

Public Disclosure Financial Condition Report 2025

Echo Reinsurance Ltd.

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I. Management summary

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 Sozial-einrichtung der Deutschen Bahn with its headquarter in Cologne, Germany.

From a macroeconomic and geopolitical perspective, 2025 remained a challenging and fluid year. The war in Ukraine continued with no durable resolution in sight, while tensions in the Middle East persisted and, at times, intensified—particularly through regional spill-over risks affecting energy markets, trade routes, and global supply chains. Inflationary pressures continued to ease across most major economies, supported by tighter monetary policy in prior years, although price stability remained uneven across regions. Interest rates stayed elevated for much of the year, with initial signs of a gradual policy normalization emerging in some markets.

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Despite the volatile macroeconomic and geopolitical environment, Echo Re demonstrated resilience in 2025, experiencing no significant impact from reinsurance losses related to war, credit events, or inflation-driven shocks. The company's investment portfolio continued to benefit from the higher interest rate environment, supporting both earnings and capital strength.

Following the broad return to profitability across the global reinsurance and retrocession markets in 2023 and 2024, market conditions began to soften in 2025, already evident at the January renewal season. Overall pricing levels declined, while regions affected by losses in 2024 experienced selective price increases. These upward adjustments largely reflected revised risk assessments following specific loss events rather than a broader market hardening.

Echo Re built on the foundations established between 2022 and 2024 to strengthen its strategic position further. The company continued to enhance regional diversification and expand its underwriting footprint selectively across lines of business. The core strategic focus remained on optimising profitable diversification. Although Asia remained Echo Re's strongest region, its relative portfolio weight gradually declined in line with the company's disciplined expansion strategy, reflecting sustained growth in Latin America/Caribbean and Africa. Echo Re also deepened its presence in the Middle East further, building

on progress achieved in previous years. This diversified growth reinforced portfolio balance and resilience, supporting a sustainable long-term trajectory.

Echo Re has only experienced three large losses in 2025, namely Myanmar Earthquake on March 2025 also effecting Thailand with a burden of between CHF 15.0 – 20.0m, the Hurricane “Melissa” on 21 October 2025 causing losses of a single digit-million claims amount and Cyclone "Ditwah" with a low single digit-million claims amount. In addition, Echo Re faced losses of slightly above CHF 10.0m from a series of storm activities in South & Southeast Asia. Besides this, no other major Cat-event or single large loss in 2025 represents more than 1% of our total premium volume. The total amount of claims from all major loss events (claims burden \geq CHF 250,000 for our share) amounted to approx. CHF 42.2m, which means that losses from Cat-events or single large losses represent just under 10.9% of our Gross Earned Premium.

Despite continued geopolitical tensions and macroeconomic uncertainty, the global reinsurance industry remained profitable through 2024 and 2025, supported by disciplined underwriting, the absence of mega catastrophe events, and pricing levels above long-term averages. While global natural catastrophe losses were elevated in 2025, they largely remained within the industry’s earnings and capital absorption capacity. Structural improvements implemented since 2023 continue to underpin market stability.

Entering 2026, capacity constraints observed in 2023 have largely disappeared, resulting in a more buyer-driven market environment. Capital availability remains ample, supported by strong reinsurer results and a more favourable retrocession market. More proactive renewal discussions have contributed to smoother placement processes and reduced execution risk. Recent renewal seasons point to a further softening of market conditions, particularly at the January renewals. Pricing remains differentiated and continues to depend on loss experience, exposure quality, and portfolio performance. Against this background, the 2026 outlook is characterized by heightened competition. Echo Re expects market conditions to remain supportive for moderate, albeit slower, growth, with continued focus on portfolio quality, diversification, and capital efficiency essential in navigating an environment shaped by competition, elevated catastrophe frequency, and ongoing geopolitical uncertainty.

II. Financial report of Echo Re

A. Business activities

A.1 Strategy

The DEVK Group pursues additional geographical diversification through its subsidiary Echo Re to enable it to participate in the high growth markets outside Europe and North America. Over the years, Echo Re has built up and grown the international treaty reinsurance business, with the territorial scope being broadened successively, particularly in the Middle East, in Asia, in Africa (since 2012), in Latin America and in the Caribbean (since 2015), and in Australia/New Zealand since 2022. Echo Re focuses on non-life reinsurance through proportional and non-proportional treaties.

Besides the recent growth, Echo Re has only rarely acted as a leading reinsurer to date and usually underwrites following line shares in the reinsurance segments it engages in. Alongside the focus on a regionally diversified expansion in the property segment, the company is focusing on further expanding the portfolio in specialty lines like Agriculture, Engineering, Marine & Energy, Credit & Bond and Affinity. The portfolio expansion aims to diversify business lines and regions, increasing the profit potential and resilience of technical results. Echo Re is also adding fronting business as opportunities arise.

