chaired by an independent non-executive director. The AC is primarily responsible for overseeing the integrity of the Company's financial reporting and reviewing the effectiveness of its internal control system. The BRC primarily provides direction and oversight over the Company's risk management and compliance framework. The NRC primarily oversees the nomination and remuneration of the Board, senior management, key persons in control functions and material risk-taking employees. The independent non-executive directors of the Company make up a majority of the members of each Board Committee with the aim of providing independent and objective opinion to support sound decision-making by the Board and to maintain appropriate checks and balances over the influence of management and controllers.

The Board has delegated authority to the Chief Executive Officer (CEO) for the day-to-day management of the Company's business. An Executive Committee, comprising business and function heads, has been established to support the CEO in the execution of the Company's business strategies and operations.

The Company's governance framework is underpinned by the principles of the 'three lines model', which promotes clear segregation of responsibilities and effective risk ownership, oversight and assurance.

3 Financial position

(a) Balance sheet determined under the Insurance (Valuation and Capital) Rules

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
	Total	**Total**
Total assets	**1,776,323**	**1,554,360**
Cash and deposits	190,077	381,226
Debt securities	1,239,272	949,513
Equities (including portfolio investments)	-	-
Derivative financial instruments	-	-
Properties	-	-
Loans and advances	-	-
Reverse repurchase agreement	-	-
Other financial assets	234,069	195,501
Reinsurance assets	98,381	12,237
Tax assets	-	-
Other assets	14,524	15,883
Total liabilities	**1,165,246**	**973,193**
Insurance liabilities	996,105	806,079
Reinsurance liabilities	-	-
Repurchase agreement	-	-
Derivative financial instruments	-	-
Other financial liabilities	102,194	105,432
Tax liabilities	3,695	4,930
Other liabilities	63,252	56,752
Net assets	**611,077**	**581,167**

(b) Material change or other commentary on balance sheet items (if any)

This section shows the Company's balance sheet under the Hong Kong Risk-based Capital (HKRBC) framework. The increases in net assets during the year were driven by business growth and favourable investment performance. Details of the financial performance are set out in Section 6 below.

The following were notable movements in the balance sheets over the year:

- **Debt securities** consist mainly sovereign debt and certificates of deposits.
- **Insurance liabilities** are measured using market-consistent methods (see Section 5 for further details). Assets and other liabilities are generally measured at their market values.

Other balance sheet items include other financial assets and liabilities, and other assets and liabilities, amounts owed to and from policyholders and reinsurers, and other operational items such as accrued expenses.

4 Investments

(a) Assumptions and methods used for valuation of investments

All investments were recognized at fair value. Unless specified otherwise, they were recognized and measured in accordance with the applicable accounting standards. The method used for valuation of interest-bearing securities is measured at unadjusted quoted prices when available. For those which are not actively traded in the market, these assets, in line with market practice, are valued using third-party broker quotes. These valuations are determined using independent external quotations from multiple sources and are subject to a number of monitoring controls.

(b) Material change in assumptions and methods, or other commentary on investments (if any)

There was no material change in valuation methods compared to those adopted in the prior year.

5 Insurance liabilities

(a) Total insurance liabilities determined under the Insurance (Valuation and Capital) Rules

Insurance Liabilities of General Business

(Unit: in HKD thousands)	As at 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)										**996,105**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**543,488**	**83,331**	**220**	**182,850**	**133,863**	**44,979**	**7,224**	**150**	**-**	**996,105**
Outstanding claims liabilities	180,247	60,367	149	138,007	98,968	32,734	4,095	75	-	514,642
Premium liabilities	334,808	16,912	65	39,391	22,501	7,148	2,745	69	-	423,639
Margin over current estimate for outstanding claims liabilities	8,343	4,643	4	3,312	9,974	4,162	233	-	-	30,671
Margin over current estimate for premium liabilities	20,090	1,409	2	2,140	2,420	935	151	6	-	27,153
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**520,849**	**85,317**	**120**	**102,619**	**135,824**	**45,616**	**7,224**	**155**	**-**	**897,724**

