ANNUAL REPORT
2022

PeakRe

ABOUT PEAK RE

Purpose

To modernise reinsurance to support the needs of communities and the emerging middle class by meeting reinsurance needs in Asia and around the globe.

Peak Reinsurance Company Limited ("Peak Re" or the "Company") is a Hong Kong-based global reinsurance company. Since commencing operations in 2012, the Company has grown steadily to rank 27th among global reinsurance groups in terms of net reinsurance premiums written.[1] For the year ended 31 December 2022, Peak Re reported gross written premiums of USD2,295 million and net earned premiums of USD1,502 million. With total equity of USD1,198 million as of 31 December 2022, Peak Re is rated A- by AM Best.

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 provides innovative and tailored reinsurance, risk management and capital management solutions to clients around the world.

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

1. S&P Global Ratings Top 40 Global Reinsurers And Reinsurers By Country: 2022, S&P Global, 2022

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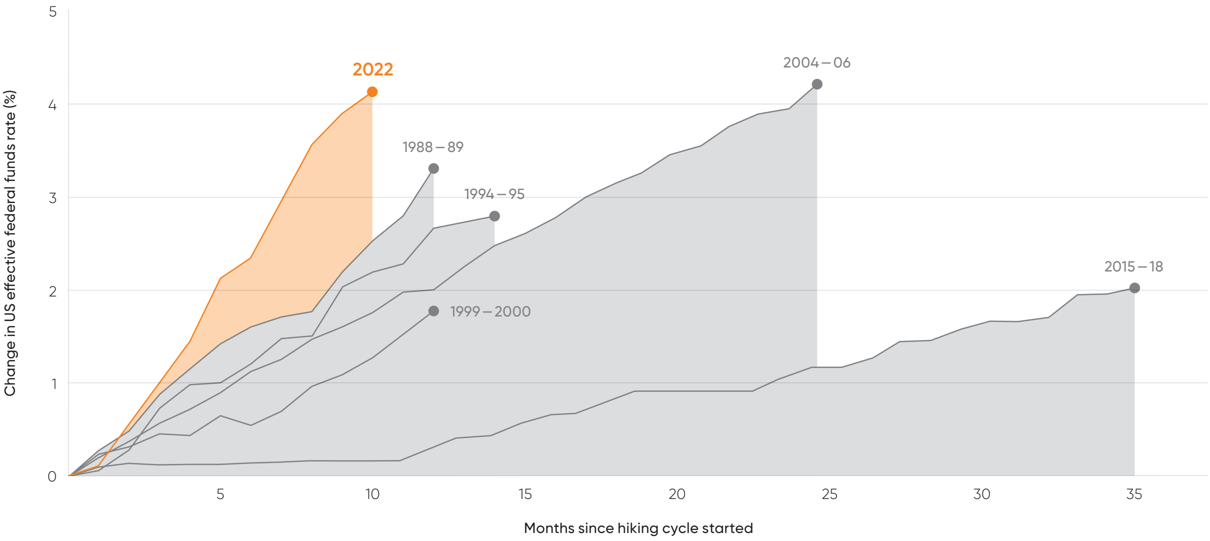
AT A GLANCE

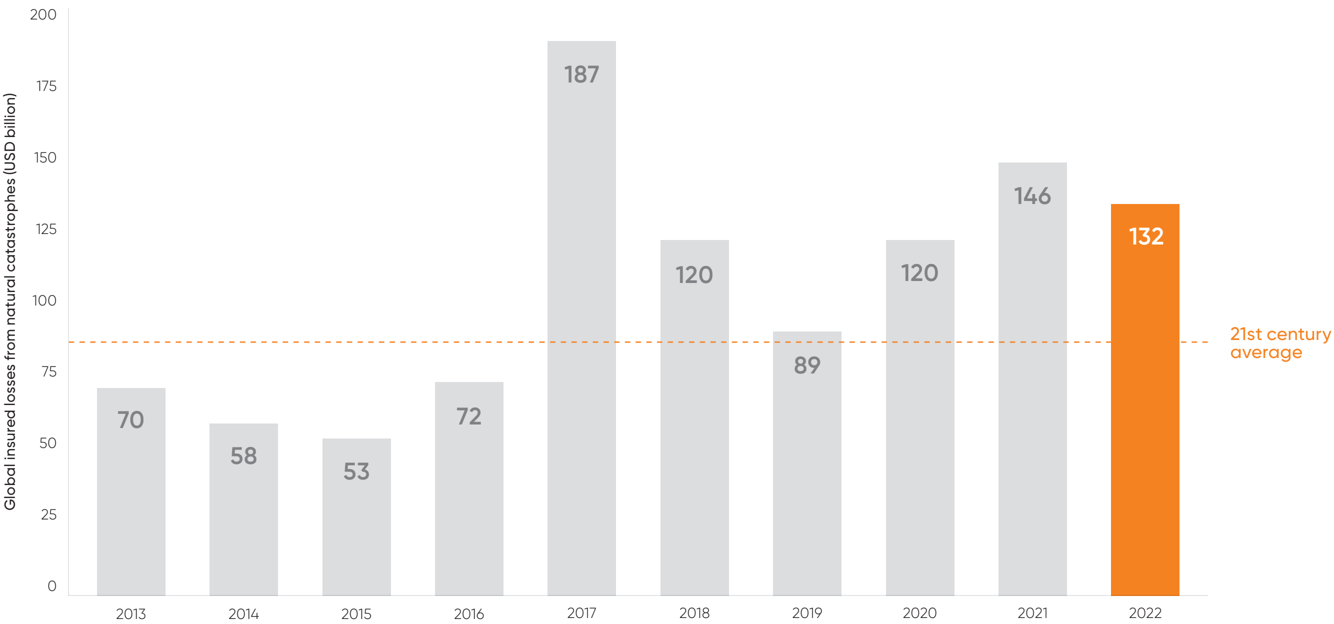
Economy

Inflation in major markets reached multi-year highs, prompting central banks to tighten monetary policy. For example, the rise in US interest rates in 2022 to tame inflation exceeded anything seen in recent history.



US Federal Reserve Bank of St. Louis

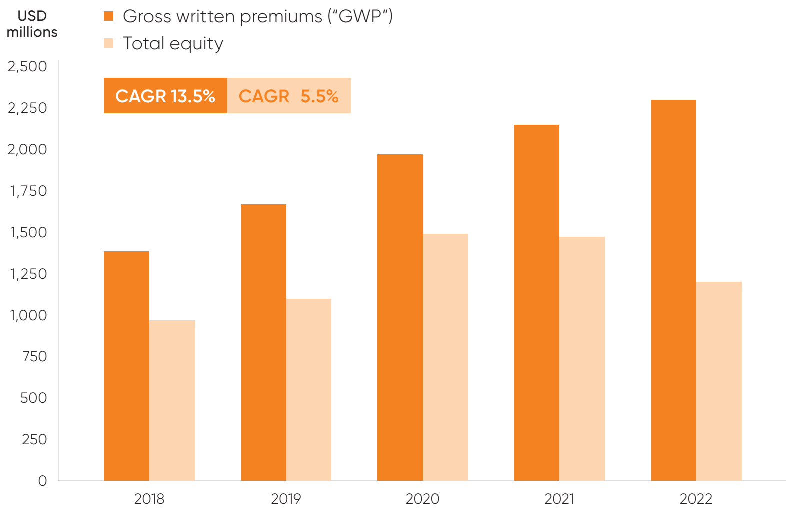
Global insured losses from natural catastrophes topped USD132 billion in 2022, marking the sixth consecutive year of higher-than-average losses. As a result, reinsurance capital relative to gross reinsurance premiums worsened, as well as the sector's solvency margin ratio.



Weather, Climate and Catastrophe Insight, Aon, 2023

Peak Re

In 2022, Peak Re recorded further premium growth, but also its first loss since its inception due to volatile capital markets and persistently high natural catastrophe losses.



Net profit / loss (USD millions)

2018	19.5
2019	34.9
2020	87.1
2021	73.2
2022	-81.0

USD2.95 B

Assets Under Management

Assets under management increased to USD2.95 billion, reflecting growth in GWP despite volatile stock and bond markets in 2022.

4.4%

Expense Ratio

Reflecting the growth of our business and investment in infrastructure, our excellent expense ratio increased very slightly.

209%[1]

Solvency Ratio

Peak Re's solvency ratio reduced over the year in line with the market.

A-

Rating by AM Best

AM Best affirmed Peak Re's financial strength rating of A-, and confirmed our robust standalone credit profile.

UN environment programme | finance initiative
Principles for Sustainable Insurance

10th year as a signatory company that adopted the UNEP FI[2] Principles for Sustainable Insurance ("PSI") framework.

1. Solvency ratio of Peak Reinsurance Company Limited on the Hong Kong Insurance Ordinance basis as of 31 December 2022
2. United Nations Environment programme Finance Initiative ("UNEP FI")

10 YEARS PEAK RE

A shared journey – side by side with our customers and markets

Peak Re's vision – past, present and future – is to drive positive, sustainable change by modernising reinsurance and supporting middle-class communities across Asia and beyond by meeting their reinsurance needs. Today, we are a proud reinsurer firmly rooted in Asia, serving more than 580 clients in nearly 60 markets around the world. Our first 10 years have been transformative and have laid a solid foundation for the future. Above all, the achievements of these years reflect the shared purpose, innovative thinking, commitment and energy of our people, our clients and our markets.

First 10 years of Peak Re

Peak Re

2012
Peak Re opened for business in Hong Kong, focused on P&C solutions for the growing middle class and to close the protection gap.

2013
By end-2013, Peak Re was serving 87 clients in 17 Asia-Pacific markets.

2014
Entered long-term (life) reinsurance, began providing life and annuity reinsurance to help close the protection gaps in Asia, and started underwriting credit & surety reinsurance to support SMEs in the region.

2015 – 16
Further diversification through the setting up of a subsidiary in Switzerland (2016) and the acquisition of 50% of the issued share capital in Nagico Holdings Limited in the Caribbean (2016).

2017 – 18
Opened Labuan branch and authorised as a life and general reinsurer in Singapore in 2017, established a representative office in Japan in 2018, thus making it easier for clients and brokers in these markets to do business with us and enabling locally-tailored risk solutions.

Major Asia-Pacific Nat Cat

2012
Typhoon Jelawat (Japan)

2013
Typhoon Haiyan (Philippines)

2014
Snow storm (Japan)

2015
Typhoon Goni (Southeast Asia)

2016
Kumamoto Earthquakes (Japan)

2017
Typhoons Hato and Lan (Asia)

Socioeconomic development

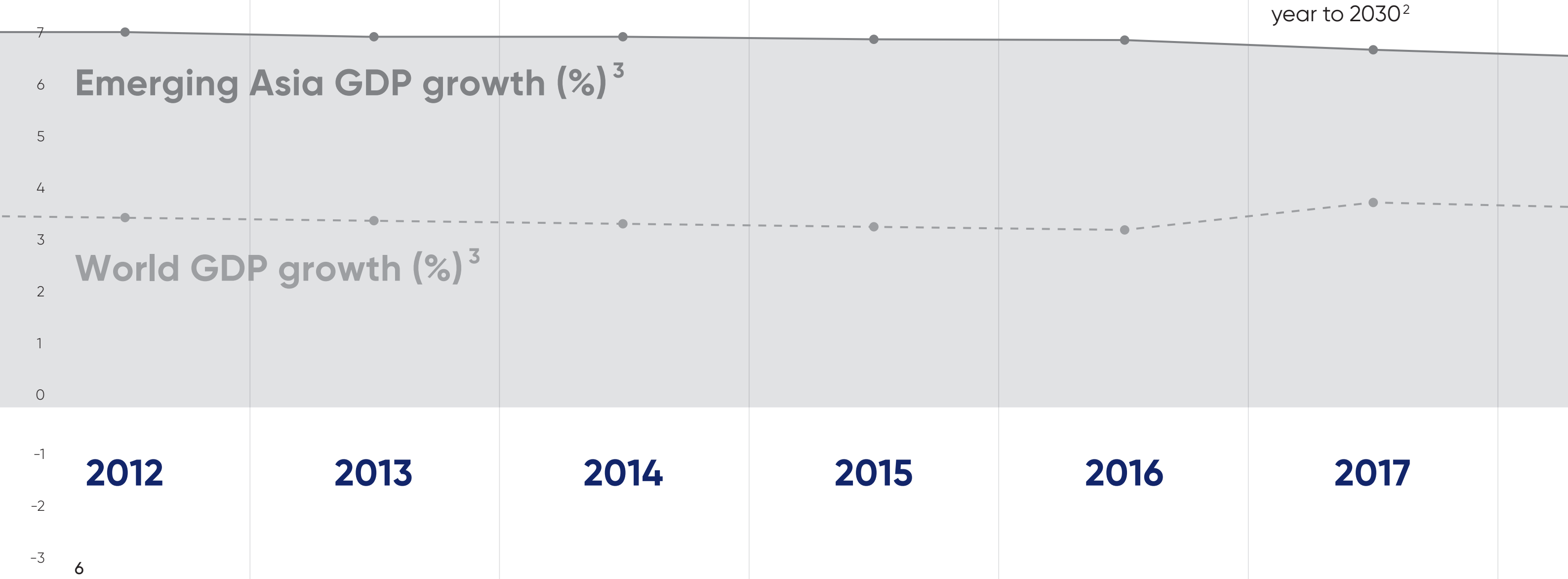
Globalisation, proliferation of the global supply chains and digitalisation

2013
Taper Tantrum affecting Emerging Asia; Japan launched Abenomics

2015
Trade growth slowed due to weak commodity prices and China's transition to a new growth model

2016
China became the biggest economy in PPP terms[1]

2017
The Asian Development Bank projected that Emerging Asia will need USD1.7 trillion of infrastructure investment per year to 2030[2]



1. PPP stands for purchasing power parity. Source: World Economic Outlook Database, IMF, October 2022
2. Meeting Asia's Infrastructure Needs, Asia Development Bank, 2017
3. World Economic Outlook Database, IMF, October 2022
4. RCEP stands for Regional Comprehensive Economic Partnership, with membership from 10 ASEAN countries, plus China, Japan, South Korea, Australia and New Zealand. It covers around 30% of global GDP and is the world's biggest trading bloc

2018
Launched Lion Rock Re Ltd., the first Asian reinsurance sidecar deal, connecting investors with Asian markets and bringing efficient alternative capacity to support the Asia-Pacific region.