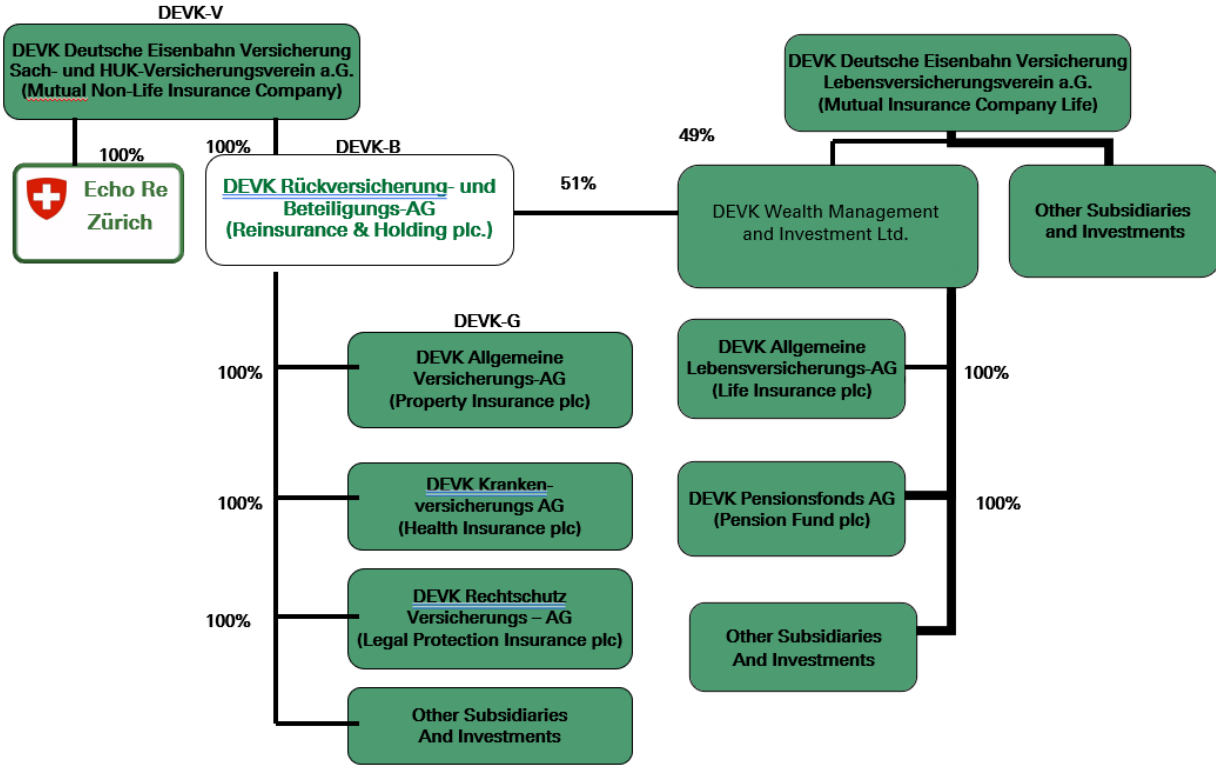
Alongside the steps to make the reinsurance portfolio more resilient, Echo Re continues to invest in building up the organisation with a focus on steadily expanding the business as well as staff numbers. An important focus lays on the digitization and automation of the core business processes which continued in 2025.

Echo Re does not have any branches outside Switzerland and does not underwrite any risks through managing general agents to ensure maximum control of its underwritten exposures.

A.2 Group affiliation

The DEVK Group is a uniformly controlled group with two mutual insurance companies as parent companies. The DEVK Group has a history dating back 140 years and is mainly active in the primary life and non-life insurance segments in Germany. Within the Group, Echo Re is a wholly owned subsidiary of DEVK Deutsche Eisenbahn Versicherung Sach- u. HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn. Echo Re is one of two reinsurers within the DEVK Group alongside DEVK Re. The company has a strategic mandate to diversify the reinsurance portfolio in markets outside Europe (including Turkey and Israel) and North America.

A.3 Organisational chart of DEVK-group



A.4 External auditor

KPMG AG (Badenerstrasse 172, Zurich) has audited the financial statements 2025 of Echo Re in its function as the appointed external audit company. The responsible licensed audit expert was Mr. Nicolas Baumann.

B. Company performance

B.1 Technical result

Technical income (CHF)	2025	2024
Gross premiums written	400'213'962,90	399'963'587,10
Reinsurance premiums ceded	-57'627'905,65	-48'805'598,78
Premiums written for own account	342'586'057,25	351'157'988,32
Change in unearned premiums, gross	-13'230'940,05	-78'045'440,50
Change in unearned premiums ceded	-1'565'856,61	-418'021,46
Premiums earned for own account	327'789'260,59	272'694'526,36
Technical interest income	347'029,07	295'843,50
Other technical income for own account	7'227'179,74	7'104'167,38
Total technical income	335'363'469,40	280'094'537,24
Technical expenses		
Claims payments, gross	-137'402'394,42	-119'696'414,83
Claims payments ceded	22'651'683,11	23'971'001,95
Change in claims reserves, gross	-72'559'619,20	-68'274'785,31
Change in claims reserves ceded	-9'362'618,07	-4'176'667,63
Changes in equalization reserves	-23'000'000,00	-13'000'000,00
Expenditures for claims incurred for own account	-219'672'948,58	-181'176'865,82
Acquisition costs, gross	-88'504'915,79	-73'575'895,10
General administrative expenses	-19'491'734,77	-18'699'154,64
Acquisition costs ceded	9'700'186,61	10'195'914,53
Acquisition and administration costs for own account	-98'296'463,95	-82'079'135,21
Other technical expenses for own account	-1'832'226,65	-1'360'024,77
Total technical expenses	-319'801'639,18	-264'616'025,80
Technical result	15'561'830,22	15'478'511,44

In 2025, gross premiums written (GWP) grew by 0.1% to CHF 400.2m driven by business expansion of the external business which was offset by the USD devaluation. The GWP stem from external business (CHF 360.4m) and from fronting business (CHF 39.8m).

