



## About Peak Re

Based at the heart of the Asia Pacific region in Hong Kong, with shareholder equity of US\$911.6 million as of 31 December 2017 and authorised by the Office of the Commissioner of Insurance, which became Insurance Authority (“IA”) of Hong Kong on 26 June 2017, Peak Reinsurance Company Limited (“Peak Re” or “the Company”) is one of the few locally established reinsurance companies in Asia Pacific, underwriting both life and non-life reinsurance business.

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.

The Company was established by Fosun International Limited (00656.HK) (together with its affiliates “Fosun”) and International Finance Corporation (“IFC”) in 2012. On 13 February 2018, Peak Re announced that a wholly-owned subsidiary of U.S.-headquartered Prudential Financial, Inc. (“PFI”), has signed definitive agreements to purchase a minority stake in Peak Reinsurance Holdings Limited (“Peak Reinsurance Holdings”), the sole and direct shareholder of Peak Re via an issuance of new shares (“the Transaction”). In the run-up to the Transaction, the shares of Peak Reinsurance Holdings held by IFC were purchased by Fosun. The Transaction was completed in April 2018. Fosun and PFI now hold 86.9% and 13.1% of the Company, respectively, through Peak Reinsurance Holdings.

Peak Re ranked 43 on AM Best’s annual ranking in 2016 by gross written premium.

## Vision

Being the most valued reinsurance brand to our clients and stakeholders

## Mission

To modernise reinsurance while supporting growth in Asia Pacific and beyond

### Cover:

Peak Re, a global reinsurer based in Hong Kong, celebrates its fifth “五” (Chinese character of number 5) anniversary in business in 2017. During the past five years, Peak Re has consistently taken steps to modernise reinsurance and, with the support of our clients and staff, the Company has become a well-established and mature reinsurance company.

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## Message from the Chairman & the Chief Executive Officer



### Wang Qunbin

Chairman

In 2017 we celebrated five years of operations. Looking back, we are happy to have created a very profitable and sustainable reinsurer that operates based on international best practices around the world.

Since our establishment five years ago, Peak Re has delivered a track record of year-on-year premium growth and generated a 2017 premium income of US\$1.10 billion. Peak Re continues to make consistent profit starting from the first year of operations. During the reporting period, the Company's after-tax income increased to US\$70.5 million, despite 2017 being one of the most difficult years for the reinsurance industry.

As of 31 December 2017, Peak Re's comprehensive investment return was 10.5% as the investment portfolio continued to provide strong and sustainable long-term return. The investable assets reached to US\$1.55 billion, thanks to a year of strong investment performance. The Company's solvency adequacy ratio remains strong as 433% with shareholders' equity grew to US\$911.6 million. Peak Re has steadily delivered stable and sustainable returns since its establishment.

The efficiency and agility of the organisation was once again demonstrated by a further reduction of our management expense ratio to 3.48%. We expect that our nominal management expenses will settle at around 3% in the years to come.

### Resilient natural catastrophe book

Clearly, 2017 was a challenging year for the reinsurance industry as insurers faced a series of large claims. Historically, such losses have been followed by higher prices. While we have seen this in loss-affected

markets, the intensity of competition within the industry has constrained price hikes in the broader market.

At Peak Re, the record level of weather-related natural catastrophes in 2017, including three large storms in the North Atlantic, affected us twice – once as Peak Re and once as a shareholder in NAGICO Holdings Limited. However, our risk management systems have held up well and losses from hurricanes Harvey, Irma and Maria are relatively low, with an impact on shareholder value of 5%, which is within expectations.

Having been tested in this way, we are pleased with the quality of our underwriting and the performance of our risk management systems. We write natural catastrophes on a standalone basis with a clear eye on total accumulation limits. In addition, our retrocession programme provides an additional layer of protection. We have not had a retro loss in the first four years of operation and, while it is yet to be determined how the Irma loss will affect our retro cover, we expect that the payouts we request from retro markets may still be at the lower end.

In Asia Pacific, while there were some natural catastrophe events in Australia and New Zealand, we experienced a relatively benign loss environment overall. Typhoon Hato hit Hong Kong, Macau and mainland China and challenged the markets. Our losses were substantially lower than those of our peers from this typhoon, the largest to hit the Greater Bay Area since Typhoon York in 1999.



**Franz Josef Hahn**  
Chief Executive Officer

## Global operations

Our business is growing equally across our three main territories – Asia Pacific, EMEA (Europe, the Middle East and Africa) and North America. In particular, we enjoyed strong profit growth in China.

Our subsidiary in Switzerland, which was established at the end of 2016 to support clients in Europe, has been developing very well and is already an integral part of Peak Re. We continued to support our international clients in 2017 with the licence granted as an authorised life and general reinsurer in Singapore, which will allow Peak Re to strengthen its business relationships in Singapore and deepen our client penetration.

We were also approved by the Labuan Financial Services Authority to carry on general reinsurance business, which provides greater access to the Malaysian market and in future will be a very effective way of dealing with ASEAN clients.

## Welcoming a new regulator

The introduction of the Insurance Authority (IA) as an independent regulatory body will professionalise the market and aligns Hong Kong both with mainland China and also international markets. As an organisation that is supervised under the Swiss Solvency Test, which is recognised as an equivalent status to Solvency II in the EU, we welcome the change. The IA will help Hong Kong to showcase its strength as the leading financial centre.

## Technology upgrade

We have built a cutting-edge data warehouse using state-of-the-art technology. It is now fully operational and encompasses the entire Peak Re data lifecycle. In addition, we are currently rolling out a new web-based administrative system, which will make our operations more efficient and will enable us to advance process automation and new technologies within the reinsurance industry.

## Ownership

Fosun and IFC have been shareholders of Peak Re throughout our first five years and we thank both for the guidance they have provided. Without their support, we would not have been able to build Peak Re in a profitable manner during these first five years.

We thank IFC very much and welcome Prudential Financial, Inc. as our new minority shareholder. We see a significant opportunity to work together in building Peak Re to be a stronger company with sustainable growth.

## Outlook

In 2018 and beyond we see considerable opportunity for growth. There are various risks in the world that are still not reinsured, and we will continue helping our clients to close this protection gap, specifically in natural catastrophes, health, life and pension systems.

We are targeting organic growth, but we are certainly prepared to make accretive acquisitions if and when such opportunities arise.

However, the unparalleled agility that we have achieved through our first five years of operation will continue to define our philosophy. This means staying at the forefront of technological developments and working together with brokers and clients to tap the opportunities that will arise from automation, mobility, big data and artificial intelligence.

The emerging markets are characterised by very young populations – and these people are the future of our industry. They are underinsured today, and much work still needs to be done to prepare insurance markets for this future, but we want to contribute as much as we can to help capture this opportunity and solve the challenge of underinsurance. Even in developed markets, the insurance gap remains large and presents a significant growth opportunity.

We would like to thank our Board of Directors, clients, brokers and business partners for their continued support, and especially our friends at Fosun for their advice, insights and willingness to be a long-term shareholder. Their entrepreneurial spirit is outstanding and has given us the freedom to build the company according to the vision of the professionals working here, which allows us to be an employer and a reinsurance partner with a long-term vision.

Our special gratitude goes to our staff for their support and strong commitment to Peak Re.

**Wang Qunbin**  
Chairman

**Franz Josef Hahn**  
Chief Executive Officer



# Our Strategy

Our strategy enables us to bring long-term value to our shareholders

## Establish leadership position as a global reinsurer with strong Asia foothold

Peak Re's mission is to modernise the reinsurance industry through a fresh perspective on protecting the prosperity and continuing growth of Asia Pacific. Peak Re understands that as the world economy globalises and grows, complex new risks emerge that require the need for new risk and capital management solutions.

## Maintain a client-centric approach

We work hand-in-hand with our clients to offer meaningful reinsurance solutions that address specific market challenges in support of long-term growth.

## Be an agile reinsurer

In today's world of reinsurance, where margins have been reduced over a long period of time, agility is a very necessary characteristic of modern reinsurers – it is the foundation for future success. What is agility? It is about being effective and efficient. Being effective means understanding your client by paying attention to their needs, putting the right team in place and speaking their language. Being efficient means knowing how to do things faster than others and with lower cost, but with the same or even higher standards of quality.

## Creating value through technology

Technology is at the core of both modernisation and agility. To be a modern, agile reinsurer means taking advantage of technology through automation, mobility, big data and artificial intelligence.

