Colonnade Insurance S.A.
Société Anonyme

Annual accounts and report of the Réviseur d'Entreprise Agréé as at December 31, 2023

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Directors' report on the annual accounts as at December 31, 2023

Key Financials

For the year ended December 31, 2023, the profit after tax was EUR 10,730,533 (compared to EUR 7,868,838 in 2022). The financial year of 2023 had earned premiums, net of reinsurance, of EUR 193,442,530 (EUR 159,898,731 in 2022) with gross premiums written of EUR 262,325,041 (EUR 213,944,060 in 2022) and claims incurred, net of reinsurance, of EUR 84,247,494 (EUR 62,628,785 in 2022).

In 2023, our diversified portfolio once again underscored its stability. Despite facing economic hurdles such as high inflation and business slowdowns, we managed to increase our topline by 21%. The underwriting results for 2023 unmistakably highlight the effectiveness of our strategies. Achieving profitability for six 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 the last year.

The underwriting result amounted to a profit of EUR 13,164,665 (compared to EUR 10,765,126 in 2022).

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

- We had very favourable retention ratios, both in the Commercial (87.1%) and Consumer (91.8%) segments. The premium growth was also supported by new business production of EUR 39 million and EUR 37 million respectively, exceeding our planned expectations.
- Our Romanian Branch's business grew by 32% due to successful sales in Commercial lines exceeding premium levels of EUR 21 million.
- Our Personal Accident Individual portfolio posted excellent results with an 88% combined ratio, with continuous new sales during the year.
- The third-party lines contributed significantly to the profit with a gross premium growth of 23% and a combined ratio of 88.2%.
- In 2022 we have experienced some challenges on our Property portfolio due to unusual loss activity. After careful analysis of the portfolio, a remedial action plan has been implemented in 2023 to improve the profitability.
- We have also refocused on the more profitable Casualty lines during the year to offset the losses on the Property line.

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

- The travel business grew significantly compared to 2022 by 54%, however the loss ratio of the book has slightly deteriorated from 39.8% in 2022 to 43.7% in 2023.
- We have experienced lower large loss activity compared to 2022 on the Property line. The increased net retention on our Property per risk treaty has resulted in the deterioration of the net loss ratio to 61.8% from 55.3% in 2022.
- Our administrative expenses have increased from EUR 31,024,459 to EUR 36,060,657 as a result of inflation, staff expansion supporting growth and our Transformation program.

The Company's net loss ratio was 43.6%, its net commission ratio was 37.3%, its net expense ratio was 18.6% and the combined ratio stands at 99.5%. These ratios were 39.2%, 35.6%, 19.4% and 94.1% respectively in 2022.

During the year, the total shareholder's equity increased from EUR 105,363,658 to EUR 116,094,191 after considering the result of the year.

As of December 31, 2023, the provision for unearned premiums amounted to EUR 109,213,825 (EUR 93,307,551 December 31, 2022), claims outstanding were at EUR 228,391,039 (EUR 199,619,375 on December 31, 2022) and the provision for bonuses and rebates was at EUR 808,258 (EUR 726,526 on December 31, 2022).

Key Events

Changes in macroeconomic conditions

In 2022 the general economic challenges relating to the war between Ukraine and Russia, relating to the energy crisis and overall macroeconomic conditions resulted in significant inflation rate increases in the region where Colonnade operates. The inflation trend continued in 2023, however, the inflation rate generally peaked in the first quarter of 2023 and was declining towards the end of the year. The impact of inflation in 2023 on our general operating expenses was approximately EUR 5.6 million. We have also experienced market hardening on the renewal of the reinsurance programme at the end of 2022, which has increased our reinsurance costs by EUR 4.4 million in 2023.

Interest rate changes during 2023

Since the second half of 2021, many of the national banks in the countries/currencies in which we operate have increased interest rates in response to the inflationary environment. During 2022 and the first half of 2023 this trend continued with interest rates rising for all major currencies in which we trade. During 2023 Colonnade had lengthened the average duration of the fixed-income investments from around one year to around three years, locking in high interest rates.

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 2022 with Commercial lines at 68% and Consumer lines at 32% - excluding the multinational business issued for AIG.