2020
Acquired Bermuda-based subsidiary (now renamed as) Peak Capital Ltd., a flexible, solution-driven ILS management company, bringing new risk capital to the industry and niche investment opportunities for investors.

2021
Entered the longevity business in the UK and completed the third Lion Rock Re sidecar transaction.

2022
Peak Re now serves more than 580 clients in close to 60 markets around the world. Sponsored the first 144A catastrophe bond in Hong Kong to provide Peak Re with multi-year protection against typhoon risk in Japan.

2018
Typhoon Jebi (Japan)

2018
Sydney Hailstorm (Australia)

2019 – 20
Bushfires and Flood (Australia)

2019
Typhoon Hagibis (Japan)

2020
Queensland Hailstorms (Australia)

2021 – 22
Floods and severe storms (Australia)

2021 – 22
Floods (Malaysia)

2022
Floods (Pakistan)

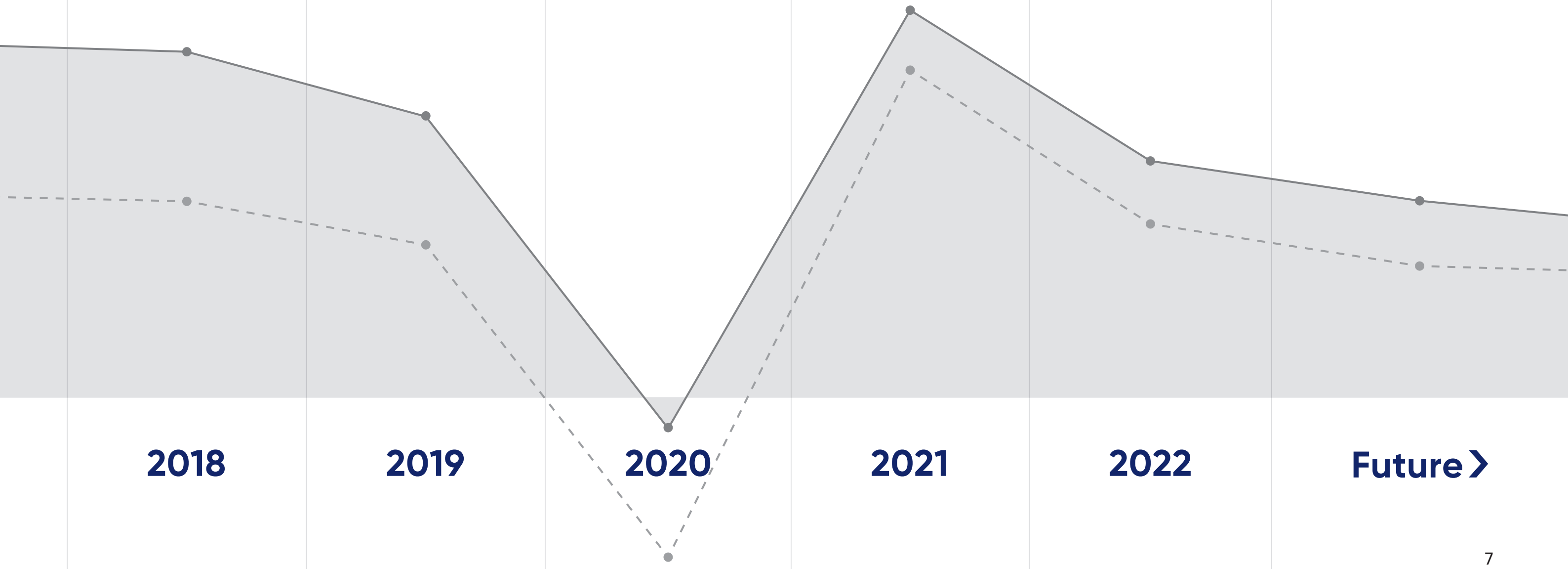
2022
Typhoon Nanmadol (Japan)

2018
China-US trade war

2020
Outbreak of the COVID-19 pandemic; Formation of RCEP[4]; China aims for carbon neutrality in 2060

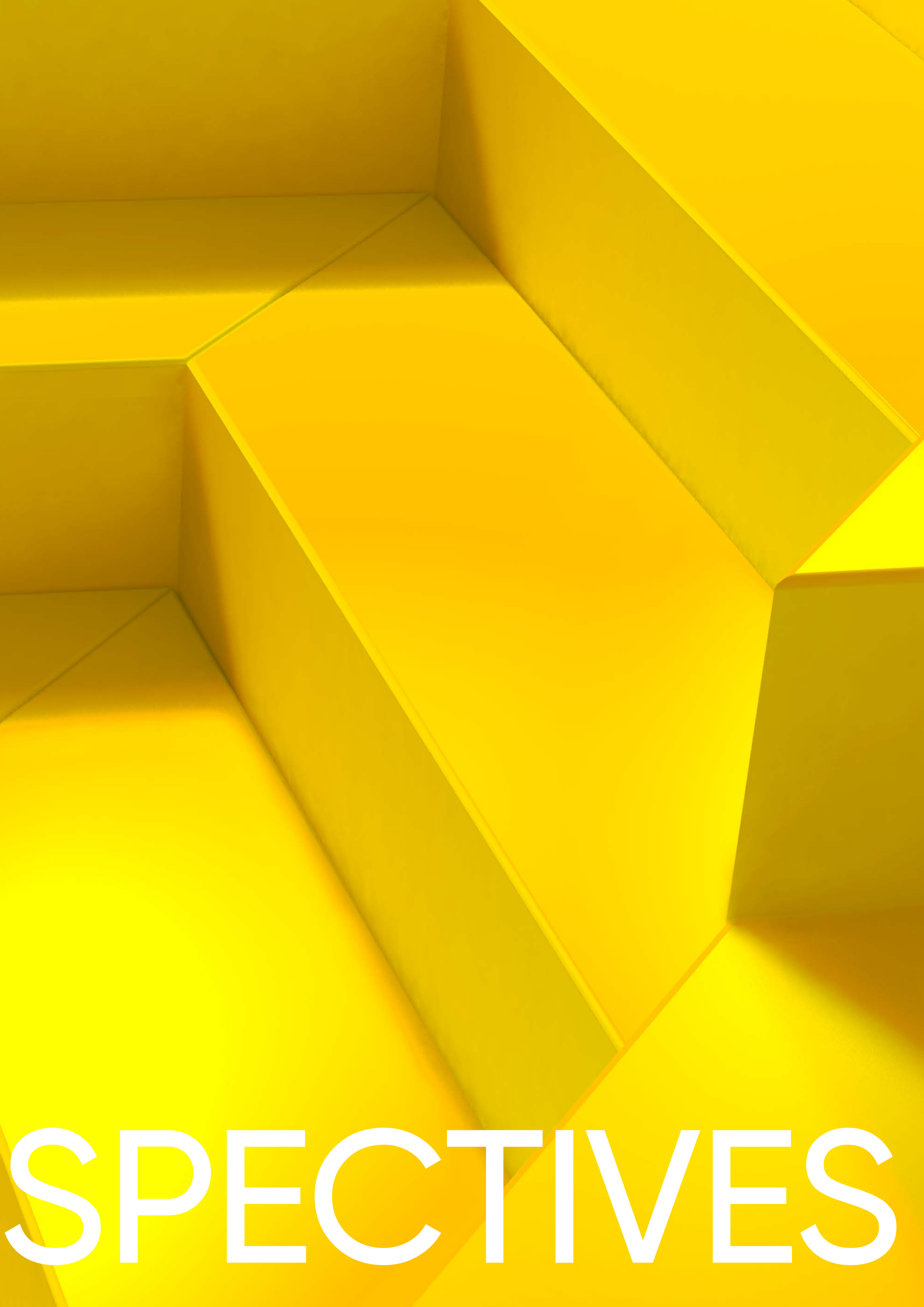
2022
Quantitative tightening by the Fed; China's population declined for the first time in six decades

Asia's economic growth expected to normalise following China's re-opening



See the unseen opportunities in complex emerging markets

FRESH PER


SPECTIVES

LI Tao
Chairman

MESSAGE FROM CHAIRMAN

The year 2022 will go down in history as a major inflexion point for the global economy. Rising geopolitical tension at the beginning of the year led to higher energy and food prices and further clogged an exhausted global supply chain. A rapid rise in inflation, tighter monetary policies and higher interest rates followed. China's relaxation of strict pandemic containment measures marked another significant milestone towards the end of the year. Meanwhile, the reinsurance industry faced a highly volatile financial market and further heavy losses from severe natural catastrophe events, including Hurricane Ian, which is estimated to be the second-largest insured loss in history.[1] The result was the continuation of the hardening reinsurance market.

Building resilience across markets and society

Cushioning the effects of such volatility and natural catastrophes – on individuals, corporations and societies – is a core element of the *raison d'être* of any reinsurer, including Peak Re. This was top of mind for Peak Re's founders when the Company was established ten years ago based on a passion for addressing the protection gaps in Emerging Asia. At the time, Property & Casualty ("P&C") insurance penetration[2] in Emerging Asia was less than one-third of the OECD average.[3] With Emerging Asia's growing middle class as the backbone of the region's sustainable development, Peak Re sought to support this group through reinsurance protection.

Over the past ten years, these motivations have become part of our DNA. We are proud that we have succeeded in becoming a reliable partner for our cedants and the communities in which we operate. We strengthen the resilience of reinsurance markets and societies through our underwriting expertise, products and drive for innovation.

Though 2022 was challenging, we continued to deliver on our promises to our business partners and support the building of societal resilience across Asia and beyond. At the same time, we strove to bring innovation to the Asian reinsurance market, for example, by sponsoring the first 144A catastrophe bond ("cat bond") issuance in Hong Kong.

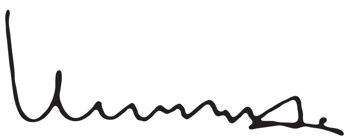
Resilience in a challenging year

Our results reflect 2022's fiercely challenging market environment and the headwinds that affected both our underwriting and investment portfolios. For the year, Peak Re reported growth in gross written premiums ("GWP") of 7% to USD2.3 billion, while we also had to absorb an overall loss of USD81 million. These results were impacted by severe natural catastrophes, realised and unrealised losses on our investment portfolios alongside sharply higher interest rates, and our prudent decision to have strong reserves to safeguard against adverse claim developments. I am heartened that the management team took swift and decisive actions over the year in response to the volatile external environment, which successfully protected the Company's capital and the interest of all stakeholders.

Ongoing security for all our stakeholders

As the reinsurance market evolved, we swiftly repositioned our business portfolio, reducing our US natural catastrophe exposure and shedding some secondary peril risks. Meanwhile, we further strengthened Peak Re's analytical and modelling expertise to maintain the insurability of natural catastrophe risks in our core Asia-Pacific markets. In addition, for the January 2023 renewals, where necessary, we modified the structure of reinsurance programmes, reducing exposure while increasing attachment points and improving terms and conditions. As a result, we reduced our premium income and capacity utilisation but significantly improved our portfolio's quality, profitability and sustainability for all stakeholders.

The year 2022 was a sobering reminder of the unpredictability of the future. Yet, it highlighted the value of insurance and reinsurance as a risk management tool and validated Peak Re's competitive advantages in being agile and client-centric. As we advance, Peak Re will continue to focus on solidifying its expertise, diversifying its portfolio and developing innovative solutions. We are honoured that our clients stand firm with Peak Re through turbulent times. I want to express my gratitude for their loyalty and support through our ten-year journey and am looking forward to continuing with them on our shared path. My special thanks also go to our employees, management, Board of Directors and shareholders for their commitment, dedication and perseverance in supporting Peak Re to realise its mission to strengthen the resilience of the markets and societies in which it is embedded.



LI Tao
Chairman

1. "2023 Weather, Climate and Catastrophe Insight", Aon, 2023
2. Insurance penetration is defined as the ratio of insurance premium volume to GDP
3. The P&C penetration rate of Emerging Asia was 1.11% in 2012, compared to 3.48% among OECD countries. Source: Swiss Re, sigma No 3/2013

MESSAGE FROM CEO

There is no doubt that 2022 was a year of significant dislocation, both for the global economy and the reinsurance industry. Yet, Peak Re weathered this turbulent year with agility and finesse, adapting to the evolving risk and capital landscape and getting itself better positioned to face further challenges and opportunities.

