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.

1 Company profile

(a) Authorized insurer's name

AIG INSURANCE HONG KONG LIMITED

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

AIG Insurance Hong Kong Limited (the "Company") offers a wide range of general insurance products for both consumer and commercial lines of business in both Hong Kong and Macau (being a branch of the Company).

(c) Description of corporate structure

The Company is incorporated in Hong Kong. The immediate holding company is AIG Aisa Pacific Insurance Pte. Ltd, a company incorporated in Singapore and the ultimate holding company is American International Group, Inc., a company incorporated in the United States of America.

2 Corporate governance framework

There are four Board-level committees in the governance structure of the Company, namely the Investment Committee, Remuneration Committee, Risk Committee and Audit Committee.

The Risk Committee assists the Board in carrying out its enterprise risk management oversight responsibilities on Company's key risks and solvency position.

The Audit Committee overseas financial reporting, reviews the adequacy and effectiveness of the Company's external and internal audit functions, internal financial controls, operational and compliance controls, risk management policies and systems.

The Investment Committee establishes and reviews the investment policy guidelines governing all invested assets of the Company, monitoring the investment performance and asset-liability matching profile.

The Remuneration Committee monitors remuneration matters and ensures independence is retained for the performance management process of the Company.

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	Total
Total assets	**6,352,874**	**6,486,713**
Cash and deposits	2,845,188	3,730,776
Debt securities	647,137	-
Equities (including portfolio investments)	-	-
Derivative financial instruments	-	-
Properties	-	-
Loans and advances	-	-
Reverse repurchase agreement	-	-
Other financial assets	688,770	739,561
Policyholder’s account assets in respect of unit linked products or retirement scheme	-	-
Reinsurance assets	2,027,933	1,943,608
Tax assets	12,727	3,820
Other assets	131,119	68,948
Total liabilities	**4,492,267**	**4,311,068**
Insurance liabilities	3,788,285	3,656,520
Reinsurance liabilities	-	-
Repurchase agreement	-	-
Derivative financial instruments	-	-
Other financial liabilities	480,433	480,853
Tax liabilities	4,454	27,787
Other liabilities	219,095	145,908
Net assets	**1,860,607**	**2,175,645**

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

Overall change in total assets composition was mainly debt securities which were newly added during the year.

Overall change in net assets position was mainly due to dividend remittance to the shareholder during the year, whilst maintaining a solvency ratio above the regulatory requirement.

4 Investments

(a) Assumptions and methods used for valuation of investments

Investments are measured at fair value with reference to publicly available quoted prices in active markets.

5 Insurance liabilities

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

Insurance Liabilities of General Business

(Unit: in HKD thousands)	As at 31 December 2025									
	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)										**3,788,285**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**77,517**	**194,973**	**58,187**	**334,739**	**1,450,165**	**1,507,384**	**48,081**	**117,239**	**-**	**3,788,285**
Outstanding claims liabilities	56,570	168,812	40,904	232,976	1,236,785	1,257,958	39,958	94,902	-	3,128,865
Premium liabilities	19,026	21,398	13,322	84,168	148,116	152,927	4,867	16,355	-	460,179
Margin over current estimate for outstanding claims liabilities	1,462	4,132	2,732	12,463	56,282	83,094	2,815	4,625	-	167,605
Margin over current estimate for premium liabilities	459	631	1,229	5,132	8,982	13,405	441	1,357	-	31,636
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**34,582**	**81,386**	**25,482**	**128,268**	**730,246**	**725,618**	**(20,463)**	**55,233**	**-**	**1,760,352**

