

PeakRe >

Annual Report 2018

About Peak Re

Peak Reinsurance Company Limited ("Peak Re" or "the Company"), authorised by the Insurance Authority of Hong Kong ("IA"), is the only privately owned global reinsurance company headquartered in Hong Kong. It is also one of the few locally established reinsurance companies in Asia Pacific, underwriting both life and non-life reinsurance business.

With a shareholder equity of US\$965.5 million as of 31 December 2018, it enjoys an "A-" rating by A.M. Best, a leading international insurance industry credit rating agency, and ranks among the top 36 global reinsurance groups in terms of gross written premiums*.

Peak Re strives to provide innovative and forward-looking reinsurance services for customers in the Asia Pacific, Europe, Middle East and Africa and the Americas. It tailors risk transfer and capital management solutions to best fit clients' needs.

Fosun International Limited (00656.HK) ("Fosun") and Prudential Financial, Inc. ("PFI") hold approximately 87% and 13% of Peak Re via Peak Reinsurance Holdings Limited, respectively.

* Source: A.M. Best Top 50 Global Reinsurance Groups 2018

Cover:

Peak Re is a Hong Kong-based reinsurer, established to support the needs of communities and emerging middle-class society through meeting reinsurance needs in Asia and around the globe. The cover symbolises Peak Re's speed, energy and dedication to move forward together, with clear intent and purpose, towards our common goals.

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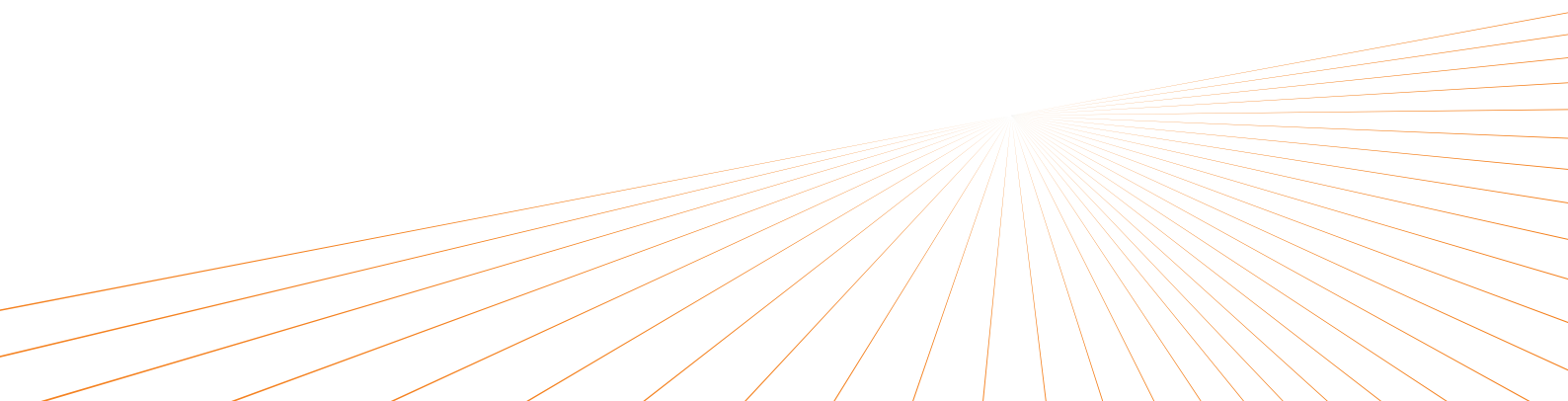
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➤ Message from the Chairman and the Chief Executive Officer

2018: A defining year for Peak Re and the industry



Li Tao
Chairman

We are extremely proud that after six years of operations Peak Re has established a strong footing in the industry as a significant global player.

Continuous and substantial growth despite challenging environment

In fiscal year 2018, we wrote total gross premium income of US\$1.38 billion, with net profit of US\$19.5 million and a technical combined ratio of 98.3%. Peak Re's capital position remains very strong, with a solvency adequacy ratio of 432%.

As of 31 December 2018, Peak Re's total investment yield was 2.7%, with investable assets growing to US\$1.7 billion and net assets to US\$965.5 million.

Our increasingly strong recognition as an influential global reinsurer allowed us to negotiate terms and conditions commensurate with our requirements during the early renewals, setting a positive tone for the beginning of the year and helping premium income to grow at around 40% in Europe, China and India.

Growth moderated in the later part of the year due to our cautious approach to the renewal of natural catastrophe business in response to the very low pricing levels. As a result, we have been reducing our exposure in a reasonable manner, which led to overall growth for the year of 26% – a fantastic result and a testament to the team we have in place.

The underwriting result in 2018 was affected by multiple major typhoons in Asia, including Japan's Jebi and Trami, which was a notable loss and a very significant event for the Japanese market and our Japanese clients. We also saw activities in North America once again with two significant hurricanes – Florence and Michael – and wildfires in California. However, the overall impact on our book was relatively limited, causing a five percentage point deviation from our target combined ratio of 93%.

The Company's overall result was affected by a number of exceptional influencing factors. Our investment portfolio was impacted by the market volatility caused by the trade war between China and the U.S.; and there was a US\$19.8 million reinstatement payment from our invested company in the Caribbean, NAGICO group, related to the re-purchase of excess of loss cover due to the two storms in the Caribbean in 2017.

Excluding these factors, our results would have been even more outstanding, and it has affirmed the quality of our risk management, both in terms of our underwriting and the structuring of our retrocession programme.

DNA for success

We could not have achieved this result without the tremendous teamwork of our people and we would like to thank them for really concentrating on their job and getting it done.

We have grown steadily during the past six years, keeping pace with changes in the market environment and developments in technology, and we continue to refine our thinking about the best way to run a 21st century reinsurance business – and all of this is enabled by a fantastic team, throughout the entire organisation.

At Peak Re, we have a clear purpose: to support the needs of communities and emerging middle-class society through meeting reinsurance needs in Asia and around the globe. It is this purpose, supported by our people who are collectively entrepreneurial and courageous, agile and with deep insights, that has made it possible for us to achieve what we have achieved so far.

Favourable industry developments

The Hong Kong Insurance Authority ("IA") is doing fantastic work and is helping to create huge opportunities for Peak Re. Full implementation of the Hong Kong Risk-Based Capital ("RBC") regime, which is equivalent to Solvency II, is expected by 2020 or 2021, and IFRS 17 one year later (2022). Our Zurich subsidiary is already Solvency II-compliant under the Swiss Solvency Test and this gives us a very good position to move ahead much faster with our alignment to the RBC regime in Hong Kong, as well as IFRS 17. We are prepared to take advantage of these developments and we thank the IA for putting Hong Kong on the map as a competitive environment for reinsurers.

Hong Kong's government and the IA have further supported Hong Kong reinsurers through the signing of the equivalence agreement between insurance regulatory regimes in Hong Kong and in China, allowing us to enter the mainland China market

and offer services more easily. That will further strengthen our presence in China and is an exciting opportunity. We also look forward to benefiting from the double taxation agreement signed between Hong Kong and India, which means we can write business directly with India – another tremendous opportunity.

The Chinese government's announcement of a roadmap for developing the Greater Bay Area – comprising Hong Kong, Macau, Zhuhai and several cities in Guangdong province – is a defining moment for the future and another initiative we are watching with excitement. This development will gradually define the South China super hub as one of the world's most important international centres for trade and finance, with Hong Kong at its heart.

Strong support from our investors and partners

We are excited to have Prudential Financial, Inc. as our new investor and partner. With Fosun on one side and a blue-chip U.S. company on the other, Peak Re is well-positioned to continue its growth.

We have built Peak Re primarily to support the emerging middle-class society in Asia Pacific. The very strong growth of the middle class in this part of the world is where the biggest opportunity lies and this is where we are focused.

Peak Re is a gem in the Fosun group's wealth sector, bringing synergy to the success of the group as one of the leading international conglomerates from China. The Company's mission of supporting development in emerging Asia through meeting the region's reinsurance needs fits well with Fosun's strong belief in contributing to society. Fosun is proud to have helped Peak Re grow in a profitable manner during these past six years.

Unmatched claim settlement record

Peak Re prides itself in paying more than 90% of claims in less than five days, a record that is unmatched in the industry. In 2018, we supported our clients in a series of natural catastrophes in Indonesia and the Philippines, demonstrating once again our value as a long-term partner in strengthening the resilience of our clients' communities in the wake of such devastating events. Through our Labuan general reinsurance business license, received in 2017, we remain committed to expanding our presence in the region.

Made history by launching Asia's first sidecar

In December 2018, Peak Re launched Asia's first reinsurance sidecar transaction, in line with the Company's mission to modernise reinsurance while supporting growth in Asia Pacific and beyond.

Raising US\$75 million of additional capital through Lion Rock Re Ltd., a Bermuda-domiciled special purpose insurer, the transaction is a significant milestone in the Hong Kong and Asian insurance markets and a big boost to the city's status as an international insurance hub.

High-quality global investors saw the transaction as a one-of-a-kind opportunity to invest alongside Peak Re and gain exposure to a unique, geographically diverse portfolio in testimony to the Company's track record and standing as a leading Asia-based global reinsurer.

Going forward, it will improve our financial flexibility as it diversifies our sources of capital and will support Peak Re's strong growth and business development. These benefits will enhance our financial strength and boost our standing as a leading Asia-based global reinsurer.



Franz Josef Hahn
Chief Executive Officer

Outlook

Looking forward, we see that the strong natural catastrophes of 2018 have once again put stress on some parts of the industry and there is a visible push towards rate increases, particularly in Japan and North America. Closer to home, we are moving towards a strong leadership profile in Northern Asia and in parts of Southeast Asia. India will certainly get stronger on our map in 2019. In Europe, Peak Re is slowly and steadily establishing itself and our attitude is very positive towards next year.

We are looking forward to renewals in Japan, which should introduce premium rate improvements for natural catastrophe programmes, as well as in Florida later in the year.

In terms of our priorities, we will further increase our capital base as we need it to support our growth.

Peak Re was built for the future and the future is now.



➤ Our Brand Story and Values

Peak Re's vision is to be the most valued reinsurance brand to our clients and stakeholders and to be the employer of choice in the industry.

Peak Re was established in Hong Kong in 2012 with the aim of supporting the needs of communities and emerging middle-class society through meeting reinsurance needs covering life, health and non-life risks in Asia and around the globe.

We take a fundamentally different approach to business by always first identifying partnership and growth opportunities in collaboration with clients.

We are able to do this for three reasons:



1 Culture

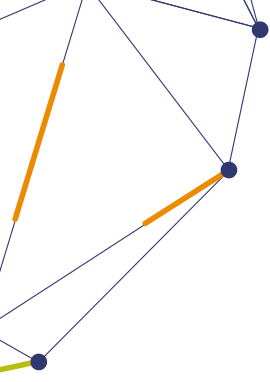
Our culture encourages entrepreneurial spirit and values open and curious mindsets that feed fresh thinking and innovation.

From day one, we have taken an entrepreneurial approach to teams and to business.