Through 2022, the global economy and reinsurance markets were in turmoil due to geopolitical tensions and macroeconomic shocks, amid a receding pandemic and extreme weather events affecting all regions. Any hopes of a return to normality and economic recovery after three years of pandemic were shattered by Russia's invasion of Ukraine, renewed tensions between China and the US, and ongoing trade disputes between the world's two largest economies. Energy prices soared, and supply chains hit by the pandemic were further disrupted. As a result, global GDP growth almost halved from 6.2% in 2021 to 3.4% in 2022.[1] Meanwhile, global inflation rose to almost 9% and monetary policy tightened, with interest rates rising to 2.5% in the eurozone and 4.5% in the US.[2] However, Asia continued to outperform, with Emerging Asia chalking up steady GDP growth of 4.2% against modest inflation of 4.4%.[3]

Turmoil sent shock waves through the financial markets

The fracturing of geo-economic balances sent shock waves through the financial markets. Over the year, the S&P 500 fell by almost 20%, the NASDAQ Composite Index fell by more than 33%, and the MSCI AC Asia Pacific Index fell by nearly 20%.[4] Bond markets were also hit hard. Investment-grade bonds, which many insurers and reinsurers had used to strengthen their capital positions during the long period of ultra-loose monetary policy, performed poorly. For example, the S&P US Aggregate Bond Index fell by 12% in 2022.[5] Although most insurers and reinsurers hold their bonds to maturity and recover their value as they approach that date, the net asset value of investment portfolios in 2022 fell sharply. These high, unrealised investment losses led to a reduction in equity and underwriting capacity.

2022 was yet another year of natural catastrophes

At the same time as a shrinking capital base was challenging the industry, 2022 turned out to be yet another natural catastrophe year, with estimated insured losses of USD132 billion.[6] Insured losses from natural catastrophes have exceeded USD100 billion for the fifth time since 2017.[7]

Climate change and the rising frequency and severity of extreme weather events underpinned the increasing damage and cost of natural disasters. For example, Hurricane Ian, which made landfall in Florida at the end of September 2022, caused devastation and estimated insured losses of USD50-55 billion, making this the second-costliest insured loss on record after Hurricane Katrina in 2005. Likewise, the coastline of Southeast Australia was hit by torrential rains in February and March 2022, which caused flooding and estimated insured losses of USD4 billion. It is noteworthy that despite rising insurance penetration over the past decades, the Asia-Pacific region still features significant property protection gaps. In 2022, natural catastrophe insured losses for the region were estimated at USD11 billion, compared to associated total economic losses of USD80 billion.[6]

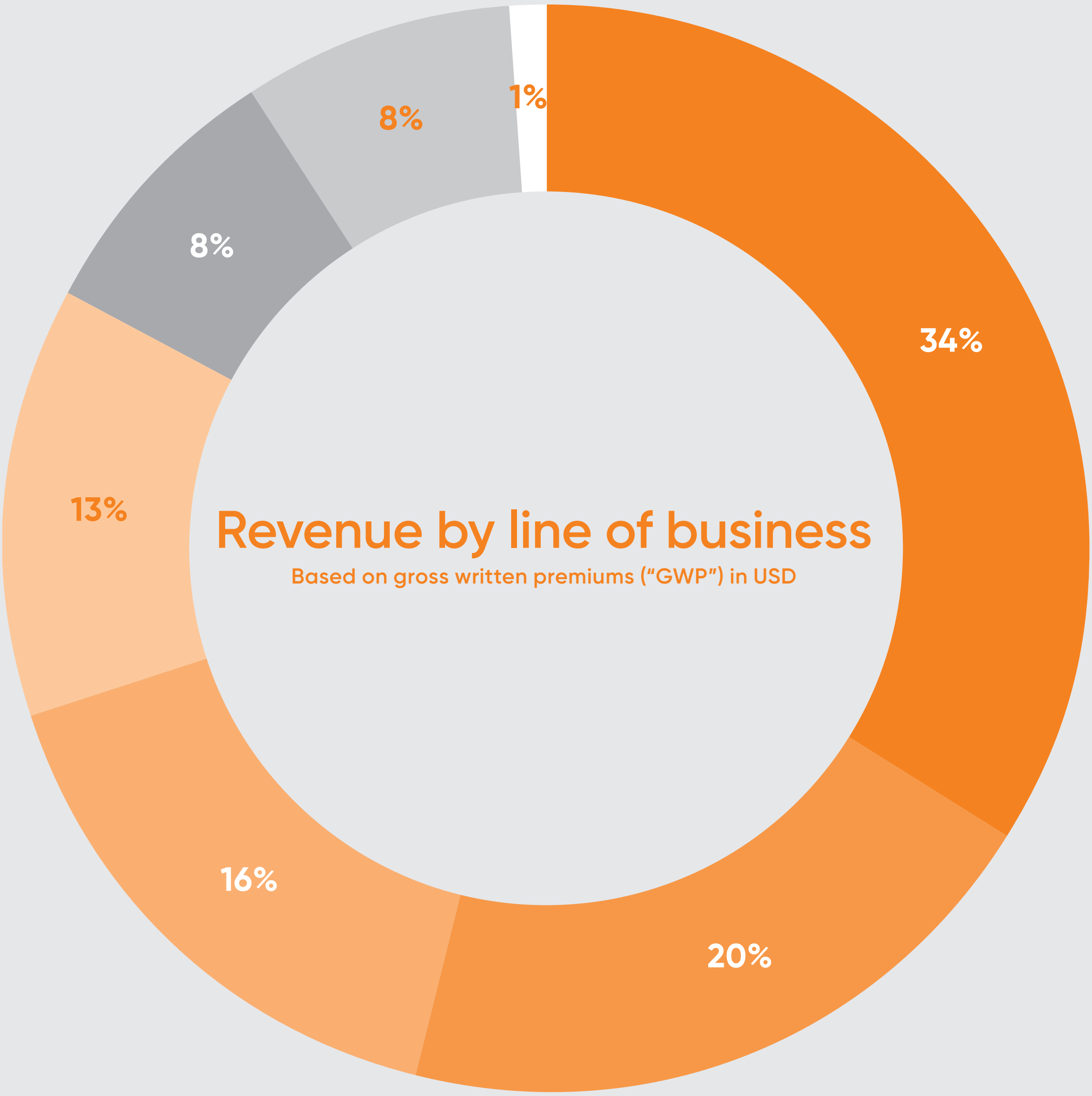
Higher cost of capital and retrocession for reinsurers

The combination of high unrealised investment losses and severe natural catastrophe losses led to a reduction of at least 15% in dedicated reinsurance capital; the first full-year decline since 2008. At the same time, reinsurers' gross reinsurance premiums continued to rise, resulting in the sector's capital/premium ratio declining by more than 30 percentage points to just below 100%.[8]

After years of strong capital inflows, investors became wary of persistently high and unmodelled losses, partly driven by secondary perils previously perceived as low frequency, low severity risks. By mid-2022, reinsurers were also faced with a dislocation in the retrocession market, as providers demanded higher retentions and dramatically tightened rates and conditions. Other avenues for accessing capacity also narrowed, as capital was withheld for potential losses from Hurricane Ian and debt financing became unattractive in the face of rising interest rates. As a result, the cost of capital and retrocession rose.

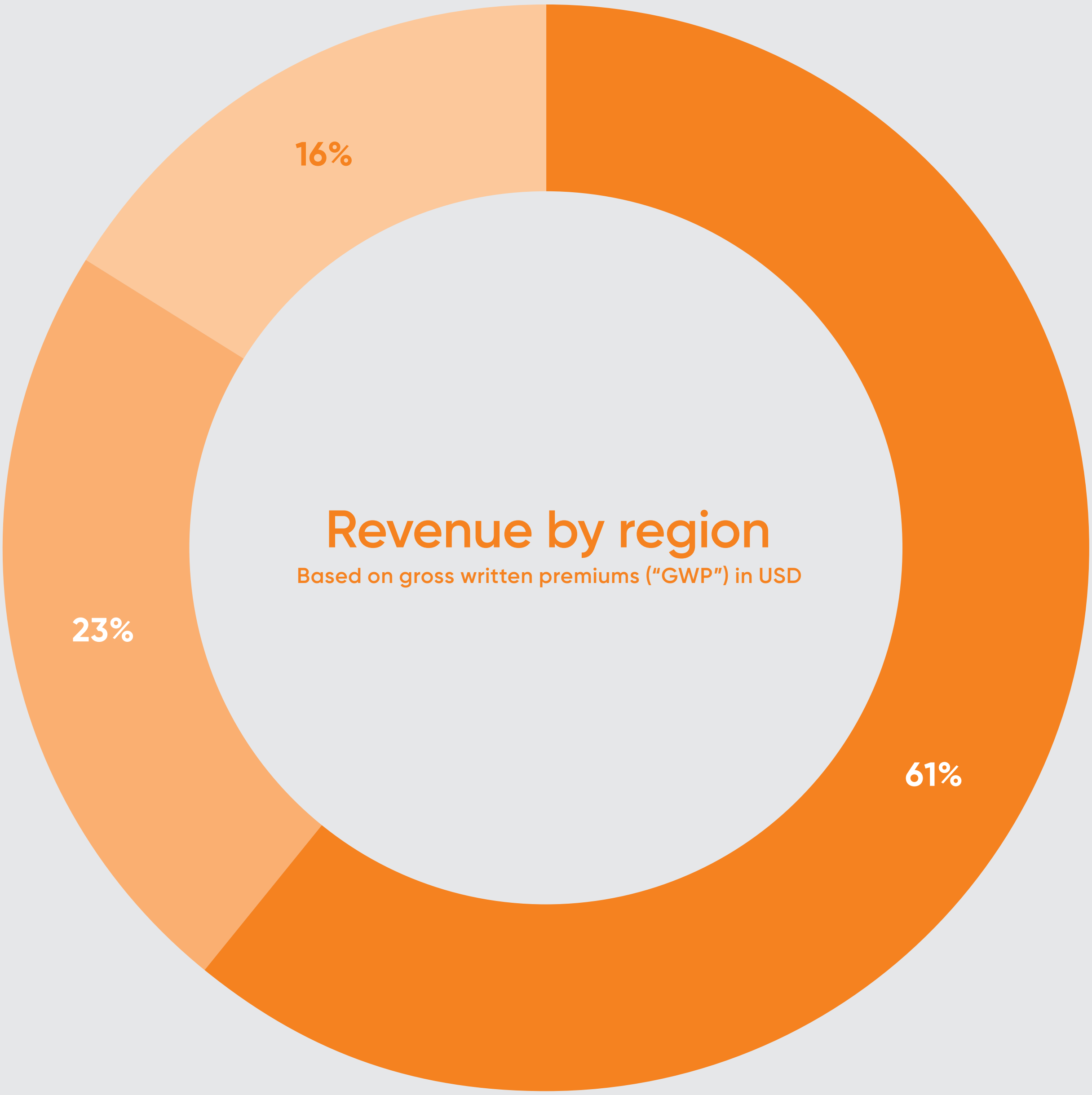
Franz-Josef HAHN
Chief Executive Officer

MESSAGE FROM CEO



We reduced our Property exposure, while continuing to build our Motor, Accident & Health and Pecuniary business portfolio.

- Property **34%**
- Motor **20%**
- General Liability **16%**
- Accident & Health **13%**
- Pecuniary **8%**
- Life Insurance **8%**
- Others **1%**



Our geographically diversified portfolio proved resilient in 2022, balancing volatility in Europe and the Americas with a more stable Asian portfolio.

- Asia Pacific **61%**
- Americas **23%**
- Europe, the Middle East and Africa ("EMEA") **16%**

MESSAGE FROM CEO

Peak Re's portfolio — top-line growth and repositioning

Against this backdrop and building on strong renewals, Peak Re grew its gross written premiums ("GWP") by 7.0% to USD2.3 billion in 2022, from USD2.1 billion in 2021. Net earned premiums decreased by 12.8% to USD1.5 billion, as we expanded our retrocession protection and sponsored the issuance of a catastrophe bond. Top-line premium growth was driven primarily by higher business volume in Japan and Europe.

In response to capital market volatility and the dislocation of the retrocession market, we repositioned and further diversified our portfolio, reduced volume growth and realigned our book in markets where losses from natural catastrophes continued to increase. As a result, we shrunk our US book from a third to a quarter of our global portfolio.

In line with the overall insurance and reinsurance market, Peak Re's 2022 underwriting results benefitted from the hardening of the market at last year's renewals. This hardening followed higher loss ratios due to natural catastrophe losses in 2021 and before, as well as rising headline and social inflation, increasing demand to de-risk supply chains and a more cautious cyber market. However, our underwriting results were also impacted by catastrophe losses, including floods in Australia and South Africa, drought and hailstorms in Europe and hurricanes in the US.

Overall, we closed the year with a net loss of USD81 million, based on a technical combined ratio of 101.4%. Our results also reflect our prudent reserving practice. In light of a year with a flurry of complex loss events for the industry, we decided to err on the side of caution and increase our reserves further. Peak Re's diversified book of business has proven its merits in a year of multiple headwinds and loss events.

