

PeakRe >

ANNUAL REPORT 2020

An aerial photograph of a dam structure, likely a spillway, with water cascading down its concrete face. The dam is surrounded by a dense, lush green forest. The image is overlaid with several decorative elements: a large, semi-transparent blue circular graphic with a white grid pattern in the bottom-left corner; a series of horizontal lines in yellow, orange, and red in the top-right corner; and a semi-transparent blue circular graphic with a white grid pattern in the bottom-left corner. The overall composition is dynamic and modern.

THE JOURNEY
TO BUILD A
SUSTAINABLE
FUTURE

ABOUT PEAK RE

Peak Reinsurance Company Limited ("Peak Re" or "the Company") is a Hong Kong-based global reinsurance company. Since commencing its operations in 2012, the Company has since grown steadily to rank 29th among global reinsurance groups in terms of net reinsurance premiums written*. In the year ended 31 December 2020, Peak Re reported gross and net written premiums of USD1,966 million and USD1,517 million, respectively. With total equity of USD1,487 million as of 31 December 2020, Peak Re enjoys an "A- (stable)" rating by A.M. Best and an "A3 (stable)" rating by Moody's Investors Service ("Moody's").

Peak Re is authorised by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap. 41). The Company offers both Property & Casualty ("P&C") and Life & Health ("L&H") reinsurance. It strives to provide clients around the globe with innovative and tailored reinsurance, risk management and capital management solutions.

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

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* Source: S&P Global Ratings' Top 40 Global Reinsurance Groups 2020 by net reinsurance premiums written
Note: All the figures in this report are as of 31 December 2020, unless otherwise stated.

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Photos from Hong Kong:

Cover : Ho Pui Reservoir, Yuen Long, New Territories

Page 2 : High Island Reservoir, Sai Kung, New Territories

Page 10, 15 : Wetland in Tai Po, New Territories

Page 19 (Bottom right) : High Island Reservoir, Sai Kung, New Territories

Page 27 : Tsing Ma Bridge, Tsing Yi, New Territories

Peak Re at a Glance



8 consecutive years
of growth in
premium income



1 centralised
underwriting team
for prompt and
transparent decisions⁽²⁾



429%
solvency ratio⁽¹⁾



6-year track record of
90%
claims settled in 5 days



3.7%
expense ratio



8th
year as a signatory
company that adopted
the UNEP FI⁽³⁾ Principles
for Sustainable Insurance
("PSI") framework



A3 rating
by Moody's



A- rating
by A.M. Best



VISION

Being the most valued reinsurance brand to our clients and stakeholders

MISSION

To modernise re/insurance to support the needs of communities and emerging middle-class society through meeting reinsurance needs in Asia and around the globe

Peak Re is a privately-owned global reinsurer headquartered in Hong Kong. Established in 2012, we have grown over the years from a local player into a global reinsurer that offers a wide suite of products and services encompassing both P&C and L&H reinsurance.

The Company was established with the clear purpose to modernise reinsurance to support the needs of communities and emerging middle-class through meeting their reinsurance needs in Asia and around the globe. To this end, we help clients across the globe to mitigate and transfer risks through innovative and tailored reinsurance solutions that best fit their specific needs.

Operating from Hong Kong, Switzerland, Japan and Bermuda, we support 586 corporate clients across 68 markets. Our diverse team of more than 110 employees who speak 21 languages and represent 18 nationalities, brings unique expertise and insights. These are underpinned by deep, extensive and decades-long industry experience and product knowledge gained through advising clients on their reinsurance needs over multiple geographies.

Our founding vision is to become the most valued reinsurance brand for our clients and stakeholders. We strive to provide improved protection for insurance companies and by extension millions of families and their communities. We believe this is crucial to the long-term sustainable development of the society and economic growth of Asia and beyond.

The Company ranks 29th among global reinsurance groups in terms of net reinsurance premiums written⁽⁴⁾, and enjoys an "A-" rating from A.M. Best and an "A3" rating from Moody's, both with a stable outlook. We are pleased to have been recognised for our efficiency, stability and the strength of our balance sheet.



586 clients
across
68 markets



29th largest
global reinsurance
group⁽⁴⁾

Notes:

- (1) The solvency ratio of Peak Reinsurance Company Limited on the Hong Kong Insurance Ordinance basis as of 31 December 2020
- (2) According to the "2020 Insights Partner Report" by NMG Consulting
- (3) "UNEP FI" stands for United Nations Environment Programme Finance Initiative
- (4) S&P Global Ratings' Top 40 Global Reinsurance Groups 2020 by net reinsurance premiums written

Corporate Milestones, Awards & Recognition

2012

- Granted a license to write general reinsurance business in Hong Kong
- Obtained A.M. Best "A-" rating
- Started underwriting operations on 28 December 2012

2013

- Continued expansion in Asia
- Premiums exceeded the USD100 million mark
- Delivered profit in first full underwriting year

2014

- Granted long-term (class A) reinsurance license in Hong Kong
- Broadened P&C lines with Credit & Surety business
- Ventured into non-Asian markets

2015

- Zurich branch opened
- Premiums exceeded the USD500 million mark

2016

- Zurich subsidiary granted non-life reinsurance license
- Additional USD100 million of capital from Fosun
- Completed strategic investment of 50% stake in NAGICO Holdings Limited

2018

- Launched Lion Rock Re Ltd., the first sidecar transaction sponsored by an Asian-based reinsurer
- Established representative office in Japan
- Prudential Financial, Inc. became a new investor to support future growth

2020

- Obtained first-time "A3" rating from Moody's
- First Hong Kong-based reinsurer to issue publicly listed perpetual subordinated guaranteed capital securities
- Completed acquisition of Bermuda-based Insurance-linked Securities ("ILS") investment specialist Lutece Holdings Ltd. and its subsidiary, and rebranded it into Peak Capital Ltd.
- Completed second Lion Rock Re Ltd. sidecar transaction
- Ranked 29th in S&P Global Ratings' Top 40 Global Reinsurance Groups 2020 (by net reinsurance premiums written)
- Named "Asian Reinsurer of the Year" for the fifth consecutive year by *Asian Banking & Finance*

2017

- Established Labuan branch in Malaysia
- Obtained the license of an Authorised Reinsurer (Composite) in Singapore
- Premiums exceeded the USD1 billion mark

2019

- Recognised as Top 30 Global Reinsurance Groups by S&P Global Rating (by net reinsurance premiums written)
- Named "Asian Reinsurer of the Year" for fourth consecutive year by *Asian Banking & Finance*

AWARDS

Asian Reinsurer of the Year
(from 2016 to 2020)

Insurance Asia Awards 2020

By Asian Banking & Finance

Reinsurance CEO of the Year
– Franz Josef Hahn

London Markets Awards 2020

By Reactions

CEO of the Year
– Franz Josef Hahn
& Reinsurance Transaction of the Year

Awards for Excellence 2020

By InsuranceAsia News

Executive of the Year
– Reinsurance
– Franz Josef Hahn

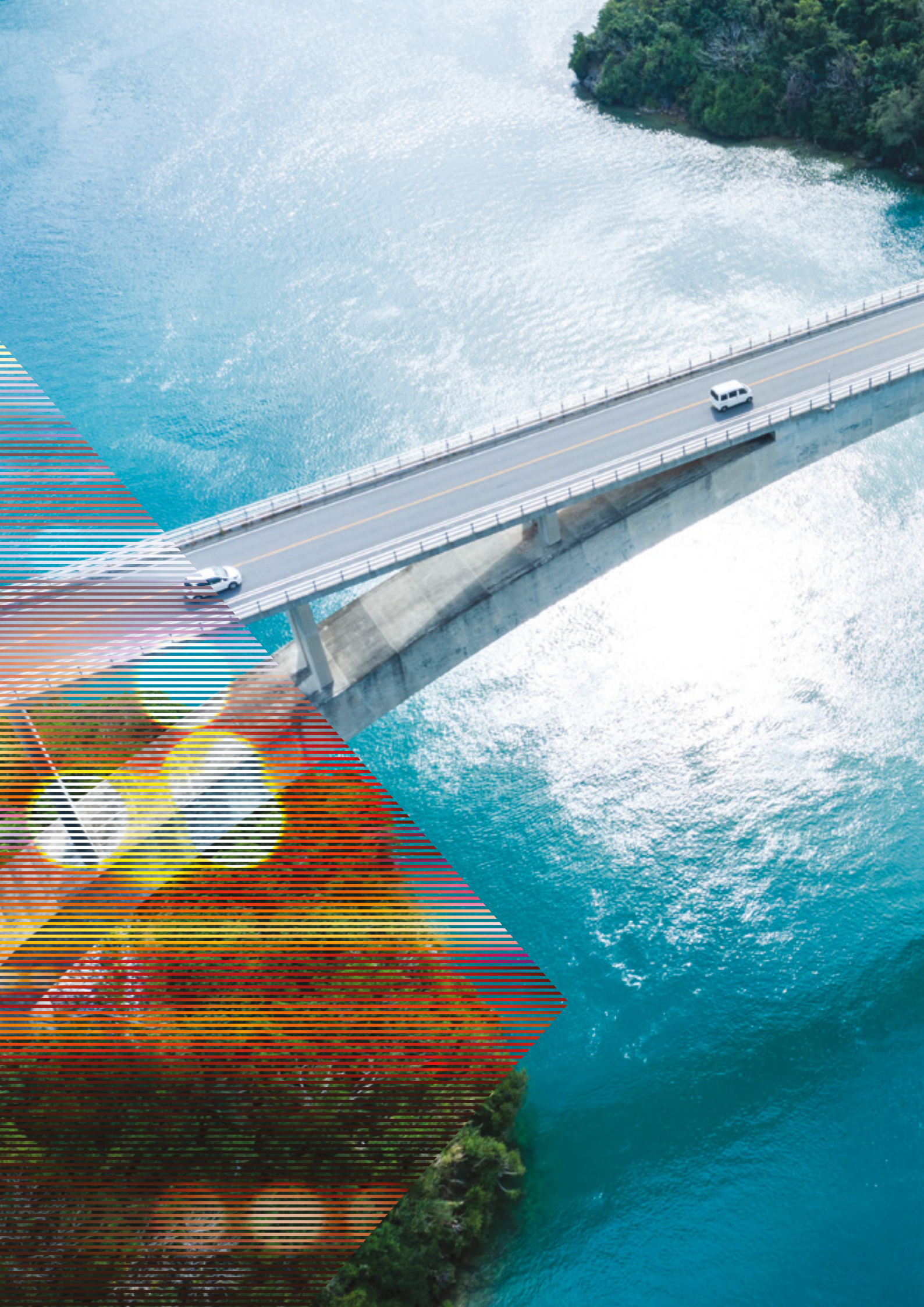
Hong Kong Business Management Excellence Awards 2020

By Hong Kong Business

Best Bond
– Reinsurance

The Asset Triple A Sustainable Capital Markets Regional Awards 2020

By The Asset





OUR AGILITY

Enables us to make decisions quickly, minimising process delays and building our reputation for getting things done fast, with integrity and accuracy.

Message from our Chairman

2020 was a challenging year. Around the world, businesses and communities struggled as public health measures restricted economic and social activities.

While the reinsurance industry was not untouched by the impact of COVID-19, the events of 2020 helped to highlight the importance of our industry's role and purpose in society. As an industry leader, we exist to help our clients and communities anticipate and manage through catastrophes, stresses and uncertainty.

In 2020, Peak Re, and the reinsurance industry globally, demonstrated the strength and resilience of our business and the dedication of our people.

COVID-19 tested us. It also taught us many lessons that will be invaluable in ensuring we continue to improve our ability to support our clients and communities through challenges and uncertainties well into the future.

Peak Re's COVID-19 experience

We have been on a remarkable growth journey since Peak Re's operation was founded in 2012. In eight short years, we have grown from a team of 19, to an organisation of more than 110 employees that is now ranked the 29th global reinsurance group⁽¹⁾. We attribute our continued growth to our focus on hiring the best people and being a trusted business partner to our clients. Another key enabler of our success is our unique



LI Tao
Chairman

offering. With deep roots in Asia and a global footprint, Peak Re is the preferred choice of Asia-based and international clients seeking a partner with deep understanding of local markets and tailored products and solutions.

We knew that as a young, Asian-based organisation created with the express purpose of improving our society, we could not afford to be complacent. Over our short history, we have promoted a culture where we actively seek out opportunities to challenge ourselves, and continuously improve on our operation, investment, and product capabilities.