Property remains the largest line of business at 47.8%, followed by Motor at 12.3%. Marine/Energy and Agriculture account for 10.7% each, and Credit & Surety for 7.9%, enhancing portfolio diversification. Reinsurance premiums ceded increased to CHF 57.6m due to higher retroceded Fronting business (CHF 39.8m) while higher retentions in proportional retrocession reduced the ceded premium for external business to CHF 17.8m. These factors led to a 20.2% increase in premiums earned for own account, totalling CHF 327.8m.

Other technical income for own account mainly results from SLA fees for business originated for our sister company DEVK Re.

In 2025, gross claims payments increased compared to 2024 by 14.8% to a total of CHF 137.4m in line with the growth of the external business and increase impact from fronting business.

The claims provisions (incl. IBNR) increased by CHF 72,5m, which is line with the underlying business growth. The largest individual losses (incl. actuarial IBNR calculation) in 2025 were the Myanmar/Thailand EQ (close to CHF 18.0m), hurricane "Melissa" in Jamaica (CHF 7.0m) and floods in South Thailand (CHF 6.0m). The major losses of the previous year were mainly settled as planned. The total gross claims burden from major losses amounted to CHF 42.2m, which corresponds to approx. 10.9% (previous year: 11.9%) of gross premiums earned. The equalisation reserve was increased by CHF 23.0m to CHF 46.0m.

Despite the growth in business, gross acquisition costs increased by 20.3% in absolute terms, while the share of acquisition costs attributable to retrocessionaires (CHF 9.7m) was almost at the previous year's level (CHF 10.2m). This development is also reflected in the gross (22.9%) and net (24.0%) acquisition cost ratios in 2025, with the latter being slightly above the level of 2024 as the result of the beginning soft-market environment. General administrative expenses of CHF 19.4m (2023: CHF 18.7m) increased due to additional recruitments mainly in the Underwriting department and the one-time expenses for continued digitisation and automation projects.

B. 2 Investments

Investments (CHF)

Fixed income securities	368'299'909,04	366'043'059,52
Equities	11'385'834,72	11'844'162,70
Investment funds	5'003'258,25	2'351'663,10
Other investments	29'725'615,73	25'579'534,62
Fixed deposits	57'996'250,00	1'882'400,00
	472'410'867,74	407'700'819,94

Considering the book value in the balance sheet, the company's investment portfolio consists mainly of fixed income securities with high ratings (78.0%). The equities and investments funds share remained stable with 3.5% and also investments in real estate and infrastructure participation (shown as "Other investments") remained unchanged with 6.3%. 12.3% (PY: 0.5%) of the portfolio was invested in short-term fixed deposits. This increase is due to a change in the accounting practice showing these investments no longer as Cash and cash equivalents.

	2025	2024
Investment income (CHF)	15'507'025,27	10'505'533,38
of which		
Income from fixed income securities	11'277'003,31	8'815'122,77
Income from equities	453'664,33	444'827,99
Income from investment funds	57'675,71	17'091,96
Income from participations	483'313,82	359'976,50
Income of Fixed Deposit	1'558'047,01	301'982,66
Other investment income	19'789,00	129,47
Write-ups on fixed income securities	0,00	0,00
Write-ups on equities	924'850,30	478'521,85
Write-ups on investment funds	513'104,30	47'615,80
Write-ups on participations	0,00	0,00
Realized gains on fixed income securities	0,00	0,00
Realized gains on equities	0,00	40'264,38
Realized gains on investment funds	219'577,49	0,00
Realized gains on participations	0,00	0,00
Investment expense	2'625'538,77	1'712'113,85
of which		
Bank und Asset Management	688'898,46	591'661,72
Expenses on fixed income securities	387'174,71	358'843,56
Expenses on equities	17'118,87	10'957,45
Expenses on investments funds	0,00	0,00
Expenses on participations	0,00	0,00
Amortization and impairment of fixed income	0,00	0,00
Amortization and impairment of equities	1'028'902,11	619'535,08
Amortization and impairment of investment	503'444,62	48'664,57
Amortization and impairment of participations	0,00	0,00
Realized losses on fixed income securities	0,00	0,00
Realized losses on equities	0,00	82'451,47
Realized losses on investment funds	0,00	0,00
Realized losses on participations	0,00	0,00
	12'881'486,50	8'793'419,53

Investment income was composed of interest income from fixed securities which increased due to the higher volumes invested in a still favourable interest rate environment, as well as dividends and income from participations. In total, investment income increased by CHF 4.1m compared to 2024. Parts of this increase are due to a change in the accounting approach showing interest income invested fixed deposits no longer as other income. The realised gains were relatively low (CHF 0.3m) while write-ups and impairments were nearly compensating each other. Investment expenses consist of administration expenses (bank and asset management fees) and expenses related to portfolio movements or revaluations.