Regarding our Life & Health ("L&H") business, Peak Re continues to focus on emerging markets such as China and the Middle East, where the health sector has been privatised or partly opened to the private sector in recent years. Peak Re continues to benefit from rising demand in these markets as the middle classes are expanding and keen to improve their life and health protections. The trend we are seeing is that consumers are looking for products against specific risks, like short-term critical illness, in the health business. We also noted that in the life business, consumers are eager to limit the risk for their families, for instance, with term life insurance.

Although it seems that the experience of the COVID-19 pandemic has boosted awareness of L&H products, the market remains highly competitive. Peak Re's local market expertise allows us to focus on segments where we can build a meaningful footprint over time in proportion to our size and product expertise. We principally provide tailored products that leverage specific market opportunities, such as pursuing innovative channels of distribution or niche product segments with an attractive risk profile. Our L&H business is an important business pillar and a means to diversify our portfolio further. However, with respect to the turbulence in the reinsurance and capital markets, we consolidated our position in market segments where the results did not match our expectations.

Managing asset volatility

A major challenge in 2022 was managing assets against highly volatile financial markets. While Peak Re has maintained a low level of exposure to equities, rising interest rates nonetheless resulted in a marked increase in unrealised losses on our fixed-income portfolio. Although we intend to hold the fixed-income securities to maturity, the decline in mark-to-market values put pressure on our equity and, in turn, on the solvency ratio, which stood at 209% at year-end.

Many of our fixed-income securities are of short duration, in line with our business profile. Still, in support of our solvency ratio, we decided to dispose of some fixed-income securities and weigh our asset allocation towards sovereign bonds. In addition, we continue to maintain a strong liquidity position to support our business plans. Ultimately, the end of the ultra-low interest rate regime will benefit Peak Re's investment result over time.

Our investment income came in at USD8.3 million. Considering unrealised losses, the Company's total equity declined by 18.5% to USD1.2 billion at the end of 2022.

Peak Re sponsored the first 144A cat bond placed in Hong Kong

Financial innovation remains a key competence of Peak Re to deal with market headwinds. In June 2022, Peak Re sponsored the first ever 144A cat bond placed in Hong Kong, with a value of USD150 million, through a special-purpose insurer, Black Kite Re Limited ("Black Kite Re"). After the USD250 million perpetual subordinated guaranteed capital securities issued in 2020 and Lion Rock Re sidecars issued from 2019 to 2021, Black Kite Re is the third financial innovation sponsored by Peak Re.

Black Kite Re provides Peak Re with multi-year protection against Japanese typhoon risk. It attracted significant investor interest, allowing for a 100% upsize from the initially announced transaction size. The issuance also demonstrated Peak Re's standing with global insurance-linked securities ("ILS") investors and its role in developing the ILS market and enhancing Asia's resilience against increasing natural catastrophe risk.

Investing in our operations

Peak Re continued to invest in and improve its operational systems and processes. In 2022, we strengthened our IT infrastructure and introduced new functionalities to support our operations and accommodate further business growth. Automation also brought Peak Re closer to being a paperless organisation.

In November 2022, we relocated our Hong Kong headquarters to the West Kowloon Cultural District, a new cultural complex along the city's Victoria Harbour. This relocation provides Peak Re with the necessary infrastructure and space to progress in line with our strategy. In addition, the location will contribute to further attracting talent to Peak Re as the Company grows.

Retaining a solid standalone rating profile

The year 2022 was also marked by active discussions with rating agencies. It was saddening to note that Moody's Investor Service ("Moody's") announced on 30 August 2022 the downgrade of Peak Re from A3 to Baa1[9], which was later placed on review for downgrade.[10] Later on 14 October 2022, AM Best reaffirmed Peak Re's Financial Strength Rating of A– (Excellent), but revised the outlook from stable to negative.[11] Both rating agencies reiterated our robust, standalone profile, including our solid capitalisation, strong franchise and broad product and geographic diversification. The drivers for both rating agency actions were their concerns over macroeconomic headwinds and capital market conditions that might exert financial pressure on our major shareholder.

2023 outlook - a new paradigm

The beginning of 2023 was equally remarkable, albeit in a way that is favourable to the reinsurance industry. The hardening market continued as retrocession capacity remained constrained and collateralised capital was trapped in loss-affected funds.

Peak Re entered the January 2023 renewals well prepared. We continued to reposition our portfolio, as already initiated last year, to capitalise on the hardening market. We deployed capacity where we can achieve adequate returns on capital, while at the same time prudently managing exposure and accumulation. However, we were also cautious about striking a balance to maintain the valued, long-term partnerships with our cedants. Encouragingly, our clients share our view that reinsurers need to recuperate past losses amid a difficult retrocession market. We also see constructive dialogues on topical issues, including inflation, innovation and the insurability of evolving and emerging risks. We will continue to explore these topics to support the business development of our clients and business partners.

To close, at the end of 2022, Peak Re became 10 years old. That is relatively young for a reinsurer, but we certainly have the energy and drive of youth. Thanks to our staff, clients and business partners, we have built up a wealth of experience and expertise, and have a well-diversified book with prudent reserves, established systems and a smoothly run operating team.

What is more, the primary motivations for establishing Peak Re remain unchanged. Growth in Asia continues to surpass that of other regions and a large segment of Emerging Asia's middle class will experience an increasing demand for insurance as asset accumulation continues to outgrow insurance buying. We look forward to continuing on our pathway, supporting our communities, clients and business partners to facilitate and protect economic growth and prosperity.

Franz-Josef HAHN
Chief Executive Officer

1. IMF World Economic Outlook Database, IMF, January 2023
2. IMF World Economic Outlook Database, IMF, January 2023. The eurozone interest rate refers to the year-end European Central Bank's refinancing rate. The US interest rate refers to the Fed Funds target rate
3. Asian Development Outlook, Supplement, Asia Development Bank, December 2022
4. S&P 500 data, https://www.officialdata.org/us/stocks/s-p-500/2022
5. S&P US Aggregate Bond Index, S&P Dow Jones Indices
6. 2023 Weather, Climate and Catastrophe Insight, Aon, 2023
7. Natural Catastrophe Report of 2022, Gallagher Re, January 2023
8. The Great Realignment, Howden, January 2023
9. Moody's downgrades Peak Re to Baa1; changes outlook to negative, Moody's, 30 August 2022 and 7 October 2022
10. Moody's places Peak Re's ratings on review for downgrade, Moody's, 7 October 2022
11. AM Best Revises Outlooks to Negative, Affirms Credit Ratings of Peak Reinsurance Company Limited and Its Subsidiary, AM Best, 14 October 2022

AGILITY TO INNOVATE

Act and adapt quickly to deliver robust solutions

A CHANGE IN THE WEATHER

As global temperature increases, we look at some high-level examples of changes in extreme weather, observe how human ingenuity and nature-based solutions across Asia Pacific are helping communities to adapt, and highlight the role of re/insurance.

Warming signs

The last eight years have been the warmest on record. The ocean's heat content and global mean sea level ("GMSL") are rising. Even three consecutive seasons (2020/21 – 2022/23) of cooling La Niña conditions could not counteract the warming trend.[1] Global warming is affecting climate systems, leading to more frequent and severe extreme weather events, impacting health, ecosystems, energy usage and food and water security. In Asia alone, weather and water-related natural hazards in 2021 affected close to 50 million people and caused USD35.6 billion in total damages; 80% of these events were flood and storm events.[2]

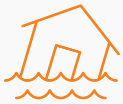
In flux, weather extremes

Flood

More heavy precipitation events. Heavy precipitation events have increased in frequency and intensity since the 1950s over most land areas for which observation data are sufficient for trend analysis.[3] Continued global warming is projected to further intensify the global water cycle, including its variability, global monsoon precipitation and the severity of wet and dry events. Precipitation is projected to increase over high latitudes, the equatorial Pacific and parts of the monsoon regions, but to decrease over parts of the subtropics and in limited areas of the tropics.[4]

Rising sea levels lead to increased coastal flood risk. GMSL has been rising since 1900, and at an accelerating rate, leading to higher coastal flood frequency in many coastal regions of the world. Depending on which future emission scenario society pursues, the GMSL could rise from between 0.28 to 1.02m by 2100, relative to the 1995-2014 average. A more disastrous scenario is a rise of up to 5m by 2150 if a fast disintegration of the polar ice sheets takes place.[5] Many of the world's cities and poorest communities are located at or close to coastlines and will continue to be impacted by this trend. Asia Pacific has a disproportionately high proportion of large coastal cities, many of which are undergoing rapid expansion.

Urbanisation itself adds another flood dimension. In addition to 'urban heat island' effects, urbanisation has been associated with an intensification of extreme precipitation, including in East Asian megacities.[6] The many changes in land use associated with urbanisation also effect flooding. In one study[7], urban-induced rainfall anomalies were linked to a doubling of flood peak magnitudes.



Tropical Cyclone

More intense events. Tropical cyclone intensity has been increasing.[8] Despite uncertainties, most climate models indicate that this will continue. For example, between 1980 and 2019, coastal regions of central Japan, including Tokyo, experienced an increase in the frequency of intense and large landfalling tropical cyclones. The associated storm surge heights in this area correspondingly increased by 41% per decade over this time period.[9]

Wildfire

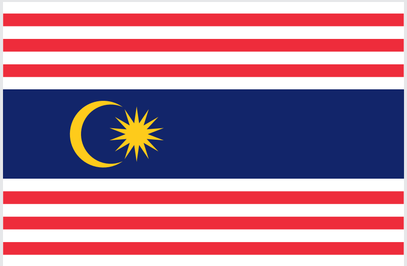
More megafire years. Globally, wildfires are becoming more widespread, frequent and intense.[10,11] For example, in Australia, burned area has increased and the frequency of megafire years (years with >1 million hectares of burned area) has risen significantly since 2000[12]; a trend that is expected to continue.

GLOBAL WARMING

Adapting to the impacts of climate change

Alongside critical actions to put the brakes on global warming (by reducing greenhouse gas emissions and implementing sustainable development), diverse adaptation initiatives, such as those shown here, are being taken to build resilience and mitigate climate risks.

In Indonesia, programs to restore mangroves are helping to **protect coastlines** from storms, flooding and sea-level rise, as well as protecting the livelihoods of coastal communities.[13]



Kuala Lumpur's **Stormwater Management and Road Tunnel** ("SMART" tunnel) can operate either as a drainage tunnel to divert water from Kuala Lumpur's rivers during major storms, or as a road tunnel to reduce rush hour congestion.[14]

In Singapore, the **Jurong Island Pond** covers an area of 8.9 hectares and has been created above a natural aquifer. Water from intense rainfall events seeps from the pond into the aquifer below and then gradually discharges over time.[15]

In Vietnam's Ho Chi Minh City, developers are implementing **water-sensitive urban design** ("WSUD"), a nature-based solution to water management in urban areas that includes diverse, flexible measures such as wetlands and infiltration wells. Flood and drought risk mitigation are among the many benefits of WSUD.[16]

2022 saw the launch of the **Southeast Asia Flash Flood Guidance System** ("SeAFFGS"). Being local and rapid, flash floods are much harder to forecast than river flood events. The SeAFFGS aims to build resilience to flash flood events through improved early warnings.[17]

In Australia, a country-wide initiative is underway to develop accurate **weather forecasting products and services** for the agricultural sector to build resilience to climate risks through improved decision-making.[18]

The Bushfire Building Council of Australia ("BBCA") is dedicated to **improving the resilience of homes** to risks such as wildfire, tropical cyclone and heatwave. It provides households with tailored action lists to improve resilience, as well as architectural plans and guidance to those needing to rebuild.[19]

Positive role of re/insurance

By working with scientists to understand future climate trends, educating communities about risk mitigation, and developing innovative, market-relevant insurance solutions, insurers and reinsurers can help to close the protection gap and take an active role in improving resilience to climate change. Recognising that significant levels of capital will be needed to help close the protection gap in Emerging Asia and beyond, Peak Re strives to continue to leverage the ILS market through Black Kite Re, the first 144A cat bond launched in Hong Kong.

90%

Natural catastrophe protection gap in Asia

The protection gap in Asia for natural catastrophe risk is currently estimated to be about 90%[20], a sobering statistic, but one that highlights that there is considerable room for improvement.