We are also still a traditional reinsurer that works with our clients over a long period of time and builds close partnerships with them. Our approach allows us to offer a broad range of products to support clients with our knowledge and capabilities across their entire product spectrum.

Creating long-term value

Establish leadership position as a global reinsurer with strong Asia foothold

Maintain a client-centric approach

Be an agile reinsurer

Creating values through technology



## Modernisation

To Peak Re, modernisation means bringing innovative and forward-looking reinsurance services to our customers. And it is also our mission to modernise reinsurance while supporting growth in Asia Pacific and beyond.

Our modern, creative and flexible solutions are the product of a unique workshop approach that combines experienced team members from market, product and analytical disciplines.



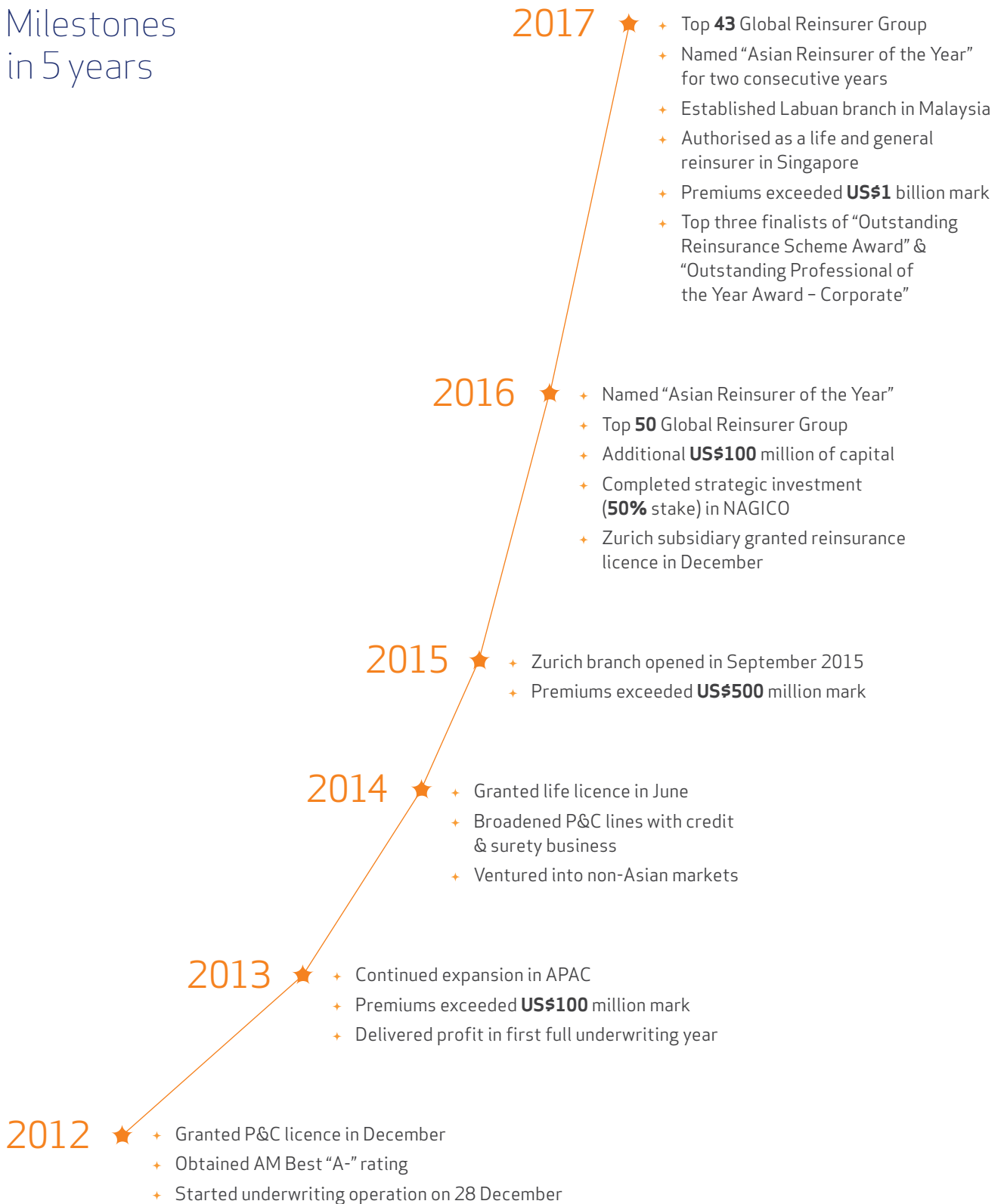






# Milestones in 5 Years & Business Highlights 2017

## Milestones in 5 years



# Business highlights 2017

## Start to accept reinsurance business in Switzerland

Peak Re has been granted the approval by the Swiss Financial Market Supervisory Authority (FINMA) to establish a subsidiary, Peak Reinsurance AG ("Peak Re AG"), based in Zurich which is licensed to accept reinsurance business from 1 January 2017.

Peak Re AG is capitalised to have full Solvency II equivalence. AM Best has assigned a financial strength rating of "A-" (Excellent) and issuer credit rating of "a-", both with stable outlook to Peak Re AG. According to AM Best's release: "The ratings reflect Peak Re AG's sound business plan, supportive risk-based capitalisation and retrocession support provided by its parent company, Peak Re."

## Named "Asian Reinsurer of the Year" for two consecutive years

Peak Re awarded the "Asian Reinsurer of the Year" award for the second consecutive year at the Asian Banking and Finance Insurance Asia Awards 2017. The award aims to honour the companies that rise above the challenges under the current risk-increasing environment and to recognise their excellence and innovation in the insurance industry.

## Top three finalists of "Outstanding Reinsurance Scheme Award" & "Outstanding Professional of the Year Award - Corporate"

Peak Re shortlisted as the Top three finalists of the Hong Kong Insurance Awards 2017, in "Outstanding Reinsurance Scheme Award" & "Outstanding Professional of the Year Award - Corporate" categories respectively. The award is organised by Hong Kong Federation of Insurers (HKFI) and South China Morning Post.

## Top 43 Global Reinsurer Group

Peak Re is now ranked 43 on AM Best's annual ranking of the Top 50 Global Reinsurance groups, by gross written premiums. Peak Re has delivered sustainable growth since inception in 2012. According to the AM Best report, the growth of Peak Re is a noteworthy development among the Top 50 Asian players, as the Company continued the global diversification.

## Established Labuan branch in Malaysia

Peak Re has been granted the approval by the Labuan Financial Services Authority (Labuan FSA) to carry on general reinsurance business in and through the Labuan insurance market from 1 July 2017. The approval from Labuan FSA allows Peak Re to enjoy better

access to the Malaysian reinsurance market and will be able to provide an easier business process to Malaysian clients.

## Authorised as a life and general reinsurer in Singapore

Peak Re has been authorised as a life and general reinsurer by the Monetary Authority of Singapore (MAS) to carry on reinsurance business in Singapore with effect from 2 November 2017. This authorisation from MAS allows Peak Re to strengthen our business relationships in Singapore and deepen our client penetration.

## Premiums exceeded US\$1 billion mark

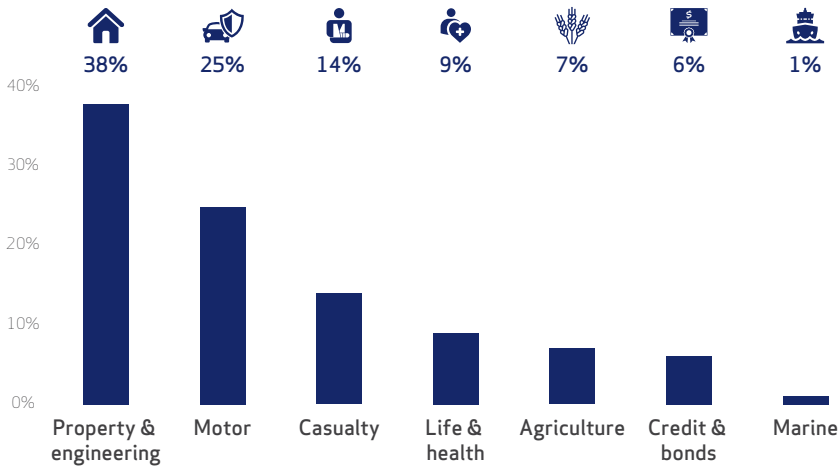
Peak Re's 2017 gross written premiums increase to US\$1.10 billion. The rise is a result of the Company's global market expansion, leading to successful renewals across all products. Our business portfolio is growing as a result of efforts to deepen and widen our client relationships across Asia Pacific, EMEA and the Americas. In particular in China, Peak Re enjoyed an impressive market expansion. After five years of successful operations, we have demonstrated that we are widely respected as a locally domiciled reinsurer with long-term commitment.