NON-TECHNICAL RESULT

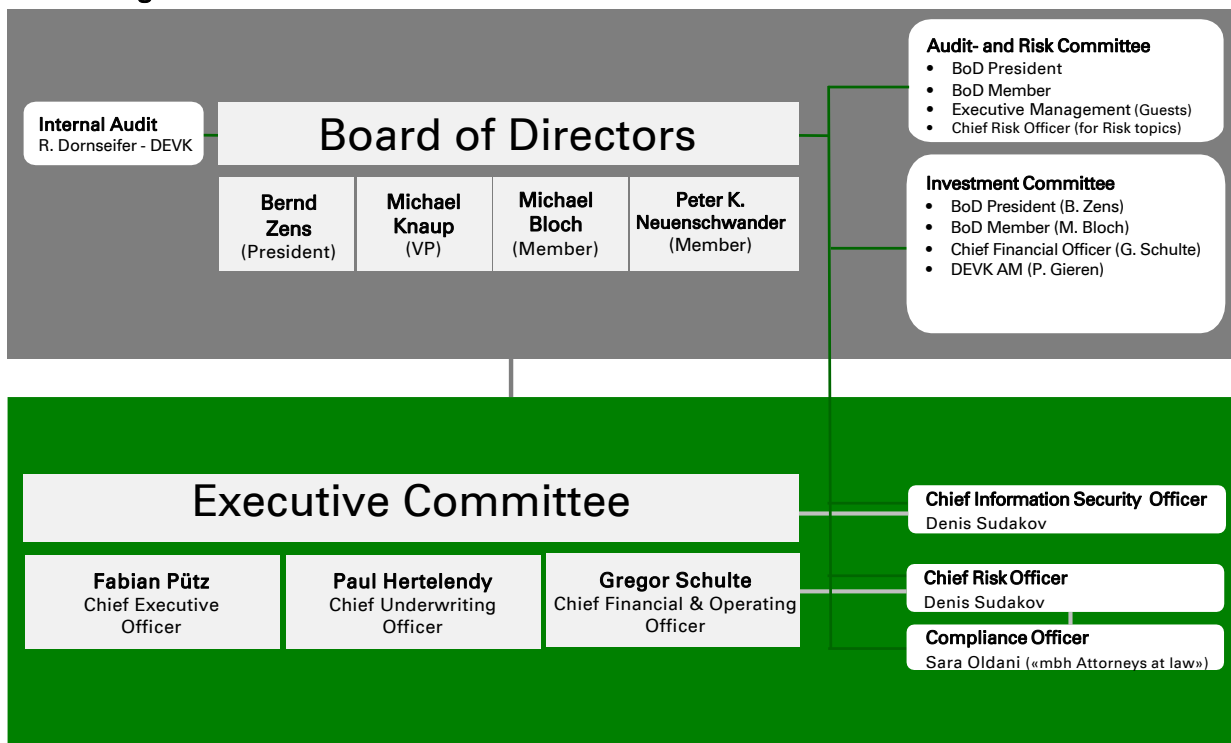
	2025	2024
Investment income	15'507'025,27	10'505'533,38
Investment expense	-2'625'538,77	-1'712'113,85
Investment result	12'881'486,50	8'793'419,53
Operating result	28'443'316,72	24'271'930,97
Other income	298'790,15	871'123,67
Other expenses	-771'420,58	-25'642,17
Foreign currency exchange unrealised gains	36'598'968,30	29'893'420,61
Foreign currency exchange realised gains	847'228,69	1'514'872,99
Foreign currency exchange unrealised losses	-43'615'187,76	-29'893'420,61
Foreign currency exchange realised losses	-259'495,40	-1'421'647,61
Result before taxes	21'542'200,12	25'210'637,85
Taxes	-4'616'380,75	-5'158'077,19
Result for the year	16'925'819,37	20'052'560,66

The foreign currency exchange losses of CHF 6.4m in total are caused by the significant devaluation of the USD against the CHF.

The result for the year of CHF 16.9m is lower the Plan 2025 (CHF 25.2m) but taking the significant strengthening of the equalisation reserve into account Plan 2025 would have been reached. The result will be carried forward respectively allocated to the legal retained earnings (CHF 5.6m).

C. Corporate governance and risk management

C.1 Organisational structure of Echo Re



The Board of Directors of Echo Re is composed of four members, of whom one is a Board member of the parent company (Mr. Michael Knaup), one is a former Board member of the parent company (Mr. Bernd Zens) and two members were appointed to the Board as independent outside parties (Mr. Michael Bloch and Mr. Peter K. Neuenschwander).

Since January 2023, the compliance function is outsourced to Ms. Sara Oldani, a lawyer at “mbh Attorney at law”.

C.2 Risk Management Framework

Echo Re maintains an enterprise-wide Risk Management Framework (RMF) designed to support the sound and prudent conduct of business and a consistent approach to risk-taking across the company. The RMF defines how material risks are identified, measured, managed, monitored and reported, and how risk considerations are embedded in strategic and operational decision-making.

The RMF comprises six core elements:

- risk policy and supporting risk governance documentation,
- risk management principles,
- risk management organization (including responsibilities at Board and Executive level),
- a risk appetite framework,
- a risk control framework (including established risk management processes), and
- risk culture.

The objective is to maintain an appropriate balance between risk, capital adequacy and returns, while meeting applicable supervisory expectations.

