

PeakRe >



**INSIGHT, COMMITMENT
AND COURAGE TO DELIVER**

Annual Report 2013

About Peak Re

Based at the heart of the Asia Pacific region in Hong Kong and authorized by the Office of the Commissioner of Insurance of Hong Kong, Peak Reinsurance Company Limited ("Peak Re") was licensed in December 2012.

With an initial capital of US\$550million, Peak Re is committed to providing innovative and visionary reinsurance services for our clients in the Asia Pacific region. We offer treaty reinsurance services covering a range of property and casualty lines across the region, tailor-making risk transfer and capital management vehicles to best fit clients' needs. As at December 31st 2013, Peak Re is already working with 87 clients in 17 Asia Pacific markets such as Australia, Bangladesh, Cambodia, China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, South Korea and Thailand.

Peak Re's mission is to modernize the reinsurance industry through a fresh perspective on protecting the prosperity and continuing growth of the Asia Pacific region. We have an unrivalled understanding of this dynamic economic region that increasingly drives the global economy.

Our team consists of reinsurance professionals from 14 nationalities who have extensive knowledge and expertise in the global and regional markets. We blend our local expertise with international experience to benefit our clients, and with a visionary culture, Peak Re brings new solutions to the reinsurance industry.

The Company is backed by Fosun International Limited ("Fosun"), a leading investment group taking roots in China with a global foothold, and the International Finance Corporation ("IFC"), a member of the World Bank Group focusing on private sector development. The two shareholders have respectively invested 85.1% and 14.9% in the Company. Peak Re is rated "A-" by A.M. Best, a leading international insurance industry credit rating agency.

Peak Re is a reinsurer for the times we live in. Founded on time-tested principles, and united by a collective attitude to embrace the rapid change and innovations of the modern era, we unlock the power of reinsurance.

Because we listen, we make decisions with speed and integrity, and we have the commitment and courage to deliver.

INSIGHT > While being committed to investing in knowledge and technology, insights shared with our clients help to manage and mitigate the risks faced by the communities our clients seek to protect.

COMMITMENT > It is Peak Re's founding mission to support the development of the global reinsurance industry with special focus on developing markets. Our clear and consistent business strategy is based on this commitment.

COURAGE > "The courage to deliver" has been developed as part of Peak Re's brand platform since the beginning of our operations, demonstrating our determination to serve our clients and communities. This has been well received by the market.

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**STRONG FINANCIAL
FOUNDATION**



FINANCIAL HIGHLIGHTS

Profit or Loss Statement

	2013 US\$	2012 US\$
REVENUE	103,193,585	-
Gross earned premiums	50,926,466	-
Retrocessionaires' share of gross earned premiums	(6,206,400)	-
Net reinsurance contracts earned premiums revenue	44,720,066	-
Gross claims paid	(6,296,906)	-
Gross change in outstanding claims	(34,021,693)	-
Net claims incurred	(40,318,599)	-
Commission expenses	(8,358,304)	-
Net commission	(8,358,304)	-
Administration expenses	(13,174,640)	(3,050,839)
Underwriting loss for the year	(17,131,477)	(3,050,839)
Investment income	123,842,353	10,018
	106,710,876	(3,040,821)
Other expenses	(2,275,680)	-
PROFIT/(LOSS) BEFORE TAX	104,435,196	(3,040,821)
Income tax expenses	(1,448,761)	-
PROFIT/(LOSS) FOR THE YEAR	102,986,435	(3,040,821)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale investments		
Changes in fair value	3,353,771	-
Income tax effect	(553,372)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR	2,800,399	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	105,786,834	(3,040,821)

