Bupa (Asia) Limited Disclosure Statement

For the year ended

31 December 2025

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

Bupa (Asia) Limited

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

Provision of medical insurance, Hong Kong

(c) Description of corporate structure

The immediate holding companies of the Company are Bupa International Limited and Bupa Investments Limited. The ultimate holding company of the Company is The British United Provident Association Limited.

2 Corporate governance framework

Bupa (Asia) Limited (the "Company") is a subsidiary of The British United Provident Association Limited, the ultimate holding company of Bupa Group. The Company operates within the strategic direction, risk appetite, and various governance framework and policies established by the Company's Board, while aligning with Group-wide policies and standards.

The Company's Board has established a number of key committees to support the effective execution of its governance and oversight responsibilities and to ensure compliance with the relevant regulatory requirements. These committees operate under clearly defined terms of reference and provide focused oversight in critical areas of the Company's operations. The principle committees include Risk Committee (which oversees the Company's risk management framework and monitors key risks and adherence to the approved risk appetite); the Audit Committee (which oversees the integrity of financial reporting, key accounting considerations, internal financial controls, and internal and external audit processes); and the Nomination Committee (which oversees Board composition, including recommendation of candidates for appointment).

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	**3,644,024**	**3,166,598**
Cash and deposits	2,791,934	2,243,958
Other financial assets	370,966	502,306
Reinsurance assets	408,436	356,922
Tax assets	54,925	28,327
Other assets	17,763	35,085
Total liabilities	**2,242,148**	**2,027,680**
Insurance liabilities	2,018,462	1,896,168
Other financial liabilities	176,852	61,341
Tax liabilities	2,549	-
Other liabilities	44,285	70,171
Net assets	**1,401,876**	**1,138,919**

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

Net Assets
The overall increase in net assets was due to the net impact of profit generated during the year offset by dividend distribution.

Cash and deposits
The increase in cash and deposits was due to the net impact of profits generated and timing of settlements during the period.

Insurance liabilities
The increase in insurance liabilities was mainly due to combined impact of higher outstanding claims liabilities and increase in unearned premiums resulting from higher gross written premiums.

4 Investments

(a) Assumptions and methods used for valuation of investments

The Company did not hold any investments other than bank deposits.

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

N/A

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)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**2,018,462**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**2,016,066**	**-**	**-**	**-**	**-**	**-**	**-**	**2,396**	**-**	**2,018,462**
Outstanding claims liabilities	453,263	-	-	-	-	-	-	330	-	453,593
Premium liabilities	1,477,872	-	-	-	-	-	-	1,946	-	1,479,818
Margin over current estimate for outstanding claims liabilities	27,428	-	-	-	-	-	-	26	-	27,455
Margin over current estimate for premium liabilities	57,502	-	-	-	-	-	-	94	-	57,596
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**1,607,630**	**-**	**-**	**-**	**-**	**-**	**-**	**2,396**	**-**	**1,610,026**

(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 (<u>gross</u> of reinsurance)	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**1,896,168**
Total general insurance liabilities excluding other general insurance liabilities (<u>gross</u> of reinsurance)	**1,892,264**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,892,264**
Outstanding claims liabilities	419,066	-	-	-	-	-	-	-	-	419,066
Premium liabilities	1,415,545	-	-	-	-	-	-	-	-	1,415,545
Margin over current estimate for outstanding claims liabilities	26,507	-	-	-	-	-	-	-	-	26,507
Margin over current estimate for premium liabilities	31,147	-	-	-	-	-	-	-	-	31,147
Total general insurance liabilities excluding other general insurance liabilities (<u>net</u> of reinsurance)	**1,535,342**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,535,342**

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

Assumptions used in determining insurance liabilities are selected in accordance with the Insurance (Valuation and Capital) Rules and reflect the recent experience of the portfolio. For claims liabilities, assumptions include completion factors to assess IBNR, reimbursement ratios for reported but unsettled claims, claims handling expense ratios, and MOCE ratio. For premium liabilities, assumptions cover future claims costs, future premium exposure allowing for lapse and rate changes, expense assumptions, experience refunds, and MOCE.

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

The assumptions used in the calculation of insurance liabilities are reviewed regularly and have been refreshed based on recent claims experience and observed inflationary trends. There has been no material change in the underlying assumption framework or valuation methodology.

