



Colonnade Insurance S.A.

Solvency & Financial Condition Report

Year ended 31 December 2025

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Summary

Purpose of report

This document is the Solvency & Financial Condition Report (“SFCR”) for Colonnade Insurance S.A. for the period ending 31 December 2025, as per the Solvency II regulations.

A. Business and Performance

This section summarises how the Company operates and how it has performed during the year ended 31 December 2025. The Company’s financial year runs to 31 December and it reports its results in Euros.

B. System of Governance

The Company maintains a strong framework for the control and management of the business. This section describes the key committees and functions which serve to provide sound and prudent management of our operations.

C. Risk profile

This section provides information regarding our risk management processes, for each of the principal risks faced by the Company.

D. Valuation for solvency purposes

The Solvency II regulations require the Company to value assets and liabilities on a different basis to that used in the Company's financial statements when assessing its solvency requirements. This section describes the main methods and assumptions used in the valuation.

E. Capital management

The Company holds capital in excess of its regulatory requirements, to maintain its ability to pay its policyholders even if extreme events materialise. In order to assess its regulatory Solvency Capital Requirement, the Company uses the standard formula specified in the Solvency II legislation. This section summarises the assets held to meet the regulatory Solvency Capital requirement.

A. Business and Performance

A.1 Business

i. Business profile

Colonnade Insurance S.A. (“Colonnade” or “the Company”) is a Luxembourg insurer which is authorised to write all classes of non-life insurance business with the exception of class 10a (motor vehicle liability). Colonnade underwrites consumer and commercial business lines through branches established in Hungary, Czech Republic, Slovakia, Bulgaria, Poland and Romania.

The Company’s shareholder is **Fairfax Luxembourg Holdings S.à r.l.**, a company registered in Luxembourg.

The Company’s ultimate parent is **Fairfax Financial Holdings Limited (“Fairfax”)**, a major Canadian holding company whose common shares are listed on the Toronto Stock Exchange, and whose address is 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7, Canada. Further details regarding Fairfax are set out within the section entitled “About Fairfax” below.

ii. Significant business events during 2025

Changes in macroeconomic conditions

Similar to 2025, inflation had a much smaller impact on our results in 2025 compared to what we experienced during 2022 and 2023. The impact of inflation in 2025 on our general operating expenses was approximately EUR 2 million compared to EUR 2.5 million in 2025. Despite the softening market, the general economic slowdown in our region and the non-inflationary environment, we were able to increase the Company premium volume by 12%.

iii. Capital and solvency cover

Colonnade’s SCR (standard formula) cover ratio stood at 185% at 31 December 2025 with the SCR being €135.2m.

iv. About Fairfax

Fairfax, through its subsidiaries, has an international insurance and reinsurance business which has a global underwriting reach with longstanding relationships and a broad product range. At each of its subsidiaries there is an experienced management team focused on underwriting discipline and prudent reserving. Management at these companies are committed to Fairfax’s goals of underwriting profitability.

Fairfax (<http://www.fairfax.ca/>) is described in summary detail below:

- Significant player in the P&C industry with US\$33.6 billion in gross premium and US\$26.3 billion in Common shareholders’ equity (as at 31 December 2025).
- Strong long-term relationships developed over 40 years and multiple cycles.
- Global territorial reach in both insurance and reinsurance.
- Fairfax culture is well known and respected within the industry.

v. Summary Financial Performance

Colonnade’s summary income statement for the years ended 31 December 2025 and 2024 is set out below:

Income Statement (EUR'000)	2025	2024
Gross Written Premium	329,598	293,705
Net Earned Premium	241,394	214,799
Claims Incurred	-94,899	-89,548
Net operating expenses	-139,521	-120,957
Other technical income and charges	936	2,301
Allocated investment return	14,907	13,172
Underwriting result	22,817	19,767
Other income and charges	936	597
Profit before tax	23,753	20,364
Taxes	-7,008	-2,402
Profit for the financial period	16,745	17,962

Colonnade recorded an underwriting profit of EUR 22.8 million in 2025 (combined ratio of 96.8%) and an overall profit after tax of EUR 16.7 million.

A.2 Underwriting Performance

Colonnade currently underwrites business through six branches established across the CEE region; Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia.

During 2025, Colonnade wrote total gross premiums of EUR 330 million, as tabulated below:

Gross Written Premiums (EUR '000s)	Bulgaria	Czech republic	Hungary	Poland	Romania	Slovakia	Grand Total
Credit and Suretyship Insurance	-	64	804	21	-	287	1,177
Fire and Other Damage to Property Insurance	5,833	18,332	27,846	34,898	17,213	21,870	125,991
General Liability Insurance	5,257	20,171	28,341	37,736	6,369	8,439	106,314
Income Protection Insurance	496	12,394	9,089	14,152	399	669	37,200
Marine, Aviation and Transport Insurance	673	4,354	433	694	118	747	7,018
Medical expense insurance	860	4,303	13,635	15,082	1,637	1,882	37,399
Miscellaneous Financial Loss	69	2,910	-	584	85	294	3,942
Motor Vehicle Liability Insurance	-	592	-	274	-	-	866
Non Proportional Casualty Reinsurance	-	-	165	-	-	-	165
Non Proportional Property Reinsurance	-	-	1,631	-	-	-	1,631
Other Motor Insurance	15	3,244	872	-	39	3,724	7,894
Grand Total	13,204	66,366	82,816	103,440	25,859	37,913	329,598

A comparison to 2024 is below (positive numbers reflect an increase in premium).

