AIA Everest Life Company Limited

Disclosure Statement

At 31 December 2025

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This disclosure statement is prepared in accordance with the requirements under the Insurance (Valuation and Capital) Rules (Cap. 41R) and the Insurance (Public Disclosure) Rules (Cap. 41W).

1 Company profile

(a) Authorised insurer's name

AIA Everest Life Company Limited (the "Company")

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

The Company is incorporated in Hong Kong Special Administrative Region ("SAR"). It is principally engaged in life insurance business in or from Hong Kong SAR.

The Company's principal place of activities and operations is Hong Kong SAR, where it is licensed by the Hong Kong Insurance Authority ("HKIA") to carry on the following classes of long term business in or from Hong Kong SAR:

- Class A (Life and annuity);
- Class C (Linked long term);
- Class D (Permanent health); and
- Class I (Retirement scheme management category III).

The Company did not accept new business since it was acquired by AIA Company Limited ("AIA Co") in 2021 and there were no material changes to the Company's business profile during the financial year.

(c) Description of corporate structure

The Company is a private company limited by shares and was incorporated in Hong Kong SAR on 21 October 2006.

The Company is a wholly-owned subsidiary of AIA Co, a company incorporated in Hong Kong SAR and authorised by the HKIA to carry on insurance business. AIA Co is in turn a wholly-owned subsidiary of AIA Group Limited ("AIAGL"), a company incorporated in Hong Kong SAR and listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock codes "1299" for HKD counter and "81299" for RMB counter. American Depositary Receipts (Level 1) of AIAGL are traded on the over-the-counter market under the ticker symbol "AAGIY". AIAGL is the ultimate holding company of the Company and, together with its subsidiaries (the "Group") is a leading pan-Asian life insurance group with presence in 18 markets.

There were no material changes to the Company's corporate structure during the financial year.

2 Corporate governance framework

The Company is committed to high standards of corporate governance and sees the maintenance of good corporate governance practices as essential to its sustainable growth. The Company also recognises the importance of sound risk management in every aspect of its business and for all its stakeholders.

Board and Senior Executive Structure, Roles, Responsibilities and Segregation of Responsibilities

The role of the Board of Directors (the "Board") is to exercise oversight in relation to the Company. The Board delegates authority to the Chief Executive Officer ("CEO") and the Key Persons in Control Functions (with the meaning prescribed under the Hong Kong Insurance Ordinance (Cap. 41)) to act on behalf of the Board in the executive management and for the control functions of the Company.

The Company's corporate governance is implemented through a structure hierarchy, which includes the Board, the Audit Committee, the Risk Committee, and the CEO may further form committees to assist in the management, operation and administration of the Company. The Board meets on a regular basis (or ad hoc if required). Committee reports are presented to the Board.

As of 31 December 2025, the Board consists of five directors, two of whom are independent non-executive directors, and their roles and responsibilities are as required under the Hong Kong Companies Ordinance, the Articles of Association of the Company, and any other applicable legislation and regulatory requirements in Hong Kong SAR.

Key Committees and Responsibilities

Each Board committee operates under its respective written terms of reference approved by the Board, which set out its mandate, authority and responsibilities. The terms of reference are reviewed periodically and updated as appropriate. The committees report regularly to the Board on their activities, findings and recommendations.

The Audit Committee assists the Board in overseeing the Company's relationship with its external auditors and provides an independent review of the effectiveness of the Company's financial reporting systems and internal control procedures.

The Risk Committee assists the Board in overseeing the Company's Risk Management Framework and provides advice to and assists the Board in fulfilling responsibilities such as the determination of the Company's Risk Appetite including Risk Appetite Statement, Risk Principles and Risk Tolerances, and ensures that the Company establishes and maintains an appropriate and effective Risk Management Framework, and that sufficient resources are in place for risk management. The Risk Committee also assists the Board to discharge its duty to oversee, on an ongoing basis, the Risk Management Framework, and advises the Board on risk-related issues or aspects as requested by the Board or, in the opinion of the Risk Committee, requiring Board attention.

