

**Public Disclosure: Hong Kong Risk-Based Capital Return ("HKRBC Return")
and Audited Consolidated Financial Statements of Peak Re and its subsidiaries ("Audited Financial
Statements") for the Year Ended 31 December 2024**

Date: 30 September 2025

Peak Reinsurance Company Limited ("Peak Re")
15/F, WKCDA Tower, No.8 Austin Road West, Kowloon, Hong Kong

Dear Stakeholders and Members of the Public,

Peak Re is committed to transparency, financial strength, and prudent risk management. This is our first year of public disclosure under the Hong Kong Risk Based Capital ("HKRBC") regime. In line with the Insurance Authority's circular dated 8 August 2025, this public disclosure statement for the year ended 31 December 2024 is provided in a reduced format without movement analysis. This public disclosure statement includes information about the financial position, reinsurance liabilities, capital adequacy and risk profile of Peak Re (See overleaf).

In parallel, we have also published our Audited Financial Statements ("AFS") for the year ended 31 December 2024 on our company website, which provides comprehensive insights into financial performance of Peak Re and its subsidiaries. The AFS are prepared on a consolidated basis under the Hong Kong Financial Reporting Standards ("HKFRS"). HKRBC Return is prepared on a "Standalone basis"¹ as required by the Insurance Ordinance. Note 32 of the AFS provides a standalone view of Peak Re under HKFRS which is more comparable to the HKRBC return.

We confirm that the information disclosed is accurate and prepared in accordance with regulatory guidelines. Peak Re's Board and management remain focused on maintaining financial resilience and safeguarding stakeholder interests.

For inquiries, please contact our Corporate Communications team at comms@peak-re.com.

Thank you for your continued trust and support.

Yours faithfully,

PEAK REINSURANCE COMPANY LIMITED

¹ "Standalone Basis" differs to the consolidated AFS in that regulated insurance subsidiaries are not line-by-line consolidated into Peak Re and only their initial investment cost is reflected in the balance sheet.



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 / draft Insurance (Public Disclosure) Rules.

1 Company profile

(a) Authorized insurer's name

Peak Reinsurance Company Limited ("Peak Re")

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 |
| Total assets | 42,104,926 | 4,600,584 | NA | 37,504,342 |
| Cash and deposits | 4,394,467 | 583,445 | NA | 3,811,022 |
| Debt securities | 12,675,116 | 752,691 | NA | 11,922,426 |
| Equities (including portfolio investments) | 7,098,103 | 353,405 | NA | 6,744,698 |
| Derivative financial instruments | 0 | 0 | NA | 0 |
| Properties | 437,006 | 314,383 | NA | 122,623 |
| Loans and advances | 77,634 | 0 | NA | 77,634 |
| Reverse repurchase agreement | 0 | 0 | NA | 0 |
| Other financial assets | 13,946,812 | 1,907,190 | NA | 12,039,623 |
| Policyholder's account assets in respect of unit linked products or retirement scheme | NA | NA | NA | NA |
| Reinsurance assets | 2,335,179 | 676,645 | NA | 1,658,533 |
| Tax assets | 14,577 | 68 | NA | 14,509 |
| Other assets | 1,126,032 | 12,758 | NA | 1,113,274 |
| Total liabilities | 28,592,301 | 2,996,721 | NA | 25,595,580 |
| Insurance liabilities | 22,220,387 | 1,994,680 | NA | 20,225,707 |
| Reinsurance liabilities | 0 | 0 | NA | 0 |
| Repurchase agreement | 0 | 0 | NA | 0 |
| Derivative financial instruments | 0 | 0 | NA | 0 |
| Other financial liabilities | 5,811,900 | 951,902 | NA | 4,859,998 |
| Tax liabilities | 207,984 | 49,228 | NA | 158,756 |
| Other liabilities | 352,030 | 911 | NA | 351,119 |
| Net assets | 13,512,625 | 1,603,863 | NA | 11,908,762 |



(b) Commentary of balance sheet items (if any)

2.1 The tables in this report:

- are prepared based on the Insurance Authority's specified template. For the avoidance of doubt, the item "Insurance liabilities" relate to our assumed business, while "Reinsurance assets" refer to our positions ceded to retrocessionaires.
- are shown in HKD, please note Peak Re's functional currency is US dollars. An exchange rate of USD/HKD 7.76342 was used to convert the financial data to HKD for submission and disclosure prepared under the Insurance (Valuation and Capital) Rules and the draft Insurance (Public Disclosure) Rules.
- are presented in thousands of units. The numbers may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and the actual numbers may differ from those contained herein due to rounding.
- may contain the term "NA", which denotes fields that are not applicable to Peak Re.