Gross Written Premiums (EUR '000s)	Bulgaria	Czech republic	Hungary	Poland	Romania	Slovakia	Grand Total
Credit and Suretyship Insurance	-	(3)	156	(12)	-	(80)	60
Fire and Other Damage to Property Insurance	1,696	1,490	13,089	(3)	257	1,984	18,512
General Liability Insurance	281	74	6,981	2,833	328	686	11,184
Income Protection Insurance	(22)	(107)	652	799	30	75	1,427
Marine, Aviation and Transport Insurance	66	690	(174)	66	(88)	364	924
Medical expense insurance	144	1,280	549	3,187	245	(27)	5,379
Miscellaneous Financial Loss	(12)	661	(63)	143	(2)	97	823
Motor Vehicle Liability Insurance	-	(3)	-	(65)	-	-	(68)
Non Proportional Casualty Reinsurance	-	-	(60)	-	-	-	(60)
Non Proportional Property Reinsurance	-	-	(735)	-	-	-	(735)
Other Motor Insurance	(10)	(1,058)	(441)	-	37	(82)	(1,554)
Grand Total	2,144	3,023	19,953	6,948	807	3,018	35,893

The comparison with 2024 reflects growth in key strategic areas targeted by the Company, in particular in Accident & Health and Commercial lines.

A.3 Investment Performance

i. Investment Performance

The Company holds a diversified portfolio that is invested in government bonds, corporate bonds, investment in collective investments undertakings, mortgage loans and cash. A summary as presented in the statutory annual accounts is below:

EUR '000s	2025	2024
Holdings in related undertakings, including participations	979	1,045
Bonds	294,605	230,405
Equities	5,087	5,087
Collective Investments Undertakings	78,193	63,193
Other loans and mortgages	5,000	10,180
Cash and cash equivalents	49,148	65,801
Total	433,011	375,712

The overall investments has increased,

The investment performance as detailed in the S.09.01.01 annual QRT can be summarised as follows:

2025 (EUR '000s)	Government bonds	Corporate bonds	Equity	Collective Investments Undertakings	Mortgages and loans	Cash	Total
Net income from investments	5,337	1,244	390	0	787	0	7,759
Net gains and losses on investments	-140	2,336	0	0	0	0	2,195
Unrealised gains and losses on investments	13,195	-1,517	0	18,221	0	116	30,014
Grand Total	18,392	2,063	390	18,221	787	116	39,968

The Company's strategy is that all assets are invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. Assets are also invested in a manner appropriate to the nature and duration of the Company's insurance liabilities.

The Company is also parent to TIG (Bermuda) Ltd. and its balance sheet includes an asset of EUR 1.0 million in relation to its ownership of this entity. TIG (Bermuda) Ltd. is an insurance company authorised in Bermuda but has not written any new or renewing business for at least the last 14 years. Its net assets comprise a cash / investment portfolio of approximately \$1 million (with nil liabilities).

A.4 Performance of other activities

There are no other activities to disclose.

A.5 Other information

i. Guarantee from Fairfax

The Company benefits from a guarantee provided to it by Fairfax, under which it guarantees the performance of all (re)insurance business written by the Company. Under the terms of this agreement, Fairfax undertakes to pay all valid claims in the event of insolvency of the Company. The agreement remains in force until and automatically terminated on 31 December 2025 (unless renewed or extended by Fairfax) and covers all policies issued or renewed prior to the date of termination of the agreement.

ii. Supervisory Authority

The Company is regulated in Luxembourg by the Commissariat aux Assurances ("CAA") whose address is 11, rue Robert Stumper, L-2557 Luxembourg.

iii. Auditor

The Company's auditor is PwC whose address is 2 Rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg.

iv. Employees

The number of staff employed across the Company's operations was 657 at 31 December 2025 and 666 on average for 2025.

v. Head office address

The Company's head office address is 1, rue Jean Piret, L-2350 Luxembourg, Grand Duchy of Luxembourg.

