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# Annual Report

# 2021

31 December 2021

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Echo Reinsurance Limited

Reinsurance with a Swiss Quality Seal

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## Echo Re at a glance

Echo Reinsurance Ltd. (Echo Re) was established in November 2008 in Zurich as a public limited company and received its reinsurance license from the Swiss Financial Market Supervisory Authority (FINMA). The company is a wholly owned subsidiary of DEVK Deutsche Eisenbahn Versicherung Sach- u. HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn with its headquarter in Cologne, Germany.

Since its foundation, Echo Re has pursued the establishment and expansion of a book of international treaty reinsurance. Its reinsurance portfolio covers all P&C and a broad range of specialty lines of business from cedants in Asia, the Middle East, Africa, Latin America and the Caribbean.

Our A- S&P and Fitch Ratings with stable outlook are based on a solid capital base.

### Board of Directors

Bernd Zens – Chairman  
Gottfried Rüssmann  
Michael Bloch  
Dr. Peter K. Neuenschwander

### Management

Gilles Meyer            Chief Executive Officer  
Gregor Schulte        Chief Financial & Operating Officer

### Shareholder

DEVK Deutsche Eisenbahn Versicherung Sach- u. HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn: 100%

### Rating

S&P A- "Outlook Stable"  
Fitch A- "Outlook Stable"

### Auditors

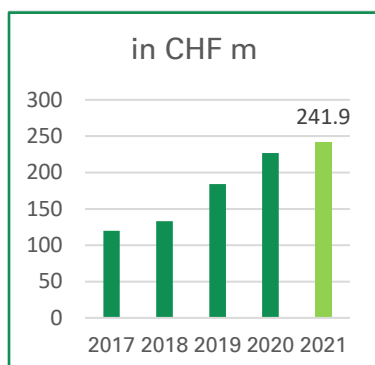
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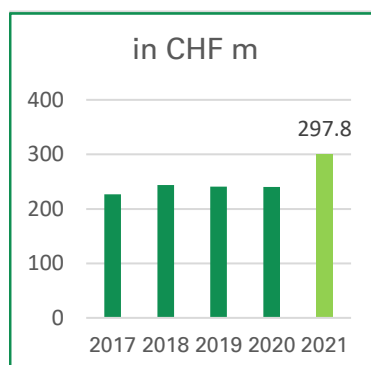
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## Our Key Figures 2021

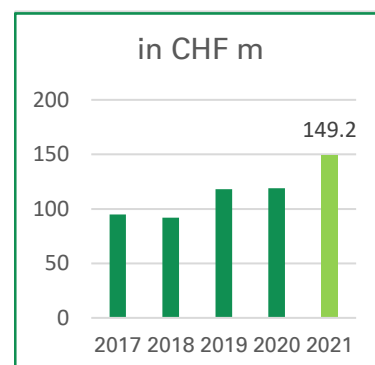
### Gross Written Premium



### Investments including cash



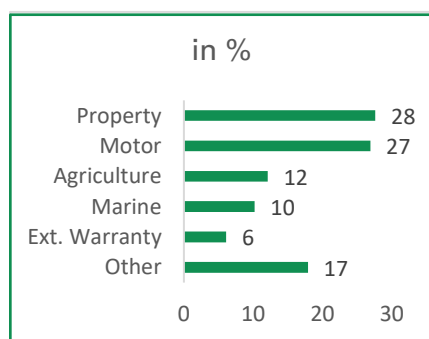
### Shareholder Equity



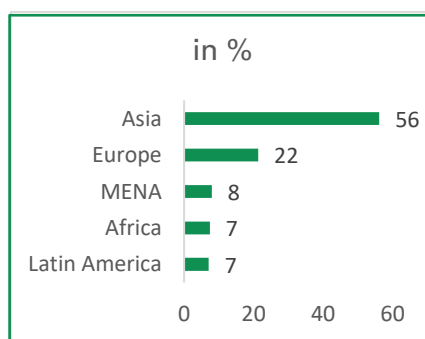
	2021 (in CHF m)	2020 (in CHF m)
Gross Written Premium	241.9	226.7
Premiums earned for own account	187.5	147.8
Technical result	2.1	-1.6
Result of the year	5.4	0.6
Technical provisions	284.2	231.0
Investments including cash	297.8	240.5
Total shareholder equity	149.2	118.8

