Colonnade Insurance S.A.
Société Anonyme

Annual accounts and report of the Réviseur d'Entreprise Agréé as at December 31, 2024

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Directors' report on the annual accounts as at December 31, 2024

Key Financials

For the year ended December 31, 2024, the profit after tax was EUR 17,961,826 (compared to EUR 10,730,533 in 2023). The financial year of 2024 had earned premiums, net of reinsurance, of EUR 214,799,206 (EUR 193,442,530 in 2023) with gross premiums written of EUR 293,705,389 (EUR 262,325,041 in 2023) and claims incurred, net of reinsurance, of EUR 89,547,527 (EUR 84,247,494 in 2023).

2024 was another successful year for Colonnade. We had continued growing the business with a profitable underwriting result. The Gross Premiums Written (GPW) has increased by 12%. The underwriting results for 2024 unmistakably highlight the effectiveness of our strategies. Achieving profitability for seven consecutive years positions us well for future opportunities.

In line with our gross premium growth, the earned premiums, net of reinsurance, are also significantly higher than last year.

The underwriting result amounted to a profit of EUR 19,767,356 (compared to EUR 13,164,665 in 2023).

Our top-line growth over last year is attributed to the following factors:

- We had very favourable retention ratios, both in the Commercial (90.1%) and Consumer (86.3%) segments. The premium growth was also supported by new business production of EUR 39 million and EUR 50 million, respectively, exceeding our planned expectations.
- Our Personal Accident Individual portfolio posted excellent results with an 85.3% combined ratio, with continuous new sales during the year.
- The third-party lines contributed significantly to the profit with a gross premium growth of 11% and a combined ratio of 89.5%.
- We have continued the remediation of our Property book with pricing improvements. This has also helped to the growth of the portfolio by 12.8%. The line remains unprofitable due to large loss activity.
- We have also refocused on the more profitable Casualty lines during the year to offset the losses on the Property lines.

The balance on the technical account was impacted by the following factors compared to last year:

- In Q3 2024 we have experienced the first catastrophic loss in Colonnade: due to heavy rains at the beginning of September there were severe floods in Czech Republic, Poland and Slovakia. The gross impact of the floods is EUR 19.5 million. The net loss including any reinstatement premiums is EUR 6.5 million.
- Due to our strong results in 2024 our combined ratio still remains at 97.8%. Without the catastrophic losses the combined ratio for the year would be 94.3%.
- The Individual Travel business grew significantly compared to 2023 by 26.7%, however the combined ratio remained higher than 100% due to the high loss ratio of 45.2%.
- Our administrative expenses have increased from EUR 36,060,657 to EUR 39,152,580 as a result of inflation, staff expansion supporting growth and our Transformation program.

The Company's net loss ratio was 41.7%, its net commission ratio was 37.8%, its net expense ratio was 18.2% and the combined ratio stands at 97.8%. These ratios were 43.6%, 37.3%, 18.6% and 99.5% respectively in 2023.

During the year, the total shareholder's equity increased from EUR 116,094,191 to EUR 134,056,017 after considering the result of the year.

As of December 31, 2024, the provision for unearned premiums amounted to EUR 125,255,312 (EUR 109,213,825 December 31, 2023), claims outstanding were at EUR 281,881,028 (EUR 228,391,039 on December 31, 2023) and the provision for bonuses and rebates was at EUR 575,538 (EUR 808,258 on December 31, 2023).

Key Events

Changes in macroeconomic conditions

The inflation trend starting in 2022 generally peaked in the first quarter of 2023 and was declining towards the end of the year. In 2024, we have experienced much smaller impact compared to 2023. The impact of inflation in 2024 on our general operating expenses was approximately EUR 2.5 million compared to EUR 5.6 million in 2023.

Description of Risks Covered

Colonnade Insurance S.A. is currently authorised to underwrite all classes of non-life insurance business except class 10a (Motor Vehicle Liability) through its branch network in Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia.

The business mix of the Company was similar to 2023 with Commercial lines at 67% and Consumer lines at 33% - excluding the multinational business issued for AIG.

The major products in Consumer lines are Accident and Health products distributed by our Direct Marketing platform, Travel Individual and GAP products. Premiums of the Consumer segment increased by 16% compared to the 2023 year. The growth on our Individual Travel portfolio was outstanding at 26.7%. There was also large growth on the Household portfolio of 31.4%.

The process for risk acceptance and risk management is set out in the Company's Enterprise Risk Management Framework ("RMF"). The key elements of the RMF are identification, monitoring and management of risk.

The key categories of risk facing the Company include insurance, market, credit, liquidity and operational risks. Policies and procedures for managing these risks are set out in the RMF.
All key policies are approved by the Board of Directors and the framework is part of the ongoing "Own Risk and Solvency Assessment" ("ORSA") process. An ORSA report is presented to the Board of Directors on an annual basis. The ORSA report sets out the risk profile and key risk indicators of the Company, together with the resulting impact on the Solvency Capital Requirement (SCR) and confirmation that sufficient own and ancillary funds are in place.

The Company's strategy for managing its risks includes:

- Identifying and analysing risk through a disciplined risk management process;
- Mitigating, transferring or avoiding risks that do not fit our business objectives;
- Retaining risk within an agreed risk appetite with appropriate levels of capital.

More details on the key risks are provided below:

Insurance Risk

Insurance risk includes the risks associated with underwriting and reserving.

Underwriting risk includes both the risk of inappropriate underwriting and inadequate pricing. The insurance risk management policy covers the underwriting, claims and actuarial functions and addresses risks such as inappropriate or unauthorised underwriting and pricing, and inadequate controls around recording and reporting of underwriting results and exposures. Various Key Risk Indicators (KRIs) have been developed for the ongoing monitoring of insurance risks.

Control structures are in place to mitigate the risk of accumulations of loss from catastrophic events and the Company is further protected by the reinsurance programme comprising a range of quota share and excess of loss contracts that cover the different lines of business written by the Company.

Reserve risk surrounds the risk that unpaid loss reserves prove to be inadequate. Colonnade has an Actuarial Function, to assess reserving levels, working in close cooperation with underwriting and claims staff within each of the branches. Oversight of the governance of reserve setting and compliance with the reserving policy (as established by the Board) are the responsibility of the Reserving Committee

Market Risk

Market risk includes risks associated with potential changes in interest rates, foreign exchange rates and asset prices, including equities. Various KRIs are monitored regularly as part of the RMF to manage and mitigate this risk.

Credit Risk

This is the risk that one party to a financial arrangement will fail to discharge an obligation and cause the other party to incur a financial loss. The main sources of credit risk relate to reinsurers, premium debtors and investments. As with Market Risk, these risks are monitored by the Company using KRIs against its risk appetite.

Liquidity Risk

This is the risk the Company, though solvent, may encounter difficulty in meeting obligations associated with financial liabilities as they fall due. The Company monitors the levels of cash and investments to ensure liquidity requirements are addressed to mitigate this risk.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Managing day-to-day operational risk is the responsibility of the line managers, both within Luxembourg and the branch offices and the approach to managing these risks is covered in more detail in the RMF.

Operational risk includes various cyber-related risks. During the last few years and since the onset of the COVID-19 global pandemic, there has been an increase in global cybercrime activity, which Colonnade continues to monitor. These, however, have not materially impacted the Company's operations and the Company continues to invest in improving its IT Security infrastructure.

Corporate Governance

The Company has implemented a system of governance which provides for sound and prudent management. Risk management, compliance, internal audit and actuarial functions which are consistent with the needs of the Company's operations have been established. The Company's staff and directors have the skills, knowledge and expertise to fulfil their allocated responsibilities. The system of governance is therefore considered to be proportionate to the nature, scale and complexity of the Company's business.

The Board of Directors oversees the conduct of the business and its senior management and is responsible for ensuring the maintenance of a sound system of internal controls and risk management and for the approval of any changes to the capital, corporate and/or management structure of the Company.

The Company has a Board of Directors and five board committees being the Reserving Committee, Underwriting Committee, Investment & Foreign Exchange Committee, Risk Management Committee and the Audit Committee. The Reserving Committee's role is to oversee the reserving governance, working in close cooperation with the Company's Actuarial Function. The Underwriting Committee's role is to oversee underwriting including setting the protocols for underwriting authorities, guidelines and monitoring as well as to oversee product development and distribution and the skills, knowledge and expertise of the Company's employees involved in direct distribution. The POG Sub-committee, responsible for product oversight and governance, reports to the Underwriting Committee on product development and review of existing products and distribution channels.

The Investment & Foreign Exchange Committee's role is to oversee management of investment and foreign exchange risk, through prudent investment and asset/liability and currency management. The Risk Management Committee's role is to ensure the development and implementation of the Company's RMF, to ensure that appropriate procedures are in place to identify, assess and manage risk from a strategic and operational perspective and to monitor implementation of risk management procedures. Finally, the Audit Committee supports the Board of Directors in meeting its oversight responsibilities for the Company's financial and non-financial reporting, internal controls, management of financial and non-financial risks, audit processes and processes for monitoring legal and regulatory compliance.