Risk appetite is articulated through an enterprise risk appetite statement and supporting risk appetite statements for material risks. This provides clear direction on acceptable risk-taking and supports a structured limit system and escalation approach to ensure that risk remains within defined tolerance and capacity.

Retrocession is a key risk management tool. Echo Re uses retrocession to manage peak exposures and optimize the risk-return profile, and the Board of Directors approves the retrocession strategy on an annual basis.

C.3 Governance

Echo Re’s governance framework ensures clear allocation of responsibilities, effective oversight and appropriate segregation of duties across risk management, internal control and compliance. The Governance Policy serves as the central reference point for governance matters and consolidates key governance principles and responsibilities previously set out across the risk, compliance and ICS documentation.

Echo Re applies the three lines of defence model:

- First line (business and support functions): owns and manages risks in day-to-day activities, including the design and performance of preventive and detective controls within processes.
- Second line (independent control functions): provides independent oversight and challenge. This includes Risk Management, Compliance, the Chief Information Security Officer and the Appointed Actuary, each within their respective mandate.
- Third line (independent assurance): internal and external audit provide independent assurance on the effectiveness of governance, risk management and internal controls; Echo Re's Internal Audit function is outsourced to the DEVK Group.

The Board of Directors has the ultimate responsibility for the governance framework, including the design, establishment and regular review of appropriate risk management and internal control systems. It approves key governance documents and receives reporting that supports its oversight responsibilities (including annual ICS and compliance reporting).

The Board is supported by the Audit and Risk Committee, which monitors matters related to risk management, internal controls and compliance, and prepares relevant topics for escalation to the Board where required.

Executive Management is responsible for ensuring effective implementation of the governance framework, ensuring that effective controls operate across business areas, and ensuring compliance with applicable external and internal requirements.

The Risk Management function, led by the Chief Risk Officer is independent from operational risk-taking and provides risk oversight, plausibility checks, risk reporting and coordination of risk and control assessments across the company.

The Compliance function assesses the appropriateness of principles, processes and control structures established to comply with legal, regulatory and internal requirements, and reports directly to the Board and the Executive Management to preserve independence. The Compliance Officer function is outsourced on a mandate basis.

C.4 Internal Control System

Echo Re maintains an Internal Control System (ICS) as an integral component of its corporate governance and risk management framework. The ICS supports the orderly and effective conduct of business activities, compliance with legal and regulatory requirements, and the reliability of financial and regulatory reporting.

The ICS provides a structured approach to identifying and assessing material operational, compliance and financial reporting risks and to mitigating them through preventive and detective controls embedded in business processes. Control responsibilities are allocated to the business as first line, with independent second-line coordination and oversight by Risk Management, including the governance of control documentation and the coordination of risk and control self-assessments across business areas.

ICS effectiveness is reviewed regularly and assessed at least annually. The results are consolidated into an annual ICS assessment and reported to the Board of Directors, supporting the Board's oversight responsibilities and providing an independent view of the adequacy and effectiveness of the internal control environment.

D. Risk profile

Echo Re classifies risks into solvency, liquidity, profitability, market and credit risks, technical and operational risks, and emerging risks. For quantifiable risks, we set a risk appetite with measurable figures to monitor exposure, provide management information, and escalate breaches to the BoD.

At Echo Re risk is assessed on three levels:

- Through the standard model in accordance with the requirements of the Swiss Solvency Test (SST).
- Through internal accumulation controls of natural catastrophe (NatCat) risks, plus additional external analysis as part of the annual renewal process of the retrocession programme.
- During the ORSA process which consists of a comprehensive review of the company risk profile including modelled and non-modelled risks and an assessment of the evolution of the risk profile over a three-year period.

Overall risk

For the purposes of calculating solvency, insurance risk, market risk and credit risk are quantified in the SST standard model (internal model for natural catastrophes). Target capital is based on the centred 99% expected shortfall and represents the average expected loss occurring over a time horizon of one year with an expected frequency of less than once in 100 years. As can be seen in the table below, the main driver of target capital is insurance risk (CHF 134.3m), followed by market risk (CHF 34.2m) and credit risk (CHF 16.5m). For further details please refer to chapter G.

in CHF Mio.	99% Shortfall SST 2026	99% Shortfall SST 2025	Change from SST 2025
Insurance risk	136.1	124.3	+11.8 (+9.5%)
Market risk	34.2	26.8	+7.4 (+27.6%)
Credit risk	16.5	14.2	+2.3 (+16.1%)
Target capital	111.1	104.1	+7.0 (+6.7%)

Insurance risk

The most significant insurance risk stems from potential accumulations of natural catastrophes. The table below outlines the four largest gross Probable Maximum Loss (PML) scenarios in the property segment, each with a return period of 250 years. These figures

are derived from the modelling results using vendor-modelling software. The retrocession strategy is formulated based on internal PML computations.

Top-5 Scenarios	Gross PML 1/250 RP	Gross PML 1/250 RP	Change from 2024
CHF Mio.	per 31.12.2025	per 31.12.2024	
China EQ	80.1	55.1	+25.0 (+45.4%)
Caribbean WS	69.6	27.0	+42.6 (+158.2%)
India EQ	61.2	50.5	+10.7 (+21.2%)
Japan EQ	60.9	57.1	+3.8 (+6.7%)
Taiwan EQ	55.8	60.8	-5.0 (-8.3%)

The EQ exposure in China, India, and Japan as well as other regions and perils experienced significant growth between 2024 and 2025. Moreover, there was a major growth in Caribbean WS exposure.