## Portfolio Composition 2021

### Lines of Business (Gross Written Premium)



### Geographical split (Gross Written Premium)



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## Management Statement



Echo Re's CFO, Gregor Schulte, Gilles Meyer, CEO until end of April 2022, with the successor Fabian Pütz

Dear Readers,

In the year 2021, the reinsurance industry faced some significant insured losses especially from the USA but also from Germany where the flood "Bernd" caused an immense destruction. 180 people lost their lives in this "1-in-a-100-year"-event and also other parts of the world experienced heavy damage and casualties. The (re-)insurance industry played an important role in compensating for these huge losses. In our core markets however, we experienced a below average Nat Cat-activity.

Nevertheless, during the 01/01/2022 renewal we saw a hardening of the retrocession prices which we expect will spill-over to a larger extent to the reinsurance markets short- to midterm. In addition, the worldwide Covid-19 pandemic is still impacting our health, our social lives, and the way we do business with our cedants. We hope this will change in 2022.

In the capital markets the low-interest rate environment still persists as the on-going quantitative easing and the low-interest rate policies of all important Central Banks are causing a continuous pressure on the investment result. We expect that the increasing inflation could lead to a trend reversal.

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Despite these challenges, Echo Re could again achieve a positive annual result in 2021. This is the result of the continuous operational and strategic progress made by the company over the last five years under the lead of Gilles Meyer. This positive development was also acknowledged by S&P and Fitch which both confirmed our rating with stable outlook. In May 2022, Gilles Meyer will hand-over the CEO position to Fabian Pütz as part of a long-term internal succession plan. Fabian will enhance this positive development and will further leverage the very strong basis set by Echo Re's Management together with the whole team to provide our cedants with value-adding reinsurance solutions.

We would like to thank our cedants and business partners for the trustful and sustainable relationships as well as our employees for their commitment and efforts.



Gilles Meyer  
Chief Executive Officer



Gregor Schulte  
Chief Financial & Operating Officer

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## Management Report 2021

### 1. Business activities

Echo Reinsurance Ltd. (Echo Re) operates mainly in the non-life reinsurance market in the form of proportional and non-proportional treaty reinsurance. The strategy of Echo Re is unchanged since its foundation in 2008 with the objective of operating primarily in the non-European markets (excluding US/Canada and Australia/New Zealand). Additionally, Echo Re assumes business from the parent company, DEVK in Cologne – predominantly in the motor line of business. Again, the share of the Group internal business compared to the total premium volume has decreased to 14.2% (previous year: 16.9%) due to the unabated growth of the external business. Echo Re has continued its strong growth in its main region Asia. Overall, 56.2% of the business originates from Asia, 21.3% from Germany, 8.0% from MENA, 7.1% from Latin America/Caribbean and 7.4% from Africa, the latter in particular from South Africa.

The year 2021 was again dominated by the worldwide COVID-19 pandemic bringing uncertainty both to the insurance and capital markets. As Echo Re's exposure in most of the affected lines of business, like business interruption or event cancellation, is relatively low or not existent, we could further reduce our initial claims estimates (CHF 5.0m) to an overall loss of CHF 3.5m, of which the vast majority is coming from our South African portfolio.

We have experienced only two large losses in 2021. Storm "Bernd" in Germany and the "Henan" flood event in China together have caused a claims burden in the mid-million range. Beside this, no other major event represents more than 1% of our total premium volume.

In 2021, the total amount of claims from all major loss events (claims  $\geq$  CHF 250,000 for our share) amounted to approx. CHF 13.6m, which means that losses from major events represent just under 5.6% of total premium volume.