The management oversight over the branches is carried out through the Management Committee. The objective of the Management Committee is to make decisions, or to establish the basis on which all decisions are taken, required to execute the strategy determined by the Board, including all major operational decisions.

Non-Financial Report

Overview

In compliance with Article 85-2 of Law of December 8, 1994, on annual accounts with respect to insurance and reinsurance undertakings, as amended, this report includes a statement containing information on the performance, the position of Colonnade and the impact of our activities, relating to environmental questions, social and labour questions, respect for human rights and the fight against corruption. This report also includes the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities under the Disclosures Delegated Act [1].

General approach to Environmental, Social, and Governance (ESG)

Colonnade is a subsidiary of Fairfax, who was built on the foundation of many of ESG's key concepts back in 1985. Supported by the Guiding Principles Fairfax wrote in its early years, our company culture is rooted in the philosophy of "doing good, by doing well" and has enshrined a value-based approach to business, consistent with the objectives that ESG seeks to promote.

As a contributor to the financial service sector, Colonnade does not generate a significant direct impact on our environment but can most meaningfully contribute towards sustainability through its underwriting activities to support the transition to a low-carbon economy, as well as through its investment activities and the impact of our branch operations.

Our business and how ESG and sustainability affect us

Our underwriting strategy

Colonnade's insurance product base is broad and diverse, both by product type and geographical location. As part of our offering, we provide Commercial Property, Construction and Household insurance covering key regional climate change perils for our customers such as windstorms, floods and hailstorms. Colonnade monitors and manages exposures to physical climate change risks, aligned to our Enterprise Risk Management Framework (RMF) so we can be here to support our customers when they need our services. Any exposures are monitored against company targets agreed with the Board of Directors.

As per the 2023 report, Colonnade has not considered these products as fully aligned to the technical screening criteria under the EU Taxonomy Climate Delegated Act[2] which determines the conditions under which they would qualify as contributing substantially to climate change adaptation but believes these generally may in the foreseeable future once certain technicalities are met. Colonnade has analysed the taxonomy-eligible lines of business in its portfolio, including direct insurance and assumed reinsurance, including all tasks along the value chain (sales, claims, risk management, pricing, etc.). In 2024 Colonnade has only considered the portion of income from the relevant products protecting climate change related perils to determine those taxonomy eligible, while in 2023 the full GWP for the line of business was included. The 2024 proportions were determined based on actuarial analysis of the claims loss ratios by peril, where this information is available. For comparison, these products (all perils) represent EUR 94,894,455 or 32% of gross premiums written in the financial year under review (2023: EUR 79,491,479 or 30%).

[1] Delegated Act (EU) 2021-2178 specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation, Annex II, 10.1.
[2] Climate Delegated Act (EU) 2021/2139 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation

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The following table discloses information under EU Taxonomy as per Disclosures Delegated Act, Annex X:

	Substantial contribution to climate change adaptation			DNSH (Do Not Significant Harm)					
Economic activities (1)	Absolut premiums 2024 (2)	Proportion of premiums 2024 (3)	Proportion of premiums 2023 (4)	Climate change mitigation (5)	Water and marine resources (6)	Circular economy (7)	Pollution (8)	Bio-diversity and eco-systems (9)	Minimum safe-guards (10)
	EUR millions	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1 Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	0	0%	n/a	n/a	-	-	-	-	-
A.1.1. of which reinsured	0	0%	n/a	n/a	-	-	-	-	-
A.1.2. Of which stemming from reinsurance activity	0	0%	n/a	n/a	-	-	-	-	-
A.1.2.1. Of which reinsured (retrocession)	0	0%	n/a	n/a	-	-	-	-	-
A.2 Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	5.9	2%	30%						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	287.8	98%	70%						
Total (A.1 + A.2 + B)	293.7	100%	100%						

Our investment strategy

Hamblin Watsa Investment Counsel Ltd. (Hamblin Watsa) is a wholly owned subsidiary of Fairfax, serving as the investment manager for the Fairfax holding company and its subsidiaries, including Colonnade Insurance S.A.

As reported in the Fairfax ESG Report for 2023, Hamblin Watsa's investment practices have been aligned with Fairfax's Guiding Principles and culture since inception. More specifically, 'As ESG becomes more defined, we continually find similarities between its concepts and the ones we've always applied. In 2022, we reviewed our ESG policies and procedures and found that evaluating the risks and opportunities (including many ESG factors) of an investment's business practices is, in fact, already embedded – and essential in our work.'

The disclosed quantitative KPIs reflect the Taxonomy-alignment of Colonnade's investment portfolios, in compliance with Regulation (EU) 2020/852. These KPIs provide a comprehensive overview of the alignment of our operations with sustainability objectives, covering all business activities under the company's direct control during the reporting period.

An economic activity is considered taxonomy-eligible if it is listed in the Commission Delegated Regulation (EU) 2021/2139 and the investments KPI table by the Delegated Regulation (EU) 2023/2486 of 27 June 2023 (Environmental Delegated Act) which supplements the EU Taxonomy Regulation. Taxonomy-eligible activities are those generally recognized as capable of contributing positively to the specified environmental objectives. According to Article 3 of the EU Taxonomy Regulation, an activity is deemed taxonomy-aligned if it makes a substantial contribution to one or more environmental objectives while avoiding significant harm to others (the "do no significant harm" principle, or DNSH). Both eligibility and alignment are assessed using technical screening criteria. To be classified as taxonomy-aligned, the company performing the activity must also adhere to minimum social safeguards.

All assets capable of financing economic activities are included within the scope of the taxonomy KPIs. This primarily encompasses balance sheet items such as " in affiliated undertakings and participating interests and "Other financial investments ". Excluded from this scope are intangible assets, Tangible assets and stocks, other debtors, other assets and prepayments and accrued income not intended for financing economic activities. Additionally, insurance and reinsurance contracts classified as assets for accounting purposes, as well as cash at bank and in hand, are excluded. Investments in governments, central banks, and supranational issuers are also outside the taxonomy KPIs' scope and a breakdown is available in the following table.

Investments in governments include those in European and United states bonds and treasury bills. Issuers backed by EU state guarantees are assessed for their taxonomy eligibility and alignment.

The following table outlines the scope of the taxonomy KPIs based on Luxembourg GAAP carrying amounts and the coverage ratio, which represents the proportion of assets covered by the KPIs relative to total investments considered. It also provides a detailed breakdown of investments included within the taxonomy KPIs' scope.

To meet the requirements of Article 6 of the Commission Delegated Regulation (EU) 2021/2178 and the investments KPI table by the Delegated Regulation (EU) 2023/2486 of 27 June 2023 (Environmental Delegated Act), we disclose the templates specified in Annex X and XII of that regulation under "EU Taxonomy Regulation templates." Many of the disclosure requirements for this reporting year are being presented for the first time, meaning comparative data will only be available starting with the 2024 reporting year.

Our primary focus is on calculating the regulatory metrics, with no broader strategic considerations at this stage. The Fairfax guiding principles, reinforcing our dedication to sustainability and long-term value creation is driving our investment strategies.

The key performance indicators (KPI) related to Colonnade Insurance S.A.'s investments represent the proportion of investments that are directed at funding or are associated with Taxonomy-aligned economic activities. This investment portfolio can be detailed as follows:

Book value as of December 31, 2024	EUR millions	Percentage over the total Investments
Proportion of Central governements, Central banks and Supranational issuers as a percentage of Total investments (excluded from KPI)	170.7	55%
Proportion of assets covered by the KPI relative to Total investments [(1)]	139.2	45%
Total Investments [(2)]	309.9	100%

[(1)] Total Assets covered by KPI is the total amounts of investment on the balance sheet excluding exposure to: Central Governments, Central banks, and Supranational issuers.
[(2)] Total Investments is the total amounts of investments as disclosed in the balance sheet.