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	For the financial year ended 31 December 2024
	Total	**Total**
Gross premiums	4,667,895	4,192,702
Net premiums	3,697,891	3,333,899
Gross claims paid	3,053,615	3,074,877
Net claims paid	2,459,716	2,551,591

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
	Total	**Total**
Investment returns	81,243	85,545

(b) Material change or other commentary of financial performance

Premiums

The increase in premiums was mainly due to the net impact of price changes and membership movements during the year.

Claims paid

The decrease in claims was mainly due to the net impact of claims inflation and membership movements during the year.

(c) 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	4,661,857	-	-	-	-	-	-	6,038	-	4,667,895
Net premium	3,691,853	-	-	-	-	-	-	6,038	-	3,697,891
Net undiscounted best estimate combined business results, relating to current year	105,081	-	-	-	-	-	-	2,647	-	107,727
Net undiscounted best estimate combined business results, relating to prior year	103,133	-	-	-	-	-	-	(274)	-	102,859
Undiscounted underwriting results - profit / (loss)	**207,292**	**-**	**-**	**-**	**-**	**-**	**-**	**2,346**	**-**	**209,638**

(Unit: in HKD thousands)	For the financial year ended 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	
Gross premium	4,187,746	-	-	-	-	-	-	4,957	-	4,192,702
Net premium	3,328,942	-	-	-	-	-	-	4,957	-	3,333,899
Net undiscounted best estimate combined business results, relating to current year	(128,980)	-	-	-	-	-	-	1,333	-	(127,647)
Net undiscounted best estimate combined business results, relating to prior year	59,763	-	-	-	-	-	-	-	-	59,763
Undiscounted underwriting results – profit / (loss)	**(69,216)**	**-**	**-**	**-**	**-**	**-**	**-**	**1,333**	**-**	**(67,883)**

(d) Material change or other commentary of underwriting results

The improved undiscounted underwriting results were mainly attributable to the growth in direct insurance business.

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)	**15,121**	**2,938**
Interest rate risk RCA	6,888	1,029
Currency risk RCA	11,849	2,507
Diversification benefits within market risk	(3,616)	(598)
General Insurance Risk (diversified RCA)	**426,184**	**380,672**
Reserve and premium risk RCA	426,184	380,672
Counterparty default and other risk RCA	**51,089**	**52,497**
Diversification benefits among risk modules	(46,337)	(38,233)
Operational risk RCA	**128,367**	**115,299**
Adjustment for tax effect	(75,824)	-
Prescribed capital amount	**498,600**	**513,174**

(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	1,346,951	1,138,919
Tier 2 capital	54,925	-
Capital base	**1,401,876**	**1,138,919**

(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	**281%**	**222%**

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

The capital base as at 31 December 2025 has improved, mainly driven by profits generated during the year, offset by dividend distribution.

The prescribed capital amount continues to be driven mainly by insurance risk, which remains the largest component before diversification.

The movement in the prescribed capital amount was mainly attributable to changes in tax related adjustments.

8 Risk Management

(a) Risk appetite and risk governance framework

Bupa (Asia) Limited maintains a risk appetite and governance framework aligned with the nature, scale and complexity of its health insurance business and applicable regulatory requirements. The framework supports prudent risk-taking, business planning, risk monitoring, escalation and management actions.

Risk appetite is expressed through qualitative principles and supporting thresholds covering key areas including financial strength, insurance risk, conduct, information security, privacy and operational risk. The Company seeks to maintain appropriate levels of capital and liquidity, accept short-term insurance risks where its health insurance expertise provides a competitive advantage, delivers good customer outcomes, protects customer and business information, and avoids material adverse impacts from operational failures.

Financial strength is managed by monitoring capital, liquidity, counterparty exposures, and investment-related risks. Asset and liability management reflects the short-tailed nature of the Company's health insurance liabilities, with a focus on liquidity, asset quality, and the timing and currency of claims and other obligations.

The Board of Directors has ultimate responsibility for the oversight of risk management. The Board approves the Company's risk appetite, key policies and strategic direction, and receives regular reporting on material risk exposures, the solvency position, liquidity and emerging risks. Senior management is responsible for implementing the Risk Management Framework ("RMF") and ensuring that risk management is embedded in day-to-day decision-making. Relevant management committees support the Board and senior management by reviewing underwriting, pricing, claims, reserving, investment, capital and operational risk matters.

During the financial year, the Capital Risk Appetite was revised from 200% to 190%, reflecting the Company's current risk profile and lower claims volatility experience; other aspects of the framework remained broadly unchanged.