# Summary of Financial Highlights

## Business portfolio

### By line of business



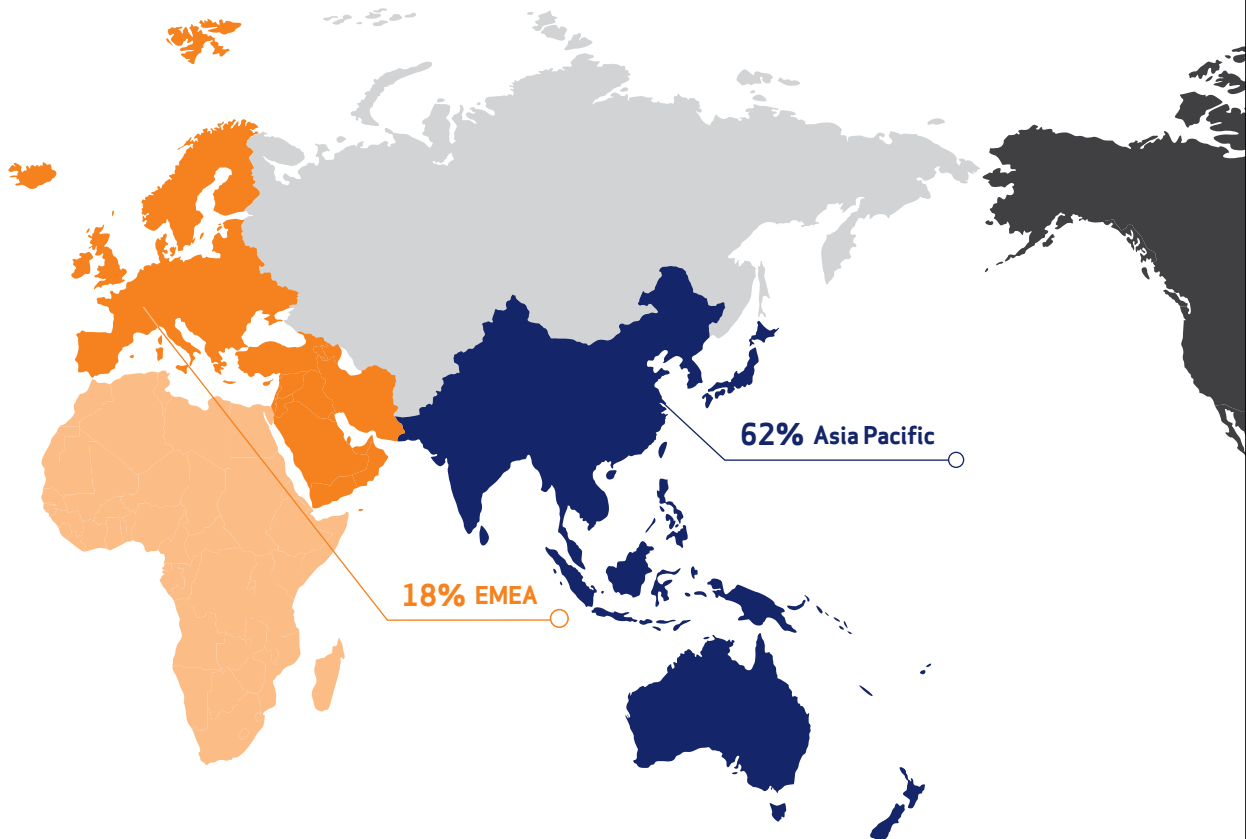
### By market

448

clients in

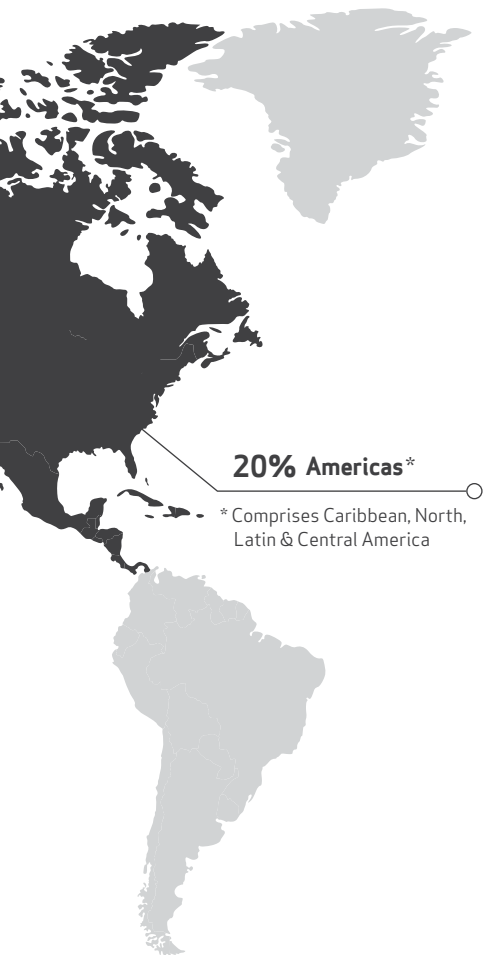
60

countries



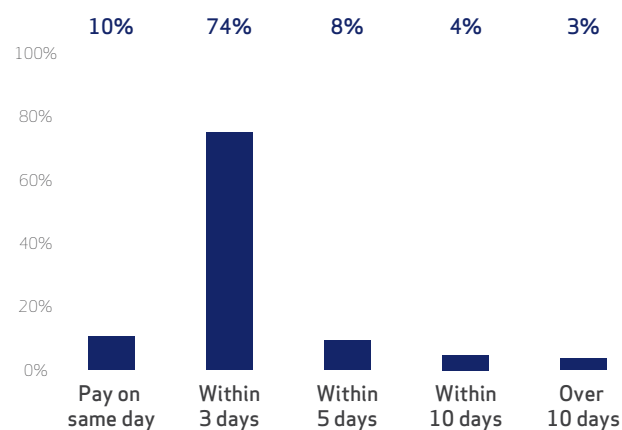
# 92%

claims were settled in 5 days



## Claims performance

We look to settle claims quickly



As of 31 December 2017

## Financial highlights

Gross written premiums	<b>US\$1.10b</b>
After-tax income	<b>US\$70.5m</b>
Shareholder equity	<b>US\$911.6m</b>
Comprehensive investment return	<b>10.5%</b>
Investment income	<b>US\$106.7m</b>
Administrative expense ratio	<b>3.48%</b>



## Financial Review & Outlook

US\$70.5m

After-tax income

US\$1.10b

Gross written premiums

US\$911.6m

Shareholder equity

Since Peak Re's first year of operations, the Company has continued to make consistent profit. In 2017, shareholder equity increased by US\$70.5 million to US\$911.6 million compared to 2016 – prior to the addition of new investor Prudential Financial, Inc. (PFI). Since inception, the Company has generated an additional US\$261.6 million of shareholder equity.

Despite being one of the most difficult years for the reinsurance industry, after-tax income increased to US\$70.5 million in 2017.

The Company has delivered a track record of year-on-year premium growth and generated a 2017 premium income of US\$1.10 billion, with growth at 57.3%. The business is also performing very well from an underwriting perspective, excluding the impact of extraordinary losses from the three hurricanes in North America last year.

In terms of the value of premiums written, the property and casualty business generated US\$998.8 million in 2017 (+50.4%), while the life and health business wrote US\$99.5 million (+192.6%), for a total of US\$1.10 billion of gross written premiums.

Investment performance was also particularly good last year, with an income of US\$106.7 million and a comprehensive investment return of 10.5%. Our investable assets are also growing, with US\$1.55 billion now under management. Net equity has grown to US\$911.6 million from US\$841.1 million in 2016.

The Company continues to operate as a very efficient and nimble organisation. Our management expense ratio remains very competitive, down to 3.48% in 2017 from 4.7% in 2016, which makes Peak Re a very competitive player in the market.

We also have a new investor, Prudential Financial, Inc., who is bringing additional capital to support the Company, which is positive for the business going forward.

Diversification of our book by both geography and line of business has helped to make Peak Re more sustainable and resilient. We received a licence to open a subsidiary in Zurich in late 2016, and in 2017 we opened a branch in Labuan and received approval from the Monetary Authority of Singapore as an authorised reinsurer.

