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. For any discrepancy between the Chinese and English versions of this document, the English version shall prevail.

1 Company profile

(a) Authorized insurer's name

Hang Seng Insurance Company Limited

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

Hang Seng Insurance Company Limited ("Hang Seng Insurance"), with principal activities and business operations in Hong Kong, is authorized and regulated by the Insurance Authority in Hong Kong to carry on long term business, mainly focusing on life and annuity business. Hang Seng Insurance offers a diversified portfolio of life insurance products to retail and corporate customers.

(c) Description of corporate structure

Hang Seng Insurance was incorporated and is domiciled in Hong Kong as a limited liability company, and is a wholly-owned subsidiary of Hang Seng Bank Limited ("Hang Seng Bank").

Hang Seng Bank, a company incorporated in Hong Kong with limited liability, is a member of the HSBC Group. Being an authorized institution under the Banking Ordinance, Hang Seng Bank's core business activities include retail banking and wealth, commercial banking and asset management, as well as markets and securities services, and is recognized as the leading local bank in Hong Kong. Following the privatization of Hang Seng Bank in late January 2026, it was delisted from The Stock Exchange of Hong Kong Limited, and has become a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited.

The Hongkong and Shanghai Banking Corporation Limited, a company incorporated in Hong Kong with limited liability, is an authorized institution under the Banking Ordinance and provides a comprehensive range of domestic and international banking and related financial services, principally in the Asia–Pacific region.

HSBC Holdings plc, a company incorporated in England and Wales with limited liability and headquartered in London, is the ultimate holding company of Hang Seng Insurance and the HSBC Group. HSBC Holdings plc is one of the world's largest banking and financial services organisations.

2 Corporate governance framework

Hang Seng Insurance is committed to maintaining and upholding high standards of corporate governance with a view to safeguarding the interests of shareholders, policyholders, customers, employees and other stakeholders. Hang Seng Insurance has established its governance structure with reference to the Insurance Authority's Guideline on the Corporate Governance of Authorized Insurers (GL10) and maintains a framework of prudent and effective controls to enable risks to be assessed and managed.

The Board

The Board provides entrepreneurial leadership and is collectively responsible for Hang Seng Insurance's long-term success and delivery of sustainable value to shareholders and policyholders. It sets the insurer's strategy and risk appetite and approves capital, financial and operating plans. The Board also oversees risk governance, corporate culture and behavioral standards, and is supported by various Board/governance committees/forums in discharging its responsibilities.

Audit Committee

The Audit Committee has responsibility for the oversight of, and advice to the Board on, matters relating to financial reporting and internal controls, including: (i) the integrity of the financial statements and financial disclosures, (ii) the effectiveness of internal and external audit process and (iii) the effectiveness of internal control systems, subject to input from the Risk Committee.

Risk Committee

The Risk Committee has responsibility for the oversight of, and advice to the Board on, risk-related matters (comprising both financial and non-financial risks) and the enterprise risks impacting Hang Seng Insurance, including risk governance and culture-related matters.

Participating Business Committee

The Participating Business Committee provides independent and objective advice to the Board on the management of Hang Seng Insurance's participating life business, including but not limited to advice on the allocation of distributable surplus and declaration of dividends so as to support informed decision making which takes into account the principle of fair treatment of customers and equitable balance between shareholders and policyholders.

Executive Committee

The Executive Committee, led by the Chief Executive Officer, is the principal management committee for strategic direction, decision making and oversight of performance, operational risk, and regulatory requirements and compliance for insurance business. It is supported by governance committees/forums including but not limited to the Asset and Liability Management Committee (which oversees effective capital, liquidity and asset-liability management), the Local Investment Committee (which provides oversight on investment portfolios) and the Risk Management Meeting (which provides advice and recommendations on enterprise-wide risk management, including key policies and frameworks).