(Unit: in HKD thousands)	As at 31 December 2024									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)										**806,079**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**503,271**	**73,362**	**344**	**79,135**	**109,548**	**34,969**	**5,108**	**342**	**-**	**806,079**
Outstanding claims liabilities	158,308	51,510	249	41,129	82,023	25,482	2,402	342	-	361,445
Premium liabilities	317,499	16,393	88	33,859	17,019	5,447	2,429	-	-	392,734
Margin over current estimate for outstanding claims liabilities	7,750	4,064	5	2,250	8,666	3,316	138	-	-	26,189
Margin over current estimate for premium liabilities	19,714	1,395	2	1,897	1,840	724	139	-	-	25,711
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**487,104**	**75,609**	**146**	**76,520**	**113,403**	**35,619**	**5,104**	**337**	**-**	**793,842**

(b) Assumptions and method used to derive the assumptions for determining insurance liabilities

Insurance liabilities consist of the outstanding claims liabilities and premium liabilities. Each liability is the sum of the best estimate and risk margin (MOCE). The outstanding claims liabilities reflect the expected ultimate amount that is required to settle claims that have already been occurred, and the amount in respect of the direct and indirect claims handling expenses. Premium liabilities relate to claims and expense payment arising from future events, incurred after the valuation date, attributable to the unexpired coverage of the existing policies as at the valuation date. The calculation involves projecting future cash flows associated with insurance obligation, and these assumptions are mainly classified into **(i) cost of claims and expenses, (ii) discounting impact (iii) and MOCE estimation**. All assumptions are determined using a combination of internal experience study, relevant internal and external data and expert judgement where appropriate. They are regularly reviewed and approved through established governance processes.

Cost of claims and expenses

These assumptions reflect the amount and timing associated with ultimate claims and expense value. Standard non-life actuarial valuation techniques such as the chain ladder, Bornheutter-Ferguson and expected loss ratio methods are used based on all information available as at the valuation date. Key assumptions include:

- Claims, including loss ratios and expected payment patterns, for attritional and large losses; and;
- Expense, reflecting the cost of servicing the policies.

Discounting impact

These assumptions reflect the external financial environment and are used to determine how future cash flows are valued in today's terms. Future cash flows are projected and discounted using the HKRBC yield curve constructed based on the prescribed risk-free interest rate by the Insurance Authority.

Estimation of MOCE

The MOCE is estimated using bootstrapping methods on historical claims data, calibrated such that the reserves are sufficient to cover potential adverse deterioration at the 75% confidence level.

(c) Material change in assumptions and methods used to derive the assumptions, or other commentary on insurance liabilities (if any)

The Company’s insurance liabilities are primarily driven by its accident and health business, which accounts for approximately 60% of total liabilities.

Overall, the increase in insurance liabilities during the year was mainly attributable to business growth and higher large loss reserves, partially offset by better-than-expected claims experience.

6 Financial performance

(a) Financial performance in total and at a segmented level, including premiums, investment returns and claims

Performance Analysis on Premiums and Claims

(Unit: in HKD thousands)	For the financial year ended 31 December 2025	For the financial year ended 31 December 2024
	Total	**Total**
Gross premiums[1]	1,362,806	*Not applicable*
Net premiums	1,257,001	*Not applicable*
Gross claims paid	625,717	*Not applicable*
Net claims paid	574,577	*Not applicable*

Performance Analysis on Investment Returns

(Unit: in HKD thousands)	For the financial year ended 31 December 2025	For the financial year ended 31 December 2024
	Total	**Total**
Investment returns	47,440	*Not applicable*

(b) Material change or other commentary on financial performance (if any)

The increases in gross premiums and claims paid over the year were primarily contributed by business growth. The investment return was mainly driven by favourable investment performance over the year.

Please noted that financial performance for the year ended 31 December 2024 was not presented, since this section is a new requirement from the current financial year.