Together, we enjoy the freedom to explore new ideas and possibilities – and we have the courage to seek out and deliver innovative, ground-breaking solutions for our clients.

Here each and every one of us, whatever our job title, can directly contribute to the Company's success. We value and encourage open and generous pooling of ideas and knowledge at every level.

Any one of us can have an idea and make it happen – and every one of us can have an impact on our success.



2 Agility

We are agile, so we can make fast decisions and move quickly.

We can make fast decisions and move quickly together. This agility is underpinned by our unique underwriting methodology, our flat organisational structure and our internal alignment around one collective global portfolio.

From the very beginning, we broke with tradition and removed anything that got in the way of our ability to think and act fast as one global team.

We are all uniquely aligned around one single global portfolio. This means we are free to pursue a nimble and more productive path towards value and opportunity wherever they may lie.

We removed red tape from our underwriting decisions by making them collectively, working in teams of three.

3 Insights

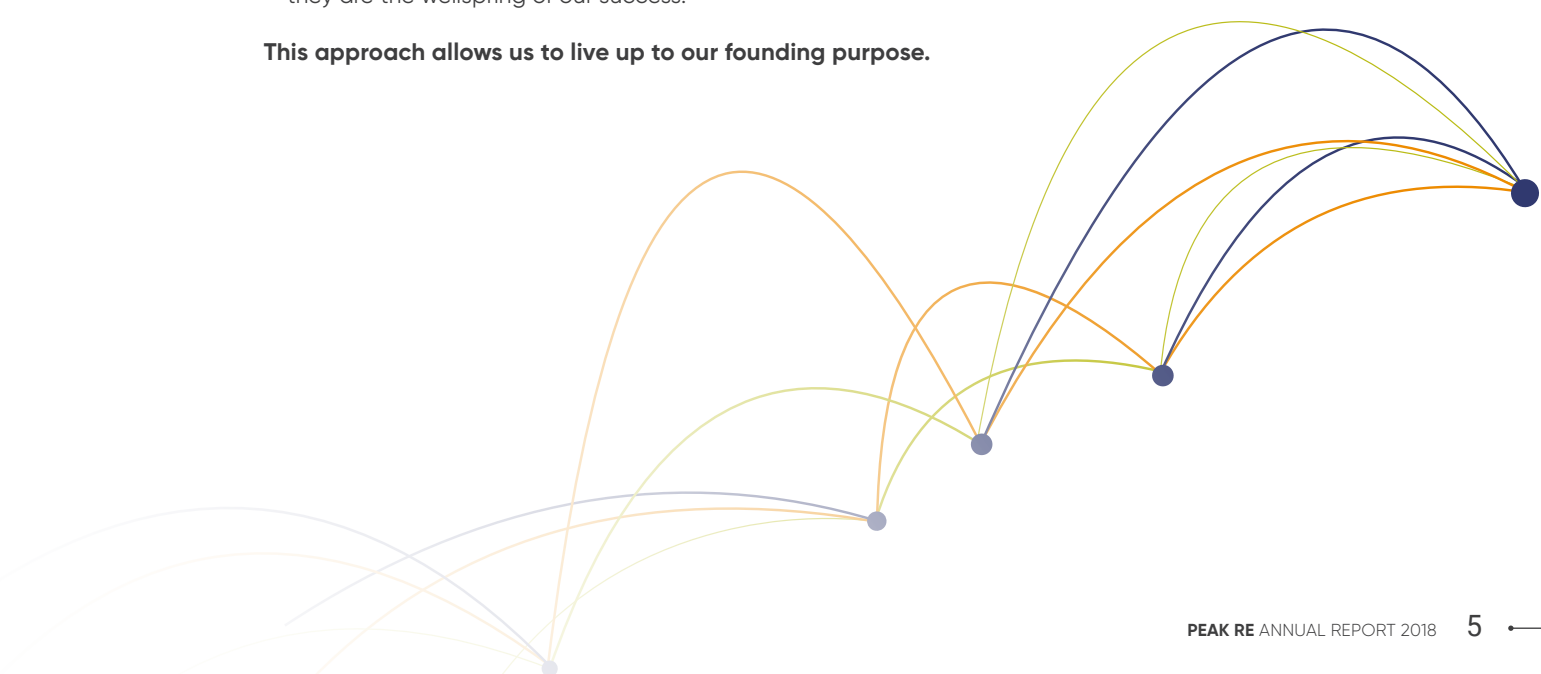
We value insights that lead us to become local experts and global thinkers.

Opportunities always start with a market or customer insight – we know how to leverage and build business around them.

Our teams are made up of 16 nationalities speaking 22 languages. This diversity brings us fresh perspectives, cultural sensitivities and unique experiences from around the world. We can challenge and inspire each other to see more clearly and do better as a result.

Our global expertise and local awareness inspire our insights. They inform strategy and product innovation, they open doors, they start conversations – they are the wellspring of our success.

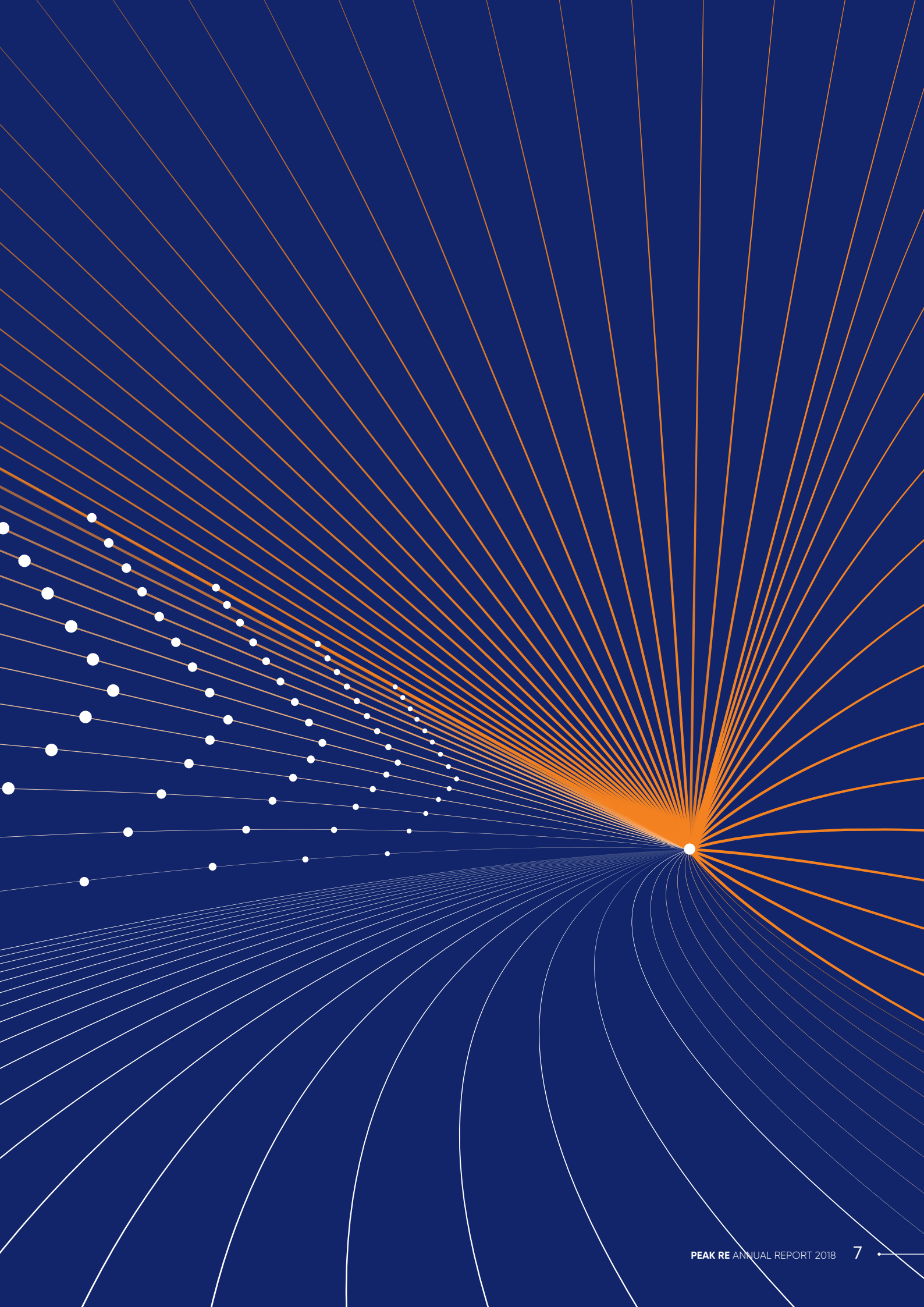
This approach allows us to live up to our founding purpose.





➤ Our Agility

At Peak Re, we can make fast decisions and move quickly together. This Agility is underpinned by our unique underwriting methodology, our flat organisational structure, and our internal alignment around one collective global portfolio.



➤ Milestones, Awards and Recognition

Recognition

Top 36
Global Reinsurance Group
by A.M. Best

Top 34
Global Reinsurance Group
by S&P

Rating

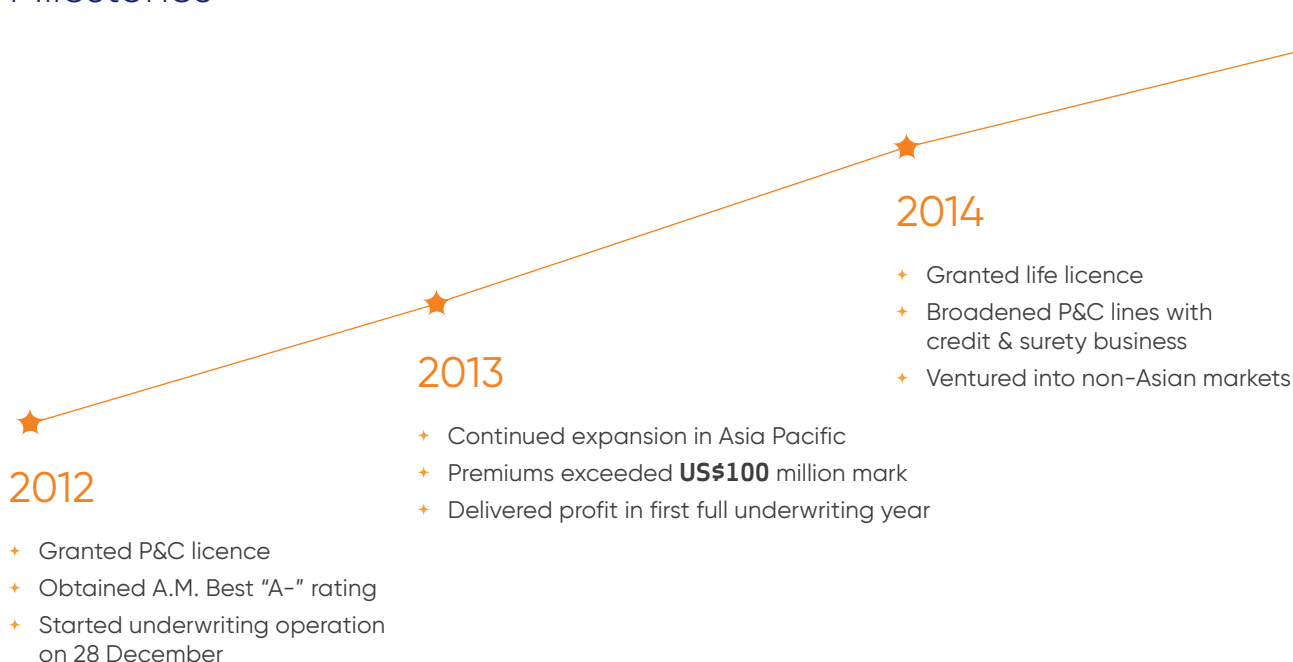
"A-" Excellent for Peak Reinsurance Company Limited & Peak Reinsurance AG