Asset and Liability Statement

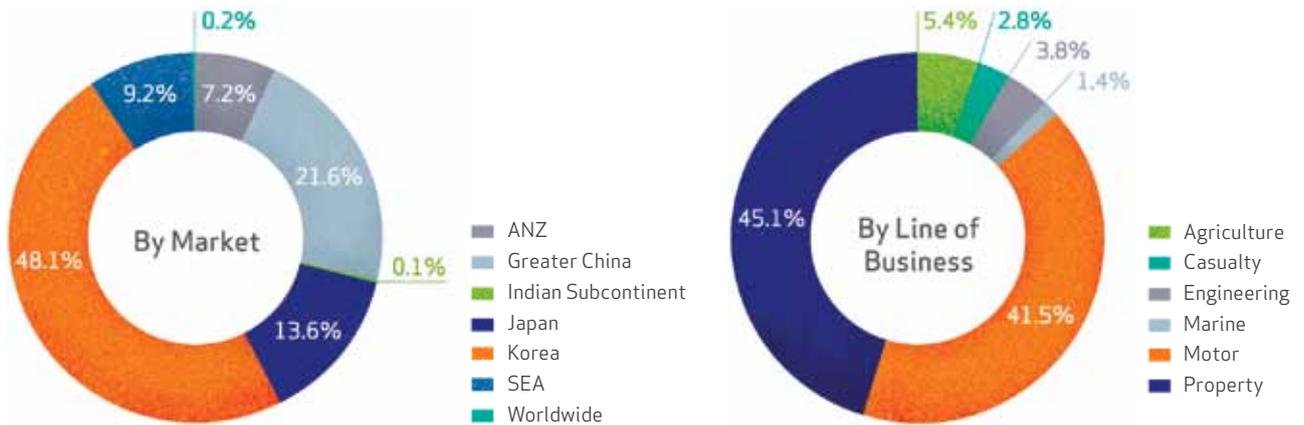
	2013 US\$	2012 US\$
ASSET		
Intangible assets	402,628	634,127
Property and equipment	332,069	445,680
Available-for-sale investments	239,567,364	-
Investments at fair value through profit or loss	289,118,520	-
Deferred acquisition costs	9,567,818	-
Prepayments, deposits and other receivables	6,318,734	-
Reinsurance receivables	55,984,699	-
Cash and bank balances	154,577,470	550,010,018
TOTAL ASSETS	755,869,302	551,089,825
LIABILITIES		
Due to ultimate holding company	-	2,378,853
Reinsurance contracts liabilities	86,288,812	-
Reinsurance payables	11,136,069	-
Other payables and accrued liabilities	3,696,275	1,751,793
Deferred tax liabilities	2,002,133	-
TOTAL LIABILITIES	103,123,289	4,130,646
NET ASSETS	652,746,013	546,959,179
EQUITY		
Share capital	550,000,000	550,000,000
Reserves	102,746,013	(3,040,821)
	652,746,013	546,959,179

FINANCIAL HIGHLIGHTS

Cash Flows Statement

	2013 US\$	2012 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating activities		
Profit/(loss) before taxation	104,435,196	(3,040,821)
Depreciation of property and equipment	171,474	53,921
Amortisation of intangible assets	239,207	79,266
Interest income	(8,829,956)	(10,018)
Dividend income from investments at fair value through profit or loss	(1,621,372)	-
Fair value gain: Fair value through profit or loss investment	(74,932,011)	-
Gain on disposal of fair value through profit or loss investments	(38,459,014)	-
Change in amount due to ultimate holding company	(2,378,853)	2,378,853
Change in reinsurance contract payables	34,021,693	-
Change in provision for unearned premiums	52,267,119	-
Change in reinsurance creditors	11,136,069	-
Change in other receivables	(1,772,419)	-
Change in deferred acquisition costs	(9,567,818)	-
Change in reinsurance receivables	(55,984,699)	-
Change in other payables and accrued liabilities	1,944,482	1,751,793
Net cash flows from operating activities	10,669,098	1,212,994
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(57,863)	(499,601)
Purchase of intangible assets	(7,708)	(713,393)
Interest received	6,515,745	10,018
Dividends received from investments at fair value through profit or loss	1,532,399	-
Payment for purchase of available-for-sale investments	(237,759,316)	-
Payment for purchase of fair value through profit or loss investments	(263,538,190)	-
Proceed from sale of fair value through profit or loss investments	87,213,287	-
Net cash flows used in investing activities	(406,101,646)	(1,202,976)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	549,999,987
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(395,432,548)	550,010,005
Cash and bank balances at beginning of year	550,010,018	13
CASH AND BANK BALANCES AT END OF YEAR	154,577,470	550,010,018
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	154,577,470	550,010,018

Business Portfolio



Market Reach







FUTURE FOCUSED
HUMAN FOCUSED



MESSAGE FROM CHAIRMAN & CEO >



Peak Re has made solid progress in its first year of operations. We are confident Peak Re will grow together with clients to create value sustainably in the long run.