Market and credit risk

Echo Re follows a conservative investment policy. The portfolio composition remained largely unchanged from the previous year. As of 31 December 2025, the investments at market value included 87.4% government and corporate bonds, 5.5% equities, and approximately 7.1% holdings in real estate and infrastructure companies. Nearly all fixed-income securities held have investment grade ratings.

Operational risks

Apart from the risks quantified in the SST, Echo Re undertakes a semi-quantitative assessment of operational risks. This evaluation is conducted using the Swiss GRC Toolbox, a web-based application that allows the integration of risks, controls, operational incidents, and risk mitigation measures. The control environment is continuously enhanced and deemed adequate. In July 2021, FINMA confirmed that Echo Re's ICS meets the regulatory and supervisory requirements. Furthermore, annual audits conducted by Internal Audit re-confirm the appropriateness of the ICS in all the business areas tested.

Cyber and information security risks are managed through Echo Re's Information Security Management System (ISMS), which establishes the main elements to safeguard the security of information and IT systems, support compliance with relevant regulatory and supervisory obligations, and ensure preparedness and recoverability in the event of incidents. The ISMS includes access control expectations (least-privilege) and is subject to ongoing monitoring and continuous improvement.

Operational resilience is further supported through regular security assessments and targeted awareness measures addressing prevalent cyber threats (including phishing and

social engineering). In connection with the transition to a new external IT service provider, Echo Re continues to enhance its IT and information security landscape through the progressive implementation of a more comprehensive and structured security framework to strengthen protection of information assets and resilience against cyber-attacks.

Other material risks

A qualitative assessment is undertaken for risks that are challenging to quantify, such as political risks or emerging risks. The results of this assessment are discussed in the Risk Committee.

Twice a year, Echo Re follows a structured approach to evaluate the political risk in its portfolio, considering the different lines and types of business, historical events and recent developments resulting in political risk exposure. The results of this evaluation and any necessary mitigation measures are presented to the Board of Directors.

Material risk clusters

The principal source of risk concentration at Echo Re is the exposure of the property portfolio to natural disasters and the agriculture portfolio to weather-related loss events. Both portfolios are closely monitored by mapping exposure accumulation per exposure zones, complemented by a probability-based analysis of the property portfolio for peak concentrations, as detailed in the “Top 5 scenarios” table above.

Credit risk concentration is managed at the counterparty level in accordance with the thresholds stipulated in the retrocession and investment guidelines.

Risk reduction

The company manages and controls its primary risks through the establishment of risk tolerance thresholds and an effective limit system. Retrocession strategy plays a crucial role in Echo Re’s business and risk management framework. The Board of Directors annually reviews and approves the net risk appetite. The company purchases retrocession protection to cover modelled losses with a minimum return period of 100 years.

E. Market value vs. statutory valuation

E.1 Market-based valuation used for solvency purposes

This chapter details the major valuation differences between the statutory balance sheet and the SST balance sheet.

Assets 31.12.2025 CHF m	Statutory value	Differences between the statutory and the market conform value	Market conform value resp. best estimate
Fixed-income securities	368.3	-1.1	367.2
Government and central banks bonds	21.4	0.1	21.5
<i>of which Swiss cantons and municipalities</i>	15.9	0.0	0.0
<i>of which other public-sector entities</i>	5.6	0.0	0.0
Corporate bonds	317.9	-1.2	316.7
<i>of which banks and securities dealers</i>	104.3	0.0	0.0
Mortgage bonds / Covered bonds	7.5	0.3	7.8
Other bonds (incl. warrant bonds, supranational bonds)	21.4	-0.3	21.2
Equities	16.4	6.9	23.2
Equities and similar securities	16.4	6.9	23.2
Other investments	29.7	0.2	29.9
Collective investment schemes	29.7	0.2	29.9
Total investments	414.4	5.9	420.4
Deposits made under assumed reinsurance contracts	44.8	0.0	44.8
Cash and cash equivalents	113.8	0.0	113.8
Share of technical provisions from reinsurance	23.8	-3.1	20.8
Fixed assets	0.2	0.0	0.2
Deferred acquisition costs	48.2	-48.2	0.0
Receivables from insurance business	30.7	0.0	30.7
Other receivables	0.8	0.0	0.8
Accrued assets	268.2	0.0	268.2
Total other assets	530.6	-51.2	479.4
Total Assets	945.0	-45.3	899.7

The investment portfolio primarily consists of fixed-income securities and equities. Equities are valued in the statutory balance sheet at the lower of cost or market value, while bonds are valued at amortised cost. The statutory valuation of the investment portfolio is CHF 414.4m, which is CHF 5.9m lower than the market-based valuation.

For other assets, there are essentially no differences between the valuation basis and methods used for solvency purposes and those used in the annual report. However, there are two notable exceptions:

The item "Deferred acquisition costs" is neutralised in the SST balance sheet (statutory value: CHF 48.2m). This is reflected in the figure for the unexpired risk reserve (URR) in the liabilities, the equivalent of the unearned premium reserve (UPR) in the statutory accounts.