The major growth in Commercial was observed on our Property lines and in General Liability, growing 27% and 23% respectively.

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 22% compared to the 2022 year. The growth on our Individual Travel portfolio was outstanding at 54%.

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 reporting, internal controls, management of 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.

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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.

In 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 will 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.) and reports the full GWP for the line of business for comparison with 2022. These products represent EUR 79,491,479 or 30% of gross premiums written in the financial year under review (2022: EUR 62,22,397 or 29% including Construction).

[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

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 2023 (2)	Proportion of premiums 2023 (3)	Proportion of premiums 2022 (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)	79.5	30%	n/a						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	182.8	70%							
Total (A.1 + A.2 + B)	262.3	100%	n/a						

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 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, 2023	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)	146.7	57%
Proportion of assets covered by the KPI relative to Total investments [(1)]	111.3	43%
Total Investments [(2)]	258.0	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: Turnover-based: 1.0% Capital expenditures-based: 6.9%	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: 1.10 EUR millions Capital expenditures-based: 7.74 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. Coverage ratio: 43%	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities. Coverage: 111.3 EUR millions
Additional, complementary disclosures: breakdown of **denominator** of the KPI	
The percentage of derivatives relative to total assets covered by the KPI [(3)] 0.3%	The value in monetary amounts of derivatives [(3)] 0.3 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: 40.2% For financial undertakings: 10.1%	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: 44.7 EUR millions For financial undertakings: 11.3 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: 33.0% 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: 36.7 EUR millions For financial undertakings: 7.9 EUR millions
The proportion of e**xposures 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: 22.7% For financial undertakings: 26.7%	Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: 25.3 EUR millions For financial undertakings: 29.7 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- - %	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: 46.2%	Value of all the investments that are funding **economic activities that are not Taxonomy-eligible**: 51.46 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: 2.2%	Value of all the investments that are funding Taxonomy- eligible economic activities, **but not Taxonomy- aligned**: 2.44 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: 1.0% Capital expenditures-based: 6.9% For financial undertakings: Turnover-based: - % Capital expenditures-based: 0.0%	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: 1.10 EUR millions Capital expenditures-based: 7.69 EUR millions For financial undertakings: Turnover-based: - EUR millions Capital expenditures-based: 0.05 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

Breakdown of the numerator of the KPI per environmental objective				
Taxonomy-aligned activities – provided "do-not-significant-harm'(DNSH) and social safeguards positive assessment:				
1. Climate change mitigation	Turnover: 0.24%	Transitional activities:	0.11% ; 0.11%	(Turnover; CapEx)
	CapEx: 0.89%	Enabling activities:	0.13% ; 0.78%	(Turnover; CapEx)
2. Climate change adaptation	Turnover: 0.02%	Transitional activities:	0.00% ; 0.00%	(Turnover; CapEx)
	CapEx: 0.04%	Enabling activities:	0.02% ; 0.04%	(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)

[(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.

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.

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. For donations, Colonnade has a recommended target of a minimum of 1% of our pre-tax earnings going to charitable causes.

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 2023, 92.5% of our employees participated in our climate survey and the results show excellent engagement. 98.1% 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 introduced flexible work arrangements like hybrid work and flexible working hours and introduced the 'Fit with Desk job' physical exercise program.

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 average age of our employees is 42; the average tenure is 7 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. In 2023 we were also supporting our people to mitigate inflation challenges.

To support employees' development, the Company provided English language training in most of its branches, launched an online learning platform accessible to our employees and covering numerous technical and soft skills, completed an international training program for collaboration effectiveness as well as an internal train the trainer program for both technical and soft skills. 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's primary focus of charitable action has been 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 2023 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, Czech Republic, Romania and Bulgaria.
We offered various types of support and worked with the wider Fairfax Group to ensure help related to schooling, medical support, housing, social events, etc., and ensure ongoing readiness for helping those who choose to seek a safe place outside Ukraine. In 2023 we have organised a summer camp for Ukrainian families with approximately 90 attendees from all our countries to ensure they can meet and have some relief and even psychological support.

