Public Disclosure

QBE HONGKONG & SHANGHAI INSURANCE LIMITED

For the financial year ended 31 December 2025

This disclosure statement is prepared in accordance with the requirements under the Insurance (Valuation and Capital) Rules and the draft Insurance (Public Disclosure) Rules.

1. Company profile

1.1 Authorized insurer's name

QBE HONGKONG & SHANGHAI INSURANCE LIMITED

1.2 Nature of the business, and places of business operations

QBE Hongkong & Shanghai Insurance Limited (the "Company") is authorised to carry on general insurance business. The Company underwrites non-life commercial and personal insurance risks, including employees' compensation, property damage, general liability, motor vehicles and accident and health insurance, together with other general insurance products such as marine, engineering and pecuniary loss.

The Company is incorporated and domiciled in Hong Kong. Its registered office and principal place of business is 33rd Floor, Oxford House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. The Company's principal activities are carried out in Hong Kong and in Macau through a branch.

The Company distributes its products through a number of intermediaries, including agency, broker and bancassurance channels, and serves corporate, commercial and personal customers. During the financial year, there were no material changes to the Company's business.

1.3 Description of corporate structure

The Company is a limited liability company incorporated and domiciled in Hong Kong. The ultimate parent company is QBE Insurance Group Limited, a company incorporated in Australia and listed on the Australian Securities Exchange.

2. Corporate governance framework

The Company maintains a corporate governance framework designed to support effective Board oversight, clear accountability, sound risk management and regulatory compliance. The framework is aligned with QBE Group governance requirements and is proportionate to the nature, scale and complexity of the Company's operation.

The Board of Directors has ultimate responsibility for the governance and oversight of the Company, including the approval of strategy, risk appetite, capital management, financial reporting, internal controls and regulatory compliance. The Board is also responsible for approving the Company's Own Risk and Solvency Assessment ("ORSA") and overseeing the

Company's capital adequacy and solvency position under the Hong Kong Risk-Based Capital ("RBC") regime.

Management is responsible for implementing the Board-approved strategy, policies and controls, and for managing the day-to-day operations of the business.

The governance framework is supported by relevant Board committees, including the Board Risk and Capital Committee (“BRCC”) and Board Audit Committee (“BAC”), which provide oversight of risk management, capital adequacy, liquidity, financial reporting, internal audit and compliance matters. In addition, management committees oversee underwriting, reinsurance, investment, operational, risk and compliance activities.

Significant matters are escalated to the Board as appropriate through established reporting and governance processes, such as presentation in board meetings, following through Board instructed follow up actions, and passing of circular resolutions during board meetings for important business matters.

Risk governance is supported by QBE’s Enterprise Risk Management ("ERM") Framework and the Three Lines Model. Business management is accountable for identifying, owning and controlling risks; Risk and Compliance functions provide independent oversight, challenge and reporting on the adequacy and effectiveness of risk management; and Internal Audit provides independent assurance on the effectiveness and integrity of risk management to the Board and Senior Executives. The framework covers all material risk classes, including insurance, market, credit, liquidity, operational, compliance, strategic and group risks.

The Company's risk profile, capital adequacy, solvency position, liquidity, risk appetite metrics and key control environment are monitored through regular management reporting, risk and control self-assessments, stress and scenario testing, control assurance activities and periodic committee reviews.

The Company maintains governance arrangements to ensure that Directors, Key Persons in Control Functions and senior management personnel remain fit and proper to perform their respective roles. This includes oversight of appointments, ongoing suitability assessments, training and succession planning.

The Company also maintains governance and oversight arrangements in relation to outsourced and group-supported activities. Material outsourced services and intra-group arrangements are subject to appropriate oversight, performance monitoring and reporting to ensure that the Company continues to meet its regulatory obligations and retains responsibility for outsourced functions.

The governance framework includes processes for monitoring legal and regulatory developments, assessing regulatory change impacts and implementing required changes to policies, procedures and controls in a timely manner.

The governance framework also supports appropriate conduct risk management and customer outcome considerations through product governance, complaints management, regulatory compliance monitoring and oversight of customer-related risks.