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[1]	Long term business	Of which belongs to: long term business – participating business	**Total**[1]	Long term business	Of which belongs to: long term business – participating business
Total assets	**244,342,678**	**235,825,315**	**179,804,131**	**206,694,751**	**198,091,372**	**146,652,099**
Cash and deposits	13,387,725	12,326,920	10,749,614	9,940,670	8,993,215	7,783,142
Debt securities	134,090,795	128,514,799	84,332,009	123,255,254	115,951,000	75,011,079
Equities (including portfolio investments)	73,706,898	72,255,272	66,705,980	50,011,763	49,911,576	45,146,840
Derivative financial instruments	83,410	83,410	72,577	161,568	161,037	159,259
Properties	2,460,700	2,460,700	2,460,700	2,751,000	2,751,000	2,751,000
Loans and advances	1,719,637	1,719,637	1,700,130	2,100,523	2,100,523	2,078,474
Reverse repurchase agreement	-	-	-	-	-	-
Other financial assets	1,424,533	1,424,533	1,084,126	1,078,695	1,078,469	943,151
Policyholder's account assets in respect of unit linked products or retirement scheme	303,530	303,530	-	316,299	316,299	-
Reinsurance assets	14,959,036	14,959,036	12,693,666	14,751,023	14,751,023	12,466,936
Tax assets	-	-	-	-	-	-
Other assets	2,206,414	1,777,478	5,329	2,327,956	2,077,230	312,218
Total liabilities	**209,216,407**	**214,158,249**	**158,080,356**	**176,303,835**	**177,058,763**	**124,875,329**
Insurance liabilities	202,362,784	202,362,784	150,843,806	169,242,219	169,242,219	120,493,257
Reinsurance liabilities	1,940,552	1,940,552	1,742,594	1,799,617	1,799,617	1,585,018
Repurchase agreement	-	-	-	-	-	-
Derivative financial instruments	215,274	214,352	166,855	160,745	160,745	143,265
Other financial liabilities	2,823,660	742,255	623,529	2,127,320	790,416	739,494
Tax liabilities	1,454,441	-	-	2,562,236	-	-
Other liabilities	419,696	8,898,306	4,703,572	411,698	5,065,766	1,914,295
Net assets	**35,126,271**	**21,667,066**	**21,723,775**	**30,390,916**	**21,032,609**	**21,776,770**

[1] The differences between "Total" and "Long term business" were due to i) shareholders' fund being excluded from the table; and ii) other assets and/or liabilities for "Long term business" column having included inter-fund balances between long term business and shareholders' fund, while the "Total" column has eliminated such inter-fund balances.

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

Over the period, the balance sheet grew, supported by steady new business and favourable market conditions. Cash and deposits increased mainly due to strong inflows from new premium payments, partly offset by planned investment activity, tax and dividend payments. Investment holdings (debt securities, equities and portfolio investments) also rose, driven by net purchases and positive market movements. On the liabilities side, insurance liabilities increased as our in-force portfolio expanded with ongoing new business.

Overall, total assets and net assets grew, reflecting continued business growth and solid investment performance.

4 Investments

(a) Assumptions and methods used for valuation of investments

According to Insurance (Valuation and Capital) Rules, the Company's investments are recognized at market value.

In the event that the market for a financial instrument is not active, and the valuation technique uses only observable market data, the reliability of the fair value measurement is high. However, when valuation techniques include one or more significant unobservable inputs, they rely to a greater extent on management judgement and the fair value derived becomes less reliable. In absence of observable valuation inputs, due to a lack of or reduced volume of similar transactions, management judgement is required to assess the price at which an arm's length transaction would occur under normal business conditions, in which case management may rely on historical prices for that particular financial instrument or on recent prices for similar instruments.

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

There were no material changes in assumptions and methods during the year.

5 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 2025					
	HK insurers or designated insurers: all long term business					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)	**150,843,806**	**65,004**	**169,339**	**58,104**	**51,226,531**	**202,362,784**
Of which: long term insurance liabilities	150,843,806	65,004	169,339	58,104	51,226,531	202,362,784
Outstanding claims	479,724	77	-	2,297	55,915	538,013
Current estimate[2]	149,306,698	64,621	169,339	55,807	50,684,355	200,280,820
Margin over current estimate	330,795	306	-	-	163,264	494,365
Prepaid premiums	726,589	-	-	-	322,997	1,049,586
Other long term insurance liabilities	-	-	-	-	-	-
Of which: general insurance liabilities	-	-	-	-	-	-
Reinsurance assets	**12,693,666**	**2**	**-**	**-**	**2,265,368**	**14,959,036**
Reinsurance liabilities	**1,742,594**	**9**	**-**	**-**	**197,949**	**1,940,552**