Besides 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. The majority (75%) of the non-Ukraine-related financial support in 2023 was dedicated to organisations that are helping people (children, disabled people, homeless people, seniors, crisis helplines) and initiatives related to social innovation, education, and talent support. The remaining donations were dedicated to hospitals, animal care foundations and organizations that develop insurance as a sector.

With financial support from Fairfax, over EUR 760,000 has been spent on charitable donations in total. 89 % (EUR 679k) have been dedicated to the continuation of support for the employees and families from Ukraine. We dedicated 11% (EUR 81k) of the total amount to other non-Ukraine-related causes.

Solvency Ratio

The Company's solvency ratio was 166% as at 31 December 2023 compared to 163% as at 31 December 2022, reflecting that the Company remained soundly financed.

Other representations

In 2023, the Company did not pursue any research and development activity. The Company does not face abnormal price, credit, liquidity or treasury risks.

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

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We have assessed our future business plan until 2026 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.

Inflation rates have significantly increased in our region in 2022 and at the beginning of 2023. In our planning for the next periods, we have factored in premium increases on the renewal portfolio due to updated limits and sums insured. We have reviewed our loss ratios and made adjustments due to inflation. We have experienced higher operating expenses in 2023 due to inflation, however, in 2024 the increase of our expenses is reducing as the inflation rate declines in our region. Our plans are still indicating profitable underwriting, so the changing environment does not materially impact our economic position.

The changes in the economic environment are not impacting the Company as a going concern.

Future plans

In 2023 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 2024 and beyond will be a continuation of the enhancement of our infrastructure and expansion of the Consumer portfolio. We would like to improve the reliance on business data and be able to provide more personalised solutions to our customers.

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 2023, 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 2023;
- 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 228,391,039 EUR at year – end include an IBNR reserve, estimation of which involves a significant degree of judgement as disclosed in Note 3.8.2 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: • Applying our industry knowledge and experience, we compared the methodology, models and assumptions used against recognised actuarial practices; • We have observed and tested management controls in place for the determination of the estimates and assessed the compliance with regulatory requirements; • Performing independent re-computations on selected classes of business, particularly focusing on the largest and most uncertain reserves. For these classes we compared our re-computed claims reserves to those booked by management, and sought to understand any significant differences; • We have observed and challenged the incorporation of the current inflationary economy uncertainities in the update of the IBNR reserve calculations and compared it to market benchmarks; • 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; • 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.

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.

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 6 April 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 9 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 28 March 2024

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, 2023

	Note(s)	December 31, 2023 EUR	December 31, 2022 EUR
ASSETS			
Intangible assets	3.2; 4	13 082 881	11 573 437
Investments			
Investments in affiliated undertakings and participating interests			
Shares in affiliated undertakings	3.4; 5.1	999 448	956 103
Other financial investments	3.5; 5.2		
Shares and other variable yield transferable securities and units in unit trusts		58 279 677	43 193 001
Debt securities and other fixed income transferable securities		189 248 798	173 622 845
Other loans		9 506 667	8 025 154
		258 034 590	225 797 103
Reinsurers' share of technical provisions			
Provision for unearned premiums	3.8.1	23 481 214	18 644 373
Claims outstanding	3.8.2	52 536 678	62 072 261
		76 017 892	80 716 634
Debtors	3.6; 6		
Debtors arising out of direct insurance operations			
Policy holders		37 060 515	29 325 406
Intermediaries		11 945 833	10 919 087
Debtors arising out of reinsurance operations		23 858 885	13 829 553
Other debtors		7 422 107	7 662 311
		80 287 340	61 736 357
Other assets			
Tangible assets and stocks	3.3; 7	3 485 495	1 882 473
Cash at bank and in hand		46 001 712	35 302 829
Other assets		65 080	101 854
		49 552 287	37 287 156
Prepayments and accrued income			
Accrued interest and rent		2 749 833	1 844 822
Deferred acquisition costs	3.7	23 028 893	20 165 844
Other prepayments and accrued income	8	7 148 317	6 869 202
		32 927 043	28 879 868
Total Assets		**509 902 033**	**445 990 555**