The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below:		The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below:	
Turnover-based:	0.8%	Turnover-based:	1.03 EUR millions
Capital expenditures-based:	3.4%	Capital expenditures-based:	4.84 EUR millions
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.	
Coverage ratio:	45%	Coverage:	139.2 EUR millions

Additional, complementary disclosures: breakdown of **denominator** of the KPI	
The percentage of derivatives relative to total assets covered by the KPI [3] -0.5%	The value in monetary amounts of derivatives [3] -0.7 EUR millions
The proportion of **exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 59.8% For financial undertakings: 7.3%	Value of **exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: 83.2 EUR millions For financial undertakings: 10.2 EUR millions
The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 46.5% For financial undertakings: 7.1%	Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: 64.7 EUR millions For financial undertakings: 9.8 EUR millions
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 19.2% For financial undertakings: 14.2%	Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: 26.7 EUR millions For financial undertakings: 19.7 EUR millions
The proportion of **exposures to other counterparties over** total assets covered by the KPI: - %	Value of **exposures to other counterparties**: - EUR millions
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned economic activities: - %	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned economic activities: - EUR millions
The value of all the investments that are funding **economic activities that are not Taxonomy-eligible** relative to the value of total assets covered by the KPI: 27.2%	Value of all the investments that are funding **economic activities that are not Taxonomy-eligible**: 37.83 EUR millions
The value of all the investments that are funding Taxonomy- eligible economic activities, **but not Taxonomy-aligned** relative to the value of total assets covered by the KPI: 5.5%	Value of all the investments that are funding Taxonomy- eligible economic activities, **but not Taxonomy- aligned**: 7.71 EUR millions
Additional, complementary disclosures: breakdown of **numerator** of the KPI	
The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: Turnover-based: 0.7% Capital expenditures-based: 3.4% For financial undertakings: Turnover-based: - % Capital expenditures-based: 0.1%	Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: Turnover-based: 1.03 EUR millions Capital expenditures-based: 4.67 EUR millions For financial undertakings: Turnover-based: - EUR millions Capital expenditures-based: 0.18 EUR millions
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned: Turnover-based: - % Capital expenditures-based: - %	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts **where the investment risk is borne by the policy holders**, that are directed at funding, or are associated with, Taxonomy-aligned: Turnover-based: - EUR millions Capital expenditures-based: - EUR millions
The proportion of **Taxonomy-aligned exposures to other counterparties** in over total assets covered by the KPI: Turnover-based: - % Capital expenditures-based: - %	Value of **Taxonomy-aligned exposures to other counterparties** over total assets covered by the KPI: Turnover-based: - EUR millions Capital expenditures-based: - EUR millions

[3] Colonnade has only indirect exposure to derivatives though its share in investment funds, for the purpose of the calculation of the KPIs the exposure is computed based on a 'look-trough' approach for the underlying investment of the funds.

Breakdown of the numerator of the KPI per environmental objective				
Taxonomy-aligned activities – provided "do-not-significant-harm'(DNSH) and social safeguards positive assessr				
1. Climate change mitigation	Turnover: 0.85%	Transitional activities:	0.65% ; 3.33%	(Turnover; CapEx)
	CapEx: 4.61%	Enabling activities:	0.20% ; 1.28%	(Turnover; CapEx)
2. Climate change adaptation	Turnover: 0.02%	Transitional activities:	0.01% ; 0.02%	(Turnover; CapEx)
	CapEx: 0.04%	Enabling activities:	0.01% ; 0.02%	(Turnover; CapEx)
3. The sustainable use and protection of water and marine resources	Turnover: 0.00%	Transitional activities:	0.00% ; 0.00%	(Turnover; CapEx)
	CapEx: 0.00%	Enabling activities:	0.00% ; 0.00%	(Turnover; CapEx)
4. The transition to a circular economy	Turnover: 0.00%	Transitional activities:	0.00% ; 0.00%	(Turnover; CapEx)
	CapEx: 0.00%	Enabling activities:	0.00% ; 0.00%	(Turnover; CapEx)
5. Pollution prevention and control	Turnover: 0.00%	Transitional activities:	0.00% ; 0.00%	(Turnover; CapEx)
	CapEx: 0.00%	Enabling activities:	0.00% ; 0.00%	(Turnover; CapEx)
6. The protection and restoration of biodiversity and ecosystems	Turnover: 0.00%	Transitional activities:	0.00% ; 0.00%	(Turnover; CapEx)
	CapEx: 0.00%	Enabling activities:	0.00% ; 0.00%	(Turnover; CapEx)

The KPI disclosure has been prepared based on information on the exposures of investments from the investment manager information systems and public information disclosed by counterparties. For credit institutions, the green asset ratio KPI has been used to compute the capital expenditure KPI of the investment.

The following table shows the evolution of taxonomy-aligned economic activities through investments compared to previous financial year:

The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:	2024	2023	The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below:	2024	2023
Turnover-based:	0.8%	1.00%	Turnover-based:	1.03 EUR millions	1.10 EUR millions
Capital expenditures-based:	3.4%	6.90%	Capital expenditures-based:	4.84 EUR millions	7.74 EUR millions

The contribution to turnover-based taxonomy-aligned economic activities has decreased due to the portfolio rotation during the year.

The contribution taxonomy-aligned economic activities for capital expenditures-based has reduced by EUR 2.9 million and is mainly driven by portfolio rotation to issuers having lower contribution to the KPI for EUR 2.3million. The remaining change in the KPI is due to a reduction in the investment in securities having capital expenditures-based taxonomy aligned activity, the impact on the variation is EUR 0.4million. A smaller portion is due to reduction of the KPI at the level of the issuer.

Our taxonomy-alignment disclosures primarily rely on reports from financial and non-financial undertakings, which, published information on their alignment with the climate change mitigation and adaptation objectives for the 2023 reporting year. Many of the disclosure requirements for 2024 are being presented for the first time, meaning comparative data will only be available to us next year.

When taxonomy-alignment data is inconsistent or incomplete, we classify these investments under “Assets funding taxonomy-eligible but not taxonomy-aligned economic activities.” For the portion of our portfolio invested in companies required to publish a non-financial statement, we disclose the shares of taxonomy-eligible and taxonomy-aligned turnover, as well as taxonomy-eligible and taxonomy-aligned capital expenditure, that our investments help finance in the reporting companies.

This disclosure is based on information provided by the investment manager information system and public information disclosed by the issuer. The denominator for these calculations is the total assets included within the scope of the taxonomy KPIs.

We also looked through the investment funds that Colonnade is investing in, examining the underlying assets to assess their taxonomy eligibility and alignment.

In the following tables, we provide for the first time for financial year 2024 an overview of our investment activities in 6 specific fossil gas and nuclear energy generation activities, including the proportion of our assets that finance taxonomy-eligible and taxonomy-aligned economic activities in these areas (4.26–4.31). These disclosures address the requirements specified in Article 8, paragraphs 6 and 7 of the Environmental Delegated Act, regarding activities related to fossil gas and nuclear energy generation.

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Taxonomy-eligible but not taxonomy-aligned economic activities:

	Revenue- based						Capital expenditures -based					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount in 000	%	Amount in 000	%	Amount in 000	%	Amount in 000	%	Amount in 000	%	Amount in 000	%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	495	0.36%	495	0.36%	-	0.00%	693	0.50%	693	0.50%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	0.02	0.00%	0.02	0.00%	-	0.00%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	**7,215**	**5.18%**	**7,215**	**5.18%**	**-**	**0.00%**	**10,357**	**7.44%**	**10,357**	**7.44%**	**-**	**0.00%**
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	**7,710**	**5.54%**	**7,710**	**5.54%**	**-**	**0.00%**	**11,050**	**7.94%**	**11,050**	**7.94%**	**-**	**0.00%**

We anticipate that data availability will continue to improve over time. As most of our investments in issuers covered by the KPI is related to assets held through the investment funds managed by Hamblin Watsa, the discussion with issuers to address the criteria in the taxonomy screening process that have not yet been met, will happen for Fairfax entities, including Colonnade, at the level of the fund. Additionally, the scope of Fairfax companies required to disclose taxonomy-alignment data will expand in the future.

Governance, policies and our Guiding Principles

As part of our governance, Colonnade has an ESG policy and RMF. The RMF includes a risk register that measures the impact and likelihood of all risks the company perceives it could face, including those related to ESG and sustainability. Key Risk Indicators (KRIs) are used to monitor risk as part of the RMF. Risks are classified into groups such as insurance, credit, market or operational risks. The Company has an ORSA process, part of which includes monitoring the impact of climate change on the Company, in particular on underwriting and investments.

Colonnade's operations touch ESG and sustainability through our use of energy and resources such as via our offices, staff travel and business operations, through the management of our staff and via contributions to the local communities in which we operate. Colonnade has developed best practice guidelines for office management and donations to support this.

In line with the Fairfax Guiding Principles, Colonnade is committed to creating and maintaining a work environment in which people are treated with dignity, decency and respect, free from bullying and harassment. The environment of the Company should be characterised by mutual trust and the absence of intimidation, oppression, and exploitation. Through enforcement of our Anti-Harassment, Non-Discrimination, Respect and Dignity Policy and by education of employees, Colonnade seeks to prevent, correct, and discipline behaviour that violates our values and this policy. Colonnade has established appropriate procedures for lodging a complaint of harassment, bullying, discrimination, or retaliation.

Colonnade is focused on ensuring that we are aligned with the Fairfax Guiding Principles, such as running the Company to the benefit of our staff and that honesty and integrity are essential in all our relationships and will never be compromised. Colonnade has also implemented the Fairfax Code of Business Conduct and Ethics, Anti-Corruption and Whistleblowing policies and had its own complementary Code of Business Conduct and Ethics, as well as its policies for the areas of Whistleblowing, Anti-Money Laundering and Economic and Financial Sanctions. This code also incorporates the Code of Professional Ethics issued by the Luxembourg Insurance Association. We believe that our code together with our Anti-Harassment, Non-Discrimination, Respect and Dignity Policy provides the basis for the enforcement of human rights respect at our level. In addition, we have a monitoring system in place enabling us to detect any persons or entities, who are subject to international financial sanctions in order to ensure we are not dealing with these. If any significant risks are identified then appropriate actions are taken.

