

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 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	Long term business	Of which belongs to: long term business – participating business	General business	Shareholders' fund (if applicable)
Total assets	617,240,011	623,754,150	535,131,904	-	14,411,424
Cash and deposits	4,056,573	4,046,600	1,129,171	-	9,973
Debt securities	247,117,012	247,117,012	207,562,978	-	-
Equities (including portfolio investments)	306,240,753	305,969,301	292,506,806	-	271,452
Derivative financial instruments	291,542	291,542	273,546	-	-
Properties	-	-	-	-	-
Loans and advances	11,868,862	11,863,964	11,859,916	-	4,898
Reverse repurchase agreement	-	-	-	-	-
Other financial assets	5,329,648	5,329,648	393,427	-	-
Policyholder's account assets in respect of unit linked products or retirement scheme	21,966,698	21,966,698	-	-	-
Reinsurance assets	10,219,902	10,219,902	5,888,782	-	-
Tax assets	36,686	36,686	36,654	-	-
Other assets	10,112,335	16,912,797	15,480,624	-	14,125,101
Total liabilities	502,984,501	523,896,807	460,355,155	-	13,257
Insurance liabilities	477,301,160	477,301,160	440,699,951	-	-
Reinsurance liabilities	493,044	493,044	417,166	-	-
Repurchase agreement	1,836,951	1,836,951	1,836,951	-	-
Derivative financial instruments	8,189,369	8,189,369	8,168,020	-	-
Other financial liabilities	6,161,673	6,161,604	1,920,897	-	69
Tax liabilities	395,754	383,580	-	-	12,174
Other liabilities	8,606,550	29,531,099	7,312,170	-	1,014
Net assets	114,255,510	99,857,343	74,776,749	-	14,398,167

(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. Please note that the total company assets and liabilities are not equal to the sum of long term business and shareholders' fund. The interfund balances between these funds are eliminated at the company level to ensure assets and liabilities are not inflated on the balance sheet.

3 Insurance liabilities

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

Insurance Liabilities of Long Term Business

(Unit: in HKD thousands)	As at 31 December 2024						
	All long term business					Applicable to Hong Kong branches of non-HK insurers: reinsurance business with offshore risk if fund of insurance business with offshore risk is established	Total long term business
	Participating business	Linked long term (Class C)	Retirement scheme category I (Class G)	Retirement scheme category II (Class H)	Other long term business		
Total insurance liabilities (gross of reinsurance)	440,699,951	18,825,422	1,988,862	2,798,524	12,988,401	-	477,301,160
Of which: long term insurance liabilities	440,699,951	18,875,821	1,988,862	2,798,524	13,278,777	-	477,641,935
Outstanding claims	1,320,901	123,957	-	-	848,584	-	2,293,442
Current estimate ¹	435,068,017	18,398,369	1,981,364	2,798,524	-12,515,962	-	445,730,312
Margin over current estimate	3,569,868	336,026	7,498	-	1,943,397	-	5,856,789
Prepaid premiums	741,165	17,469	-	-	23,002,758	-	23,761,392
Other long term insurance liabilities	-	-	-	-	-	-	-
Of which: general insurance liabilities	-	-50,399	-	-	-290,376	-	-340,775
Reinsurance assets	5,888,782	-	-	-	4,331,120	-	10,219,902
Reinsurance liabilities	417,166	441	-	-	75,437	-	493,044

¹ Excludes outstanding claims, prepaid premiums and other long term insurance liabilities which are disclosed separately.

(b) Commentary on the insurance liabilities

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

Insurance liabilities (gross of reinsurance) are mainly contributed by current estimate, margin over current estimate and prepaid premiums:

- Current estimate represents 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.
- Margin over current estimate is added to the current estimates to reflect the uncertainty of liability cash flows related to life insurance. It reflects the risk at 75th percentile (1-in-4).
- Prepaid premiums represent the premiums paid prior to the dates on which such premiums are required to be paid under contractual terms.

Reinsurance assets represent the portion of insurance liabilities that are expected to be recovered from reinsurers, offset by reinsurance liabilities which are due to the reinsurer. 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)	29,796,420
Interest rate risk RCA	20,560,641
Credit spread risk RCA	7,388,326
Equity risk RCA	12,586,817
Property risk RCA	1,180,808
Currency risk RCA	2,907,284
Diversification benefits within market risk	-14,827,455
Life Insurance Risk (diversified RCA)	25,574,972
Mortality risk RCA	2,360,419
Longevity risk RCA	87,065
Life catastrophe risk RCA	944,200
Morbidity risk RCA	6,456,280
Expense risk RCA	2,973,499
Lapse risk RCA	21,825,085
Diversification benefits within life insurance risk	-9,071,576
General Insurance Risk (diversified RCA)	58,223
Reserve and premium risk RCA	58,223
Natural catastrophe risk RCA	-
Man-made non-systemic catastrophe risk RCA	-
Man-made systemic catastrophe risk RCA	-
Mortgage insurance risk RCA	-
Diversification benefits within general insurance risk	-
Counterparty default and other risk RCA	494,143
Diversification benefits among risk modules	-10,947,488
Operational risk RCA	2,713,555
Adjustment for loss absorbing capacity cap	-
Adjustment for tax effect	-25,322
Any other items which the IA may specify to adjust	-
Prescribed capital amount	47,664,502

(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	103,128,364
Limited Tier 1 capital	-
Tier 2 capital	10,717,076
Capital base	113,845,439

(c) Ratio of capital base to prescribed capital amount

	As at 31 December 2024
Ratio of capital base to prescribed capital amount	239%

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

This section shows the company's capital position under the HKRBC framework.

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:

- Market risk – Risk from adverse financial market movements.
- Life insurance risk – Risk from higher-than-expected life insurance obligations.
- 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.

Diversification is then considered for the aggregation of Risk Capital Amounts for each risk as different degrees of correlation exist between the underlying risks.

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.

The ratio of the capital base to the PCA represents the company's solvency ratio.

5 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 Hong Kong Limited;
- (ii) 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);
- (iii) The information disclosed in this disclosure statement can be reconciled with the audited specified annual forms of Prudential 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
- (iv) I am satisfied that Prudential Hong Kong Limited has complied with 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 Hong Kong Limited