2013 saw Peak Re's first year of operation. Based on its Creating Value for Clients principle, Peak Re has made solid progress throughout the year. As of December 31st 2013, the after-tax profit for the FY2013 was US\$102.99m as the result of solid progress in its property & casualty treaty reinsurance business and significant gains from investment income. Gross premiums written were US\$103.19m, investment income was US\$123.84m and total net assets amounted to US\$652.75m.

Our business was not immune from losses which affected our region in 2013. Typhoons including Super Typhoon Haiyan had an impact on our first year portfolio. Given the relatively low level of net premiums earned, although these losses were not large, it did cause us to record a small underwriting loss for 2013.

However, we benefitted from a significant capital gain in our equity

holdings in FY2013, which more than compensated for the small underwriting loss we suffered as a result of natural catastrophe and risk losses in Asia Pacific. Peak Re's investment portfolio comprised of cash, bonds and equities - all equity and bond holdings are publicly listed and the weighted average rating of the bond portfolio is within the investment grade range. Our liquidity is considered to be of low risk, and we manage our investment portfolio in-house.

In late 2013, A.M. Best reaffirmed Peak Re's "A- (Excellent)" rating with a stable outlook. Peak Re maintains a solid capital foundation together with sound risk management and a prudent business plan.

We understand that as a part of the reinsurance industry, maintaining close communication helps to build deep and lasting relationships with clients. As such, we would like to share with our stakeholders how

we at Peak Re translate some of our vision, strategy and business philosophy into action, allowing a better understanding and acceptance of the values which underpin the foundations of Peak Re.

Peak Re was founded to focus on the largest growth potential of our industry, the growing middle class society of the emerging markets, of which China is a major part. We chose Hong Kong as our home as this is part of China and a leading international market located at the heart of Asia Pacific. We can also get closer to our clients and react to market trends in a speedy and timely manner, and hence seize the huge growth opportunities together with our clients.

We have also decided to operate our business for Asia Pacific from Hong Kong and not to build a network of offices around the region. This approach not only follows our nimble cost tactic and forms part of



Franz Josef Hahn
Chief Executive Officer

I would like to sincerely thank all our stakeholders for the support you have given us throughout the year, which helped us build a stronger foundation than we could have dreamed for.

our risk management culture towards a challenging reinsurance market environment, but also allows us to develop a team of first class reinsurance professionals.

As expected, the management expenses weigh heavily on our first year balance sheet. However, with further growth of our business, the cost ratio of a single operational center in the region will be steadily reduced. Ultimately, this will allow us to offer our clients the best services and to ensure they get the most appropriate protections.

We hope that through our efforts, we can assist our clients to lower their risk exposure in the Asia Pacific economy to the maximum degree, and support them to achieve sustainable and profitable growth.

Going forward, Peak Re will continue to diversify our portfolio on both product development and geographical reach. We will actively

develop our resources and expertise in life and health, and credit and surety business, aiming to provide a complete suite of reinsurance services to our clients.

As a global reinsurer, we will also expand our reach to other markets, but without losing our focus and commitment to serving the local communities in the region.

Thanks to the flat structure, transparent communication within the Company, the strong leadership seen among senior management and the commitment of all staff, these factors have contributed to bring an encouraging set of first year results.

We are very proud of our people and we would like to take this opportunity to thank our shareholders, Board of Directors, clients, brokers, business partners and our staff, who have contributed to the success the Company has achieved during the first full year of operation.

Diversity plays a major role in Peak Re, may it be cultural, language, professional background. This gives our Company a strong local market knowledge and product expertise. In the first year the team has gained acceptance by the financially strongest of our clients.

The major points of differentiation are well founded opinions and decisions and speed to market which creates greater values for our clients in the long run. We speak about this all the time. As such we all live our slogan:

The insight, commitment and courage to deliver!

Wang Qunbin
Chairman

Franz Josef Hahn
Chief Executive Officer

BOARD OF DIRECTORS >



Wang Qunbin
Chairman, Non-Executive Director

Mr. Wang Qunbin is the Non-Executive Director of Peak Re. Mr. Wang was one of the founders of Fosun and has been a director of Fosun since its establishment. Prior to joining Fosun, Mr. Wang was a lecturer at the Genetic Research Institute of Fudan University.

Mr. Wang was named one of “The Best-Performing CEOs in the World” by Harvard Business Review, “Young Global Leader Honoree 2009” of World Economic Forum, Chinese Pharmaceutical “60 Years, 60 People”, “Top Ten Professional Managers in China Pharmaceutical Industry in 2004”, “The Fourth Session Technology Innovation Prize of China Outstanding Youth” and “Outstanding Technical Experts Allowance by State Council”.