3. Financial position

3.1 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	General business	Shareholders' fund	**Total**	General business	Shareholders ' fund
Total assets	**4,655,801**	**3,787,817**	**867,984**	**4,176,841**	**3,308,857**	**867,984**
Cash and deposits	1,954,593	1,086,609	867,984	2,656,918	1,788,934	867,984
Debt securities	1,754,670	1,754,670	-	827,525	827,525	-
Other financial assets	354,891	354,891	-	360,136	360,136	-
Reinsurance assets	247,787	247,787	-	258,978	258,978	-
Other assets	343,860	343,860	-	73,285	73,285	-
Total liabilities	**3,329,574**	**3,329,574**	**-**	**2,927,067**	**2,927,067**	**-**
Insurance liabilities	2,623,326	2,623,326	-	2,591,282	2,591,282	-
Reinsurance liabilities	2,663	2,663	-	2,968	2,968	-
Other financial liabilities	199,111	199,111	-	92,755	92,755	-
Tax liabilities	4,781	4,781	-	85	85	-
Other liabilities	499,692	499,692	-	239,977	239,977	-
Net assets	**1,326,226**	**458,242**	**867,984**	**1,249,774**	**381,790**	**867,984**

3.2 Material change or other commentary of balance sheet items

(a) Total assets increased by HKD 479.0 million from HKD 4,176.8 million as at 31 December 2024 to HKD 4,655.8 million as at 31 December 2025. The increase was mainly driven by profitable business growth during the year, leading to a significant increase in investment debt securities, partly offset by a decrease in cash and deposits.

(b) Debt securities increased by HKD 927.1 million, from HKD 827.5 million to HKD 1,754.7 million, while cash and deposits decreased by HKD 702.3 million, from HKD 2,656.9 million to HKD 1,954.6 million. The movement primarily reflected a change in asset mix from cash and deposits into debt securities during the year within our risk appetite.

(c) Other financial liabilities increased compared to last year mainly due to dividend payable of HKD 78 million. Both other assets and other liabilities increased compared to last year mainly due to purchase and disposal of financial assets transacted but unsettled at 2025 year end date.

(d) Net assets increased by HKD 76.5 million, from HKD 1,249.8 million as at 31 December 2024 to HKD 1,326.2 million as at 31 December 2025. The increase was mainly attributable to insurance profit generated during the year, partially offset by a dividend of HKD 78 million.

4. Investments

4.1 Assumptions and methods used for valuation of investments

Investments are valued in accordance with the Insurance (Valuation and Capital) Rules and the Company's investment valuation policies.

Debt securities, including government and corporate bonds, are generally measured at market value at the reporting date. Investment valuations are subject to established governance, review and control processes.

4.2 Material change in assumptions and methods, or other commentary on investments

There were no material changes in the assumptions or methods used for the valuation of investments during the financial year ended 31 December 2025 compared with the prior year.

5. Insurance liabilities

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

Insurance Liabilities of General Business

(Unit: in HKD thousands)	As at 31/12/2025									
	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)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	2,623,326
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**68,687**	**474,054**	**65,504**	**322,921**	**840,593**	**506,015**	**37,652**	**307,901**	**-**	**2,623,326**
Outstanding claims liabilities	34,821	366,373	47,768	239,468	663,577	418,242	27,123	248,336	-	2,045,708
Premium liabilities	28,080	67,795	13,553	59,998	115,717	55,862	8,024	38,146	-	387,176
Margin over current estimate for outstanding claims liabilities	3,076	33,285	3,178	16,941	49,488	27,419	1,530	17,693	-	152,610
Margin over current estimate for premium liabilities	2,711	6,601	1,005	6,514	11,811	4,491	975	3,725	-	37,833
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**68,662**	**472,805**	**53,327**	**290,872**	**758,631**	**418,707**	**29,989**	**282,546**	**-**	**2,375,539**

(Unit: in HKD thousands)	As at 31/12/2024									
	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)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	2,591,282
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**71,441**	**513,345**	**85,665**	**276,071**	**828,481**	**470,451**	**42,559**	**303,269**	**-**	**2,591,282**
Outstanding claims liabilities	37,121	400,951	65,725	207,368	670,984	391,903	33,050	250,478	-	2,057,579
Premium liabilities	28,844	68,807	14,551	52,148	97,240	51,654	7,403	36,081	-	356,727
Margin over current estimate for outstanding claims liabilities	3,123	37,222	4,263	12,024	50,741	23,321	1,525	13,743	-	145,961
Margin over current estimate for premium liabilities	2,354	6,365	1,127	4,531	9,517	3,574	582	2,967	-	31,016
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**71,441**	**512,107**	**80,916**	**232,614**	**751,479**	**402,744**	**29,670**	**251,336**	**-**	**2,332,307**

5.2 Assumptions and method used to derive the assumptions for determining insurance liabilities

Insurance liabilities are determined in accordance with the Insurance (Valuation and Capital) Rules and the Company's actuarial reserving policies.

The main assumptions include expected future claims development, ultimate claims costs, claims settlement patterns, premium liabilities, reinsurance recoveries and margins over current estimate.

These assumptions are based on historical claims experience, premium and exposure data, business mix, large loss experience, past and emerging claims trends and actuarial judgement.