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

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

Balance sheet as at December 31, 2023

	Note(s)	December 31, 2023 EUR		December 31, 2022 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	37 371	-	7 831 467
Profit or loss for the financial year		10 730 533		7 868 838
		116 094 191		105 363 658
Technical provisions				
Provision for unearned premiums	3.8.1	109 213 825		93 307 551
Claims outstanding	3.8.2	228 391 039		199 619 375
Provision for bonuses and rebates	3.8.4	808 258		726 526
		338 413 122		293 653 452
Provisions for other risks and charges				
Provisions for taxation	3.9; 23	3 610 802		3 309 714
		3 610 802		3 309 714
Creditors				
Creditors arising out of direct insurance operations	3.10; 13	17 758 959		15 356 440
Creditors arising out of reinsurance operations	3.10; 13	16 550 473		14 011 940
Other creditors including tax and social security	3.10; 13	7 922 002		6 715 484
		42 231 434		36 083 864
Accruals and deferred income	3.11; 14; 18	9 552 484		7 579 867
Total Liabilities		**509 902 033**		**445 990 555**

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

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

Profit and loss account for the year ended December 31, 2023

	Note(s)	December 31, 2023 EUR	December 31, 2022 EUR
TECHNICAL ACCOUNT			
NON-LIFE INSURANCE BUSINESS			
Earned premiums, net of reinsurance			
gross premiums written	15; 16	262 325 041	213 944 060
outward reinsurance premiums		- 57 813 078	- 44 056 000
change in the provision for unearned premiums		- 15 906 274	- 14 949 632
change in the provision for unearned premiums, reinsurers' share		4 836 841	4 960 303
		193 442 530	159 898 731
Other technical income, net of reinsurance	3.15	1 402 433	543 509
Claims incurred, net of reinsurance			
claims paid:			
gross amount		- 68 914 963	- 47 089 719
reinsurer' share		22 974 716	9 605 109
		- 45 940 247	- 37 484 610
change in the provision for claims:			
gross amount		- 28 771 664	- 54 563 071
reinsurer' share		- 9 535 583	29 418 896
		- 38 307 247	- 25 144 175
Bonuses and rebates, net of reinsurance		- 911 903	- 769 179
Net operating expenses			
acquisition costs	3.7; 17	- 83 438 661	- 65 423 786
change in deferred acquisition costs	3.7; 18	2 863 049	2 347 348
administrative expenses	3.13; 19; 20; 21	- 36 060 657	- 31 024 459
reinsurance commissions and profit participation	18	8 446 760	6 190 948
		- 108 189 509	- 87 909 949
Other technical charges net of reinsurance	3.15	- 520 942	- 13 533
Allocated investment return transferred from the non-technical account	3.12	12 189 550	1 644 332
Balance on the technical account for non-life insurance business		**13 164 665**	**10 765 126**

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

Profit and loss account for the year ended December 31, 2023

	Note(s)	December 31, 2023 EUR	December 31, 2022 EUR
Balance on the technical account for non-life insurance business		13 164 665	10 765 126
NON-TECHNICAL ACCOUNT			
Investment income			
income from other investments			
income from other investments		6 473 780	4 498 934
value re-adjustments on investments	3.1; 5.2	33 557 802	26 177 649
gains on realisation of investments		4 215 339	4 006 139
		44 246 921	34 682 722
Investment charges			
investment management charges, including interest		- 1 003 168	- 802 466
value adjustments on investments	3.1; 5.1; 5.2	- 28 178 991	- 26 489 537
losses on the realisation of investments		- 2 489 616	- 5 943 402
		- 31 671 775	- 33 235 405
Allocated investment return transferred to the non-life technical account	3.12	- 12 189 550	- 1 644 332
Other income	22	2 670 037	1 498 846
Other charges, including value adjustments	3.14; 22	- 894 472	- 898 657
Tax on profit on ordinary activities	23	- 4 514 376	- 3 299 462
Profit on ordinary activities after tax		10 811 450	7 868 838
Other taxes not shown under the preceding items	23	- 80 917	-
Profit for the financial year		**10 730 533**	**7 868 838**

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

Notes to the annual accounts as at December 31, 2023

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 at 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, 2023. 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, 2023

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 at 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.

