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# Annual Report 2022

31 December 2022

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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 successively and consistently built a portfolio of international treaty reinsurance. Its reinsurance portfolio mainly covers business from P&C as well as a broad range of specialty lines of business from cedants in Asia-Pacific, the Middle East, Africa, Latin America and the Caribbean.

Our rating of A- (stable outlook) has been reconfirmed in 2022 by both S&P and Fitch.

### Board of Directors

Bernd Zens (Chairman, Board Member DEVK, Cologne)

Gottfried Rüssmann (Vice-Chairman, Chief Executive Officer of DEVK, Cologne)

Michael Bloch

Dr. Peter K. Neuenschwander

### Management

Fabian Pütz                      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

KPMG

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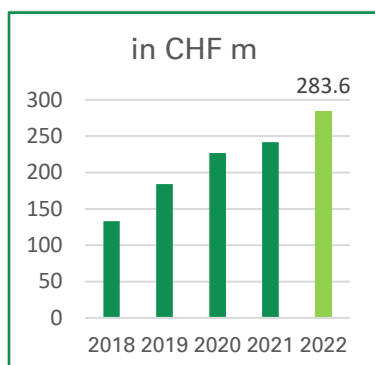
[www.kpmg.ch](http://www.kpmg.ch)

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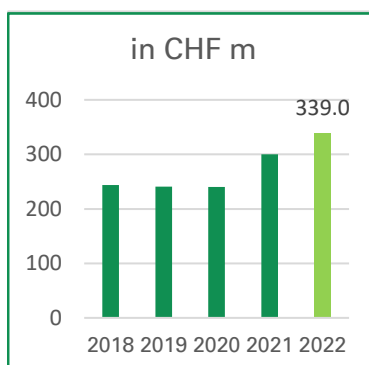
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## Our Key Figures 2022

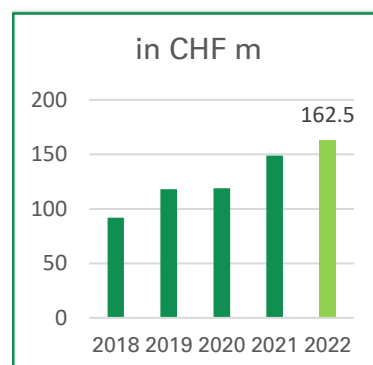
Gross Written Premium (GWP)



Investments including Cash



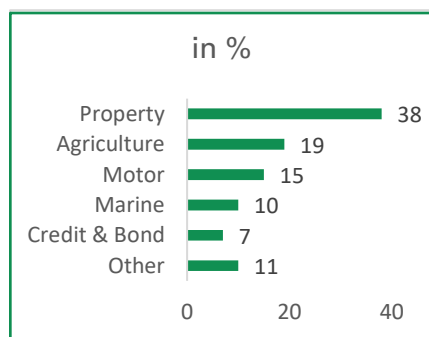
Shareholders' Equity



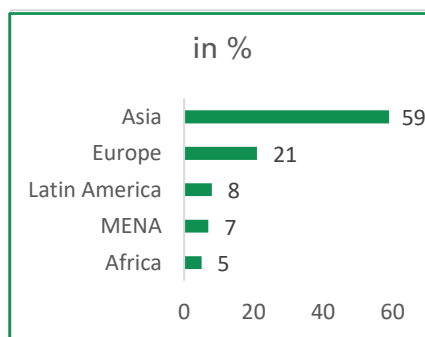
	2022 (in CHF m)	2021 (in CHF m)
Gross Written Premium	283.6	241.9
Premiums earned for own account	215.6	185.7
Technical result	13.3	2.1
Result of the year	13.3	5.4
Technical provisions net	319.0	284.2
Investments including Cash	339.0	297.8
Shareholders' equity	162.5	149.2

## Portfolio Composition 2022

Lines of Business (GWP)



Geographical split (GWP)



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## Management Statement



Gregor Schulte (Chief Financial & Operating Officer), Fabian Pütz (Chief Executive Officer) and Paul Hertelendy (Chief Underwriting Officer)

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Dear Readers,

in course of the year 2022 the global reinsurance market underwent a significant shift in terms of risk appetite and reinsurance pricing which finally marked a turning point after years of a soft market-cycle.