Our ongoing pursuit of innovation and excellence reflects our deeply held belief that to succeed we must be both a valued partner to our clients and a responsible member of society. One does not come at the expense of the other. This belief guided our actions up to and over the course of the pandemic. It continues to guide us now as we move into the post-pandemic era.

The past months have raised public awareness of many environmental, social and governance challenges faced by our world. The experiences of last year have also reinforced my confidence in our future. Peak Re is a young and resilient company. I am proud of the foundation we have built and how our people are using this foundation and their expertise and creativity to develop the products and solutions our clients and communities will need to secure sustainable developments in our shared future.

Strong performance amid global dislocation

I am pleased that in 2020, despite global uncertainty and economic turmoil, Peak Re delivered its eighth consecutive year of strong performance and stable growth. Our continued strong performance was the result of our unwavering focus on staying true to the Company's strategy of growing our existing client relationships and remaining focused on our key markets and business lines.

Note:

(1) S&P Global Ratings' Top 40 Global Reinsurance Groups 2020 by net reinsurance premium written



Our clients choose Peak Re – and stay with us – because they can rely on us as their trusted partner. As their partner, the Company recognises their needs and the value they place on our support. At Peak Re, we are proud of the deep relationships we have built with our clients. Our team works to understand our clients' businesses and their needs. In 2020, this did not change. We continued to be there for our clients.

Over the course of the year, our clients received uninterrupted access to Peak Re's services, solutions and ability and readiness to pay claims. Our exceptional team of professionals continued to offer, without interruption, our unrivalled combination of local knowledge and global insights. 2020 proved that in times of crisis and uncertainty, our clients can rely on Peak Re to be there to help them manage through turmoil.

The Company's purpose underpins our strategy, culture and business. The actions of our people in bringing it to life in the face of a global pandemic enabled us to stay open for our clients and execute against our strategy to deliver a strong business performance.

Outlook for 2021

We expect 2021 to see a rebound in economic growth that will extend into 2022. With the recovery already underway in Asia, we are looking to our Asia Pacific region to continue to outperform other regions and be the growth driver for the broader economy, as well as the insurance industry. This presents significant room for us to further grow in emerging markets where economies are still expanding.

As businesses learn to adapt to another "new normal", the effects of COVID-19 will continue to filter through and impact the future risk landscape. As a reinsurer, Peak Re has a key role to play in helping the global recovery effort. If nothing else, the pandemic has shown the critical need for us to be at the forefront of these efforts – fulfilling our mission of serving our clients and communities in our home region of Asia and beyond.

Conclusion

We have achieved much in 2020 and I would like to offer a very sincere thank you to our clients, business partners and shareholders for their support and trust. We are honoured to be chosen to work with you.

I would also like to acknowledge the impressive contributions of our employees, management, and board of directors. Your dedication, expertise and guidance are greatly appreciated. It is because of your collaboration, efforts and endurance that we have ended the year so strongly.

Thank you all for another year of progress towards our goal of helping to build a more sustainable future.

I look forward to continuing our journey together in 2021 and beyond.





OUR INSIGHTS

Drive innovation and provide the forward thinking that delivers impact with a global perspective.

Message from our CEO

There is no simple way to sum up 2020. While the events of 2020 have stress tested the reinsurance industry, for Peak Re it was both a remarkable and successful year. Despite the headwinds of a pandemic and an economic recession, our resilience and agility enabled us to achieve key milestones and deliver another year of strong results.



Franz Josef HAHN
Chief Executive Officer

Resilience in challenging times

Pandemics have always been one of our risk planning scenarios, and although COVID-19 and the disruption it has occasioned is unique, as a company we have measures in place to manage impacts to both our financials and operations.

Our robust risk management framework and the effectiveness of our own business continuity planning also proved key to our successful response to the onset and ongoing impacts of the global pandemic. With restrictions on travel and the sudden shift to remote working, we responded quickly to engage our plans and increased communication to maintain high degrees of efficiency and support for our employees and clients.

Complementing our business preparedness, our deep roots in Asia meant we had a different exposure to risks related to the pandemic. The lessons learnt from our past experiences with epidemics in our home region were firmly embedded in our underwriting and risk management policies and cultures, and with claims related to COVID-19 within expectation, underpinned our ability to support our clients and achieve our goals despite the challenging circumstances.

Our journey to build a sustainable future

Peak Re was founded with a vision to support the needs of communities and emerging middle-class societies through meeting reinsurance needs in Asia and globally. We are committed to extending the benefits of insurance to more members of our communities across our footprint. As 2020 highlighted, the protection gap remains large, especially in Asia. The events in 2020 could have further widened the protection gap despite concerted action by our industry to increase insurance penetration.

To provide a sustainable environment for the world to grow and develop, the reinsurance industry is working together to identify opportunities to close the protection gap. Over the course of 2020, despite the upheaval, we continued to partner with clients, regulators and our industry to support our communities and clients.

Our 2020 results are testimony to the strong foundation we have built with our clients and business partners. Peak Re ended the year with a strong balance sheet, an excellent client base and good business momentum secured by our culture of innovation and prudent risk management. We are well positioned for the future.

The effective execution of our client-focused strategy shaped by our expertise and unwavering focus on underwriting and risk analytics across our markets, contributed to our strong performance in 2020. Having a clear strategic direction since our inception and the ability to deliver on our Vision and Mission has enabled us to be a true partner to our clients, and deliver sustained stable growth over the past eight years.

Growth of the business portfolio

In our P&C business, gross written premiums ("GWP") recorded a strong increase with 22% year-on-year growth compared with the year ended 31 December 2019 and exceeded our business plan. As rates for P&C hardened globally, we were able to secure more favourable prices for the deployment of our capital. This resulted in an improvement in the P&C business' technical margin and underwriting profit after retrocession, and strong business development in all regions.

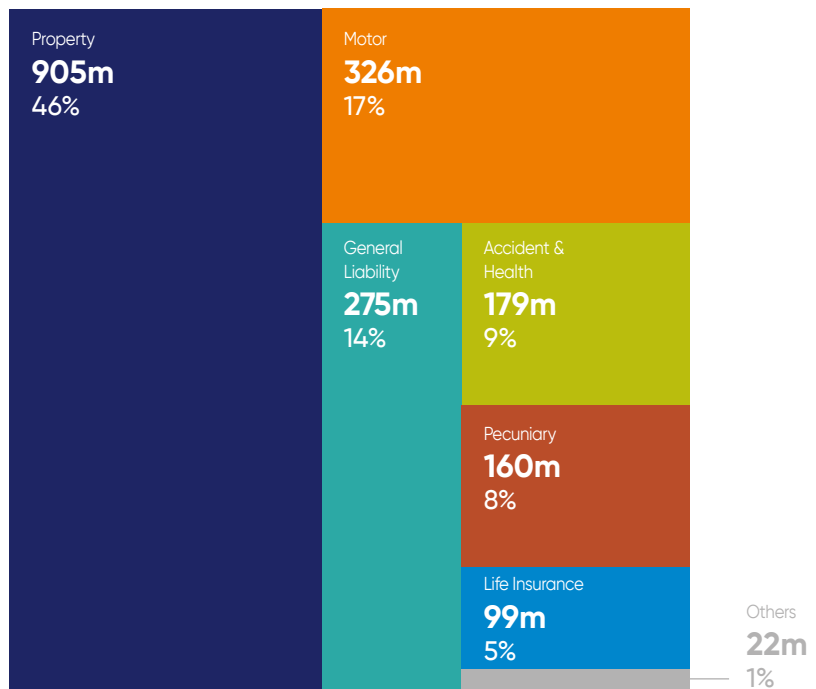
For our L&H business, where overall portfolio grew steadily in 2020, we continue to see the results of our ongoing effort to enhance our portfolio by providing solutions to address the specific challenges faced by our clients, with solid growth in our health business in a number of Asian markets, especially China.

Our solid growth results over the course of the year were underpinned by continued growth in premium income, robust underwriting, disciplined cost management and prudent investment strategies. To highlight, GWP for the Company rose to USD1,966.3 million as of the end of 2020, up from USD1,664.6 million in 2019. Underwriting margins improved to 11.2% as of 31 December 2020, up from 7.8% in 2019. We have achieved significant growth across a number of business lines, and the strong focus on tailored solutions has helped to ensure price stability alongside further business development.

2020 GWP
USD1,966m
 Year-on-year growth
18%

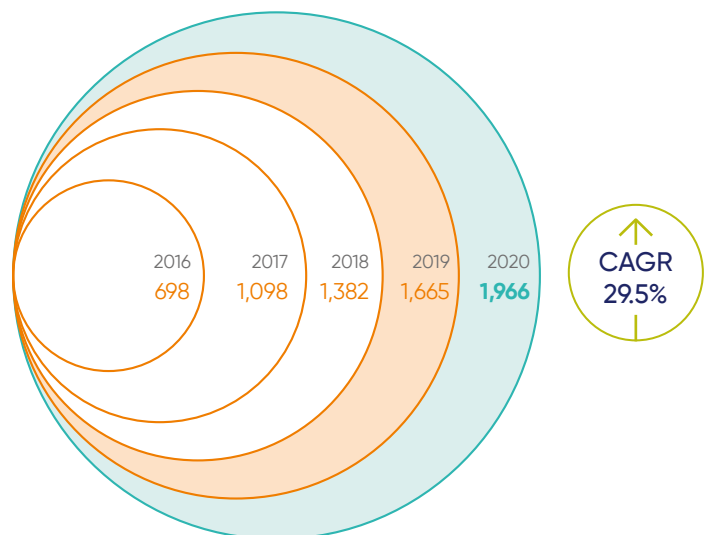
REVENUE BY LINE OF BUSINESS

(Based on GWP in USD m)



GROSS WRITTEN PREMIUMS

(USD m)



Message from our CEO

Global reach with an Asian origin

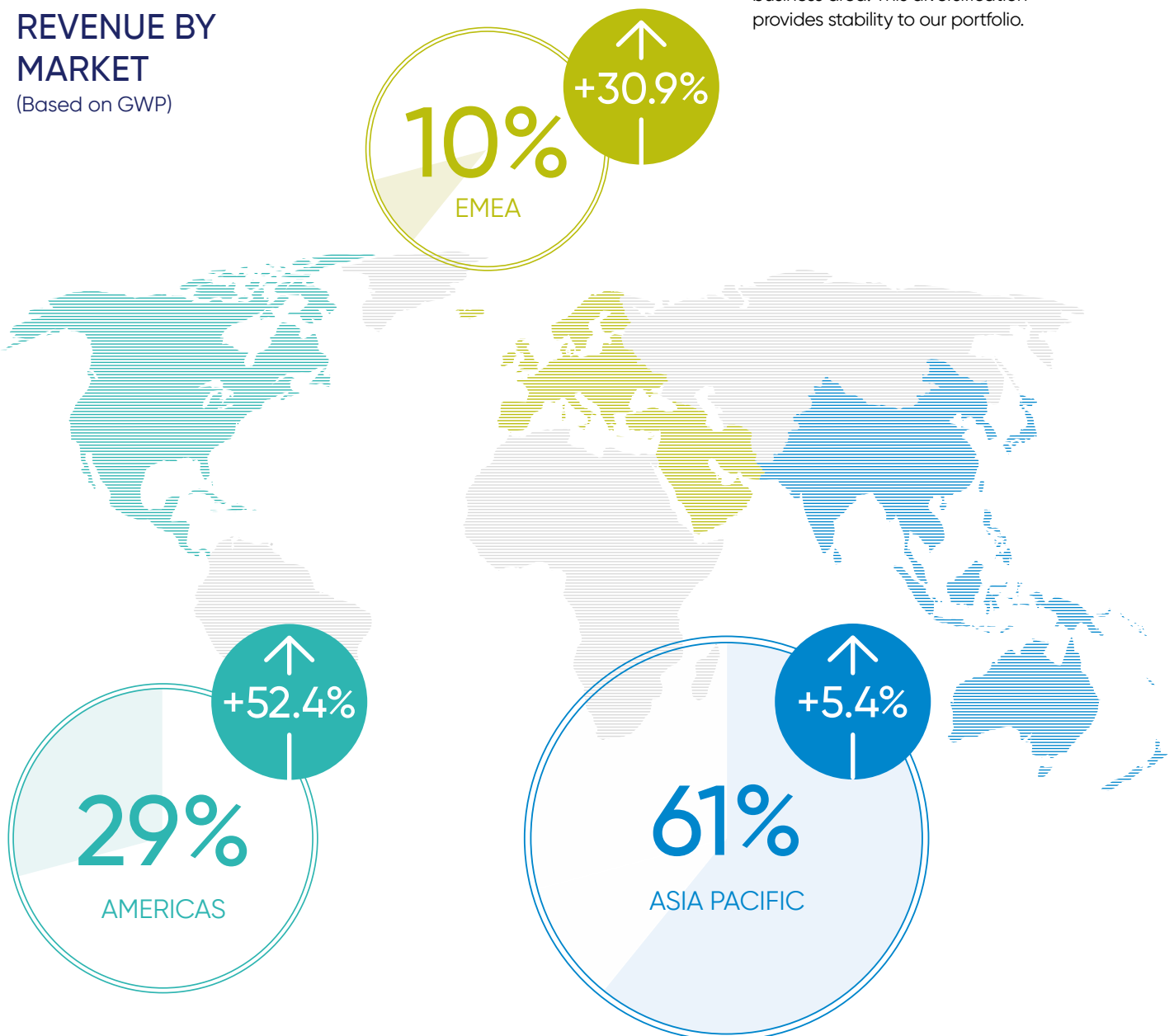
Looking at 2020 through a geographic lens, in our home region Asia, we reported stable growth in China, and strong and successful renewals in Japan, Australia and New Zealand. In the Americas, our Casualty, Motor and Credit & Bonds businesses were the main growth drivers. In Europe, Middle East and Africa ("EMEA"), growth was led by Property, Motor and Casualty and partly offset by declines in Credit, Engineering and Marine.