Mr. Wang received a bachelor’s degree in genetic engineering from Fudan University in 1991.



Michael Lee
Deputy Chairman,
Non-Executive Director

Mr. Michael Lee is the Deputy Chairman and Non-Executive Director of Peak Re. He is Senior Assistant to President and General Manager of Overseas Insurance Investment of Fosun Group.

Mr. Lee has over 20 years of insurance experience in the United States and China with extensive knowledge in actuary, underwriting, claims, product development, marketing, finance and investment.

Mr. Lee played an instrumental role in Fosun’s investment in Peak Re. He was the deputy chairman of actuarial committee of Shanghai Institute of Insurance, chief representative of Life Insurance Marketing and Research Association (LIMRA) and a member of Shanghai Association of Insurance.

Mr. Lee graduated from Fudan University with BA degree and Purdue University with MA degree and Western Michigan University with MA degree in the United States.



Guo Guangchang
Non-Executive Director

Mr. Guo Guangchang is a Non-Executive Director of Peak Re. Mr. Guo was one of the founders of Fosun and has been chairman of Fosun since its establishment.

Mr. Guo was awarded among others, “Top Ten Leaders in Future Economy of China”, the nationwide “Outstanding Entrepreneur in Private Sector on Staff Caring”, “Industry & Commerce Category Winner” of “Ernst & Young Entrepreneur of the Year”, “Top 25 Most Influential Enterprise Leaders” at “China Entrepreneur Summit” for seven consecutive years and “25 Chinese to Watch” issued by Financial Times.

Mr. Guo received a bachelor’s degree in philosophy in 1989 and a master’s degree in business administration in 1999, both from Fudan University.



Duan Qiuping
Non-Executive Director

Mr. Duan Qiuping is the Non-Executive Director of Peak Re. He also serves as Senior Assistant to President of Fosun Group and Co-president of Fosun Financial Group.

Before joining Fosun in 2010, Mr. Duan served as senior officials in government units including the Price Bureau of Jiangxi Province, the Price Bureau of People's Republic of China, as well as various insurance companies such as PICC, GuoHua Life Insurance, Bank of China Insurance and Automobile Research Institute.

Mr. Duan has been conferred the qualification of Senior Economic Manager by the Appraisal and Approval Committee for Technical Qualification from PICC and the Doctor Degree of Economics by Renmin University of China. With over 30 years industry experience, Mr. Duan has accumulated rich expertise in insurance investment and management.



Franz Josef Hahn
Executive Director,
Chief Executive Officer

Mr. Franz Josef Hahn is the Co-founder and Chief Executive Officer of Peak Re. With more than 28 years of reinsurance industry experience, Mr. Hahn has successfully helped building and shaping the reinsurance business in the Greater China and Asia Pacific region.

Prior to founding Peak Re, Mr. Hahn was the Managing Partner of FJ Hahn & Associates, offering strategic business advisory services to insurance companies and other financial institutions across the globe.

Mr. Hahn was the Managing Director of Swiss Re's Greater China region between 1997 and 2008, and before that, he spent nine years at Munich Re, six years of which as Head of Casualty in Hong Kong.

Before launching his reinsurance career, he started his earlier years as a lawyer.



Yiu Pak King Teresa
Independent Non-Executive Director



Gong Zhiqi
Independent Non-Executive Director

SENIOR MANAGEMENT >



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Chief Executive Officer

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Before launching his reinsurance career, he started his earlier years as a lawyer.



Cathy Chen
Chief Financial Officer

Ms. Cathy Chen is the Chief Financial Officer for Peak Re, overseeing the financial and operational management of Peak Re.

Ms. Chen has more than 10 years of accounting and financial experience in both the insurance and reinsurance industry and has solid knowledge of the related regulations. She has previously been part of the management teams of various internationally renowned insurance organisations.

Prior to joining Peak Re, Ms. Chen was the Chief Representative for Lloyd's Beijing representation office. Before that, she was the CFO for Swiss Re's China operation and had successfully established and maintained good relationships with various government authorities.

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



Desmond Yu
Chief Investment Officer

Mr. Desmond Yu is the Chief Investment Officer of Peak Re, designing, strategising and implementing tactical asset allocation of Peak Re's investment portfolio which is more than US\$600m asset under management (AUM).