50%

Poverty Reduction in Asia Pacific

Another positive development is that the percentage of those living in poverty across Asia Pacific has almost halved in the last 20 years.[21]

1. Past eight years confirmed to be the eight warmest on record, World Meteorological Organization, 2023
2. State of the Climate in Asia in 2021, World Meteorological Organization, 2022
3. Regional trends in extreme events in the IPCC 2021 report, World Meteorological Organization, 2022
4. IPCC Sixth Assessment Report, Working Group 1: The Physical Science Basis, IPCC, 2021
5. Global and European sea level rise, European Environment Agency, 2022
6. Seok-Geun Oh et al. Possible impact of urbanization on extreme precipitation–temperature relationship in East Asian megacities. Weather and Climate Extremes. Vol 34, 2021
7. Long Yang et al. Urban Impacts on Extreme Monsoon Rainfall and Flooding in Complex Terrain. Geophys. Res. Lett., Vol 46, Issue 11, 2019
8. Kossin, J.P. et al. Global increase in major tropical cyclone exceedance probability over the past four decades. PNAS, 117 (22) 11975-11980
9. Md. Rezuanul Islam et al. Tropical Cyclones Affecting Japan Central Coast and Changing Storm Surge Hazard since 1980. J. Meteorol. Soc. Japan. Ser. II. 2022 Vol 100 Issue 3, Pages 493-507
10. Spreading like Wildfire: The Rising Threat of Extraordinary Landscape Fires, UN Environment Programme, 2022
11. New Data Confirms: Forest Fires Are Getting Worse, World Resources Institute, 2022
12. Canadell, J.G. et al. Multi-decadal increase of forest burned area in Australia is linked to climate change. Nat Commun 12, 6921 (2021)
13. New Project will Support Large-Scale Mangrove Conservation and Restoration in Indonesia, The World Bank, 2022
14. SMART (Stormwater Management And Road Tunnel), Kuala Lumpur, Malaysia, Road Traffic Technology
15. Jurong Island pond: Building flood resilience naturally, JTC, 2022
16. Nature-Based Solutions for Cities in Viet Nam: Water Sensitive Urban Design, Asian Development Bank, 2019
17. Southeast Asia Flash Flood Guidance System Launched, World Meteorological Organization, 2022
18. 19m investment to bolster Australian agriculture's climate resilience, Agricultural Innovation Australia, 2022
19. Bushfire Building Council of Australia, bbca.org.au
20. Natural catastrophe protection gap in Asia calls for collaborative innovation, Guy Carpenter, 2022
21. Poverty, OECD iLibrary, 2022

EMERGING ASIA MIDDLE CLASS

When Peak Re was founded a decade ago, supporting Emerging Asia's middle class was one of the Company's key motivations and remains at the heart of our business to date. Our 2022 survey brought to light a wealth of insights about the concerns, priorities and preferences of this key segment of society.

In 2022, approximately 60% of the global population was living in Asia.[1] It is expected that half of the growth in global consumption to 2030 will originate in Asia, with its emerging middle class being a key contributor.[2]

Emerging Asia's economies reported strong post-recession GDP growth of 7.2% in 2021, before stabilising at approximately 4% in 2022.[3] The medium-term outlook of these markets remains positive.[4] Despite economic growth and rising insurance penetration, however, Emerging Asia's protection gaps have likely widened over recent years.[5] It has been estimated, for example, that Emerging Asia accounts for approximately 20% of the global natural catastrophe protection gap and 40% of the global health and mortality protection gaps.[6]

To help close the protection gaps and ensure that re/insurance risk mitigation and protection solutions are tailored to Emerging Asia, Peak Re undertook a regional consumer survey of Emerging Asia and Mature Asia[7] in 2022.

1. Distribution of the global population 2022, by continent, Statista, 25 October 2022
2. Beyond income: Redrawing Asia's consumer map, McKinsey & Company, 7 September 2021
3. IMF World Economic Data October 2022, the IMF
4. Emerging Asia to Lead Global Economic and Consumption Growth, Euromonitor International, 21 December 2021
5. Insurance reimagined: Spotlight on trust, convergence and transformation, PWC, 2022
6. Sigma Resilience index annual update 2020, Swiss Re Institute, 2020
7. Emerging Asia includes Malaysia, Indonesia, Thailand, Vietnam, Philippines, China and India. Mature Asia includes Hong Kong, Japan and Korea

Some of the observations from the survey include that Emerging Asia's middle class:

Is optimistic about the future

This consumer group is optimistic about their own (and even more so about their children's) socioeconomic mobility, and is aware of the need for financial protection. Emerging Asia's middle class is also twice as likely to save for medical and other unexpected events as their Mature Asia peers.

Has high levels of financial know-how

Led by India and Indonesia, a high percentage of the survey respondents from Emerging Asia consider themselves to be "expert/very knowledgeable" in financial literacy. Financial literacy in Emerging Asia is also clearly linked to better budgeting, savings discipline and insurance ownership.

Gives health a high priority

Alongside finances, both physical and mental health are top priorities for Emerging Asia's middle class. Drilling down, the most common health concerns are cancer and heart disease, followed by becoming disabled. Mental health was a higher concern for younger ages. The associated financial impact of these conditions was the main worry for all survey respondents.

Plans for health emergencies

Emerging Asia's middle class is more inclined, compared to its Mature Asia peers, to set aside savings for medical costs and to purchase private health insurance. The healthcare insurance protection gap, however, remains evident, with almost a quarter of the survey respondents from Emerging Asia still expecting to suffer a major financial impact if they receive a cancer or stroke diagnosis.

Is making positive lifestyle changes

With Indonesia leading the way, Emerging Asia's middle class has taken active steps over the last three years to improve their personal health, primarily by exercising more and changing to healthier diets.

Has entrepreneurialism as a key work aspiration

For many in Emerging Asia, especially in Indonesia and the Philippines, becoming an entrepreneur within the next five years is a key aspiration.

Prefers hybrid insurance sales

For reasons of convenience, choice and price, 45% of the survey respondents from Emerging Asia are frequent online shoppers and expect to continue to do so post-pandemic. The survey also shows that mobiles, followed by laptops and social media, are the preferred devices for work/study and leisure. Even so, most survey respondents from Emerging Asia prefer hybrid solutions – digital and personal contact with experts – for their insurance purchases.

Please access the full survey via the QR code below.

Emerging Asia's middle class is making positive lifestyle changes

Over the past 3 years, which of the following have you done to maintain or improve your own health?

77%
Eat healthier food

67%
Exercise more

53%
Eat less unhealthy food

52%
Cut back on unhealthy habits (e.g., alcohol, caffeine, smoking)

48%
Take medical supplements (e.g., vitamins)

42%
More or better quality sleep

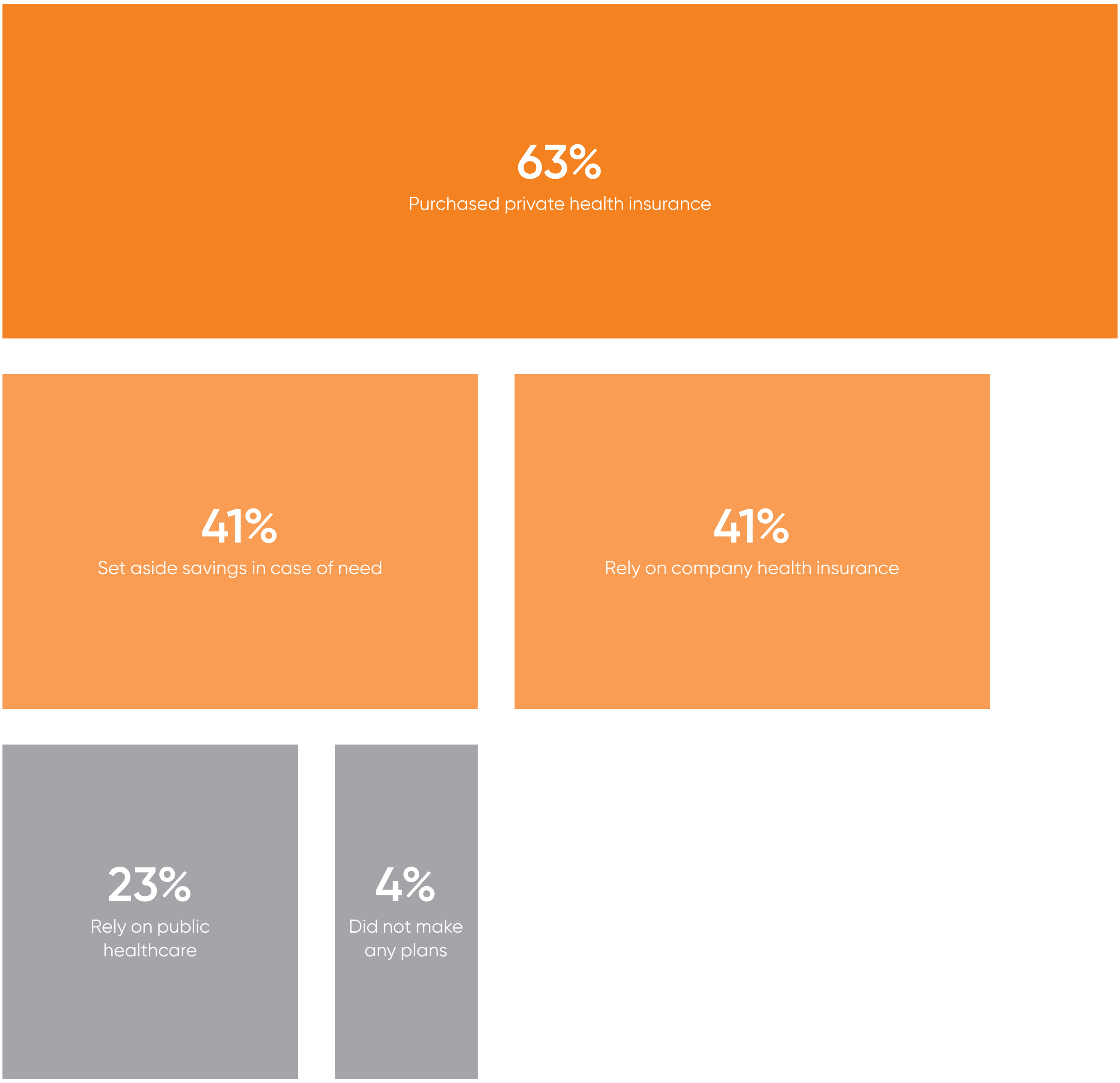
36%
Medical check-ups at a general practitioner / clinic

22%
More advanced screening for risks of diseases (e.g., genetic tests, PET scans)

17%
Take traditional (non-western) medicine (e.g., Chinese medicine, Ayurveda)

Emerging Asia's middle class plans for health emergencies

How do you usually plan for your personal medical expenses?



Support risk with focus and flair

COURAGE TO DELIVER

PEAK PERSPECTIVES

Property & Casualty

Strong pricing momentum

Reinsurance rates were already on the rise in early 2022 and the strong pricing momentum persisted throughout the year. The reasons are well-known by now: years of above-average natural catastrophe losses, the increasingly cautious risk appetite of capacity providers in the aftermath of the pandemic and the outbreak of hostility between Russia and Ukraine, rising social and economic inflation, and higher interest rates. Sharply rising retrocession costs were ultimately the harbinger of market dislocation.

Dynamically repositioning the portfolio

Against this backdrop, Peak Re saw its Property & Casualty ("P&C") gross written premiums ("GWP") rise by around 11% to USD2,024 million in 2022, from USD1,830 million in 2021, marking the tenth consecutive year of premium growth. Building on solid demand for reinsurance capacity, Peak Re grew its P&C reinsurance portfolio in the January and April 2022 renewals. Business written over the year continued to

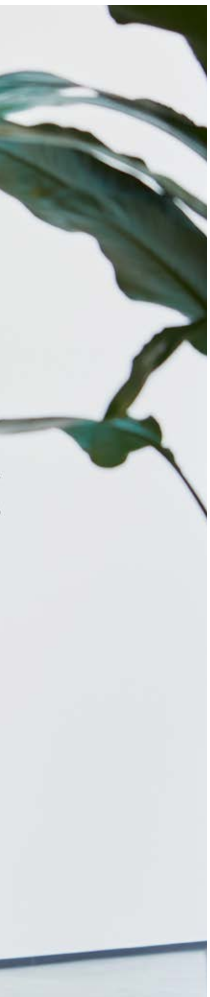
From left to right:
Pammi YEUNG, Piotr NOWAKOWSKI, Sudhir SALIAN

reflect firmer market conditions and concerns about a continued burden of high natural catastrophe losses and rising inflation. In particular, massive floods in Australia and South Africa, summer hailstorms and drought in France, and Hurricane Ian in the US, had a sobering effect on the market. We reduced our catastrophe risk exposure at mid-year following our business plan and limited our coverage of severe natural catastrophe risks in Australia and the US. By this time, the term "retro market dislocation" was making the rounds, as capacity for catastrophe risk had become highly constrained.

Further refining our risk appetite

This market dislocation called for further decisive action. Accordingly, we restructured our portfolio to higher layers and increased attachment points. As a result, our retrocession cover remained unscathed by the US natural catastrophe events that occurred later in the year. At the same time, our geographical split proved resilient, counterbalancing volatility in Europe and the Americas with a relatively stable Asian portfolio. Over the year, Peak Re largely maintained its tactical balance between proportional and non-proportional business, but with a slight increase in our proportional book.

Although we were able to avoid the large loss events of the latter part of the year, Peak Re had to digest a flurry of losses from so-called secondary perils, such as hailstorms, flash floods and wildfires. These perils are challenging to model and their insurability is coming into question. Nonetheless, we are committed to standing by our cedants and further investing in the expertise and resources to improve the risk management of these perils. For the full year of 2022, we reported a technical combined ratio of 101.4%.[1]



Restructuring our retrocession

In 2022, Peak Re successfully adjusted its retrocession coverage in line with its growing global portfolio, with a focus in Asia. To avoid potential net gaps due to a shrinking supply of proportional capacity and to provide greater flexibility in placing larger Catastrophe Excess of Loss (Cat XL) limits, Peak Re moved from a "gross net" to a "gross gross" programme. As a result, we purchased more global Cat XL capacity and additional coverage for Japan Wind.

Meanwhile, the ILS market, an important source of retrocession capacity, had contracted significantly for Quota Share and virtually dried up for Aggregate XL. This led to increased net retentions, but also to higher net retained premiums at improved rates. Going forward, the higher margins are expected to support Peak Re's profit in favourable catastrophe years and provide additional income and capital protection.