Our portfolio optimisation initiatives also delivered results in 2020, leading to reduced exposure for our Agriculture and Engineering businesses, while in Asia and the US our success in optimising our portfolio and opening new businesses enabled us to increase premiums for our Motor business. We have also reshaped our portfolio to considerably grow our non-proportional treaty businesses to drive profitability.

We have built our reputation in the market around forming deep client partnerships, being nimble in our decision-making, and settling claims quickly and transparently. Despite the challenges of 2020, we have remained steadfast in this approach and have successfully built a robust business portfolio that is increasingly diversified across clients, business lines and geographies. Asia, being our strategic focus, accounts for approximately 60% of our premium revenue. While the business portfolio is primarily made up of P&C exposure, we continue to expand our L&H business, particularly in the health and medical reimbursement business area. This diversification provides stability to our portfolio.

REVENUE BY MARKET

(Based on GWP)



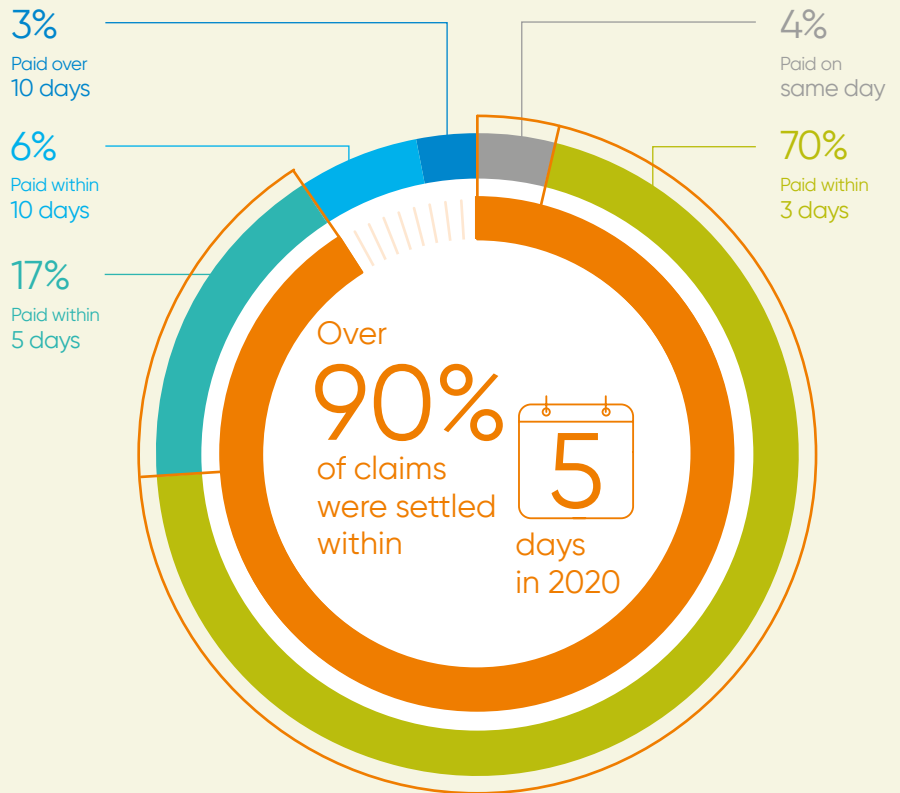
Client service 'as good as we claim'

Over the course of 2020, while claims grew globally, and capacity across the industry fell more rapidly, our solid position, built up over the preceding years, enabled us to step up to support our clients and communities.

At Peak Re, we pride ourselves on our unrivalled reputation for settling claims promptly, often during their most difficult times. The effort to maintain our standard of service this year has been tremendous with the disruptions of COVID-19. We are proud to say that in 2020, we had continued to uphold our standard of paying out

90% of claims within five days. A record we kept for the past 6 years, claims settlement processes and the way we service clients has also played a big role in our success.

CLAIMS PERFORMANCE



Message from our CEO



Completed 100% acquisition of Lutece Holdings Ltd and renamed it to **Peak Capital Holdings Ltd.**



Renewal and upsize of the Lion Rock Re II sidecar **USD77** million



1st Hong Kong-based reinsurer to issue publicly listed perpetual capital securities, **4.4** over-subscribed times

Strategic developments in 2020

We made great strides in 2020. In January 2020, we announced that following the successful placement of the first sidecar sponsored by Lion Rock Re Ltd. in 2018, it had been renewed and upsized to USD77 million. This reflected investors' confidence in Lion Rock Re Ltd.'s ability to provide access to a unique, high quality and diversified portfolio of reinsurance business.

Creating a sidecar has always been part of Peak Re's ambition to support the closing of the protection gap by providing investors access to new regions and opportunities. Investors' trust in the sidecar reaffirmed that we have the right strategy, allowing us to continue to develop our relationships with ILS managers and investors.

Additionally, in May 2020, we completed the 100% acquisition of the share capital of Lutece Holdings Ltd, which was renamed to Peak Capital Holdings Ltd., and its subsidiary Lutece Investment Management Ltd., now renamed Peak Capital Ltd ("Peak Capital"). The Bermuda-based ILS investment specialist is now a wholly-owned subsidiary of Peak Re. We look forward to leveraging Peak Capital to create new opportunities for us to innovate for our clients and investors.

Industry performance, ranking and recognition

We are pleased to see the strength of Peak Re's business reflected in our credit ratings which recognised our stable growth and sound business strategies.

In June 2020, Moody's assigned us a first-time A3 insurance financial strength rating (IFSR) with a stable outlook. Moody's cited our good franchise in the Asian reinsurance market, solid capitalisation, expanding product and geographic diversification and product mix with low reserving risks. We also enjoy an "A- (stable)" rating by A.M. Best and rank 29th among Global Reinsurance Groups by S&P Global Ratings in terms of net reinsurance premiums written.

Investment in technology

We have an ongoing focus on harnessing technology to improve our efficiency. We continue to improve existing infrastructure and put in place new systems and tools to minimise repetitive analytical and underwriting tasks, extract more insights, and value from data and make us more responsive, proactive, and disciplined in our support for clients.

The upgrade of our end-to-end IT system has started in 2020, with an aim to automate internal business processes. We will continue to improve our technology, with work underway to develop intelligent applications for receivables and payables. These investments will enable our talented experts to use the right mix of data and technology to focus on delivering the support that our clients need.

An Asia-based team thinking 'global'

Speaking of people, I am proud of the team we have built. We have brought together incredibly talented professionals from all over the world with deep, extensive industry experience and product knowledge gained over multiple geographies. Our ability to provide unrivalled global insights and local market knowledge continues to be a key differentiator.

Peak Re's growing international reach and Asia focus means we are often sought by global clients looking to access Asia and local clients looking to venture overseas. Our perspectives and our deep knowledge give us a strong understanding of the business environment and cultural nuances.

Increasing focus on ESG

The events of 2020 brought ever greater awareness of the importance of Environmental, Social and Governance (ESG) factors to business conduct and the future of our planet. As a purpose-led organisation founded to advance our industry and society, ESG continues to be a major consideration in all of our decision making and underpins our prudent and sound risk management approach. As an early adopter of the United Nations Environment Programme Finance Initiative ("UNEP FI")'s Principles for Sustainable Insurance (PSI), our understanding and commitment to ESG has continued to grow and evolve.

2020 provided the world with many lessons and highlighted the importance of risk analytics and robust planning for significant change and disruption. At Peak Re, we recognise that the

strength of our organisation, and our continued ability to support our clients, is inherently linked to our commitment to sustainable business practices.

We will aim to institutionalise, embed and integrate our ESG strategy more deeply into our business, to ensure it supports our purpose and values and become even more a part of what we do every day.

Peak Re looking forward

While 2020 was a year of notable challenges, we were able to record another year of sustained strong results. We expect 2021 will offer many causes for optimism as we enter into a period of steady global recovery. Consistent with previous years, we expect Asia to continue to be both the global growth engine and our core market.

To prepare us for our next phase of growth, we will focus on growing five strategic areas. First is reinsurance diversification and product development for both the P&C and L&H businesses to drive profitable and sustainable growth. Second is to focus on innovation for customers and to collaborate across the insurance value-chain to create products that the markets need. Third is to enhance profitability and reduce risk and volatility by leveraging alternative capital and our previous successes to further build our ILS capabilities. Fourth is to harness the power of technology, to improve cash flow, revenue and efficiency with better analytics and automation tools. Last but not least, the fifth is to enhance our risk management and governance,

PEAK RE'S FIVE STRATEGIC FOCUSES



which our Chief Risk Officer will further expand in the thereafter section.

We are aware that every year comes with its own challenges. With our specific focus on supporting the middle-class in emerging markets, and the pandemic having heightened awareness of the importance of insurance, Peak Re is well positioned to support sustained recoveries across our markets.

Peak Re's performance in 2020 reflects the resilience of our company underpinned by the strength of our people and the foundations we have built. Together, I am confident that

we will continue to make progress towards closing the protection gap and building a sustainable future with and for our stakeholders.

I would like to take this opportunity to recognise and thank the dedication of our board, our team and the loyalty of our clients for their contributions to our success in what was a most exceptional year.





OUR CULTURE

Embraces entrepreneurship, valuing open and curious minds that can feed fresh thinking and innovation.



Peak Perspectives



(Left to right) Iain REYNOLDS, Andy SOUTER

Our diversified P&C portfolio with the right clients in the right geographies marks our differentiation in the market. Through partnering with us, our clients have access to a combination of technical excellence and dynamism, broad-based product lines and deep relationships with our team and the access to Asia, the world's growth engine. Our perspective makes us the international expert on Asia and global clients see us as the preferred choice of partner when they look to access Asia.

Technological innovation has been an ongoing focus for us. We use technology to minimise repetitive analytical and underwriting tasks, enabling us to extract more insights and value from data on hand to solve problems for our clients and help them navigate the evolving risk landscape. Peak Re will continue to look for opportunities to leverage new technologies, to create value for our clients and stakeholders in the insurance ecosystem.

Iain REYNOLDS

*Director, Head of Analytics,
Co-head of Property & Casualty*

2020 was a challenging year for all, during this period, Peak Re remained unwavering in our client-centric approach, committed to consistent support for our clients, and to delivering in a pragmatic manner that recognised the changing circumstances of undertaking business during this trying period.

Turning our attention to the future, our approach remains unchanged. Our commitment to this approach was galvanised by the events of 2020, a year that showed the importance of striving to close protection gaps, and supporting economies and societies looking to emerge stronger from the effects borne out of the pandemic. To this end, we focus on listening to our clients and deepening our collaboration with them. This allows us to provide support and solutions tailored to their specific requirements. It also arms us with the important information to be innovative and diversify our product offering to meet our clients' evolving needs for the future.

