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...
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