Mr. Yu has more than 20 years of financial industry experience, with proven track record of achieving excellent investment returns.

Prior to joining Peak Re, Mr. Yu was Deputy Chief Investment Officer of Bank of China Group Life Assurance, where he managed their US\$5.8b portfolio. Before that, he was Chief Investment Officer for Zurich Insurance Hong Kong and Regional Investment Manager for Zurich Insurance Asia.

Mr. Yu holds an EMBA degree and a Bachelor's degree in Finance and Accounting. He is also a member of the Association of Chartered Certified Accountants (ACCA).



Eckart Roth
Chief Underwriting Officer

Mr. Eckart Roth is the Co-founder and Chief Underwriting Officer of Peak Re, responsible for the management of the Company's underwriting, claims and analytics operations. With more than 22 years working for the reinsurance industry, he has extensive experience in developing reinsurance solutions and a proven track record of delivering consistently profitable underwriting.

Prior to founding Peak Re, Mr. Roth ran and owned a consultancy which offered tailored reinsurance solutions to financial institutions in Asia Pacific, Europe and the US. Before that Mr. Roth was the Managing Director and Global Risk Officer at White Mountains Re where he successfully built and implemented a risk management platform for the Group covering Europe, Bermuda and US.

Educated in Germany and France, Mr. Roth is a qualified lawyer.



Chris Kershaw
Managing Director – Global Markets

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

Mr. Kershaw has 30 years of experience in the reinsurance industry and has spent the past 20 years in Asia, gaining a wide range of experience working with various stakeholders, including regulators, to develop relationships and business across the region and multiple lines.

Before joining Peak Re, Mr. Kershaw was most recently Chief Operating Officer of Asia Reinsurance Brokers, an independent professional reinsurance broker based in Singapore. Prior to that, he was with the JLT Group for 25 years in various senior roles, including being a director of JLT Re Japan Inc.

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



Angela Koechli
Head of Life & Health

Ms. Angela Koechli is the Head of Life & Health for Peak Re. With more than 30 years of experience in the life insurance and reinsurance industry, Ms. Koechli has built up extensive knowledge of the global life and health market.

Prior to joining Peak Re, Ms. Koechli was Aon Benfield's Head of Life Reinsurance, Asia, where she consulted life insurers in modelling, structuring and placing of traditional and non-traditional reinsurance solutions.

Ms. Koechli joined Union Re in 1987 responsible for actuarial, underwriting, claims and business development for Life & Health, Accident & Health and Special Risks business in Europe and North America. After the Union Re/Swiss Re merger in 1998, she relocated to Hong Kong as Life Manager for Swiss Re.

JAN-JUN

Official Launch

Peak Re was officially launched on January 9th. Joined by Chairman Mr. Wang Qunbin and International Finance Corporation's Regional Industry Director, Financial Markets in Asia, Mr. Serge Devieux, Peak Re's CEO Mr. Franz Josef Hahn and CUO Mr. Eckart Roth outlined the Company's business plan and strategies with a wide audience from global, regional and local media during the press conference.



Official Office Dedication

Peak Re celebrated the official office dedication together with various stakeholders on April 19th. As a Hong Kong domiciled reinsurer, Peak Re respects and follows Hong Kong's culture and custom and held Lion Dance to bring good luck and happiness to the office.

JUL-DEC

Building Market Presence

The Company enjoyed an encouraging reception from different markets in the region during the year, and this promising start allowed Peak Re to build a strong foundation. Events were organised in various markets to show the team's appreciation for all the support the clients and brokers have given us.



AM Best reaffirmed Peak Re rating

Thanks to Peak Re's solid capital foundation together with sound risk management and prudent business plan, the international rating agency, A.M. Best, reaffirmed the Company's "A- (Excellent)" rating with stable outlook on December 19th.



**GOING
BEYOND**







2013 was an eventful year for Peak Re. Having been granted a licence in late December 2012 we took our first steps into the market as an active reinsurer at January 1st 2013, with the first real test of client response to our proposition coming at April 1st, the major anniversary date for the Japanese and some of the Korean reinsurance buyers. We were truly delighted by the welcome and acceptance that we received from our Japanese business partners and we are sure that their endorsement by allowing us to participate in their business was a major factor in the wide acceptance by markets that we were to find later in the year. Korea is also an important market for Peak Re, which forms a meaningful portion of our portfolio.