In addition to material losses from Cat-events (e.g. Hurricane "Ian" in the USA), this shift has been introduced by exogenous factors such as a record inflation, the resulting shifts in Central Banks' monetary policies and the war in Ukraine. All the aforementioned led to an increased level of political and economic uncertainty, adding to an already volatile risk environment from significant loss events affecting the reinsurance industry.

After years of persistent underperformance of the reinsurance sector which has also been driven by above average catastrophe losses, some reinsurers and retrocessionaires reviewed their appetite towards NatCat risks with some reinsurers scaling back or ceasing underwriting of the same. With a lack of new traditional and non-traditional capacities entering the market as well as ILS capital being trapped due to loss events, terms and conditions showed significant hardening throughout 2022 culminating in a very late renewal at the end of the year.

Echo Re experienced a comparatively moderate claims activity from events occurring in 2022 with losses from "KZN Kwazulu flooding" in South Africa being most relevant but staying well within Echo Re's retention.

As a result, Echo Re is proud to announce another year showing further improved positive technical results. Based on the very strong foundation being set by Echo Re's Management together with the whole team over the last years, we expect that the current market environment allows for improved technical margins as well as higher absolute returns from the investment portfolio. Starting into the 15th year of operation, we see this as an exciting opportunity to leverage on Echo Re's long-term strategy to successively build a diversified reinsurance portfolio.

We would like to thank all employees for their commitment and contribution over the last years and especially in 2022. Finally, we sincerely thank business partners for the trustful, long-standing and mutually beneficial relationships being built over the last years.



**Fabian Pütz**  
Chief Executive Officer



**Gregor Schulte**  
Chief Financial & Operating Officer

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## Management Report 2022

### 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 on a worldwide basis excluding territories in Europe and USA/Canada as these markets are underwritten by our sister-company DEVK Re. During 2022, the scope of Echo Re's underwriting activities has been broadened by writing business from Australia/New Zealand with a very limit appetite and capacity.

In addition to the third-party portfolio, Echo Re assumes business from its parent group DEVK. Due to the restructuring of the group-internal business in 2022, the share of this segment has slightly increased to 15.8% (previous year: 14.2%) despite the continued growth of the external business and the signing of one larger fronting deal. Overall, 58.5% of the business originates from Asia, 21.1% from Germany, 8.0% from Latin America/Caribbean, 7.1% from MENA, 4.9% from Africa, the latter in particular from South Africa, and 0.4% from Australia.

The year 2022 was again a challenging year for both the insurance and capital markets due to the on-going worldwide COVID-19 pandemic and the war in the Ukraine. Although Echo Re was not affected by reinsurance losses arising from these events, the company's investment performance suffered.

We have only experienced one large loss in 2022, namely the KZN Kwazulu Natal flood in South Africa, with a claims burden of CHF 8.5m. Besides this, no other major event in 2022 represents more than 1% of our total premium volume. The total amount of claims from all major loss events (claims  $\geq$  CHF 250,000 for our share) amounted to approx. CHF 27.4m, which means that losses from major events represent just under 9.7% of total premium volume.

In the course of 2022, we observed the beginning of a changing reinsurance market environment as the supply of reinsurance capacity started to decrease during the year due to raising interest rates, the impact of some high-cost claims like hurricane "Ian" in the US and the withdrawal of some players from the property market. As a result, the reinsurance terms and conditions in most of Echo Re's markets started to materially improve. Consequently, the company was able to increase its underwriting capacity to benefit from improved margins. Despite the fact that the hardening of terms and conditions was also felt in the retro market, Echo Re does expect a further improvement in its net technical margins.

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

On an annual average, the number of full-time equivalents (FTE) of Echo Re in 2022 was 31.8. The increase compared to the prior year (29.4 FTE) was mainly driven by the strengthening of the Underwriting team. This is in line with Echo Re's strategy to further invest into the Underwriting team, being spearheaded by Paul Hertelendy (CUO) since March 2022, and Underwriting-affiliated resources.

### 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 governance of the Company's risk management

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function is ensured 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 performed 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 2022, Echo Re increased the number of active cedant relationships from 262 to 280. This growth was primarily resulting from newly established business relationships in Asia and Latin America/Caribbean.

