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 2025

Date: 31 August 2026

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. In accordance with the Insurance (Public Disclosure) Rules and the Insurance (Valuation and Capital) Rules, we are pleased to present our Public Disclosure Statement for the year ended 31 December 2025.

This disclosure statement provides information on Peak Re's financial position, capital adequacy, financial performance, corporate governance framework and risk management practices under the Hong Kong Risk-Based Capital ("HKRBC") regime, together with other information required under the HKRBC public disclosure requirements. The disclosure reflects Peak Re's commitment to maintaining a strong balance sheet, robust risk management practices and sound governance arrangements.

With the approval of the Hong Kong Insurance Authority ("HKIA") under section 130(1) of the Insurance Ordinance[1], Peak Re applies the Insurance (Valuation and Capital) Rules (the "Rules") on a basis that consolidates the assets, liabilities and capital resources of its regulated financial-entity subsidiaries outside of Hong Kong. As a result, certain information presented in this disclosure statement reflect a consolidated assessment basis that differs from the basis adopted in last year's report.

In parallel, we have also published our Audited Financial Statements ("AFS") for the year ended 31 December 2025 on our company website. The AFS are prepared on a consolidated basis under Hong Kong Financial Reporting Standards ("HKFRS"), while the information disclosed in this Public Disclosure Statement is prepared in accordance with the requirements of the HKRBC framework. Differences may therefore arise between the financial information presented in the AFS and the information disclosed in this statement due to differences in valuation methodologies and regulatory requirements. Consistent with the requirements of the HKRBC regime, the information disclosed herein can be reconciled to the specified annual forms submitted to the HKIA. Certain amounts disclosed in this statement have been rounded. Accordingly, minor differences may exist between the figures presented herein and those reported in the specified annual forms submitted to the HKIA.

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] Please refer to the published Gazette Notice at the link: The Government of the Hong Kong Special Administrative Region Gazette.

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.

With the approval of the Insurance Authority under section 130(1) of the Insurance Ordinance, Peak Reinsurance Company Limited applies the Insurance (Valuation and Capital) Rules (Cap. 41R) on a basis that consolidates in valuing the assets, liabilities and capital resources of its regulated financial-entity subsidiaries outside Hong Kong.

1 Company profile

(a) Authorized insurer's name

Peak Reinsurance Company Limited

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

Peak Reinsurance Company Limited (the "Company" or "Peak Re"), together with its subsidiaries (the "Group"), is a global reinsurer headquartered in Hong Kong and the principal operating entity of the Group. The essential activity of the Group consists of property and casualty reinsurance and life and health reinsurance business.

The Company is authorised by the Hong Kong Insurance Authority ("HKIA") to carry on both general and long-term reinsurance business. Major lines of business include property, general liability, accident & health, life and motor insurance.

The Company has a branch in Labuan, Malaysia and a subsidiary in Zurich, Switzerland. During 2025, the Group expanded its international operations with the establishment of a branch in Gujarat International Finance Tec-City ("GIFT City"), India and a second subsidiary in Bermuda. Both new entities are licenced by their respective local insurance regulators to carry on reinsurance business.

AM Best reaffirmed the Financial Strength Rating of Peak Reinsurance Company Limited of A- with stable outlook in September 2025. We are also pleased to report that Moody's Investors Service upgraded Peak Re's Insurance Financial Strength Rating ("IFSR") to A3 with stable outlook in April 2026, resolving the positive outlook assigned in April 2025 when the IFSR was affirmed at Baa1.

(c) Description of corporate structure

The Company is incorporated in Hong Kong. Its immediate holding company is Peak Reinsurance Holdings Limited, an investment holding company incorporated in Bermuda, and its ultimate holding company is Fosun International Holdings Ltd., incorporated in the British Virgin Islands.

Shareholder controller

As part of the Company's ownership structure, Fosun International Limited is the majority shareholder controller of the Company through its wholly-owned subsidiary Fosun Financial Holdings Limited. Fosun International Limited is a company incorporated in Hong Kong and is listed on the Hong Kong Stock Exchange (Stock Code: 00656.HK) ("Fosun").

Subsidiaries with Reinsurance Business Licence

Peak Reinsurance AG is a wholly-owned subsidiary of the Company and operates in Zurich, Switzerland. It is licenced by the Swiss Financial Market Supervisory Authority to conduct reinsurance business and provides both property and casualty as well as life and health reinsurance solutions.

Peak Reinsurance North America Ltd is a wholly-owned subsidiary of the Company, operating in Bermuda and licenced by Bermuda Monetary Authority. It was licenced in 2025 to conduct general reinsurance business, further strengthening the Group's strategic expansion in North America.

Material changes to the corporate structure

In October 2025, Peak Re announced investment by funds managed by Kohlberg Kravis Roberts & Co. Inc ("KKR") and Quadrantis Capital through Peak Reinsurance Holdings Limited. The transactions were completed in January 2026 following satisfaction of all closing conditions, including receipt of relevant regulatory approvals.

KKR and Quadrantis Capital hold approximately 11.27% and 1.80%, respectively, having taken up the indirect minority stake previously held by Prudential Financial Inc. which divested its position in 2025. Fosun International Limited, through its holding entity, continues to hold approximately 86.71%.

The introduction of new investors has broadened Peak Re's shareholder base, enhanced ownership diversification and strengthened its overall shareholder structure. The addition of experienced global institutional investors has expanded the breadth of expertise and strategic perspectives available to Peak Re. Since completion, a representative and an observer from KKR have joined the Board. This signals a step-up in Board strength as Prudential Financial Inc. had not previously exercised its right to take up a Board seat.