(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)										**3,656,520**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**71,167**	**215,190**	**39,946**	**229,235**	**1,592,358**	**1,361,026**	**42,552**	**105,046**	**-**	**3,656,520**
Outstanding claims liabilities	52,154	179,688	32,352	158,500	1,377,138	1,115,568	34,208	89,215	-	3,038,823
Premium liabilities	17,082	30,126	5,144	59,191	144,586	157,420	5,498	10,661	-	429,708
Margin over current estimate for outstanding claims liabilities	1,440	4,498	2,011	8,913	61,950	74,233	2,333	3,659	-	159,037
Margin over current estimate for premium liabilities	491	878	439	2,631	8,684	13,805	513	1,511	-	28,952
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**34,703**	**93,081**	**15,800**	**96,039**	**792,270**	**661,904**	**(28,687)**	**47,802**	**-**	**1,712,912**

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

> Standard actuarial methodologies are adopted in the valuation of best estimate insurance liabilities, including the Chain Ladder method, Bornhuetter-Ferguson method, and Expected Loss Ratio method. Key assumptions in these methods include Loss Development Factors and Expected Loss Ratios. These assumptions are selected based on historical experience, factoring in recent trends such as rate changes.
>
> Margin Over Current Estimate is assessed at 75th percentile probability of adequacy.
>
> Discount rates applied are derived from the specified risk-free yield curves published by the Hong Kong Insurance Authority.

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

> The discount rates adopted are reduced from the previous year end, as derived from the specified risk-free yield curves published by the Hong Kong Insurance Authority. This leads to an overall increase in the insurance liabilities from the previous year end.
>
> There is no material change in the assumption approach for undiscounted liabilities or Margin Over Current Estimate.

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 31 December 2025
	Total
Gross premiums	**1,649,348**
Net premiums	**622,960**
Gross claims paid	**808,113**
Net claims paid	**338,367**

Performance Analysis on Investment Returns

(Unit: in HKD thousands)	For the financial year ended 31 December 2025
	Total
Investment returns	**115,814**

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

Underwriting Results of General Business

(Unit: in HKD thousands)	For the financial year ended 31 December 2025									
	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	
Gross premium	237,137	89,799	66,165	198,025	476,856	459,734	43,049	78,583	-	1,649,348
Net premium	77,157	24,665	24,825	59,818	209,903	177,208	14,693	34,691	-	622,960
Net undiscounted best estimate combined business results, relating to current year	18,021	(2,637)	(238)	(45,457)	(28,066)	(2,497)	3,887	(6,878)	-	(63,865)
Net undiscounted best estimate combined business results, relating to prior year	(231)	5,969	2,801	8,869	74,179	3,156	(5,747)	(3,662)	-	85,334
Undiscounted underwriting results - profit / (loss)	**17,768**	**3,698**	**1,842**	**(40,138)**	**51,781**	**(8,202)**	**(2,342)**	**(11,287)**	**-**	**13,120**

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)	**11,272**	**65,926**
Interest rate risk RCA	8,172	64,088
Credit spread risk RCA	-	-
Equity risk RCA	-	-
Property risk RCA	-	-
Currency risk RCA	5,985	6,243
Diversification benefits within market risk	(2,885)	(4,405)
General Insurance Risk (diversified RCA)	**429,861**	**431,965**
Reserve and premium risk RCA	405,495	403,198
Natural catastrophe risk RCA	51,174	50,587
Man-made non-systemic catastrophe risk RCA	52,650	67,072
Man-made systemic catastrophe risk RCA	5,691	3,756
Mortgage insurance risk RCA	-	-
Diversification benefits within general insurance risk	(85,149)	(92,648)
Counterparty default and other risk RCA	**103,756**	**139,868**
Diversification benefits among risk modules	(74,803)	(128,288)
Operational risk RCA	**96,489**	**95,385**
Adjustment for loss absorbing capacity cap	-	-
Adjustment for tax effect	-	-
Any other items which the IA may specify to adjust	-	-
Prescribed capital amount	**566,575**	**604,856**

(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	1,812,935	2,137,307
Limited Tier 1 capital	-	-
Tier 2 capital	47,672	38,338
Capital base	**1,860,607**	**2,175,645**

(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	**328%**	**360%**

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

> Change of capital base and solvency ratio were mainly due to dividend remittance to the shareholder during the year.
>
> Reduction in Interest Rate Risk RCA is due to increased asset duration from debt securities, which were newly added during the year.