Andy SOUTER

Director, Global Markets, Co-head of Property & Casualty



Peak Re has witnessed the growth of Asia in the past eight years. With increases in government spending and private investment, coupled with rising personal income, there is a need for more infrastructure in the region and thus a wider spectrum of properties to be protected.

In future, insurance growth will be fuelled by two drivers: a growing middle class with many people coming onto the insurance ladder for the first time; and the continued development of insurance products that cater for an evolving risk landscape alongside technological innovation and socio-economic development.

Andrew MAK

Director, Deputy Head of Underwriting

The global casualty market has been through an unusual year in 2020, with various levels of hardening from different casualty lines such as financial lines, Directors and Officers and professional indemnity. As we move into the post-pandemic recovery phase, inflation is expected to come, which will increase the loss severity of the long-tail casualty lines. Risk selection and cycle management will be key to healthy development for insurers and reinsurers in the coming years. At Peak Re, we are prepared to support our clients and partners in this evolution and journey.

Edward SHEN

Director, Head of Casualty Product Underwriting



COVID-19 had a huge impact on the motor insurance industry in 2020. With lockdowns and travel restrictions, automobiles have been driven less frequently and the overall use of cars has changed. We expect significant growth in short-term policies, including usage-based insurance, which involves the use of telematics. With the fast growth of electric cars, a new generation of drivers, and environmental issues linked to the automotive industry, all these will pose new risk challenges for the motor insurance industry. Overall, the quality and granularity of the data will be key to ensuring we offer the right product and protection in a fast-evolving landscape.

Stephan RAPPAZ
Director, Underwriting



Since its establishment in Europe in 2015, Peak Re has demonstrated its capability to channel profitable business and tie solid relationships with both incumbent insurers and start-ups. 2021 renewal marked another year of growth for the European business, improving the global footprint and diversification of Peak Re's book.

In the coming years we will continue to build on our client-focused strategy, and to expand the European portfolio, creating stable long-term relationships. At the same time, we intend to capitalise on our agility to be ready to serve in alternative ways and means in the risk transfer chain, further diversifying our book and developing innovative ideas with our clients.

Matteo CUSSIGH
Senior Vice President,
Head of Marketing & Production, Europe,
CEO of Peak Re AG



In 2020, the U.S. casualty insurance industry went through significant dislocation, something not seen for the past twenty years. While the pandemic hardened the market, the underlying exposure shifted over an extended period of years, and historically low interest rates likely played a significant role in this. Rising frequency and severity in Directors and Officers insurance, increasing numbers of nuclear verdicts in the trucking industry, and heightened race awareness, all contributed to the shift in underlying insurance exposures. The industry depends on both underwriting and investment performance. We will continue to help our clients in developing their casualty business, leveraging our strong client partnership developed over the years.

Gene ZHANG
Director, Underwriting



(Left to right) Yinan JIANG, Janice YE, Detloff RUMP

In 2020, market dynamics have seen a notable change, mainly but not only due to the pandemic. As much as this posed challenges to the L&H insurance industry, it also provided opportunities to demonstrate agility and creativity. The Peak Re L&H team certainly stepped up to listen to our clients' needs and wants, offering high quality solutions in a timely manner. And of course, building and maintaining long-term, trust-based relationships with our business partners is another key element of what we stand for.

Looking ahead, we know that the L&H protection gap will remain significant, even in more advanced economies, although unquestionably more pronounced in emerging markets. We are determined to work with our partners to close that protection gap, with the ultimate aim of supporting end-customers and societies at large.

Janice YE
Director,
Head of Life & Health

Detloff RUMP
Director,
Underwriting Solutions,
Life & Health

Yinan JIANG
Senior Vice President,
Head of Pricing,
Life & Health

Making a Positive Difference

REINSURANCE FOR A RESILIENT AND SUSTAINABLE WORLD

We continue to move forward and work together with our clients, communities, and business partners in partnership to provide the solutions and support they need to achieve a more resilient and sustainable world. Here are a few examples of our partnerships around the world:

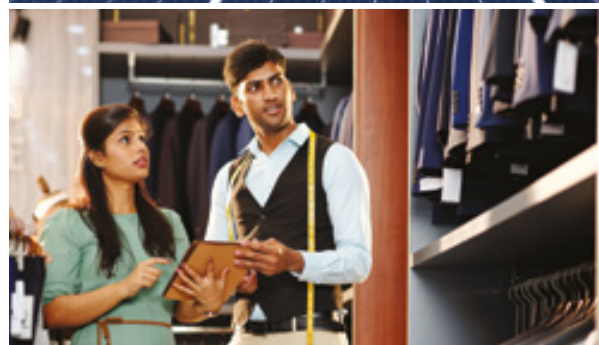
Vaccination programme to combat COVID-19

Working with our client and a local government, Peak Re provided risk and underwriting expertise to evaluate, structure and price a tailored insurance solution that enabled the rapid rollout of COVID-19 vaccines in the Asian market. Calling on our team's efficiency and agility, our reinsurance solution provides insurance coverage against severe side effects after vaccination, to address public concerns about the vaccines, which were developed in an unprecedented short amount of time.



Contributing to a cleaner environment

As a purpose led reinsurer, Peak Re supports our clients by providing reinsurance solutions to advance renewable energy development and create a cleaner environment. Together with our partners, we share our underwriting knowledge and provide reinsurance expertise for different markets on environmental assessment and loss control, risk management and mitigation associated with pollution release; and to encourage the adoption of solar, wind and other renewable energy source around the world.



Supporting local industries and economies

To empower mid-size local insurance companies and make it easier to do business in the local emerging market, Peak Re partnered with clients and a specialised FinTech solution provider to develop solutions for the trade credit insurance ecosystem. The collaboration offers the insurer access to a combination of Peak Re's co-underwriting, reinsurance capacity and risk management and the FinTech partner's technology, platforms and quality buyer database. The co-development of solutions provides lasting benefits to the industry and the community by enabling the local insurer to build in-house know-how required to enhance the experience for its customers. We also work with banks in emerging markets to provide loans for farmers, to protect them against potential crop losses due to climate events.

Insuring vulnerable customers

Our founding mission is to support the needs of communities and to work with the industry to close the protection gaps of emerging societies. We strive to innovate for customers and find the market gap with a fresh perspective. Together with our partner, our L&H experts developed a solution which provides critical illness insurance coverage for children with autism. It is one of the reinsurance solutions for the vulnerable segment of society which might otherwise be difficult to find in the existing market.

INDUSTRY SUPPORT AND KNOWLEDGE SHARING

To bring our founding purpose to life, Peak Re actively shares insights with industry members across the markets in our footprint. We provide access to our risk and underwriting knowledge and recommendations on best practices for managing issues such as environmental assessment, loss control, and risk modelling.

Asian Financial Forum (AFF)

In January 2020 at the annual AFF, Asia's premier platform for global financial and business leaders, investors and entrepreneurs, our CEO Franz Josef Hahn advocated for increasing use of alternative capital to augment our industry's capacity to protect communities from natural catastrophes. Speaking on a panel themed Insurance and Inclusive Growth in Asia, Mr. Hahn highlighted how the introduction of new regulations offered a great opportunity for Hong Kong to become a global hub of the ILS market in the very near future.

Annual India webinar

Peak Re held its annual India webinar in February 2020 to share perspectives on the changes in the global reinsurance landscape. Webinar participants from India, broader Asia and Europe joined our CEO Franz Josef Hahn and our expert speakers to discuss the reinsurance market landscape, expectations of clients and brokers during the January renewal season, and how outcomes matched expectations in various geographies.

North Western Pacific Basin and South China Sea seasonal tropical cyclone activity forecast

Peak Re published its 2020 Seasonal Tropical Cyclone Activity Forecast Report in collaboration with the Shanghai Typhoon Institute ("STI") in April and August 2020. The reports provide forecasts of tropical typhoons in the North Western Pacific Basin and South China Sea. Since 2015, Peak Re has collaborated with STI to help insurers better understand these cyclones and mitigate the associated risks.

Other industry events and media interviews

Peak Re CEO Franz Josef Hahn and Co-Head P&C and Head of Analytics Iain Reynolds, delivered a keynote address at the Artemis ILS Asia 2020 virtual conference in July 2020. The speech, entitled Asia – A paradigm shift for ILS, set out the opportunities for ILS to provide reinsurance capacity to help narrow the protection gap across Asia Pacific. Taking a balanced view, the speakers discussed both the growing values at risk as well as the increasing penetration of insurance and reinsurance.

Executives from Peak Re stayed close to the discussions and conversations relevant for the reinsurance industry and the wider communities, sharing expert views and encouraging dialogues at various industry events and media outlets, on topics such as insurance market environment, climate change, risk management and reinsurance development.

Making a positive difference

ENGAGING AND EMPOWERING OUR EMPLOYEES

Protecting Peak Re's most important asset

Over the course of 2020, to enhance our support to clients and provide exceptional career and workplace experiences to our employees, we continued to invest in strategic talent development and acquisition. By the end of the year, our 110 employees around the world had completed a total of 3,800 training hours, equal to approximately 34 hours per team member per year.

After years of steady growth since Peak Re's establishment, our office at the Hong Kong headquarter moved to a new location in April 2020. The bigger and 'smarter' space gives us the freedom to incorporate an activity-based working concept in the office design to support our agile culture and enhance collaboration. To further promote a welcoming and collaborative working environment, the office design features elements of nature including a gigantic green wall and a small lounge.

The office redesign also supports our sustainability efforts: all materials are certified for their sustainability and indoor air quality in the office is also scientifically certified ("SCS"). The office is also designed with a paper-free culture in mind with all meeting rooms equipped with cutting-edge conferencing and presentation facilities.

A warm and welcoming reception area that makes everyone at Peak Re proud.



GIVING BACK TO COMMUNITIES

Peak Re Tea Project

At Peak Re, we are committed to delivering benefits to communities across our markets. Since 2018, Peak Re has supported low-income tea farmers in Yongping, Yunnan Province in China by purchasing their tea as gifts for our corporate gifting and marketing. The programme allows impoverished families to support their education and household expenses. Our special corporate social responsibility programme commenced when Peak Re employees visiting the region as part of our Rural Doctors Poverty Alleviation Programme saw an opportunity to support a community in need.



While the area enjoys perfect conditions to produce some of the finest teas in the world, unfortunately, the same conditions make it prone to flooding and landslides. Through this small but concrete initiative, Peak Re committed to a 5-year plan to continuously support local tea farmers who face the constant threat of poverty and disease.

Rural Doctors Poverty Alleviation Programme

Together with the Fosun Foundation, Peak Re continues to support the 'Rural Doctors Poverty Alleviation Programme', which aims to improve access to medical care in remote Chinese regions.

Mask donation & Peak Re's 'Care Mask'

At the onset of what would become a global pandemic, Peak Re joined its shareholder Fosun to ensure the availability of disinfectants and high-quality masks available to protect the members of our teams. Accessing our extensive international networks, we were able to purchase and deliver a strategic supply of medical and N95 masks for medical staff in China and our employees when supplies were not widely available in Hong Kong.

To care for our environment amidst a global pandemic, we produced a batch of reusable and washable face masks with St. John, a fashion brand which focuses on quality and craftsmanship, for our employees, partners and clients. Branded 'Care Mask', the masks with adjustable ear loops and filter pockets provide an environmental friendly alternative solution to single-use masks.



Our Financial Performance

2020 was both a remarkable and successful year for Peak Re. Over the year we reached key milestones and delivered strong business growth, despite the headwinds of a pandemic and economic recession.



Cathy CHEN

Chief Financial Officer

Financial highlights for 2020

For the year ending 31 December 2020, the Company generated GWP of USD1,966 million and recorded a net profit of USD87.1 million which is more than double compared to the same period last year. This marked the eighth consecutive year of strong premium growth for the Company thanks to our focused strategy on a targeted yet diversified portfolio.

P&C GWP recorded a strong increase and exceeded our plan. Alongside a global hardening of P&C rates, Peak Re has been able to secure more favourable prices for the deployment of our capital. This resulted in an improvement in the P&C underwriting technical margin and underwriting profit after retrocession. We have built a stronger L&H reinsurance business to achieve a sustainable profitable mix.

Operational efficiency has been one of our competitive advantages over the years. Our management expense ratio remained at a low level of 3.7% and our combined ratio sits at 97.6% as of end of this year, demonstrating our operational efficiency and the robust approach to cost management.