Colonnade adheres to Fairfax´s Anti-Corruption policy setting baseline and standards for all Fairfax group companies. It strictly prohibits bribery and corrupt payments to anyone, imposes special care in dealings with government officials and sets the rules for business amenities and contributions to charities.

Colonnade is monitoring adherence to the beforementioned code and policies. In the period under review, no infringements or violations, nor major deviations from our policies, were reported.

Our human resources

We are proud of our employees and believe that if we take good care of them, they will take good care of our customers and if thanks to that the business goes well, we can do good to our environment and communities. Our culture is defined by the Fairfax Guiding Principles and our most valuable assets are our people.

In 2024, 96.6% of our employees participated in our climate survey and the results show excellent engagement. 94.4% of employees rated as 'Agree' or 'Absolutely Agree' with the statement 'I would recommend Colonnade as a place to work.' To support employee well-being, we perform comprehensive organization review, we have flexible work arrangements like hybrid work and flexible working hours and organize the 'Fit with Desk job' physical exercise program and soft-skill trainings in well-being related subjects.

Thanks to our geographical diversity, there is a multitude of nationalities represented at our company. In Colonnade the female (59%) to male (41%) ratio is balanced. The median age of our employees is 41.6; the average tenure is 4.3 years.

To ensure fair compensation for our employees the Company reviews salaries and bonuses annually. Besides financial compensation, all branches offer further benefits to our employees. Bonuses are paid on a discretionary basis on fair performance evaluation, where the employees are evaluated both on what they have achieved and how they have achieved it. We believe in equal treatment and non-discrimination and we apply this approach in our compensation management. We have a multi-step annual salary review and approval process in place for all employees that ensure that compensation, including rewards, is distributed fairly and as per the above and decisions are not based on gender, religion or any other factor that could potentially mean discrimination.

To support employees' development, the Company provided English language training in most of its branches. We provide online learning platform accessible to our employees and covering numerous technical and soft skills. We run classroom and instructor led virtual sessions by our trained internal trainers. In 2024 we implemented learning application which employees can use on their mobile phone and access 5000+ trainings. These are to ensure sustainable, high-quality development opportunities both now and in the future.

Communities and support for Ukraine

Being the closest company from the Fairfax family to the war in Ukraine, Colonnade continues to support our Ukrainian colleagues from Colonnade, ARX, Universalna and their families, as well as the Ukrainian society based on the requests of our Ukrainian CEOs. During 2024 Colonnade continued to assist and finance for a number of staff and their families to find safe short-term or long-term shelter in Poland, Slovakia, Hungary, the Czech Republic and Bulgaria. With the financial support from Fairfax, approximately EUR 398,000 have been spent during 2024 on this humanitarian assistance programme.

Besides the above-described Ukrainian humanitarian help, Colonnade continued to be active in supporting local communities and initiatives through their volunteering programs and donations in the countries where we are established. In total more than EUR 154,000 were dedicated to organisations that are helping people (children, disabled people, homeless people, seniors, crisis helplines) or deal with initiatives related to health, education, reforestation, animal care, development of insurance as a sector and disaster recovery. In 2024 our employees spent approximately 220 days volunteering.

Solvency Ratio

The Company's solvency ratio was 171% as at 31 December 2024 compared to 166% as at 31 December 2023, reflecting that the Company remained soundly financed.

Other representations

In 2024, the Company did not pursue any research and development activity. The Company does not face abnormal price, credit, liquidity or treasury risks.

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The Company has not repurchased any of its own shares during the year and does not hold any own shares at this time.

We have assessed our future business plan until 2027 and also performed stress test scenarios in our ORSA updates and confirmed that the capital levels would be sufficient to meet the regulatory minimum threshold under these scenarios.

Our reinsurance treaty agreements are covering both Colonnade Insurance S.A. as well as Colonnade Ukraine, however, the conflict between Ukraine and Russia does not have any impact on the status of Colonnade Insurance S.A. policies and their respective reinsurance agreements. Colonnade is executing all extra international sanctions resulting from the war, in addition to those previously existing.

The current economic environment is not impacting the Company as a going concern.

Future plans

In 2024 we had further double-digit percentage premium growth, and we are expecting this trend to continue in the upcoming years. We are planning further growth of the Company's portfolio, through organic means, by maintaining high client retention and acquiring new business with innovative product offerings in the Commercial and Consumer areas.

The focus in 2025 and beyond will be a continuation of the enhancement of our infrastructure and expansion of the Consumer and Commercial portfolios. We would like to increase the reliance on business data and be able to provide a quality of service and fairness that makes customers and partners eager to sustain long-term relationships.

In 2024 we have also kicked off an initiative that is aiming to spread the idea of continuous learning and improving the skills of our employees to ensure that the knowledge and skillset of the entire Colonnade organization remains modern and up to date.

The goal is to create an organization that is continuously looking to exceed the needs and expectations of our customers with a continuous focus on improving our operating model. When it comes to employees, we are shaping Colonnade Insurance S.A. to become the company for the future which attracts talent and creates a great working environment that challenges, motivates and retains our staff.

Bijan Khosrowshahi
Chairman of the Board of Directors

Audit report

To the Shareholder of
Colonnade Insurance S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of Colonnade Insurance S.A. (the “Company”) as at 31 December 2024, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Company’s annual accounts comprise:

- the balance sheet as at 31 December 2024;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts” section of our report.

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

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 21 to the annual accounts.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of actuarially determined incurred but not reported claims reserve (IBNR reserve) Claims outstanding amounting to 281,881,028 EUR at year - end include an IBNR reserve, estimation of which involves a significant degree of judgement as disclosed in Note 3.9.2 to the annual accounts. The Company's valuation of the IBNR reserve is based on pre-set actuarial assumptions and current financial input. The assumptions include, but are not limited to, loss ratios, claims trends and historical development of claims. Actuarial computations have been used to determine the reserve. Since the determination of such reserve requires the expertise of a valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of the reserve was significant to our audit.	Using our actuarial experts, we have assessed Management's governance and procedures in place over actuarial reserving practices as well as data quality. Our audit procedures consisted of the following: • We have observed and tested management controls in place for the determination of the estimates and assessed the compliance with regulatory requirements; • Testing the reliability of a sample of underlying data used by the Company's actuaries in estimating the IBNR reserve at year-end to source documentation; • Understanding and testing the governance process in place to determine the prudency layer on IBNR reserve, including assessing consistency and rationale of application of such layer; • Applying our industry knowledge and experience, we compared the methodology, models and assumptions used against recognised actuarial practices; • We have performed independent projections on selected classes of business, particularly focusing on the largest and most uncertain ones. For these classes we compared our projected IBNR reserves to those booked by management, and sought to understand any significant differences.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the directors' report but does not include the annual accounts and our audit report thereon.

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

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts 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.

Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, 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 by the Board of Directors;

- 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 audit report to the related disclosures in the annual accounts 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 audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities and business units within the Company as a basis for forming an opinion on the annual accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The directors' report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 18 April 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 10 years.

PricewaterhouseCoopers, Société coopérative — Luxembourg, 2 April 2025
Represented by

Electronically signed by:
Sylvia Pucar

Sylvia Pucar

Colonnade Insurance S.A.
RCS Luxembourg B 61.605
1, rue Jean Piret
L-2350 Luxembourg

Balance sheet as at December 31, 2024

	Notes	December 31, 2024 EUR	December 31, 2023 EUR
ASSETS			
Intangible assets	3.2; 4	14,156,076	13,082,881
Investments			
Investments in affiliated undertakings and participating interests			
Shares in affiliated undertakings	3.4; 5.1	1,045,438	999,448
Other financial investments	3.5; 5.2		
Shares and other variable yield transferable securities and units in unit trusts		68,279,677	58,279,677
Debt securities and other fixed income transferable securities		230,405,120	189,248,798
Other loans		10,180,366	9,506,667
		309,910,601	258,034,590
Subrogation and salvage	3.8	919,505	-
Reinsurers' share of technical provisions			
Provision for unearned premiums		25,731,772	23,481,214
Claims outstanding		70,808,013	52,536,678
		96,539,785	76,017,892
Debtors	3.6; 6		
Debtors arising out of direct insurance operations			
Policyholders		37,590,039	37,060,515
Intermediaries		12,170,190	11,945,833
Debtors arising out of reinsurance operations		18,576,581	23,858,885
Other debtors		8,655,270	7,422,107
		76,992,080	80,287,340
Other assets			
Tangible assets and stocks	3.3; 7	3,748,325	3,485,495
Cash at bank and in hand		65,917,844	46,001,712
Other assets		28,360	65,080
		69,694,529	49,552,287
Prepayments and accrued income			
Accrued interest and rent		3,087,978	2,749,833
Deferred acquisition costs	3.7	26,680,772	23,028,893
Other prepayments and accrued income	8	8,670,941	7,148,317
		38,439,691	32,927,043
Total Assets		**606,652,267**	**509,902,033**

The accompanying notes form an integral part of these annual accounts.