We had launched our activities in China at the January 1st season in a modest way and were able to develop this as we went forward. We built on this start as the year progressed and we are confident that China will be a central part of our strategy and business for many years to come. The market suffered two significant

losses in the course of the year and Peak Re was not immune from the effects of these on our result. However, the semi-conductor loss in respect of Hynix and the loss sustained under Typhoon Fitow both gave Peak Re the opportunity to show how the effective and prompt settlement of genuine claims is core to its philosophy and reflects the truest test of a reinsurer.

By April we secured an entry into the Australian and New Zealand market, both an important part of our Asia-Pacific strategy and were able to extend this at the important July 1st renewal cycle managing to secure broad acceptance from clients buying both catastrophe and other property lines in these significant markets. In time we hope to secure a presence in the casualty space offering a broad range of products to support clients in these markets.

Parallel with all these activities we were also busy developing our presence and support for clients in South East and South Asia, from Bangladesh in the West to Indonesia

in the South. By the end of 2013 we had managed to build a portfolio of business across our region which involved 87 clients from 17 different markets. This was a significant step in meeting one of the targets set by International Finance Corporation, that we develop business with a given number of companies in some of the least developed countries in Asia-Pacific. By the end of the year we had active trading relationships with insurers or reinsurers in 8 of the countries on the International Development Association list for Asia-Pacific. We supported insurers in the Philippines who suffered three major losses in 2013, and again we were able to demonstrate the value of responsive claims paying to our clients.

The board of Peak Re has decided that for the initial phase of the development of our young Company, the Chief Underwriting Officer and the Chief Executive Officer hold the underwriting authority at their level. At the same time we are mindful to avoid a stiff hierarchy and instead build a reinsurance workshop,

where professionals from different backgrounds and experience come together to analyse and debate business, and in these discussions we allow all an equal voice without hierarchy. We physically sit together in an office without internal walls and dividers even for the most senior officers and the CEO. We structure the Company not in departments, divisions or sections, but around functions, all collaborating together. Our size needs to be used to our advantage and a structure needs to be robust to ensure business opportunities do not “fall between the cracks”.

The discussions and debates have helped us all to create a strong Peak Re identity in just one year – an unthinkable outcome for a company if we had started to build operations across many offices in Asia Pacific!

To empower the underwriting engine, we have created underwriting triumvirates. These are client centric teams consisting of members from different functions, such as risk analytics, product underwriting and markets. The highly professional and analytical discussions do not come at the cost of timely responses to our clients and brokers. The trios are forming very mature and market based opinions on how to answer clients’ needs. The leadership team are still getting involved and this assists to ensure we look at all aspects of a risk, including from a risk management and client perspective. Our quality and speed to market has started to be recognised by our brokers and clients alike working together.

On Applied Risk Management

The key to successful risk management lays in understanding of the risk. Peak Re has hired skilled analysts, who bring extensive market knowledge and product expertise to the organisation. Peak Re is also committed to investing in knowledge and technology to manage risk appropriately and prudently. Thus, we have not only licensed models from RMS and AIR, but have gone a step further and designed, built and tested our own pricing tools. Through clear allocation of responsibilities and through ownership we live risk and assume risk to the benefit of our clients.

On Product Underwriting

We have senior professional and recognised underwriters from all major P&C lines on our team. In our first year we are proud to have property, natural catastrophe, agriculture, casualty, motor and marine specialists on board. The team ensures that we understand product and conditions of each and every market in which we operate.

On Markets

Our colleagues at markets organise themselves into different functions: sales on a regional basis, marketing for the entire organisation, which includes marketing communications and also market analytics. In today’s world of risk management for reinsurance we want to ensure that we understand the balance sheet pressures of our clients. As such Peak Re pays great attention to macroeconomic developments of markets and regions in which we

operate. Furthermore a detailed analysis of the financial and economic situation of our clients is important, to appreciate and to provide sound context for decision making. How else can we offer bespoke solutions? We have paid a lot of attention to this point and have integrated financial and economic analysis into our underwriting. Even in the first year this has made a difference to how we can respond to individual requests from our clients.

Peak Re managed to take these steps in 2013 only with great support from our business partners, without whom we could not have enjoyed the strong start that we made. We set out our values for the market to see through a number of events during the year including functions in China and Japan, which we look to make regular events and which we look to expand on in the years to come. We are true believers that in reinsurance in Asia-Pacific the relationships fostered between companies hinge on the relationships formed by the people in those companies.