Investment and portfolio management

Peak Re's investment strategy aims to deliver reliable returns through a diversified investment portfolio. The Company uses a data-driven approach to optimise its investments, in line with internal risk management standards and prevailing regulatory requirements.

As of 31 December 2020, our investment income return was 3.4% with investable assets and net assets at USD2.6 billion and USD1.5 billion, respectively. Our disciplined investment approach resulted in substantial growth in investment income to USD69.7 million.

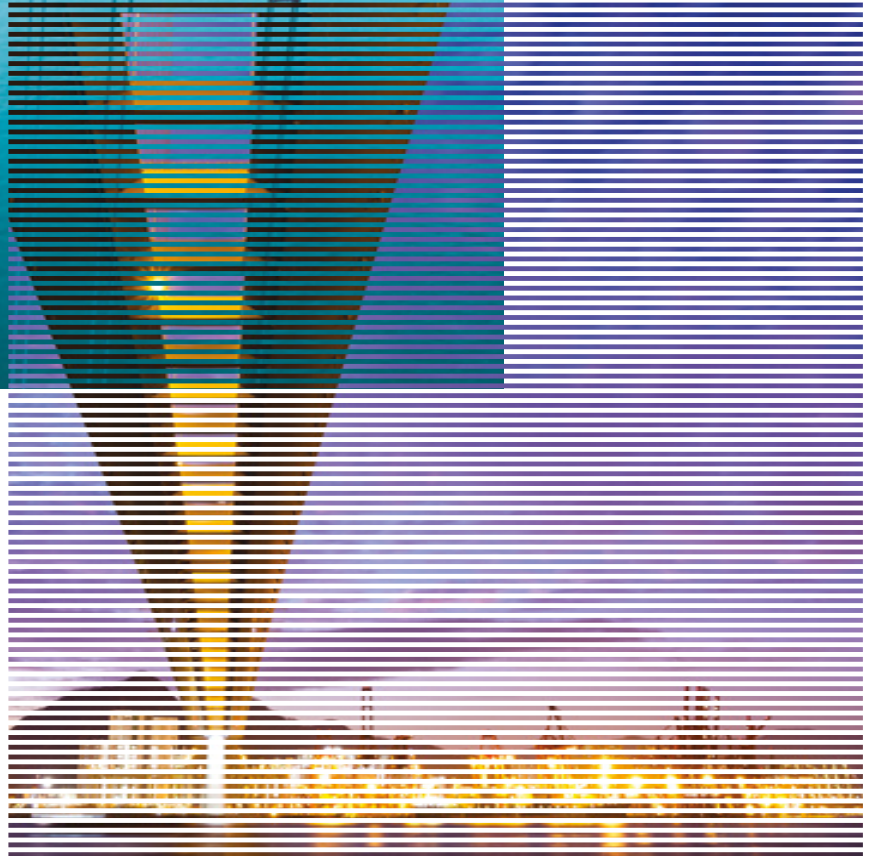
Despite a volatile global market in 2020, total investment return recovered significantly in the second half of the year after early volatility and despite generally lower yield across the year. The investment income is mainly from fixed income investments and funds. This demonstrated a stable stream of investment income strategy.

Strong capital position

We grew our total equity during 2020 to USD1,487 million, due in part to our retained profits and inaugural issuance of a perpetual subordinated guaranteed capital securities of USD250 million at 5.35% in October 2020 ("Transaction"). Our strong capital position enables Peak Re to capture the growth opportunities ahead.

The Transaction garnered a final orderbook of USD1.1 billion and represents 4.4 times over-subscription. It marked the first publicly-listed subordinated capital securities instrument in perpetual hybrid format issued by a wholly-owned subsidiary of a Hong Kong-based global reinsurer. The demands demonstrated global investors' confidence in Peak Re's business outlook and interests in the reinsurance sector.

We also renewed Lion Rock Re Ltd. with USD77 million invested capital in 2020 ("Lion Rock Re II"). Through ILS, Peak Re leverages superior underwriting expertise for capital management, focusing on expanding product offerings and innovative structures. This reduces balance sheet volatility and generates stable income for the Company.



ILS has become an integral part of Peak Re's retrocession strategy, and we have been building up our ILS capabilities since the launch of the first sidecar vehicle in 2018. The success of Lion Rock Re II reflects the confidence of investors in the Company's vision and strategies and their recognition of Peak Re's achievements.

Peak Re was minimally impacted by recent large loss events with the reserving well within expected levels, underscoring our strong capability in understanding and managing risks. For COVID-19, the estimated loss is well within our risk limits. Peak Re maintains a strong regulatory solvency ratio at 429%⁽¹⁾ as of 31 December 2020.

Outlook

In the past eight years, Peak Re has built a strong foundation with increased business scale and greater diversification. 2020 has been challenging but Peak Re has weathered the pandemic and economic recession and come through in good shape. In 2021, we will build on our capital management strategy and continue to improve our capital structure and maintain a strong solvency position. We will also lead the development of our finance transformation projects including the preparation of International Financial Reporting Standards 17 (IFRS 17) and other technology upgrades, to improve our efficiency in finance management.

We are driving sustainable growth and profitability via active and strategic capital management, and will continue to improve our risk and return profile to maintain our strong capital position.

Note:

⁽¹⁾ The solvency ratio of Peak Reinsurance Company Limited on the Hong Kong Insurance Ordinance basis as of 31 December 2020

Financial Highlights

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2020

	2020 USD	2019 USD
REVENUES		
GROSS WRITTEN PREMIUMS	1,966,323,862	1,664,590,491
Gross earned premiums	1,763,667,315	1,579,760,814
Retrocessionaires' share of gross earned premiums	(422,243,166)	(341,140,492)
Net reinsurance contracts earned premiums revenue	1,341,424,149	1,238,620,322
Investment income	69,702,066	47,256,593
Commission income	103,981,471	81,797,548
Other income	327,063	-
Foreign exchange gains	-	6,934,322
Total revenue	1,515,434,749	1,374,608,785
EXPENSES		
Gross claims paid and payable	(986,395,661)	(824,941,013)
Retrocessionaires' share of claims paid	278,613,863	222,003,592
Change in gross reinsurance outstanding claims	(286,299,323)	(536,424,220)
Change in retrocessionaires' share of outstanding claims	29,221,306	228,140,729
Net claims incurred	(964,859,815)	(911,220,912)
Commission expense	(403,813,559)	(381,711,908)
Administration expenses	(49,623,007)	(41,613,650)
Finance cost on lease liability	(732,869)	-
Asset management expenses	(2,131,684)	-
Other expenses	(1,238,286)	(1,964,517)
Foreign exchange losses	(11,821,947)	-
Total expenses	(1,434,221,167)	(1,336,510,987)
Profit before share of profits of associates and joint ventures	81,213,582	38,097,798
Share of profit/(loss) of associates	1,701,452	(5,995,519)
Share of profit of joint ventures	10,773,924	6,628,759
PROFIT BEFORE TAX	93,688,958	38,731,038
Income tax expense	(6,636,484)	(3,852,040)
PROFIT FOR THE YEAR	87,052,474	34,878,998
Attributable to:		
Ordinary shareholders	84,637,544	34,878,998
Holders of perpetual capital securities	2,414,930	-
	87,052,474	34,878,998
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments		
Changes in fair value	61,889,222	86,704,081
Reclassification adjustments for (gains)/losses on disposal included in the consolidated statement of profit or loss	(2,543,206)	10,802,394
Income tax effect	(3,625,379)	(3,822,761)
	55,720,637	93,683,714
Share of other comprehensive (loss)/income of an associate	(1,606,000)	516,500
Exchange difference on translation of foreign operation	3,010,667	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR	57,125,304	94,200,214
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	144,177,778	129,079,212
Attributable to:		
Ordinary shareholders	141,762,848	129,079,212
Holders of perpetual capital securities	2,414,930	-
	144,177,778	129,079,212

Consolidated Statement of Financial Position

Year ended 31 December 2020

	2020 USD	2019 USD
ASSETS		
Intangible assets	418,510	15,267
Right-of-use assets	15,467,191	-
Goodwill	357,250	-
Property and equipment	1,911,157	179,888
Investment in associates	61,153,933	61,058,481
Investment in joint ventures	74,432,211	61,440,825
Held to maturity investments	20,595,794	24,678,801
Available-for-sale investments	1,888,252,411	1,454,661,007
Investments at fair value through profit or loss	59,016,905	78,128,516
Loans and receivables	112,541,773	119,874,260
Deferred acquisition costs	232,017,602	183,520,774
Loan to an associate	10,000,000	-
Prepayments, deposits and other receivables	24,926,316	20,604,973
Retrocession assets	621,411,170	553,828,256
Reinsurance receivables	2,134,263,989	1,579,654,841
Amount due from immediate holding company	3,293,842	3,293,814
Deferred tax assets	-	3,674,360
Cash and cash equivalents	401,288,886	273,561,737
TOTAL ASSETS	5,661,348,940	4,418,175,800
LIABILITIES		
Reinsurance contracts/policy liabilities	2,961,927,835	2,413,625,113
Reinsurance payables	1,134,851,977	811,118,438
Deferred commission income	40,907,920	33,234,444
Other payables and accrued liabilities	12,538,430	63,555,201
Deferred tax liabilities	767,026	-
Lease liability	15,527,601	-
Current tax payable	7,737,559	2,071,982
TOTAL LIABILITIES	4,174,258,348	3,323,605,178
NET ASSETS	1,487,090,592	1,094,570,622
EQUITY		
Share capital	786,720,714	786,720,714
Reserves	449,612,756	307,849,908
Total shareholders' fund	1,236,333,470	1,094,570,622
Perpetual capital securities	250,757,122	-
TOTAL EQUITY	1,487,090,592	1,094,570,622