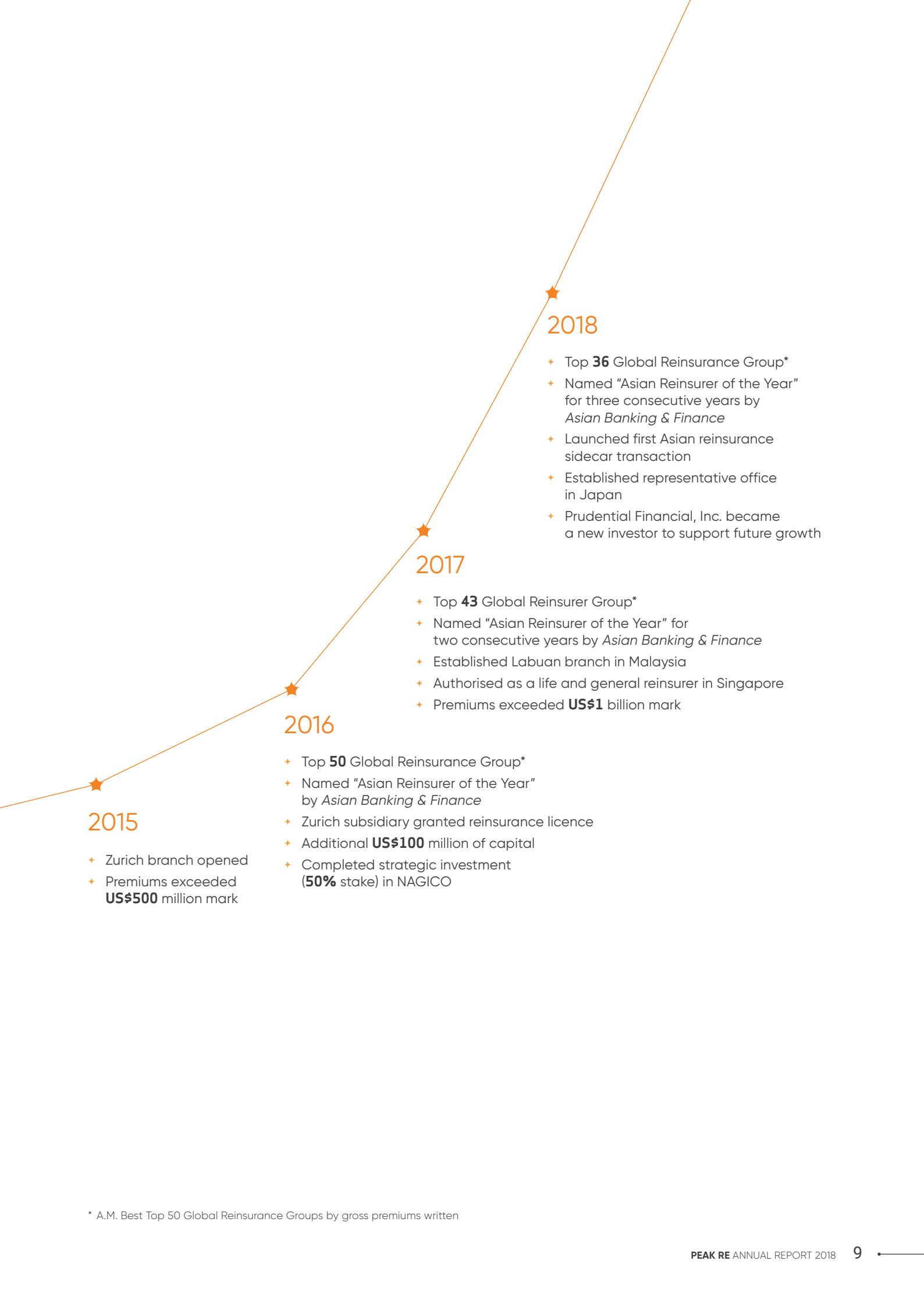
- Very strong balance sheet
- Adequate operating performance
- Neutral business profile
- Appropriate enterprise risk management

Awards

Asian Reinsurer of the Year
2016 – 2018
by Asian Banking & Finance

Milestones



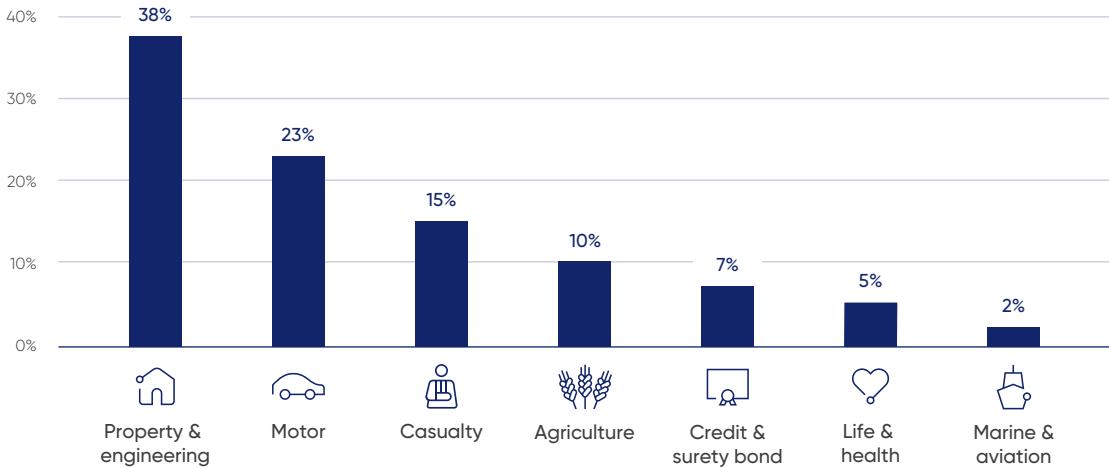


* A.M. Best Top 50 Global Reinsurance Groups by gross premiums written

Summary of Financial Highlights

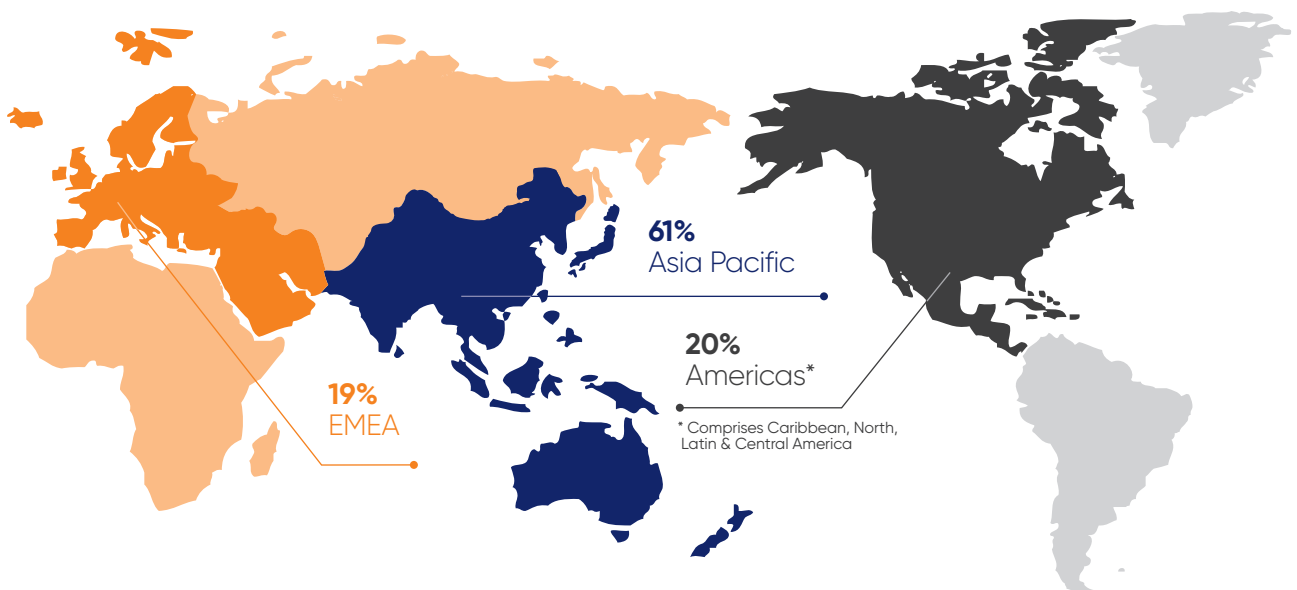
Business Portfolio

By line of business



By Market

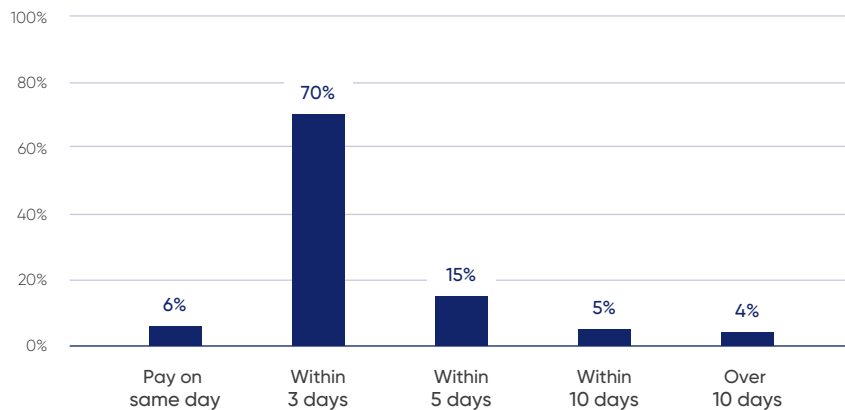
482 clients in 62 countries



Claims Performance

Unmatched claim settlement record

91%
claims were
settled in 5 days



As of 31 December 2018

Financial Highlights

Gross written premiums	us\$1.38b
Total assets	us\$3.75b
Shareholder equity	us\$965.5m
Technical combined ratio	98.3%
Solvency ratio	432%
Administrative expense ratio	3.56%

➤ Financial Review and Outlook

US\$1.38b

Gross written premiums

26%

Premium growth

US\$3.75b

Total assets

Since its launch, Peak Re has delivered a track record of year-on-year premium growth and consistent profit. In 2018, it generated premium income of US\$1.38 billion. During the reporting period, the Company's net profit reached US\$19.5 million, reflecting stable growth throughout a difficult period for the reinsurance industry.