The Board is supported by a governance structure that enables appropriate delegation of authority to its committees and to management, while ensuring that the Board retains overall control and accountability for the governance 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	Long term business	Of which belongs to: long term business – participating business	**Total**	Long term business	Of which belongs to: long term business – participating business
Total assets[(1)]	**15,908,572**	**15,929,700**	**5,663,423**	**19,445,246**	**19,466,416**	**9,582,983**
Cash and deposits[(2)]	**3,379,048**	3,379,048	711,268	**629,355**	629,355	100,605
Debt securities[(3)]	**12,234,003**	12,234,003	4,688,072	**18,504,179**	18,504,179	9,200,085
Equities (including portfolio investments)	**197,092**	197,092	197,092	**205,120**	205,120	205,120
Loans and advances[(4)]	**82,932**	82,932	63,968	**88,404**	88,404	71,949
Other financial assets[(5)]	**11,527**	11,527	3,023	**13,287**	13,287	5,224
Reinsurance assets[(6)]	**1,995**	1,995	-	**1,995**	1,995	-
Other assets[(1)(7)]	**1,975**	23,103	-	**2,906**	24,076	-
Total liabilities[(1)]	**12,524,142**	**12,545,270**	**5,448,289**	**16,281,523**	**16,302,693**	**9,407,502**
Insurance liabilities	**12,362,719**	12,362,719	5,380,402	**16,100,345**	16,100,345	9,345,796
Reinsurance liabilities[(6)]	**38,751**	38,751	13,541	**41,415**	41,415	15,660
Other financial liabilities[(8)]	**22,083**	22,083	2,568	**15,017**	15,017	5,020
Tax liabilities	**-**	-	964	**-**	-	964
Other liabilities[(1)(9)]	**100,589**	121,717	50,814	**124,746**	145,916	40,062
Net assets	**3,384,430**	**3,384,430**	**215,134**	**3,163,723**	**3,163,723**	**175,481**

(a) Balance sheet determined under the Insurance (Valuation and Capital) Rules (continued)

Notes:
(1) Interfund balances, if applicable, are included in respective funds. These interfund balances are eliminated at the company level.
(2) Cash and deposits represent cash and cash equivalents.
(3) Debt securities are reported at fair value with accrued interest.
(4) Loans and advances primarily represent policy loans.
(5) Other financial assets primarily represent receivables from policyholders and reinsurers, at the company level and, to the extent applicable, at the fund level.
(6) Reinsurance assets and liabilities primarily represent reinsurance recoverables, which are classified as assets or liabilities on a contract-by-contract basis, with no offsetting between reinsurance contracts.
(7) Other assets mainly include prepayments. Interfund balances are also included at the fund level.
(8) Other financial liabilities primarily represent payables to reinsurers and amounts due to fellow subsidiaries, at the company level and, to the extent applicable, at the fund level.
(9) Other liabilities primarily include unpresented cheque and other payables at the company level and the fund level. Interfund balances are also included at the fund level.

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

- Cash and deposits increased to HK$3,379 million at 31 December 2025 compared with HK$629 million at 31 December 2024. The increase primarily reflected higher balances of cash and cash equivalents at the year-end date.
- Debt securities decreased to HK$12,234 million at 31 December 2025 compared with HK$18,504 million at 31 December 2024. The decrease was primarily attributable to net investment cash outflows, partially offset by positive fair value movements.
- Insurance liabilities decreased to HK$12,363 million at 31 December 2025 compared with HK$16,100 million at 31 December 2024. The decrease was primarily driven by the maturity of its insurance policies.

4 Investments

(a) Assumptions and methods used for valuation of investments

Investments comprise of debt securities, equities (including portfolio investments), loans and advances, which are measured at fair value.

The fair value of an investment is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The degree of judgement used in measuring the fair value of investments generally correlates with the level of pricing observability. An active market is one in which transactions for the asset or liability being valued occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

An inactive market is one in which there are few transactions, the prices may not be current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of investment, whether the investment is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

The following methods and assumptions were used by the Company to estimate the fair value of investments.

<u>Debt securities and equities (including portfolio investments)</u>

The fair values of equities (including portfolio investments) are based on quoted market prices or, if unquoted, on estimated market values generally based on quoted prices for similar securities. Fair values for fixed interest securities are based on quoted market prices, where available. For those investments not actively traded, fair values are estimated using values obtained from brokers, private pricing services or by discounting expected future cash flows using the current market rate applicable to the yield, credit quality and maturity of the investment. Priority is given to values from independent sources when available, but overall, the source of pricing and/or valuation technique is chosen with the objective of arriving at the price at which an orderly transaction would take place between market participants on the measurement date. The inputs to determine fair value that are relevant to fixed interest securities include, but are not limited to risk-free interest rates, the obligor's credit spreads, foreign exchange rates and credit default rates.