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 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.

3.8.1 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.

3.8.2 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.

3.8.3 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'.

3.8.4 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.

3.9 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.

3.10 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.

3.11 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.

Notes to the annual accounts as at December 31, 2023

3.12 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.

3.13 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.

3.14 Value adjustments

The value adjustments are deducted directly from the related asset.

3.15 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.

3.16 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.

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, 2023	4,756,589	2,345,361	2,859,994	10,158,779	13,067	20,133,790
Additions during the year	-	100,928	4,787,969	-	441,199	5,330,096
Disposals during the year	- 1,005,108	- 110,649	-	-	-	- 1,115,757
Transfers during the year	-	-	- 7,306,947	7,306,947	-	-
Foreign exchange on opening gross book value	141,258	25,663	-	-	- 646	166,275
Gross book value December 31, 2023	3,892,739	2,361,303	341,016	17,465,726	453,620	24,514,404
Accumulated depreciation January 1, 2023	- 4,756,589	- 1,710,310	-	- 2,080,387	- 13,067	- 8,560,353
Depreciation during the year	1,005,108	- 127,516	-	- 3,542,476	- 40,011	- 2,704,895
Foreign exchange impact on opening accumulated depreciation	- 141,258	- 25,663	-	-	646	- 166,275
Accumulated depreciation December 31, 2023	- 3,892,739	- 1,863,489	-	- 5,622,863	- 52,432	- 11,431,523
Net book value December 31, 2023	**-**	**497,814**	**341,016**	**11,842,863**	**401,188**	**13,082,881**
Net book value December 31, 2022	**-**	**635,051**	**2,859,994**	**8,078,392**	**-**	**11,573,437**

In 2017, the Company recognised intangible assets amounting to EUR 5,223,529, representing the renewal rights acquired from AIG Europe Limited ("AIG"). These assets were fully amortised by December 31, 2022.

Notes to the annual accounts as at December 31, 2023

In 2020, Colonnade started its Transformation Program, Project Phoenix. The scope of the program is to build a Guidewire-technology-based infrastructure for Colonnade to support the entire policy life-cycle across all branches and products over time. The platform's name is Atlas. The first release of Atlas went live in August 2021. In 2022, the Transformation Program progressed further with the new release (3.0), enabling online selling, servicing and administration of new Travel product. The 'First Notification of Loss' portal for the customers was also introduced. In 2023, the scope of the development was Individual Personal Accident product rollout and Commercial Customer Relationship Management components. The closing value of EUR 8,910,595 in the "Internally developed Software in use" category represents all present releases.
In 2023, Colonnade incurred development costs strengthening its IT security infrastructure for EUR 441,199.

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:

Note 6 – 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, 2023	Book value as at December 31, 2022	Shareholder's equity (including result for the year) as at December 31, 2023	Result of the financial year 2023
		%		EUR	EUR	EUR	EUR
TIG (Bermuda) Ltd.	Canon's Court 22 Victoria Street Hamilton HM EX Bermuda	100	Dec. 31, 2023	999 448	956 103	999 448	-13 250

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, 2023, being EUR 1 = USD 1.105. In 2023, the Company made a capital contribution to TIG (Bermuda) Ltd. capital of USD 50,000.

In 2023, Management considered the valuation of the subsidiary and concluded to record an additional impairment of EUR 3,536 on this financial asset in the accounts of the Company. The total value adjustment at December 31, 2023 amounts to EUR 436,062.

Notes to the annual accounts as at December 31, 2023

5.2 Other financial investments

As at December 31, 2023, the actual value of the other financial investments is as follows:

	Book value 2023 EUR	Actual value 2023 EUR
Other financial investments		
Shares and other variable yield transferable securities and units in unit trusts	58,279,677	86,307,257
Debt securities and other fixed income transferrable securities	189,248,798	197,235,064
Other loans	9,506,667	9,506,667

During the year, the amortization of discount on debt securities and other fixed-income transferrable securities amounts to EUR 5,569,833 and the amortization of premiums in these securities amounts to EUR 243,583. 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, 2023, the non-amortised discount and premiums on debt securities and other fixed-income transferrable securities amount respectively to EUR 19,204,406 and EUR 162,370.