As of 31 December, 2018, the Company's property and casualty business lines contributed US\$1.31 billion of premium income, with life and health generating US\$70 million. Total growth in gross written premiums was 26%. The management expense ratio was 3.6%, which is a testament to Peak Re's cost-efficient and nimble operation.

As of 31 December 2018, Peak Re's total investment return was 2.7%, with investable assets growing to US\$1.70 billion and net assets growing to US\$965.5 million. Total assets of the Company grew to US\$3.75 billion, representing an increase of 34%.

Peak Re's solvency remains very strong with a solvency adequacy ratio of 432%. Peak Re continues to deliver stable and sustainable returns, as it has since its establishment.

As part of our commitment to continued business growth and development, and to support our clients, we established a Japan representative office in July 2018.

Peak Re welcomed a new investor, Prudential Financial, Inc. (PFI), in April 2018, bringing in additional capital to support the Company's growth. Following the closing of the transaction in April 2018, Fosun and PFI each holds approximately 87% and 13% respectively of Peak Re via Peak Reinsurance Holdings Limited.

The Company also launched the first Asian reinsurance sidecar, Lion Rock Re Ltd., in December 2018. The transaction represents an important milestone in the Hong Kong and Asian (re)insurance market and raised an additional US\$75 million in capital for Peak Re.

Peak Re was awarded "Asian Reinsurer of the Year" for the third consecutive year by *Asian Banking and Finance* in 2018 and was ranked as the 34th and 36th biggest global reinsurance group in terms of gross written premium by *S&P* and *A.M. Best* respectively.

We are proud of our record with regards to claims. We settle very quickly and this is very much appreciated by our clients. In 2018, 91% of claims were settled within five working days.

Asset Management

Peak Re's primary investment objective is to deliver stable and sustainable returns through a well-diversified and high-quality investment portfolio. The Company also seeks to maintain adequate funds to meet its reinsurance obligations. We strictly adhere to internal risk management standards and regulatory requirements.

Investment style

While our strategy changes to adjust to the macro environment, our investment style remains consistent – we are guided by a value-investing, alpha-seeking approach. This investment style is strongly benefited by our analytical force which they are supported by the extensive source of references obtained. The references provide comprehensive investment research at the broad market level and for individual investment targets across an extensive geographic footprint and multiple asset classes. As such, we add to the Company's asset value through active portfolio management and continuous assessment of investment opportunities.

We adopt a dynamic asset allocation strategy and review our asset allocation on a regular basis with reference to our capital adequacy level, reinsurance liability profile, investment market conditions, investment and risk appetites. We always maintain sufficient cash and liquid assets to meet our reinsurance liability obligations, even under difficult economic conditions.

Market environment

The market environment during 2018 was challenging for all investment assets. Trade tensions between China and the U.S. persisted throughout the year and remained unresolved. Interest rates started to rise in the U.S. but the pace of normalisation slowed during the year. Going to 2019, major central banks are turning more dovish on economic outlook amid fears that the recovery cycle is coming to an end. As a result, the yield curve is still too low for comfort. In Europe, the UK's upcoming exit from the EU continued to create uncertainty and high debt levels in countries within the region weighed on weakening external demand and further delayed recovery to normal growth.

In response to this uncertain macroeconomic backdrop and volatile market environment, Peak Re adjusted our asset allocation strategy to focus on more stable and sustainable investment income. We achieved this by re-balancing our portfolio towards assets that generate a regular income, such as bonds and dividend-paying equities, and increase the portfolio diversification in respect of sectoral and geographic reach.

Further to this goal, we have also sought to invest in alternative assets that produce returns that are less correlated with conventional financial markets. Fixed income and equity investments are very sensitive to corporate growth, earning prospects and changes to the yield curve, which are increasingly uncertain factors. To add more stability to our investment income, we have

increased our investment allocation to non-traditional assets that offer more predictable income and less volatile in terms of performance compared to traditional asset classes.

Despite the market volatility, we continue to see opportunities in some emerging markets such as Brazil and India, as well as China, which complements Peak Re's institutional view on where a longer term economic opportunity lies. We expect domestic demand in Brazil and India to remain relatively resilient to global slowdown, coupled with robust labour markets and household consumption that are likely to support healthy growth and investments. In China, the development of the Greater Bay Area will be positive for that entire region and support an optimistic view on Peak Re's investments that seek to capitalise on this initiative. We expect fund flows between Hong Kong and China to increase, which will provide a boost to local capital markets. Combined with increased convertibility of the renminbi, we anticipate that these developments will provide more channels and opportunities for the Company to invest in China and to take advantage of better yields compared to the U.S. and other parts of the world.

Portfolio management

We will continue to focus on core competency that enable us to deliver regular and stable investment income, and provide sufficient liquidity for meeting our liability obligations, while also leaving some room for strategic investment purpose that will enable us to deliver further upside potential in the investment portfolio.

Financial Highlights

Profit & Loss Statement

Year ended 31 December 2018

	2018 US\$	2017 US\$
GROSS WRITTEN PREMIUMS	1,381,891,328	1,098,346,198
Gross earned premiums	1,264,916,291	926,222,183
Retrocessionaires' share of gross earned premiums	(282,629,245)	(125,528,463)
Net reinsurance contracts earned premiums revenue	982,287,046	800,693,720
Gross claims paid and payable	(620,430,023)	(387,848,737)
Retrocessionaires' share of claims paid	111,711,214	32,097,751
Change in gross reinsurance outstanding claims	(314,644,150)	(324,184,517)
Change in retrocessionaires' share of outstanding claims	133,292,912	49,327,885
Net claims incurred	(690,070,047)	(630,607,618)
Commission expense	(364,578,557)	(235,906,325)
Commission income	72,979,831	29,071,119
Net commission expense	(291,598,726)	(206,835,206)
Administration expenses	(35,016,981)	(27,873,348)
Underwriting loss for the year	(34,398,708)	(64,622,452)
Investment income	41,964,662	106,653,846
Share of profits / (loss) share from an associate	3,535,000	(8,006,500)
Foreign exchange gain	9,884,549	2,739,099
Other expenses	(3,749,608)	(1,475,245)
PROFIT BEFORE TAX	17,235,895	35,288,748
Income tax credit / (expense)	2,284,168	(4,760,220)
PROFIT FOR THE YEAR	19,520,063	30,528,528
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments		
Changes in fair value	(91,959,835)	26,739,534
Reclassification adjustments for disposal	(18,710,396)	20,225,586
Income tax effect	8,249,747	(6,474,009)
	(102,420,484)	40,491,111
Share of other comprehensive income of an associate	23,000	(509,500)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(102,397,484)	39,981,611
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(82,877,421)	70,510,139

Asset & Liability Statement

Year ended 31 December 2018

	2018 US\$	2017 US\$
ASSETS		
Intangible assets	7,109	139,663
Property, plant and equipment	243,650	243,044
Investment in associate	66,537,500	45,969,500
Held to maturity investments	29,220,607	37,091,953
Available-for-sale investments	1,203,268,182	894,160,585
Investments at fair value through profit or loss	81,748,439	149,786,285
Loans and receivables	126,807,869	150,355,595
Deferred acquisition costs	159,002,597	145,010,723
Prepayments, deposits and other receivables	19,080,006	30,915,144
Retrocession assets	325,137,151	150,609,224
Reinsurance receivables	1,533,616,403	923,623,714
Amount due from immediate holding company	2,019,647	258
Deferred tax asset	9,385,940	-
Current tax receivables	106,595	-
Cash and cash equivalents	195,075,304	267,541,237
TOTAL ASSETS	3,751,256,999	2,795,446,925
LIABILITIES		
Reinsurance contracts / policy liabilities	1,793,763,590	1,378,178,212
Reinsurance payables	939,270,554	470,153,024
Derivatives	2,984,653	224,133
Deferred commission income	35,287,446	22,453,539
Other payables and accrued liabilities	14,459,345	11,328,026
Deferred tax liability	-	1,144,769
Current tax payable	-	317,105
TOTAL LIABILITIES	2,785,765,588	1,883,798,808
NET ASSETS	965,491,411	911,648,117
EQUITY		
Share capital	786,720,714	650,000,000
Reserves	178,770,697	261,648,117
	965,491,411	911,648,117