B. System of Governance

B.1 General information on the system of governance

i. Introduction

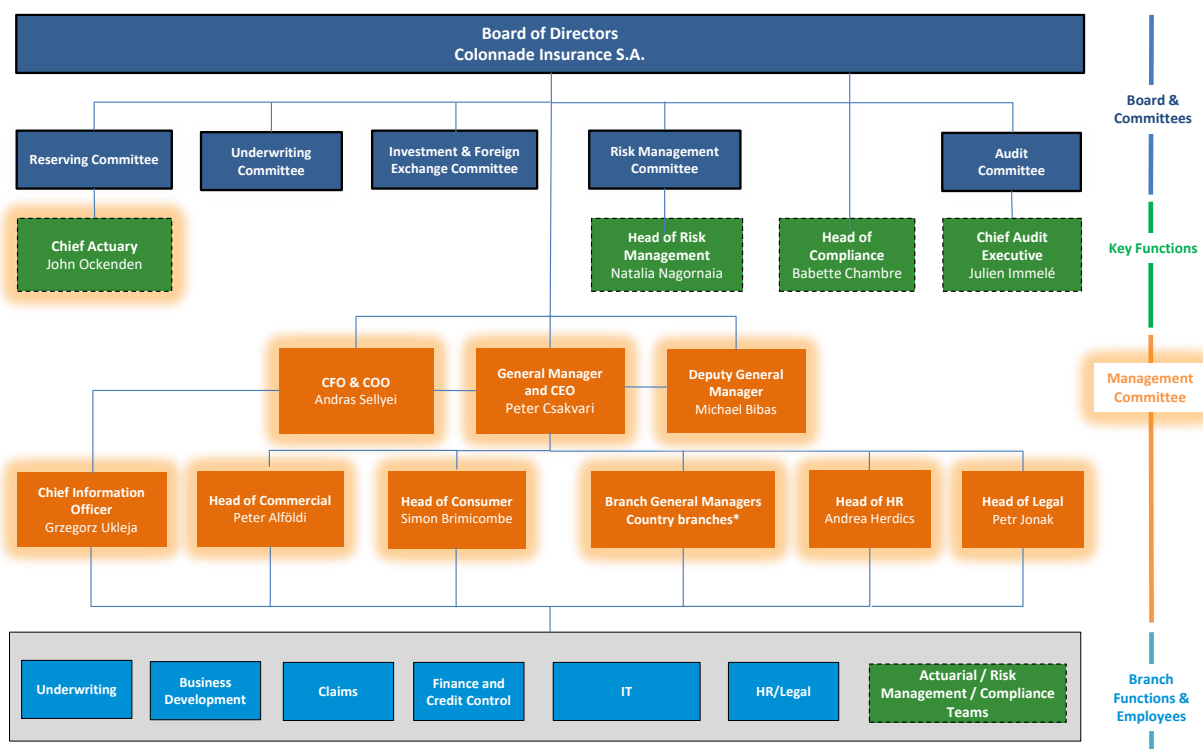
The Company has implemented a system of governance which provides for sound and prudent management. Risk management, compliance, internal audit and actuarial functions which are consistent with the needs of Company's operations are in place. The Company's directors have the skills, knowledge and expertise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

There have been no material changes in the system of governance in 2025.

ii. Management and Governance Structure

The Company has a Board of Directors and, currently, five board committees being the Reserving Committee, Risk Management Committee, Underwriting Committee, Investment & Foreign Exchange Committee, an Audit Committee, as well as a Management Committee.

The following diagram summarises the Company's governance structure.



* Branch representation: Venislav Yotov (Bulgaria), Csaba Keringer (Hungary), Grzegorz Kulik (Poland), Georgiana Popescu (Romania) and Marian Batovsky (Czech and Slovak Republic)

The Board of Directors comprises seven Directors. These being:

- Mr. Bijan Khosrowshahi (Non-Executive, Chairman)
- Mr. Jean Cloutier (Non-Executive)
- Mr. Frederick Gabriel (Non-Executive and Independent)
- Mr. Marnix Wielenga (Non-Executive and Independent)
- Mr. Leo de Waal (Non-Executive and Independent)
- Mr. Peter Csakvari (Executive)
- Mr. Michael Bibas (Executive)

With the exception of Mr. Khosrowshahi, who was appointed to the Board on 28 September 2017 and Mr Bibas who was appointed on 22 August 2025 and has been with the Company since 2017, all of the above have been Directors, or Officer in the case of Mr. Csakvari, of the Company since it was licenced as a non-life insurer by the CAA on 24 July 2015. Under the Board's terms of reference, the Board is required to meet, and meets, at least four times a year.

The responsibilities of the Board, and its committees, are set out below:

- The **Board of Directors** has ultimate responsibility for the oversight of the business, senior management and setting the strategy and risk appetite. The Board is responsible for ensuring the maintenance of a sound system of internal control and risk management and for the approval of any changes to the capital, corporate and/or management structure of the Company.
- The **Reserving Committee** oversees the setting of the Company's reserves, liaising closely with the Company's Actuarial Function.
- The **Risk Management Committee's** role is to ensure the development and implementation of the Company's Enterprise Risk Management Framework, 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.
- The responsibilities of the **Audit Committee** include monitoring the Company's financial reporting process; monitoring the effectiveness of the Company's systems of internal control, internal audit and risk management; monitoring the statutory audit of the statutory financial statements; and reviewing and monitoring of the independence of the statutory auditors.
- The **Underwriting Committee** oversees the development of and adherence to the Company's Underwriting Policy, including setting protocols for underwriting authorities, guidelines and rate monitoring as well as rules of conduct for the distribution of our products. It has incorporated a sub-committee for product oversight and governance ("**POG Sub-Committee**") which oversees the Company's product development and distribution channels as well as the knowledge and ability of the branches local underwriting teams.
- The **Investment & Foreign Exchange Committee** oversees the management of the Company's investment portfolio by Hamblin Watsa (a Fairfax company), ensuring compliance with the investment appetite established by the Board.

The independent Directors do not have any executive relationship with the wider Fairfax group. They bring a wide range of experience and expertise from both the insurance and general business sectors.

The objective of the Management Committee is to take 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. This committee regularly meets in person.

In addition the Company's executive leadership team, including the Luxembourg General Manager, the Deputy General Manager (Michael Bibas having been appointed to this position on 2 April 2025), the Chief Financial and Chief Operations Officer, the Chief Actuary and the General Managers of each of the six branches meet at least every two weeks by teleconference/video call. At this meeting, the

General Manager and its Deputy receive an update from the Branch Managers on operational matters. Legal and regulatory compliance matters are discussed as issues arise and any additional staff members are invited as deemed appropriate.

Furthermore, a monthly call is held between the Luxembourg General Manager, Deputy General Manager, Chief Financial and Operations Officer and the Branch managers to discuss the performance and development of each branch. A report from the management is presented to the Directors of the Company at each Board of Directors meeting.

iii. Remuneration Policy

The Company has a remuneration policy designed to align the interests of all employees with the interests of the Company. The policy aims to promote sound and effective risk management and is therefore designed to discourage risk-taking that breaches risk appetite for individual risks or threatens Colonnade's capital adequacy.