Our three major lines of business remain to be Property with 38.4%, followed by Agriculture with 19.1% and Motor with 14.9% of the overall gross written premium. In addition, Echo Re has further expanded its business in several Specialty lines like Marine now representing 10.7% of our overall portfolio and Credit & Bond contributing to 7.1% of the portfolio. This strategy together with a strong focus on regional diversification of our property portfolios will be continued to further increase the resilience of the overall portfolio.

#### 5. Research and development

With usual share participations 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 necessarily develop products as such. However, continuous market observation is an essential part of the activities of the underwriters, actuaries, and the Management of the company. In addition, Echo Re proactively develops the P&C and Specialty portfolios to serve its cedants' needs and to further diversify its business portfolio. Also, Echo Re does give emphasis on investments into the further automation and integration of internal processes by making use of IT-platforms.

#### 6. Extraordinary events

Besides the KZN Kwazulu Natal flood and some late reported claims from Typhoon Odette and the Malaysian flood event (both happened in late 2021), 2022 was not significantly affected by major insured natural



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catastrophes in our core markets. Especially, our NatCat exposed portfolio in Asia and Latin America has been spared from major loss occurrences during 2022. In addition, the frequency and severity of major risk losses remained largely within the range of annual loss budgets.

Nevertheless, the global reinsurance market has again faced major losses in 2022 with hurricane “Ian” making landfall in Florida on September 30<sup>th</sup> 2022 being the most significant one. The series of above average loss activity over the last years, together with exogenous factors, had a material impact on the reinsurance and retrocession capacities and led to a material hardening of the market-cycle.

## 7. Outlook

The COVID-19 pandemic will lose its importance in 2023, but the war in Ukraine and the persistent inflation will remain challenging for the global economy and the capital markets. Besides this, the reinsurance industry experienced material price increases globally at the January 2023 renewals.

Against this background, Echo Re was able to leverage on its long-term strategy and increased capacities to generate a substantial premium growth with higher expected technical margins. As only around half of Echo Re’s third-party portfolio renews in January, we expect this trend to continue also during the other renewal dates in 2023. Even though retrocession costs increased significantly, Echo Re expects a significant improvement of its net technical margin.

## Summary of Balance Sheet – as of December 31, 2022

### Echo Reinsurance Limited

Balance sheet in CHF as of 31 December

2022

2021

		(in CHF)	(in CHF)
<b>ASSETS</b>			
<b>Investments</b>			
Fixed income securities	256.813.182		213.356.177
Equities	13.686.877		11.757.120
Other investments	20.097.386		7.089.840
Fixed deposits	10.752.150		10.331.000
		<b>301.349.595</b>	<b>242.534.137</b>
<b>Deposits retained on assumed reinsurance business</b>		<b>25.322.564</b>	<b>24.248.510</b>
<b>Cash and cash equivalents</b>		<b>37.663.124</b>	<b>55.286.074</b>
<b>Reinsurers' share of technical provisions</b>		<b>66.851.356</b>	<b>50.504.529</b>
<b>Property, plant and equipment</b>		<b>48.285</b>	<b>106.052</b>
<b>Accrued acquisition costs</b>		<b>28.361.533</b>	<b>26.301.021</b>
<b>Accounts receivable from reinsurance business</b>		<b>24.814.897</b>	<b>14.612.824</b>
<b>Other accounts receivable</b>		<b>264.094</b>	<b>148.783</b>
<b>Accrued income and prepaid expenses</b>		<b>153.825.836</b>	<b>133.558.317</b>
<b>Total ASSETS</b>		<b>638.501.284</b>	<b>547.300.247</b>
<b>LIABILITIES</b>			
<b>Technical provisions</b>			
Unearned premium reserves (UPR)	108.621.732		95.619.058
Claims reserves	269.693.404		231.630.367
Equalization reserves	7.500.000		7.500.000
		<b>385.815.136</b>	<b>334.749.425</b>
<b>Non-technical provisions</b>		<b>3.452.524</b>	<b>736.401</b>
<b>Deposits retained on ceded reinsurance business</b>		<b>12.393.115</b>	<b>29.430</b>
<b>Accounts payable on reinsurance business</b>		<b>10.240.145</b>	<b>5.457.545</b>
<b>Other liabilities</b>		<b>929.616</b>	<b>477.741</b>
<b>Accrued expenses and deferred income</b>		<b>63.183.498</b>	<b>56.680.285</b>
<b>Total liabilities</b>		<b>476.014.034</b>	<b>398.130.827</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		73.370.182
		<b>73.868.581</b>	<b>73.868.581</b>
<b>Retained earnings</b>			
Loss brought forward	-44.699.161		-50.075.027
Result for the year	13.317.829		5.375.866
		<b>-31.381.331</b>	<b>-44.699.161</b>
<b>Total shareholders' equity</b>		<b>162.487.250</b>	<b>149.169.420</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>638.501.284</b>	<b>547.300.247</b>