As a result, we are writing more business from Europe and expect to strengthen our position in Southeast Asia. We are also growing our North America business and have strengthened our position in China, where our book expanded significantly during 2017.

The health of our underlying portfolio was demonstrated by our ability to earn a good profit despite a difficult year. As a young reinsurer, we achieved this without having to rely on many years of accumulated reserves.

Our claims record remains one of our strengths. We settle very quickly and this is very much appreciated by our clients. In 2017, more than 92% of claims were settled within five working days.

We made very effective use of retrocession during the year, which helped to protect the balance sheet. While the natural catastrophe losses had an effect on a gross basis, our retro cover provided good protection on a net basis, allowing us to limit the impact on shareholders to a maximum of 5%.



# Asset Management

# 10.5%

Comprehensive investment return

# US\$1.55b

Total investable assets

# US\$106.7m

Investment income

## Key investment objectives

Peak Re's primary investment objective is to deliver optimised risk-adjusted returns while maintaining a well-diversified and high-quality investment portfolio. At the same time, the Company seeks to maintain adequate funds to meet its reinsurance obligations. We strictly adhere to internal risk management standards and regulatory requirements.

## Investment style

Peak Re is a strong believer in the value-investing approach and seeks to add alpha through careful asset selection. This investment style is strongly benefited by the extensive investment capabilities of our shareholder Fosun, which provides 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 and risk appetites. We always maintain sufficient cash and liquid assets to meet our reinsurance liability obligations, even under difficult economic conditions.

## Market environment

During a strong year for risk assets, our multi-asset class investment strategy with a focus on asset selection was successful in 2017 and the Company achieved a comprehensive investment return of 10.5%.

Supported by our reinsurance business growth, total investable assets of the Company have grown to US\$1.55 billion. This strong growth in reinsurance premiums flowing from the business will continue to support our total return investment strategy in the future.

Despite the strong performance in 2017, several uncertainties lie ahead. Our fixed income investments are sensitive to interest rates change, meanwhile we have adopted mitigating controls to manage interest rate risks. We are watching the slow path of interest rate

normalisation closely as central banks prepare further hikes and unwind quantitative easing.

The US dollar has been weakening against other currencies recently and could face even more headwinds given the Trump administration's recently implemented tariffs on steel and aluminium imports. The biggest risk stems from the possible flight of capital flows needed to finance ballooning US deficits. We are monitoring the trend carefully for its effect on financial markets as well as the performance of our investment portfolio.

The economic outlook in China is another area of uncertainty for the global growth engine. The data from China has been very supportive so far, with recent GDP numbers higher than expected, which is very positive for stocks in Hong Kong and China, but the question is how sustainable this is in light of the recent concern of a trade war.

During 2017 we also witnessed growing geopolitical tensions that have led to heightened volatility in asset markets.

More broadly, we are paying attention to demographic changes, particularly in developed markets but also in China. Other factors such as the rapid advance of technological changes, the surge in household wealth and strong spending power in particular in emerging markets and China have led us to rebalance sector allocations when formulating our investment strategies

## Portfolio management

We will continue to focus on core investments 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 2017

	2017 US\$	2016 US\$
<b>GROSS WRITTEN PREMIUMS</b>	<b>1,098,346,198</b>	698,226,744
Gross earned premiums	<b>926,222,183</b>	609,890,297
Retrocessionaires' share of gross earned premiums	<b>(125,528,463)</b>	(52,925,793)
Net reinsurance contracts earned premiums revenue	<b>800,693,720</b>	556,964,504
Gross claims paid and payable	<b>(387,848,737)</b>	(219,721,760)
Retrocessionaires' share of claims paid	<b>32,097,751</b>	7,469,970
Change in gross reinsurance claim liabilities	<b>(324,184,517)</b>	(171,025,754)
Change in retrocessionaires' share of outstanding claims	<b>49,327,885</b>	5,915,186
Net claims incurred	<b>(630,607,618)</b>	(377,362,358)
Commission expense	<b>(235,906,325)</b>	(152,854,245)
Commission income	<b>29,071,119</b>	10,953,686
Net commission expense	<b>(206,835,206)</b>	(141,900,559)
Administration expenses	<b>(27,873,348)</b>	(26,150,970)
Underwriting (loss) / profit for the year	<b>(64,622,452)</b>	11,550,617
Investment income	<b>106,653,846</b>	15,528,898
Share of profits and losses of an associate	<b>(8,006,500)</b>	2,145,000
Other expenses	<b>(1,475,245)</b>	(1,494,516)
Foreign exchange gains / (losses)	<b>2,739,099</b>	(22,013,279)
<b>PROFIT BEFORE TAX</b>	<b>35,288,748</b>	5,716,720
Income tax (expense) / credit	<b>(4,760,220)</b>	1,215,726
<b>PROFIT FOR THE YEAR</b>	<b>30,528,528</b>	6,932,446
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale investments		
Changes in fair value	<b>26,739,534</b>	18,429,440
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	<b>20,225,586</b>	3,598,525
Income tax effect	<b>(6,474,009)</b>	(5,079,211)
	<b>40,491,111</b>	16,948,754
Share of other comprehensive income of an associate	<b>(509,500)</b>	840,500
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>39,981,611</b>	17,789,254
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>70,510,139</b>	24,721,700



## Asset & Liability Statement

Year ended 31 December 2017

	2017 US\$	2016 US\$
<b>ASSETS</b>		
Intangible assets	139,663	444,790
Property and equipment	243,044	114,582
Investment in an associate	45,969,500	54,485,500
Held-to-maturity investments	37,091,953	54,344,811
Available-for-sale investments	894,160,585	630,329,372
Investments at fair value through profit or loss	149,786,285	164,252,386
Loans and receivables	150,355,595	32,334,017
Deferred acquisition costs	145,010,723	99,126,574
Prepayments, deposits and other receivables	30,915,144	9,096,065
Retrocession assets	150,609,224	56,759,640
Deferred tax assets	-	8,642,490
Reinsurance receivables	923,623,714	555,456,004
Amount due from immediate holding company	258	258
Cash and bank balances and cash collaterals	267,541,237	283,452,818
<b>TOTAL ASSETS</b>	<b>2,795,446,925</b>	<b>1,948,839,307</b>
<b>LIABILITIES</b>		
Reinsurance contracts/policy liabilities	1,378,178,212	855,361,826
Reinsurance payables	470,153,024	207,278,465
Derivative	224,133	-
Deferred commission income	22,453,539	6,948,249
Other payables and accrued liabilities	11,328,026	36,162,497
Deferred tax liabilities	1,144,769	-
Current tax payable	317,105	1,950,292
<b>TOTAL LIABILITIES</b>	<b>1,883,798,808</b>	<b>1,107,701,329</b>
<b>NET ASSETS</b>	<b>911,648,117</b>	<b>841,137,978</b>
<b>EQUITY</b>		
Share capital	650,000,000	650,000,000
Reserves	261,648,117	191,137,978
	<b>911,648,117</b>	<b>841,137,978</b>