<u>Loans and advances</u>

Policy loans are measured at fair value using the effective interest method net of an allowance for expected credit losses.

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

There were no material changes in assumptions or methods used to value investments during the financial year, and no circumstances arose that would necessitate such a change.

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			As at 31 December 2024		
	Participating business	Other long term business	Total long term business	Participating business	Other long term business	Total long term business
Total insurance liabilities (gross of reinsurance)	**5,380,402**	**6,982,317**	**12,362,719**	**9,345,796**	**6,754,549**	**16,100,345**
Of which: long term insurance liabilities	5,380,402	6,982,317	12,362,719	9,345,796	6,754,549	16,100,345
Outstanding claims	9,074	32,389	41,463	9,990	20,353	30,343
Current estimate(1)	5,367,719	6,936,631	12,304,350	9,331,340	6,605,542	15,936,882
Margin over current estimate(2)	3,402	10,311	13,713	4,279	10,254	14,533
Prepaid premiums	207	2,986	3,193	187	118,400	118,587
Reinsurance assets(3)	**-**	**1,995**	**1,995**	**-**	**1,995**	**1,995**
Reinsurance liabilities(3)	**13,541**	**25,210**	**38,751**	**15,660**	**25,755**	**41,415**

Notes:
(1) Current estimate refers to the long term insurance liability determined under the Insurance (Valuation and Capital) Rules as the probability-weighted average of the present values of the future cash flows required to settle the obligations. It excludes outstanding claims, prepaid premiums and other long term insurance liabilities which are disclosed separately.
(2) Margin over current estimate is the additional amount required under the Insurance (Valuation and Capital) Rules which reflects the uncertainty of liability cash flows related to the following life insurance sub-risk modules – (a) mortality risk; (b) longevity risk; (c) morbidity risk; (d) expense risk; and (e) the level and trend lapse component of lapse risk.
(3) Reinsurance assets and liabilities primarily represent reinsurance recoverables, which are classified as assets or liabilities on a contract-by-contract basis, with no offsetting between reinsurance contracts.

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

The insurance liabilities mainly consist of current estimates, which are calculated as the probability-weighted average of the present values of future cash flows required to settle the obligations within the relevant contract boundary, as well as a margin over current estimate.

The projection of future cash flows used to calculate the current estimate of a long term insurance liability takes into account the probability of occurrence, timing, frequency and severity of the insured events and their corresponding cash inflows and outflows, and is based on best estimate assumptions which reflect expected realistic future demographic, legal, medical, technological, social or economic developments.

The key best estimate operating assumptions used for determining insurance liabilities relate to mortality, morbidity, persistency and expenses. The assumptions have been designed to give estimates of the expected value of a range of possible outcomes and are set by taking into consideration all reasonable and supportable information available without undue cost or effort and with actuarial judgement. The assumptions are monitored regularly and are updated where appropriate.

The projection and discounting of future cash flows are based on HKIA specified risk-free yield curves plus a matching adjustment, where applicable, in accordance with the Insurance (Valuation and Capital) Rules.

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

Insurance liabilities have been determined as described above, in accordance with applicable regulations, and there have been no material changes in assumptions or methods used to derive the assumptions for insurance liabilities during the financial 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[1]

(Unit: in HKD thousands)	For the financial year ended 31 December 2025		
	Total	Long term business	Of which belongs to: long term business – participating business
Gross premiums[2]	**197,684**	**197,684**	**21,932**
Regular premiums	197,684	197,684	21,932
Single premiums	-	-	-
Net premiums	**193,614**	**193,614**	**20,971**
Regular premiums	193,614	193,614	20,971
Single premiums	-	-	-
Gross claims paid	**4,965,077**	**4,965,077**	**4,488,470**
Net claims paid	**4,962,733**	**4,962,733**	**4,487,542**

Performance Analysis on Investment Returns[1]

(Unit: in HKD thousands)	For the financial year ended 31 December 2025		
	Total	Long term business	Of which belongs to: long term business – participating business
Investment returns	**1,201,098**	1,201,098	536,053

Notes:
(1) The prior-year disclosure statement did not require the disclosure of financial performance. Accordingly, no comparative financial performance information is presented.
(2) For long term business, 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[1]