## Income Statement – as of December 31, 2022

### Echo Reinsurance Limited

Income statement in CHF for the year

	2022	2021
	(in CHF)	(in CHF)
<b>TECHNICAL RESULT</b>		
<b>Technical income</b>		
Gross written premium	283.562.866	241.862.501
Reinsurance premiums ceded	-52.806.591	-31.084.829
<b>Premiums written for own account</b>	<b>230.756.275</b>	<b>210.777.672</b>
Change in unearned premiums, gross	-17.337.329	-26.213.152
Change in unearned premiums ceded	2.212.224	1.141.467
<b>Premiums earned for own account</b>	<b>215.631.170</b>	<b>185.705.986</b>
Technical interest income	258.699	314.942
Other technical income for own account	6.220.895	2.913.937
<b>Total technical income</b>	<b>222.110.765</b>	<b>188.934.866</b>
<b>Technical expenses</b>		
Claims payments, gross	-127.883.672	-110.532.830
Claims payments ceded	26.806.667	18.241.265
Change in claims reserves, gross	-54.888.548	-46.654.653
Change in claims reserves ceded	18.840.492	10.792.759
Change in equilization reserves	0	-465.005
<b>Expenditures for claims incurred for own account</b>	<b>-137.125.061</b>	<b>-128.618.464</b>
Acquisition costs, gross	-66.131.680	-52.778.469
General administrative expenses	-10.829.855	-9.655.942
Acquisition costs ceded	6.646.834	5.149.914
<b>Acquisition and administration costs for own account</b>	<b>-70.314.700</b>	<b>-57.284.497</b>
Other technical expenses for own account	-1.409.055	-897.183
<b>Total technical expenses</b>	<b>-208.848.816</b>	<b>-186.800.143</b>
<b>Technical result</b>	<b>13.261.948</b>	<b>2.134.722</b>
<b>NON-TECHNICAL RESULT</b>		
Investment income	6.235.431	4.625.228
Investment expense	-4.468.057	-840.023
<b>Investment result</b>	<b>1.767.374</b>	<b>3.785.205</b>
<b>Operating result</b>	<b>15.029.322</b>	<b>5.919.927</b>
Other income	219.106	392.595
Other expenses	-78.871	-707.169
Foreign currency exchange gains	8.910.249	6.932.258
Foreign currency exchange losses	-10.490.085	-6.904.644
<b>Result before taxes</b>	<b>13.589.721</b>	<b>5.632.967</b>
Taxes	-271.892	-257.101
<b>Result for the year</b>	<b>13.317.829</b>	<b>5.375.867</b>

## Cash Flow Statement – as of December 31, 2022

### Echo Reinsurance Limited

Cash flow statement in CHF for the year	2022	2021
	(in CHF)	(in CHF)
<b>Cash flows from operating activities</b>		
Profit for the year after taxes	13.317.829	5.375.866
Change in reserves for unearned premiums	13.002.674	22.319.986
Change in accrued acquisition costs	-2.060.511	-6.442.680
Change in loss reserves	38.063.036	42.028.560
Change in equalization reserves	0	465.006
Change in reserves for currency fluctuations	2.716.123	-1.282.194
Change in reinsurers' share of technical provisions	-16.346.827	-11.520.249
Depreciation	57.397	119.918
Change in accounts receivable, accrued income and prepaid expenses	-31.658.958	-48.153.741
Change in accounts payable, deferred income and accrued expenses	24.101.374	29.488.960
<b>Total cash flows from operating activities</b>	<b>41.192.138</b>	<b>32.399.431</b>
<b>Cash flows from investing activities</b>		
Net change in bonds	-43.457.004	-32.315.299
Net change in equities	-1.929.758	-2.649.572
Net change in investment funds	-421.150	-1.689.400
Net change in participations	-13.007.546	-3.084.594
Acquisitions in fixed assets	370	-75.059
<b>Total cash flows from investing activities</b>	<b>-58.815.088</b>	<b>-39.813.924</b>
<b>Cash flows from financing activities</b>		
Increase in capital contribution reserves	0	25.000.000
<b>Total cash flows from financing activities</b>	<b>0</b>	<b>25.000.000</b>
<b>Total cash inflows / outflows</b>	<b>-17.622.950</b>	<b>17.585.507</b>
Cash at the beginning of the financial year	55.286.074	37.700.568
<b>Total cash flows</b>	<b>-17.622.950</b>	<b>17.585.507</b>
Cash at the end of the financial year	37.663.124	55.286.074