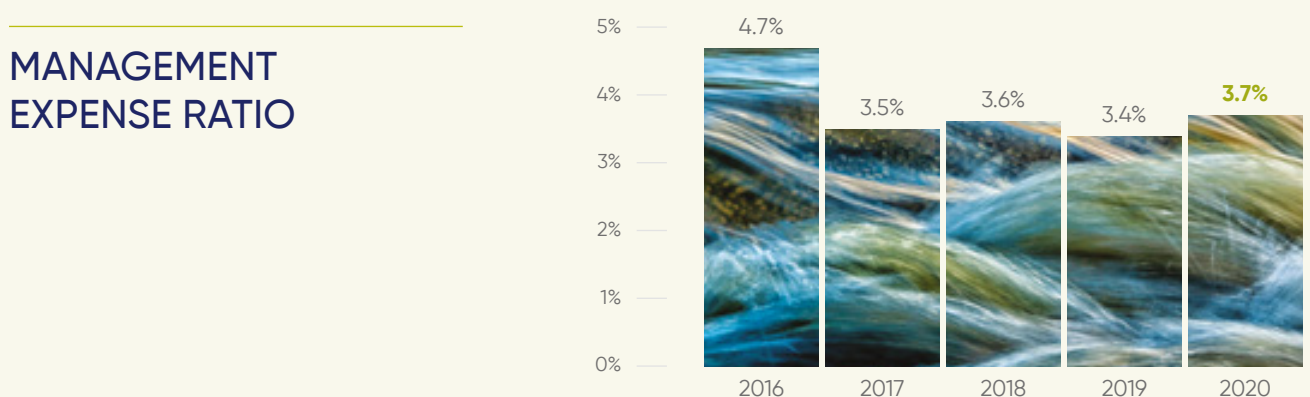
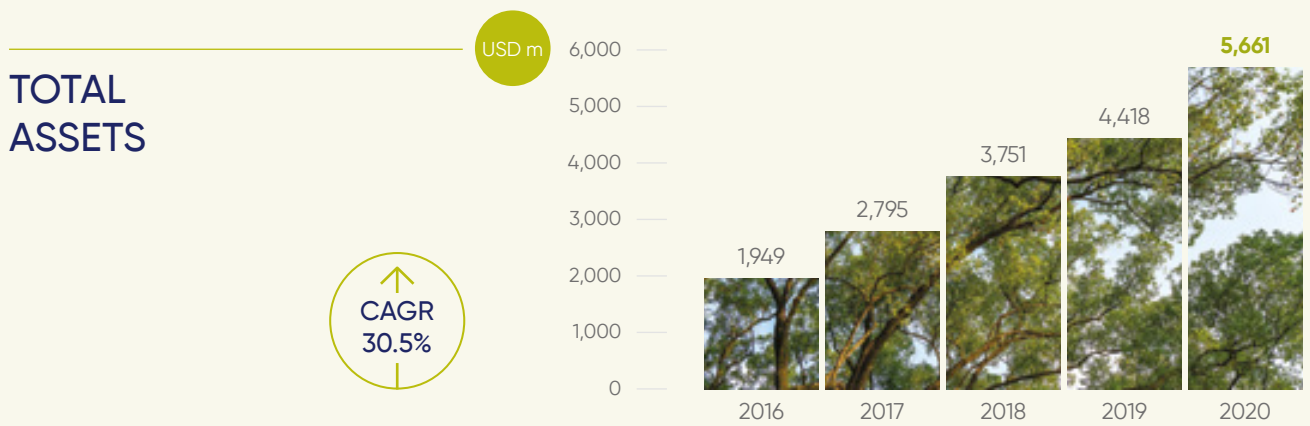
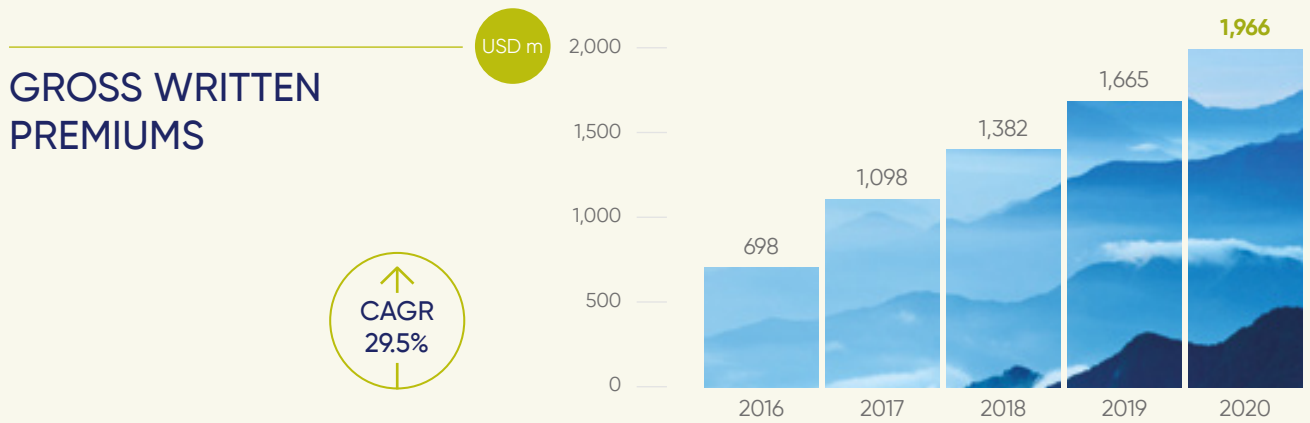
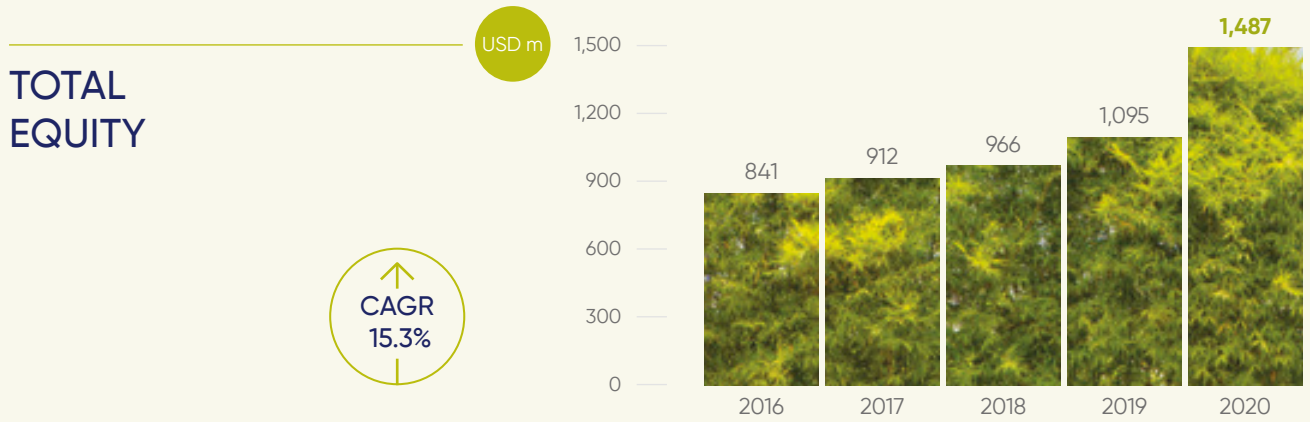
Financial Highlights

Consolidated Cash Flow Statement

Year ended 31 December 2020

	2020 USD	2019 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	93,688,958	38,731,038
Adjustments for:		
Depreciation of property and equipment	460,435	110,627
Depreciation of right-of-use assets	3,093,439	-
Amortisation of intangible assets	89,200	4,584
Share of (profit)/loss of associates	(1,701,452)	5,995,519
Share of profit of joint ventures	(10,773,924)	(6,628,759)
Interest income	(41,007,144)	(47,946,730)
Interest expense	732,869	-
Dividend income from investments	(24,904,955)	(14,767,851)
Fair value gain on investments at fair value through profit or loss	(301,209)	(5,616,192)
Loss on disposal of investments at fair value through profit or loss	5,832,169	12,084,264
Gain on disposal of available-for-sale investments	(12,149,318)	(62,811)
Loss/(gain) on redemption of loans and receivables investments	42,746	(365,733)
Impairment loss on available-for-sale investments	14,264,659	9,496,915
Change in net reinsurance contract/policy liabilities	480,719,808	391,170,418
Change in deferred acquisition costs, net	(40,823,352)	(26,571,179)
Change in reinsurance payables	323,733,539	(128,152,116)
Change in amount due from ultimate holding company	(28)	(1,274,167)
Change in prepayments, deposits and other receivables	(4,138,354)	(2,005,808)
Change in reinsurance receivables	(565,792,725)	(48,695,560)
Change in other payables and accrued liabilities	(52,689,084)	49,095,855
Change in loan to an associate	(10,000,000)	-
Cash flows from operations	158,376,277	224,602,314
Interest element on lease liabilities	(481,564)	-
Tax (paid)/credit	(154,900)	215,356
Net cash flows generated from operating activities	157,739,813	224,817,670
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property and equipment	(2,175,448)	(46,865)
Additions to intangible assets	(492,443)	(12,742)
Interest received	40,407,505	49,167,314
Change in cash collaterals	(20,000,000)	(10,000,000)
Dividends received from investments in securities	23,811,760	15,008,771
Dividends received from joint ventures	793,204	-
Purchases of available-for-sale investments	(921,954,362)	(721,590,543)
Purchases of loans and receivables	(10,136,147)	(18,249,604)
Purchases of investments at fair value through profit or loss	-	(740,238)
Acquisition of a subsidiary	251,770	-
Acquisition of investment in joint ventures	-	(54,812,066)
Proceeds from maturity of loans and receivables	17,419,005	25,561,641
Proceeds from maturity of held-to-maturity investments	4,000,000	4,520,628
Proceeds from disposal of available-for-sale investments	555,281,207	556,949,115
Proceeds/(losses) from disposal of investments at fair value through profit or loss	14,293,510	(1,317,255)
Net cash flows used in investing activities	(298,500,439)	(155,561,844)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	(1,820,648)	-
Proceeds from issuance of perpetual capital securities	248,342,192	-
Net cash flows generated from financing activities	246,521,544	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	105,760,918	69,255,826
Cash and cash equivalents at beginning of year	233,561,737	165,075,304
Net increase in cash and cash equivalents	105,760,918	69,255,826
Effect of foreign exchange rate change	1,966,231	(769,393)
Cash and cash equivalents at end of year	341,288,886	233,561,737
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents and cash collaterals	401,288,886	273,561,737
Cash collaterals	(60,000,000)	(40,000,000)
Cash and Cash Equivalents	341,288,886	233,561,737

5-Year Financial Summary



Governance & Risk Management

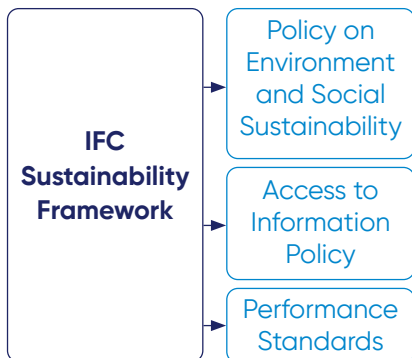
2020 was an unprecedented year which heavily and thoroughly tested Peak Re's governance and risk management framework across all aspects of our business due to the pandemic. Thanks to a prudent and sound risk management approach underpinned by our commitment to ESG, the Company effectively managed and mitigated the risks that could adversely impact its operations, business portfolio and investment portfolio through agile and timely responses.



Eckart ROTH
Chief Risk Officer

Since the Company's establishment, robust and holistic risk management has been at the heart of what Peak Re does. It also continues to be a focal point for our organisation as we commit ourselves to playing a part in the key challenges the world and our region face today.

From the earliest days, we have been one of the 140 organisations worldwide to adopt UNEP FI's PSI framework. With International Finance Corporation (IFC) as a founding investor of the Company, sustainability has been the underlying belief of our business. The Company adopted and embedded the IFC Sustainability Framework into its investment and underwriting approaches, which are an integral part of the risk management framework.



Peak Re's ESG approach

Based on the IFC Sustainability Framework, Peak Re has adopted an approach to ESG which consists of three pillars of Environmental, Social and Governance, and factors in risks that could bring negative financial impact to our business.



Environmental

Climate change has long been at the forefront of the insurance and reinsurance industries which were themselves a pioneer of ESG's Environmental pillar. At Peak Re, the Environmental pillar addresses physical risk, transition risk and liability risk as a result of climate change.

Climate perils pose the greatest risk to the P&C line of business and this is an area where the Company has proactively focused on enhancing its risk management capabilities. The launch of the Lion Rock Re Ltd. sidecar in 2018, and the subsequent renewal and upsizing of the transaction in 2020, enabled the Company to achieve risk sharing arrangements with high-quality investors and efficiently expanded its retrocession capacity from the capital markets. The expansion of risk appetite in catastrophe reflects the Company's commitment to help clients mitigate and alleviate foreseeable and unexpected risks associated with climate change in the future.



Social

The "Social" pillar in Peak Re's ESG framework focuses on working conditions and human rights. Peak Re's response to the pandemic situation in 2020 highlighted the importance of Peak Re's Social pillar. The Company put great focus and emphasis on supporting its major stakeholders including employees, clients, and partners, as well as the broader public in 2020.

We always place the utmost importance on the physical and mental well-being and safety of our staff. Peak Re activated our business continuity plan upon the outbreak of COVID-19 in early 2020, and kept the office open to provide flexibility to employees who may not have a work-friendly environment to work from home. Employees can also opt for home working to avoid commuting during crowded rush hours. The new office provides socially distanced workspaces with adequate supply of masks and hand sanitizers. A daily dashboard monitoring system is in place.

IT systems and equipment were enhanced and provided to our staff to minimize any disruption to business. This helped our teams continue to operate smoothly and deliver our promise to clients through supporting them on policy renewal and claims pay-outs. These measures effectively mitigated operational risks associated with disruptions to processes and systems.

At the outset of the pandemic, we demonstrated our commitment to social responsibility to the community through securing mask supplies across our network in India and Indonesia, to be sent to China through the Fosun community.

Integration of ESG into risk management

ESG practices, resilience and sustainability are interconnected. A high standard of ESG practices will strengthen our organisation's ability to mitigate and manage adverse impacts on the business and enhance its risk tolerance, as new frontiers of risk continue to emerge in the post-pandemic era. Taking resilience to the next level will eventually translate into the sustainable development of the organisation and our stakeholders, as well as the sustainable growth of the industry, our region and beyond.

Looking ahead in 2021, Peak Re aims to formalise an ESG strategy and integrate it seamlessly into the Company's risk management framework that governs business, underwriting, investment allocation and operations. It will enhance scenario analysis to evaluate how the Company fares across key scenarios with tools, processes, and documentation. It will deep dive into each aspect of the business, particularly in underwriting and asset management, to mitigate potential risks and develop necessary training modules to support the effective exercising of ESG practices.