The Company's strategic objectives and business plans are approved by the Board and shared with all employees through Company briefings. Both the Board and employees are updated periodically on the progress made by the Company towards achieving such plans and goals, including those around sustainability risks that affect our Company.

The remuneration and the other terms of employment is designed to be competitive in order to ensure that the Company can attract and retain competent executives. Remuneration typically consists of fixed components (such as salary) and variable components (such as bonuses). Fixed components make up a sizeable proportion of the overall compensation and variable components are usually set on a discretionary basis. Where this is considered appropriate and necessary, the policy requires that part of variable components are deferred for a period. Variable compensation depends on individual and the Company's performance. The variable part of remuneration of the key functions (Actuarial, Risk Management, Compliance and Internal Audit) is independent from the performance of the operational units and areas that are submitted to their review.

B.2 Fit and proper requirements

The Company has adopted a Fitness and Probity policy to ensure that individuals who effectively run the Company or otherwise exercise control functions have adequate qualifications, knowledge and experience to enable sound and prudent management (fit) and are of good repute and integrity (proper).

The Directors, senior managers and those exercising control functions must meet the following criteria, amongst others, to be deemed fit and proper:

- Possess appropriate experience, educational or professional qualifications;
- Display a high degree of competency in current and previous roles;
- Demonstrate at all times good integrity, honesty and sound ethical character;

The ongoing assurance of fitness and propriety of the Directors, senior managers and those exercising control functions is re-assessed annually. A register of all persons falling within the Fit and Proper regime is maintained by the Compliance function. The Board of Directors reviews and assesses on an annual basis the competence and suitability of those exercising control functions to ensure these are performing effectively. The Board carries out an evaluation of its collective competence on a regular basis, at least once every three years.

Consistent with the requirements of the Insurance Distribution Directive ("IDD") and its transposition into Luxembourg Insurance law, the Company has introduced policies and procedures around ensuring the good repute and appropriateness of knowledge and ability of our customer-facing employees who

are directly involved in the distribution of our products. A listing of all persons falling within these particular requirements is centrally maintained and professional training requirements and completion are centrally monitored.

B.3 Risk management system including the own risk and solvency assessment

i. Risk Management Philosophy

Fairfax is the indirect 100% shareholder and ultimate capital provider to the Company. Fairfax expects its operating divisions, of which Colonnade is one, to act in an autonomous de-centralised way within the guiding principles (the “Guiding Principles”) established by the Fairfax group.

Colonnade’s corporate risk strategy is, therefore, set in the context of the Fairfax Guiding Principles, elements of which are described below:

- We always look at opportunities but emphasize downside protection and look for ways to minimize loss of capital.
- We are entrepreneurial. We encourage calculated risk taking. It is alright to fail but we should learn from our mistakes.
- We will never bet the company on any project or acquisition.

The Company’s risk management framework is described below.

ii. Risk Management Framework (“RMF”)

The Company’s Enterprise Risk Management Framework (“ERM”) has been designed to:

- Provide management and the Board of Directors with reasonable assurance that the organisation’s business objectives will be achieved by aligning risk appetite and strategy, proactively responding to risks, reducing the number of operational incidents and losses, and identifying and managing cross-enterprise risks.
- Facilitate deployment of capital.
- Ensure appropriate corporate governance practices are in place and successfully respond to a changing business environment.
- Assist management in implementing a sound and risk-based internal control system and provide the risk reporting tools to be used to identify significant control lapses/weaknesses and monitor corrective action.
- Guide staff in understanding the risk assessment methodology and strengthen their risk awareness and capability to identify, manage and control business risks.
- Assist the Internal Audit function in implementing a risk-based audit process for their independent review of the Company's processes.

The key elements of the ERM are:

- **Identification:** Risk events, risks and relevant controls are identified, classified and recorded. This includes in the Company’s risk register.
- **Monitoring:** Risks are assessed and controls are evaluated. This includes reviewing the Risk Register for any changes in the risk assessment (both inherent and residual).

- **Management:** The information resulting from risk identification and measurement is used to improve how the business is managed. For example, key risk indicators (KRIs) are monitored quarterly to provide early warning of any changes in the entities risk profile.

The key categories of risk facing the Company include: insurance, market, credit, liquidity and operational risks.

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; and
- Retaining risk within an agreed risk appetite with appropriate levels of capital.

Risk appetite

The Board sets the Company's risk appetite at an overall level and each of the key categories of risk.

As the strategy and associated strategic objectives evolve, risk appetite is re-evaluated and updated as appropriate. Should a material change to the risk appetite be required outside of the normal annual review process, an evaluation of proposed changes is presented to senior management and then to the Risk Management Committee and the Board for approval.

Risk appetite for each of the key risks, being insurance risk, market risk, liquidity risk, credit risk, operational risk and reinsurance risk, is aligned with the Company's overall risk appetite.

Business decisions are made based on the impact of a decision on the overall risk appetite. Committee reporting at all levels is aligned to risk appetite measures.

The Board receives a quarterly update on performance against the risk appetites. Regular management team meetings and committee meetings taken place that monitor limits and implement remedial actions as required.

iii. Risk Management processes

This section summarises the Company's processes and tools to identify, measure, monitor, manage and report the risks to which the Company is exposed.