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## Notes to the Financial Statements 2022

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:

	2022	2021
Euro/CHF	0.98470	1.03310
USD/CHF	0.92450	0.91290
JPY/CHF	0.00705	0.00792

#### 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 and Other Investments are valued at the lower of cost or market value. Any impairment is recorded in the position "Investment income/expense"; a reversal of an impairment may not lead to an evaluation of the asset exceeding the acquisition cost amount. Fixed deposits 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.

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### Cash and cash equivalents

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

### Accounts receivable

Receivables from insurance activities are recorded at nominal value.

### Accrued acquisition costs

Accrued 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 based on actuarial, peer-reviewed premium earning patterns.

### Loss reserves / equalization reserves

Loss reserves are booked for occurred claims that have been reported but not yet settled as of year-end. These provisions are determined considering the information available at the end of the financial year. The calculation is based on the claim advices and statements provided by the cedants. Additionally, there are reserves for incurred but not yet reported claims (IBNR), which are calculated based on actuarial standard methods as defined in the reserving guidelines approved by FINMA. In addition, IBNR for single large loss events are considered for the calculation of the overall IBNR amount. Their calculation is in line with the business plan as approved by FINMA. In addition, equalization reserves are built based on a defined methodology to smoothen the volatility of the claims development over time.

### 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. The estimates are calculated based on a Underwriter's best estimate amount considering most current available original data being provided by our cedants.

### 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

As at the balance sheet date, the Company was lending securities at a total book value of CHF 53,177,624 with shares amounting to CHF 4,574,225 and bonds amounting to CHF 48,603,399.

The Other investments include equity interests amounting to 1.29% in Infrastructure Access Portfolio-L 3 SCSp and 1.66% in Infrastructure Access Portfolio-L 4 SCSp, both special limited partnerships under Luxembourg law domiciled in Luxembourg, as well as investments amounting of 1.54% in Swiss Life Health Care III SICAV-FIS, a regular limited partnership under Luxembourg law, also domiciled in Luxembourg and of 6.25% in the group-internal investment fund DIIV SCSp, a special limited partnership under Luxembourg law domiciled in Luxembourg. In addition, in 2022 the company acquired a share of 2.12% in DRED SICAV-FIS, a regular limited partnership under Luxembourg law domiciled in Luxembourg.

	2022 (in CHF)	2021 (in CHF)
<b>Security provided</b>		
Rental deposit with ZKB for the property at Brandschenkestr. 18-20	234.431	234.408
<b>Accounts receivable from direct or indirect shareholders</b>	5.423.969	0
of which		
Accounts receivable from direct shareholders	0	0
Accounts receivable from indirect shareholders	5.423.969	0
<b>Accounts receivable from the insurance business</b>	24.814.897	14.612.824
of which		
Agents and brokers	15.187.873	12.799.421
Insurance companies	9.627.024	1.813.403
<b>Accrued income and prepaid expenses</b>	153.825.836	133.558.316
of which		
Accrued premiums	147.005.299	128.501.871
Accrued commissions and other costs	5.051.844	3.904.975
Accrued interest	1.540.129	1.147.222
Accrued income and prepaid expenses	228.563	4.247
<b>Technical provisions</b>	385.815.136	334.749.425
of which		
Unearned premium reserves (UPR)	108.621.732	95.619.058
Claims reserves	268.639.211	230.694.391
Equalization reserves	7.500.000	7.500.000
ULAE	1.054.192	935.976
<b>Technical reserves ceded</b>	66.851.356	50.504.529
of which		
Unearned premium reserves (UPR)	7.884.771	5.955.596
Claims reserves	58.966.585	44.548.934
<b>Accounts payable to direct or indirect shareholders</b>	0	128.034
of which		
Accounts payable to direct shareholders	0	15.635
Accounts payable to indirect shareholders	0	112.399
<b>Accounts payable on insurance business</b>	10.240.145	5.457.545
of which		
Agents and brokers	3.986.392	1.827.450
Insurance companies	6.253.753	3.630.095
<b>Accrued expenses and deferred income</b>	63.183.498	56.680.285
Accrued premium and accrued acquisition costs ceded	27.972.691	23.350.865
Accrued commissions and other costs	33.135.464	31.498.507
Other accrued expenses	1.967.984	1.548.575
Accrued taxes	107.358	282.337
<b>Contingent liabilities and guarantees</b>	3.563.614	3.714.151
Contingent liabilities	3.228.816	3.188.303
Guarantees	334.798	525.848