In 2021, the reinsurance market continued to operate in a relatively soft environment given the excess supply of reinsurance capacity resulting from the long lasting low-interest environment. As a consequence, new capital from alternative markets continued to be attracted by the reinsurance industry. Therefore, the reinsurance rates in most of Echo Re's markets saw only slight, risk-adjusted increases or remained stable in 2021 except for Japan where the high Nat Cat losses in 2018 and 2019 led to substantial price increases in 2020, a trend which continued in 2021. Consequently, on the one hand the company has continued its prudent underwriting approach but on the other hand has slightly increased its underwriting capacity in Japan to benefit from improved margins. In the course of 2021 due to large losses in Europe and North America the market started to harden but to a lesser extent in our territories. This hardening of the terms and conditions was felt first in the retro market. However, any reinsurance treaty hit by a major Cat event experienced this same trend. Otherwise, the prices in our markets remained rather flat.

### 2. Number of full-time positions on annual average

In 2021 on annual average, the number of full-time equivalents (FTE) of Echo Re was 29.4. The slight decrease compared to the prior year (30.0 FTE) was mainly driven by a time-lag in replacing employees who left the company.

### 3. Performance of a risk assessment

The risk assessment of our reinsurance business is subject to a standard underwriting process, which results in the acceptance or rejection of a risk/contract. The Company's risk management in general is con-

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trolled by the Risk Committee, the Audit and Risk Committee as well as by the Board of Directors. Furthermore, in accordance with Article 9 paragraphs 2, 22, 46 and 51 ISA, a detailed risk assessment of the Company is carried out annually as part of the Swiss Solvency Test (SST).

Echo Re determines its SST ratio with the standard model, StandRe. Its SST ratio amounts to 205.7%, which represents sufficient excess capital.

In addition, Echo Re's risk management operates according to a clearly defined risk management framework, which consists of the following central elements:

- The individual risk strategy of Echo Re, which is derived from the risk strategy of the DEVK Group. It describes and defines the organizational structure of risk management, the categorization as well as monitoring, management and reporting of relevant risks.
- The Risk Appetite Framework, which defines the overarching approach by which Echo Re is prepared to assume risks and by which the risk types are described that Echo Re either seeks or avoids. This framework presents an adequate balance between risk assumed, the necessary risk capital as well as the return expected on the risk assumed. It is an integral part of the strategic planning process, containing statements on the risk appetite for all material risks, a limit system and an escalation process in case limits are exceeded.
- The internal control system (ICS), consisting of the ICS guidelines as well as the ICS reporting. The ICS report is an instrument to communicate relevant operational risks according to a risk matrix.

#### 4. Business situation

In 2021, Echo Re increased the number of active customers from 251 to 262. The on-going difficult market conditions in the MENA region led to the loss of 5 customers while we could acquire 11 new cedants in Asia and 5 new clients from Latin America/Caribbean. Our three major lines of business are still Property with 27.6%, followed by Motor with 26.9% and Agriculture with 12.1% of the overall written premium. But in addition, Echo Re has expanded its business in several Specialty lines in 2021 like Marine with 10.2% of our overall portfolio, Extended Warranty which accounts for 6.1% of the overall GWP and Credit & Bond with 3.2%. This strategy will be continued in future to further increase the diversification of the portfolio.

#### 5. Research and development

With usual shares of between 2.5% and 7.5% Echo Re is a reinsurance company that provides capacity and services to its cedants but to date does not develop products as such. However, continuous market observation is an essential part of the activities of the underwriters, actuaries, and the Executive Board of the company. In addition, Echo Re proactively develops the P&C and Specialty lines of business to serve its cedants' needs and to further diversify its business portfolio.

#### 6. Extraordinary events

2021 was not significantly affected by major natural catastrophes in our core markets. Especially our Japanese Nat Cat business performed well for the second year in a row.

Nevertheless, the reinsurance industry has faced significant loss events in 2021, especially in Germany with the storm "Bernd" which led to a massive loss. This will have an impact on the reinsurance and retrocession capacities and prices in 2022.