2 Corporate governance framework

The Company is the principal regulated entity of the Group. Its corporate governance framework is designed to promote sound and prudent management, effective oversight, and robust risk management, internal controls and reporting mechanisms across the Group, including its branches and subsidiaries. The framework is established with reference to applicable regulatory requirements and supervisory expectations of the HKIA relating to corporate governance, risk management and internal controls.

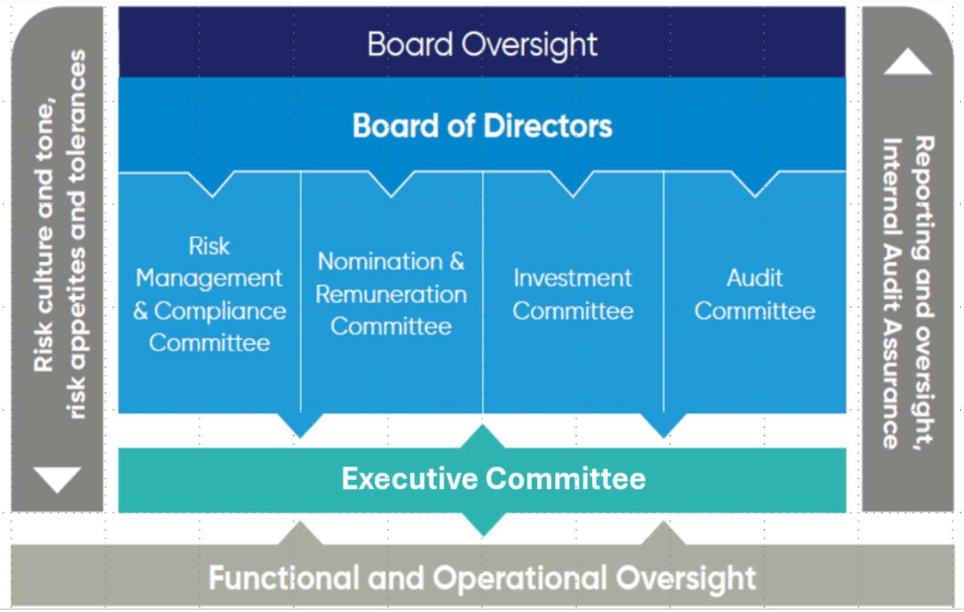
The Board of Directors of the Company (the "Board") has ultimate responsibility for the governance of the Group. The Board is responsible for setting the Group's strategic direction, overseeing the effective management of risks, safeguarding the interests of policyholders and stakeholders, and ensuring the effectiveness of the Group's risk management and internal control framework.

The Executive Committee supports the Board through the day-to-day management of the Group and the implementation of strategies, policies, controls and systems approved by the Board. The Executive Committee is responsible for executing the Group's strategic objectives and monitoring business and operational performance within the Board-approved governance framework.

The Board is supported by four board committees: the Risk Management and Compliance Committee, Investment Committee, Audit Committee and Nomination and Remuneration Committee. Each committee is chaired by an Independent Non-Executive Director (“INED”) and provides oversight within its respective area of responsibility. The committees assist the Board in discharging its responsibilities by providing focused oversight of key governance, risk, financial, investment and remuneration matters.

The Board consists of eight directors, comprising three INEDs, two Executive Directors, two directors representing Fosun and one director representing KKR. This composition provides an appropriate balance of executive leadership, independent oversight and shareholder representation to support effective governance and decision-making. The Company's governance structure is supported by clearly defined reporting lines, delegated authorities and accountability mechanisms, which facilitate effective oversight and decision-making across the Group.

The figure below illustrates the governance structure:



3 Financial position

(a) Balance sheet determined under the Rules

(Unit: in HKD thousands)	As at 31 December 2025[2]				As at 31 December 2024[3]			
	Total	Long term business	General business	Non-insurance operations	Total	Long term business	General business	Non-insurance operations
Total assets	**51,718,286**	**6,963,304**	**44,729,945**	**25,037**	**42,104,927**	**4,600,585**	**37,504,342**	**0**
Cash and deposits	2,841,003	248,324	2,552,216	40,463	4,394,467	583,445	3,811,022	0
Debt securities	17,198,274	1,281,752	15,916,522	0	12,675,117	752,691	11,922,426	0
Equities (including portfolio investments)	9,704,822	1,113,515	8,591,307	0	7,098,103	353,405	6,744,698	0
Derivative financial instruments	9,935	4,049	5,886	0	0	0	0	0
Properties	443,418	321,604	121,814	0	437,006	314,383	122,623	0
Loans and advances	0	0	0	0	77,634	0	77,634	0
Other financial assets	18,853,173	3,322,370	15,531,715	(912)	13,946,813	1,907,190	12,039,623	0
Reinsurance assets	2,285,455	671,536	1,613,919	0	2,335,178	676,645	1,658,533	0
Tax assets	38,929	0	27,160	11,769	14,577	68	14,509	0
Other assets	343,277	154	369,406	(26,283)	1,126,032	12,758	1,113,274	0
Total liabilities	**36,485,653**	**4,964,944**	**31,510,399**	**10,310**	**28,592,301**	**2,996,721**	**25,595,580**	**0**
Insurance liabilities	27,594,417	3,353,769	24,240,648	0	22,220,387	1,994,680	20,225,707	0
Reinsurance liabilities	34,114	34,114	0	0	0	0	0	0
Derivative financial instruments	11,358	0	11,358	0	0	0	0	0
Other financial liabilities	7,962,209	1,157,706	6,804,503	0	5,811,900	951,902	4,859,998	0
Tax liabilities	156,520	41,175	115,345	0	207,984	49,228	158,756	0
Other liabilities	727,035	378,180	338,545	10,310	352,030	911	351,119	0
Net assets	**15,232,633**	**1,998,360**	**13,219,546**	**14,727**	**13,512,626**	**1,603,864**	**11,908,762**	**0**

[2] With the HKIA's approval under section 130(1) of the Insurance Ordinance, Peak Re has applied the Insurance (Valuation and Capital) Rules on a consolidated basis from the financial year ended 31 December 2025, incorporating the assets, liabilities and capital resources of its regulated financial-entity subsidiaries outside Hong Kong. This basis is applied throughout the document.