In June, Peak Re successfully sponsored a 144A catastrophe bond issuance, further diversifying the Company's retrocession in terms of products and capacity utilisation, and providing fully collateralised multi-year risk protection for one of our largest peak perils, Japan Wind. In September 2022, Hurricane Ian caused a further hardening of the retrocession market. In line with the reduction in our US catastrophe exposure, we were less affected by Hurricane Ian. Subsequently, we switched from a worldwide Cat XL cover to an ex-US programme. As more frequency risk is retained, Peak Re continues to diversify its property reinsurance portfolio, focused on named perils and territories.

2023 outlook – a paradigm shift

Global economic growth is expected to remain subdued as interest rates continue to rise. As a result, overall macroeconomic conditions will remain a concern for reinsurers. The higher cost of capital and poor investment results experienced in 2022 will put further pressure on reinsurers' balance sheets.

The recent renewals have at the same time introduced a new paradigm. Despite hardening rates and higher reinvestment yields, the need for underwriting discipline in the face of a fast-evolving risk landscape has never been greater. Primary insurers also abide by this rule and continue to align with reinsurance terms and conditions. More importantly, the impact of climate change on property insurance is widely documented and accepted, with rising losses associated with secondary perils a dire reminder of the potential negative effects of extreme weather events.

While this new underwriting paradigm will necessitate changes in the structure of reinsurance programmes, including pricing, attachment levels, and terms and conditions, it also brings to the fore the need for a holistic approach to manage primary and secondary perils. In particular, risk mitigation and climate adaptation will become ever more important in overcoming the challenges of extreme weather events. Enhancement to risk identification and modelling are also high on the agenda.

January 2023 renewal update

Peak Re initiated communication with its clients well before the January 2023 renewal, as signals from the retrocession market and other indicators pointed to reduced capacity and risk appetite compared to previous renewals. We were prepared to redeploy capacity if conditions did not match our underwriting priorities. At the same time, we were committed to sharing alternatives with our clients to mitigate the impact of the rapid hardening of the market. Peak Re approached the January 2023 renewal with clarity, transparency and determination.

In view of the above-mentioned factors, Peak Re materially reduced its top line in the January 2023 renewals while exceeding our pricing targets on all fronts. We wrote less natural catastrophe risk in Europe and the US and improved the terms and conditions of our book. We are committed to remaining a client focused reinsurer, always looking at the overall relationship with our cedants and working closely with them to provide solutions that fit their risk profile.

1. The technical combined ratio includes short-term health insurance business.

PEAK PERSPECTIVES
Life & Health

Diversification and innovation

In 2022, we dynamically adjusted and consolidated our Life & Health ("L&H") portfolio. While we are convinced that the segment will remain one of Peak Re's long-term growth engines, we slowed our expansion in light of uncertain financial market and geo-economic conditions. As a result, after a year of exceptional growth in 2021, our L&H business gross written premiums ("GWP") declined by 14% to around USD270 million in 2022. As of year-end 2022, our L&H portfolio accounted for 12% of the Company's total GWP.

Nonetheless, we are optimistic about the potential of our L&H business and believe that the segment is important for the future of the Company. Having entered the sector in 2017, we achieved reinsurance profit for the first time in 2020.

To date, Peak Re's L&H business is primarily focused on China, followed by Emerging Asia and selected markets in the Middle East and North Africa ("MENA") region. Our strategy benefits from the current low insurance density and penetration of L&H products, despite above-average economic growth, strong expansion of Emerging Asia's middle class and an evolving insurance regulatory environment that is increasingly receptive to private insurance provision. The experience of the COVID-19 pandemic further increased consumer awareness of and demand for protection against life and health risks.

Against this backdrop, Peak Re has leveraged its growing brand, its strong team of L&H experts and its established client relationships in China and beyond, to carefully curate a robust portfolio. Having established a sound franchise in China since 2019, we have steadily diversified our L&H business into other regions and markets. While China still accounts for the largest share of our L&H portfolio, other markets in Emerging Asia and the Middle East are also showing promising opportunities.

As our L&H clients increasingly seek new reinsurance capital and risk solutions through bespoke structural transactions, we have steadily built up our capability and expertise to seize the full range of opportunities, including in the longevity risk area. Our offering thus falls into two pillars: traditional and structural L&H products. Our traditional products include short-term health, critical illness and medical reimbursement, and short and long-term life, while our structured products provide bespoke capital and risk solutions to a select group of clients around the world.

At the same time, we continue to invest heavily in innovating our L&H offering to reach underserved customers and niche markets. Innovation comes in the form of new product design, as well as from more efficient product distribution and new underwriting methods. For example, in 2022 we worked with a client in China to launch a niche product for the coronary stent implant procedure; this tiny tubular device has been the standard treatment for coronary artery disease worldwide for almost three decades, with approximately a million such procedures taking place per year in China.[1]

A future growth engine for Peak Re

Looking forward, we remain committed to expanding our L&H portfolio over the longer-term. In particular, China's life insurance premium is expected to overtake that of the US to become the world's largest by 2030, according to Oliver Wyman.[2] At the same time, China's life insurance market is forecast to grow by up to 13% per year after the country's per capita disposable income reaches the tipping point of USD7,000 to 10,000, and to reach a penetration rate of 11 to 13% by around 2040. By 2050, the market is expected to reach CNY45 trillion (about USD7 trillion) in premiums.[2]

Looking beyond China, there are also promising opportunities in other markets and regions. Peak Re will therefore continue to invest in its L&H business, contributing to the further diversification and growth of our underwriting portfolio. Growth will be carefully orchestrated, building on our strong team of L&H experts and based on thorough analysis.

1. Across China: Discounted heart stents save more lives in China, Xinhuanet, 26 January 2021
2. Unlocking the 45 trillion Yuan Potential, Oliver Wyman, 10 March 2022

From left to right:
Chenwei LI, Janice YE

GOVERNANCE & RISK MANAGEMENT

Reinsurance put to the test

2022 was a challenging time for all parts of the re/insurance value chain due to a confluence of macroeconomic and geopolitical challenges as well as above-average natural catastrophe ("nat cat") losses. As a result, pressure was felt on both the investment and re/insurance sides of the income statement with the situation further compounded by increasing cost of retrocession globally.

The fundamental promise offered by all reinsurers is to provide resilience in times of uncertainty and in our 10th year, we are pleased to note that Peak Re weathered these manifold challenges and continued to support clients throughout this turbulent period.

Macroeconomic backdrop and investment reorientation

2022 saw unprecedented increases in interest rates as central banks sought to contain inflationary pressure. This process strained all re/insurers' balance sheets through mark-to-market valuation revisions. Peak Re's solvency ratio[1] correspondingly fell from 320% as of 31 December 2021 to 209% as of 31 December 2022.

Given the unfolding situation, we actively managed our investment profile. During the second half of 2022, and continuing into 2023, we increased our US Treasury exposure at the expense of ETF bond holdings. This strategy reduced the fixed-income portfolio's credit risk (i.e., direct holdings now averaging at AA rating) while locking-in higher running yields. While interest rate changes also impact direct bond holdings, for the most part we adopted a hold-to-maturity approach.

During the year, the duration of our investment portfolio was reduced from 2.4 years to 1.8 years; this revision ensures that we maintain a defensive stance should central banks push rates higher still. Soaring inflation has the potential to increase claims costs, albeit with a lag and varying impacts by business line and geography. As the mean term of Peak Re's P&C liabilities is around two years, inflation concerns were focused on recent underwriting years, where strong price increases had been applied at renewals. Lastly, we slightly increased our cash allocation and switched some of this to money market funds to generate a yield pick-up.

Natural catastrophe and Property & Casualty underwriting management

Early in the year, we reviewed the business performance of different channels and chose to end a relationship that we had with an insurance agent that was primarily responsible for sourcing our US property business. Consequently, our nat cat exposure in the US reduced materially in 2022. The process of refining our property risk appetite also impacted on our Japan and Australia/New Zealand nat cat profile. The effect of these adjustments, particularly the reduction in our US property exposure, reduced our vulnerability to the market-wide retrocession price increases in 2022 and should reduce our results' volatility.

Japan is a key market for Peak Re. However, as Japan is a major advanced economy, traditional retrocession providers already have material exposure in this market, which limits the availability of retrocession capacity. The launch of Black Kite Re is mentioned earlier in this report. By entering into a retrocession arrangement with this special purpose insurer, Peak Re benefits from multi-year protection against Japan wind, while also diversifying our overall capital base.

Robust standalone credit profile

In the summer of 2022, Moody's Investors Service ("Moody's") and AM Best conducted their annual reviews. During the meetings, concerns were voiced regarding the potential for contagion risk given pressures being felt by the Company's major shareholder, Fosun International Limited ("Fosun"). On 30 August 2022, following earlier rating actions on Fosun, Moody's downgraded Peak Re's insurance financial strength rating ("IFSR") from A3 to Baa1,[2] which was later placed on review for downgrade.[3] Later on 14 October 2022, AM Best reaffirmed Peak Re's Financial Strength Rating of A- (Excellent), but revised the outlook to negative.[4]

Importantly, both agencies reaffirmed Peak Re's standalone capitalisation, strong business franchise and broad product and geographic diversification. The two rating agencies also acknowledged that Peak Re's capital is protected by the Company's strong ring-fencing measures, requiring Hong Kong Insurance Authority's regulatory approval for upstreaming of funds to shareholders and transfer of capital to related parties per channelling of funds requirements. The Company has not extended any loans to its shareholders, nor do they have any debt with Peak Re. In addition to having an independent Board of Directors and stringent related-party transactions policies and regular monitoring processes, Peak Re strives to reinvest profits into the Company's equity.

Life & Health development and risk profile

Following a year of exceptional growth in 2021, Peak Re's Life and Health ("L&H") business dynamically adjusted its portfolio, while further seizing market opportunities in 2022. The adjustments reflected the strategic positioning driven by financial market volatilities and changing geoeconomic conditions. Our L&H risk profile shifted from one primarily dominated by mortality risk, to a more diversified profile through the addition of morbidity and longevity risks. Geographically, our L&H business remains focused on China, but with more solid footprints developed in Europe, Emerging Asia and MENA over the past two years. As one of Peak Re's long-term growth engines, our L&H business is poised to grow further and contribute to the Company's ongoing risk diversification.

Governance developments

The three lines of defence model underpins our governance and risk management framework. We are constantly striving to improve the protection of the personal and business data that we hold. During the year and in line with evolving global requirements, we bolstered our data protection and information security framework and practices. We also further increased our level of compliance monitoring and rolled out a group training programme to keep our staff abreast of sound and proper compliance practices. All employees in Peak Re are required to complete mandatory training on key topics, including on the Company's policies on anti-money laundering and sanctions, data protection, information security and the Group Code of Conduct.

Outlook 2023

We expect the global economy to stabilise in 2023 and that our core market, Asia, will return to solid growth as China reopens, while macro-economic and geopolitical risks will remain. In the near-term, reinsurance is expected to continue benefitting from the extremely hard rates already seen at the recent 2023 renewals.

1. Solvency ratio of Peak Reinsurance Company Limited on the Hong Kong Insurance Ordinance basis
2. Moody's downgrades Peak Re to Baa1; changes outlook to negative, Moody's, 30 August 2022
3. Moody's places Peak Re's ratings on review for downgrade, Moody's, 7 October 2022
4. AM Best Revises Outlooks to Negative, Affirms Credit Ratings of Peak Reinsurance Company Limited and Its Subsidiary, AM Best, 14 October 2022

From left to right:
Godfrey SEET, Boey WONG, David MENEZES, Joyce FUNG, Iain REYNOLDS

COMMITTED TO SUSTAINABLE INSURANCE

Peak Re began operations in 2012 as an organisation with the mission to modernise reinsurance while supporting the protection needs of the emerging middle classes of Emerging Asia and beyond. From day one, we integrated a sustainability framework into our operations.

We were also one of the first signatories to the United Nations Environment Programme Finance Initiative ("UNEP FI") Principles for Sustainable Insurance ("PSI").[1] This serves as a global framework for the insurance industry to contribute to sustainable economic development by addressing environmental, social and governance ("ESG") risks and opportunities throughout the insurance value chain, and promotes the concept of sustainable insurance.

ESG and sustainability fundamentals are core to our governance and compliance structures

Our integrated ESG policy ensures that we deliver on our mission to support the emerging middle classes and uphold our sustainable reinsurance responsibilities.

Our ESG policy is designed to mitigate ESG portfolio risks, while supporting our financial returns: we believe this combination is possible and imperative.

We regularly carry out analyses and benchmarking exercises to guide and strengthen our ESG policy. We also regularly disclose our ESG commitments and actions to promote sustainability, and actively engage with governments, regulators, academia, research institutions and other stakeholders on the development of sustainable reinsurance and investment policies.

Concept of sustainable insurance[1]

Reduce risk	Improve business performance
Develop innovative solutions	Contribute to environmental, social & economic sustainability

Dependable ESG screening

We exclude companies, sectors and risk factors from our investment and underwriting portfolios in line with the International Finance Corporation ("IFC") Performance Standard.[2] For example, we exclude investments or risks where gambling, tobacco products or weapons are core tenants of a business or asset, or where invested operations could involve exposure to human rights abuses or environmental degradation. The IFC Performance Standard also ensures that our exposure restrictions are regularly reviewed, rated and upheld.