Future cash flows are discounted where appropriate using discount rates determined under the Insurance (Valuation and Capital) Rules.

Reserve adequacy is subject to regular actuarial review, reserving committee oversight.

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

There were no material changes in the assumptions or methods used to determine insurance liabilities during the financial year ended 31 December 2025 compared with the prior year.

Changes in insurance liabilities during the year mainly reflected updated claims experience, business volume, claims settlement activity, reinsurance recoveries and market discount rates.

6. Financial performance

6.1 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	For the financial year ended 31 December 2024
	General business	General business
Gross premiums	1,375,916	1,267,049
Net premiums	1,208,399	1,132,578
Gross claims paid	481,601	447,614
Net claims paid	457,046	435,563

Performance Analysis on Investment Returns

(Unit: in HKD thousands)	For the financial year ended 31/12/2025			For the financial year ended 31/12/2024		
	Total	General business	Shareholders' fund	**Total**	General business	Shareholders' fund
Investment returns	**133,920**	133,920	-	**114,641**	114,641	-

6.2 Material change or other commentary of financial performance

There was no material change in the Company's financial performance for the financial year ended 31 December 2025 compared with the prior year.

Premiums and claims increased in line with normal business growth. Investment returns also increased, reflecting the larger investment portfolio as the business expanded, mainly comprising government bonds and time deposits.

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

Underwriting Results of General Business

(Unit: in HKD thousands)	For the financial year ended 31/12/2025									
	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	130,527	222,360	57,700	206,538	367,350	186,296	28,295	176,850	-	1,375,916
Net premium	129,332	219,761	42,685	145,072	360,930	159,642	16,989	133,988	-	1,208,399
Net undiscounted best estimate combined business results, relating to current year	(4,443)	(4,444)	8,783	(60,196)	40,172	7,135	(396)	(9,730)	-	(23,119)
Net undiscounted best estimate combined business results, relating to prior year	3,169	22,016	5,871	25,676	36,651	15,816	4,783	18,844	-	132,826
Undiscounted underwriting results - profit / (loss)	**(1,228)**	**21,509**	**15,738**	**(39,437)**	**78,075**	**18,851**	**4,381**	**5,163**	**-**	**103,052**

(Unit: in HKD thousands)	For the financial year ended 31/12/2025									
	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	131,973	227,074	62,875	162,822	325,058	181,347	25,707	150,193	-	1,267,049
Net premium	131,453	222,918	55,884	112,464	317,781	156,413	18,312	117,353	-	1,132,578
Net undiscounted best estimate combined business results, relating to current year	1,375	3,856	(11,813)	(9,801)	(3,569)	8,745	2,636	(2,076)	-	(10,647)
Net undiscounted best estimate combined business results, relating to prior year	1,020	118	21,452	17,187	34,637	22,555	5,038	6,611	-	108,618
Undiscounted underwriting results - profit / (loss)	**2,395**	**3,974**	**9,639**	**7,386**	**31,068**	**31,300**	**7,674**	**4,535**	**-**	**97,971**

6.4 Material change or other commentary of underwriting results

Most lines of business remained profitable for the financial year ended 31 December 2025 when compared with the prior year. The overall underwriting result increased from a profit of HKD 98.0 million in 2024 to HKD 103.1 million in 2025.

The property damage line recorded an underwriting loss in 2025, compared with an underwriting profit in 2024. The deterioration was mainly due to the Tai Po fire loss during the year.

The loss in property damage was offset by stronger underwriting results in other lines of business, particularly employees' compensation and motor vehicle. The motor vehicle business recorded a favourable result mainly due to prior year claims release.

Overall, there was no material adverse change in the Company's underwriting performance compared with the prior year.

7. Capital adequacy

7.1 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)

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Market risk (diversified RCA)	**20,539**	**43,494**
Interest rate risk RCA	7,074	36,674
Credit spread risk RCA	2,561	-
Currency risk RCA	16,855	15,947
Diversification benefits within market risk	(5,950)	(9,127)
General Insurance Risk (diversified RCA)	**562,261**	**540,315**
Reserve and premium risk RCA	506,421	488,074
Natural catastrophe risk RCA	143,907	132,534
Man-made non-systemic catastrophe risk RCA	36,805	44,871
Diversification benefits within general insurance risk	(124,872)	(125,162)
Counterparty default and other risk RCA	**39,056**	**43,664**
Diversification benefits among risk modules	(42,858)	(61,580)
Operational risk RCA	**66,564**	**66,393**
Adjustment for tax effect	(59,697)	(54,548)
Any other items which the IA may specify to adjust	-	-
Prescribed capital amount	**585,866**	**577,738**