2013 was the foundation trading year for Peak Re. It was a year in which we secured some achievements but also in which we learnt many things. As we look forward we look to apply the lessons learned to offer greater support to our business partners and to build a strong sustainable business to bring greater security and stability to middle class society, the future engine of growth for Asia Pacific, and beyond.

Risk Management

Peak Re is exposed to a wide range of risks. The risks include Asset Risk such as credit and market risk, Liability Risk in form of underwriting risk and reserving risk and Business Risk, which can be operational or strategic. Peak Re manages these risks in a holistic way on the enterprise level based on a strong risk culture, which finds its expression in a clearly articulated risk appetite and risk tolerance.

On the reinsurance business side Peak Re views its exposure to natural catastrophes as its largest single risk. To manage this risk Peak Re has defined scenarios for Flood, Earthquake, Typhoon, Severe Windstorm and Wildfire across all underwriting regions. For each scenario an aggregate capacity has been allocated. Dependencies between scenarios – notably Typhoon – are being taken into consideration.

Peak Re licenses vendor models to analyse its natural catastrophe exposures. In addition Peak Re has built up a strong analytical team which enables management to evaluate risks according to its own assessments. A modern IT platform supports real time accumulation tracking also adding in exposures from marine or agro books. Retrocession is being used to manage overall limits.

The other major risk to a reinsurer traditionally lays in the potential of an adverse reserve development in its casualty lines following a change of jurisprudence, interest rates or severe (medical) inflation. This risk is less relevant for Peak Re during the early years since most of the casualty business in Asia is short tail and the Company has not written heavy casualty until now.

Peak Re uses an Economic Capital Modelling approach to aggregate risks across lines of business and across the balance sheet. With an up-front investment into IT and a clear IT road map – “one version of the truth” – the Company builds towards a performance management information system to monitor risks and optimise the portfolio on a risk/return matrix.

Corporate Governance

Peak Re strongly emphasises integrity and professionalism. While the responsibility for corporate governance ultimately lies with the board and its committees – Audit Committee, Investment Committee, Risk Management Committee, Nomination and Remuneration Committee – the daily practice is lived by the management and employees. To support and guide Peak Re’s staff the Company has developed a Code of Conduct, a Social and Environmental Responsibility Guideline and an Anti-Money Laundering Policy.

> Code of Conduct

A Code of Conduct is put in place to reflect the legal and ethical compliance standards Peak Re applies in our daily operations. The Code applies to all employees including members of management bodies, contingent workers and representatives acting on Peak Re’s behalf. Every employee is mandated to comply with this Code to uphold Peak Re’s reputation.

Peak Re is dedicated in providing a work environment with equal opportunities with zero tolerance to any form of discrimination and harassment. The Company also values honesty and transparent business conducts and prohibits all forms of bribery and corruption.

➤ **Social and Environmental (“S&E”) Responsibility**

Peak Re is committed to sustainable development and has established various strategies and guidelines to contribute to the S&E development. Our business decisions act in accordance with the international environmental and ethical codes, standards and regulations.

With International Finance Corporation as one of our shareholders, Peak Re has developed our own S&E policies based on IFC’s S&E responsibility framework.

Each permanent staff is required to complete the IFC’s E-learning course “Managing Environmental and Social Performance” to ensure a common understanding and application of the S&E standards in the Company’s daily-to-daily operations.

In 2013, Peak Re has successfully established underwriting and investment guidelines and procedures with the inclusion of IFC Exclusion List to screen and track S&E exclusions on the Company’s underwriting and investments operations, and to ensure we do not support any business that violates the S&E standards when providing our reinsurance capacity.

Based on the criteria laid down in our S&E framework, we have carefully reviewed each and every treaty business that we would like to write. In year 2013, five treaties were rejected due to non-compliance of the S&E requirement. Among our accepted treaties, with only less than 3% were deemed as being sensitive business.

Peak Re had also closely monitored our investment portfolio to ensure Peak Re’s investments were in compliance with the IFC Exclusion List. In 2013, all the investment choices we made complied with the S&E framework.