2.2 Under HKRBC, portfolio investments are required to take a look-through approach to report the underlying details of the financial investments. The balances for debt securities, equities (including portfolio investments), properties, and loan and advances in the economic balance sheet (EBS) represent the underlying details of the financial investments measured at (1) fair value through other comprehensive income, (2) fair value through profit or loss and (3) amortised costs, and the investments in associates and joint ventures presented in the AFS.



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 | | | | | | |
|---|--|----------------------------|--|---|--------------------------|--|--------------------------|
| | HK insurers or designated insurers: 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) | NA | NA | NA | NA | 1,994,680 | NA | 1,994,680 |
| Of which: long term insurance liabilities | NA | NA | NA | NA | 1,994,680 | NA | 1,994,680 |
| Outstanding claims | NA | NA | NA | NA | 734,197 | NA | 734,197 |
| Current estimate ² | NA | NA | NA | NA | 1,047,518 | NA | 1,047,518 |
| Margin over current estimate | NA | NA | NA | NA | 212,966 | NA | 212,966 |
| Prepaid premiums | NA | NA | NA | NA | 0 | NA | 0 |
| Other long term insurance liabilities | NA | NA | NA | NA | 0 | NA | 0 |
| Of which: general insurance liabilities | NA | NA | NA | NA | 0 | NA | 0 |
| Reinsurance assets | NA | NA | NA | NA | 676,645 | NA | 676,645 |
| Reinsurance liabilities | NA | NA | NA | NA | 0 | NA | 0 |

² Excludes outstanding claims, prepaid premiums and other long term insurance liabilities which are disclosed separately.



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 (gross of reinsurance) | NA | NA | NA | NA | NA | NA | NA | 14,518,868 | 5,706,838 | 20,225,707 |
| Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance) | NA | NA | NA | NA | NA | NA | NA | 14,518,868 | 5,706,838 | 20,225,707 |
| Outstanding claims liabilities | NA | NA | NA | NA | NA | NA | NA | 11,452,888 | 5,195,222 | 16,648,110 |
| Premium liabilities | NA | NA | NA | NA | NA | NA | NA | 1,804,796 | 141,660 | 1,946,456 |
| Margin over current estimate for outstanding claims liabilities | NA | NA | NA | NA | NA | NA | NA | 818,950 | 306,304 | 1,125,254 |
| Margin over current estimate for premium liabilities | NA | NA | NA | NA | NA | NA | NA | 442,234 | 63,653 | 505,887 |
| Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance) | NA | NA | NA | NA | NA | NA | NA | 13,342,007 | 5,225,166 | 18,567,173 |



(b) Commentary on the insurance liabilities (if any)

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| <p>3.1 Discount yield for discounting calculation:</p> <ul style="list-style-type: none">• Peak Re uses the risk-free rates directly provided by the IA to discount the insurance liabilities when calculating the Current Estimate in the EBS under HKRBC. This is different to the approach under Hong Kong Financial Reporting Standards 17 ("HKFRS 17") where an illiquidity premium is added to the risk-free rates, resulting in different discount rates used to discount the liabilities between the EBS and the AFS.• In addition, the discount rates under HKRBC are taken as at the valuation date, whilst HKFRS 17 liabilities are discounted using the locked-in rate applicable at contract inception, with subsequent changes stemming from discount rate being recognised as other comprehensive income/loss under HKFRS.• For long-term business, Peak Re does not apply the Matching Adjustment to discount rates. <p>3.2 Composition of insurance liabilities:</p> <ul style="list-style-type: none">• Contractual Service Margin ("CSM"): Similar to Solvency II and other widely used economic solvency regimes, HKRBC accommodates the recognition of profits at inception. In contrast, under HKFRS 17, the CSM constitutes a systematic deferral mechanism for unearned profits, which are subsequently recognized in financial performance over the duration of insurance coverage.• Risk Margins: To reflect the uncertainty of liability cash flows, non-financial risks are considered in the calculation of insurance liability; these are presented as the Margin Over Current Estimate ("MOCE") in HKRBC and the Risk Adjustment For Non-Financial Risk under HKFRS 17.• Reinsurance/retrocession receivable and payables: Under HKRBC, the balances of reinsurance/retrocession receivables and payables are presented in other financial assets and other financial liabilities, respectively, while under HKFRS 17, the balances of reinsurance/retrocession receivables and payables are included in the reinsurance/retrocession contract assets and liabilities. <p>3.3 For general business, under HKRBC, recognition of all bound but not incepted (BBNI) business is required. Under HKFRS 17, only the onerous BBNI business is recognized.</p> <p>3.4 Peak Re's long-term business is all categorised as Class A business under the Hong Kong Insurance Ordinance and is further sub-categorised as 'Other long-term business' in HKRBC reporting. This covers a range of non-Participating Class A products.</p> |
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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 (“IVCR”) (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) | 1,623,333 |
| Interest rate risk RCA | 84,073 |
| Credit spread risk RCA | 286,261 |
| Equity risk RCA | 727,103 |
| Property risk RCA | 123,014 |
| Currency risk RCA | 982,758 |
| Diversification benefits within market risk | (579,875) |
| Life Insurance Risk (diversified RCA) | 880,069 |
| Mortality risk RCA | 96,118 |
| Longevity risk RCA | 217,129 |
| Life catastrophe risk RCA | 173,737 |
| Morbidity risk RCA | 737,042 |
| Expense risk RCA | 13,440 |
| Lapse risk RCA | 107,481 |
| Diversification benefits within life insurance risk | (464,878) |
| General Insurance Risk (diversified RCA) | 5,806,189 |
| Reserve and premium risk RCA | 4,237,554 |
| Natural catastrophe risk RCA | 2,827,905 |
| Man-made non-systemic catastrophe risk RCA ³ | 0 |
| Man-made systemic catastrophe risk RCA | 676,530 |
| Mortgage insurance risk RCA | 355,111 |
| Diversification benefits within general insurance risk | (2,290,911) |
| Counterparty default and other risk RCA | 521,621 |
| Diversification benefits among risk modules | (2,123,911) |
| Operational risk RCA | 587,288 |
| Adjustment for loss absorbing capacity cap | 0 |
| Adjustment for tax effect | (409,956) |
| Any other items which the IA may specify to adjust | 0 |
| Prescribed capital amount | 6,884,633 |