The item "Share of technical provisions from reinsurance" is computed from actuarial estimates which were carried out on an ultimate view. The modelling of the entire SST is based on an underwriting year basis, so it also takes account of future losses on the premiums that have not been earned yet. The actuarial valuation produces a discounted value of CHF 20.8m (statutory value: CHF 23.8m).

The cumulative impact of these valuation discrepancies results in a valuation difference of CHF -51.2m between the statutory and market-based valuations of other assets.

Therefore, the total valuation differential for investments and other assets amounts to CHF -45.3m. Consequently, the total assets of CHF 945.0m on a statutory basis are reduced to CHF 899.7m when assessed using a market-oriented valuation approach.

The following table shows a comparison of the best-estimate liabilities and the statutory liabilities (in CHF million).

Liabilities 31.12.2025 CHF m	Statutory value	Differences between the statutory and the market conform value	Market conform value resp. best estimate
Best estimate of insurance liabilities	629.2	-127.5	501.7
Active reinsurance: non-life insurance business	629.2	-127.5	501.7
Market Value Margin		16.0	16.0
Non-technical provisions	0.0	0.0	0.0
Deposits retained on ceded reinsurance	8.6	0.0	8.6
Liabilities from insurance business	9.8	0.0	9.8
Other liabilities	0.1	0.0	0.1
Accrued liabilities	72.8	0.0	72.8
Total liabilities	720.5	-111.5	608.9

Within the SST framework, technical provisions represent an estimate of all future payments and associated costs to be incurred post-reporting date for both incurred and anticipated future losses corresponding to the unearned portion of premiums. These future losses are reflected in the unexpired risk reserve, which serves as the risk-based equivalent of the statutory unearned premium reserve. The discounted gross best estimate is utilized for the loss reserves in the SST balance sheet. The net value of the loss reserves is determined by deducting the technical provisions from reinsurance from this gross value.

Within the market value balance sheet, the fluctuation and safety reserves are excluded as these are additional security reserves. The financial reserves are also disregarded in the market value balance sheet. These discrepancies result in total liabilities amounting to CHF 608.9m in the market value balance sheet, which is CHF 111.5m lower than the corresponding figure in the statutory balance sheet.

The difference between assets and liabilities in the SST balance sheet amounts to CHF 290.8m. After accounting for intangible assets, which stand at CHF 0.0m, the risk-bearing capital (RBC) is CHF 290.8m. It is important to note that the market value margin (MVM) of CHF 16.0m, as per the revised Insurance Supervision Ordinance (ISO) effective from January 1, 2024, is included in the liabilities. Consequently, the target capital is reported excluding this amount. This adjustment does not affect the calculation of the SST ratio.

Compared to SST 2025, the RBC increased by CHF 43.5m mainly due to favourable technical and financial results which have been fully retained.

E.2 Market value margin

The market value margin stands at CHF 16.0m. It was calculated in accordance with the standard method provided by FINMA and starting from this year includes the capital cost reserve for the current year.

F. Capital management

F.1 Overall Goal

Echo Re focuses on preserving capital, maintaining portfolio quality, and achieving satisfactory returns to meet financial obligations. In general, Echo Re's investment strategy follows the Group's investment policy and guidelines with adjustments to specific local requirements.

Echo Re mainly underwrites the reinsurance business in Asia, Africa, Latin America and Caribbean, and MENA. A significant portion of this business is transacted in USD or currencies that are linked to it. The currency structure of the underlying portfolio is reflected in the investment portfolio to ensure an adequate currency matching between assets and liabilities.

To minimise effects from currency fluctuations, Echo Re maintains various currency accounts (EUR, USD, GBP, AED, JPY, INR, ZAR and CNY), which are used to make and receive payments in original currencies.

F.2 Strategy and time horizon

In accordance with the internal investment guidelines the following framework is defined for the asset structure:

- Fixed-interest bonds should constitute at least 65% of the investment portfolio. These bonds should primarily be high-quality liquid securities with a maximum maturity of 10 years at the time of purchase.
- Equities, ETFs, and funds should account for up to 15% of total investments. This portion should include a global selection of defensive and high-dividend stocks from major equity indices (SMI, DAX, Euro Stoxx, Euro Stoxx50, Dow Jones), along with a smaller holding of growth titles.
- Investments in real estate funds and vehicles are limited to a maximum of 10% of the portfolio.
- A maximum of 10% of the portfolio may be invested in infrastructure investments.

To ensure sufficient diversification and reduce counterparty risk, investment in any one issuer or borrower group is limited to a maximum of 15% of the overall portfolio. In addition, the investment guidelines limit investments in bonds with a BB- rating to a maximum of 5% of the portfolio. If an investment falls below this rating, the relevant investments will be presented to the investment committee for review.

F.3 Equity

Equity (CHF)	<u>2025</u>	<u>2024</u>
Share capital	120'000'000,00	120'000'000,00
Legal capital reserves		
Reserves (unrecognized capital contribution reserves)	498'399,00	498'399,00
Capital contribution reserves (recognized capital contribution reserves)	<u>73'370'181,91</u>	<u>73'370'181,91</u>
	73'868'580,91	73'868'580,91
Legal retained earnings	2'750'290,13	0,00
Retained earnings		
Gain/loss brought forward	11'001'160,50	-6'301'110,03
Result for the year	<u>16'925'819,37</u>	<u>20'052'560,66</u>
	27'926'979,87	13'751'450,63
Total shareholders' equity	224'545'850,91	207'620'031,54

As in the previous year, the share capital of Echo Re amounts to CHF 120.0m. Including the legal capital reserves of around CHF 73.9m, the legal retained earnings of CHF 2.7m and the retained earnings of CHF 27.9m, total shareholders' equity is CHF 224.5m. The increase is due to the 2025 annual result of CHF 16.9m.