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## 7. Outlook

The COVID-19 pandemic will continue to play an important role also in 2022. While we do not expect any material claims in the future, the on-going governmental measures still have an impact on both the development of the original business but also on the capital markets.

Besides this, the reinsurance industry remains in a challenging situation although we experienced in some regions the expected price increases at the 01/01/2022 renewal date. Against this background Echo Re continues with its bottom-line focused, selective underwriting approach. Although we have already seen significant premium increases due to the catastrophic losses in 2018 and 2019 in the Japanese market at the renewals 01/04/2020 and 01/04/2021, this trend will continue in 2022 but on a lower scale.

The rates in the retrocession market have gone up during the renewal 01/01/2022 in the light of the capacity decrease in this market segment and the US and European large losses of the recent past. This hardening trend will continue unabated during the next renewal and will put more pressure on reinsurers to also increase their prices. For 2022 we expect again a moderate growth in our core markets.

## Summary of Balance Sheet – as of December 31, 2021

### Echo Reinsurance Limited

Balance sheet in CHF as of 31 December

2021

2020

		(in CHF)	(in CHF)
<b>ASSETS</b>			
<b>Investments</b>			
Participations	7.089.840		4.005.246
Fixed income securities	213.356.177		181.040.878
Equities	11.757.120		9.107.548
Fixed deposit with related parties	10.331.000		8.641.600
		<b>242.534.137</b>	<b>202.795.272</b>
<b>Deposits retained on assumed reinsurance business</b>		<b>24.248.510</b>	<b>21.088.586</b>
<b>Cash and cash equivalents</b>		<b>55.286.074</b>	<b>37.700.568</b>
<b>Reinsurers' share of technical provisions</b>		<b>50.504.529</b>	<b>38.984.280</b>
<b>Property, plant and equipment</b>		<b>106.052</b>	<b>150.910</b>
<b>Deferred acquisition costs</b>		<b>26.301.021</b>	<b>19.858.341</b>
<b>Accounts receivable from reinsurance business</b>		<b>14.612.824</b>	<b>11.525.165</b>
<b>Other accounts receivable</b>		<b>148.783</b>	<b>249.635</b>
<b>Accrued income and prepaid expenses</b>		<b>133.558.317</b>	<b>91.551.306</b>
<b>Total ASSETS</b>		<b>547.300.247</b>	<b>423.904.062</b>
<b>LIABILITIES</b>			
<b>Technical provisions</b>			
Unearned premium reserves (UPR)	95.619.058		73.299.071
Claims reserves	231.630.367		189.601.807
Equalization reserves	7.500.000		7.034.994
		<b>334.749.425</b>	<b>269.935.873</b>
<b>Non-technical provisions</b>		<b>736.401</b>	<b>2.018.594</b>
<b>Deposits retained on ceded reinsurance business</b>		<b>29.430</b>	<b>0</b>
<b>Accounts payable on reinsurance business</b>		<b>5.457.545</b>	<b>8.388.469</b>
<b>Other liabilities</b>		<b>477.741</b>	<b>620.550</b>
<b>Accrued expenses and deferred income</b>		<b>56.680.285</b>	<b>24.147.022</b>
<b>Total liabilities</b>		<b>398.130.827</b>	<b>305.110.508</b>
<b>Share capital</b>		<b>120.000.000</b>	<b>120.000.000</b>
<b>Legal capital reserves</b>			
Reserves (unrecognized capital contribution reserves)	498.399		498.399
Capital contribution reserves (recognized capital contribution reserves)	73.370.182		48.370.182
		<b>73.868.581</b>	<b>48.868.581</b>
<b>Retained earnings</b>			
Loss brought forward	-50.075.027		-50.625.676
Result for the year	5.375.866		550.650
		<b>-44.699.161</b>	<b>-50.075.027</b>
<b>Total shareholders' equity</b>		<b>149.169.420</b>	<b>118.793.554</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>547.300.247</b>	<b>423.904.062</b>