[3] The AFS for the financial year ended 31 December 2024 were prepared on a "standalone basis", which 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. This basis is applied throughout the document.

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

General notes:

The tables in this report:

- are prepared based on the HKIA's specified template. For the avoidance of doubt, the item "Insurance liabilities" relate to our assumed business, while "Reinsurance assets" refer to positions ceded to our retrocessionnaires.
- are shown in HKD. Please note, as Peak Re's functional currency is US dollars, an exchange rate of USD/HKD 7.78105 for 2025 and 7.76342 for 2024 was used to convert the financial data to HKD.
- may contain the term "NA"; this generally denotes fields in HKIA's template that are not applicable to Peak Re.

Notes for the material change in financial position as of 31 December 2025 compared to 31 December 2024:

- Debt securities and Equities (including portfolio investments) – The increase was mainly attributable to the adoption of a consolidated HKRBC reporting basis from 31 December 2025, resulting in the inclusion of approximately HKD2,323,269 thousand of financial assets held by regulated financial-entity subsidiaries, together with net investment acquisitions and fair value gains recognised during 2025.
- Net of other financial assets and other financial liabilities – This balance mainly comprises net reinsurance and retrocession receivables (2025: HKD 10,679,011 thousand; 2024: HKD 7,914,968 thousand). The increase in net receivables was primarily driven by business growth during 2025 and is consistent with the growth in premiums and claims paid as presented in section (6).
- Insurance liabilities – The increase was attributable to the adoption of a consolidated HKRBC reporting basis from 31 December 2025 (resulting in the assets and liabilities of regulated financial-entity subsidiaries outside Hong Kong being included in the Group's HKRBC reporting) and also business growth during the period.

4 Investments

(a) Assumptions and methods used for valuation of investments

The HKRBC framework adopts an economic valuation basis. Accordingly, investments are valued using a fair value approach. Quoted prices in active markets are used where available. Where quoted market prices are not available, valuation techniques incorporating observable market inputs are applied. For investments involving significant unobservable inputs, including certain unlisted equity investments, fair values are determined using appropriate valuation techniques and assumptions based on the information available at the reporting date.

The Group reviews the valuation methodologies, key assumptions and fair value hierarchy classification of investments at each reporting period to ensure that they remain appropriate and consistent with prevailing market conditions. These have been reviewed by our external auditors as part of the HKRBC requirements.

For investments in collective investment vehicles, e.g. bond funds, a look-through approach is applied to identify and model the underlying asset exposures for regulatory reporting and risk assessment purposes.

The Group's functional reporting currency is USD. As we underwrite business and maintain investments across multiple jurisdictions, foreign exchange forward contracts are used in addition to natural hedging to manage currency mismatches arising from investments and insurance liabilities denominated in currencies other than USD. These forward contracts are measured at fair value using observable market inputs, including forward exchange rates sourced from external derivatives counterparties and market data providers.

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

There were no material changes to the Rules during 2025. Similarly, there were no material changes in our assumptions and methodologies used to value investments during the year ended 31 December 2025.

5 Insurance liabilities

Peak Re is a composite insurer. Below we present the insurance liabilities separately for the Long Term (Life) business and the General business divisions. Please note both sets of figures are reviewed annually by the Appointed Actuary for Life business and the Certifying Actuary for General business – as well as the Company's external auditors.

(a) Total insurance liabilities determined under the Rules

Insurance Liabilities of Long Term Business

(Unit: in HKD thousands)	As at 31 December 2025		As at 31 December 2024	
	HK insurers or designated insurers: all long term business	Total long term business	HK insurers or designated insurers: all long term business	Total long term business
	Other long term business		Other long term business	
Total insurance liabilities (gross of reinsurance)	**3,353,769**	**3,353,769**	**1,994,680**	**1,994,680**
Of which: long term insurance liabilities	3,353,769	3,353,769	1,994,680	1,994,680
Outstanding claims	778,670	778,670	734,197	734,197
Current estimate[4]	2,347,438	2,347,438	1,047,517	1,047,517
Margin over current estimate	227,661	227,661	212,966	212,966
Prepaid premiums	0	0	0	0
Other long term insurance liabilities	0	0	0	0
Of which: general insurance liabilities	0	0	0	0
Reinsurance assets	**671,536**	**671,536**	**676,645**	**676,645**
Reinsurance liabilities	**34,114**	**34,114**	**0**	**0**

Insurance Liabilities of General Business

(Unit: in HKD thousands)	As at 31 December 2025			As at 31 December 2024		
	Reinsurance		Total general business	Reinsurance		Total general business
	Proportional	Non-proportional		Proportional	Non-proportional	
Total general insurance liabilities (gross of reinsurance)	**17,112,124**	**7,128,524**	**24,240,648**	**14,518,868**	**5,706,839**	**20,225,707**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**17,112,124**	**7,128,524**	**24,240,648**	**14,518,868**	**5,706,839**	**20,225,707**
Outstanding claims liabilities	12,603,691	6,407,807	19,011,498	11,452,888	5,195,222	16,648,110
Premium liabilities	3,116,866	277,401	3,394,267	1,804,796	141,660	1,946,456
Margin over current estimate for outstanding claims liabilities	853,250	354,046	1,207,296	818,950	306,304	1,125,254
Margin over current estimate for premium liabilities	538,317	89,270	627,587	442,234	63,653	505,887
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**15,906,493**	**6,720,236**	**22,626,729**	**13,342,008**	**5,225,166**	**18,567,174**