[1] For general business, it refers to written premiums.

(c) Underwriting Results for general business (for pricing adequacy disclosure purposes)

Underwriting Results of General Business

(Unit: in HKD thousands)	For the financial year ended 31 December 2025									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Gross premium	1,013,921	46,189	1,282	164,421	83,232	35,186	17,951	624	-	1,362,806
Net premium	954,022	41,837	585	140,023	70,024	32,289	17,850	371	-	1,257,001
Net undiscounted best estimate combined business results, relating to current year	32,709	(10,593)	417	(20,573)	(17,198)	(3,140)	2,535	115	-	(15,728)
Net undiscounted best estimate combined business results, relating to prior year	45,077	4,960	95	3,895	13,961	3,555	543	237	-	72,323
Undiscounted underwriting results - profit / (loss)	**77,193**	**(6,212)**	**513**	**(17,740)**	**(4,546)**	**(431)**	**2,984**	**352**	**-**	**52,113**

(Unit: in HKD thousands)	For the financial year ended 31 December 2024									
	Direct insurance							Reinsurance		Total general business
	Accident and health	Motor vehicle	Marine, aviation, and transport	Property damage	Employees' compensation	General liability	Pecuniary loss	Proportional	Non-proportional	
Gross premium	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*
Net premium	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*
Net undiscounted best estimate combined business results, relating to current year	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*
Net undiscounted best estimate combined business results, relating to prior year	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*	*Not applicable*
Undiscounted underwriting results - profit / (loss)	***Not applicable***	***Not applicable***	***Not applicable***	***Not applicable***	***Not applicable***	***Not applicable***	***Not applicable***	***Not applicable***	***Not applicable***	***Not applicable***

(d) Material change or other commentary on underwriting results (if any)

This section shows the Company's undiscounted underwriting results under the Hong Kong Risk-based Capital (HKRBC) framework. The principal activity of the Company is the underwriting of general insurance business, including employees' compensation, motor vehicle and liability insurance business in Hong Kong. The undiscounted underwriting results were primarily contributed by accident and health business including personal accident, travel and medical products, partly offset by loss mainly from property, motor vehicle and employees' compensation business.

Please noted that underwriting results for the year ended 31 December 2024 are not presented, since this section is a new requirement from the current financial year.

7 Capital adequacy

(a) Prescribed capital amount at total level and risk capital amount ("RCA") by sub-risk, determined in accordance with the Insurance (Valuation and Capital) Rules (without applying the transitional arrangement under Part 7 of the Insurance (Valuation and Capital) Rules)

Prescribed Capital Amount

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Market risk (diversified RCA)	**7,389**	**5,761**
Interest rate risk RCA	1,639	1,209
Credit spread risk RCA	6,229	4,899
Equity risk RCA	-	-
Property risk RCA	-	-
Currency risk RCA	634	506
Diversification benefits within market risk	(1,113)	(853)
General Insurance Risk (diversified RCA)	**161,824**	**158,956**
Reserve and premium risk RCA	155,104	149,824
Natural catastrophe risk RCA	16,100	23,086
Man-made non-systemic catastrophe risk RCA	14,253	14,993
Man-made systemic catastrophe risk RCA	-	-
Mortgage insurance risk RCA	-	-
Diversification benefits within general insurance risk	(23,633)	(28,947)
Counterparty default and other risk RCA	**16,086**	**14,394**
Diversification benefits among risk modules	(16,600)	(14,336)
Operational risk RCA	**37,477**	**35,970**
Adjustment for loss absorbing capacity cap	-	-
Adjustment for tax effect	(9,228)	-
Any other items which the IA may specify to adjust	-	-
Prescribed capital amount	**196,948**	**200,745**

(b) Composition of capital base determined in accordance with the Insurance (Valuation and Capital) Rules

Capital Base

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Unlimited Tier 1 capital	611,077	581,167
Limited Tier 1 capital	-	-
Tier 2 capital	-	-
Capital base	**611,077**	**581,167**