## Income Statement

### Echo Reinsurance Limited

Income statement in CHF for the year

2021

2020

		(in CHF)	(in CHF)
<b>TECHNICAL RESULT</b>			
<b>Technical income</b>			
Gross written premium	241.862.501	226.713.524	
Reinsurance premiums ceded	-31.084.829	-29.108.059	
<b>Premiums written for own account</b>	<b>210.777.672</b>	<b>197.605.466</b>	
Change in unearned premiums, gross	-26.213.152	-49.546.470	
Change in unearned premiums ceded	1.141.467	-290.211	
<b>Premiums earned for own account</b>	<b>185.705.986</b>	<b>147.768.785</b>	
Technical interest income	314.942	374.597	
Other technical income for own account	2.913.937	0	
<b>Total technical income</b>		<b>188.934.866</b>	<b>148.143.382</b>
<b>Technical expenses</b>			
Claims payments, gross	-110.532.830	-121.121.557	
Claims payments ceded	18.241.265	19.864.392	
Change in claims reserves, gross	-46.654.653	-13.217.442	
Change in claims reserves ceded	10.792.759	-15.549	
Change in equilization reserves	-465.005	7.330.000	
<b>Expenditures for claims incurred for own account</b>	<b>-128.618.464</b>	<b>-107.160.156</b>	
Acquisition costs, gross	-52.778.469	-36.769.939	
General administrative expenses	-9.655.942	-9.300.995	
Acquisition costs ceded	5.149.914	3.994.841	
<b>Acquisition and administration costs for own account</b>	<b>-57.284.497</b>	<b>-42.076.093</b>	
Other technical expenses for own account	-897.183	-537.841	
<b>Total technical expenses</b>		<b>-186.800.143</b>	<b>-149.774.090</b>
<b>Technical result</b>		<b>2.134.722</b>	<b>-1.630.707</b>
<b>NON-TECHNICAL RESULT</b>			
Investment income	4.625.228	3.598.643	
Investment expense	-840.023	-1.112.746	
<b>Investment result</b>	<b>3.785.205</b>	<b>2.485.897</b>	
<b>Operating result</b>		<b>5.919.927</b>	<b>855.189</b>
Other income		392.595	900.893
Other expenses		-707.169	-424.241
Foreign currency exchange gains		6.932.258	6.728.457
Foreign currency exchange losses		-6.904.644	-7.428.009
<b>Result before taxes</b>		<b>5.632.967</b>	<b>632.289</b>
Taxes		-257.101	-81.639
<b>Result for the year</b>		<b>5.375.867</b>	<b>550.650</b>

## Cash Flow Statement

### Echo Reinsurance Limited

#### Cash flow statement in CHF for the year

	2021	2020
	(in CHF)	(in CHF)
<b>Cash flows from operating activities</b>		
Profit for the year after taxes	5.375.867	550.650
Change in reserves for unearned premiums	22.319.986	46.643.047
Change in deferred acquisition costs (incl. DAC)	-6.442.680	-13.204.596
Change in loss reserves	42.028.560	1.340.294
Change in equalization reserves	465.006	-7.330.000
Change in reserves for currency fluctuations	-1.282.194	2.018.594
Change in reinsurers' share of technical provisions	-11.520.249	-1.470.476
Depreciation	119.917	447.934
Change in accounts receivable, accrued income and prepaid expenses	-48.153.741	-42.179.342
Change in accounts payable, deferred income and accrued expenses	29.488.960	13.172.442
<b>Total cash flows from operating activities</b>	<b>32.399.430</b>	<b>-11.454</b>
<b>Cash flows from investing activities</b>		
Net change in bonds	-32.315.299	12.016.709
Net change in equities	-2.649.572	-1.194.218
Net change in investment funds	-1.689.400	-8.641.600
Net change in participations	-3.084.594	-956.322
Acquisitions in fixed assets	-75.059	-42.654
<b>Total cash flows from investing activities</b>	<b>-39.813.924</b>	<b>1.181.915</b>
<b>Cash flows from financing activities</b>		
Increase in capital contribution reserves	25.000.000	0
<b>Total cash flows from financing activities</b>	<b>25.000.000</b>	<b>0</b>
<b>Total cash inflows / outflows</b>	<b>17.585.506</b>	<b>1.170.462</b>
Cash at the beginning of the financial year	37.700.568	36.530.106
<b>Total cash flows</b>	<b>17.585.506</b>	<b>1.170.462</b>
Cash at the end of the financial year	55.286.074	37.700.568