Financial Highlights

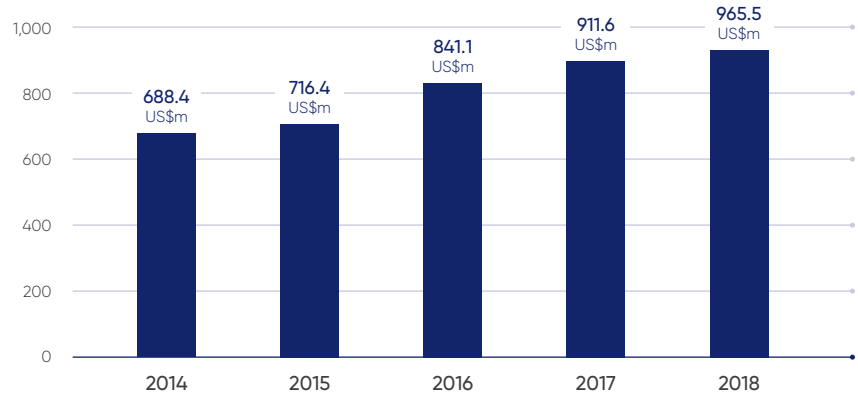
Cash Flows Statement

Year ended 31 December 2018

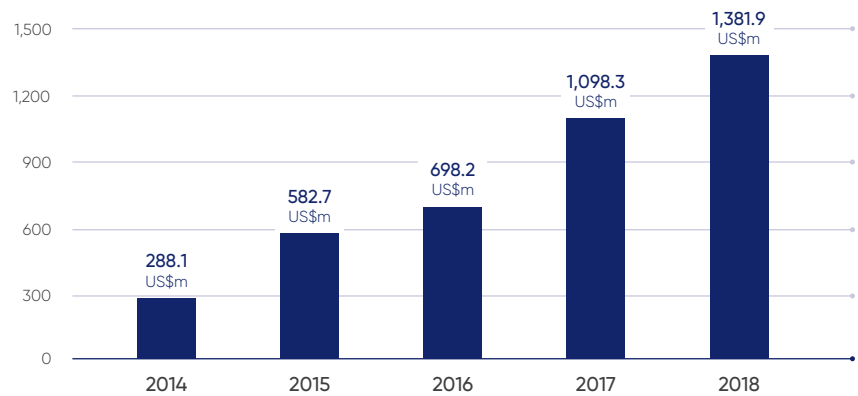
	2018 US\$	2017 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	17,235,895	35,288,748
Adjustments for:		
Depreciation of property and equipment	97,360	93,122
Amortisation of intangible assets	132,554	315,493
Share of profits and loss of an associate	(3,535,000)	8,006,500
Interest income	(43,304,683)	(30,968,679)
Dividend income from investments	(33,904,571)	(10,272,761)
Fair value (gains) / losses on investments at fair value through profit or loss	70,982,020	(39,000,464)
Gain on disposal of investments at fair value through profit or loss	(2,360,988)	(4,500,168)
Gain on disposal of available-for-sale investments	(29,456,472)	(31,645,038)
Loss on disposal of loan and receivable investments	276,072	-
Unrealised gain on available-for-sale investments	(14,034,149)	-
Impairment loss on available-for-sale investments	8,129,843	14,178,777
Change in net reinsurance contract / policy liabilities	241,057,451	428,966,803
Change in reinsurance payables	469,117,530	262,874,559
Change in prepayments, deposits and other receivables	14,033,971	(15,630,006)
Change in deferred acquisition costs, net	(1,157,967)	(30,378,859)
Change in reinsurance receivables	(614,883,329)	(374,227,307)
Change in other payables and accrued liabilities	3,131,319	(24,834,471)
Cash flows from operations	81,556,856	188,266,249
Tax paid	(415,090)	(3,068,916)
Net cash flows from operating activities	81,141,766	185,197,333
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property and equipment	(97,966)	(221,584)
Additions to intangible assets	-	(10,366)
Interest received	39,480,888	27,021,006
Change in cash collaterals	(25,176,903)	8,419,641
Dividends received from investments in securities	33,670,938	10,514,028
Purchase of available-for-sale investments	(665,600,797)	(677,320,119)
Purchases of loans and receivables	(3,535,000)	(119,785,420)
Purchase of held-to-maturity investments	-	(10,258,800)
Purchase of investments in associate	(17,010,000)	-
Proceeds from maturity of loans and receivables	27,108,140	1,748,230
Proceeds from maturity of held-to-maturity investments	7,168,909	29,252,821
Proceeds from disposal of available-for-sale investments	283,354,743	478,015,240
Proceeds from disposal of investments at fair value through profit or loss	4,855,038	57,162,319
Net cash flows used in investing activities	(315,782,010)	(195,463,004)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceed from capital injection	136,720,714	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(97,919,530)	(10,265,671)

5-Year Financial Summary

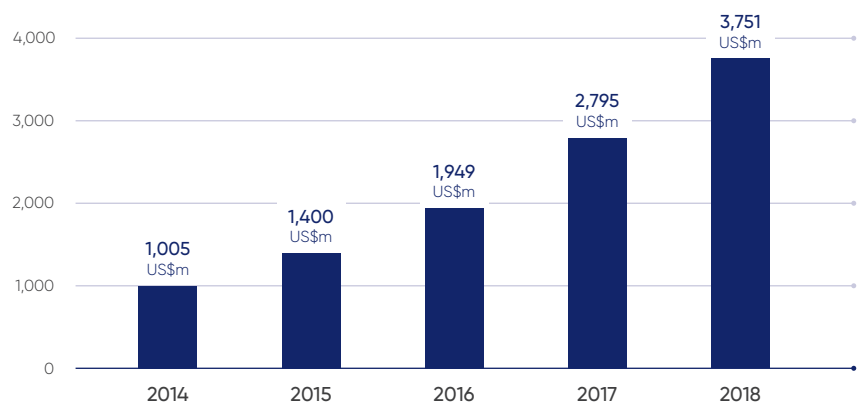
Shareholder equity



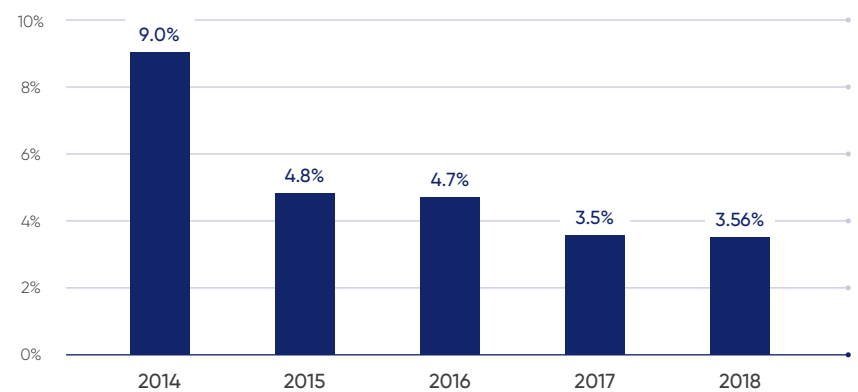
Gross written premiums



Total assets



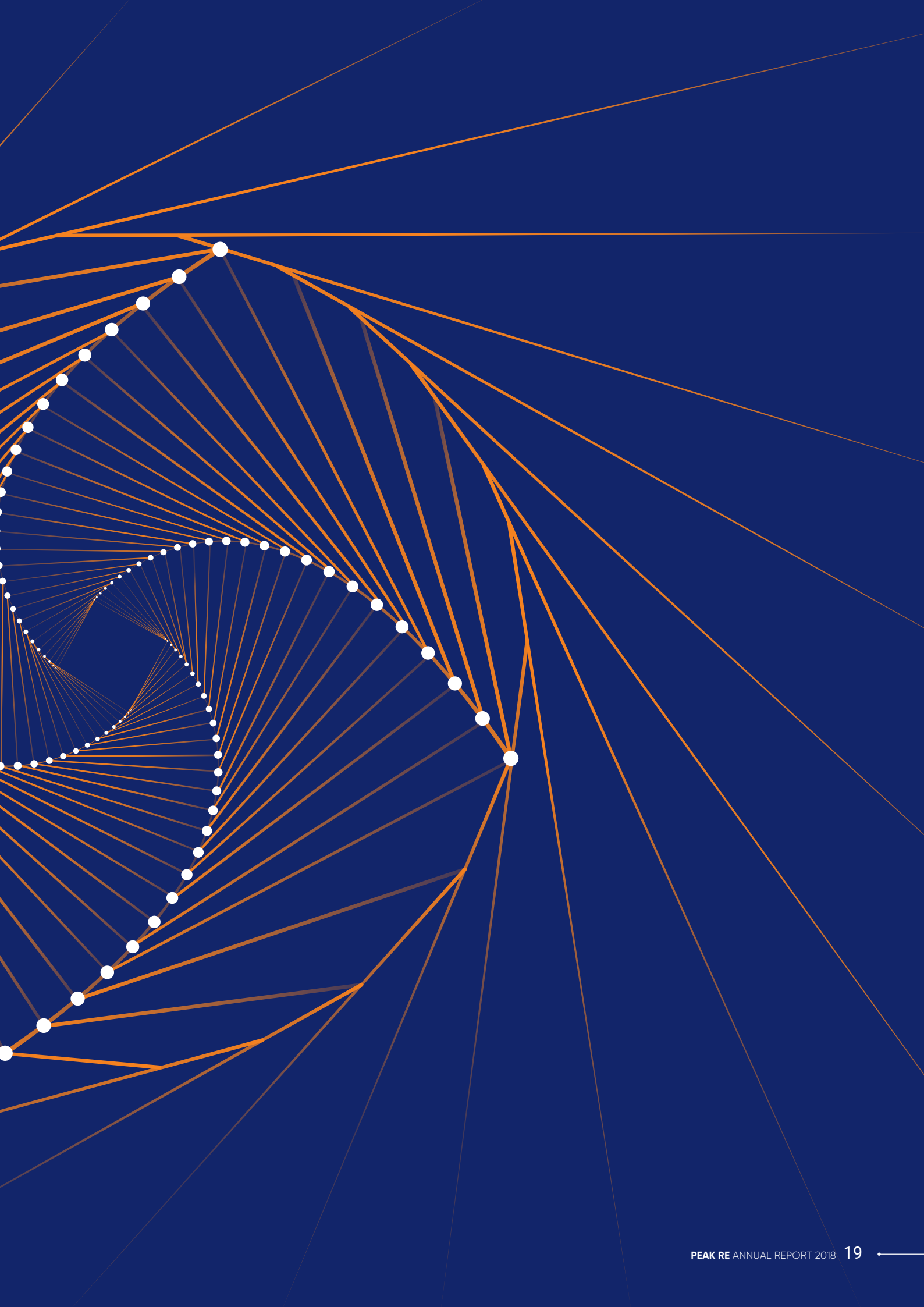
Management expense ratio



An abstract graphic on a dark blue background. It features a series of thin, orange lines that radiate from a central point on the right side, creating a fan-like effect. A curved line of white dots follows the path of these lines, starting from a larger dot near the center and moving towards the right edge. The overall composition is dynamic and modern.

➤ Our Insights

At Peak Re, we value Insights that lead us to become local experts and global thinkers. Opportunities always start with a market or customers insight, we know how to leverage and build business around them.



Peak Re celebrated its sixth consecutive year of growth and expanded its business to new markets.

Representative Office in Japan

In a year when Japan experienced its largest-ever typhoon loss, Peak Re affirmed its solid commitment to this key market with the establishment of a representative office in Tokyo and the appointment of Mr. Satoshi Ichihara as Chief Representative of the Company in Japan. This development will support Peak Re's further business growth and development in Japan. Mr. Ichihara had a distinguished career with MSI and more recently as Chief Representative of Catlin in Japan.

Asia's first sidacar

We launched Asia's first sidacar transaction in December 2018 through a new Bermuda-domiciled special purpose insurer, Lion Rock Re Ltd., to provide collateralised retrocession for part of Peak Re's global property reinsurance risk portfolio.

Lion Rock Re Ltd. successfully secured commitments of US\$75 million from a panel of third-party investors. Tapping into the global pool of alternative capital creates financial flexibility, strengthens our balance sheet and is a significant development for the Hong Kong and Asian reinsurance industry.

In what was a difficult year for raising capital, our ability to attract investors to Lion Rock Re Ltd. is a strong evidence of confidence in the quality of our underwriting.

China

2018 marks the seventh year of Peak Re's presence in the China market. As an international reinsurance company based in Hong Kong, Peak Re sees China as a key market. During the past year, we have strengthened our strategic planning, improved our underwriting policies and achieved significant growth in the market.

Our premiums in China have increased steadily and we have successfully improved the quality of the portfolio, which has yielded further performance improvements.

One significant development was the China Banking and Insurance Regulatory Commission's agreement to give equivalent status to reinsurers in Hong Kong, meaning that mainland Chinese insurance companies that cede business to qualified reinsurers in Hong Kong will benefit from a generally lower reinsurance credit risk charge under the China Risk Oriented Solvency System (C-ROSS).

As a qualified Hong Kong reinsurer, Peak Re believes that this will provide new development momentum for our China business.

Growth in Southeast Asia

Southeast Asia is core to Peak Re's mission and vision of helping to expand insurance coverage to Asia's emerging middle class. Through a series of natural catastrophes in Indonesia and the Philippines in 2018, the Company has been paying claims and developing its reputation with clients as a long-term supporter in the aftermath of such events.

We operate in the region through a branch in Labuan and as an authorised reinsurer in Singapore, which has helped to remove some of the obstacles and inconvenience for clients in these jurisdictions and across ASEAN.

We offer a single platform with underwriting activities centralised through the Hong Kong head office and supported by our best-in-class technology.