(c) Ratio of capital base to prescribed capital amount

	As at 31 December 2025	As at 31 December 2024
Ratio of capital base to prescribed capital amount	**310%**	**290%**

(d) Material change or other commentary on prescribed capital amount, capital base, and ratio of capital base to prescribed capital amount (if any)

Prescribed Capital Amount

Under the HKRBC regime, the Prescribed Capital Amount (PCA) represents the capital requirements to cover the potential loss under 99.5th percentile (1-in-200) scenario arising from the risks faced by the Company over one year. The PCA is derived by aggregating the Risk Capital Amounts (RCA) across different risk types, with diversification benefit recognized to reflect the different degrees of correlation among the underlying risks.

The Company's capital requirements are largely contributed by reserve and premium risk. Diversification effects are recognized across these risks, resulting in a lower overall capital requirement than the sum of individual risk components.

- Premium risk covers risks associated with expected future payments for future insured events.
- Reserve risk covers risks associated with expected future payments for insured events that have already occurred.

In general, the risk capital amount of individual risks are expected to increase over time reflecting the growing portfolio and associated exposures, which is offset by the increase of the tax effect to derive the overall prescribed capital amount.

Capital Base

The capital base represents the Company's available capital to support its business. It is broadly aligned with the net assets presented in Section 3, subject to regulatory adjustments. Compared with the prior financial year, the capital base increased mainly due to business growth.

As at year-end 2025, PGHK's capital base consists entirely of unlimited Tier 1 capital, which is fully available to absorb losses on both a going concern and winding-up basis.

Ratio of capital base to prescribed capital amount

The ratio of the capital base to the prescribed capital amount (the solvency ratio) reflects the Company's ability to meet its obligations under a 1-in-200 adverse scenario.

At year-end 2025, PGHK's solvency ratio was 310%, remaining significantly above the regulatory requirement of 100%. This demonstrates a strong capital position and capital adequacy to withstand adverse scenarios while continuing to meet obligations to policyholder.

Compared with the prior financial year, the solvency ratio improved markedly. This was mainly driven by strong surplus generation during FY2025, notwithstanding the continued growth in business exposure.

8 Risk Management

(a) Risk appetite and risk governance framework

The Company has in place a system of governance that seeks to embed clear ownership of risk, together with risk policies and standards to enable risks to be identified, measured and assessed, managed and controlled, and monitored and reported. This is set out in a Risk Framework that is owned by the Board and details the Company's risk governance, risk management processes and risk appetite, operated under a 'three lines' model. The Company's Board Risk Committee is constituted by the Board with the purpose of assisting the Board in providing direction and oversight of the Company's overall risk appetite, risk tolerance and strategy, overseeing and advising the Board on the current and potential future risk exposures of the Company, reviewing and approving the Company's risk framework, and monitoring its effectiveness and adherence to the various risk policies.

The Company's risk appetite is defined and monitored in aggregate by the setting of objectives for its capital requirements, liquidity and non-financial risk exposure.

The Company's asset liability management (ALM) objectives are to ensure assets are managed so that they are sufficient and available to meet the liabilities of the Company as they fall due, and also maintaining the statutory solvency ratio at a healthy level under both base case and stressed scenarios whilst also maximising portfolio returns.

(b) Insurance risk management

The Company has appetite for retaining insurance risks in the areas where it believes it has expertise and operational controls to manage the risk and where it judges to be more value-creating to do so than to transfer the risk, but only to the extent that these risks remain part of a balanced portfolio of sources of income for shareholders and are compatible with a robust statutory solvency position. Insurance risk exposures are regularly monitored, reviewed and overseen by relevant management committees.