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## Notes to the Financial Statements 2021

Echo Reinsurance Ltd. is a limited liability company according to Swiss law. The company's registered office is domiciled at Brandschenkestrasse 18-20, 8001 Zurich.

### Accounting and valuation principles

#### General principles

The accounting and valuation principles are based on the requirements of the Swiss Code of Obligations and the articles of incorporation as well as the directives of the Ordinance on the Supervision of Private Insurance Companies (ISO).

The financial statements of the Company are prepared in accordance with the requirements of the Swiss Code of Obligations and the accounting rules set out in the ISO and the Insurance Supervision Ordinance of the Swiss Financial Market Supervisory Authority (ISO-FINMA).

#### Recording and recognition

All business transactions are recorded as of their transaction date and measured as of this date in accordance with the principles described below.

#### Foreign currencies

Receivables, investments and liabilities in foreign currencies along with holdings of foreign cash are converted using the exchange rate as at year-end. Foreign currency exchange gains and losses are recognized in the result of the period. Compliance with the principle of lower of cost or market value is ensured through accruals.

Year-end exchange rates:

	2021	2020
Euro/CHF	1.03310	1.08020
USD/CHF	0.91290	0.88610
JPY/CHF	0.00792	0.00857

#### Investments

Fixed-interest securities are recognized using the amortized cost method, less necessary impairments on investments with permanent value decrease; the maximum value in such cases complies with Article 110 paragraph 1 ISO.

Reverse Barrier Convertibles are valued at costs as long as the trigger point of the underlying equities is not reached. Equities are valued at the lower of cost or market value. Any impairments are recorded in the position "Investment income/expense"; a reversal of an impairment may not exceed the acquisition cost amount. Participations are valued at their historical acquisition cost at historical exchange rates.

All investments are valued individually.

#### Tangible fixed assets

Tangible fixed assets are recorded at historical cost less economically necessary depreciation and impairments.

#### Cash and cash equivalents

Recognition is at nominal value. Interest is recognized in position "Investment income".

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### Accounts receivable

Receivables from insurance activities are recorded at nominal value.

### Deferred acquisition costs

Deferred acquisition costs are calculated on a pro-rata temporis basis and reduced by the amount of a premium deficiency reserve.

### Unearned premiums reserves (UPR)

Unearned premiums are calculated on a pro-rata temporis basis. In 2020, the underlying premium earning pattern have been adjusted to better reflect the development of the premium earnings. The caused initial impact on the UPR started to normalize in 2021.

### Loss reserves / equalization reserves

Loss reserves are booked for claims that have been reported but not yet settled as of year-end. These provisions are determined taking into account the information available at the end of the financial year. The calculation is based on the reports provided by the cedants and on estimates, considering previous experience or pricing assumptions. Additionally, there are reserves for incurred but not yet reported claims (IBNR), which are calculated in particular based on experience from the past. Their calculation is in line with the business plan as approved by FINMA.

In addition, equalization reserves strengthen the technical reserves.

### Accounts payable

Accounts payable are recorded at nominal value.

### Accrued income and prepaid expenses and Accrued expenses and deferred income

These positions mainly contain premium and commission estimates both for inward and outward business which were netted in the past. Since 2021 we are accounting the gross and the net estimates separately which led to a prolongation of the Balance sheet.

### Taxes

Accruals are made for outstanding tax liabilities as well as for future taxes on the result of the current period and the taxable capital.

### Notes to the balance sheet

#### Investments

At the balance sheet date, the Company was lending securities at a market value of CHF 44.939.722, of which shares amounting to CHF 3.912.521 and bonds amounting to CHF 41.027.201.