7.2 Composition of capital base determined in accordance with the Insurance (Valuation and Capital) Rules

Capital Base

(Unit: in HKD thousands)	As at 31/12/2025	As at 31/12/2024
Unlimited Tier 1 capital	1,312,054	1,225,865
Limited Tier 1 capital	-	-
Tier 2 capital	14,172	23,909
Capital base	**1,326,226**	**1,249,774**

7.3 Ratio of capital base to prescribed capital amount

	As at 31/12/2025	As at 31/12/2024
Ratio of capital base to prescribed capital amount	**226.37%**	**216.32%**

7.4 Material change or other commentary of prescribed capital amount, capital base, and ratio of capital base to prescribed capital amount

The Company's solvency ratio improved from 216.32% as at 31 December 2024 to 226.37% as at 31 December 2025. The improvement was mainly contributed by insurance profit generated during the year. The Company remained well capitalised and continued to meet the applicable capital requirements during the year.

The prescribed capital amount increased slightly from HKD 577.7 million to HKD 585.9 million. The increase was mainly driven by higher general insurance risk, partly offset by lower market risk.

General insurance risk remained the largest component of the prescribed capital amount. The increase mainly reflected higher reserve and premium risk and natural catastrophe risk, arising from increase in business volume and risk exposure during the year.

Market risk decreased compared with the prior year, mainly due to lower interest rate risk, partly offset by the recognition of credit spread risk following the increase in debt securities. Counterparty default and other risk, and operational risk, remained broadly stable.

The capital base increased from HKD 1,249.8 million to HKD 1,326.2 million. The increase was mainly attributable to insurance profit generated during the year, partially offset by a dividend of HKD 78.0 million.

8. Risk management

8.1 Risk appetite and risk governance framework

The Company manages risks under QBE's enterprise risk management framework, which covers risk appetite, governance, policies, controls and reporting.

The Board approves the Company's risk appetite and key risk management policies. Management is responsible for operating within the approved risk appetite and maintaining effective controls.

Material risks are monitored through regular reporting, risk and control self-assessments, key risk indicators, stress and scenarios testing, capital and solvency monitoring, and escalation of significant matters. The Company's overall risk appetite or risk governance framework remained unchanged during the year.

8.2 Insurance risk management

Insurance risk arises from underwriting, pricing, reserving and catastrophe exposures, including fluctuations in the frequency, severity and timing of insured events and claims settlements relative to expectations.

Insurance risk represents the largest component of the Company's RBC capital requirements and is principally driven by reserve, premium and catastrophe risks.

The Company manages insurance risk through underwriting and reinsurance strategies, delegated authorities, technical pricing adequacy reviews, claims management control, reserving reviews and monitoring of portfolio performance.

Reinsurance is used to manage exposure to large losses, catastrophe events and accumulation risk. Significant claims, reserving matters and underwriting performance are reviewed regularly and escalated where required.

8.3 Investment risk management

The Company maintains a prudent and liquid investment portfolio to support policyholder obligations, capital adequacy and liquidity requirements. The portfolio mainly consists of high credit rating government bonds, corporate bonds and time deposits placed with well-recognised banks.

Investment risks, including interest rate, credit spread, foreign exchange, counterparty, liquidity and concentration risks, are managed through approved investment mandates, credit quality requirements, assets allocations limits, diversification and regular monitoring.

There were no new material types of investment products introduced during the year.

8.4 Other risk management

Other material risks include operational, compliance, technology and cyber, and group risks.

These risks are monitored through established policies, governance processes, training, control testing and management oversight. Material incidents and matters outside risk appetite are escalated to senior management, the Board Risk and Capital Committee and the Board as appropriate.

As at 2025 year-end, the Company remained within tolerance for risk appetite of operational and compliance risks, with no material regulatory breaches or operational control failures reported.

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 QBE HONGKONG & SHANGHAI INSURANCE LIMITED;

(ii) I am satisfied that the information in this disclosure statement is prepared in accordance with the Insurance (Valuation and Capital) Rules and the Insurance (Public Disclosure) Rules (subject to any applicable variation or relaxation);

(iii) The information disclosed in this disclosure statement can be reconciled with the audited specified annual forms of QBE HONGKONG & SHANGHAI INSURANCE LIMITED's annual returns for the financial year to which this disclosure statement relates, as submitted under rule 4 of the Insurance (Submission of Statements, Reports and Information) Rules; and

(iv) I am satisfied that QBE HONGKONG & SHANGHAI INSURANCE LIMITED has complied with all capital requirements that apply to it under the Insurance (Valuation and Capital) Rules, during the financial year to which this disclosure statement relates.

Name: Lei Yu

Position: CEO

Company name: QBE HONGKONG & SHANGHAI INSURANCE LIMITED

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Insurance