Adapting to climate change

We constantly review our risk appetite in line with the modelled impacts of climate change (including partnering with research institutions) and use diversification, alternative capital and retrocession to help protect against climate-related risks and manage our exposure. Furthermore, Peak Re has taken steps to disclose our ESG practices in line with the recommendation of the Task Force on Climate-related Financial Disclosures ("TCFD").[3]

Responsible reinsurance solutions

Reinsurance can help to advance sustainable development and close protection gaps. We seek out such opportunities and they are an important part of how we set the direction of our business.

For example, we have worked with our clients and local governments to provide:

> Pioneering trade-credit schemes to support the growth of SME businesses in Emerging Asia.

> Critical illness coverage for children with autism.

> Tailored reinsurance solutions that enabled the rapid rollout of COVID-19 vaccines in an Asian market.

> Environmental assessment, loss control and risk mitigation support, to encourage improved pollution risk management and the adoption of renewable energy.

> Critical illness products with wellness components to support mental health.

> Reinsurance solutions in Emerging Asia to protect farmers' critical rice crops against flood risk.

ESG promises to our clients and employees

Diversity and inclusion

Diversity and inclusion are a major source of strength and pride for Peak Re across our global operations. Our staff represent 21 nationalities, we have a healthy gender balance (48% of our leadership are women) and we foster a culture of inclusion. As mandated in our Code of Conduct, Peak Re prohibits discrimination on any grounds.

Dealing fairly with complaints

Peak Re is committed to the principle of dealing fairly and openly with our clients and business partners. We have proper controls and procedures in place to handle and resolve complaints, and also a whistle-blowing policy for employees.

ESG training

We carry out internal ESG training and regularly communicate with stakeholders to ensure that our ESG policy remains fully integrated across our business operations.

Fast, dependable claims settlement

On average,[4] we pay 88% of claims within five days. The speed and accuracy of our claims' payments became evermore critical as the pandemic put individuals and businesses under severe financial strain.

A long journey, but one that Peak Re will remain fully committed to

We recognise that ESG transition represents a long journey. We will continue to work towards measuring and benchmarking our performance on ESG metrics, including carbon emissions, and will use this data to guide our contribution to a more sustainable, low-carbon future.

1. UNEP FI Principles for Sustainable Insurance (PSI)
2. IFC's Environmental and Social Performance Standards, International Finance Corporation, 2012
3. Recommendations on climate-related financial disclosure, Task Force on Climate-related Financial Disclosures, 2017
4. 2015 – 2022

CORPORATE SOCIAL RESPONSIBILITY

At Peak Re, CSR is integral to our operations, led by our mission to deliver positive change to both business and society.

Corporate social responsibility ("CSR") requires a company to look beyond its core business goals – having a positive impact on local communities and natural ecosystems becomes part of how the company measures its success.

2022 saw Peak Re involved in CSR initiatives that sought to reduce poverty and encourage sustainable lifestyles. These initiatives also highlighted how social responsibility has a positive, energizing effect on everyone that gets involved.

Building confidence through art

Yongping, China

The rural communities that we are supporting through our Yongping tea farmer initiative are often in our thoughts. In 2022, we decided to set up another initiative in this poverty-stricken area of rural Yunnan province, this time to support children in a local school.

We held an art competition and invited the children to draw or paint an aspect of the landscape in which they live. Over a hundred children sent in their artwork, and in return for their time and creativity, all entrants received a painting set and small monetary donation.

The artworks were voted on by Peak Re's employees from our offices around the world. With so many beautiful pictures received, choosing the winners wasn't easy! All the winners received additional monetary prizes as support for themselves and their families.

Supporting local craftsmen

Jingdezhen, China

With a desire to support sustainable development and conservation of cultural heritage, we invited a porcelain maker in Jingdezhen in China's Jiangxi Province to help us produce our corporate gifts. The city of Jingdezhen, known as China's porcelain capital, has been producing high-quality pottery for over 1,700 years. These beautifully crafted tea cups and saucers are hand-made and will last a lifetime.

Promoting a sustainable lifestyle and workplace

Peak Re office, Hong Kong

Even small changes in the way we live and work can make a positive difference to our health and impact on the environment.

To help share this message, the Peak Re "Biz-Dress Green Day" initiative was held in our Hong Kong office in September 2022. This initiative was part of the 10th annual Hong Kong Green Building Week 2022 "10 Biz-Green Outfits Social Challenge".

On this day, we reduced the temperature of the air conditioners in our office to save energy, asked our employees to come to the office in smart casual clothing with light fabrics, and provided our employees with healthy and organic meals.

The day was a great success and will be repeated in 2023.

Bringing new business to rural areas

Yongping, China

Peak Re first visited Yongping in China's Yunnan Province in 2018 as part of the Rural Doctors Poverty Alleviation Program. Wanting to reduce poverty and to offer support to the local community in a sustainable way, we set up an initiative to buy, package and promote the wonderful teas planted in the region. New sales opportunities would bring much-needed income to help with the villagers' household expenses and their children's education.

Peak Re's employees also had a hands-on involvement in this initiative. They spent an afternoon packing the teas into specially-designed gift boxes. As a result, our employees also developed a personal link with this area and its people.

The tea varieties in this project were sourced from the Dapingtan Tea Garden, handpicked by local farmers and are free of pesticides and chemicals.

Peak Re has made a long-term commitment to this initiative, which was further extended to the campaign "Building confidence through art".

Sharing knowledge across the generations

ARTathon family arts carnival, Hong Kong

In partnership with the Hong Kong University Foundation, Peak Re participated in a book donation scheme to support knowledge sharing and learning in the local community. Our Hong Kong employees collected, donated and helped to distribute books during the ARTathon, a family carnival day that was held as part of the university's 111th anniversary celebrations.

FINANCIAL PERFORMANCE

Strong in the face of turbulent headwinds – Peak Re's 2022 results

Growth and volatility control

For the year ended 31 December 2022, Peak Re reported gross written premiums ("GWP") of USD2.3 billion, an increase of 7.0% over the previous year's GWP of USD2.1 billion. Net earned premiums decreased by 12.8% to USD1.5 billion from USD1.7 billion at year-end 2021, mainly reflecting our decision to increase retrocession protection. Although the results mark another year of premium expansion for Peak Re – the tenth in a row – we have slowed our pace of growth due to strong headwinds from financial market turmoil and tighter retrocession market conditions and rates.

Growth was primarily driven by successful annual renewals in the first half of the year, which benefitted from rate hardening coupled with strong reinsurance demand. Over the year, we significantly reduced our

From left to right:
Thomas LEE, Cathy CHEN, Martyn BYOTT

appetite for volatile property risks. In particular, we restructured our business in Australia following another season of severe flooding, and in the US ahead of the hurricane season. Despite this, Peak Re suffered further losses in 2022 from floods in Eastern Australia and South Africa, typhoons in Japan, droughts and an active hailstorm season in France, as well as from Hurricane Ian and a late-December winter storm in the US. Overall, we reported a Property & Casualty ("P&C") underwriting loss for 2022 of USD18.2 million and a technical combined ratio of 101.4%.

For the full year of 2022, Peak Re reported a net loss after tax, the first in its history, of USD81 million. Apart from reflecting our underwriting result, this performance was impacted by low investment income and adverse foreign exchange effects of USD22 million due to the strengthening of the US dollar against most other currencies.

Repositioning the investment portfolio

As of 31 December 2022, Peak Re had USD2.95 billion of assets under management, an increase of 6.2% compared to USD2.77 billion as of 31 December 2021, and an investment income of USD8.3 million. Investment return was impacted by the decline in equities due to financial market volatility and mark-to-market valuation losses on our bond portfolio, particularly in the second and third quarters, alongside fast-rising interest rates. Peak Re continued to hold a high level of cash and cash equivalents, and we made further progress in our strategy to reduce our exposure to equities. Our earlier efforts to shorten the duration of our assets to hedge against rising inflation, allowed us to swiftly reinvest securities maturing in 2022 into higher-rated investment-grade bonds.

Solvency ratio impacted but liquidity is still strong

Market sentiment improved towards the end of the year as the threat of inflation reduced and in light of China's reopening. There was also increasing optimism that major economies could avoid recessions induced by monetary tightening to contain rising inflation. Nonetheless, the combined impact of losses from natural catastrophes and reduced market valuation of investments led to a drop in our shareholders' equity from USD1.5 billion to USD1.2 billion. We continued to maintain a strong liquidity and cash flow position, which had further benefitted throughout the year from our robust financial and risk management. Our solvency ratio ultimately took a hit and closed the year at 209%.

Further enhancing our capital position through 2023

Importantly, we took pre-emptive actions throughout 2022 to strengthen the resilience of our underwriting portfolio, reduce our risk exposure and optimise our retrocession cover. In the 2023 January renewals, we continued with this strategy, taking advantage of favourable reinsurance conditions that allowed us to deploy less capital at higher rates and better terms. Looking ahead, we expect volatility to decrease in the financial markets and, therefore, in our investment results as the inflationary pressure from rising energy prices eases. Indeed, the latest economic readings point to inflation having peaked in some markets and, as a result, interest rates are expected not to rise as drastically in 2023. In addition, higher-rated, fixed-income securities will likely show a positive impact on our investment returns over the coming years.

Peak Re remains prepared to explore various financing options to strengthen the Company's capital position and resilience, including using innovative capital market solutions. For example, insurance-linked securities ("ILS") are becoming integral to our retrocession strategy, alongside other retrocession solutions, and can provide meaningful capacity to support the Company's business objectives. We have demonstrated our agility and versatility by sponsoring our first 144A catastrophe bond in Hong Kong in June 2022. This successful transaction demonstrated our ability to use advanced structural products as part of a suite of risk and capital management tools.

Overall, Peak Re weathered a turbulent year with finesse, adopting underwriting and investment strategies to meet the challenges of the market, while taking a long-term view to sustainable and profitable growth. Anticipating and preparing for changes through forward-looking and strategic capital management remains a key objective of the Company, which we will continue to pursue with confidence and perseverance.

FINANCIAL HIGHLIGHTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2022

	2022 USD	2021 USD
REVENUES		
GROSS WRITTEN PREMIUMS	**2,294,512,599**	2,144,672,329
Gross earned premiums	**2,019,122,977**	2,140,955,172
Retrocessionaires' share of gross earned premiums	**(517,449,547)**	(418,949,409)
Net reinsurance contracts earned premiums revenue	**1,501,673,430**	1,722,005,763
Investment income	**8,285,976**	75,470,640
Commission income	**138,217,689**	96,086,393
Other income	**1,767,036**	1,835,076
Total revenue	**1,649,944,131**	1,895,397,872
EXPENSES		
Gross claims paid and payable	**(1,179,132,367)**	(1,233,313,974)
Retrocessionaires' share of claims paid	**326,887,871**	265,851,082
Change in gross reinsurance outstanding claims	**(341,095,188)**	(377,827,242)
Change in retrocessionaires' share of outstanding claims	**(91,164,209)**	39,505,307
Net claims incurred	**(1,284,503,893)**	(1,305,784,827)
Commission expense	**(359,893,033)**	(460,295,135)
Administration expenses	**(66,106,960)**	(56,629,589)
Finance costs	**(1,837,371)**	(613,367)
Asset management expenses	**(2,323,666)**	(2,677,599)
Other expenses	**(1,998,436)**	(1,612,272)
Foreign exchange losses	**(21,782,897)**	(426,209)
Total expenses	**(1,738,446,256)**	(1,828,038,998)
(Loss)/profit before share of (losses)/profits of associates and joint ventures	**(88,502,125)**	67,358,874
Share of (loss)/profit of associates	**(9,741,691)**	3,259,900
Share of profit of joint ventures	**4,488,833**	2,857,075
(LOSS)/PROFIT BEFORE TAX	**(93,754,983)**	73,475,849
Income tax credit/(expense)	**12,787,119**	(229,498)
(LOSS)/PROFIT FOR THE YEAR	**(80,967,864)**	73,246,351
Attributable to:		
Ordinary shareholders	**(94,342,864)**	59,871,351
Holders of perpetual capital securities	**13,375,000**	13,375,000
	(80,967,864)	73,246,351
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments		
Changes in fair value	**(215,236,952)**	(52,619,911)
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	**37,314,816**	(22,241,897)
Income tax effect	**8,203,952**	3,596,266
	(169,718,184)	(71,265,542)
Share of other comprehensive (loss)/income of an associate	**(543,000)**	733,000
Exchange difference on translation of foreign operations	**(7,102,938)**	(6,817,730)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(177,364,122)**	(77,350,272)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(258,331,986)**	(4,103,921)
Attributable to:		
Ordinary shareholders	**(271,706,986)**	(17,478,921)
Holders of perpetual capital securities	**13,375,000**	13,375,000
	(258,331,986)	(4,103,921)