Colonnade Insurance S.A.
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Balance sheet as at December 31, 2024

	Notes	December 31, 2024 EUR	December 31, 2023 EUR
LIABILITIES			
Capital and reserves			
Subscribed capital	9	9,500,000	9,500,000
Share premium account	10	94,876,287	94,876,287
Reserves			
Legal reserve	11	950,000	950,000
Profit and loss brought forward	12	10,767,904	37,371
Profit or loss for the financial year		17,961,826	10,730,533
		134,056,017	116,094,191
Technical provisions			
Provision for unearned premiums	3.9.1	125,255,312	109,213,825
Claims outstanding	3.9.2	281,881,028	228,391,039
Provision for bonuses and rebates	3.9.4	575,538	808,258
		407,711,878	338,413,122
Provisions for other risks and charges			
Provisions for taxation	3.10; 23	270,271	3,610,802
		270,271	3,610,802
Reinsurers' share of subrogation and salvage	3.8	19,311	-
Creditors			
Creditors arising out of direct insurance operations	3.11; 13	19,437,857	17,758,959
Creditors arising out of reinsurance operations	3.11; 13	24,258,688	16,550,473
Other creditors including tax and social security	3.11; 13	9,999,006	7,922,002
		53,695,551	42,231,434
Accruals and deferred income	3.12; 14; 18	10,899,239	9,552,484
Total Liabilities		**606,652,267**	**509,902,033**

The accompanying notes form an integral part of these annual accounts.

Colonnade Insurance S.A.
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Profit and loss account for the year ended December 31, 2024

	Notes	December 31, 2024 EUR	December 31, 2023 EUR
TECHNICAL ACCOUNT NON-LIFE INSURANCE BUSINESS			
Earned premiums, net of reinsurance			
gross premiums written	15; 16	293,705,389	262,325,041
outward reinsurance premiums		-65,115,254	-57,813,078
change in the provision for unearned premiums		-16,041,487	-15,906,274
change in the provision for unearned premiums, reinsurers' share		2,250,558	4,836,841
		214,799,206	193,442,530
Other technical income, net of reinsurance	3.16	2,552,676	1,402,433
Claims incurred, net of reinsurance			
claims paid:			
gross amount		-70,739,226	-68,914,963
reinsurer' share		16,410,353	22,974,716
		-54,328,873	-45,940,247
change in the provision for claims:			
gross amount		-53,489,989	-28,771,664
reinsurer' share		18,271,335	-9,535,583
		-35,218,654	-38,307,247
Bonuses and rebates, net of reinsurance	3.9.4	-517,277	-911,903
Net operating expenses			
acquisition costs	3.7; 17	-92,853,358	-83,438,661
change in deferred acquisition costs	3.7; 18	3,651,879	2,863,049
administrative expenses	3.14; 19; 20; 21	-39,152,580	-36,060,657
reinsurance commissions and profit participation	18	7,914,290	8,446,760
		-120,439,769	-108,189,509
Other technical charges	3.17	-251,530	-520,942
Allocated investment return transferred from the non-technical account	3.13	13,171,577	12,189,550
Balance on the technical account for non-life insurance business		**19,767,356**	**13,164,665**

The accompanying notes form an integral part of these annual accounts.

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Profit and loss account for the year ended December 31, 2024

	Notes	December 31, 2024 EUR	December 31, 2023 EUR
Balance on the technical account for non-life insurance business		19,767,356	13,164,665
NON-TECHNICAL ACCOUNT			
Investment income			
income from other investments			
income from other investments		6,400,283	6,473,780
value re-adjustments on investments	3.1; 3.15; 5.2	34,516,103	33,557,802
gains on realisation of investments		5,577,178	4,215,339
		46,493,564	44,246,921
Investment charges			
investment management charges, including interest		-1,305,159	-1,003,168
value adjustments on investments	3.1; 3.15; 5.1; 5.2	-30,591,150	-28,178,991
losses on the realisation of investments		-1,517,072	-2,489,616
		-33,413,381	-31,671,775
Allocated investment return transferred to the non-life technical account	3	-13,171,577	-12,189,550
Other income	22	1,369,992	2,670,037
Other charges, including value adjustments	3.17; 22	-681,871	-894,472
Tax on profit on ordinary activities	23	-2,402,257	-4,514,376
Profit on ordinary activities after tax		17,961,826	10,811,450
Other taxes not shown under the preceding items	23	0	-80,917
Profit for the financial year		**17,961,826**	**10,730,533**

The accompanying notes form an integral part of these annual accounts.

Notes to the annual accounts as at December 31, 2024

Note 1 - General

Colonnade Insurance S.A. (the "**Company**") is a Luxembourg insurance company. The Company was incorporated as a holding company on November 10, 1997, as a "Société Anonyme" for an unlimited period and subject to the general company law.

With a notarial deed dated July 22, 2015, the Company changed its name from Stonebridge Re S.A. to Colonnade Insurance S.A. and changed its activity from a reinsurance company into an insurance company subject to regulatory approval. The insurance license was granted to the Company on July 24, 2015. In relation to the transfer of the insurance business from QBE Insurance (Europe) Limited ('QBE'), the Company set up Hungarian, Czech and Slovakian Branches in 2015. In 2016 an agreement was signed with AIG Europe Limited ("AIG") to acquire the renewal rights and operating assets of its branches in Bulgaria, Czech Republic, Hungary, Romania, Poland and Slovakia. In addition to the Branches established in 2015, new Branches were created in Bulgaria, Romania and Poland in 2017. The accounts of all six Branches are included in the Company's balance sheet and profit and loss accounts.

The principal activity of the Company is insurance operations in all divisions, in the Grand Duchy of Luxembourg and abroad (excluding any life insurance business), the management of insurance companies, the holding and the financing of direct and indirect participations in all companies or businesses with an identical or similar corporate object and which may further the development of the Company's activities, more generally all transactions regarding movable or real property, commercial, civil or financial operations which are directly related to the Company's corporate object.

The registered office of the Company is 1, rue Jean Piret, L-2350 Luxembourg.

The Company's financial year starts on January 1 and ends on December 31 of each year.

Note 2 - Presentation of the annual accounts

These annual accounts have been prepared in conformity with the Law of December 8, 1994, on annual accounts with respect to insurance and reinsurance undertakings, and with the significant accounting policies generally accepted within the insurance and reinsurance industry in the Grand Duchy of Luxembourg. The accounting policies and valuation rules, apart from those defined by the law or by the Commissariat aux Assurances, are determined and applied by the Board of Directors.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company is, in accordance with Luxembourg law, exempt from the requirement to prepare consolidated annual accounts and a consolidated Directors' report for the year ended December 31, 2024. Therefore, in conformity with legal provisions, these accounts are presented on a non-consolidated basis for approval by the sole shareholder at the Annual General Meeting.

Notes to the annual accounts as at December 31, 2024

Note 3 - Summary of significant accounting policies

The significant accounting policies applied by the Company are as follows:

3.1 Translation of items expressed in foreign currencies

The Company maintains its books and records in EUR.

The assets and liabilities expressed in foreign currencies are translated into EUR at the exchange rates prevailing at the balance sheet date. Transactions during the accounting year, expressed in foreign currencies, are translated to EUR at the exchange rate prevailing on the transaction date.

All unrealised and realised exchange losses/gains resulting from these conversions are accounted for in the profit and loss account in value re-adjustments on investments in the Investment income and in value adjustments on investments in the Investment charges lines.

3.2 Intangible assets

The intangible assets are valued at historical acquisition or production cost.

The intangible assets are amortised on a straight-line basis between a period of two to six years depending on the intangible item. For internally developed software, the costs incurred during the analysis and programming phase are capitalised. The Company also incurred development costs that are capitalised in the balance sheet. The corresponding assets are amortised when they are available for use.

3.3 Tangible assets

Tangible assets are valued at historical acquisition cost. The acquisition cost includes expenses incidental to the purchase. The tangible assets with limited useful economic lives are depreciated on a straight-line basis based on the estimated economic life. The depreciation period for the tangible assets is as follows:

Furniture and fittings	IT Equipment	Cars	Other tangible assets
5-9 years	2-5 years	4-5 years	2-6 years

If a permanent decline in value exists, the fixed assets are valued at the lower of carrying or market value at the balance sheet date. These value adjustments should be reversed when the reasons for which they were made cease to apply.

3.4 Shares in affiliated undertakings and participating interests

Affiliated undertakings are considered to be the undertakings between which the Company exercises a dominant influence either directly or indirectly. Participating interests refer to rights contained in the capital of other undertakings which, when creating a durable link with those undertakings, are intended to contribute to the Company's activities.

Shares in affiliated undertakings and participating interests are valued at historical acquisition cost which includes expenses incidental to the purchase.

If the impairment in value is of a permanent nature, the shares in affiliated undertakings and participating interests are valued at the lower of cost or fair value at the balance sheet date. These value adjustments should no longer continue when the reasons for which they were made cease to apply.