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

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

<u>Long-Term Business:</u>

Methods

The Gross Premium Valuation methodology is used to calculate the base RBC reserves / technical provisions, using policy or portfolio data provided by clients. This is calculated using the present value of all future outgoes minus the present value of future income, using appropriate Best Estimate biometric, behavioural, expense, and discount rates assumptions. In addition, a Margin on Current Estimate ("MOCE") is added to the liabilities to cover non-financial risks which is calculated at the 75th percentile. Outstanding claims reserves also included Incurred But Not Reported ("IBNR") claims for all expected claims up to the valuation date. We note that we currently do not have business that requires assessment of Time Value of Options and Guarantees ("TVOG") nor do we write participating / unit-linked business – therefore, Peak Re has not applied the use of Matching Adjustments ("MA") admissible by the Rules.

Discount Rate Yield Curve assumptions

For the valuation of insurance liabilities, we adopted the risk-free yield curves prescribed by the HKIA as at 31 December 2025, without the application of Matching Adjustment. For certain minor currencies (representing less than 2% of total liabilities), USD/HKD yield curves were used as proxy discount curves. The impact of such proxy treatment is permitted under HKIA's Guidelines 36 and is not considered material.

Mortality and Morbidity assumptions

Mortality and morbidity assumptions are derived using a combination of internal experience studies, industry data and relevant external sources, supplemented by actuarial judgment where appropriate. Allowance may be made for future improvements or deteriorations in mortality and morbidity experience where supported by credible evidence. Assumptions are reviewed regularly and updated as necessary to ensure they remain appropriate and reflective of the characteristics and risk profile of the underlying business.

Lapse assumptions

Lapse assumptions are primarily based on industry experience, with adjustments made to reflect actual experience where available. Assumptions are reviewed periodically and updated when warranted by emerging experience.

Expense assumptions

Expense assumptions are derived based on the Company's expense analyses, future business strategy, expense projections and historical expense experience, with due consideration given to the nature and scale of the business being valued. Future expense inflation is incorporated where appropriate. Assumptions are reviewed annually and updated as necessary to ensure consistency with the Company's operating environment and future expectations.

The assumptions used in the valuation of insurance liabilities are subject to established governance and review processes. Assumptions are reviewed periodically and updated where appropriate to reflect emerging experience, changes in market conditions and developments in the underlying business profile.

General Business:

Methods

In accordance with generally accepted actuarial principles applicable to a reinsurance company and consistent with the requirements of the Rules, the valuation of claims liabilities and premium liabilities has been performed on an underwriting year basis for all lines of business.

- Claims liabilities in respect of unpaid claims comprises the current estimate of case reserves and IBNR claims, related claims handling expenses, the MOCE (set at 75^{th} percentile) and the effect of discounting, calculated separately for each class of business.
- Premium liabilities in respect of recognised business are determined as the unearned risk reserve ("URR") which incorporates the current estimate of future cash flows, expenses, MOCE and the effect of discounting, calculated separately for each class of business.
- Premium liabilities in respect of unrecognised business are determined as the net present value of expected future cash flows relating to future businesses that are known to the company but have not yet been recognised. These cash flows include premiums, acquisition costs, claims, expenses, MOCE and the effect of discounting, calculated separately for each class of business.

The result of net insurance liability considers the benefit of outward retrocession purchased by the Company, including but not limited to quota share, per risk excess of loss as well as catastrophe excess of loss. Consistent with the Rules, the MOCE is determined on a net of retrocession basis.

Discount Rate Yield Curve assumptions

Future cash flows have been discounted using the risk-free yield curves specified by the HKIA. USD yield curves were used as proxy discount curves. The impact of such proxy treatment is permitted under HKIA's Guidelines 36 and is not considered material.

MOCE

Stochastic Mack Bootstrap analyses have been applied to the paid claims triangles of each line of business to estimate the variability inherent in the claims forecast, and relevant industry benchmarks are also considered. The MOCE has been set at the 75th percentile of the resulting distribution.

Expense assumptions

The valuation incorporates the following categories of expenses as required under the HKRBC framework: claims handling expenses, maintenance expenses and retrocession costs.

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

There were no material changes in the assumptions and methodologies used in the valuation of both the General Insurance Liabilities and the Long-Term Insurance Liabilities during the year ended 31 December 2025.

6 Financial performance

(a) Financial performance in total and at a segmented level, including premiums, investment returns and claims[5]

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[5]		
	Total	Long term business	General business	Total	Long term business	General business
Gross premiums[6]	**17,142,551**	**2,683,645**	**14,458,906**	**NA**	**NA**	**NA**
Regular premiums	NA	2,683,645	NA	NA	NA	NA
Net premiums	**14,448,599**	**2,648,833**	**11,799,766**	**NA**	**NA**	**NA**
Regular premiums	NA	2,648,833	NA	NA	NA	NA
Gross claims paid	**7,735,173**	**727,108**	**7,008,065**	**NA**	**NA**	**NA**
Net claims paid	**6,077,375**	**682,857**	**5,394,518**	**NA**	**NA**	**NA**

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[5]			
	Total	Long term business	General business	Non-insurance operations	Total	Long term business	General business	Non-insurance operations
Investment returns	**1,846,381**	175,097	1,669,852	1,432	**NA**	NA	NA	NA

(b) Material change or other commentary on financial performance

No comparative analytics has been provided as the financial performance disclosures are presented for the first time in the current reporting year and corresponding prior-year information is not available.