We remain committed to the region and continue to see good growth. We look forward to capturing further opportunities in 2019.

India

We completed our first full year of business in the Indian market in 2018. We have been successful in writing all lines, including personal and agriculture, furthering our mission of not only bringing risk to capital, but also using our capital to promote economic development and to help middle-class society in emerging markets to grow.

Our ambitions in India gained additional support in 2018 with Hong Kong's signing of a double taxation agreement with India, which will allow us to write business from Hong Kong cost-efficiently.

A presence in India has always been a goal for the Company and 2018 marks a milestone in our strategy for this key market.

Portfolio quality

Against the market, we have successfully managed to improve the quality of the Company's business portfolio. It is testament to Peak Re's culture and our people that we have superior access to a quality portfolio of business. Being agile and solution-driven has allowed us to provide tailor-made solutions for clients and develop sustainable contracts.

Natural catastrophes

It was another year of challenges for the industry after several large natural catastrophe events, including hurricanes Florence and Michael in the U.S., the most destructive wildfire season on record in California and the worst typhoon insurance loss ever in Japan with Jebi, which was followed shortly after by Typhoon Trami. In our home base of Hong Kong, Typhoon Mangkhut was the strongest wind storm for more than 30 years.

However, our portfolio did not experience anything that was outside our expectations and the risk management framework that we have put in place has once again allowed us to deliver a positive result for shareholders.

Europe

We continue to strengthen relationships with clients not only in Asia but also in Europe, through our office in Switzerland. We made a senior hire in September 2018 and remain focused on enhancing our service and our commitment to the local European markets, which is already bearing fruit.

Focusing on life & health

Building on a revitalised Life & Health business of the Company, Peak Re added resources in 2018 to the Life & Health team by hiring medical doctors and pricing actuaries who are helping to develop a unique proposition for our insurance company customers.

In particular, our focus is on the health side, in keeping with our mission to target the rising middle class in emerging markets, who are increasingly suffering lifestyle conditions such as diabetes, cancer and cardiovascular disease.

The target customers in these markets tend to be younger and are comfortable purchasing insurance in new ways, and we are therefore directing our efforts to help capture these types of customers through the use of new technologies and a more direct approach.

Risk-based capital

Peak Re is actively involved in helping to develop Hong Kong as an insurance market with world-class regulation as it moves towards full implementation of Solvency II equivalent risk-based capital regime by 2020 or 2021, and IFRS 17 one year later (2022). Our Zurich subsidiary is already Solvency II-compliant and we are using such experience to support the Hong Kong Insurance Authority's efforts to modernise the approach to risk-based capital in the Hong Kong insurance industry.

Bringing our values to life

At Peak Re, our values are not static – they were created to be lived and breathed by our team in all that we do.

Together, our values form a dynamic framework that fuels our purpose and continues to shape the way we work today and tomorrow.

The ways our people embody **culture, agility, and insights** determine our success. We're proud to see our values inspiring our team, every day.

Culture To develop ground-breaking, innovative solutions, our culture encourages entrepreneurial spirit, curiosity and open-minded thinking.



Shivani Sarwal
Life & Health

Our value of 'culture' is not merely a statement, it's a winning formula for any new team. It encompasses all the ingredients needed in a great recipe for success! We encourage openness, which fosters curiosity and the freedom to think laterally. In the current market scenario, innovation and entrepreneurial spirit at an organisational and individual level are musts for a new entrant like us. To me, this is the starting point for us to build a robust Life & Health business. An organisation's culture is its people and how closely they hold and live its values – at Peak Re we all do.



Sherlock Tang
Investment

Since joining Peak Re, I have proposed various equity trading strategies and they were well received by management. This recognition of my work gave me greater confidence to move forward with boosting the value of our portfolio and achieving greater returns for the company.

I feel delighted to join Peak Re, as it is a close family with many enthusiastic professionals and young colleagues from various nationalities. We are not just co-workers, but also peers who are constantly combating different challenges through team collaborations. Aside from work, we also play hard like a family during festive celebrations.

Peak Re has been on a fast-growing trajectory over the past six years and its possibilities for growth are limitless. I very much enjoy being part of Peak Re and working in this supportive environment.



Alva Yu
Analytics

I have been working for Peak Re for more than three years. During that time, I have been given opportunities to work on different areas and interact with professionals from other functions. While pricing is always my area of focus, I have also been able to work with the reserving team for one year. This has made me a more well-rounded actuary. It is very rare that a company allows an actuary to work for two functions at the same time. In addition to pricing and reserving, I am also exposed to other areas such as business planning, retrocession management, and special projects. All these opportunities could not happen without the flexibility and open culture of Peak Re.

Agility

Thinking and acting as one global team, our efficiency and adaptability are intrinsic to how we operate.



Lucy Prince
Finance

Agility is one of the core principles that delivers the growth and success of Peak Re. Without an agile mindset and approach to dealing with brokers, insurance companies, and investors, we would not have been able to adapt to the industry's rapid changes and to build the trust we've needed as a new reinsurance company for cedents to do business with us in our first few years.

Peak Re is able to act quickly and deliver. This comes from the top down, as our management are integrated into the workforce. We all sit together in an open-plan office, which enables open discussions between teams and allows us to make quick, well-informed decisions. We can tackle issues as they arise – and with agility in our daily mindset, we create greater efficiency in our daily interactions, which larger companies cannot deliver.



Liru Wang
IT

Agility is an essential quality for any good technical deployment. To best respond to the ever-changing global economy and serve our clients, the IT team work diligently to assist our business operation by maintaining and enhancing IT infrastructure, data capturing processes, analytic capabilities and data security. We are developing an integrated approach across a full technical spectrum, from the traditional ERP to cutting-edge machine learning. Visionary yet pragmatic, we are undertaking various projects to further strengthen our IT capacity, because we believe that being technically agile means being technically resilient, too.

Insights

Combining a global mindset and local expertise, our insights give us the clarity and perspective to do better.



Jasmine Miow
Markets

We continuously listen to our local partners' progressive needs because the more we understand their pain points, the better we can develop the block of success for them. We bring global best practices to our valuable, sustainable partnerships. We share similar values – and philosophies – with our local partners and can create value that leads us to agile, innovative collaborations. This approach enhances customer experience and satisfaction, and thus creates loyalty.



Jean-Luc Dupont
Markets

Peak Re brings together a unique, multi-ethnic team of valuation professionals, with decades of experience from different regions of the world. We focus on providing reinsurance solutions with a unique approach, getting straight to the core of our clients' issues and serving our clients within long-term partnerships. Every decision is discussed internally and is made within our '6 eyes principle' between analytical, underwriting and market teams, which allows us to make very objective and thorough decisions for each deal. Achieving success within our specific approach requires a lot of interaction, respect and understanding. I'm proud to work in an organisation that has a high sense of community, and that has several social initiatives that help to improve the daily lives of communities around the world.



Edward Shen
Underwriting

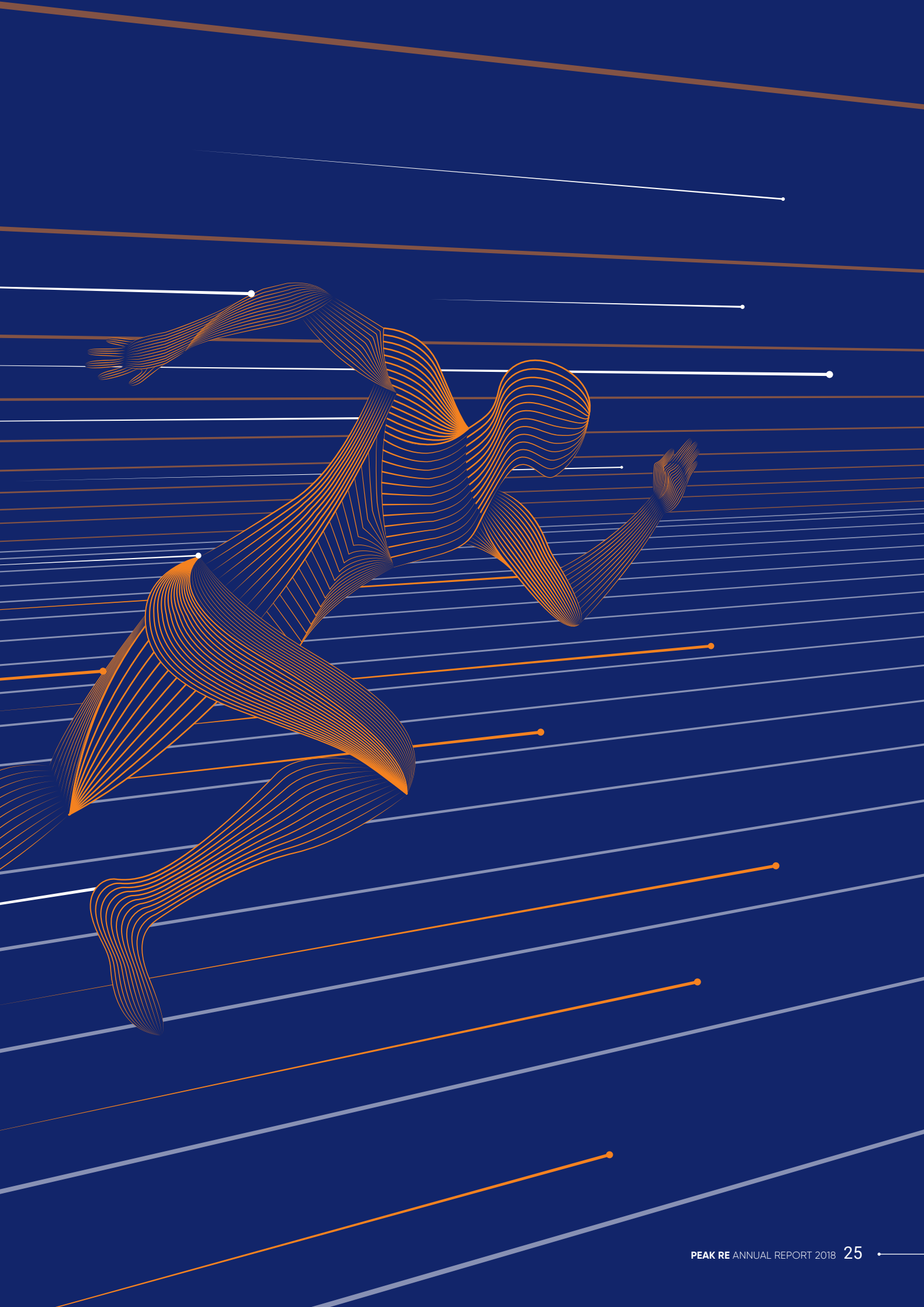
This is my second year at Peak Re. My impression of the company is that it has a good diversification of business, highly efficient internal operations and culture of social responsibility. Before joining Peak Re, I thought the company's premium income was heavily weighted in Asia. But Peak Re have actually built a territory-wide and balanced portfolio across Asia, North America and Europe, from the very beginning, together with balanced business lines in property, liability, motor and specialty. I was quickly impressed by the efficiency of the internal operation and fast claim payments, with only around 80 employees handling a portfolio above US\$1.3 billion.