Peak Re's commitment to ESG underpins and shapes the Company's culture. It goes beyond our organisation and brings value to our stakeholders. We are prepared and are committed to partnering with our stakeholders on the ESG journey. We will continue to play our part in shaping stakeholders' thinking towards ESG, which will allow us to truly deliver on our objective to support the needs of communities and emerging middle-class societies in Asia Pacific and contribute to the long-term sustainable development of the insurance sector and economic growth of the region and beyond. We look forward to continuing to collaborate with our stakeholders on our journey to a sustainable future.

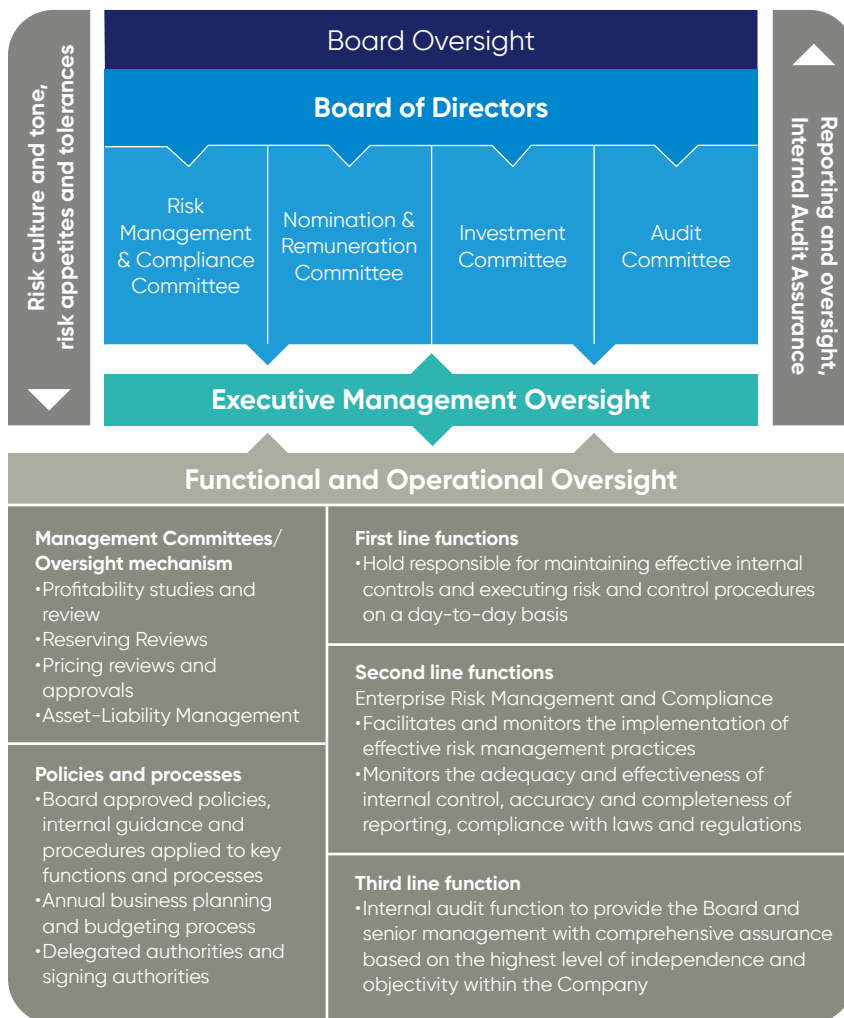
Governance & Risk Management

Governance

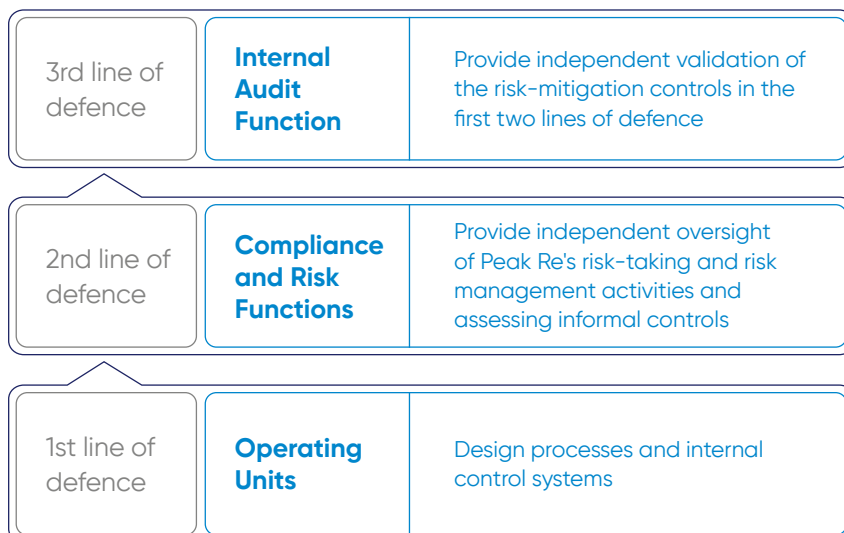
At Peak Re, a well-defined and robust corporate governance framework is the backbone of the business. Our governance pillar encompasses three major aspects – corporate governance, compliance, and enterprise risk management. We embrace a strong corporate governance culture and are committed to high standards of corporate governance and compliance that ensure sound management and effective oversight of the business, protecting the interests of our clients and shareholders.

The Company has clear division of responsibilities and lines of reporting. The Board of Directors takes the ultimate responsibility of corporate governance through effective support of its committees – the Audit Committee, Investment Committee, Risk Management and Compliance Committee, and Nomination and Remuneration Committee. There is also a “three lines of defence” governance model in place to enforce accountability. Underwriting and investment policies define the risk appetite and limits, giving clear guidance and assign responsibilities to risk taking functions. Risk management provides independent oversight and links business development to capital. The operational risk is minimised through internal controls which are being reviewed by internal audit on a regular basis.

GOVERNANCE MODEL



THREE LINES OF DEFENCE



Reinsurance Post-COVID-19

While an elevated level of uncertainty will continue to prevail in the near future, our industry is moving forward to embed the lessons learned over the last year, to better support our clients and communities as they navigate in the next 'new normal'. The insurance and reinsurance industry has provided enormous support to customers and communities throughout this difficult time. As an industry, we need to continue to strengthen our value proposition and work in partnership with businesses, governments and the wider community to both anticipate and prepare for the unprecedented and manage its aftermath.



Clarence WONG
Chief Economist

In the coming post-COVID period, our industry will have an important role to play in helping rebuild economies and societies around the world. Increasingly referred to as 'Build Back Better' this call to action has been taken up by governments and international development organisations. Insurers, in particular those operating in emerging markets, can actively support the rebuilding of global resilience so that we understand and are prepared to anticipate, mitigate and manage shocks. As an industry, we have the insights, expertise and resources to greatly expedite progress in rebuilding resilience, for example supporting the

development of smart infrastructure and the de-risking of supply chains.

At Peak Re, our founding purpose, geographic footprint and culture underpin our organisation's resilience and enable us to respond with flexibility and agility in times of uncertainty. It is this same resilience that will continue to be required of us to successfully navigate the post-COVID era.

To guide us as we move beyond the pandemic, Peak Re has identified five key trends that will have profound impact on the insurance and reinsurance industries' ability to manage risk and narrow the protection gap.



Reinsurance Post-COVID-19



Innovating to improve insurability

Decades of robust economic growth has underpinned growth and prosperity of Asian economies, and asset accumulation in Asia continues to grow exponentially. In 2020, it was estimated that the middle-class in Asia had reached 2 billion⁽¹⁾, and this number is expected to continue to increase. With the rise of middle-class societies across Asia comes increasing demand for risk protection in order to ensure sustainable growth and development. The need for insurance protection has never been more important.

At the same time, the risk landscape continues to evolve. Changing lifestyle behaviours are resulting in different health concerns. The increasing level of digitisation will be accompanied by increasing cyber and personal data security risks. The rise of the

shared economy and informal working arrangements will also have important implications on risks facing individuals and businesses. In the past decade in Asia, as income and wealth rose, familiarity with insurance products also climbed. The outbreak of the COVID-19 pandemic has also helped to raise insurance awareness. Yet, insurers must continue to explore and innovate to expand the frontiers of protection, in order to keep pace with the evolving risk landscape and increasingly difficult-to-insure risks. As an example, to determine what will be the next frontier for motor insurance, we need to look not only at how we can innovate our products and solutions but at the latest developments in automobile technology including driverless vehicles. Reinsurance means constantly reinventing, if we are to anticipate and manage potential future risks.

Protecting the emerging Asian Century from climate risk

Despite being hard hit by COVID-19, Asia remains the powerhouse of the global economy and is projected to lead the unfolding recovery. The breath taking transformation in China, India and the ASEAN countries over the past decade, is laying a strong foundation for a coming "Asian Century". Whilst opportunities in Asia are abundant, the region's vulnerability is also obvious. Natural catastrophes regularly take a heavy toll in terms of human lives and economic losses. This vulnerability is compounded by low insurance penetration. In 2020, it was estimated that only 12% of economic losses arising from natural catastrophes in Asia was insured⁽²⁾.

Despite the challenges posed by COVID-19, climate change remains one of the most critical issues facing the industry today and threatening the wellbeing of societies over the coming decades. Global warming is believed to already contribute to rising frequency and intensity of natural catastrophes, and many national and transnational initiatives are underway to limit greenhouse gas emission and to decarbonise our economy. As risk experts, insurers and reinsurers have strong expertise in areas of physical and transition risks, which we can leverage to better inform clients about emission reductions. Further, as key risk carriers, we play a silent but critical role in directing energy investment, through the provision or otherwise withdrawal of insurance covers. Insurers can work together with clients to chart a sped-up pathway to alternative energy sources and exiting from carbon-intensive activities.

Notes:

⁽¹⁾ <https://www.weforum.org/agenda/2020/07/the-rise-of-the-asian-middle-class>

⁽²⁾ <https://www.businessinsurance.com/article/00010101/STORY/912339379/Only-12-of-nat-cat-losses-insured-in-Asia-Pacific>

ESG is at the core of risk management

The outbreak of COVID-19 has placed greater corporate focus on embedding the social and governance risk elements of ESG, while reinforcing the ongoing importance of the impact of environmental risks. The disruption brought on by the pandemic is an opportunity for the world to consider implementing important changes, especially in the management of ESG risks. It is paramount that we all take ESG into consideration when undergoing strategic planning for the future, to ensure we rebuild resilience in a post-COVID world. Insurers and reinsurers have a key role to play, not only in respect of the underwriting process, but in supporting their clients as they put in place the frameworks to internalise ESG into their own risk management processes. To achieve this, reinsurers will need to forge close partnerships with clients and other stakeholders to support the adoption and sharing of ESG standards.

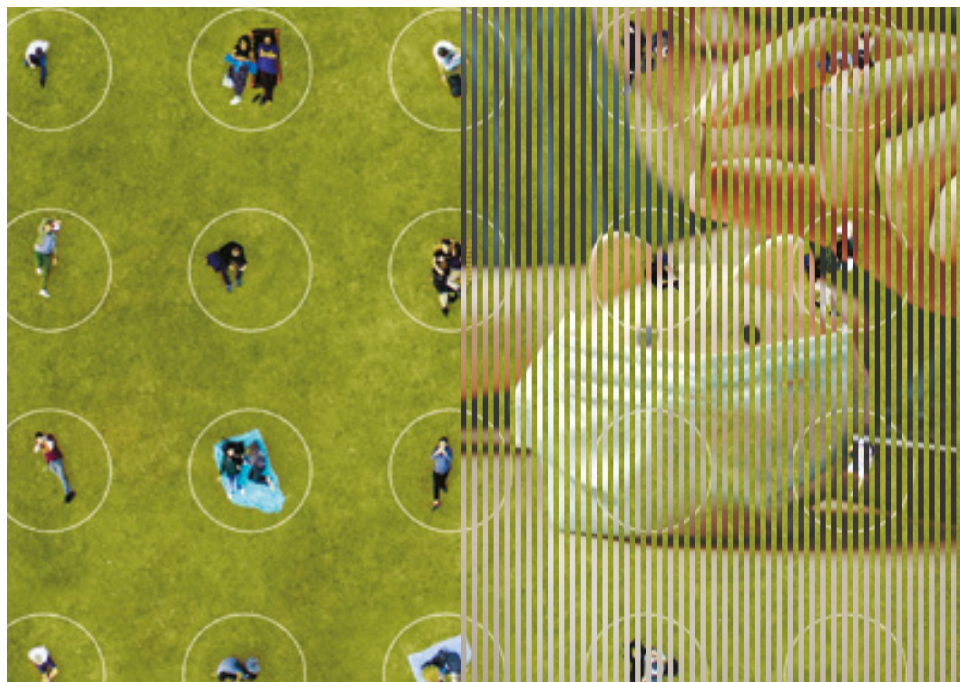
The pandemic and worldwide mobility restrictions have caused a record drop in global carbon emissions in 2020 with global greenhouse gas emissions plunging by roughly 2.4 billion tonnes, a 7% drop from 2019 and the largest decline on record⁽³⁾. In this same year, many countries around the world announced major commitments to significantly reduce their carbon emissions, aiming to reach the goal of net-zero carbon by 2050 or 2060. China, long a leader in industrial growth, now aims to become the global partner in "low-carbon tech for a carbon-constrained world" according to its new Five-Year Plan.