Notes to the annual accounts as at December 31, 2024

3.5 Other financial investments

Other financial investments other than debt securities and other fixed-income transferable securities are valued at historical acquisition cost which includes incidental purchase expenses.

Debt securities and other fixed-income securities are valued at historical acquisition cost, which includes expenses incidental to the purchase, or redemption value, taking into account the following elements:

A positive difference between the acquisition cost and the redemption value is written off in instalments over the duration of the holding of the security.

A negative difference between the acquisition cost and the redemption value is released to income in instalments over the period remaining to repayment.

Other financial investments are valued at the lower of historical acquisition cost and realizable value. The acquisition cost includes expenses incidental to the purchase. The value adjustments which correspond to the negative difference between the realizable value and the acquisition cost may no longer be carried out if the reasons for which they were made cease to apply.

3.6 Debtors

Debtors are valued at the lower of their nominal and their probable realizable value. Value adjustments shall be made when recoverability is questionable, either in part or entirely. These value adjustments shall no longer be carried out when the reasons for which they were made cease to apply.

3.7 Deferred acquisition costs

Acquisition costs related to non-life insurance policies are deferred according to a method compatible with that used for unearned premiums.

3.8 Subrogation and salvage

Under this caption are recorded the recoverable amounts, estimated prudently, arising from the acquisition of policyholders' rights against third parties (subrogation) or from obtaining legal ownership of insured property (salvage). The Company presented for the first time this gross recoverable balance and the related reinsurers' share balance in the balance sheet as of December 31, 2024. These amounts represent cumulative transactions meeting recognition criteria at year-end. The movement in the estimated balances is recorded in the profit and loss account for the year ended December 31, 2024, under “Other technical income, net of reinsurance” and “Other technical charges”. This change was made to align with the regulatory reporting to the Commissariat aux Assurances.

3.9 Technical provisions

Sufficient technical provisions are set up so that the Company can meet, as far as can be reasonably foreseen, any liabilities arising from insurance contracts.

3.9.1 Provision for unearned premiums

Written premiums include all the amounts received or receivable with respect to insurance contracts incepted before the end of the accounting year. That part of written premiums which is to be allocated to one or more subsequent financial years is deferred by way of the provision for unearned premiums, computed separately for each contract on a pro-rata basis.

3.9.2 Provision for claims outstanding

The provision for claims outstanding corresponds to the total estimated cost (including claims settlement costs) for settling all claims arising from events which have occurred up to the end of the financial year, whether reported or not, less amounts already paid in respect of such claims. The Provision for claims outstanding is made for the full cost of settling the outstanding claims at the end of the financial year, including claims incurred but not yet reported (IBNR).

The Company establishes provision for claims outstanding on an undiscounted basis to recognise the estimated costs of bringing pending claims to final settlement, taking into account inflation, as well as other factors that can influence the amount of reserves required, some of which are subjective and some of which are dependent on future events. In determining the level of reserves, the Company considers historical trends and patterns of loss payments, pending levels of unpaid claims and types of coverage. In addition, court decisions, economic conditions and public attitudes may affect the ultimate cost of settlement and, as a result, the Company's estimation of reserves. Between the reporting and final settlement of a claim, circumstances may change, which would result in changes to established reserves. Items such as changes in law and interpretations of relevant case law, results of litigation, changes in medical costs, as well as costs of vehicle and building repair materials and labour rates can substantially impact ultimate settlement costs. Accordingly, the Company regularly reviews and re-evaluates case reserves. Any resulting adjustments are included in the profit and loss account for the current year. Amounts ultimately paid for losses and loss adjustment expenses can vary significantly from the level of reserves originally set or currently recorded.

The Company also establishes reserves for IBNR claims on an undiscounted basis to recognise the estimated final settlement cost for loss events which have already occurred, but which have not yet been reported. Historical information and statistical models, based on a product line, type and extent of coverage, as well as reported claims trends, severities and frequencies, exposure growth and other factors, are relied upon to estimate IBNR reserves. These estimates are revised as additional information becomes available and as claims are actually reported and paid.

3.9.3 Provision for unexpired risks

The provision for unexpired risks is recognised when the estimated costs of future claims and related deferred acquisition costs are expected to exceed the unearned premium provision. In determining the need for an unexpired risk provision the different classes of business have been regarded as businesses that are managed together. Unexpired risks surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises. The unexpired risks provision would be included within 'Other technical provisions'.

3.9.4 Provisions for bonuses and rebates

This provision consists of amounts intended for policyholders to the extent that such amounts represent an allocation of profit arising on business, or a partial refund of premium made based on the performance of the contracts. The movement in this provision during the year is recorded in the Profit and Loss Account under Bonuses and rebates, net of reinsurance.

3.10 Provisions for other risks and charges

Provisions for other risks and charges are intended to cover losses or debts whose nature is clearly defined but are, at the balance sheet date, either likely or certain to be incurred but amounts are indeterminable.

3.11 Creditors

Creditors are included in liabilities at settlement value. If the amount payable is greater than the amount received, the difference may be shown as an asset and written off by reasonable annual amortization and completely written off no later than the time of repayment of the debt. If the amount payable is lower than the amount received, the difference is released to income in instalments over the remaining period of the contract.

3.12 Accruals and deferred income

This item consists of both income receivable before the balance sheet date but relating to a subsequent financial year and charges that relate to the current financial year but payable in a subsequent financial year.

3.13 Allocated investment return transferred from/to non-technical account

This income represents the portion of the total net investment return – interest income and charges and realised gains and losses - that relates to assets which are held to cover the non-life technical provisions, and which are transferred from the non-technical account in order to better reflect the balance of the technical account of the non-life business.

3.14 Administrative expenses

Administrative expenses specifically consist of costs arising from premium collection, portfolio administration and inward and outward reinsurance. The administrative expenses more specifically include all administrative expenses that cannot be allocated to acquisition costs, claims or investment management charges.

3.15 Value adjustments

The value adjustments are deducted directly from the related asset.

3.16 Other technical income, net of reinsurance

The Company recognises the co-insurance income for cases where it acts as a co-insurance leader through the profit and loss statement as a separate item. The Company also recognises the salvage and subrogation payments' gross part through the profit and loss statement on this line.

3.17 Other technical charges

The Company recognises the salvage and subrogation payments reinsurance part through the profit and loss statement as a separate item on this line.

Notes to the annual accounts as at December 31, 2024

Note 4 - Intangible assets

The movements in intangible assets incurred during the financial year may be summarised as follows:

	Data policy rights	Software	Software under own development	Internally developed software in use	Other development costs	Total
Gross book value January 1, 2024	3,892,739	2,361,303	341,016	17,465,726	453,620	24,514,404
Additions during the year	0	749,485	4,748,529	0	513,378	6,011,392
Disposals during the year	0	-95,353	0	0	0	-95,353
Transfers during the year	0	0	-5,084,794	5,084,794	0	0
Foreign exchange on opening gross book value	0	209	0	0	-208	1
Gross book value December 31, 2024	3,892,739	3,015,644	4,751	22,550,520	966,790	30,430,444
Accumulated depreciation January 1, 2024	-3,892,739	-1,863,489	0	-5,622,863	-52,432	-11,431,523
Depreciation during the year	0	-230,351	0	-4,467,063	-145,432	-4,842,846
Foreign exchange impact on opening accumulated depreciation	0	-239	0	0	240	1
Accumulated depreciation December 31, 2024	-3,892,739	-2,094,079	0	-10,089,926	-197,624	-16,274,367
Net book value December 31, 2024	**0**	**921,565**	**4,751**	**12,460,594**	**769,166**	**14,156,076**
Net book value December 31, 2023	**0**	**497,814**	**341,016**	**11,842,863**	**401,188**	**13,082,881**

The “Internally developed Software in use” category represents the development costs incurred by Colonnade for its own policy management infrastructure in 2024, while the system has been progressively released across Colonnade business from 2022, the Company continued developments of new releases in 2024.

Note 5 - Investments

5.1 Shares in affiliated undertakings and participating interests

The undertakings in which the Company holds at least twenty percent of the capital are the following:

Name of the company	Registered office	Percentage of ownership	Closing date of last financial year	Book value as at December 31, 2024	Book value as at December 31, 2023	Shareholder's equity (including results for the year) as at December 31, 2024	Results of the financial year 2024
		%		EUR	EUR	EUR	EUR
TIG (Bermuda) Ltd.	Canon's Court 22 Victoria Street Hamilton HM EX Bermuda	100	Dec. 31, 2024	1,045,438	999,448	1,098,124	-15,658

The amount mentioned in the Shareholder's equity and the Result of the financial year are based on the last unaudited annual accounts and are converted into EUR using the group exchange rate as at December 31, 2024 being EUR 1 = USD 1.035. In 2024, the Company made a capital contribution to TIG (Bermuda) Ltd. capital for USD 50,000.