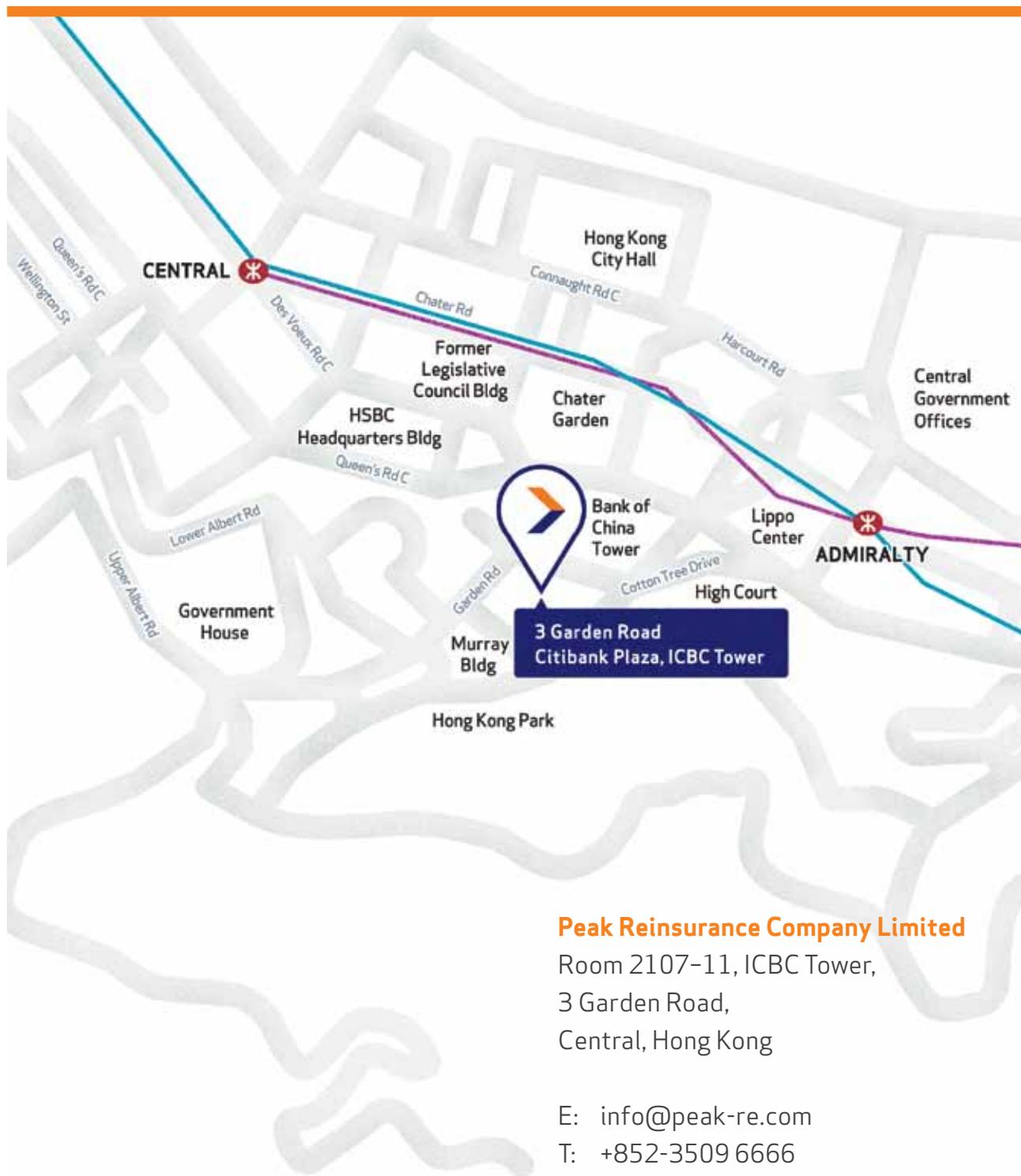
As at December 31st 2013, Peak Re was in the process of enrolling as a signatory company under the Principles for Sustainable Insurance (PSI) of the United Nations Environment Programme, Finance Initiative (UNEP FI).

➤ **Anti-Money Laundering Policy**

An anti-money laundering policy has been established which sets out the key principles of the internal procedures of Peak Re and all our employees to comply with the international and Hong Kong’s statutory and regulatory requirements of anti-money laundering and counter terrorist financing.

The policy clearly outlines Peak Re’s internal customer due diligence process to comply with anti-money laundering and counter terrorist financing guidelines on country, ceding company or broker and individual insured levels.

Each staff member is required to complete training on the anti-money laundering policy to ensure a common level of understanding of the subject matter.



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