# Financial Highlights

## Cash Flows Statement

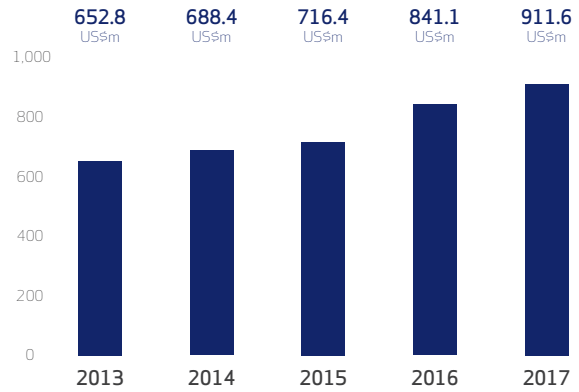
Year ended 31 December 2017

	2017 US\$	2016 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	35,288,748	5,716,720
Adjustments for:		
Depreciation of property and equipment	93,122	88,240
Amortisation of intangible assets	315,493	339,621
Share of profits and loss of an associate	8,006,500	(2,145,000)
Interest income	(30,968,679)	(24,505,892)
Dividend income from investments	(10,272,761)	(9,336,904)
Fair value (gains) / losses on investments at fair value through profit or loss	(39,000,464)	16,686,737
Gain on disposal of investments at fair value through profit or loss	(4,500,168)	(811,978)
Gain on disposal of available-for-sale investments	(31,645,038)	(12,458,099)
Impairment loss on available-for-sale investments	14,178,777	13,073,006
Change in net reinsurance contract/policy liabilities	428,966,803	239,693,862
Change in reinsurance payables	262,874,559	118,662,734
Change in prepayments, deposits and other receivables	(15,630,006)	(191,142)
Change in deferred acquisition costs, net	(30,378,859)	(32,191,698)
Change in reinsurance receivables	(374,227,307)	(139,966,458)
Change in other payables and accrued liabilities	(24,834,249)	10,379,947
Cash flows from operations	188,266,249	183,033,696
Tax paid	(3,068,916)	(5,170,205)
Net cash flows from operating activities	185,197,333	177,863,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of items of property and equipment	(221,584)	(20,378)
Additions to intangible assets	(10,366)	(13,374)
Interest received	27,021,006	25,265,749
Change in cash collaterals	8,419,641	(13,242,738)
Dividends received from investments in securities	10,514,028	9,094,111
Purchase of available-for-sale investments	(677,320,119)	(540,068,742)
Purchase of investments at fair value through profit or loss	-	(14,479,769)
Purchases of loans and receivables	(119,785,420)	-
Purchase of held-to-maturity investments	(10,258,800)	(19,880,627)
Acquisition of an associate	-	(51,500,000)
Proceeds from maturity of loans and receivables	1,748,230	-
Proceeds from maturity of held-to-maturity investments	29,252,821	-
Proceeds from maturity of available-for-sale investments	-	242,126,046
Proceeds from disposal of available-for-sale investments	478,015,240	158,938,066
Proceeds from disposal of investments at fair value through profit or loss	57,162,319	23,870,654
Net cash flows used in investing activities	(195,463,004)	(179,911,002)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from issue of shares and net cash flows from financing activity	-	100,000,000
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(10,265,671)</b>	<b>97,952,489</b>

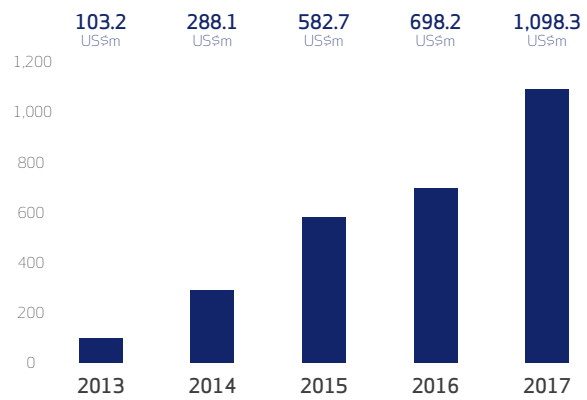


# 5-Year Financial Summary

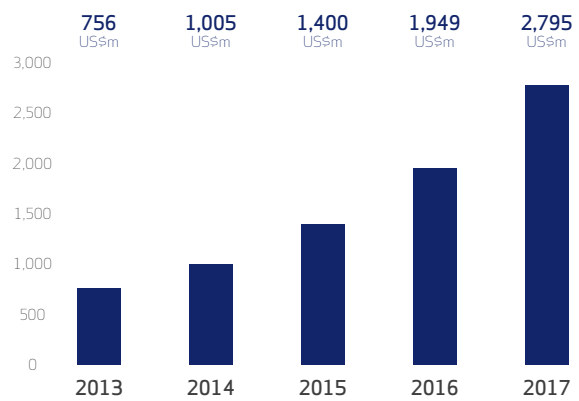
## Shareholder equity



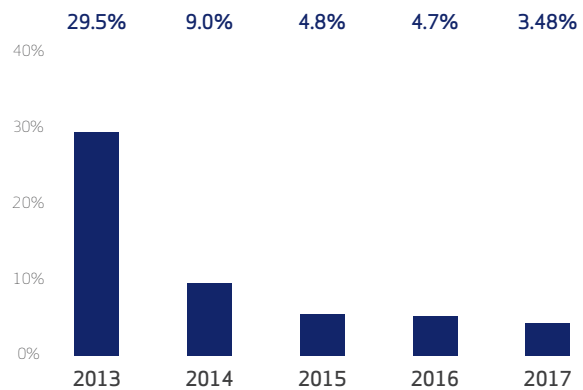
## Gross written premiums



## Total assets



## Management expense ratio





## Technology



Peak Re's motto on the technology side of the business is simple: Be Smart, Be Efficient.

We constantly optimise the use of technology to achieve high-efficiency and low risks, ultimately delivering the best experiences for our clients.





## Embracing Technology

Technology is at the heart of our goal to develop modern, reinsurance solutions for our clients and to be 'future-ready'.

We continue to make significant investments in technology to cement our position as a modern, agile reinsurer at the cutting edge of the industry. The enhancements and upgrades we continue to make are all about optimising processes – focusing on greater transparency, faster data processing and faster data exchange with our clients.

At every step, from the first contact with a customer to handling claims and making payments, we are looking for opportunities to optimise. We want to reasonably automate our processes to increase efficiency while at the same time trying to reduce repetitive manual operations.

There are two core components to our technology infrastructure that affect how we do business. The first component is our reinsurance platform managing all our contracts and transactions while the second component is our reporting platform that enables Peak Re to retrieve enriched live data.

Peak Re is developing in partnership with eBaoTech, a Shanghai-based insurtech that has experience of working with reinsurance clients worldwide, a platform that manages our reinsurance operations, such as contracts, accounting and claims. The project is a collaboration, with both Peak Re and eBaoTech contributing to the end product – our reinsurance knowledge matched with their technology expertise.

The platform initially focused on managing contracts, processing accounts on an automated level and handling claims. With the enabling of the second stage, the system will be able to automatically handle claims settlement, pay out cash calls using blockchain and ultimately have human intervention only where necessary, freeing our staff to focus on higher-value tasks such as portfolio management and supporting clients and the underwriting function.

Another benefit of the platform is that it means we always have up-to-date information on hand whenever we see our clients.

We have also implemented TigerEye technology in the management of catastrophe exposures. At Peak Re, we pride ourselves on the analytical capabilities of our underwriting process, as well as our ability to deploy our capital efficiently. The adoption of the TigerEye technology allows us to enhance our real-time decision-making and provide a high level of service for our business partners and clients, as well as delivering long-term value for our shareholders.

These projects focus on automation, mobility, big data analytics, artificial intelligence and leveraging technology in a way that releases resources. We want every transaction to be conducted in the shortest time possible so that we can continue to maximise our growth potential.

Blockchain and other technologies are tools to help us implement our strategy and enable us to develop new products for our clients. The strategy itself is still a human product where the real value we create is generated. We are exploiting the technology to maximise our efficiency.

In combination with our central data warehouse we can feed any operation and function within the Company with up-to-date data, reports and dashboards from a single source of truth. It is our future goal to allow customers to have access to their own data to increase transparency and reduce reconciliation efforts for all parties involved to the minimum.

In conclusion, our motto on the technology side of the business is simple: be smart, be efficient. We want to constantly make the best use of technology to leverage the Company's capabilities going forward.



# Board of Directors

## Wang Qunbin

Chairman, Non-Executive Director

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Mr. Wang Qunbin is the Chairman and Non-Executive Director of Peak Re and is one of the founders of Fosun. He is also 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.

## Franz Josef Hahn

Vice Chairman, Executive Director, Chief Executive Officer

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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 started his earlier years as a lawyer.

## Guo Guangchang

Non-Executive Director

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Mr. Guo Guangchang is a Non-Executive Director of Peak Re and is one of the founders of Fosun. He is also a Non-Executive Director of Fosun Pharma (HKEx stock code: 02196 and SSE stock code: 600196) and a director of both Fosun Holdings and Fosun International Holdings (the direct and indirect controlling shareholders of the Company, respectively).

Mr. Guo was awarded, among others, “Lifetime Achievement Award” in the 8th Annual World Chinese Economic Summit in 2016.

## Kang Lan

Non-Executive Director

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Ms. Kang Lan is a Non-Executive Director of Peak Re and the Executive Board Director and Senior Vice President of Fosun. Ms. Kang also serves as the Chief Human Resources Officer of Fosun, the President of Fosun Insurance segment, the non-executive director of Fosun Pharma (HKEx stock code: 02196 and SSE stock code: 600196), chairperson of AmeriTrust and director of various insurance companies and other companies within Fosun.

Ms. Kang received the honor of “2017 China Human Resources Management Person of the Year” at the 10th China Human Resources Management Conference 2017.