(Unit: in HKD thousands)	**As at 31 December 2025**	**As at 31 December 2024**
Market risk (diversified RCA)	**506,076**	**603,320**
Interest rate risk RCA	76,891	152,850
Credit spread risk RCA	381,252	418,052
Equity risk RCA	40,792	46,746
Property risk RCA	-	-
Currency risk RCA	126,191	140,825
Diversification benefits within market risk	(119,050)	(155,153)
Life Insurance Risk (diversified RCA)	**56,745**	**57,045**
Mortality risk RCA	16,352	17,347
Longevity risk RCA	751	750
Life catastrophe risk RCA	3,174	4,144
Morbidity risk RCA	3,541	3,940
Expense risk RCA	32,612	34,939
Lapse risk RCA	23,507	19,394
Diversification benefits within life insurance risk	(23,192)	(23,469)
Counterparty default and other risk RCA	**14,336**	**4,214**
Diversification benefits among risk modules	(49,965)	(43,397)
Operational risk RCA	**66,781**	**71,716**
Adjustment for loss absorbing capacity cap	-	-
Adjustment for tax effect	-	-
Any other items which the IA may specify to adjust	-	-
Prescribed capital amount	**593,973**	**692,898**

Note:
(1) The prescribed capital amount is the amount of capital required to be held for an extreme 1-in-200 year event affecting assets and liabilities over a one-year period.

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

Capital Base[1]

(Unit: in HKD thousands)	As at 31 December 2025	As at 31 December 2024
Unlimited Tier 1 capital	3,384,430	3,163,723
Limited Tier 1 capital	-	-
Tier 2 capital	-	-
Capital base	**3,384,430**	**3,163,723**

Note:
(1) The net assets, i.e. the assets in excess of the liabilities presented in Section 3 of this disclosure statement, are assessed to determine their eligibility to be counted as capital base. The capital base is further categorised into tiers based on the extent to which it can absorb losses on a going-concern basis and in winding-up.

(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	570%	457%

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

- Prescribed capital amount decreased to HK$594 million at 31 December 2025 compared with HK$693 million at 31 December 2024. The decrease was mainly driven by the run-off of the business.
- Capital base increased to HK$3,384 million at 31 December 2025 compared with HK$3,164 million at 31 December 2024. The increase was mainly due to net investment income on surplus assets and favourable investment experience.
- Ratio of capital base to prescribed capital amount was 570 per cent at 31 December 2025 compared with 457 per cent at 31 December 2024. The change was primarily attributable to movements in both the prescribed capital amount and the capital base, as outlined above, over the year.

8 Risk management

(a) Risk appetite and risk governance framework

Overview

The Company recognises the importance of sound risk management in every aspect of our business and for all stakeholders. For our policyholders, it supports safeguarding their interests and our ability to meet our obligations to them. For investors, it is key to protecting and enhancing the long-term value of their investment. Finally, for regulators, sound risk management supports industry growth and enhances the public's trust in the industry.

The Company's Risk Management Framework ("RMF") does not seek to eliminate all risks but rather to identify, understand and manage them within acceptable limits in order to support the creation of long-term value. The Company's RMF is built around developing an appropriate and mindful Risk Culture at every level of the organisation in support of our strategic objectives. The Company's RMF provides the Company with appropriate tools, processes and capabilities for the ongoing identification, assessment, management and response, monitoring and reporting of the Company's principal risks in an integrated manner.

The Company's RMF consists of the following key components:
- Risk Governance;
- Risk Culture;
- Risk Strategy and Appetite;
- Risk Management Process; and
- Risk Reporting, Systems and Tools.

1. Risk Governance

Three Lines

The Company's Risk Governance framework is built on the "Three Lines" model. The objective is to ensure that an appropriate framework is in place, including an independent system of checks and balances, to provide assurance that risks are identified, assessed, managed and governed properly. The framework clearly defines roles and responsibilities for the management of risk between Executive Management (First Line), Risk and Compliance ("R&C") (Second Line) and Internal Audit (Third Line) functions.

The First Line is made up of the business, who are the Risk Takers and are responsible for operating within the Company's RMF, including implementing effective controls to mitigate risks within the Risk Appetite of the Company.

The Second Line consists of the R&C function, which provides independent challenge and advice to the First Line. It ensures that the Company's RMF remains appropriate and effective with respect to the risk profile and operations, and risks are being managed appropriately within Risk Tolerances of the Company.