8 Risk Management

(a) Risk appetite and risk governance framework

> Risk management is an integral part of business strategy and a key element of corporate governance. An integrated process is in place for managing risks in accordance with the Company's risk appetite, which integrates stakeholders' interests, strategic business goals and available financial resources through the establishment and maintenance of tolerances and limits on material risks. The Company takes measured risks that generate repeatable, sustainable earnings and produce long-term value.
>
> The Company maintains a Board-approved Risk Management Framework ("RMF") that describes the systems for identifying, measuring, evaluating, monitoring, reporting, and controlling or mitigating material risks together with the structures, processes, policies and roles supporting the management of risks.
>
> The Board of Directors has oversight responsibility for the management of risk. A Three Lines model is employed for risk governance framework. The business leaders assume full accountability for the risks and controls in their segments and functions, and Enterprise Risk Management ("ERM") and other second line functions have review, challenge and oversight functions. The third line consists of our Internal Audit Group that provides independent assurance to our Board of Directors.
>
> The risk exposure associated with the matching of our assets and liabilities is managed under a robust framework that contains defined risk limits and minimum standards aligned with our risk appetite.

(b) Insurance risk management

The Company remains disciplined in selecting risks, ensuring premium adequacy, and setting appropriate terms and conditions for the risks accepted.

The Company operates on a global basis and is exposed to a wide variety of risks with different time horizons. These risks are managed through a number of processes and procedures, including but not limited to, pricing and risk selection models, pricing approval processes, pre-launch approval of product design, development, and distribution, underwriting approval processes and authorities, modeling and reporting of aggregations and limit concentrations at multiple levels, model risk management framework and validation processes, risk transfer tools, review of actuarial profitability and reserves, management of the relationship between assets and liabilities, utilization of reinsurance and experience monitoring and assumption updates.

Key risks may include:

1. Loss reserves, underwriting, catastrophe exposure, single risk loss exposure, and reinsurance.
2. Potential inadequacy of premiums charged for future risk periods on risks underwritten can impact the ability to achieve an underwriting profit.
3. Exposure to catastrophic events, including natural disasters, man-made catastrophes, or pandemic disease, in which multiple losses can occur and affect multiple lines of business in any calendar year, adversely affecting business and operating results.
4. Exposure to loss events, such as fires or earthquakes, that have the potential to generate losses from a single insured client.

Insurance risk is closely managed by monitoring and controlling the nature and geographic location of the risks in each underwritten line of business, concentrations in industries, the terms and conditions of the underwriting and the premiums charged for taking on the risk. Concentrations of risks are analyzed using various modeling techniques, including both probability distributions and/or single-point estimates approaches.

(c) Investment risk management

The Investment Committee is responsible for establishing and regularly reviewing the Company's investment policy, which governs all investments, as well as the oversight, acquisition, disposal and management of all such investments in accordance with the policy. Investment risk exposure is managed under a robust framework that contains defined risk limits and minimum standards aligned with the investment policy and risk appetite. The risk is overseen by the Investment Committee and the Risk Committee, and is managed by Finance, Treasury and Investment functions, in partnership with ERM. Information regarding the investment portfolio, including but not limited to asset class, counterparty, credit rating, cashflow, duration, currency mix and concentration are regularly monitored by the Investment Committee. Breaches to the investment policy are reported to the Investment Committee and the Risk Committee.

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 AIG Insurance Hong Kong 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 AIG Insurance Hong Kong 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 AIG Insurance Hong Kong 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:	Poon Suk Fong, Louisa
Position:	Director, Interim GM and CFO
Company Name:	AIG Insurance Hong Kong Limited