In 2024, Management considered the valuation of the subsidiary and concluded that no impairment should be recorded in the Luxembourg GAAP annual accounts as of December 31, 2024. The total value adjustment at December 31, 2024 amounts to EUR 436,062.

5.2 Other financial investments

As at December 31, 2024, the actual value of the other financial investments is as follows:

Other financial investments	December 31, 2024 EUR Book value	December 31, 2024 EUR Actual value
Shares and other variable yield transferable securities and units in unit trusts	68,279,677	103,763,005
Debt securities and other fixed income transferrable securities	230,405,120	231,838,158
Other loans	10,180,366	10,180,366

During the year, the amortization of discount on debt securities and other fixed-income transferrable securities amounts to EUR 5,661,153 and the amortization of premiums in these securities amounts to EUR 49,987. Discount amortization is recognised under value re-adjustment on investments and premium amortization is recognised under value adjustment on investments in the profit and loss account.

As of December 31, 2024, the non-amortised discount and premiums on debt securities and other fixed-income transferrable securities amount respectively to EUR 14,605,930 and EUR 389,061.

Note 6 - Debtors

The breakdown of the debtors at December 31, 2024, is as follows:

	December 31, 2024	December 31, 2023
Arising out of direct insurance operations	**49,760,229**	**49,006,348**
policyholders - third parties	37,586,574	37,060,515
policyholders - related parties	3,465	-
intermediaries - third parties	12,170,190	11,945,833
Arising out of reinsurance operations	**18,576,581**	**23,858,885**
third parties	17,888,576	23,530,328
related parties	688,005	328,557
Other debtors - third parties	**8,282,270**	**6,746,107**
deposits and guarantees	605,878	553,625
tax receivable	3,450,527	3,443,422
other third parties debtors	4,225,865	2,749,060
Other debtors - related parties	**373,000**	**676,000**
Total	**76,992,080**	**80,287,340**

The balances for direct insurance operations and reinsurance operations include value adjustments where their recoverability is either uncertain or compromised.

Notes to the annual accounts as at December 31, 2024

Breakdown of other debtors

	December 31, 2024	December 31, 2023
Deposits and guarantees	605,878	553,625
Receivables from AIG	125,462	234,725
Rental related	242,406	246,465
Receivables from social security	6,539	19,637
Tax receivable	3,450,527	3,443,422
Other related parties	373,000	676,000
Coinsurance receivables/regresses/commission paid in advance	2,303,074	1,536,323
Special contribution to Insured Protection Fund to be recovered	1,529,868	542,814
Claims handling fee with PolishRe	-	4,235
Other	18,516	164,861
Total	**8,655,270**	**7,422,107**

The special contribution to the “Insured Protection Fund" included in the above table corresponds to a funding requirement introduced in 2023 for insurance companies operating in Romania. The balance corresponds to the portion of the funding that can be recovered by insurance companies when the Fund is sufficiently capitalised.

Note 7 - Tangible assets

The movements in tangible assets incurred during the financial year may be summarised as follows:

	Furniture and fittings	IT equipment	Cars	Other tangible assets	Total
Gross book value January 1, 2024	1,847,395	2,676,576	1,312,493	983,928	6,820,392
Additions during the year	31,294	660,874	587,004	100,875	1,380,047
Disposals during the year	- 58,825	- 225,805	- 68,088	- 5,487	- 358,205
Foreign exchange on opening gross book value	- 68,962	- 40,107	- 33,096	- 12,682	- 154,847
Gross book value December 31, 2024	1,750,902	3,071,538	1,798,313	1,066,634	7,687,387
Accumulated depreciation January 1, 2024	- 693,266	- 1,718,536	- 202,499	- 720,596	- 3,334,897
Depreciation during the year	- 163,629	- 373,757	- 253,427	136,118	- 654,695
Foreign exchange impact on opening accumulated depreciation	14,072	22,796	3,027	10,635	50,530
Accumulated depreciation December 31, 2024	- 842,823	- 2,069,497	- 452,899	- 573,843	- 3,939,062
Net book value December 31, 2024	**908,079**	**1,002,041**	**1,345,414**	**492,791**	**3,748,325**
Net book value December 31, 2023	**1,154,129**	**958,040**	**1,109,994**	**263,332**	**3,485,495**

Notes to the annual accounts as at December 31, 2024

Note 8 - Other prepayments and accrued income

This item is composed of prepayments made regarding expenses relating to periods after December 31, 2024, as well as accrued interest on fixed-income securities held at December 31, 2024. As at December 31, 2024, the other prepayments and accrued income amount to EUR 8,670,941 (EUR 7,148,317 in December 31, 2023).

Note 9 - Subscribed capital

As at December 31, 2024, the subscribed capital amounting to EUR 9,500,000 is paid fully and represented by 9,500,000 shares of EUR 1 each and fully owned by Fairfax Luxembourg Holdings S.à r.l.

Note 10 - Share premium account

As at December 31, 2024, the share premium amounts to EUR 94,876,287.

The movements in the share premium account during the financial year ended December 31, 2024, are as follows:

Share premium account at the beginning of the financial year	EUR	94,876,287
Movements during the financial year 2024	EUR	-
Share premium account at the end of the financial year	**EUR**	**94,876,287**

Note 11 - Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

The legal reserve represents 10% of the issued share capital.

Note 12 - Profit or loss brought forward

The profit for the accounting year ended December 31, 2023, amounting to EUR 10,730,533 has been carried forward to 2024 in accordance with the decision of the sole shareholder held in the Annual General Meeting of 6 April 2023. The total accumulated balance is a gain of EUR 10,767,904.

Note 13 - Creditors

Creditors arising out of direct insurance operations amount to EUR 19,437,857 of which EUR 19,412,169 is payable to third parties.

Creditors arising out of reinsurance operations amount to EUR 24,258,688 of which EUR 23,604,321 is payable to third parties.

The breakdown of the creditors at December 31, 2024, is as follows:

	December 31, 2024	December 31, 2023
Creditors - direct insurance	**19,437,857**	**17,758,959**
third parties	19,412,169	17,732,765
related parties	25,688	26,194
Creditors - reinsurance	**24,258,688**	**16,550,473**
third parties	23,604,321	16,396,514
related parties	654,367	153,959
Other creditors including tax and social security	**9,999,006**	**7,922,002**
third parties	9,999,431	7,916,302
third parties - personnel related liability	2,092,217	2,073,989
third parties - tax liabilities	2,814,136	2,305,125
third parties - unallocated cash receipts	3,128,994	2,432,586
third parties - payable to vendors	1,099,629	484,105
third parties - other	864,455	620,497
related parties	-425	5,700
Total	**53,695,551**	**42,231,434**

The increase in creditors' reinsurance balance is mainly caused by Reinstatement premiums on catastrophic cover due to reinsurers following the floods that occurred in 2024.
There are no creditor balances becoming due and payable after more than five years.

Note 14 - Accruals and deferred income

This item is composed of other accrued charges of EUR 7,414,987, accrued insurance charges of EUR 47,986 as well as deferred ceded premium acquisition costs with third parties of EUR 2,342,004, along with EUR 215,838 of other deferred income and deferred ceded premium acquisition costs on related parties of EUR 878,424.

	December 31, 2024	December 31, 2023
Accruals and deferred income		
accrued charges other - third parties	7,432,483	6,733,860
accrued charges insurance - third parties	47,986	44,905
deferred income - third parties	3,306,874	2,205,304
deferred income - related parties	111,897	568,415
Total	**10,899,240**	**9,552,484**

Notes to the annual accounts as at December 31, 2024

A more detailed breakdown is shown below:

	December 31, 2024	December 31, 2023
Personnel accruals	5,884,934	5,133,966
Accrued insurance charges	47,986	44,905
AIG Claim handling deferral	-	62,439
Reinsurance DAC	3,091,218	2,114,918
Other accruals	1,240,004	1,131,423
Legal/Audit/Tax services accruals	307,545	468,471
Other deferred income	215,656	27,947
Reinsurance DAC - related parties	111,897	568,415
Total	**10,899,240**	**9,552,484**

Note 15 - Results from the non-life insurance operations

The group classification within direct insurance and reinsurance accepted may be presented as follows:

		Fire and natural forces (industrial and commercial risk)	General liability (other)	Accident	Land vehicles (other than railway rolling stock) / other	Other	Total
Direct business	Gross premiums written	86,126,630	90,982,856	67,660,783	9,665,329	17,114,418	**271,550,016**
	Gross premiums earned	79,590,938	87,618,879	64,483,659	8,853,942	17,620,005	**258,167,423**
	Gross claims incurred	-55,974,046	-31,447,557	-22,098,323	-3,300,666	-5,173,932	**-117,994,524**
	Gross operating expenses	-28,037,213	-37,507,743	-41,172,386	-5,290,970	-8,605,101	**-120,613,413**
	Net reinsurance result	-5,465,404	-10,292,549	-324,235	-92,071	-210,588	**-16,384,847**
Reinsurance acceptances	Gross premiums written	15,264,279	4,372,268	132,918	0	2,385,910	**22,155,375**
	Gross premiums earned	13,449,611	4,197,210	132,692	0	1,716,963	**19,496,476**
	Gross claims incurred	-4,743,989	-994,234	-117,739	98	-378,825	**-6,234,689**
	Gross operating expenses	-5,228,550	-1,382,891	-40,496	-631	-1,088,077	**-7,740,645**
	Net reinsurance result	-3,248,459	-629,805	-741	0	-4,867	**-3,883,872**
Total	Gross premiums written	101,390,909	95,355,124	67,793,701	9,665,329	19,500,328	**293,705,391**
	Gross premiums earned	93,040,549	91,816,089	64,616,351	8,853,942	19,336,968	**277,663,899**
	Gross claims incurred	-60,718,035	-32,441,791	-22,216,062	-3,300,568	-5,552,757	**-124,229,213**
	Gross operating expenses	-33,265,763	-38,890,634	-41,212,882	-5,291,601	-9,693,178	**-128,354,058**
	Net reinsurance result	-8,713,863	-10,922,354	-324,976	-92,071	-215,455	**-20,268,719**
	Net technical result	**-9,657,112**	**9,561,310**	**862,431**	**169,702**	**3,875,578**	**4,811,909**

The category 'Other' consists of multiple lines of business. The main contributors to this category's Gross premium written element are GAP and Marine businesses, which amount to EUR 9.5 million and EUR 6.1 million, respectively.