Risk identification

The following tools and processes are used in the risk identification process:

- **Risk Register:** The Head of Risk Management maintains a Risk Register which ensures all key risks and controls are recorded and categorised.
- **Monitoring of risk events:** All employees are required to report all actual and near-miss risk events to the Head of Risk Management.
- **Emerging risk analysis:** The Board and senior management periodically review the potential for risks not yet on the register to adversely impact the Company. These risks include also those in relation to climate change and sustainability issues and are reviewed and monitored in the business, and then added to the Risk Register if sufficiently material.

Risk measurement

The following tools and processes are used to quantify the risks faced by the Company:

- **Stress testing:** The Company performs stress testing as part of its ORSA process and reports the results to the Risk Committee.

- **Qualitative assessments:** where identified risks are not quantifiable, a view on the likely materiality and nature of such risks is undertaken by the Head of Risk Management. These risks are reported to the Risk Committee in the same way as quantifiable risks.

Risk management, monitoring and reporting

One of the key objectives of the RMF is to provide senior management and the Board with relevant risk information. The following processes and tools are in place to ensure risks are effectively monitored and escalated:

- **Risk policies:** The Company has developed policies for each of the key risk categories which set out the roles of each committee and the process to be followed to monitor and report risks.
- **Oversight by the Risk Management, Investment & Foreign Exchange, Reserving and Underwriting committees:** These Board-level committees, which meet quarterly, receive periodic updates to ensure that risks are effectively monitored and reported.
- **Head of Risk Management updates to Board:** A quarterly update from the Company's Head of Risk Management is provided which sets out the key changes to the Company's key risk indicators ("KRIs") and a summary of the key risk activities since the last update.

iv. Own Risk and Solvency Assessment ("ORSA")

The ORSA is defined as the series of processes used to:

- Identify and assess the risks to which Colonnade is or could be exposed to in the short and long term.
- Determine the own funds necessary to ensure that overall solvency needs are met at all times.

The ORSA process undertaken by the Colonnade's Board of Directors (the "Board") and management involved:

- Establishing an appropriate risk management framework;
- Establishing the business strategy;
- Determining the maximum level of risk that Colonnade is willing to tolerate in pursuit of its business strategy;
- Comparing these risk tolerances for individual risks to the risk appetite, and establishing the risk management policies and procedures to manage such risks;
- Identifying risks that may prevent Colonnade from achieving its strategic objectives;
- Performing a forward-looking assessment of solvency needs with a medium or long-term perspective; and
- Stress testing the Company's capital levels for key risks over the business planning period.

An annual report was prepared which summarised the outputs of the ORSA process and which covered the three-year period to 31 December 2027. This report was approved by the Board of Directors and was submitted to the CAA in December 2025.

The ORSA process is proportionate to the nature, scale and complexity of risks at Colonnade and is an integral part of the business decision making process.

v. **Summary and Effectiveness of the Risk Management Process**

On a quarterly basis, the Risk Management Committee and Board of Directors will monitor the business against the various tolerances and appetites as set out in the Enterprise Risk Management Framework and as agreed by the Board of Directors. This is a key part of the ongoing management of the Company that contributes to an effective ORSA process.

Accountability for risk management responsibilities is set forth in the Company's ERM framework and risk management policies. The governance hierarchy of risk management is illustrated in the chart set out in section B.1.ii ("*Management and Governance Structure*").

This structure leads to an effective Risk Management structure as:

- Sufficient oversight is provided to the Board of Directors.
- The assessment of the effectiveness of controls is documented in the risk register and approved by the Board.
- The Luxembourg based management team have sufficient oversight around the management of risk in the Company and risks which must be managed holistically.
- Sufficient ownership and accountability is delegated to the branches where many of the day to day risks are taken.

Risk management is implemented through the branches via a number of ways:

- General Managers are responsible for embedding good risk management practices in their branches.
- All employees are required to practice risk awareness and risk management as part of the working culture of the Company.
- Each branch has a Risk Manager who oversees risk management at a branch level. This is overseen by the Head of Risk Management.

B.4 **Internal control system**

i. **Overview**

The Company's internal controls framework is made up of:

- The control environment - the culture and organisational structures that support sound internal control;
- Risk assessment – to determine controls that should be implemented to manage identified risks to within tolerance levels;
- Control activities – the elements of effective control design and operation;
- Information and communication – reporting lines to report achievement of goals and adverse reporting to the Board and its sub-committees; and
- Monitoring and oversight - supporting the oversight and governance of internal control.

In order to ensure the ongoing effectiveness and efficiency of the control framework, the Company operates a "**three lines of defence model**". Each of these three "lines" plays a distinct role within the Company's wider governance framework, as described overleaf.

- Controls are the responsibility of the business and relevant line management, i.e. the '**first line of defence**'. As the first line of defence, line management is responsible for monitoring day to day adherence to this framework within its area of jurisdiction. There is close interaction

between management based in Luxembourg and those located in the Company's branch offices.

- Assurance, or the '**second line of defence**', is provided by employees who are independent from business line management. Assurance functions include Risk Management and Compliance. Second line of defence assurance functions monitor compliance to the control framework. Breaches are reported to the Board and the Risk Management Committee on an exceptions-basis as appropriate.
- The '**third line of defence**' is provided by Internal Audit and the Audit Committee. Independent non-executive directors comprise the majority of the Audit Committee.

Ultimate responsibility for implementing and monitoring the Internal Control Framework resides with the Board. The Internal Control Framework is reviewed and approved by management and the Board on an annual basis.

B.5 Compliance

The Company's Head of Compliance, based in its head office in Luxembourg, has overall responsibility for overseeing compliance related activities across the Company and reports directly to the Board, on a quarterly basis, on compliance related matters and activities of relevance to the Company.