The Third Line is the Group Internal Audit ("GIA") function, which is independent of the First and Second Lines and reports to the Audit Committee. GIA is responsible for independently assessing and reporting on the overall effectiveness of risk management, internal controls and governance processes.

The Three Lines converge at the Board, which retains overall responsibility for the Company's RMF.

(a) Risk appetite and risk governance framework (continued)

The Board

The Board retains overall responsibility for oversight of the Company's risk management activities. In this regard, the Board sets the Company's Risk Appetite, approves the Company's RMF (including amendments or refinements from time to time) and monitors material risks. In fulfilling these responsibilities, the Board is supported and advised by the Risk Committee.

The Risk Committee oversees risk management and compliance across the Company and advises the Board on all risk-related issues requiring Board attention.

2. Risk Culture

Risk Culture defines the Company's attitude to risks and ensures its remuneration structure promotes the right behaviour. Strong Risk Culture facilitates organisational resilience and supports sustainable success in delivering on our commitment to customers in the long term.

The Company's executive remuneration structure ensures appropriate consideration of the Company's RMF within a strong performance-oriented culture. This is supported by a performance management system where all staff are measured on 'how' as well as 'what' they deliver. This structure places significant emphasis on conduct as well as achievement, and is consistent with our fundamental Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People... and the Right Results will come".

3. Risk Strategy and Appetite

Risk Strategy describes the types of risks, and how and to what extent they are taken in order to pursue the Company's strategy and business objectives. The Company's Risk Appetite Framework establishes the quantum and nature of risks the Company is prepared to take to achieve its strategic objectives.

1. The Risk Appetite Statement ("RAS") is an overarching statement on the Company's attitude to risk;
2. Risk Principles and Risk Tolerances are qualitative statements and quantitative metrics that expand and validate the RAS; and
3. Risk Limits are used to manage specific risks.

(a) Risk appetite and risk governance framework (continued)

Risk Appetite Statement

The Company has adopted the following RAS:
"The amount of risk taken by AIA Everest in the ordinary course of its business will be sufficient to meet its customers' reasonable requirements for protection and benefits while ensuring that the level and volatility of shareholder returns are in line with a broadly-based risk profile appropriate to a Hong Kong based life and health insurance company."

Risk Principles

The RAS is supported by three Risk Principles:

Risk Principles	
Regulatory Capital	*"We have no appetite for regulatory non-compliance and as such will ensure that we hold sufficient capital to meet our current statutory minimum solvency in all but the most extreme market conditions."*
Liquidity	*"We will maintain sufficient liquidity to meet our expected financial commitments as they fall due."*
Business Practice	*"We will uphold high ethical standards and will implement sound internal controls to minimise the downside risk from the impact of any operational failures within reasonable tolerances."*

4. Risk Management Process

The Company has a robust process that provides sufficient information, capability and tools to manage its key risks. Risks which the Company proactively accepts are identified, quantified and managed to support the creation of long-term value.

Risk Identification and Assessment

Timely and complete identification of risks is an essential first step to the Risk Management Process. The R&C function has developed a systematic process to identify existing and emerging risks in the Company. The Company's risk taxonomy enables a consistent identification and classification of existing and emerging risks inherent in business activities.

Quantification of risk is important in establishing the level of exposure and in determining the appropriate management actions within the Company's Risk Tolerances. Specific approaches to quantifying risk are applied depending upon the nature of the risk, including regular capital assessments, and stress and scenario testing.

Management and Response

Executives working in the First Line are responsible for the execution of appropriate actions and other risk mitigation strategies to transfer, mitigate or eliminate risks considered outside of Risk Tolerances. They are also responsible for the timely escalation of material risk developments.

Risk Monitoring

Risks are evaluated against approved Risk Tolerances and Risk Limits to ensure implications for both the current and forward-looking risk profile are understood and appropriately considered in decision-making.

(a) Risk appetite and risk governance framework (continued)

Risk Controls

Risks which the Company seeks to mitigate are managed through an effective internal controls system to maintain exposures within an acceptable residual level. The Operational Risk and Control Framework ("ORCF") has been designed to ensure that the Company operates in accordance with the expectations of stakeholders. A primary component of the ORCF is the Risk and Control Assessment ("RCA"), which is a regular evaluation of the business' operational risks and control effectiveness to ensure that information and perspectives on the internal control environment are appropriately considered.