(b) Insurance risk management

Insurance risk is the principal risk arising from the Company's business, primarily driven by the underwriting of health insurance contracts and the uncertainty in claims frequency, claims severity, medical cost inflation and policyholder behavior. Given the Company's portfolio is largely concentrated in Hong Kong, it is also exposed to systemic health events and changes in healthcare utilization patterns.

Insurance risk is assessed through regular monitoring of claims experience, loss ratios, utilization trends and reserving adequacy, supported by actuarial analysis, sensitivity testing and scenario analysis. These assessments are used to inform pricing, reserving and capital management decisions.

Insurance risk is managed through a combination of controls embedded in business processes, including:

- disciplined underwriting, pricing and approval processes, supported by underwriting guidelines, product governance and delegated authority limits

- regular review of pricing assumptions, including claims inflation, utilization trends and expense levels

- claims management processes, including adjudication controls, pre-authorization and provider network management

- ongoing monitoring of experience against assumptions, with escalation of adverse trends

Reinsurance is used selectively to mitigate exposure and reduce volatility, with arrangements placed with reputable counterparties and subject to ongoing credit risk monitoring.

Insurance risk governance is supported by management committees responsible for underwriting, pricing, claims and reserving matters, which review portfolio performance, emerging risks and the effectiveness of management actions on a regular basis. Material matters are escalated to senior management and, where appropriate, to the Board.

(c) Investment risk management

Investment and financial risks arise from assets backing insurance liabilities and capital resources and are managed under a Board-approved investment and treasury strategy. The strategy focuses on capital preservation, liquidity and asset quality, and is overseen by the Asia-Pacific Regional Head Office Investment Committee, which reviews and monitors significant risks on a regular basis.

The Company adopts a conservative investment approach, with exposures primarily to cash, deposits and high-quality debt instruments. Key financial risks are managed as follows:

- Credit risk: managed by ensuring counterparties are rated at least A- by major rating agencies, with criteria to ensure an appropriate spread of risk. Credit risk arises mainly from exposures to banks, debt instruments and reinsurance counterparties.

- Interest rate risk: exposure arises primarily through cash, deposits and a loan to the immediate holding company. Sensitivity analysis is performed to assess the impact of interest rate changes, and exposures are managed in line with the characteristics of liabilities.

- Liquidity risk: managed by maintaining sufficient cash and liquid assets to meet obligations as they fall due, with regular monitoring of claims and operating cash flows.

- Currency risk: exposures arise mainly to United States dollars (“USD”). The Hong Kong dollar is pegged to USD, minimizing exchange rate risk, while other exposures are kept within acceptable levels.

- Concentration risk: managed through diversification across counterparties and asset classes, supported by established limits and monitoring. The Company does not hold significant exposures to equity or other volatile asset classes.

Financial assets are managed in accordance with applicable accounting standards and regulatory requirements, and risk management practices are consistent with those applied in the financial statements.

(d) Other risk management

In addition to insurance and investment risks, the Company manages operational, compliance, strategic and emerging risks through its risk management framework.

- Operational risk is managed through internal controls, incident reporting, business continuity planning, outsourcing oversight, information security, privacy and data protection controls. The Company also monitors cyber, fraud and technology-related risks, including risks arising from new technologies and evolving digital operating models.
- Compliance and regulatory risk is managed through governance, policies, regulatory monitoring, training and oversight arrangements. The Company monitors developments in insurance and conduct-related regulations, including potential impacts on reporting, product design and governance requirements.
- Strategic and emerging risks are monitored through regular risk assessment and management reporting. Key emerging risks include changing customer expectations, cross-border healthcare developments, demographic ageing, geopolitical instability, healthcare regulation evolution, medical innovation, and cyber or fraud risks resulting from new technology. These risks may affect demand volatility, claims experience, product relevance, capital and liquidity planning, operational resilience and customer outcomes.

The Company considers these risks in business planning, product and pricing reviews, claims monitoring, scenario analysis and capital management. Material changes in the risk profile are escalated to senior management and relevant governance committees for review and action.

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 Bupa (Asia) Limited;
(ii) I am satisfied that the information in this disclosure statement is prepared in accordance with the Insurance (Valuation and Capital) Rules and 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 Bupa (Asia) 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 Bupa (Asia) 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:	**Antonio Canto**
Position:	**Managing Director**
Company Name:	**Bupa (Asia) Limited**