## Zhu Wenxian

Non-Executive Director

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Mr. Zhu Wenxian served as a Non-Executive Director of Peak Re. He also serves as Deputy Chief Financial Officer of Fosun and Chief Financial Officer of Fosun Insurance Group. Mr. Zhu is a seasoned financial professional with solid experience in finance and risk management, audit and advisory services. Mr. Zhu is a member of the Chinese Institution of Certified Public Accountants (CICPA).

(Mr. Zhu resigned from Peak Re’s Board in November 2017)

## Li Tao

Non-Executive Director

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Mr. Li Tao serves as Vice President at Fosun and Co-President of Fosun Insurance Group.

Mr. Li served as CFO of China Taiping Insurance Group Co., Ltd. from November 2008 - February 2017. 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 CRO of Taiping Life Insurance Co., Ltd..

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

(Mr. Li joined Peak Re’s Board in November 2017)



# Board of Directors

## Yu Xiaodong

Non-Executive Director

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Mr. Yu Xiaodong is a Non-Executive Director of Peak Re. Mr. Yu also serves as General Manager of the Risk Management Department of Fosun and Chief Risk Officer of Fosun Insurance Group. Mr. Yu has solid experience in establishing and implementing the Group's management system in corporate planning, actuarial, risk management, compliance management and legal affairs.

He is a Fellow of the Society of Actuaries (FSA), Fellow of the Actuarial Society of Hong Kong, executive council member, founding member and Fellow of China Association of Actuaries (FCAA). He is also a Fellow of the Life Management Institute (FLMI) and a Certified Internal Auditor (CIA).

(Mr. Yu resigned from Peak Re's Board in May 2018)

## Monish Kant Dutt

Non-Executive Director

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Mr. Monish Kant Dutt is a 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 the US.

He was responsible for more than US\$10 billion in investments in debt and equity instruments during his service in other leading financial institutions.

Mr. Dutt is 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)

## Ou-Yang Hui

Independent Non-Executive Director

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Mr. Ou-Yang 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, Mr. Ou-Yang 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.

Mr. Ou-Yang 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.

## Gong Zhiqi

Independent Non-Executive Director

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(Mr. Gong resigned from Peak Re's Board and was replaced by Mr. Stephen B. Roder in May 2018)





# Senior Management

## Franz Josef Hahn

### Chief Executive Officer

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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 started his earlier years as a lawyer.

## Cathy Chen

### Chief Financial Officer

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Ms. Cathy Chen is the Chief Financial Officer for Peak Re, overseeing the financial and operational management of Peak Re. Ms. Chen has more than 18 years of accounting and financial experience in both the insurance and reinsurance industry and has solid knowledge of the related regulations. She has previously been part of the management teams of various internationally renowned insurance organisations.

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

## Desmond Yu

### Chief Investment Officer

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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

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Mr. Eckart Roth is the Chief Risk Officer of Peak Re. Mr. Roth 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.

## Chris Kershaw

### Managing Director – Global Markets

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Mr. Chris Kershaw is the Managing Director – Global Markets at Peak Re, responsible for business development and communication. 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.

## Lawrence Cheng

### Managing Director – Underwriting

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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.

## Christopher Lee

### Head of Life & Health

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Mr. Christopher Lee is the Head of Life & Health at Peak Re, overseeing the Company's life, health, and medical, reinsurance business. Mr. Lee has more than 27 years of Life & Health insurance & reinsurance.

Mr. Lee acquired extensive experience across the entire insurance operations, specifically in financial reporting, pricing, underwriting, insurance operations (new business and policy servicing), marketing and product development.

Mr. Lee is an Associate of the Society of Actuaries, US.



## Business Review

US\$1.10b

Gross written premiums

### A year of breakthroughs

Peak Re celebrated its fifth year of operations with a series of breakthroughs and another year of consistent profits.

### China business doubles

In 2017, Peak Re hit an inflection point in the Chinese market. Although our business there is still relatively small, we have established a more influential position and have been able to sell our capacity at better prices to better companies than in the past, due to our ability to respond quickly with outcomes that our clients have appreciated. This has led to a real movement in terms of scale, with our more than doubling in 2017. This is significant for our business going forward, as we view China as the most important insurance market in Asia Pacific.

### First-mover advantage in Switzerland

The establishment and licensing of our subsidiary in Zurich in December 2016 was a strategic move that has proven its worth during 2017. The office has allowed us to support our clients in Europe while also giving Peak Re a presence in a Solvency II-equivalent European jurisdiction. Passing the Swiss solvency test means the Company now has the ability to write certain types of business that were not possible from an exclusively Asian base – and we have a first-mover advantage as an Asian reinsurer with this capability. We were able to receive this approval thanks to the importance that

Peak Re has always placed on risk management, which allows us to easily adapt to modern regulatory regimes such as Solvency II. Peak Re maintains a single underwriting platform with complementary links between Hong Kong and Zurich.

### Supporting clients in ASEAN

Peak Re established a branch in Labuan, Malaysia and became an authorised reinsurer in Singapore during 2017, reinforcing our client-centric approach to reinsurance. Our new status in these markets removes some of the obstacles and inconvenience for clients in these jurisdictions, and across ASEAN. Consistent with our nimble business model, the Company will continue to operate as a single platform with underwriting activities centralised through the Hong Kong head office and supported by our best-in-class technology.

### Revitalising L&H business

Peak Re revitalised the Life & Health (“L&H”) in 2017, which brought new business into the Company and of a different focus to previous efforts. With an almost entirely new team, L&H succeeded in meeting all of its business targets for the first time. With that solid foundation, the Company plans to continue building the team through 2018 and expect further growth as the team targets national and regional insurers, as well as P&C companies, that have previously lacked access to premium L&H solutions.

# 5 days

92% of claims were settled within five working days

## India

We took steps to begin active trading with insurers in India during 2017 after adding to our team in Hong Kong. It is our philosophy to understand the culture and social environment of a market before we begin underwriting. This has been the key to our success in China and it is how we are developing the business in India. We sowed the seeds in 2017 and expect them to begin bearing fruit in 2018.

## Natural catastrophes

No review of 2017 would be complete without discussion of the natural catastrophe events that took place in the third and fourth quarters, not forgetting that the first quarter also saw significant losses in the US, Hong Kong, Macau and Australia/New Zealand. Given the diverse portfolio that Peak Re maintains, we are not immune from these losses. However, our risk management efforts demonstrated that the book we wrote performed as we expected and our claims payment performance statistics remain as impressive as they ever have been with 92% of claims being paid within five working days. While our ability to create growth has been proven during the past five years, 2017 clearly showed that this is also a robust business.

## Hong Kong's new regulator

The establishment of Hong Kong's independent Insurance Authority on 26 June 2017 has reinforced the city's position as a reinsurance hub. The effort of moving towards global best practices in developing a Solvency II equivalent environment and steering towards IFRS17 will benefit international reinsurers such as Peak Re.

## Empowering the underwriting team

Peak Re continues to empower its underwriting team. More authority was delegated to underwriters at all levels, using its unique underwriting engine. As the team has developed through this process, it is increasingly confident in making full use of the Company's strong capital position to capture opportunities that benefit Peak Re and its clients.

## Peak Insights

The second edition of Peak Insights, our economic research publication, provided in-depth analysis of agricultural insurance in China. The issue identified a few specific economic, commercial and institutional levers that may meet farmers' most pressing needs of higher coverage and help narrow or even close remaining insurance protection gaps in rural areas.



# Peak Re in the Community

## Insurance-enabled economic development

Peak Re was founded five years ago with a strong sense of the value that insurance can bring to communities. The Company has consistently been active in some of the poorest countries in the world, from Papua New Guinea and Fiji to Cambodia and Bangladesh, paying out claims and supporting local and locally owned insurers.

It is the nature of the business that reinsurers tend to see the world in aggregate, but as socially responsible organisations we need to look beyond the aggregates to see how our actions affect individuals. While internal rates of return and combined ratios are important, at Peak Re we are also motivated by the belief that reinsurance and insurance are vital tools in the development agenda. By reducing the cost of financing, insurance can enable water treatment, hospitals, schools, power stations, roads and bridges.

With this in mind, the Company engages in a number of initiatives that aim to improve the understanding of emerging and increasing risks in the region, and provide new solutions to mitigating and protecting against their impact.

## 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.

In 2017, Peak Re's Chief Risk Officer, Mr. Eckart Roth, joined the board of the PSI Initiative and took part in the Asia-Pacific Market Event at the United Nations University in Tokyo, where he discussed the integration of environmental, social and governance issues into the insurance business.