In executing the Company's risk-based compliance monitoring programme, the Head of Compliance works closely with local Branch Compliance Officers. The Branch Compliance Officers are responsible for carrying out compliance monitoring activities within their respective branch and support the Head of Compliance for monitoring some entity related activities. They are also responsible for ensuring their branch complies with applicable local legal and regulatory requirements. Each Branch Compliance Officer reports directly to their Branch General Manager and the Head of Compliance in respect of their duties.

B.6 Internal audit function

The Company's Chief Audit Executive is based in its head office in Luxembourg, with a remit extending to the Company's branch operations. The Internal Audit Department is responsible for evaluating the effectiveness and adequacy of the internal control system and other areas of governance within the Company.

Internal Audit activity is driven by a three year Internal Audit planning cycle which covers all areas of the Company's activities. A "rolling" three year Internal Audit plan, together with the proposed internal audit activities for the coming year, is approved annually by the Audit Committee and the Board. This utilises a risk based approach to ensure that the internal audit plan provides adequate coverage of business activities with a particular focus on the higher risk areas of the business and taking into account the specificities of the Company.

The Internal Auditors do not assume any other key functions within the Company.

B.7 Actuarial function

The Company's Luxembourg based Chief Actuary is responsible for setting the Company's technical provisions, which are developed in accordance with Fairfax Group reserving policies and local requirements (including Solvency II). The Chief Actuary is also a member of the Company's Reserving Committee, Risk Management Committee, Investment & Foreign Exchange Committee and Underwriting Committee. Additionally, amongst other duties, the Chief Actuary is responsible for preparing an opinion on the Company's underwriting policy and the adequacy of the reinsurance

arrangements in place as well as contributing to the effective implementation of the risk management system, including a contribution to the ORSA.

In discharging these duties, the Chief Actuary works closely with actuarial resources located in the Company's branches as well as other business functions; namely Underwriting, Finance, Risk Management, Compliance, Claims and Operations.

B.8 Outsourcing

The Board of Directors is responsible for all of Colonnade's activities, irrespective of whether the function is outsourced or not. None of the key functions (Actuarial, Risk, Compliance and Internal Audit) in the Company are outsourced.

Intra company outsourcing arrangements are subject to the same level of diligence and monitoring as third-party service providers. Terms are negotiated on an arm's length basis.

Investment management services are the only critical and important operational activity where the Company has outsourced the services. HWIC, a Fairfax group company located in Canada, typically centralises all investment activities of Fairfax group companies. This activity is overseen by the Company's Investment & Foreign Exchange Committee while the person in charge of the outsourced function is the Company's Chief Financial Officer. Investment monitoring, including compliance and accounting, are performed locally under his supervision.

As Colonnade is striving to be an innovative insurance company, the core processes (policy management, claims management and document management) are increasing their reliance on third party cloud computing providers. Such providers and arrangements are subject to due diligence and risk assessment, notification and control procedures.

The Company's outsourcing policy includes a monitoring and notification process for any critical or important function or activity and assigns the responsibility for overseeing the outsourced activities to an individual within the Company who has the requisite knowledge and experience. The Outsourcing policy is reviewed and approved by both management and the Board each year and more frequently, if required.

Furthermore, Fairfax's head office (in Toronto) as well as **ffh** Management Services, a Fairfax group company located in Ireland, would provide support services, as may be required from time to time by any of our key functions.

B.9 Other information

All relevant information regarding the Company's governance and control structures is considered to be included in sections B1-B7 above.

C. Risk profile

The Company's activities expose it to a number of key risks which have the potential to affect its ability to achieve its business objectives. The main risks facing the Company's business include insurance (underwriting and reserving), market, credit, liquidity and operational risks. The Company's approach to managing these risks is as follows:

C.1 Insurance risk

i. Underwriting risk

Underwriting risk includes both the risk of inappropriate underwriting and inadequate pricing.

The insurance risk management policy covers the underwriting, claims and actuarial departments and addresses risks such as inappropriate or unauthorised underwriting and pricing and inadequate controls around recording and reporting of underwriting results and exposures. Metrics have been developed for the ongoing monitoring of insurance risks. A summary by Solvency II line of business and branch is in section A.2 ("*Underwriting Performance*").

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, subject to pre-agreed limits agreed by the board of Directors.

ii. Reserving risk

This is the risk that unpaid loss reserves prove to be inadequate. The Company has recorded gross reserves for unpaid losses of EUR 298.8 million (which are in addition to a gross unearned premium reserve amounting to EUR 147.2 million) in the Luxembourg GAAP financial statements at 31 December 2025.

Colonnade has an Actuarial Function, to assess reserving levels, working in close cooperation with underwriting and claims staff within each of the branches. Oversight and reserve setting and compliance with the reserving policy (as established by the Board of Colonnade) are the responsibility of the Reserving Committee which meets quarterly. Fairfax's actuarial team will also periodically review final reserve selections as part of the independent peer review process.

C.2 Market risk

At 31 December 2025, the Company's investment portfolio comprised cash (EUR 49.1 million), bonds (EUR 294.6 million), Collective Investment Undertakings (EUR 83.3 million), mortgages (EUR 5.0 million) and an investment in a subsidiary, TIG (Bermuda) Ltd., recorded at EUR 1.0 million. The Company's market risk exposure mainly resulted from equity risk and currency risk exposure (given that the Company undertakes business in multiple currencies), with interest rate, spread and concentration risks in addition.