Consolidated Statement of Financial Position

Year ended
31 December 2022

	2022 USD	2021 USD
ASSETS		
Intangible assets	**4,592,693**	4,570,107
Right-of-use assets	**12,675,610**	12,381,189
Goodwill	**357,250**	357,250
Property and equipment	**6,527,239**	1,581,919
Investment in associates	**54,442,142**	64,726,833
Investment in joint ventures	**67,544,250**	70,158,355
Held to maturity investments	**15,341,386**	20,483,365
Available-for-sale investments	**2,121,204,498**	2,140,423,446
Investments at fair value through profit or loss	**33,659,931**	40,222,438
Loans and receivables	**50,383,015**	76,754,485
Deferred acquisition costs	**293,299,683**	220,184,551
Loan to an associate	**10,000,000**	10,000,000
Prepayments, deposits and other receivables	**44,903,758**	33,061,261
Retrocession assets	**514,277,249**	593,502,558
Reinsurance receivables	**2,212,419,707**	2,060,396,930
Amount due from immediate holding company	**3,975,851**	3,293,842
Current tax asset	**5,669,854**	–
Deferred tax assets	**22,477,723**	2,059,838
Cash and cash equivalents	**604,620,825**	364,899,804
TOTAL ASSETS	**6,078,372,664**	5,719,058,171
LIABILITIES		
Reinsurance contracts/policy liabilities	**3,922,764,324**	3,324,257,507
Reinsurance payables	**858,819,430**	868,769,428
Derivatives	**–**	2,872,174
Deferred commission income	**18,608,502**	19,636,176
Other payables and accrued liabilities	**67,782,554**	14,595,091
Lease liability	**12,493,169**	12,696,011
Current tax payable	**–**	6,620,113
TOTAL LIABILITIES	**4,880,467,979**	4,249,446,500
NET ASSETS	**1,197,904,685**	1,469,611,671
EQUITY		
Share capital	**786,720,714**	786,720,714
Reserves	**160,426,849**	432,133,835
Total shareholders' fund	**947,147,563**	1,218,854,549
Perpetual capital securities	**250,757,122**	250,757,122
TOTAL EQUITY	**1,197,904,685**	1,469,611,671

FINANCIAL HIGHLIGHTS

Consolidated Statement of Cash Flows

Year ended
31 December 2022

	2022 USD	2021 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	**(93,754,983)**	73,475,849
Adjustments for:		
Depreciation of property and equipment	**639,078**	487,167
Depreciation of right-of-use assets	**5,809,628**	3,086,002
Amortisation of intangible assets	**986,745**	877,935
Share of loss/(profit) of associates	**9,741,691**	(3,259,900)
Share of profit of joint ventures	**(4,488,833)**	(2,857,075)
Interest income	**(34,590,902)**	(37,702,869)
Finance costs	**1,837,371**	613,367
Dividend income from investments	**(41,311,473)**	(34,098,187)
Gain from modification of lease contract	**(1,514,832)**	–
Fair value loss on investments at fair value through profit or loss	**1,304,890**	6,394,643
Loss on disposal of investments at fair value through profit or loss	**11,063,463**	13,354,329
Loss/(gain) on disposal of available-for-sale investments	**36,944,916**	(28,206,943)
Loss on redemption of loans and receivables investments	**2,563,486**	41,394
Loss on disposal of held to maturity investments	**1,011,344**	–
Impairment loss on available-for-sale investments	**3,970,376**	5,695,227
Change in net reinsurance contract/policy liabilities	**677,732,126**	390,238,284
Change in deferred acquisition costs, net	**(74,142,806)**	(9,438,693)
Change in reinsurance payables	**(9,949,998)**	(266,082,549)
Change in amount due from immediate holding company	**(682,009)**	–
Change in prepayments, deposits and other receivables	**(17,400,131)**	(10,418,142)
Change in reinsurance receivables	**(133,826,474)**	77,012,447
Change in other payables and accrued liabilities	**30,540,801**	2,056,661
Cash flows from operations	**372,483,474**	181,268,947
Interest element on lease liabilities	**(790,963)**	(613,367)
Tax paid	**(11,716,781)**	(577,542)
Net cash flows generated from operating activities	**359,975,730**	180,078,038
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property and equipment	**(5,584,398)**	(157,929)
Additions to intangible assets	**(1,009,331)**	–
Interest received	**35,267,232**	38,904,524
Interest paid	**(1,046,408)**	–
Change in cash collaterals	**(1,279,149)**	–
Dividends received from investments in securities	**44,678,865**	31,345,527
Dividends received from joint ventures	**–**	313,200
Purchases of available-for-sale investments	**(818,050,155)**	(913,267,157)
Purchases of loans and receivables	**–**	(17,510,365)
Purchases of investments at fair value through profit or loss	**(2,243,962)**	(29,634,008)
Proceeds from redemption of loans and receivables	**23,864,437**	53,254,389
Proceeds from disposal of held-to-maturity investments	**4,015,000**	–
Proceeds from disposal of available-for-sale investments	**609,097,732**	609,126,845
(Settlement)/proceeds from disposal of investments at fair value through profit or loss	**(6,295,960)**	31,499,439
Prepayment for the addition of right-of-use assets	**(265,888)**	–
Net cash flows used in investing activities	**(118,851,985)**	(196,125,535)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from repurchase agreement	**21,805,707**	–
Principal portion of lease payments	**(3,685,214)**	(2,831,590)
Distribution to perpetual capital securities	**(13,375,000)**	(13,375,000)
Net cash flows generated from/(used in) financing activities	**4,745,493**	(16,206,590)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**245,869,238**	(32,254,087)
Cash and cash equivalents at beginning of year	**304,899,804**	341,288,886
Net increase/(decrease) in cash and cash equivalents	**245,869,238**	(32,254,087)
Effect of foreign exchange rate change	**(7,427,366)**	(4,134,995)
Cash and cash equivalents at end of year	**543,341,676**	304,899,804
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents and cash collaterals	**604,620,825**	364,899,804
Cash collaterals	**(61,279,149)**	(60,000,000)
Cash and cash equivalents	**543,341,676**	304,899,804

ECONOMIC OUTLOOK

2023

ECONOMIC OUTLOOK

Despite strong global headwinds, Emerging Asia is set to outperform in 2023.

A glass that is definitely half full

2023 began with the expectation of a widespread slowdown in global economic growth. This subdued outlook was highlighted by the World Bank's announcement that it had made a downward revision of its 2023 growth projection for 95% of advanced economies and nearly 70% of emerging and developing markets.[1] The International Monetary Fund ("IMF") also voiced concerns as growth in the world's three largest economies – the US, European Union and China – simultaneously slowed.[2]

Yet, there is cause to be hopeful. First, if it materialises, the impending global recession is likely to be short and shallow, aided by tight labour market conditions in most advanced economies. Second, a slowdown in economic activity and consumer demand could well convince central banks that inflation is under control, reducing the risk of inflation anchoring at a high level. Lastly, much of what sparked economic growth concerns is already receding from world headlines, including the pandemic, supply-chain disruption and shocks to energy and food prices due to the war in Ukraine.

China is back

A significant development is China's exit from its strict pandemic containment measures. While the Chinese economy was projected to grow by a modest 3% in 2022, the pace is expected to pick up steadily in 2023.[3] Leading indicators of factory output and retail sales suggest a high degree of resilience, despite the onset of an "exit wave" of COVID-19 infections in late 2022 and early 2023. The "reopening bounce" in economic growth is expected to gain momentum towards the second half of the year, supported by more pro-growth government policies, particularly in the real estate and technology sectors.

Consumption recovery from released pent-up demand, the normalisation of services consumption, including inbound tourism, and increasing fixed asset investment, are all likely to drive China's growth rebound through 2023.

Southeast Asia is a bright spot

Economies in Southeast Asia are estimated to have grown by 4.9% in 2022 and are projected to expand by an additional 4.5 to 5% over coming few years.[4] Many experienced their reopening rebound in 2022, with further growth impetus expected from China's reopening, supply-chain relocation and improving sentiments towards emerging markets. The expected Fed pivot and

From left to right:
Jasmine MIOW, Clarence WONG

easing dollar appreciation will also likely limit capital outflow from the region and revive interest in Southeast Asia's emerging markets.

The region is also blessed with some strong fundamentals, including favourable demographics, being an important node in the global supply chain, fast digitalisation and proactive government investment policies. Moreover, despite fragmentation, inroads made by the ASEAN Free Trade Area and rollout of the Regional Comprehensive Economic Partnership are helping to forge stronger investment and trade links between Southeast Asia and the rest of the world.

Emerging Asia is set to shine in 2023

Emerging Asia has weathered the pandemic in relatively good shape. The region reported the shallowest contraction in 2020, just -0.6%, compared to -4.4% for advanced markets.[5] A strong recovery took hold over the following two years. In 2023, Emerging Asia's growth is expected to outpace that of advanced markets and other emerging regions.

Positive impact on re/insurance

The revival of growth across Asia will be strongly felt in the re/insurance industry. Demand for property and casualty re/insurance, for example, is expected to closely track economic growth. Peaking inflation, stabilising (higher) interest rates, increasing cross-border trade and investment flows, the return of inbound tourism and higher risk awareness, will all support more robust re/insurance demand.

Despite this optimistic outlook, however, it should be noted that the protection gaps in Emerging Asia remain large. The re/insurance industry will benefit from innovative solutions and alternative business models to help close these gaps. A partnership approach involving all key stakeholders will be crucial.

1. Sharp, Long-lasting Slowdown to Hit Developing Countries Hard, the World Bank, 10 January 2023
2. Third of world economy to hit recession in 2023, IMF head warns, The Guardian, 2 January 2023
3. China's 2022 economic growth one of the worst on record, post-pandemic policy faces test, Reuters, 17 January 2023
4. World Economic Outlook Database, IMF, October 2022. Figures refer to the 10 ASEAN markets
5. World Economic Outlook Database, IMF, October 2022

BOARD OF

LI Tao
Chairman

Mr. LI Tao is Executive President and Co-Chief Investment Officer of Fosun International, and Chairman of the Fosun Banking and Insurance Committee. Prior to joining Fosun in 2017, Mr. LI held the role of Chief Financial Officer at China Taiping Insurance Group, as well as managing the company's corporate actuarial and investment lines and overseas insurance business. Mr. LI is a Member of the Association of Chartered Certified Accountants ("ACCA").

Cathy CHEN
Executive Director

Ms. Cathy CHEN is the Chief Financial Officer of Peak Re and is a key person in control of the Company's finance and investment functions. She has over 20 years of insurance and reinsurance accounting, financial and regulatory experience. Prior to joining Peak Re, Ms. CHEN was Chief Representative of Lloyd's Beijing representative office and Chief Financial Officer of Swiss Re's China operations. Ms. CHEN is a Fellow of the Association of Chartered Certified Accountants (ACCA).

Franz-Josef HAHN
Vice Chairman

Mr. Franz-Josef HAHN is Chief Executive Officer of Peak Re and was one of the Company's founders. 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 with several leading reinsurance companies and has extensive global experience as a strategic business advisor. He is a member of the Geneva Association and sits on the International Insurance Society ("IIS") Executive Council. Mr. HAHN is a qualified lawyer.

WANG Qunbin
Non-Executive Director

Mr. WANG Qunbin was one of the founders of Fosun Group and 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.

DIRECTORS

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 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.

OUYANG Hui
Independent Non-Executive Director

Dr. OUYANG Hui is the Dean's Distinguished Chair Professor of Finance and an Associate Dean for Executive Education 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, a Ph.D. in chemical physics from Tulane University and held a post-doctoral position in chemical physics at the California Institute of Technology, working under Nobel laureate Rudy Marcus.

Monish Kant DUTT
Independent Non-Executive Director

Mr. Monish Kant DUTT 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. Mr. DUTT is a Chartered Accountant, Fellow of the Institute of Chartered Accountants in England and Wales and holds an MBA from the London Business School.

Raymond TAM
Independent Non-Executive Director

Mr. Raymond TAM is a seasoned insurance and pensions regulator. He most recently served as Executive Director, Policy and Development at the Insurance Authority (IA) of Hong Kong. Previous roles include Executive Director of the Mandatory Provident Fund Schemes Authority, Assistant Commissioner of Insurance and Assistant Director of the Mandatory Provident Fund Office. Mr. TAM has additionally held senior positions in international insurance companies and actuarial consultancies, is a member of the Hong Kong Academy of Finance, was named Actuary of the Year 2012 by China Business Network and is a Fellow of the Society of Actuaries.

EXECUTIVE COMMITTEE

Franz-Josef HAHN
Chief Executive Officer

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Piotr NOWAKOWSKI
Chief Underwriting Officer

Mr. Piotr NOWAKOWSKI is Chief Underwriting Officer of Peak Re. Mr. NOWAKOWSKI has over 25 years of experience in the global reinsurance industry. He joined Peak Re in 2022 from Echo Re, where he served as the Chief Underwriting Officer for nearly 10 years. Prior to joining Echo Re, he worked for SCOR for more than 16 years in different local, regional and global positions, including nine years as General Manager of SCOR's Japan office in Tokyo. He was also Head of Strategy & Development and General Secretary of SCOR's Global P&C business in Paris.

David MENEZES
Deputy Chief Risk Officer

Mr. David MENEZES is Deputy Chief Risk Officer of Peak Re, overseeing the Company's risk management, compliance and legal functions. He joined Peak Re in 2016 and has over 17 years of experience in regional and international insurance and reinsurance, with roles spanning various actuarial, reserving and capital functions. Mr. MENEZES is a Fellow of the Institute and Faculty of Actuaries and has advised industry working groups on the implementation of IFRS17 and risk-based capital solvency standards.

From left to right:
David MENEZES — Deputy Chief Risk Officer
Cathy CHEN — Chief Financial Officer
Franz-Josef HAHN — Chief Executive Officer
Piotr NOWAKOWSKI — Chief Underwriting Officer

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