Falcon Insurance Company (Hong Kong) Limited

Disclosure Statement
31 December 2024

A FAIRFAX Company

Disclosure Statement at 31 December 2024

This disclosure statement is prepared in accordance with the requirements under the Insurance (Valuation and Capital) Rules and the Circular on Public Disclosure Requirements for the First Financial Year Adopting Risk-based Capital Regime dated 8 August 2025.

1 Company profile

(a) Authorized insurer's name

Falcon Insurance Company (Hong Kong) Limited

2 Financial position

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

(Unit: in HKD thousands)	As at 31 December 2024
	Total
Total assets	**3,089,844**
Cash and deposits	545,927
Debt securities	1,312,307
Equities (including portfolio investments)	402,243
Derivative financial instruments	11,255
Properties	7,800
Loans and advances	-
Reverse repurchase agreement	-
Other financial assets	373,654
Policyholder's account assets in respect of unit linked products or retirement scheme	-
Reinsurance assets	402,749
Tax assets	-
Other assets	33,909
Total liabilities	**1,920,328**
Insurance liabilities	1,682,727
Reinsurance liabilities	-
Repurchase agreement	-
Derivative financial instruments	-
Other financial liabilities	129,271
Tax liabilities	-
Other liabilities	108,330
Net assets	**1,169,516**

3 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 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	**1,682,727**
Total general insurance liabilities excluding other general insurance liabilities (gross of reinsurance)	**14,409**	**99,444**	**98,262**	**91,431**	**212,069**	**22,345**	**3,104**	**1,091,147**	**50,516**	**1,682,727**
Outstanding claims liabilities	4,043	80,388	88,221	80,044	180,074	19,997	1,770	1,001,812	46,110	1,502,459
Premium liabilities	9,867	14,457	8,268	10,713	20,596	1,960	1,304	42,421	4,111	113,697
Margin over current estimate for outstanding claims liabilities	144	3,812	1,591	605	10,007	358	26	32,138	278	48,958
Margin over current estimate for premium liabilities	355	787	182	69	1,392	30	4	14,776	17	17,613
Total general insurance liabilities excluding other general insurance liabilities (net of reinsurance)	**14,373**	**99,109**	**49,837**	**19,138**	**199,666**	**11,121**	**883**	**877,364**	**8,490**	**1,279,981**

4 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 2024
Market risk (diversified RCA)	**198,251**
Interest rate risk RCA	29,542
Credit spread risk RCA	-
Equity risk RCA	175,465
Property risk RCA	1,950
Currency risk RCA	48,130
Diversification benefits within market risk	(56,836)
General Insurance Risk (diversified RCA)	**337,538**
Reserve and premium risk RCA	310,922
Natural catastrophe risk RCA	22,596
Man-made non-systemic catastrophe risk RCA	71,429
Man-made systemic catastrophe risk RCA	-
Mortgage insurance risk RCA	-
Diversification benefits within general insurance risk	(67,409)
Counterparty default and other risk RCA	**18,561**
Diversification benefits among risk modules	(116,159)
Operational risk RCA	**44,444**
Adjustment for loss absorbing capacity cap	-
Adjustment for tax effect	(58,875)
Any other items which the IA may specify to adjust	-
Prescribed capital amount	**423,759**

(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 2024
Unlimited Tier 1 capital	1,169,516
Limited Tier 1 capital	-
Tier 2 capital	-
Capital base	**1,169,516**

(c) Ratio of capital base to prescribed capital amount

	As at 31 December 2024
Ratio of capital base to prescribed capital amount	**276.0%**

5 Statement of Compliance

(i) I am satisfied with the completeness, accuracy and consistency of the information disclosed in this disclosure statement in respect of Falcon Insurance Company (Hong Kong) 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 Circular on Public Disclosure Requirements for the First Financial Year Adopting Risk-based Capital Regime dated 8 August 2025 (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 Falcon Insurance Company (Hong Kong) 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 Falcon Insurance Company (Hong Kong) Limited has complied with the capital requirements that apply to it under the Insurance (Valuation and Capital) Rules, during the financial year to which this disclosure statement relates.

Name:	SUNG Sing Fai
Position:	Controller
Company Name:	Falcon Insurance Company (Hong Kong) Limited