The market risk management policy covers the various market risks. For example, the Company has established limits for each asset class and for net unhedged foreign currency exposure. Key risk indicators such as interest rates, credit quality and investment return, are monitored to assess the appropriateness and riskiness of market risk exposures.

The Investment and Foreign Exchange Committee reviews and oversees market risks, including ensuring that the investments made are in accordance with the Company's risk appetite and investment policy, which is consistent with the 'prudent person principle'. For example, the net exposure to currencies is measured in the KRIs and reported regularly to the Investment and Foreign Exchange Committee.

During 2026 the investment portfolio is expected to continue to include assets such as mortgages and equities. This risk is being overseen by the Investment and Foreign Exchange Committee.

C.3 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:** through the failure to pay valid claims against a reinsurance contract held by the Company.
- **Premium debtors:** where a broker, intermediary or policyholder fails to pass on premiums or claims collected or paid on behalf of the Company.
- **Investments:** through the issuer default of all or part of the value of a financial instrument or the market value of that instrument.

Reinsurance credit risk

Credit risk from reinsurers is controlled through only transacting with reinsurers that meet certain minimum requirements.

At 31 December 2025, the Company's largest balance sheet exposure to reinsurers is with AIG, rated A1 by Moody's.

The Company's premium debtors arising from direct insurance and reinsurance operations are EUR 54.3 million and EUR 30.1 million respectively as at 31 December 2025. Debtors are valued at the lower of their nominal or estimated realisable value. The credit risk associated with these receivables is considered low.

Investment credit risk

Credit risk relating to financial investments and cash and cash equivalents is monitored by the Investment & Foreign Exchange Committee, which is responsible for the management of investment credit risk.

At 31 December 2025, the Company has an exposure to credit risk in relation to cash held with credit institutions (EUR 49.1 million). Cash is placed, in accordance with established policy, with credit institutions having a rating of at least A-, except for immaterial exposures approved by the Risk Management Committee.

C.4 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. The Company's exposure to liquidity risk is considered low, given the significant cash balances held at 31 December 2025 (EUR 49.1 million) and throughout the reporting period.

The Expected Profit in Future Premiums (EPIFP) is the profit relating to existing contracts with premium due in the future but not yet received at the valuation date. The EPIFP amounts to EUR 24.5 million at 31 December 2025.

C.5 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. This includes responsibility for managing claims risks through policies and procedures including defining authority levels, protocols for management oversight, a system to support and report on major claims activity and a formal review process for major claims. The Company's investment managers, along with the Company management, are responsible for establishing processes and controls to ensure an effective risk management framework with regard to investments. Operational risks through exposures to key counterparties like banks are predominantly managed by the Luxembourg management team whereas risks arising from relationships with brokers and other local counterparties are the responsibility of local branch managers.

C.6 Other Material Risks and Stress and Scenario testing

The Company continues to analyse the emerging risk of inflation through the ORSA review. This continues to be monitored closely by the Company.

Stress and Scenario testing

As part of the ORSA process, stress and scenario testing was undertaken to ensure the key risks identified were modelled to assess their impact on the SCR, income statement and resulting solvency ratio. This featured events considerably more severe than the Company's experience to date. The results of the testing are summarised in the annual ORSA report reviewed by the Board and submitted to the CAA. The latest exercise confirms that the Company has own funds to absorb the losses under each scenario considered and remain viable.

C.7 Other information

The Risk Management Committee, including the Head of Risk Management, monitors the Company's risk profile, including Key Risks Indicators (KRIs) as set out in the RMF. This includes monitoring where they are supported by risk mitigation methods, such as reinsurance, and their continued effectiveness.

D. Valuation for solvency purposes

The Company prepares its financial statements on a going concern basis and in accordance with Luxembourg GAAP (“Lux GAAP”), as detailed therein.

The table below summarises the Company’s balance sheet under Lux GAAP and Solvency II bases:

Balance sheet as at 31 December 2025 (EUR'000)	Lux GAAP	Solvency II	Difference
Assets			
Subscribed, uncalled and unpaid capital	-	-	-
Deferred acquisition costs	33,452.7	-	(33,452.7)
Intangible assets	15,996.2	-	(15,996.2)
Deferred tax assets	-	-	-
Holdings in related undertakings, including participations	978.6	978.6	-
Reinsurance recoverables	90,321.4	13,239.1	(77,082.4)
Insurance, reinsurance and intermediaries receivables	84,463.2	12,571.4	(71,891.9)
Cash and cash equivalents	49,148.3	49,148.3	-
Bonds	294,604.6	304,961.3	10,356.7
Other Loans and Mortgages	5,000.0	5,056.1	56.1
Collective Investments Undertakings	78,193.0	130,004.5	51,811.5
Equities	5,086.7	7,069.7	1,983.0
Property, plant & equipment held for own use	3,810.7	3,810.7	-
Other assets, not elsewhere shown	22,834.4	19,300.4	(3,534.0)
Total Assets	683,889.7	546,139.9	(137,749.8)
Liabilities			
Technical Provisions	446,049.6	246,497.0	(199,552.6)
Insurance & intermediaries payables	26,553.4	17,040.4	(9,513.0)
Reinsurance payables	27,417.1	-	(27,417.1)
Deferred tax liabilities	-	9,554.9	9,554.9
Payables (trade, not insurance)	33,068.7	22,809.1	(10,259.6)
Total Liabilities	533,088.8	295,901.5	(237,187.4)
Excess of assets over liabilities	150,800.9	250,238.5	99,437.6

The difference between the shareholder equity in the Lux GAAP financial statements (EUR 150.8 million) and the excess of assets over liabilities on the Solvency II balance sheet (EUR 250.8 million) amounts to EUR 99.4 million and results from the differing valuation / balance sheet treatment of certain assets and liabilities, such as technical provisions, under Lux GAAP and Solvency II. These are described below.