[5] Prior-year financial information for the financial year ended 31 December 2024 is not provided as these financial performance tables are newly introduced in the current year.

[6] For long term business, it refers to premiums received and receivable during the financial year. For general business, it refers to written premiums.

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

Underwriting Results of General Business

The undiscounted underwriting results disclosed below are prepared in accordance with the methodologies and requirements set out in the Rules and per the Hong Kong Insurance Regulatory Returns Instructions. Accordingly, this information is produced as part of this Public Disclosure.

(Unit: in HKD thousands)	For the financial year ended 31 Dec 2025			For the financial year ended 31 Dec 2024		
	Reinsurance		Total general business	Reinsurance		Total general business
	Proportional	Non-proportional		Proportional	Non-proportional	
Gross premium	11,057,426	3,401,480	14,458,906	8,952,927	2,660,199	11,613,126
Net premium	9,282,846	2,516,920	11,799,766	7,494,996	2,015,855	9,710,851
Net undiscounted best estimate combined business results, relating to current year	(620,829)	543,926	(76,903)	(168,335)	4,324	(164,011)
Net undiscounted best estimate combined business results, relating to prior year	(392,221)	(222,034)	(614,255)	212,360	178,853	391,213
Undiscounted underwriting results - profit / (loss)	**(1,112,916)**	**279,669**	**(833,247)**	**28,035**	**184,644**	**212,679**

HKRBC is designed primarily to assess an insurer's solvency and capital adequacy rather than its financial performance. Peak Re, like other insurers and reinsurers in Hong Kong, prepares its AFS in accordance with HKFRS, which provides a more appropriate basis for evaluating performance through the Total Comprehensive Income reported in the Statement of Profit or Loss and Other Comprehensive Income (SPLOCI). To assist readers in interpreting the results, the exhibit below highlights key differences between the HKRBC performance metrics above and the financial results reported in our HKFRS AFS.

Reconciliation to Total Comprehensive Income in YE2025 HKFRS 17 AFS		
(Unit: in HKD thousands)	**2025**	**2024**
Undiscounted underwriting results of general business per above	**(833,247)**	**212,679**
Delta #1 - Reversal of foreign exchange	473,288	(318,369)
Delta #2 - Reversal of non-attributable operating expenses	367,460	287,412
Delta #3 – Differences in profit recognition methodology	381,644	357,890
HKFRS 17 total insurance service results and insurance finance results of general business (Note 6.3) ***Amount in USD'000 embedded in SPLOCI of HKFRS 17 AFS***	**389,145** ***50,012***	**539,612** ***73,153***
Delta #4 – Net investment returns	1,319,585	867,651
Delta #5 – FX impacts	50,783	157,923
Delta #6 - Non-attributable operating expenses	(367,460)	(287,412)
Delta #7 - Tax and others	90,545	(6,247)
HKFRS 17 total comprehensive income for both General and Long Term businesses **Equivalent amount in USD'000 – as disclosed in SPLOCI of HKFRS AFS**	**1,482,598** **190,539**[7]	**1,271,527** **166,784**[7]

[7] Represents the total comprehensive income disclosed in Peak Re's HKFRS17 AFS which are prepared under consolidated basis.

(d) Material change or other commentary on underwriting results

6.1 Notes for the above tables in section (6)(c):

- **Delta#1** – Reversal of the foreign exchange gain/loss arising from the revaluation of net insurance liabilities included in the HKRBC undiscounted underwriting results, to align with the classification and presentation adopted under Peak Re's HKFRS reporting framework. The related foreign exchange impact is recorded outside insurance service results and included in Delta#5.
- **Delta#2** – Reversal of expenses not attributable to general insurance business included in the HKRBC undiscounted underwriting results, to align with the methodology adopted under HKFRS 17. The related expenses are recorded outside insurance service results and included in Delta#6.
- **Delta#3** – Represents the impact of differences in insurance contract profit recognition between HKRBC undiscounted underwriting results and HKFRS 17 insurance service results (ISR) (including insurance finance income or expense (IFIE) and excluding related foreign exchange impact). These differences mainly arise from the recognition of embedded profit for in-force contracts under HKRBC, i.e. the profit recognised on "bound but not incepted" contracts under HKRBC and the discounting benefit recognised under HKFRS 17.
- **Delta#4** – Net investment returns (net of investment expenses) including other comprehensive income from fair value through other comprehensive income investments and share of profit or loss from investment in joint ventures and associate of the general insurance business, excluding the related foreign exchange impact
- **Delta#5** – Overall net foreign exchange impact arising from the net insurance liabilities, investments and other financial assets and liabilities of the general insurance business.
- **Delta#6** – Non-attributable operating expenses of the general insurance business that are not allocated to the insurance contracts and directly expensed in profit or loss.
- **Delta#7** – Represents a few areas of difference as indicated below:
  - Tax expenses and other operating income/ expenses of the general insurance business incurred under HKFRS 17 reporting basis.
  - Total comprehensive income recognised for the life insurance business and non-insurance activities.
  - HKFRS 17 total comprehensive income of Peak Re's regulated subsidiary that was not consolidated in HKRBC reporting for the financial year ended 31 December 2024.

6.2 Notes for the material change in the financial performance within undiscounted underwriting results for the financial year ended 31 December 2025 compared to 31 December 2024:

- Gross premium – The increase in amount is mainly attributable to the inclusion of gross premium from overseas regulated subsidiaries of approximately HKD676million, following the adoption of a consolidated reporting basis for 2025. The increase also reflects growth in business written during 2025. Excluding consolidation impact, the increase was primarily driven by growth in proportional treaties within the Accident & Health and Property Damage lines of business, contributing HKD808million and HKD642million, respectively, as well as growth in non-proportional treaties for the Property Damage and Motor lines of businesses, contributing HKD293 million and HKD190million, respectively.