G. Solvency

The standard models provided by FINMA are used for all modelling except for natural catastrophes where a partial internal model for natural catastrophes is available.

FINMA's reserve risks tool is used to model the reserve risk for all segments and determine the results for the individual reserve segments. These results are aggregated within StandRe to determine the overall reserve risk.

When modelling premium risk, significant and minor losses, excluding those from natural catastrophes, are processed within the various modules of StandRe.

A partial internal model, approved by FINMA, is used to model losses arising from natural catastrophes.

There were no significant changes to the StandRe model compared to the previous year. The standard models continue to be used for assessing market and credit risk. Beginning with the SST 2022, FINMA has replaced the former credit risk model based on Basel III with a stochastic model.

The results of the SST 2026, which are shown in the tables below, are subject to a supervisory review.

G.1 Available capital, target capital and SST ratio

The table below compares the results of the SST 2025 and 2024. The results are centred expected shortfalls at a 99% confidence level.

(in CHF Mio.)	SST 2026	SST 2025	Change from SST 2025
Insurance risk	136.1	124.3	+11.8 (+9.5%)
Market risk	34.2	26.8	+7.4 (+27.6%)
Credit risk	16.5	14.2	+2.3 (+16.1%)
Expected insurance result	25.1	25.1	-0.1 (-0.3%)
Expected investments result above risk free	5.2	3.8	+1.5 (+39.1%)
Market value margin (MVM)	16.0	9.4	+6.5 (+69.5%)
Target capital	111.1	104.1	+7.0 (+6.7%)
Risk bearing capital (RBC)	290.8	247.3	+43.5 (+17.6%)
SST-Quotient	261.8%	237.6%	+24.3%-ppts

Table 1: Results of the SST 2026 vs. SST 2025

The increase in insurance risk was primarily driven by portfolio growth. Market risk has increased mainly due to the higher FX risk compared with the prior year. The rise in credit risk is largely attributable to the expansion of the bond portfolio, increased receivables from insurance business, and deposits made under assumed reinsurance contracts. The expected insurance result remains stable.

G.2 Insurance risks

In the table below, insurance risk is broken down into its individual components, with a comparison with the previous year's results. All figures are on a net basis.

(in CHF Mio.)	SST 2026	SST 2025	Change from SST 2024
NatCat risk (NE)	95.5	87.1	+8.4 (+9.6%)
Individual Events 1 (IE1)	70.8	70.6	+0.2 (+0.3%)
Reserve risk (AER)	56.6	45.1	+11.5 (+25.5%)
Individual Events 2 (IE2)	38.8	41.4	-2.6 (-6.3%)
Premium risk (AEP)	50.2	48.2	+2.0 (+4.1%)
Total Insurance risk	136.1	124.3	+11.8 (+9.5%)
Diversification	-56.4%	-57.5%	

Table 2: The individual components of insurance risk

Echo Re's NatCat internal model, which was approved by FINMA in March 2024, not only covers Property, Engineering, and Energy On-Shore but also other NatCat exposed lines such as Agriculture and Marine. Both SST 2025 and SST 2026 were calculated based on that model.

The "Individual Events 1" (IE1) module encompasses both historically observed and portfolio-based non-NatCat-driven events. The expected shortfall remains stable compared to last year.

The "Individual Events 2" risk (IE2) models macroeconomic events that may affect all underwriting years, such as loss inflation and legislative changes in motor liability. While the individual expected shortfall is substantial, its contribution to the overall technical risk is relatively small.

The rise in premium risk (AEP) and reserve risk (AER) is also consistent with the growth of the portfolio.

G.3 Market risks

Market risk is broken down here into its individual components, with a comparison with the results of the previous year.

(in CHF Mio.)	SST 2026	SST 2025	Change from SST 2025
Spread risk	19.0	19.2	-0.2 (-1.2%)
FX risk	28.3	11.0	+17.3 (+157.0%)
Shares	7.2	5.6	+1.6 (+27.9%)
Real Estate + Infrastructure	5.8	5.0	+0.8 (+15.5%)
Interest rates risk	15.8	16.3	-0.5 (-2.9%)
Market risk	34.2	26.8	+7.4 (+27.6%)
Diversification	-55.1%	-53.1%	

Table 3: Breakdown of market risk into individual risks

The standard model is used to assess market risk, utilizing the parameters such as volatilities and correlations between individual risk factors as stipulated by FINMA. Notably, there were no significant changes in these parameters compared to the SST 2025.

The primary risk component influencing market risk in the SST 2026 is FX risk which is mainly driven by the decrease in both FX rates and interest rates with respect to USD.

The Public Disclosure Financial Condition Report 2025 was approved by the Board of Directors in its meeting on 24 April 2026.

Attachments:

- Annual report of Echo Rückversicherungs-AG as at 31 December 2025
- Solo reinsurer with P&L, market-consistent balance sheet and solvency as at 31 December 2025