5. Risk Reporting, Systems and Tools

Risk reporting represents the internal and external R&C reporting processes which support an ongoing evaluation of the Company's risk profile. Information is gathered from underlying systems and provided to the Board, the Risk Committee and other executive management to inform key decision-making, such as via the annual Company's Own Risk and Solvency Assessment ("ORSA") Report.

(b) Insurance risk management

Insurance Risks

Insurance risk relates to changes in claims experience, business expenses, and the persistency of insurance business. This also includes changes to assumptions regarding future experience for these risks.

The Company manages insurance risk concentration by diversification, reinsurance and establishing appropriate retention limits. For the years ended 31 December 2025 and 31 December 2024, there were no significant insurance concentration risks.

Pandemic and Catastrophe Risk

The Company is also exposed to morbidity and mortality risk related to a single event, namely pandemics, natural catastrophic events or human-made disasters.

Geographical concentration of insured individuals could increase the severity of this risk. As such, the Company limits its exposure to large claims arising from a catastrophe by purchasing reinsurance to cover losses due to a single catastrophic event exceeding a pre-determined level.

Expense Risk

Expense risk is the risk of greater than expected trends in, or sudden shocks to, the amount or timing of expenses incurred by the business.

The Company's operations follow a disciplined budgeting and control process that allows for the management of expenses based on its very substantial experience within the markets in which we operate.

(b) Insurance risk management (continued)

Morbidity and Mortality Risk

Morbidity and mortality risk is the risk that the incidence and/or amounts of medical, critical illness, disability, death or survival claims are higher than the assumptions made in pricing and/or reserving.

The Company adheres to well-defined market-oriented claims guidelines and practices that have been developed based on extensive historical experience and with the assistance of professional reinsurers.

The Company's actuarial teams conduct regular experience studies of all the insurance risk factors in its portfolio. These internal studies together with external data are used to identify the impact of emerging trends, such as medical technology, health and wellness, climate change and long COVID-19, which can then be used to inform claims management and reinsurance needs.

The Company limits its exposure to new risks and large claims on any single insured life by applying retention limits that vary by market and insurance benefit type to the amount of insurance coverage per insured. The exposure in excess of these limits is ceded to reinsurers.

Persistency (Lapse) Risk

Persistency (Lapse) risk arises from policies lapsing or surrendering, on average, differently to that assumed in the pricing or reserving assumptions. Persistency risk is assessed and monitored through regular experience studies. Through effective implementation of the Business Quality Framework and active monitoring of persistency, the Company seeks to ensure that standards of service consistently meet our customers' needs.

(c) Investment and financial risk management

Investment management objectives, policies and processes

The Company manages our investment strategy to match our underlying liability. Our investment strategy is governed by the Asset-Liability Management framework so that the Company can make payments to policyholders and other creditors as they fall due. We maintain a high quality, diversified and resilient investment portfolio.

The investment risk in respect of policyholder and shareholder investments is partially or wholly borne by the Company and directly affects the profit before tax. Such investments are categorised as participating business with distinct portfolios and other policyholder and shareholder.

The primary investment objectives of our policyholder and shareholder investments are generally designed to achieve optimal levels of risk-adjusted return for policyholders and shareholders over the long term, while preserving capital, maintaining adequate solvency and liquidity levels, meeting our risk management and asset-liability management objectives and ensuring full compliance with applicable regulations and internal policies.

The Company has comprehensive, integrated frameworks to ensure investments are properly authorised, monitored and managed within internal policies that address asset-liability management, financial and operational risks, whether assets are invested directly by the Company or through external investment managers. This framework consists of three elements: a strategic asset allocation framework; a tactical asset allocation process; and a combination of internal and external investment management for individual asset classes where appropriate.

(c) Investment and financial risk management (continued)

The Board has the ultimate responsibility over the Company's investment activities, which are governed by an established investment governance framework that consists of standards, policies and procedures, as well as applicable risk policies and standards.

The Company's investment function, which includes the setting of asset and portfolio mandates as well as the monitoring and oversight of the Company's investments, is outsourced to AIA International Limited, Hong Kong Branch ("AIA-I HK"). It is led by the Chief Investment Officer of AIA-I HK, who oversees the investment portfolios and monitors the adherence to applicable policies and limits, and reports directly to the Board on matters relating to the Company's investments. The asset management function is in turn outsourced to AIA Investment Management Singapore ("AIMSG"), which manages the assets in accordance with the established mandates which also set out the need to adhere to applicable risk policies and standards. Investment outcomes are regularly monitored against established objectives, with clear attribution and accountability.