Insurance is really about helping people in need. In 2018, Peak Re began to support a rural doctor programme in China and at the same time have helped the farmers there to promote their tea. All these initiatives show care for the community.



➤ Our Culture

At Peak Re, our Culture encourages the entrepreneurial spirit, and values open and curious mindsets that feed fresh thinking and innovation.



Board of Directors

Li Tao

Chairman

Mr. Li Tao is Vice President of Fosun International and President of Fosun Insurance Group. Prior to joining Fosun in 2017, Mr. Li was Chief Financial Officer of China Taiping Insurance Group Co., Ltd. After the reorganisation and overall listing of China Taiping Insurance Group Co., Ltd. in August 2013, Mr. Li served as CFO of China Taiping Insurance Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 00966), in charge of the financial lines, and also managed the actuarial, investment lines and overseas insurance business. From September 2001 to November 2008, Mr. Li served as the founding senior management and CFO of Taiping Life Insurance Co., Ltd.

Mr. Li is a member of the Association of Chartered Certified Accountants (ACCA).

Franz Josef Hahn

Vice Chairman

Mr. Franz Josef Hahn is the Chief Executive Officer of Peak Re. With 30 years of reinsurance industry experience, Mr. Hahn has successfully helped to build and shape the reinsurance business in the Greater China and Asia Pacific region. He held senior management positions in multiple leading reinsurance companies and has acquired extensive strategic business advisory experience across the globe.

Before launching his reinsurance career, he was a lawyer.

Chen Kaihong (Cathy Chen)

Executive Director

Ms. Chen Kaihong serves as Chief Financial Officer of Peak Re and is a key person in the financial control function, overseeing the Company's financial and operational management. Ms. Chen has more than 18 years of accounting and financial experience in both the insurance and reinsurance industries and has solid knowledge of the related regulations. Prior to joining Peak Re, she was the Chief Representative for Lloyd's Beijing. Before that, she was the Chief Financial Officer for Swiss Re's China operations and had successfully established and maintained good relationships with various government authorities.

Ms. Chen holds an MBA in Finance and a bachelor's degree in Economics. She is also a member of the Association of Chartered Certified Accountants (ACCA) Fellowship.

(Ms. Chen was appointed as Executive Director of Peak Re in July 2018.)

Wang Qunbin

Non-Executive Director

Mr. Wang Qunbin is a Non-Executive Director and Board Committee member of Peak Re. He is one of the founders of Fosun and a Director of Yuyuan (SSE stock code: 600655), a Non-Executive Director of Sinopharm (HKEx stock code: 01099) and Fosun Pharma (HKEx stock code: 02196 and SSE stock code: 600196).

Mr. Wang was awarded "Asia Pacific Outstanding Entrepreneur Awards" by *Enterprise Asia* and was named "Best Asian Corporate Director" at the Asian Excellence Recognition Awards 2014 by *Corporate Governance Asia* in 2014.

Mr. Guo Guangchang, Mr. Yu Xiaodong, Ms. Yuan Xi, Ms. Kang Lan and Mr. Gong Zhiqi resigned from Peak Re's Board in 2018. Mr. Zhang Feifei was appointed as Non-Executive Director of Peak Re in 2019.

Monish Kant Dutt

Independent Non-Executive Director

Mr. Monish Kant Dutt is an Independent Non-Executive Director of Peak Re. He is a seasoned investment professional and consultant on emerging markets, and serves as a director on five other boards in Africa, the Caribbean and USA.

Mr. Dutt has spent 25 years with the International Finance Corporation (IFC) until 2011 where he last served as Chief Credit Officer for Global Financial Institutions & Private Equity Funds. He was responsible for over US\$10 billion investments in debt instruments and equity during his service at the IFC. Before joining the IFC, Mr. Dutt worked at Ernst & Young London for 4 years.

Mr. Dutt holds an MBA in Finance from London Business School, London University and a bachelor's degree in Economics from St. Stephen's College, University of Delhi. He is also a Chartered Accountant accredited as a Fellow by the Institute of Chartered Accountants in England and Wales.

(Mr. Dutt was appointed as an Independent Non-Executive Director of Peak Re in March 2018.)

Stephen Bernard Roder

Independent Non-Executive Director

Mr. Stephen Bernard Roder was one of the co-founders of Peak Reinsurance Company Limited prior to joining Manulife Financial Corporation as Group Chief Financial Officer. He has substantial experience in strategy, regulatory matters, finance, capital markets and transactions with a focus on the financial services sector. He has over 20 years of experience dealing with global companies and in-depth experience working across Asia markets. At Manulife, he was the leader of several major programmes including the Total Shareholder Return (TSR) and Shareholder Value Creation programme and the Finance Transformation programme.

Prior to co-founding Peak Re, Mr. Roder was the Group Chief Financial Officer of AIA, where he led the IPO preparation programme. He also acted as the lead interface with fourteen regulators including in Hong Kong, Singapore and Bermuda. Prior to AIA, he was the Asia Pacific Chairman of Financial Services at KPMG and served as a partner in Hong Kong/China, Japan and London.

Mr. Roder holds a Bachelor of Social Science degree from the University of Southampton, UK. He is also a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants.

(Mr. Roder was appointed as an Independent Non-Executive Director of Peak Re in May 2018.)

Ouyang Hui

Independent Non-Executive Director

Mr. Ouyang Hui is the Dean's Distinguished Chair Professor of Finance and an associate dean at the Cheung Kong Graduate School of Business (CKGSB). Before joining CKGSB, he served as a managing director at UBS, where he headed Quantitative Solutions/ Algo Strategies for Asia Pacific. His work focused on alpha-generating trading strategies, quantitative portfolio strategies, as well as on the development of structured products. He also served as a managing director at Lehman Brothers and Nomura Securities. He headed Quantitative Strategies, Quantitative Credit Research and Lehman-Live Marketing/Bond Indexes at Lehman Brothers.

Mr. Ouyang holds a Ph.D. in finance from U.C. Berkeley and a Ph.D. in chemical physics from Tulane University. He received his postdoctoral training in chemical physics from the California Institute of Technology, where he worked under Nobel Laureate Rudy Marcus.

Senior Executives



(from left to right) Desmond Yu, Lawrence Cheng, Eckart Roth, Franz Josef Hahn, Chris Kershaw, Cathy Chen & David V. Cabral

Franz Josef Hahn Chief Executive Officer

Mr. Franz Josef Hahn is the Chief Executive Officer of Peak Re. With over 30 years of reinsurance industry experience, Mr. Hahn has successfully helped to build and shape the reinsurance business in the Greater China and Asia Pacific region. He held senior management positions in multiple leading reinsurance companies and has acquired extensive strategic business advisory experience across the globe.

Before launching his reinsurance career, he was a lawyer.

Chen Kaihong (Cathy Chen) Chief Financial Officer

Ms. Chen Kaihong, Cathy, is the Chief Financial Officer and key person in financial control function of Peak Re, overseeing the Company's financial and operational management. Ms. Chen has more than 18 years of accounting and financial experience in both the insurance and reinsurance industries and has solid knowledge of the related regulations. Prior to joining Peak Re, she was the Chief Representative for Lloyd's Beijing representative office. Before that, she was the Chief Financial Officer for Swiss Re's China operation and had successfully established and maintained good relationships with various government authorities.

Ms. Chen is a member of the Association of Chartered Certified Accountants (ACCA) Fellowship.

Desmond Yu Chief Investment Officer

Mr. Desmond Yu is the Chief Investment Officer of Peak Re, designing, strategising and implementing tactical asset allocation of Peak Re's investment portfolio. Mr. Yu has more than 20 years of financial industry experience, with a proven track record of achieving excellent investment returns and managing large portfolios.

Mr. Yu is a member of the Association of Chartered Certified Accountants (ACCA).

Eckart Roth Chief Risk Officer

Mr. Eckart Roth is the Chief Risk Officer of Peak Re. He is a seasoned reinsurance professional with more than 25 years of experience in the regional and international reinsurance markets and a proven track record in building and implementing comprehensive risk management systems during his previous experience with various global reinsurers.

Mr. Roth is a qualified lawyer.

David V. Cabral Chief Operating Officer

Mr. David Cabral is the Chief Operating Officer of Peak Re, with leadership responsibilities in business process integration and driving Peak Re's technology strategy development.

Mr. Cabral is a seasoned reinsurance professional with more than 35 years of global (re)insurance experience, having worked in diverse markets in start-up environments and has successfully founded and led the development of (re)insurance organisations.

Mr. Cabral is a member of the Pan-Asia Risk & Insurance Management Association (PARIMA).

Chris Kershaw Managing Director – Global Markets

Mr. Chris Kershaw is the Managing Director – Global Markets at Peak Re, responsible for business development. Mr. Kershaw has more than 35 years of experience in the reinsurance industry and has spent the past 25 years in Asia, gaining a wide range of experience working with various stakeholders, including regulators, to develop relationships and business across the region and multiple lines.

Mr. Kershaw holds a master's degree in Modern History and Economics from Oxford University.

Lawrence Cheng Managing Director – Underwriting

Mr. Lawrence Cheng is the Managing Director – Underwriting for Peak Re, looking after the Company's product underwriting function. He has more than 15 years of experience in the reinsurance industry with exposures from both brokering and reinsurance companies.

Mr. Cheng has solid experience in reinsurance purchasing, reserving, pricing, catastrophe modelling, capital modelling and enterprise risk management (ERM).

Mr. Cheng is a Fellow of the Institute of Actuaries.

➤ Corporate Governance and Risk Management

Peak Re is committed to a high standard of corporate governance that ensures sound management, effective oversight of the business and recognises and protects the interests of policyholders, in adherence with the laws and regulations of Hong Kong and other applicable jurisdictions.

The Company is a signatory of the Principles for Sustainable Insurance (PSI) of the United Nations Environment Programme, Finance Initiative (UNEP FI). The Chief Risk Officer and the Social and Environmental Officer of the Company assure the compliance of these principles.

As prescribed by the Hong Kong Insurance Authority, there are clear lines of reporting and division of responsibilities within the organisational structure. The Board of Directors of the Company ("the Board") has the ultimate responsibility for setting business objectives, strategies and policies, in coordination with its committees, while senior management is accountable for carrying out the day-to-day operations of the Company and implementing systems and controls.

As of 31 December 2018, the Board comprises seven directors, including three independent non-executive directors to maintain appropriate checks and balances. Four Board meetings were held in 2018.

Committees

The roles and responsibilities of each committee are defined and approved by the Board.

Audit Committee

The Company has a reliable and transparent financial reporting system that is overseen by the Audit Committee. Its principal function is to assist the Board in fulfilling the latter's responsibilities by providing an independent review of the effectiveness of the financial reporting process and internal control system and to make recommendations on the appointment, re-appointment and removal of external and internal auditors.

Investment Committee

The Investment Committee sets out the Company's investment policy and strategies, and oversees the investment portfolio. It monitors the investment results of the Company, regularly reviews and revises its investment strategies in light of changes in the market environment and gives due consideration to asset-liability management.

