

Disclosure Statement at 31 December 2024

This disclosure statement is prepared in accordance with the requirements under the Insurance (Valuation and Capital) Rules and the Circular on Public Disclosure Requirements for the First Financial Year Adopting Risk-based Capital Regime dated 8 August 2025.

1 Company profile

(a) Authorized insurer's name

Prudential General Insurance Hong Kong Limited

2 Financial position

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

(Unit: in HKD thousands)	As at 31 December 2024
	Total
Total assets	1,554,360
Cash and deposits	381,226
Debt securities	949,513
Equities (including portfolio investments)	-
Derivative financial instruments	-
Properties	-
Loans and advances	-
Reverse repurchase agreement	-
Other financial assets	195,501
Reinsurance assets	12,237
Tax assets	-
Other assets	15,883
Total liabilities	973,193
Insurance liabilities	806,079
Reinsurance liabilities	-
Repurchase agreement	-
Derivative financial instruments	-
Other financial liabilities	105,432
Tax liabilities	4,930
Other liabilities	56,752
Net assets	581,167

(b) Commentary of balance sheet items

This section shows the company's balance sheet under the Hong Kong Risk-based Capital (HKRBC) framework.

Insurance liabilities are measured using market-consistent methods (see Section 3 for further details). Assets and other liabilities are generally measured at their market values.

3 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 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 (<u>gross</u> of reinsurance)										806,079
Total general insurance liabilities excluding other general insurance liabilities (<u>gross</u> 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 (<u>net</u> of reinsurance)	487,104	75,609	146	76,520	113,403	35,619	5,104	337	-	793,842

(b) Commentary on the insurance liabilities

This section provides a further breakdown of the company's insurance liabilities (gross of reinsurance) and insurance liabilities (net of reinsurance) presented in Section 2.

Insurance liabilities (gross of reinsurance) are mainly contributed by outstanding claims liabilities, premium liabilities, margin over current estimate:

- Outstanding claims liabilities represent the probability-weighted average of the present values of future cash flows required to settle the obligations, using best estimate assumptions and risk-free yield curves plus matching adjustment as discount rates.
- Premium liabilities are determined based on projection of future cash flows relate to future claim events that are expected to be incurred after the valuation date.
- Margin over current estimate is added to the current estimates to reflect the uncertainty of liability cash flows related to all relevant future cash flows that arise in fulfilling insurance obligation over the full-time horizon. It reflects the risk at 75th percentile (1-in-4).

Insurance liabilities (net of reinsurance) represent insurance liabilities after the deduction of reinsurance assets which is the portion of insurance liabilities that are expected to be recovered from reinsurers. They are valued on a basis consistent with the approach used for current estimate.

4 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 2024
Market risk (diversified RCA)	5,761
Interest rate risk RCA	1,209
Credit spread risk RCA	4,899
Equity risk RCA	-
Property risk RCA	-
Currency risk RCA	506
Diversification benefits within market risk	(853)
General Insurance Risk (diversified RCA)	158,956
Reserve and premium risk RCA	149,824
Natural catastrophe risk RCA	23,086
Man-made non-systemic catastrophe risk RCA	14,993
Man-made systemic catastrophe risk RCA	-
Mortgage insurance risk RCA	-
Diversification benefits within general insurance risk	(28,947)
Counterparty default and other risk RCA	14,394
Diversification benefits among risk modules	(14,336)
Operational risk RCA	35,970
Adjustment for loss absorbing capacity cap	-
Adjustment for tax effect	-
Any other items which the IA may specify to adjust	-
Prescribed capital amount	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 2024
Unlimited Tier 1 capital	581,167
Limited Tier 1 capital	-
Tier 2 capital	-
Capital base	581,167

(c) Ratio of capital base to prescribed capital amount

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

(d) Commentary of prescribed capital amount, capital base, and ratio of capital base to prescribed capital amount

<p>This section shows the company's capital position under the HKRBC framework.</p> <p>The Prescribed Capital Amount (PCA) is determined by aggregating the Risk Capital Amounts (RCA) for each risk. It represents the capital requirements to cover the potential loss under 99.5th percentile (1-in-200) scenario within 1 year with respect to the following risks each of which can include several types of risk:</p> <ul style="list-style-type: none"> • Market risk – Risk from adverse financial market movements. • General insurance risk – Risk from higher-than-expected general insurance obligations. • Counterparty default and other risk – Risk from potential defaults of counterparties. • Operational risk – Risk from failures in internal operations. <p>Diversification is then considered for the aggregation of Risk Capital Amounts for each risk as different degrees of correlation exist between the underlying risks.</p> <p>The capital base represents the company's available capital measured in accordance with the HKRBC rules. It is broadly aligned with the net assets presented in Section 2 but is subject to adjustments as required by regulation.</p> <p>The ratio of the capital base to the PCA represents the company's solvency ratio.</p>

5 Statement of Compliance

- 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;
- I am satisfied that the information in this disclosure statement is prepared in accordance with the Insurance (Valuation and Capital) Rules and the Circular on Public Disclosure Requirements for the First Financial Year Adopting Risk-based Capital Regime dated 8 August 2025 (subject to any applicable variation or relaxation);
- The information disclosed in this disclosure statement can be reconciled with the audited specified annual forms 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 of the Insurance (Submission of Statements, Reports and Information) Rules; and
- I am satisfied that Prudential General Insurance Hong Kong Limited has complied with all the capital requirements that apply to it under the Insurance (Valuation and Capital) Rules, 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