## Statement of changes in equity

	Share capital	Legal capital reserves	Retained earnings	Total equity
<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>-44.699.161</b>	<b>149.169.421</b>
Profit for the year			13.317.829	13.317.829
<b>As at 31.12.2022</b>	<b>120.000.000</b>	<b>73.868.581</b>	<b>-31.381.331</b>	<b>162.487.250</b>

The share capital of CHF 120,000,000 is fully paid in and split into 120,000 registered shares at a par value of CHF 1,000 per share. The company is 100% owned by DEVK Deutsche Eisenbahn Versicherung Sach- u. HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn.

## Notes on income statement

Notes on the income statement	2022 (in CHF)	2021 (in CHF)
<b>Change in technical provisions</b>	<b>23.645.385</b>	<b>36.326.899</b>
of which		
Change in claims reserves, gross	37.944.820	46.535.181
Change in claims reserves ceded	-14.417.651	-10.792.759
Change in equalization reserves	0	465.006
Change in ULAE	118.216	119.472
<b>Breakdown of administrative costs</b>	<b>10.829.855</b>	<b>9.655.942</b>
of which		
Personnel expenses	7.749.216	7.038.787
General administrative expenses	3.080.639	2.617.155

## Staff development

Last year's number of employees was 33.5 full time equivalents (FTE) as at 31 December 2022 (previous year: 34.7 FTE).

## Audit fees

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



	<b>2022</b> (in CHF)	<b>2021</b> (in CHF)
<b>Investment income</b>	<b>6.235.431</b>	<b>4.625.228</b>
of which		
Income from fixed income securities	4.043.447	2.782.444
Income from equities	483.244	375.775
Income from funds	0	0
Income from participations	523.859	124.301
Income of Fixed Deposit	21.785	57.548
Other investment income	37.177	0
Write-ups on fixed income securities	0	0
Write-ups on shares	19.861	183.229
Write-ups on funds	0	0
Write-ups on participations	0	0
Realized gains on fixed income securities	10.305	0
Realized gains on equities	1.095.753	1.101.931
Realized gains on funds	0	0
Realized gains on participations	0	0
<b>Investment expense</b>	<b>4.468.057</b>	<b>840.023</b>
of which		
Bank und Asset Management	456.071	387.673
Expenses on fixed income securities	307.410	281.314
Expenses on equities	36.928	11.404
Expenses on funds	0	0
Expenses on participations	0	0
Amortization and impairment of fixed income securities	0	0
Amortization and impairment of equities	3.529.068	159.164
Amortization and impairment of funds	0	0
Amortization and impairment of participations	0	0
Realized losses on fixed income securities	95.660	468
Realized losses on equities	42.920	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 2022

	<b>2022</b> (in CHF)	<b>2021</b> (in CHF)
Loss brought forward	-44.699.161	-50.075.027
Result for the year	13.317.829	5.375.866
<b>Accumulated loss</b>	<b>-31.381.331</b>	<b>-44.699.161</b>

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



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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Echo Reinsurance Limited (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and the cash flow statement, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 10 to 17) comply with Swiss law and the Company's articles of incorporation

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 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.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

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Rainer Pfaffenzeller  
Licensed Audit Expert  
Auditor in Charge



Sabina Nitescu  
Licensed Audit Expert

Zurich, 27 April 2023

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Gregor Schulte

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The annual report is published in English and will be provided in Spanish upon request of stakeholders.

### **Echo Reinsurance Limited**

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