Note 6 - Debtors

The breakdown of the debtors at December 31, 2023, is as follows:

	December 31, 2023	December 31, 2022
Arising out of direct insurance operations	**49,006,348**	**40,244,493**
policyholders - third parties	37,060,515	29,316,476
policyholders - related parties	-	8,930
intermediaries - third parties	11,945,833	10,919,087
Arising out of reinsurance operations	**23,858,885**	**13,829,553**
third parties	23,530,328	13,573,362
related parties	328,557	256,191
Other debtors - third parties	**6,746,107**	**7,662,311**
deposits and guarantees	553,625	2,594,103
tax receivable	3,443,422	3,002,095
other third parties debtors	2,749,060	2,066,113
Other debtors - related parties	**676,000**	**-**
Total	**80,287,340**	**61,736,357**

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, 2023

Breakdown of other debtors

	December 31, 2023	December 31, 2022
Deposits and guarantees	553,625	3,235,969
Receivables from AIG	234,725	212,753
Rental related	246,465	255,104
Receivables from social security	19,637	-
Tax receivable	3,443,422	3,002,095
Other related parties	676,000	-
Coinsurance receivables/regresses/commission paid in advance	1,536,323	860,399
Claims handling fee with PolishRe	4,235	-
Other	707,675	95,991
Total	**7,422,107**	**7,662,311**

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, 2023	1,224,661	2,124,321	287,111	1,094,163	4,730,256
Additions during the year	978,590	640,186	1,070,115	7,067	2,695,958
Disposals during the year	- 377,370	- 115,700	- 48,500	- 115,570	- 657,140
Foreign exchange on opening gross book value	21,514	27,769	3,767	- 1,732	51,318
Gross book value December 31, 2023	1,847,395	2,676,576	1,312,493	983,928	6,820,392
Accumulated depreciation January 1, 2023	- 700,236	- 1,258,755	- 95,185	- 793,607	- 2,847,783
Depreciation during the year	18,380	- 444,707	- 107,239	66,519	- 467,047
Foreign exchange impact on opening accumulated depreciation	- 11,410	- 15,074	- 75	6,492	- 20,067
Accumulated depreciation December 31, 2023	- 693,266	- 1,718,536	- 202,499	- 720,596	- 3,334,897
Net book value December 31, 2023	**1,154,129**	**958,040**	**1,109,994**	**263,332**	**3,485,495**
Net book value December 31, 2022	**524,425**	**865,566**	**191,926**	**300,556**	**1,882,473**

Notes to the annual accounts as at December 31, 2023

Note 8 - Other prepayments and accrued income

This item is composed of prepayments made regarding expenses relating to periods after December 31, 2023, as well as accrued interest on fixed-income securities held at December 31, 2023. As at December 31, 2023, the other prepayments and accrued income amount to EUR 7,148,317 (EUR 6,869,202 in 2022).

Note 9 - Subscribed capital

As at December 31, 2023, 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, 2023, the share premium amounts to EUR 94,876,287.

The movements in the share premium account during the financial year ended December 31, 2023, are as follows:

Share premium account at the beginning of the financial year	EUR	94,876,287
Movements during the financial year 2023	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, 2022, amounting to EUR 7,868,838 has been carried forward to 2023 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 37,371.

Note 13 - Creditors

Creditors arising out of direct insurance operations amount to EUR 17,758,959 of which EUR 17,732,765 is payable to third parties.

Creditors arising out of reinsurance operations amount to EUR 16,550,473 of which EUR 16,396,514 is payable to third parties.