The participations include equity interests amounting to 1.29% in Infrastructure Access Portfolio-L 3 SCSp and to 2.00% in Infrastructure Access Portfolio-L 4 SCSp, both special limited partnerships under Luxembourg law domiciled in Luxembourg, as well as an investment of 1.54% in Swiss Life (formerly Corpus Siero) Health Care III SICAV-FIS, a regular limited partnership under Luxembourg law, also domiciled in Luxembourg. In addition, in 2021 we have started to invest in the group-internal investment fund DIIV SCSp, also a special limited partnership under Luxembourg law domiciled in Luxembourg, with a participation of 6.25%.

	2021 (in CHF)	2020 (in CHF)
<b>Security provided</b>		
Rental deposit with ZKB for the property at Brandschenkestr. 18-20	<b>234.408</b>	<b>234.384</b>
<b>Accounts receivable from direct or indirect shareholders</b>	<b>0</b>	<b>0</b>
of which		
Accounts receivable from direct shareholders	0	0
Accounts receivable from indirect shareholders	0	0
<b>Accounts receivable from the insurance business</b>	<b>14.612.824</b>	<b>11.525.165</b>
of which		
Agents and brokers	12.799.421	10.242.936
Insurance companies	1.813.403	1.282.230
<b>Accrued income and prepaid expenses</b>	<b>133.558.316</b>	<b>91.551.306</b>
of which		
Accrued premiums	128.501.871	112.001.492
Accrued commissions and other costs	3.904.975	-21.741.727
Accrued interest	1.147.222	1.217.873
Accrued income and prepaid expenses	4.247	73.667
<b>Technical provisions</b>	<b>334.749.425</b>	<b>269.935.873</b>
of which		
Unearned premium reserves (UPR)	95.619.058	73.299.071
Claims reserves	230.694.391	188.785.303
Equalization reserves	7.500.000	7.034.994
ULAE	935.976	816.504
<b>Technical reserves ceded</b>	<b>50.504.529</b>	<b>38.984.280</b>
of which		
Unearned premium reserves (UPR)	5.955.596	4.838.450
Claims reserves	44.548.934	34.145.830
<b>Accounts payable to direct or indirect shareholders</b>	<b>128.034</b>	<b>1.371.188</b>
of which		
Accounts payable to direct shareholders	15.635	23.282
Accounts payable to indirect shareholders	112.399	1.347.905
<b>Accounts payable on insurance business</b>	<b>5.457.545</b>	<b>8.388.469</b>
of which		
Agents and brokers	1.827.450	1.554.869
Insurance companies	3.630.095	6.833.600
<b>Accrued expenses and deferred income</b>	<b>56.680.285</b>	<b>24.147.022</b>
Accrued premium and DAC ceded	23.350.865	22.828.139
Accrued commissions and other costs	31.498.507	0
Other accrued expenses	1.548.575	1.318.883
Accrued taxes	282.337	0
<b>Contingent liabilities and guarantees</b>	<b>3.714.151</b>	<b>3.847.604</b>
Contingent liabilities	3.188.303	3.094.704
Guarantees	525.848	752.899

## Statement of changes in equity

	Share capital	Legal capital reserves	Retained earnings	Total equity
<b>As at 31.12.2016</b>	<b>103.000.000</b>	<b>23.868.581</b>	<b>-42.991.956</b>	<b>83.876.625</b>
Capital increase	17.000.000			17.000.000
Loss for the year			-5.938.736	-5.938.736
<b>As at 31.12.2017</b>	<b>120.000.000</b>	<b>23.868.581</b>	<b>-48.930.692</b>	<b>94.937.889</b>
Loss for the year			-2.861.547	-2.861.547
<b>As at 31.12.2018</b>	<b>120.000.000</b>	<b>23.868.581</b>	<b>-51.792.238</b>	<b>92.076.343</b>
Capital increase		25.000.000		25.000.000
Profit for the year			1.166.562	1.166.562
<b>As at 31.12.2019</b>	<b>120.000.000</b>	<b>48.868.581</b>	<b>-50.625.676</b>	<b>118.242.905</b>
Profit for the year			550.650	550.650
<b>As at 31.12.2020</b>	<b>120.000.000</b>	<b>48.868.581</b>	<b>-50.075.027</b>	<b>118.793.554</b>
Capital increase		25.000.000		25.000.000
Profit for the year			5.375.866	5.375.866
<b>As at 31.12.2021</b>	<b>120.000.000</b>	<b>73.868.581</b>	<b>-44.699.160</b>	<b>149.169.421</b>