## Himalayan Consensus

Peak Re has been an active contributor and adviser to the Himalayan Consensus, which was created to enhance the 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 the design of instruments that can help communities respond to natural disasters, both in the Himalayan context and also in 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.

## Named 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.

## CARMA – Catastrophe and Risk Management in the ASEAN countries

Peak Re became a sponsor and contributor of CARMA, an online platform to share information on Catastrophes and Risk Management in the ASEAN countries, in 2017. The platform is run under the auspices of the ASEAN Insurance Council (AIC) with the aim to strengthen the ties between AIC members. CARMA promotes preventive risk management and serves to spread knowledge, awareness and data to model and mitigate natural catastrophe risk while enhancing the collaboration among the insurers in the ASEAN region.

[www.carma-asean.com](http://www.carma-asean.com)





# Risk Management

Peak Re addresses the constantly changing risk environment by upgrading its forward-looking capabilities to anticipate developments before they materialise, particularly in areas such as technology, climate change and geopolitics.

Our operations continue to evolve during the year. Peak Re's core regional focus remains Asia Pacific, but the Company operates worldwide and has recently expanded its footprint to include a subsidiary in Zurich, Switzerland. We also opened a branch in Labuan and became an authorised reinsurer in Singapore.

## Risks in 2017

Peak Re's approach to risk management was validated during 2017, which was a year of exceptional climate-induced risk. Despite three significant hurricanes making landfall in North America, none of our risk limits were breached at any time during the year and our close monitoring of events meant that our accumulated exposures were tracked in real time and clearly communicated internally.

It was an extreme year, but the events of 2017 provided a real-life test of the risk management systems that we have built – and they have clearly met this test. At no time was the company at any risk beyond its stated risk appetite and risk tolerance.

## Risk appetite

In terms of capital management, we express our overall risk appetite as a willingness to suffer a loss of up to 18% of our shareholder funds with a probability of 1-in-100 years, across both investment and underwriting

risk. An aggregate capacity is defined for each risk and interdependencies are taken into consideration. Within each basket, the defined risk limit usually does not exceed 5% of shareholder funds after mitigation.

This limit system, which is monitored on a real-time basis, has proven resilient and the Company is constantly enhancing its analytic capabilities to react to changes in the risk profile. In addition, we adopt a scenario-based approach to manage any risk that may be induced by the modelling, which is then fed back to the risk owners, underwriters or investment managers to help them understand the portfolio and manage accordingly.

## Corporate governance

Good corporate governance generates value over time and is at the core of the Company's management and risk management approach, fostering the confidence of our investors, regulators, clients and employees. The seamless collaboration of shareholders with senior management, open communication and transparent decision processes build confidence among employees and form the foundations of the Company's strong risk culture.

Peak Re adheres to 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, the Legal and Compliance teams and the Social and Environmental Officers assure the compliance of applicable laws and regulations and these principles.

The ultimate responsibility for Peak Re's corporate governance rests with the Board of Directors and its committees – the Audit Committee, Investment Committee, Risk Management Committee and the Nomination and Remuneration Committee. The roles and responsibilities of each committee are defined and approved by the Board. Peak Re has defined a Code of Conduct, Social and Environmental Responsibility Guidelines and an Anti-Money Laundering/Counter-Terrorist Financing 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 informal 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.

Hong Kong is revisiting its regulatory framework and as a large local player we support this and contribute to various quantitative impact studies. Peak Re actively contributes to creating a better regulatory framework through various local insurance industry institutions and federations.

## Enterprise risk management

At Peak Re, risk management is a crucial element in guiding strategy. Strong proprietary analytical skills are combined with a state-of-the-art IT platform to provide a performance management information system that optimises the portfolio on a risk/return basis. The platform allows Peak Re to perform scenario stress testing, assess its risks and determine its current and future capital requirements. Furthermore, it provides the Board and management with prospective solvency assessments for its mid-term business planning and longer-term strategy development.

## Risk categories

### Property & Casualty

Natural catastrophe is the single largest risk in the P&C 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 to 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 & bond and agriculture.

Peak Re also tracks risks from offers lines of business premium deficiencies (the risk of not earning sufficient premiums to pay future

losses) and inadequate reserving (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 L&H 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.

### Asset portfolio

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 matches assets and liabilities. 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.

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.

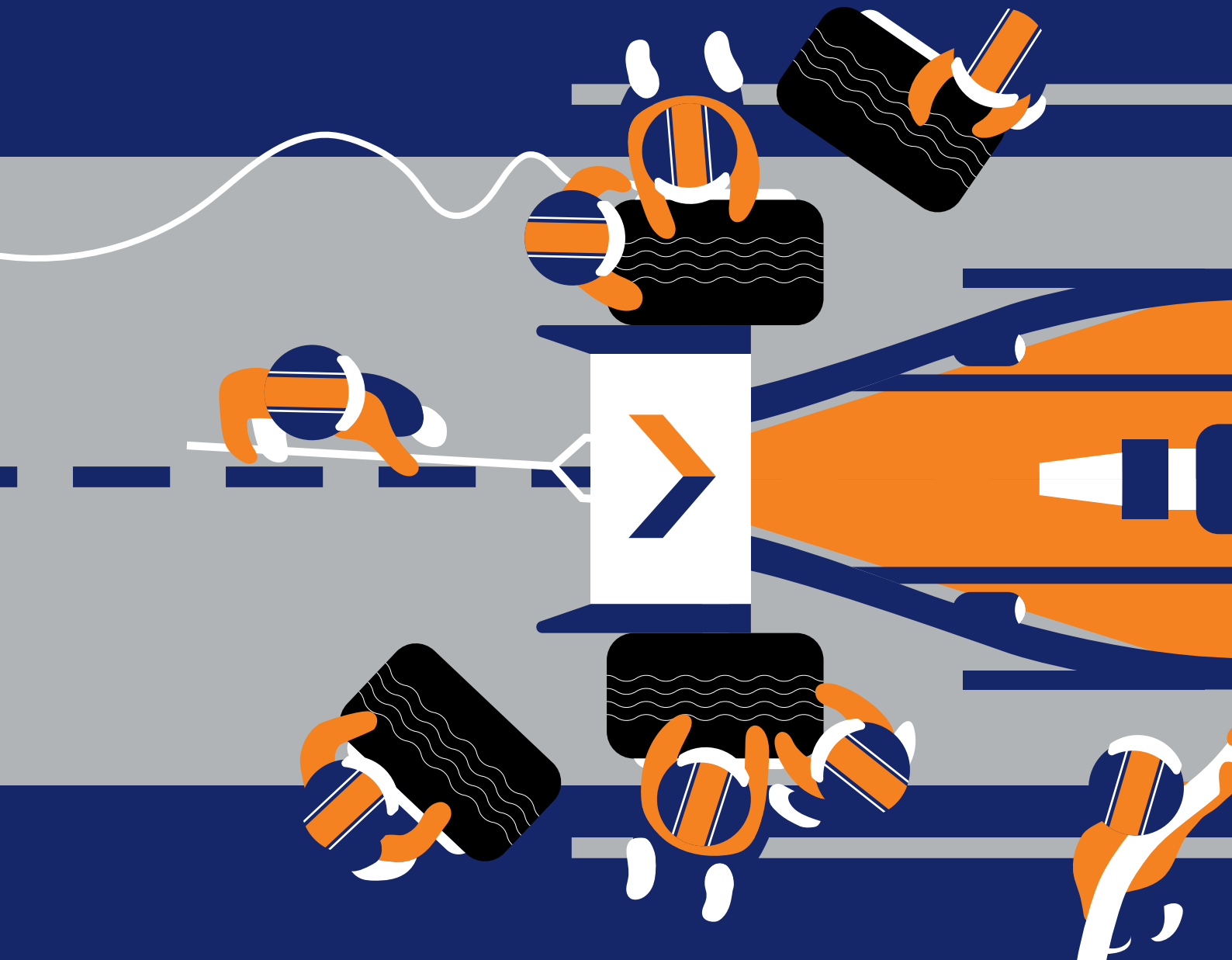
### Operational risks

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.