6.3 Notes on the movement in HKFRS 17 total ISR and IFIE for the general insurance business

- The combined ratio was 87.9%, whereas 84% in 2024, mainly reflecting loss experience fluctuations in the short-term health business. Excluding this segment, the combined ratio for 2025 would have improved to approximately 82.6%, demonstrating the resilience diversification benefits of the broader portfolio. Peak Re continued to generate strong total comprehensive income during the year, contributing to growth in net asset value under both AFS and the HKRBC Economic Balance Sheet.

More remarks on the capital adequacy of Peak Re are provided in Section 7.

7 Capital adequacy

(a) Prescribed capital amount at total level and risk capital amount ("RCA") by sub-risk, determined in accordance with the Rules. Note we have not applied for the transitional arrangement under Part 7 of the Rules

Prescribed Capital Amount

(Unit: in HKD thousands)	**As at 31 December 2025**	**As at 31 December 2024**
Market risk (diversified RCA)	**2,125,256**	**1,623,334**
Interest rate risk RCA	286,962	84,073
Credit spread risk RCA	809,747	286,261
Equity risk RCA	882,978	727,103
Property risk RCA	125,700	123,014
Currency risk RCA	879,002	982,758
Diversification benefits within market risk	(859,133)	(579,875)
Life Insurance Risk (diversified RCA)	**1,084,296**	**880,069**
Mortality risk RCA	117,894	96,118
Longevity risk RCA	222,449	217,129
Life catastrophe risk RCA	302,092	173,737
Morbidity risk RCA	785,882	737,042
Expense risk RCA	9,262	13,440
Lapse risk RCA	355,981	107,481
Diversification benefits within life insurance risk	(709,264)	(464,878)
General Insurance Risk (diversified RCA)	**5,864,510**	**5,806,189**
Reserve and premium risk RCA	4,819,275	4,237,554
Natural catastrophe risk RCA	2,173,324	2,827,905
Man-made non-systemic catastrophe risk RCA	0	0
Man-made systemic catastrophe risk RCA	663,514	676,530
Mortgage insurance risk RCA	171,353	355,111
Diversification benefits within general insurance risk	(1,962,956)	(2,290,911)
Counterparty default and other risk RCA	**487,530**	**521,621**
Diversification benefits among risk modules	(2,496,289)	(2,123,911)
Operational risk RCA	**686,098**	**587,288**
Adjustment for loss absorbing capacity cap	0	0
Adjustment for tax effect	(453,457)	(409,956)
Any other items which the IA may specify to adjust	0	0
Prescribed capital amount	**7,297,944**	**6,884,634**

(b) Composition of capital base determined in accordance with the Rules

Capital Base

(Unit: in HKD thousands)	**As at 31 December 2025**	**As at 31 December 2024**
Unlimited Tier 1 capital	12,479,392	10,663,379
Limited Tier 1 capital	0	0
Tier 2 capital	2,746,933	1,976,085
Capital base	**15,226,325**	**12,639,464**

(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	**209%**	**184%**

(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

The 2025 year-end assessment is prepared on a consolidated basis. As a result, the capital position incorporates the risks and capital resources of subsidiaries on a line-by-line basis, contributing to changes in both the prescribed capital amount ("PCA") and capital base compared with 2024 year-end (YE).

Compared with 2024YE (standalone basis), the prescribed capital amount increased from HKD6,885 million to HKD7,298 million, while eligible capital resources increased from HKD12,639 million to HKD15,226 million. As a result, the solvency ratio increased from 184% to 209% as at 31 December 2025 (consolidated basis).

The composition of the PCA remained broadly consistent with the prior year, with General Insurance risk continuing to represent the largest component of the overall capital requirement. General Insurance Premium and Reserve Risk, Natural Catastrophe Risk and Market Risk remained the principal contributors to the Company's risk profile.

Compared with 2024YE, movements in the PCA reflected a combination of business growth, changes in portfolio composition and refinements to regulatory and internal assessment assumptions. Natural catastrophe risk requirements also benefited from portfolio changes and enhanced retrocession protection. Market risk requirements were further affected by changes in asset allocation and investment exposures as the Company rotated from US Treasuries to other debt securities with higher credit spread premium.

Peak Re has opted to incorporate the Countercyclical Adjustments ("CCA") in accordance with HKRBC requirements to reflect equity risk sensitivity under varying market conditions. Compared with 2024YE, the increase in CCA levels applicable to developed and emerging market listed equities are 6.7% and 11.8% respectively, contributed to higher equity-related capital requirements as at 31 December 2025.

Credit Risk and Operational Risk capital charges are stable and make up a small portion of the overall PCA.

The effective tax rate applied in determining the loss-absorbing capacity of deferred tax assets was updated to 5.85% as at 31 December 2025, reflecting updated tax information and the applicable HKIRD tax treatment.

Capital Base

The Company's capital base increased from HKD 12.6 billion at 31 December 2024 to HKD 15.2 billion at 31 December 2025, driven by retained earnings from profitable operations and the upsizing of Hybrid Capital Securities during the year (+HKD 778 million).
Unlimited Tier 1 capital increased from HKD 10.7 billion to HKD 12.5 billion, primarily reflecting earnings generated from underwriting, investment and operating activities. Tier 2 capital increased from HKD 2.0 billion to HKD 2.7 billion, mainly due to the issuance of additional Hybrid Capital Securities. Together, these increases strengthened the Company's capital resources and enhanced its capacity to support future business growth.