The Company has been investing in a diversified mix of high-quality assets, including fixed income securities and equities. As of 31 December 2025, there are no plans to invest in asset types that are materially different from the existing investments. Investment risks are managed through a robust governance and risk management framework. All investment decisions aim to safeguard policyholder interests and maintain the Company's long-term financial strength.

Asset-Liability Management

Asset-liability management for the Company is overseen by the Group Asset-Liability Committee and the Asset-Liability Committee of AIA-I HK, to which the asset-liability management function has been outsourced. The Company manages its asset-liability risks in a variety of ways, including the strategic asset allocation process under which the strategic asset allocation for major different product groups is governed, defining the asset allocation with consideration of the characteristics of the liabilities and related risks, capital and other requirements on both economic and regulatory bases. The Company manages asset-liability risks predominantly on an economic basis, while also considering the effect on all applicable regulatory solvency requirements and other considerations such as earnings. Asset-liability management actions include reviews of policyholder dividends, asset allocation, and the management of discretionary policyholder benefits.

Credit risk

Credit risk arises from third parties failing to meet their obligations to the Company when they fall due. Although the primary source of credit risk is the Company's investment portfolio, such risk can also arise through reinsurance and treasury activities.

The Company's credit risk management oversight process is governed centrally, but provides for decentralised management and accountability by our lines of defence. Fundamental to the Company's credit risk management is adherence to a well-controlled underwriting process. Credit risk limits are applied to control concentrations in individual exposures, sector and cross-border investments. A detailed analysis of each counterparty is performed and a rating is determined by the investment teams according to AIA Group's internal rating framework, which is adopted by the Company. Measuring and monitoring of credit risk is an ongoing process and is designed to enable early identification of emerging risk.

(c) Investment and financial risk management (continued)

Credit spread risk

Credit spread movements affect both the value of assets and liabilities. Credit spread risk is in a large part managed through the strategic asset allocation process, whereby the two key drivers of spread risk – credit rating and spread duration – are managed for capital efficiency, taking into account both the economic risk and the local solvency capital considerations. The risk is monitored by the Company, with special attention paid to any issuers with credit ratings close to the lower boundary of investment grade.

Interest rate risk

Interest rate risk is primarily measured through the duration gap, which provides an understanding of the implications of interest rate movements on the Company's surplus. Since most markets do not have assets of sufficient tenor to match life insurance contract liabilities, an uncertainty arises around the reinvestment of maturing assets to match the Company's insurance contract liabilities.

The Company manages interest rate risk primarily on an economic basis, while also taking into consideration the local regulatory solvency requirements. Furthermore, the Company actively manages interest rate risk by managing liability duration, where possible. For products with discretionary benefits, additional modelling of interest rate risk is performed to guide the determination of appropriate management actions. Management also takes into consideration the asymmetrical impact of interest rate movements when evaluating products with options and guarantees.

Equity risk

Equity risk arises from changes in the market value of equity shares and interests in investment funds. Investments in equity shares and interests in investment funds on a long-term basis are expected to align with policyholders' reasonable expectations, provide diversification benefits and enhance risk-adjusted returns. The extent of exposure to equities at any time is subject to the terms of the Company's strategic asset allocations. Equity risk arising from the underlying items of participating contracts is generally borne by policyholders except to the extent of the Company's share of the performance of the underlying items.

Equity risk is managed through strategic asset allocation and tactical asset allocation. Equity investments are subject to benchmarks and controls relating to maximum concentration and tracking errors. Equity limits are also applied to contain concentration risk of individual stocks and sectors, liquidity as well as equity volatility. Equity exposures are included in the aggregate exposure reports on each individual counterparty to ensure concentrations are avoided.

(c) Investment and financial risk management (continued)

Foreign exchange rate risk

Foreign exchange rate risk is the risk of the enterprise value reducing due to adverse foreign exchange rate movement. This arises predominantly from investment activities. Assets, liabilities and local regulatory and stress capital are generally currency matched considering Hong Kong's currency board regime which pegs the HKD to the USD. Residual foreign exchange exposures primarily arise from holdings of equities and other non-fixed income assets denominated in currencies other than the functional currency.