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

(Unit: in HKD thousands)	As at 31 December 2024					
	HK insurers or designated insurers: all long term business					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)	**120,493,257**	**53,455**	**202,108**	**46,596**	**48,446,803**	**169,242,219**
Of which: long term insurance liabilities	120,493,257	53,455	202,108	46,596	48,446,803	169,242,219
Outstanding claims	510,951	82	-	3,304	81,799	596,136
Current estimate[3]	118,116,492	53,084	202,108	43,292	47,965,098	166,380,074
Margin over current estimate	338,000	289	-	-	146,825	485,114
Prepaid premiums	1,527,814	-	-	-	253,081	1,780,895
Other long term insurance liabilities	-	-	-	-	-	-
Of which: general insurance liabilities	-	-	-	-	-	-
Reinsurance assets	**12,466,936**	**2**	**-**	**-**	**2,284,085**	**14,751,023**
Reinsurance liabilities	**1,585,018**	**9**	**-**	**-**	**214,590**	**1,799,617**

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

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

Insurance liabilities comprise (i) outstanding claims; (ii) current estimate; (iii) margin over current estimate; and (iv) prepaid premiums. They are measured in accordance with the Insurance (Valuation and Capital) Rules and are subject to an annual external audit.

Current Estimate:

- the probability-weighted average of the present value of future cash flows arising from the underlying insurance obligations, calculated using best estimated assumption with discounting at risk-free yield curves plus matching adjustment. Risk-free yield curves are published by the Insurance Authority (IA), as reference to the currency of the underlying insurance obligations.

Margin over current estimate:

- an additional provision to reflect the uncertainty of insurance-related liability cash flow as calibrated to 75th percentile.

Best estimated assumptions are intended to represent the best expectation of future long-term experience which covers not limited to mortality, expense and policyholder persistency assumption. They are derived principally using experience studies, with explicit consideration of data credibility and statistical reliability.

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

Assumptions and methodologies are reviewed on a regular basis. There were no material changes to the assumptions or methodology during the year.

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 2025		
	Total	Long term business	Of which belongs to: long term business – participating business
Gross premiums[4]	**40,152,446**	**40,152,446**	**37,755,506**
Regular premiums	*Not applicable*	11,493,105	10,147,517
Single premiums	*Not applicable*	28,659,341	27,607,989
Net premiums	**38,446,358**	**38,446,358**	**36,956,631**
Regular premiums	*Not applicable*	9,818,068	9,359,498
Single premiums	*Not applicable*	28,628,290	27,597,133
Gross claims paid	**15,997,554**	**15,997,554**	**11,141,575**
Net claims paid	**13,457,847**	**13,457,847**	**9,678,166**

Performance Analysis on Investment Returns

(Unit: in HKD thousands)	For the financial year ended 2025		
	Total	Long term business	Of which belongs to: long term business – participating business
Investment returns	**17,637,548**	**17,192,238**	**14,180,887**

[4] It refers to premiums received and receivable during the 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)	**17,123,783**	**13,988,037**
Interest rate risk RCA	2,476,076	2,866,103
Credit spread risk RCA	6,275,181	5,753,225
Equity risk RCA	8,257,945	5,911,394
Property risk RCA	626,213	436,799
Currency risk RCA	4,250,009	2,819,364
Diversification benefits within market risk	(4,761,641)	(3,798,848)
Life Insurance Risk (diversified RCA)	**2,234,677**	**2,001,450**
Mortality risk RCA	197,526	222,879
Longevity risk RCA	1,906	1,596
Life catastrophe risk RCA	15,000	15,000
Morbidity risk RCA	58,794	50,900
Expense risk RCA	399,101	400,345
Lapse risk RCA	1,977,857	1,734,471
Diversification benefits within life insurance risk	(415,507)	(423,741)
General Insurance Risk (diversified RCA)	**-**	**-**
Reserve and premium risk RCA	-	-
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	**300,974**	**242,544**
Diversification benefits among risk modules	(1,760,982)	(1,546,423)
Operational risk RCA	**1,606,354**	**1,725,709**
Adjustment for loss absorbing capacity cap	-	-
Adjustment for tax effect	(3,048,750)	(2,521,161)
Any other items which the IA may specify to adjust	-	-
Prescribed capital amount	**16,456,056**	**13,890,156**