Notes to the annual accounts as at December 31, 2023

The breakdown of the creditors at December 31, 2023, is as follows:

	December 31, 2023	December 31, 2022
Creditors - direct insurance	**17,758,959**	**15,356,440**
third parties	17,732,765	15,356,440
related parties	26,194	-
Creditors - reinsurance	**16,550,473**	**14,011,940**
third parties	16,396,514	13,836,308
related parties	153,959	175,632
Other creditors including tax and social security	**7,922,002**	**6,715,484**
third parties	7,916,302	6,696,719
third parties - personnel related liability	2,073,989	1,937,570
third parties - tax liabilities	2,305,125	1,241,544
third parties - rent related liability	-	1,523
third parties - unallocated cash receipts	2,432,586	1,928,593
third parties - payable to vendors	484,105	484,824
third parties - other	620,497	1,102,665
related parties	5,700	18,765
Total	**42,231,434**	**36,083,864**

The increase in creditors' reinsurance balance is mainly caused by the increase of production in Poland and Hungary as well as increased liabilities on our treaty reinsurance program due to higher production in 2023.

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 6,733,859, accrued insurance charges of EUR 44,905 as well as deferred ceded premium acquisition costs with third parties of EUR 2,114,918, claims handling deferred income relating to the AIG transaction of EUR 62,439 along with EUR 27,947 of other deferred income and deferred ceded premium acquisition costs on related parties of EUR 568,415.

	December 31, 2023	December 31, 2022
Accruals and deferred income		
accrued charges other - third parties	6,733,859	5,077,536
accrued charges insurance - third parties	44,905	92,405
deferred income - third parties	2,205,304	2,119,752
deferred income - related parties	568,415	290,174
Total	**9,552,483**	**7,579,867**

Notes to the annual accounts as at December 31, 2023

A more detailed breakdown is shown below:

	December 31, 2023	December 31, 2022
Personnel accruals	5,133,965	3,985,204
Accrued insurance charges	44,905	92,405
AIG Claim handling deferral	62,439	173,490
Reinsurance DAC	2,114,918	1,891,008
Other accruals	1,131,423	704,679
Legal/Audit/Tax services accruals	468,471	387,653
Other deferred income	27,947	55,254
Reinsurance DAC - related parties	568,415	290,174
Total	**9,552,483**	**7,579,867**

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	75 340 056	82 810 085	57 835 807	7 728 678	19 117 702	**242 832 328**
	Gross premiums earned	70 997 536	74 906 290	56 737 002	8 682 450	17 959 372	**229 282 650**
	Gross claims incurred	24 901 118	33 347 915	18 864 325	(89 285)	5 828 225	**82 852 298**
	Gross operating expenses	25 437 082	32 569 859	37 574 595	5 718 072	8 926 270	**110 225 878**
	Net reinsurance result	25 837 261	6 487 297	331 850	1	2 136 488	**34 792 897**
Reinsurance acceptances	Gross premiums written	13 683 164	3 884 294	115 261	1 802 784	7 210	**19 492 713**
	Gross premiums earned	11 420 890	4 258 588	138 087	1 310 602	7 950	**17 136 117**
	Gross claims incurred	13 182 318	1 259 416	158 596	237 143	(3 144)	**14 834 329**
	Gross operating expenses	4 012 660	1 382 692	33 309	978 806	2 925	**6 410 392**
	Net reinsurance result	(3 666 755)	(40 266)	702	-	3 765	**(3 702 554)**
Total	Gross premiums written	89 023 220	86 694 379	57 951 068	9 531 462	19 124 912	**262 325 041**
	Gross premiums earned	82 418 426	79 164 878	56 875 089	9 993 052	17 967 322	**246 418 767**
	Gross claims incurred	38 083 436	34 607 331	19 022 921	147 858	5 825 081	**97 686 627**
	Gross operating expenses	29 449 742	33 952 551	37 607 904	6 696 878	8 929 195	**116 636 270**
	Net reinsurance result	22 170 506	6 447 031	332 552	1	2 140 253	**31 090 343**
	Net technical result	**(7 285 258)**	**4 157 965**	**(88 288)**	**3 148 315**	**1 072 793**	**1 005 527**

The category “Other” consists of multiple lines of business. The main contributors to the “Other” category to the Gross premium written element are Household and Marine businesses which amount to EUR 7.3 million and EUR 5.9 million respectively.