Ratio of Capital Base to Prescribed Capital Amount

The ratio of capital base to prescribed capital amount improved from 184% at 31 December 2024 to 209% at 31 December 2025 and remained comfortably above regulatory requirements and the Company's internal solvency targets.
The increase was primarily driven by growth in eligible capital resources, which more than offset the rise in capital requirements resulting from business growth, changes in risk exposures and the adoption of a consolidated presentation. The Company maintained a strong capital position throughout the reporting period, with substantial capital buffers above minimum regulatory requirements.

8 Risk Management

(a) Risk appetite and risk governance framework

Risk Appetite and Risk Management Objectives

Peak Re maintains a Board-approved Risk Appetite Framework within its Enterprise Risk Management (“ERM”) Policy, which establishes the nature and level of risk the Company is willing to accept in pursuit of its strategic objectives. The Risk Appetite Framework supports effective decision-making by defining quantitative and qualitative risk tolerances across key risk categories, including underwriting, market, credit, liquidity, operational and strategic risks.

The Risk Tolerances are further cascaded to the risk-taking functions to establish operating limits in their guidelines. The framework is designed to ensure that risk-taking activities remain aligned with the Company's target capital framework, business strategy and long-term financial objectives.

The Company's risk profile continued to be primarily driven by General Insurance Premium and Reserve Risk, General Insurance Natural Catastrophe Risk and Market Risk. During the year, management continued to monitor these material risks against approved risk appetite limits through regular risk and capital assessments, stress testing and management reporting processes. The overall risk profile remained within the Board-approved risk appetite throughout the reporting period.

Asset and Liability Management

Peak Re adopts an Asset and Liability Management ("ALM") approach to ensure that investment activities are aligned with the characteristics of underlying insurance liabilities and the Company's overall risk appetite. The ALM framework seeks to maintain an appropriate balance between Market risk and investment returns while supporting the Company's obligations to policyholders and other stakeholders.

The Company monitors the interaction between assets and liabilities through regular assessments of market risk exposures, liquidity positions and capital adequacy. Investment and reinsurance strategies are evaluated in conjunction with underwriting and liability profiles to support the maintenance of a resilient balance sheet and strong solvency position. The Company also seeks to reduce potential mismatches between assets and liabilities through prudent investment allocation and risk management practices.

During 2025, Peak Re continued to enhance its ALM framework through closer management of foreign exchange exposures, regular monitoring of duration mismatches and the selective use of derivative instruments to reduce balance sheet volatility arising from market movements. These measures supported the Company's objective of maintaining a resilient balance sheet while improving risk-adjusted investment outcomes.

Note, the Company does not currently have business requiring granular segregation of funds such as those from Life Participating business.

Risk Governance Framework

Peak Re's Risk Governance Framework forms part of its ERM Framework and provides a structured approach for identifying, assessing, monitoring and managing risks across the organization. The framework supports effective oversight of material risks and promotes accountability across the three lines of defense.

The Board retains ultimate responsibility for oversight of the Company's risk management framework and risk appetite. The Risk Management and Compliance Committee ("RMCC"), together with senior management, provides oversight of the Company's risk profile, capital adequacy, risk appetite compliance and key risk management initiatives. The Risk and Compliance Function is responsible for coordinating risk management activities, facilitating risk assessments, monitoring adherence to risk appetite limits and supporting regular reporting to senior management and the Board. An Asset Liability Management Committee ("ALCO") meets on a quarterly basis to review the position against key risk indicators to manage ALM risks and report to the RMCC.

Peak Re performs regular assessments of its risk profile through its Own Risk and Solvency Assessment ("ORSA") process. This forms an integral component of the Risk Governance Framework by providing an annual assessment of the Company's risk profile, capital adequacy and solvency position under both normal and stressed conditions. The ORSA is prepared through collaboration between Risk and Compliance, Finance, Underwriting, Investments and other control functions, and is reviewed and approved by the Board prior to submission to the Insurance Authority.

(b) Insurance risk management

Risk Assessment

Insurance risk represents the risk of adverse experience arising from the underwriting of reinsurance contracts, including premium risk, reserve risk and catastrophe risk.

At 31 December 2025, General Insurance Premium and Reserve Risk and Natural Catastrophe Risk remained the principal insurance risk drivers within the Company's overall risk profile. Insurance risks are assessed across major business segments, including Property and Casualty, Life and Health, and Structured Solutions, taking into consideration the nature, scale and complexity of the underlying exposures.

Peak Re maintains a diversified underwriting portfolio across lines of business, geographic regions and cedants. Business is written across Asia-Pacific, Europe, the Americas and India, and is not dependent on any single market, client or product line. This diversification supports earnings resilience and reduces concentration risk within the insurance portfolio.

During 2025, Peak Re continued to enhance its risk management practices through updates to capital assessment assumptions, including refinements to the Own Assessment framework and catastrophe risk modelling assumptions. These enhancements support a more risk-sensitive assessment of the Company's underlying exposures and capital requirements.

Risk Concentration

The Company regularly monitors concentrations of insurance risk by geography, line of business, cedant, product type and catastrophe exposure. Diversification is a key element of Peak Re's underwriting strategy and risk management framework. Ongoing efforts are undertaken to broaden the cedant base and manage exposure accumulations to ensure that concentrations remain within approved risk appetite limits.

Risk Control and Risk Transfer Strategy

Peak Re manages insurance risk through disciplined underwriting standards, portfolio monitoring, exposure management and capital allocation processes. Retrocession remains a key tool for managing volatility and capital requirements. This is governed by our Retrocession Guideline, with the overall strategy approved and overseen by the Board.