(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	35,126,271	30,390,916
Limited Tier 1 capital	-	-
Tier 2 capital	870,833	1,045,000
Capital base	**35,997,104**	**31,435,916**

(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	**219%**	**226%**

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

The prescribed capital amount is predominantly driven by market risk.

The prescribed capital amount increased in 2025 compared with 2024, mainly attributed by new business and an increase in the countercyclical adjustment prescribed by Insurance Authority, which resulted in a higher equity risk capital amount.

The capital base increased in 2025 compared with 2024, mainly due to new business growth and favourable investment performance, partly offset by dividend payment.

Overall, the ratio of capital base to prescribed capital amount remains at a healthy level, supported by stronger capital base partly offset by increased prescribed capital amount.

8 Risk Management

(a) Risk appetite and risk governance framework

The Company manages risk using a Group-wide framework that sets out how the Company identifies, assesses and manages the main risks in the business. The Company's aim is to protect customers, meet regulatory requirements and remain financially strong.

The Company's risk appetite describes how much risk the Company is willing to accept when running the business. The Board reviews and approves this regularly and monitors it using key measures. During the year, the Company continued to use the same approach, with ongoing monitoring to ensure risks stayed within agreed limits.

Senior management is responsible for managing risk day to day, supported by specialist risk teams. The Board Risk Committee and other senior committees oversee key decisions and provide challenge where needed.

The Company also manages its assets and liabilities together at fund level to ensure it can meet customer payments when due, maintain appropriate liquidity and manage the impact of market movements.

(b) Insurance risk management

Insurance risk is the risk that claims and other costs are higher than expected, or occur at different times than expected. This can be affected by factors such as deaths, surrenders and expenses. The Company assesses these risks across the business and, where relevant, by product type, overseen by the Board.

The Company monitors whether there is higher exposure to particular groups of customers or types of cover, and sets limits and controls to avoid undue concentration.

The Company manages insurance risk through careful product design, appropriate pricing and approval, and ongoing reviews to check experience remains in line with expectations. The Company also uses underwriting to assess applications and manage exposure.

Where appropriate, the Company transfers part of the risk to other insurers (reinsurers). This helps keep risk within agreed limits and reduces volatility. The Company's actuarial governance reviews the key methods and assumptions used in these assessments.

(c) Investment risk management

The Company invests to meet payments to customers and to support long-term returns, while keeping enough cash available to meet obligations when they fall due and maintaining a strong capital position. The Company manages investment risk for the investment portfolio at fund level.

Key investment risks include changes in market prices (such as interest rates and share prices), the risk that an issuer or counterparty cannot pay, the risk of not having cash available when needed, and over-exposure to a single issuer, sector or region.

The Company manages these risks through diversification, clear investment limits, regular monitoring and reporting, and stress testing to understand how the portfolio could perform in adverse conditions. Where appropriate, the Company may use hedging to reduce specific risks.

(d) Other risk management (if any)

Operational risk is the risk of loss or disruption caused by failures in people, processes, systems or external events. The Company manages this through a structured approach to identifying key risks, maintaining effective controls, and tracking improvements, with the objective of managing risk within appetite.

The Company records and investigates incidents to understand root causes and prevent recurrence. The Company also assesses risk when making significant changes (such as new systems, outsourcing or major process changes) to ensure risks are identified and managed before and during implementation.

Senior committees oversee the operational risk profile, including key issues and actions, and escalate material matters for appropriate review and decision-making. Operational risk is ultimately overseen by the Board.

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 Hang Seng Insurance 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 Hang Seng Insurance 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 Hang Seng Insurance 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:	**Ching Sze Wan Winnie**
Position:	**Director**
Company Name:	**Hang Seng Insurance Company Limited**