- Premium risk includes the risks associated with expected future payments for future insured events. Premium risk is managed by product pricing reviews and other risk reviews on a regular basis, or when a worsening trend of claims experience is observed.
- Reserve risk includes risks associated with expected future payments for insured events that have already occurred. Reserve risk is mitigated by the consistent practice of managing the risk portfolio resulting in the development of a stable claim pattern.
- Catastrophe risk is the risk associated with extreme or irregular events that are yet to happen, particularly low frequency and high severity events. This includes individual major claims as well as the aggregation of multiple claims arising from a single event. Reinsurance arrangements are in place for risk transfer where necessary with the aim of generating a stream of stable income and ensuring the Company operates within its risk appetite.

(c) Investment risk management

The Company's ALM objectives are to ensure assets are managed so that they are sufficient and available to meet the liabilities of the Company as they fall due, and also maintaining the statutory solvency ratio at a healthy level under both base case and stressed scenarios whilst also maximising portfolio returns. The Investment and Asset/Liability Management Committee (IC) is responsible for the direction and oversight over the asset and liability positions and their management, including investment management, capital management, liquidity management and aspects of in-force product management.

- Interest rate risk is driven by the valuation of the Company's assets (particularly debt securities) and liabilities. The Company aims to match assets and liabilities where liquid assets exist, to the extent that the Company is expected to operate within its risk appetite.
- Invested credit risk is the potential for loss resulting from a borrower's failure to meet its contractual debt obligation(s) and arises from investments in debt instruments. Acknowledging that downgrade or default risks can never be eliminated, the Company has appetite to accept credit risk as part of a balanced portfolio of income sources for shareholders and compatible with a robust solvency position.
- Liquidity risk arises from the need to have sufficient liquid assets to meet policyholder and third-party payments as they fall due, under both business-as-usual and stressed conditions. The Company has no appetite to have insufficient resources to cover its outgoing cash flows, or cash flow requirements from its debt obligations under any plausible scenario.

(d) Other risk management (if any)

The complexity of the Company's activities and transformation efforts creates a challenging operating environment and exposure to a variety of non-financial risks. The Company does not actively seek to take non-financial risks. Instead, it operates a control environment and framework for good governance intended to prevent material losses or other negative impacts. Non-financial risks capture a number of dimensions, including but not limited to, (i) operational processes risk, (ii) change delivery risk, (iii) third party management risk, (iv) technology and cybersecurity risk, and (v) regulatory compliance and conduct risk. The Company has a Non-Financial Risk Appetite Framework in place to identify, measure and assess, manage and control, monitor and report effectively on material non-financial risks across the business. The non-financial risk appetite is framed around the perspectives of its varied stakeholders, accounts for current and expected changes in the external environment, and provides limit and trigger appetite thresholds for non-financial risk categories. The Company accepts a degree of non-financial risk exposure as an outcome of its business activities and strategy, and aims to manage these risks effectively to maintain operational resilience, and commitments to customers and stakeholders, and to avoid material adverse financial loss or impact to its reputation.

9 Statement of Compliance

(i) I am satisfied with the completeness, accuracy and consistency of the information disclosed in this disclosure statement in respect of Prudential General Insurance Hong Kong Limited;

(ii) I am satisfied that the information in this disclosure statement is prepared in accordance with the Insurance (Public Disclosure) Rules and the Insurance (Valuation and Capital) Rules (subject to any variation or relaxation applied thereto);

(iii) I am satisfied that the information in this disclosure statement can be reconciled with the relevant specified annual forms, on each of which an auditor's report is provided, of Prudential General Insurance Hong Kong Limited's annual returns for the financial year to which this disclosure statement relates, as submitted under rule 4(1) of the Insurance (Submission of Statements, Reports and Information) Rules; and

(iv) I am satisfied that Prudential General Insurance Hong Kong Limited has complied with all capital requirements that apply to it under the Insurance (Valuation and Capital) Rules (as relaxed or varied, if applicable), during the financial year to which this disclosure statement relates.

Name:	**Lawrence Chi Kong Lam**
Position:	**Chief Executive Officer**
Company Name:	**Prudential General Insurance Hong Kong Limited**