Notes to the annual accounts as at December 31, 2023

Note 16 - Geographic breakdown of premiums written

Gross insurance premiums amounting to EUR 262,325,041 may be broken down into geographic zones according to where the contracts have been concluded:

	December 31, 2023	December 31, 2022
Poland	80,805,582	63,898,878
Czech Republic	60,181,678	55,981,051
Hungary	56,954,379	42,043,946
Slovakia	30,660,413	25,067,203
Romania	19,962,390	15,073,798
Bulgaria	9,806,581	8,611,818
Other EEA	3,119,541	2,624,430
Outside EEA	834,477	642,936
Total	**262,325,041**	**213,944,060**

Note 17 - Acquisition costs

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

Commissions paid to insurance intermediaries relating to direct insurance and assumed reinsurance amount to EUR 46,838,658 (EUR 36,140,656 in 2022). Premium taxes amount to EUR 12,810,357 (EUR 9,672,798 in 2022), hence total commissions are EUR 59,649,015 (EUR 45,813,454 in 2022).

Expenses relating to internal salesforce amount to EUR 23,789,646 (EUR 19,610,332 in 2022).

The total Acquisition costs amount to EUR 83,438,661 (EUR 65,423,786 in 2022).

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 2,683,332 in 2023 and EUR 2,181,183 in 2022). The change of the ceded deferred acquisition costs of EUR 502,150 is included in ‘reinsurance commissions and profit participation’ in the Profit and Loss Account.

Notes to the annual accounts as at December 31, 2023

Note 19 - Personnel employed during the year

The average number of staff employed in the financial year of 2023 amounts to 586 and may be broken down into the following categories:

	2023 Year	2022 Year
Management	7	6
Salaried employees	579	524
Total	586	530

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

	2023 Year	2022 Year
Wages and salaries	24,931,763	21,872,647
Social security costs	6,591,990	5,353,222
Other employee expenses	3,856,484	3,088,059
Total	**35,380,237**	**30,313,928**

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 95,620 in 2023 (EUR 131,859 in 2022) 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, 2023 amount to EUR 553,970 (compared to EUR 530,371 in 2022), 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:

	2023 Year	2022 Year
Audit fees	536 970	514 371
Audit - related fees	17 000	16 000
Tax fees	17 961	13 639
Other fees related to permissible non-audit service	4 000	2 250
Total	**575 931**	**546 260**

The non-audit services that the auditor provided to the Company and its controlled undertakings for the year then ended are the following:

- Issuance of the reports required by the regulator
- Tax compliance services
- Benchmarking services

Notes to the annual accounts as at December 31, 2023

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 718,755 (EUR 818,632 in 2022) in the Other income line. The associated claims expenses are presented as Other charges amounting to EUR 718,755 (EUR 818,632 in 2022).

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 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. Since the Pillar Two legislation was not effective at the closing date of the financial year, the entity has no related current tax exposure.

On December 22, 2023, a law was issued in Luxembourg transposing the European Union ("EU") directive 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the EU ("The Pillar 2 Directive").

The management of the Company recognises based on the last filed tax return that the Company has EUR 461,614,817 of carried forward tax losses available as at December,31 2022 in Luxembourg and EUR 690,519 of tax income in Luxembourg for the year ended December, 31 2023.

Regarding the portion of the aforementioned losses that have been generated as from tax year 2017 (approximately EUR 6,844,187), that amount can be carried forward for the 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 transposition of the Pillar 2 Directive in the countries of the branches has been adopted in the local law in Bulgaria, Czech Republic, Hungary, Romania, and Slovakia. The Pillar 2 Directive has not yet been transposed into Polish law. The Company is assessing its exposure to the Pillar 2 Directive for 2024 onwards.

Note 24 - Commitments

At December 31, 2023, the Company has the following off-balance sheet commitments:

	December 31, 2023	**December 31, 2022**
Building leases	8,538,945	7,195,024
Loan facility commitment	989,699	2,248,235
Vehicule leases	981,607	732,210
Bank guarantee	56,947	163,241
IT equipment lease	11,948	17,588
Total	**10,579,146**	**10,356,298**

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.

The increase in building leases is driven by the prolongation of lease contracts for premises concluded by Bulgarian and Czech branches.

Note 25 - Information relating to consolidated undertakings

The Company is included in the consolidated financial statements of Fairfax Financial Holding 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.