Globally, it will take not only governments and political leaders to help lead the way to net-zero carbon. Corporate leaders – especially those in the insurance and reinsurance industries – are critical to delivering the collaborations necessary to realise the decarbonisation agenda. Greater collaboration and convergence among regulators, corporates, investors and other industry stakeholders is the only sure way to resolve the underlying challenges brought about by ESG risks.



(Left to right) Wei WANG (Underwriting), Ivy WONG (Human Resources), Henry PHILLIPS (Analytics), Sophie RODER (Corporate & Marketing Communications)

ESG has always been at the heart of what we do, our prudent risk management has always been underpinned by our conviction to ESG, demonstrated by Peak Re's involvement from the earliest days as one of the 140 organisations worldwide to have adopted the UNEP FI Principles for Sustainable Insurance framework.



Note:

⁽³⁾ <https://www.reuters.com/article/us-insurance-catastrophes-report-idUSKBN29U003>

Reinsurance Post-COVID-19

Keeping pace with regulatory and accounting standard changes

Alongside the implementation of risk-based capital ("RBC") standards in many jurisdictions, the industry is also bracing itself for one of the most significant transitions of insurance accounting, known as the International Financial Reporting Standards ("IFRS 17"). The new key performance indicators will shape each company's reinsurance approach, dividend guidelines, asset allocation blueprint and ultimately the overall business strategy and narrative. Importantly, IFRS 17 will improve the transparency of our industry, allowing standardisation and comparison, thus helping to build trust among stakeholders.

Preparation for the implementation of IFRS 17 will be key for all industry players. Being on the front foot will allow more time to craft a clear, easy-to-understand roadmap for each business' adoption of the new reporting standards which aim to harness data more effectively and ultimately improve decision making for business strategy in the long term.

Digitising the reinsurance value chain

Since the onset of COVID-19, the digitisation of how businesses operate and the ever-growing reach of the Internet of Things have only accelerated. There are two examples of digitisation that are of particular relevance for the global insurance and reinsurance industries beyond COVID-19. When it comes to supporting underwriting decisions and claims management, they are data analytics and blockchain technology.

With data analytics based on an ever-increasing volume of client and customer data, insurers and reinsurers are now better able to understand customer behaviours and create meaningful insights. This will enable the industry to offer better products that tailor to the risk



(Left to right) Ben TSE (Investment), Timothy LEE (Enterprise Risk Management), Joyce FUNG (Legal), Jerome GILBERT (Technical Accounting)

“ We are actively preparing ourselves to comply with this accounting standard development. We recognise that this will be a major undertaking. It may change some insurers' risk appetite as they adopt a new way of reporting key performance indicators. ”

profiles and needs of the insured. Meanwhile, as digitisation accelerates across industries, businesses have become more prone to cybersecurity threats, propelling cybersecurity to the forefront of business continuity issues. Many have been exploring ways to address this challenge, and blockchain has been proven to help protect data security.

Digitisation is bringing both opportunities and challenges, and while technology is ushering in new risks, it can also be harnessed to address some of the exposures. We believe that getting to grips with these complex layers of digitisation will be key to the evolution of the insurance and reinsurance value chain, ultimately increasing capacity and playing a large part in closing the protection gap globally.

Looking forward

Alongside tentative signs of economic recovery, COVID-19 has undoubtedly increased risk awareness and brought with it new trends while also accelerating some existing ones. Across the industry, we truly believe that the changes across the five key factors that we have identified will positively improve resilience in the future, be it by ramping up efforts in insurance innovation, sharpening our focus on climate risk, deepening our understanding and engagement in digitisation, preparing ourselves for new industry regulatory and accounting standards, or embracing ESG in all aspects of our business.

This global reset is an opportunity for all stakeholders to reassert their commitment to close the protection gap.

Board of Directors

LI Tao

Chairman

Mr. LI Tao is Senior Vice President and Co-Chief Investment Officer of Fosun International, Chairman of Fosun Insurance, Chairman of Fosun Health Insurance and Health Management Group. Prior to joining Fosun in 2017, Mr. LI held the role of Chief Financial Officer at China Taiping Insurance Group, as well as managing, in turn, the corporate actuarial and investment lines and overseas insurance business. 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 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 regions. He has held senior management positions in several leading reinsurance companies and has acquired extensive strategic business advisory experience across the globe. Mr. HAHN is a qualified lawyer.

Cathy CHEN

Executive Director

Ms. Cathy CHEN serves as the Chief Financial Officer and is a key person in control of Peak Re's finance function, overseeing the Company's financial and operational management. She has also been an Executive Director of Peak Re since July 2018. Ms. CHEN has more than 18 years of accounting and financial experience in both the insurance and reinsurance industries and has a deep understanding of the related regulations. Prior to joining Peak Re, Ms. CHEN was the Chief Representative of Lloyd's Beijing representative office. Before that, she was the Chief Financial Officer of Swiss Re's China operations. Ms. CHEN is a Fellow of the Association of Chartered Certified Accountants (ACCA).

WANG Qunbin

Non-Executive Director

Mr. WANG Qunbin is a Non-Executive Director of Peak Re. One of the founders of Fosun Group, he was appointed as its Co-Chairman in February 2020. Mr. WANG was formerly a Director of Yuyuan and Henan Lingrui Pharmaceutical Co., Ltd., and a non-executive director of Fosun Pharma and Sinopharm. Mr. WANG was recognised at the Asia Pacific Outstanding Entrepreneur Awards by Enterprise Asia and was named the Best Asian Corporate Director at the Asian Excellence Recognition Awards 2014 by Corporate Governance Asia.

Andrew ZEISSINK

Non-Executive Director

Mr. Andrew ZEISSINK has extensive Financial Institutions Group ('FIG') experience serving across insurance, banking, asset management and securities services over his more than 25 years with leading investment banks and advisory in Asia. He joined Fosun in August 2019 and currently serves as the Senior Assistant President of Fosun and Executive President of Fosun Insurance. Mr. ZEISSINK joined Fosun after a long career at HSBC where he last served as Vice Chairman of Global Banking and Chairman of FIG Advisory Asia Pacific (Hong Kong). Earlier in his career, Mr. ZEISSINK worked at PricewaterhouseCoopers as a Chartered Accountant and in a financial advisory role.

Monish Kant DUTT

Independent Non-Executive Director

Mr. Monish Kant DUTT has been an Independent Non-Executive Director of Peak Re since 2014. He is a seasoned investment professional and consultant on emerging markets and serves as a director on five other boards in the Caribbean and the USA. Mr. DUTT spent 25 years with the International Finance Corporation (IFC), where he last served as Chief Credit Officer for Global Financial Institutions and Private Equity Funds. He is a Chartered

Accountant accredited as a Fellow by the Institute of Chartered Accountants in England and Wales. He also earned an MBA from the London Business School.

Stephen Bernard RODER

Independent Non-Executive Director

Mr. Stephen Bernard RODER was one of the co-founders of Peak Re. Mr. RODER joined Manulife Financial Corporation as Group Chief Financial Officer in 2012. Prior to joining Manulife, he was the Group Chief Financial Officer of AIA and ASPAC Financial Services Chairman of KPMG. He was appointed as an Independent Non-Executive Director of Peak Re in May 2018. Mr. RODER's 30 years' of experience working in global companies across markets in Asia, covers strategy, regulatory matters, finance, capital markets and transactions. He is also a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants.

OUYANG Hui

Independent Non-Executive Director

Dr. OUYANG Hui has been an Independent Non-Executive Director of Peak Re since 2014. He is the Dean's Distinguished Chair Professor of Finance and an Associate Dean for EMBA 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. Dr. OUYANG holds a Ph.D. in finance from UC Berkeley and a Ph.D. in chemical physics from Tulane University. He received his post-doctoral training in chemical physics from the California Institute of Technology, where he worked under Nobel Laureate Rudy Marcus.

Senior Executives



(Left to right) Cathy CHEN, Clarence WONG, Iain REYNOLDS, Franz Josef HAHN, Janice YE, Andy SOUTER, Eckart ROTH

Franz Josef HAHN

Chief Executive Officer

Mr. Franz Josef HAHN is the Chief Executive Officer of Peak Re. With more than 30 years of reinsurance industry experience, Mr. HAHN has successfully helped to build and shape the reinsurance business in Greater China and across Asia. He has held senior management positions in several leading reinsurance companies and has extensive global experience as a strategic business advisor. Mr. HAHN is a qualified lawyer.

Cathy CHEN

Chief Financial Officer

Ms. Cathy CHEN is the Chief Financial Officer and is a key person in control of Peak Re's finance 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 a deep understanding of the related regulations. Ms. CHEN joined Peak Re from Lloyd's Beijing where she served as Chief Representative. In her previous role, as Chief Financial Officer for Swiss Re's China operations, Ms CHEN became known for her success in working and partnering with governments and regulators. Ms. CHEN is a Fellow of the Association of Chartered Certified Accountants (ACCA).

Eckart ROTH

Chief Risk Officer

Mr. Eckart ROTH is the Chief Risk Officer and is a key person in control of Peak Re's risk and compliance functions. He is a seasoned reinsurance professional with more than 25 years of experience in the regional and international reinsurance markets. Mr. ROTH has a proven track record of successfully building and implementing comprehensive risk management systems both at Peak Re and during his previous experience with various global reinsurers. Mr. ROTH is a qualified lawyer.

Clarence WONG

Chief Economist

Mr. Clarence WONG is the Chief Economist of Peak Re and has more than two decades of experience in the insurance and reinsurance market. Mr. WONG joined Peak Re in 2020 from Swiss Re, where he most recently served as the Chief Economist, Asia and oversaw the company's research initiatives around the Asia-Pacific region. Over the course of his career advising international and local executives and clients, Mr. WONG worked in HSBC's economic research department, PricewaterhouseCoopers management consulting arm, and Hutchison Trading Ltd's research and development department.

Andy SOUTER

*Director, Global Markets,
Co-head of Property & Casualty*

Mr. Andy SOUTER is the Co-head of Property and Casualty, and Director, Global Markets of Peak Re. Mr. SOUTER has close to two decades of experience in the finance industry and joined Peak Re in 2020, from Pioneer Underwriters/Syndicate 1980 where he was Head of Capital and a member of the executive management team. Prior to that role, Mr. SOUTER had spent a decade with Willis Re, where he was concurrently Head of London APAC team and Head of ILS Practice.

Iain REYNOLDS

*Director, Head of Analytics,
Co-head of Property & Casualty*

Mr. Iain REYNOLDS is the Co-head of Property and Casualty, and Director, Head of Analytics of Peak Re, a position he has held since 2016. He has more than 20 years' of experience in catastrophe modelling, catastrophic risk analysis and transfer, and oversees Peak Re's pricing and risk accumulation for all lines of business across all territories. Prior to joining Peak Re, Mr. REYNOLDS was Head of Catastrophe Modelling at Guy Carpenter Singapore from 2012 to 2016. He also worked as Head of Catastrophe Modelling at Guy Carpenter Munich from 2004 to 2012.

Janice YE

Director, Head of Life & Health

Ms. Janice YE is the Director, Head of Life & Health of Peak Re. Ms. YE has more than 20 years' experience in the Life & Health insurance industry, she joined Peak Re in 2019 from RGA where she served as Chief Actuary for the China market for 4 years. Prior to that, Ms. YE held various senior positions at General Reinsurance Hong Kong and China, and worked as Chief Representative of Beijing in the Representative Office.



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