³ Man-made non-systemic catastrophe risk RCA is only applicable to direct insurance companies under the HKRBC rules.



- (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 | 10,663,379 |
| Limited Tier 1 capital | 0 |
| Tier 2 capital | 1,976,085 |
| Capital base | 12,639,464 |

- (c) Ratio of capital base to prescribed capital amount

| | As at 31 December 2024 |
|---|-------------------------------|
| Ratio of capital base to prescribed capital amount | 184% |

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

4.1 Prescribed Capital Amount (PCA) has been determined strictly in accordance with the IVCR, excluding any application of transitional arrangements under Part 7 of the Rules.

The PCA components are detailed per the IVCR specifications and include the following key features:

- Natural catastrophe RCA is calculated using Peak Re's Own Assessment model, with regulatory approval granted by the IA in 2024 to replace the standard formula for more accurate risk capture aligned with Peak Re's specific portfolio.
- Countercyclical adjustments have been incorporated in accordance with HKRBC requirements to reflect Equity RCA sensitivity based on the market cycles. As at 2024 Year End, the countercyclical adjustment to the risk charge factor was +3.3% for developed market listed equities, and -1.8% for all others.
- Diversification benefits are calculated as per the prescribed correlation assumptions amongst major risk categories and amongst underlying sub-risk calculation modules.
- No other deviations from the standard formula prescribed in the IVCR have been applied.

For the loss absorbing capacity of deferred tax assets, an effective tax rate assumption of 5.62% computed based on an internal tax assessment in accordance with the IVCR is adopted as the tax assessment from the Inland Revenue Department



(Hong Kong tax authority) is not yet available. This rate reflects the assumption that under a 1-in-200-year stress scenario, the Company would not expect to generate a profit and instead recognizes a deferred tax asset for the loss accordingly.

4.2 Capital Base is determined under the IVCR Rule 8, which categorises capital into Tier 1 and Tier 2 components as follows:

- Tier 1 capital primarily comprises shareholders' paid-up capital and retained earnings
- Tier 2 capital primarily relates to Peak Re's Hybrid Capital Instrument (HKD 1.94 billion)
- Additional Tier 2 capital elements include any encumbered assets pledged in excess of liabilities on the EBS and supporting the capital requirement for the related liabilities under standalone capital assessments.
- Please note Tier 2 capital is capped at 50% of the PCA as per IVCR. As total Tier 2 capital reported is HKD 1.98 billion, no exclusion is required.
- Exclusions from the capital base is approximately HKD 867 million relating to investments in insurance subsidiaries (Peak Reinsurance AG).

4.3 Ratio of Capital Base to Prescribed Capital Amount as at 31 December 2024 represents Peak Re's solvency ratio of 184% and is calculated based on the eligible capital of HKD 12.6 billion divided by the PCA of HKD 6.88 billion.

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 Peak Reinsurance Company 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 / draft Insurance (Public Disclosure) Rules (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 Peak Reinsurance Company 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 Peak Reinsurance Company 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.

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| Name: | Cathy Chen |
| Position: | Executive Director Chief Financial Officer |
| Company Name: | Peak Reinsurance Company Limited |