Liquidity risk

The Company defines liquidity risk as the risk of failure to meet current and future financial commitments as they fall due. This incorporates the risks arising from the timing mismatch of cash inflows and outflows in day-to-day operations, including policyholder and third-party payments, collateral requirements, as well as insufficient market liquidity of assets required for policyholder liabilities.

The Company manages liquidity risk in accordance with the Company's liquidity framework. This framework contains the standards, procedures, and tools used by the Company to monitor and manage liquidity risk on a forward-looking basis in base and stressed conditions across multiple time horizons from daily to monthly time steps for 12-month period, as well as a projection in line with strategic planning. The forward-looking management of liquidity over short to longer-term horizons allows for the early detection of risks and enables management to action the pre-defined liquidity contingency plans.

The Company supports its liquidity internally by maintaining appropriate pools of unencumbered high-quality liquid investment assets. Liquidity is further supported externally via access to uncommitted overdraft facilities.

The Company's liquidity framework builds liquidity resiliency while providing central oversight and the ability to take timely management action if required to ensure we meet all the financial commitments as they fall due.

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 AIA Everest Life 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;

(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 AIA Everest Life 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 (Cap. 41S); and

(iv) I am satisfied that AIA Everest Life Company 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: Ka Wai Lo

Position: Director

Company Name: AIA Everest Life Company Limited

Hong Kong, 31 August 2026

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Independent practitioner's reasonable assurance report

To the Board of Directors of AIA Everest Life Company Limited

We have been engaged to perform a reasonable assurance engagement on sections 3 to 7 of the attached disclosure statement of AIA Everest Life Company Limited (the "Company") at 31 December 2025 as set out on pages 5 to 12 ("Disclosure Statement").

Directors' Responsibilities

Pursuant to details of the Insurance (Public Disclosure) Rules ("Public Disclosure Requirements"), the directors of the Company are responsible for the preparation of the Disclosure Statement in accordance with Rule 5 of the Public Disclosure Requirements. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Disclosure Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 as issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

It is our responsibility to express an opinion on sections 3 to 7 of the Disclosure Statement based on our work performed and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" as issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

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A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence as to whether the information presented in sections 3 to 7 of the Disclosure Statement of the Company has been prepared, in all material respects, in accordance with Rules 5(1), 5(2), 5(3)(c), 5(3)(d), 5(3)(e), 5(3)(f), 5(3)(g) and 5(3)(h) of the Public Disclosure Requirements. The extent of procedures selected depends on the practitioner's judgment and our assessment of the engagement risk. Within the scope of our work we performed amongst others the following procedures, including:

- Understanding management's process and internal controls of compiling the Disclosure Statement;
- Agreeing the Disclosure Statement with the relevant specified annual forms of the Company's annual returns for the year ended 31 December 2025, as submitted under Rule 4(1) of the Insurance (Submission of Statements, Reports and Information) Rules; and
- Checking that the information presented in sections 3 to 7 of the Disclosure Statement is prepared in accordance with Rules 5(1), 5(2), 5(3)(c), 5(3)(d), 5(3)(e), 5(3)(f), 5(3)(g) and 5(3)(h) of the Public Disclosure Requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent Limitations

Internal control systems designed to address specific control objectives are subject to inherent limitations of any internal control structure, and accordingly, errors or irregularities may occur and not be detected. Our procedures cannot guarantee protection against fraud or misrepresentation by management. The historical evaluation of effectiveness is not relevant to future periods due to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion, the information presented in sections 3 to 7 of the Disclosure Statement of the Company at 31 December 2025 has been prepared, in all material respects, in accordance with Rules 5(1), 5(2), 5(3)(c), 5(3)(d), 5(3)(e), 5(3)(f), 5(3)(g) and 5(3)(h) of the Public Disclosure Requirements.

Other Matter

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the Disclosure Statement other than sections 3 to 7 and our independent practitioner's reasonable assurance report thereon. Our opinion on sections 3 to 7 of the Disclosure Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

Purpose and Restriction on Use

We draw attention to the facts that sections 3 to 7 of the Disclosure Statement were prepared for the purpose of meeting the Public Disclosure Requirements, in accordance with Rules 5(1), 5(2), 5(3)(c), 5(3)(d), 5(3)(e), 5(3)(f), 5(3)(g) and 5(3)(h) of the Public Disclosure Requirements, which were designed for this purpose, and that this report was prepared for the use of the Board of Directors of the Company. As a result, sections 3 to 7 of the Disclosure Statement and this report may not be suitable for another purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 31 August 2026