The share capital in the amount of CHF 120.000.000 is split into 120.000 registered shares at a par value of CHF 1.00 per share and is fully paid in. The company is 100% owned by DEVK Deutsche Eisenbahn Versicherung Sach- u. HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn.

Notes on the income statement	2021 (in CHF)	2020 (in CHF)
<b>Change in technical provisions</b>	<b>36.326.899</b>	<b>5.902.991</b>
of which		
Change in claims reserves, gross	46.535.181	13.233.373
Change in claims reserves ceded	-10.792.759	15.549
Change in equalization reserves	465.006	-7.330.000
Change in ULAE	119.472	-15.931
<b>Breakdown of administrative costs</b>	<b>9.655.942</b>	<b>9.300.995</b>
of which		
Personnel expenses	7.038.787	6.772.407
General administrative expenses	2.617.155	2.528.588

Last year's number of employees 34.7 full time equivalents (FTE) as at 31 December 2021 (previous year: 31.0 FTE).

### Audit fees

The audit fees amount to CHF 95,500 plus out-of-pocket expenses and VAT (7.7%).



	2021 (in CHF)	2020 (in CHF)
<b>Investment income</b>	<b>4.625.228</b>	<b>3.598.643</b>
of which		
Income from fixed income securities	2.782.444	2.757.589
Income from equities	375.775	447.807
Income from funds	0	0
Income from participations	124.301	158.873
Income of Fixed Deposit	57.548	391
Other investment income	0	0
Write-ups on fixed income securities	0	0
Write-ups on shares	183.229	20.153
Write-ups on funds	0	0
Write-ups on participations	0	0
Realized gains on fixed income securities	0	0
Realized gains on equities	1.101.931	213.831
Realized gains on funds	0	0
Realized gains on participations	0	0
<b>Investment expense</b>	<b>840.023</b>	<b>1.112.746</b>
of which		
Bank und Asset Management	387.673	393.077
Expenses on fixed income securities	281.314	248.472
Expenses on equities	11.404	6.884
Expenses on funds	0	0
Expenses on participations	0	0
Amortization and impairment of fixed income securities	0	0
Amortization and impairment of equities	159.164	464.313
Amortization and impairment of funds	0	0
Amortization and impairment of participations	0	0
Realized losses on fixed income securities	468	0
Realized losses on equities	0	0
Realized losses on funds	0	0
Realized losses on participations	0	0

### Events occurring after balance sheet date

No events occurred after the balance sheet date.

### Appropriation of available earnings 2021

	2021 (in CHF)	2020 (in CHF)
Loss brought forward	-50.075.027	-50.625.676
Result for the year	5.375.867	550.650
<b>Accumulated loss</b>	<b>-44.699.160</b>	<b>-50.075.027</b>

The Board of Directors proposes to the General Meeting to carry forward the result for the year.



## Report of the Statutory Auditor to the General Meeting of Shareholders of Echo Reinsurance Limited, Zurich

### Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Echo Reinsurance Limited, which comprise the balance sheet, income statement, cash flow statement and notes for the year ended 31 December 2021.

### Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing, and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

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We recommend that the financial statements submitted to you be approved.

KPMG AG



Patrick Scholz  
Licensed Audit Expert  
Auditor in Charge



Rainer Pfaffenzeller  
Licensed Audit Expert

Zurich, 27 April 2022

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