Note 16 - Geographic breakdown of premiums written

Gross insurance premiums amounting to EUR 293,705,389 may be broken down into geographic zones according to where the contracts have been concluded:

	December 31, 2024	December 31, 2023
Poland	96,811,555	80,805,582
Czech Republic	63,636,732	60,181,678
Hungary	61,528,044	56,954,379
Slovakia	34,725,348	30,660,413
Romania	23,055,759	19,962,390
Bulgaria	10,432,810	9,806,581
Other EEA	2,419,585	3,119,541
Outside EEA	1,095,556	834,477
Total	**293,705,389**	**262,325,041**

Note 17 - Acquisition costs

Acquisition costs consist of commissions paid to insurance intermediaries, premium taxes reported as other commissions and expenses relating to the internal salesforce.

Commissions paid to insurance intermediaries relating to direct insurance and assumed reinsurance amount to EUR 53,774,678 (EUR 46,838,658 in 2023). Premium taxes amount to EUR 12,268,013 (EUR 12,810,357 in 2023); hence, total commissions are EUR 66,042,691 (EUR 59,649,015 in 2023). Due to a change in the Hungarian legislation, which was in force in April 2024, the insurance premium tax is lower at the average level compared to the previous year.

The allocation of expenses relating to the internal salesforce amounts to EUR 26,810,667 (EUR 23,789,646 in 2023).

The total Acquisition costs amount to EUR 92,853,358 (EUR 83,438,661 in 2023).

Note 18 - Change in ceded deferred acquisition costs

The ‘ceded deferred acquisition costs’ are shown on the Balance Sheet in ‘Accruals and deferred income’ (EUR 3,203,115 in 2024 and EUR 2,683,332 in 2023). The change of the ceded deferred acquisition costs of EUR 519,783 is included in ‘reinsurance commissions and profit participation’ in the Profit and Loss Account.

Notes to the annual accounts as at December 31, 2024

Note 19 - Personnel employed during the year

The average number of staff employed in the financial year of 2024 amounts to 634 and may be broken down into the following categories:

	2024 Year	2023 Year
Management	7	7
Salaried employees	628	579
Total	635	586

The staff costs with respect to the financial year may be broken down as follows:

	2024 Year	2023 Year
Wages and salaries	26,672,631	24,931,763
Social security costs	7,739,744	6,591,990
Other employee expenses	4,499,832	3,856,484
Total	**38,912,207**	**35,380,237**

Note 20 - Remuneration granted to members of supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

Remuneration granted to members of the Board of Directors in relation to their responsibilities amounts to EUR 82,500 in 2024 (EUR 95,620 in 2023) and is included in “administrative expenses”. There are no commitments in respect of retirement pensions for former members of those supervisory bodies.

Note 21 - Auditors’ fees

The audit fees (excluding VAT) for the year ended December 31, 2024 amount to EUR 745,653 (compared to EUR 553,970 in 2023), representing fees for the audit of the annual accounts and the related regulatory reports as well as the branch statutory audits. They are included in “administrative expenses”.

The total breakdown of the fees is as follows:

	2024 Year	2023 Year
Audit fees	594,653	536,970
Audit - related fees	11,000	17,000
Tax fees	13,809	17,961
Other fees related to permissible non-audit services	140,000	4,000
Total	**759,462**	**575,931**

The non-audit services that the auditor provided to the Company and its controlled undertakings for the year then ended are the following:
- Preparation work on Limited Assurance on sustainability report that was foreseen to comply with transposition of the Corporate Sustainability Reporting Directive (CSRD) and the Commission Delegated Directive (EU) 2023/2775 into national legislation law,
- Issuance of the reports required by the regulator
- Tax compliance services
- Benchmarking services

Note 22 - Other income and other charges

The income relating to claims expenses paid on behalf of AIG as part of the Claims runoff service agreement is EUR 605,199 (EUR 718,755 in 2023) in the Other income line. The associated claims expenses are presented as Other charges amounting to EUR 605,199 (EUR 718,755 in 2023). Other AIG-related income is EUR 491,149 in 2024 (EUR 447,645 in 2023)

Note 23 – Corporate income taxes

The Company is subject to the applicable general tax regulations in Luxembourg and all countries of the branches in Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovakia.

The Company belongs to a group that is within the scope of the EU/OECD Pillar Two model rules. Pillar Two legislation was enacted in Luxembourg, the jurisdiction in which the Company is incorporated, which has come into effect for fiscal years starting on or after 31 December 2023.

The Company conducted an impact assessment of the OECD transitional safe harbour rules and the full Pillar Two rules in Luxembourg and in the jurisdictions of its branches. The Company concluded that it should not be subject to top-up tax for the current year in Czech Republic, Hungary, Poland, Slovakia and Romania. The Company also concluded that it should not be subject to any significant top-up tax for the current year in Bulgaria.

Based on the last filed tax return, the management of the Company recognizes that it has EUR 460,794,219 of carried forward tax losses available as of December 31, 2023, in Luxembourg. The Company estimates approximately EUR 1,340,014 of taxable income in Luxembourg for the year ended December 31, 2024, which could lead to a potential deferred tax asset of EUR 109,671,719 at a tax rate of 23.87%. Regarding the portion of the aforementioned losses generated from the tax year 2017 onwards (approximately EUR 7,517,875), these can be carried forward for seventeen years following the tax year in which the losses arose.

The utilisation of the aforementioned losses is subject to review by the Luxembourg tax authorities under the usual statute of limitation rules that is 5 years for corporate income tax as from 1 January following the end of the fiscal year. The general statute of limitation may be extended to 10 years in case of insufficient or incomplete tax return or failure to file a tax return. The existence of the carried forward tax losses remains therefore uncertain (at least) until the end of the fifth fiscal year after the fiscal year in which they are used.

The management of the Company also estimates approximately EUR 689,030 of tax losses for the current period in Czech Republic, which could lead to a potential deferred tax asset of EUR 144,697 at a tax rate of 21%. The utilisation of these losses is subject to review by the Czech tax authorities under the usual statute of limitation rules that is 5 years for corporate income tax as from 1 January following the end of the fiscal year.

The management of the Company also recognizes, based on the last filed tax return in Slovakia for its local branch operations, that the Company has EUR 1,034,648 of carried forward tax losses available as at 31 December 2023 and estimate approximately EUR 2,854,380 of tax losses for the current period in Slovakia, which could lead to a potential deferred tax asset of EUR 933,367 at a tax rate of 24%. The utilisation of these losses is subject to review by the Slovak tax authorities under the usual statute of limitation rules that is 5 years for corporate income tax as from 1 January following the end of the fiscal year. The utilisation is also limited to 50% of the net taxable income in a respective tax period.

Note 24 - Commitments

At December 31, 2024, the Company has the following off-balance sheet commitments:

	December 31, 2024	December 31, 2023
Building leases	7,473,101	8,538,945
Loan facility commitment	714,755	989,699
Vehicule leases	554,176	981,607
Bank guarantee	58,734	56,947
IT equipment lease	4,735	11,948
Total	**8,805,501**	**10,579,146**

The Company's commitments are in relation to the lease of premises for the head office and the branches, company vehicles and IT equipment used for its activities and by its employees. The bank guarantees are related to leases and business commitments. The amounts reported represent the future obligations of the Company computed until the expiration of contracts. The loan facility commitment relates to an investment of the Company in a real estate loan.

Note 25 - Information relating to consolidated undertakings

The Company is included in the consolidated financial statements of Fairfax Financial Holdings Limited which is the largest and the smallest group of undertakings for the Company. The registered office of this undertaking where the consolidated financial statements are available is situated at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

Note 26 - Subsequent events

No subsequent events have been identified and recognised.