Compared with 2024YE, the Company continued to strengthen its risk transfer strategy through refinements to its retrocession programme and the successful issuance of Black Kite Re II, its second catastrophe bond. These arrangements provide protection against peak catastrophe exposures and support the management of natural catastrophe risk accumulations. The enhanced protection contributed to a reduction in natural catastrophe risk requirements and supported the Company's capital position during the reporting period. We are pleased to report the 2026 outwards retrocession renewal achieved further improved coverage and cost efficiency, with enhanced protection across both peak and non-peak catastrophe risks and broader geographic scope.

The effectiveness of our retrocession arrangements is assessed on an ongoing basis as part of the Company's underwriting, capital management, ORSA and business planning processes to ensure that insurance risk exposures remain within approved risk appetite limits.

Governance and Risk Management

Insurance risk is managed through Underwriting Guidelines which details exposure acceptance limits, accumulation controls, authority and referral processes. In particular, Natural catastrophe risk is a material risk to our risk profile and requires accumulation controls at an enterprise level, this is overseen by an Exposure Management Committee (“EMC”), supported by specialist natural catastrophe analytics team which assess risk using vendor models and internal analytics, supplemented by portfolio design and accumulation monitoring tools, with PML metrics reported to governance forums.

(c) Investment risk management

Investment Management Objectives

Peak Re's investment management objective is to preserve and grow capital on a risk-adjusted basis while supporting the Company's insurance liabilities, capital requirements and long-term strategic objectives. Investment activities are managed in conjunction with the Company's ALM framework to ensure that investment portfolios remain aligned with the characteristics of underlying liabilities and overall risk appetite. The investment portfolio is managed with due consideration to liquidity, credit quality, diversification, capital efficiency and expected risk-adjusted returns.

The Company adopts a Strategic Asset Allocation ("SAA") framework which defines the target allocation across major asset classes and supports the achievement of long-term investment objectives while maintaining consistency with the Company's risk appetite and capital management framework. The SAA is reviewed annually during the Company's Business Planning cycle, and monitored throughout the year to ensure continued alignment with market conditions, liability profiles and business strategy.

Investment Strategy and Risk Appetite

Peak Re seeks to generate stable risk-adjusted investment returns while maintaining an appropriately diversified investment portfolio. Investment decisions are made within Board-approved risk limits and are assessed in conjunction with underwriting exposures, solvency considerations and capital adequacy requirements. The Company monitors investment performance and risk exposures through regular management reporting and stress testing processes.

The Company's investment strategy focuses on maintaining a balanced portfolio and avoiding excessive concentration in any single asset type, issuer, industry or geographical region.

During the year, the Company's Investment team has established Private Credit as a distinct asset class from the rest of the Company's debt securities portfolio. This allows for more transparency and oversight of the risks and returns in comparison to other publicly traded debt securities.

No new investment products were introduced during the reporting period that materially altered the Company's overall investment risk profile. Where new investment opportunities are considered, risks are assessed through established governance and approval processes before capital is committed.

Risk Assessment and Concentration Risk

Market risk remained one of the principal contributors to the Company's overall risk profile during the reporting period. As the Company rotates from US Treasuries to other debt securities to enhance yield, the increase in market risk is driven primarily from credit spread risk. Other drivers to market risk were stable, arising from equity investments and from foreign exchange exposures held to support insurance liabilities and shareholder funds. Investment risk exposures are assessed on both a standalone basis and in conjunction with insurance liabilities through the ALM framework.

The Company monitors concentrations by asset class, issuer, counterparty, industry sector, geographic region and credit rating. Diversification is a key principle of the investment strategy and is intended to reduce the impact of adverse movements arising from any single market, issuer or investment exposure. Concentration exposures are subject to investment limits and ongoing monitoring against approved risk appetite thresholds.

Risk Control and Risk Mitigation

Investment risk is managed through a combination of strategic asset allocation, investment limits, minimum average credit rating for the portfolio, diversification requirements, ALM monitoring, stress testing and regular portfolio reviews. The Company evaluates investment exposures alongside insurance liabilities to manage potential mismatches in duration, liquidity and market sensitivities. Investment portfolios are monitored continuously to ensure compliance with approved investment guidelines and risk appetite limits.

The Company performs regular stress testing and scenario analyses to assess the resilience of its investment portfolio under adverse market conditions, including equity market shocks, credit spread widening, interest rate movements and foreign exchange stress events. These assessments support investment decision-making, capital management and risk monitoring activities across the portfolio.

Governance and Risk Management

The Investment Committee is responsible for overseeing the Company's investment strategy, investment policy and portfolio performance. The Committee reviews investment risk exposures, strategic asset allocation and compliance with approved investment limits, while monitoring developments in financial markets and their potential impact on the Company's risk profile and capital position. The Committee is supported by management, investment and risk functions through regular reporting and risk assessments to ensure investment activities remain aligned with the Company's objectives and risk appetite.

(d) Other risk management

Operational and non-financial risks are managed through the ERM framework, Risk and Control Self-Assessment ("RCSA") process, incident reporting, controls monitoring and escalation processes. During 2025, the Group continued to enhance non-financial risk management, including RCSA coverage, control monitoring, outsourcing governance and cybersecurity controls.

Cybersecurity risk is managed under HKIA's Guideline 20 on Cybersecurity ("GL20") and Cyber Resilience Assessment Framework with 3 key assessment requirements, Inherent Risk Assessment, Maturity Assessment and Threat Intelligence-Based Attack Simulation. Peak Re engaged an external consultant to carry out an independent assessment and validation of all three areas. All activities were completed early in 2026 and concluded that Peak Re's overall cybersecurity risk is "Medium" with no material control gaps identified. Ongoing focus remains on strengthening resilience, including monitoring, detection and response capabilities.

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