Risk Management and Compliance Committee

The Risk Management and Compliance Committee is responsible for overseeing all risks and advising the Board with respect to risk management and compliance-related issues. It regularly reviews the Company's capital requirements, usage of underwriting and investment limits and oversees the adherence to all relevant laws and regulations.

Corporate Governance and Risk Management

Nomination and Remuneration Committee

The Nomination and Remuneration Committee reviews and recommends the appointment, dismissal and remuneration of directors, senior management, key persons in control functions of the Company, and reviews and recommends the remuneration of material risk-taking employees of the Company. It oversees remuneration policy and practices of the Company to ensure that they are in line with risk appetite and the objectives, business strategies and long term interests of the Company.

Peak Re has defined a Code of Conduct, Social and Environmental Responsibility Guidelines and an Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) Compliance Policy to support and guide management and staff in the daily execution of the corporate governance.

Peak Re has a clear “three lines of defence” governance model. The Company’s operating units are the first line of defence, which are responsible for designing their processes and internal control systems. The second line of defence includes the compliance and risk functions, which are responsible for providing independent oversight of the Company’s risk-taking and risk management activities and assessing internal controls. Finally, the third line of defence is the internal audit function, which provides independent validation of the risk-mitigation controls in the first two lines.

Risk management

The Company’s business involves accepting underwriting and investment risk. This exposes it to uncertainties from insurance and investment activities. The Company manages these uncertainties with the objective of protecting the trust invested by cedants – and ultimately policyholders – and its shareholders.

Peak Re infuses a strong risk culture throughout the organisation, providing a solid foundation and guiding principle for all risk-taking activity. Sound risk management and internal control systems are a vital component of Peak Re’s corporate governance model, overseeing the proper conduct of its business and affairs.

Risks in 2018

A number of major typhoons hit the Pacific Basin in 2018, making it the fourth most costly natural disaster year on record, with global insured losses from catastrophes estimated at US\$79 billion, more than 10% above the 10-year average of US\$71 billion. In addition, rising interest rates and volatility in stock markets contributed to the worst year for investment returns since 2008 and provided additional challenges testing Peak Re’s risk management framework.

Underwriting risk

Property & Casualty: Natural catastrophe is the single largest risk in the Company’s Property & Casualty book. The Company has defined risk scenarios for flood, earthquake, typhoon, severe windstorm and wildfire to manage these exposures in its underwriting regions.

Peak Re licenses vendor models to analyse its natural catastrophe exposure. In addition, the Company’s strong analytical team enables the Company to evaluate its risks based on its own assessments. The IT platform supports real-time accumulation tracking and allows the Company integrate exposures from the marine or agro books. Retrocession is bought to manage the overall limits. Peak Re also tracks the accumulation of its other lines of business such as fire, personal accident, credit and bond, and agriculture.

In addition, Peak Re also tracks risks from premium deficiencies, i.e. the risk of not earning sufficient premiums to pay future losses, and inadequate reserving, i.e. the risk that adverse developments affect the adequacy of existing reserves. The Company uses its own pricing tools to monitor premium deficiencies and calculates reserves in accordance with actuarial best practice.

Life & Health: A significant risk in the Company's Life & Health book is that insured benefits may turn out higher than anticipated. Biometric risks and changes in customer behaviour can affect the actuarial assumptions of the value of the portfolio. Exceptional one-off events, such as a pandemic, may cause a short-term decline in the value of the portfolio. Changes in morbidity or in cost of treatment have a greater impact on the health portfolio whereas changes in mortality, longevity and disability affect the life book.

Peak Re has defined limits for each loss per life and for the numbers of lives in case of a catastrophic event. In excess of these event limits, reinsurance is bought to assure sufficient capacity. The underlying actuarial assumptions and rating rules are defined by the appointed actuary and reviewed over time.

Market risk

Volatility in its equity portfolio presents Peak Re's largest investment risk. The Company aims to enhance the long-term valuation of its portfolio through stock selection and accepts some short-term volatility. Positions are monitored closely using a traffic-light system.

The fixed-income portfolio is exposed to interest rate movements and changes in spreads. The Company tracks risks on a name, country and industry basis and considers cross balance sheet exposures from its credit and bond portfolio. In case of a potential overexposure to a single country, name or industry, the portfolio is rebalanced or hedged.

Peak Re is also exposed to foreign exchange risk. A rigorous asset-liability management framework adopted by Peak Re serves to match assets and liabilities of the Company. However, Peak Re is constrained by the immaturity of the financial markets in some of its frontier and emerging economies. Where appropriate, Peak Re deploys hedging strategies to mitigate foreign exchange risks.

Credit risk

Peak Re's credit risk management policy objectives are to improve its asset quality and minimise its concentration risk through a diversified, balanced and risk-weighted product portfolio. The Company continually monitors and seeks to improve its credit risk-related policies and guidelines to reflect changing risks in its business. To measure and manage its credit exposures, the Company uses a variety of tools on a daily basis, including assessment of counterparty risk. In addition, the Company's credit management system monitors credit exposure to individual counterparties. In the ordinary course of business, the Company may be subject to a concentration of credit risk to a particular counterparty, which the Company may seek to manage through credit risk management policies setting exposure limits.

Operational risk

Risks arising from the loss of people, the disruption of processes and systems, and from external events are tracked with risk registers that define the risk owner, describe the risk, define mitigating actions and quantify the residual risk. At least once a year Peak Re runs a Disaster Recovery Process to test the resilience of its IT systems and to assure access to critical business information in case of an external event. It also trains its staff on how to act in case of such an event. The Company is committed to strong cyber resilience to protect the data it controls and to ensure the continuity of business operations. Mitigation measures are in place to prepare for possible cyber security threats and policies are regularly reviewed.

Liquidity risk

Peak Re holds liquidity to pay claims in a timely manner. The Company monitors its liquidity position and constantly improves its cash-flow planning capabilities. As a precaution Peak Re holds 5% of its shareholder and of its policyholder funds in cash. A repo facility was put in place to cater for unexpected events. Equities and fixed income assets are mostly traded in public exchanges in Hong Kong or New York and are easily liquidated.

➤ Corporate Social Responsibility

Done correctly, insurance is an inherently socially responsible business. It is about providing protection that the state can only give you reluctantly – and often too late after natural catastrophes have happened. Insurance is a protection that is there right away when people really need it.

Since the beginning of Peak Re's journey six years ago, the investment case for our shareholders has always been focusing on the growth of Asia Pacific and the emergence of the middle class. We have built the Company around finding solutions for precisely these people – not only through the existing insurance companies, but also by helping new entrants into the insurance industry, particularly those that aim to reach the uninsured.

While our principal mission is to protect and sustain growth and prosperity by providing reinsurance and insurance solutions to the communities we work in, Peak Re also helps to deliver those benefits to communities where insurance is not yet practical. Being based in the heart of emerging Asia and working with clients in frontier markets, we work on projects that help to provide protection and strengthen the resilience of communities against the hazards they face.

The initiatives we support are founded on these ideas.

Rural Doctor Poverty Alleviation Programme

A joint initiative with the Fosun Foundation, the Rural Doctor Poverty Alleviation Programme, aims to improve access to medical care in remote Chinese regions. Peak Re's Chief Executive Officer, Mr. Franz Josef Hahn, Chief Financial Officer, Ms. Cathy Chen, and other staff

members visited Yunnan in 2018 as part of the programme and brought donations of writing boards and computers to the Yong Ping county, where 75 clinics and 175 rural doctors look after the region's population of 200,000 people. On average one doctor takes care of 1,143 people,

with scarce access to medical supplies and equipment. The region has a high exposure to natural catastrophes, such as earthquakes, flooding and landslides, and tops the agenda of the Chinese government's National Poverty Alleviation Programme.



Peak Re supports the Rural Doctor Poverty Alleviation Programme in Yunnan, China.

(top) CEO Franz Josef Hahn visited Yunnan with a team of Peak Re volunteers and contributed 75 computers to boost the local clinics' facilities and enhance rural doctors' efficiency.

(bottom) CFO Cathy Chen led a Peak Re team to revisit the rural doctors in Yunan as well as a local school, by bringing 75 writing boards to the clinics in the region.

Besides providing medical treatment and care to patients, Yong Ping's doctors are also responsible for maintaining public health records. Peak Re's donation of computers and writing boards managed to reduce the amount of time spent on administrative tasks, freeing up doctors to focus on their patients' needs.

Principles of Sustainable Insurance Initiative

Peak Re is a signatory to the Principles of Sustainable Insurance (PSI) of the Finance Initiative of the United Nations Environmental Agency (UNEP FI), which serves to better understand, prevent and reduce environmental, social and governance risks, and to provide reliable protection.



Himalayan Consensus

Peak Re has been an active contributor and adviser to the Himalayan Consensus, an initiative created to enhance the Himalayan region's resilience against natural disasters through community empowerment.

The Consensus aims to encourage grass root solutions and efforts to improve economic sustainability while protecting ethnic diversity and local identity. Peak Re has moved beyond its original sponsorship role to engage more actively in providing ideas on investment structures that can help communities respond to natural disasters, both in the Himalayan context and in other other parts of the developing world.

Partnership with Shanghai Typhoon Institute

Since 2015, Peak Re has partnered with the Shanghai Typhoon Institute (STI) on research projects related to North-West Pacific basin and South China Sea tropical cyclones. Protection against typhoons, a major peril in China and the wider region, is compulsory on all insurance policies. The research allows insurers to better understand these cyclones and mitigate the risks. STI and Peak Re issue two reports each year, one in May on pre-cyclone season predictions and one in August providing a mid-season review and corrections for the remaining season. Peak Re reviews and provides suggestions for the reports prepared by STI.

Natural Disaster Insurance Scheme – Sri Lanka

The Government of Sri Lanka seeks natural disaster protection through its National Insurance Trust Fund (NITF), covering physical damage, accidental death for human life and emergency relief expenses. Through this initiative, the Sri Lankan government is able to provide a safety net to people who previously had no access to insurance. Peak Re supports this initiative, helping the government achieve greater financial certainty and stability, and hence extend its insurance scheme to an even wider population in Sri Lanka.

A "Caring Company"

Peak Re has been accredited as a Caring Company by the Hong Kong Council of Social Service in recognition of the Company's commitment to caring for the community, employees and the environment. The scheme aims to foster strategic partnerships between the business and social services sectors to promote good corporate citizenship and create a more inclusive society.



Peak Re colleagues joined forces with Fosun Hong Kong teams to visit under-privileged families and elderly living alone.

PeakRe >

Peak Reinsurance Company Limited

Hong Kong Headquarters
Room 2107-11, ICBC Tower,
3 Garden Road,
Central, Hong Kong

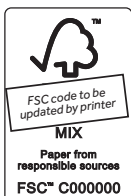
E: info@peak-re.com

T: +852-3509 6666

F: +852-3509 6668

Peak Reinsurance AG
Fortunagasse 28, 3rd floor
8001 Zurich, Switzerland

T: +41 (0) 43 819 20 60



Published by Peak Reinsurance Company Limited.

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