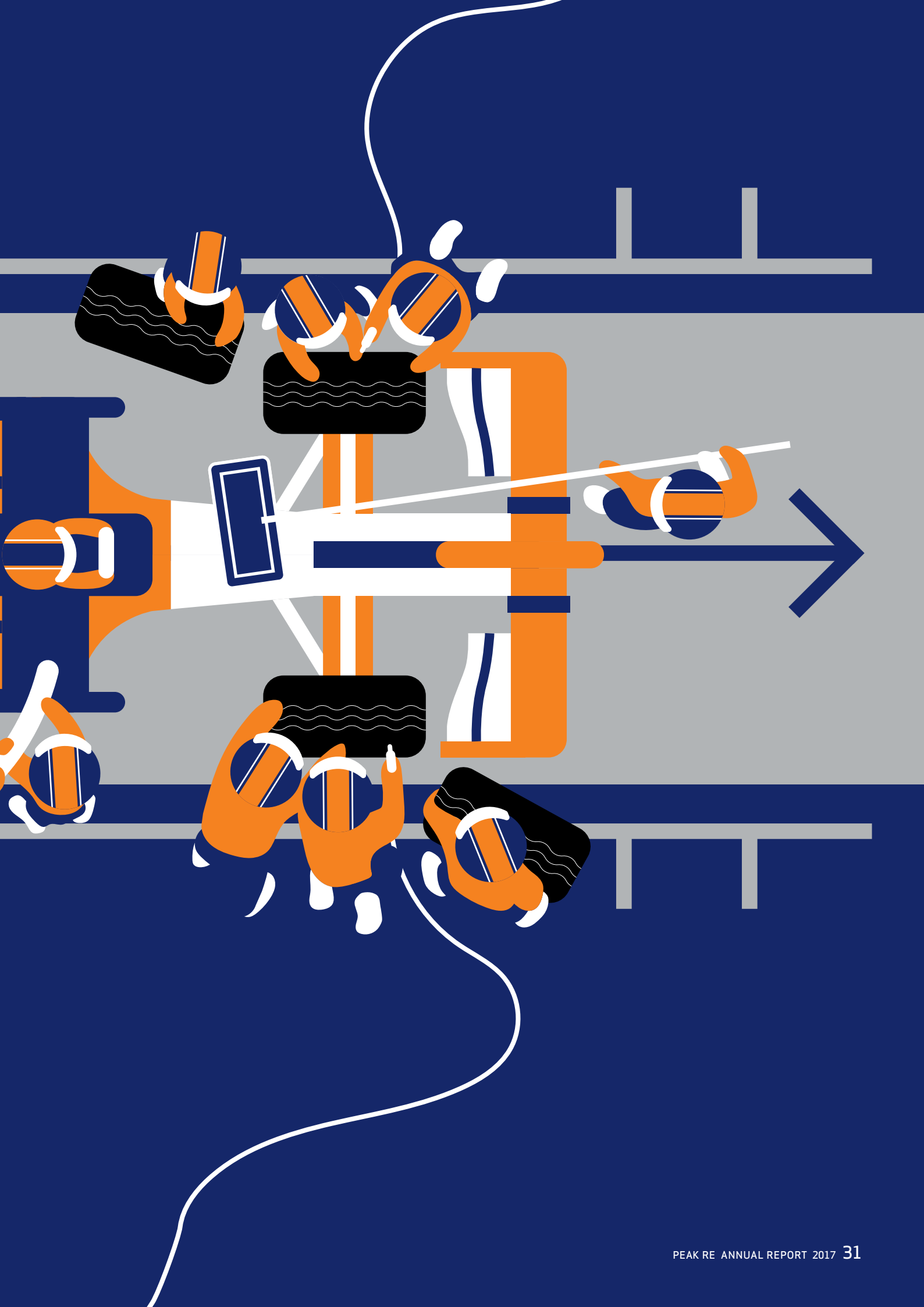
## People



Peak Re's success is built on the diverse exchange of ideas and effective team collaboration among our energetic, enthusiastic, agile and innovative employees.

Our employees are the key to driving the company to be the most valued reinsurance partner for our clients and stakeholders.







# People

When I joined the company I found it very satisfying to be able to meld seamlessly with my colleagues and deliver on all of our pursued targets for Peak Re. It's a thriving place to work. I particularly like the mix of professionals with experience and young colleagues, and the way that this mix of cultures comes together to achieve common goals. Thrilling! I look forward to continuing to help the company as it consolidates as a major player in the reinsurance industry, while maintaining the enthusiasm and curiosity of the new kid on the block.



**Gianluca Mereu**  
Finance & Accounting



**Karin Li**  
Legal

It has been a positive start to my role at Peak Re. I feel like I am fitting in well in the office. The people here are energetic and ambitious, and this is an environment I can really thrive in. I really like the opportunity to grow with the company and it is nice to feel my work is valued. Creativity is one of the Peak Re philosophies and that really appeals to me because I am a creative and artistic person outside of work – one of my passions is ballet. Peak Re has accomplished a lot during the past five years and I hope Peak Re will continue to provide innovative and forward-looking reinsurance services for customers around the world in the coming years.

Previously, the Caribbean seemed far beyond my reach, but after the series of hurricanes in 2017 I realised that through what we do at Peak Re I could actually reach out to help those people. We have less hierarchy and almost everyone works together in the same office. This makes us highly efficient, agile and immediately available to cover each other – and also creates a warm atmosphere in the office. I have been very happy to see Peak Re growing globally and attracting new sources of capital recently.



**Chihang Wong**  
Analytics



**Jackie Wong**  
Corporate Development

I spent a large part of 2017 helping the company raise new capital and I'm pleased with the outcome of having Prudential Financial as our new shareholder. It's a milestone for Peak Re. Having a blue-chip name investing in us is a strong vote of confidence in our management and franchise. Peak Re is an exciting and dynamic place to work – full of people with ambition and a strong will to grow the company. I have a very young child and have found Peak Re to be a good employer for working moms. We are a nimble organisation, everyone plays a part and feels accountable for the success of the company, so I'm happy to be able to have a fulfilling career while still being a good mother.

Standing on stage to receive an award at the annual Fosun dinner was a moment to remember. I led the project to build our online tropical cyclone tracking platform and was nominated by the Company in the influential technical product category. Peak Re has a highly efficient decision-making process, flat reporting structure and common goals among teams. Having a clear view and clear direction, while also being an important pillar in the decision-making, is an enjoyable way to work. I hope that technology will play a more and more important role in the business.



**Kun Cheng**  
Analytics



**Emily Chen**  
Analytics

I won't forget our team lunch on the very last day of December. The whole P&C team, after weeks of hard work, celebrated another successful renewal full of new breakthroughs with an authentic Sichuan-style meal that has been Peak Re's tradition since the day we got licensed. It has witnessed so many miracles over the past five years! When I joined Peak Re as a fresh graduate, I was surprised to see how senior team members, with decades of experience in reinsurance, are willing to share, listen and negotiate. The way things are done here is highly transparent and efficient. There are so many opportunities for young people to learn and grow quickly. I hope the company will continue to be a nimble market player that reacts quickly and smartly to the challenges and opportunities.

The completion of the first phase of Peak Re's new reinsurance system was a real achievement for such a young company. A project of this scale would be very ambitious for any company, but at the same time it shows the ambitions that Peak Re has to achieve more than our competitors in the market. As the company is continuing to grow, it gives everyone a unique chance to contribute ideas to achieve the best results, which is an opportunity that is not usually given in other companies as organisational structures don't allow for this kind of employee participation. Being able to work with so many skilled colleagues is a one-time chance to expand my capabilities. I hope that Peak Re will maintain its drive to grow and mature, and manage the challenges that arise while evolving from a startup to an accepted and appreciated market player.



**Dimitri Achermann**  
IT



**Pooja Saggi**  
Life & Health

I was with the organisation only for a part of 2017, but in a very short time I gained exposure to all parts of the L&H business and there is an opportunity to own your little shop along with being a part of a bigger organisation. The open and approachable culture with no lines of 'departments' makes it a place to encourage ideas.

We are a diverse bunch of people with 14 different nationalities and 21 different languages spoken within a group of 70 of us! This is commendable.

As a start-up reinsurer, Peak Re has had a stellar success story in the P&C business. Over the next five years I see us continuing to grow on the P&C front as well as developing our growth story on the L&H side. Overall, we're really differentiating ourselves by carving a niche space as a modern reinsurer through product innovation and partnering in tech.

Peak Re is a great place to work - open office, flat structure, growing company, ever-changing environment, fantastic support from our shareholders and great colleagues helping each other with a can-do attitude.

Memorable moments include our Christmas party when we raised money for people in the Caribbean islands - giving something back to the society while enjoying the festive season - or coming into the office during the Christmas period for the sixth year in a row to ensure we maintain the best service to our clients.

Looking forward, the next five years will be transformational. No one expected us to grow to billion dollar-plus company in the first five years and the next five-year phase will also be exceptional. What will not change is our client-focused business model.



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