D.1 Assets

The most material differences in valuation between Lux GAAP and Solvency II are discussed below.

i. Deferred Acquisition Costs

Deferred Acquisition Costs on the Lux GAAP balance sheet are recognised under Solvency II rules, in line with the recognition of the best-estimate cashflows associated with the gross Unearned Premium reserve.

ii. Intangible assets

In accordance with Solvency II requirements, intangible assets recognised in the Lux GAAP financial statements (being policy data rights; software; and concessions, patents, licences and trademarks) have been ascribed a nil value.

iii. Deferred Tax Assets / Liabilities

The Solvency II balance sheet includes a deferred tax assets and liabilities, which reflect the difference in equity between the balance sheets allowing for a change in basis of various pre-tax items.

iv. Reinsurance recoverables

The reinsurance recoverables have been determined on a best estimate basis and consider those associated with the premium provision and claims provision, in line with the Solvency II rules.

v. Insurance, reinsurance and intermediaries receivables

Consistent with the Solvency II regulations, the technical provisions include claims expenses and premium cash flows. Therefore, future due insurance and intermediary receivables are incorporated within the Solvency II technical provisions, whereas they are shown separately on the Lux GAAP balance sheet.

vi. Investments

Investments are calculated in accordance with international accounting standards, as per the Solvency II guidelines, which differs from Lux GAAP.

D.2 Technical provisions

i. Solvency II Technical Provisions as at 31 December 2025

A breakdown of the Solvency II technical provisions as at 31 December 2025 is provided below (amounts in EUR'000):

EUR'000	Best Estimate	Risk Margin	Total
Gross	227,234	19,263	246,497
Reinsurers' share	-13,239	0	-13,239
Net	213,994	19,263	233,258

Details of the net technical provisions by Solvency II LoB as at 31 December 2025 are as follows (amounts in EUR'000s):

Solvency II LoB	Net Best Estimate	Risk Margin	Total
Medical Expense Insurance	14,994	1,350	16,344
Income Protection Insurance	6,874	619	7,493
Motor Vehicle Liability Insurance	1,064	96	1,160
Other Motor Insurance	2,611	235	2,846
Marine, Aviation and Transport Insurance	3,396	306	3,702
Fire and Other Damage to Property Insurance	80,104	7,211	87,315
General Liability Insurance	99,970	8,999	108,969
Credit and Suretyship Insurance	786	71	856
Miscellaneous Financial Loss	2,363	213	2,576
Non Proportional Casualty Reinsurance	190	17	207
Non Proportional Property Reinsurance	1,641	148	1,789
Total	213,994	19,263	233,258

An analysis of the difference between the technical provisions on a Lux GAAP and Solvency II basis by Solvency II Line of Business as at 31 December 2025 is shown below (amounts in EUR'000s):

Solvency II LoB	Net Insurance Liabilities	Reclassification Adjustments	Solvency II Basis Change	Solvency II TPs
Medical Expense Insurance	18,270	-508	-1,418	16,344
Income Protection Insurance	20,798	-6,389	-6,916	7,493
Motor Vehicle Liability Insurance	1,430	-218	-52	1,160
Other Motor Insurance	24,954	-15,216	-6,892	2,846
Marine, Aviation and Transport Insurance	4,924	-737	-485	3,702
Fire and Other Damage to Property Insurance	135,158	-41,416	-6,427	87,315
General Liability Insurance	168,130	-18,509	-40,652	108,969
Credit and Suretyship Insurance	509	729	-381	856
Miscellaneous Financial Loss	4,639	-1,152	-911	2,576
Non Proportional Casualty Reinsurance	278	-41	-29	207
Non Proportional Property Reinsurance	2,829	-888	-152	1,789
Total	381,918	-84,345	-64,315	233,258

The 'Net Insurance Liabilities' include earned reserves and UPR net of reinsurance and commissions.

The reclassification adjustments reflect where cash flows in (such as insurance balances receivable) are offset against cash flows out (such as future claims payments) in the Solvency II balance sheet and do not result in a difference in the valuation of balance sheet equity. The differences in basis that impacts the equity are discussed further below (see sub-section vii).

ii. Reserving Process and Governance

The Company's reserving process to determine the technical provisions on GAAP and Solvency II bases as at 31 December 2025 broadly comprises the following steps, as part of a robust and rigorous process for setting reserves:

- Determination and recommendation of ultimate claims by the Actuarial Function;
- Review/validation by the branches;
- Determination of the technical provisions to adopt in the GAAP/Solvency II technical provisions; and
- Review and approval by the Reserving Committee / Board.

iii. Key methodology and assumptions used to determine ultimate premiums and claims

To determine the estimate for ultimate premiums and claims, analysis is undertaken separately for each line of business.

For the majority of the classes of business, the following standard actuarial projection techniques are considered to calculate ultimate premiums and claims:

- Basic Chain Ladder (based on paid and incurred claims)
- Bornhuetter-Ferguson (based on paid and incurred claims)
- Initial Expected Loss Ratio

Claim experience on the most recent years of account is relatively immature. As a result, the Basic Chain Ladder methods produce estimates with a relatively higher level of uncertainty. When projecting estimates for these years of account, the Bornhuetter-Ferguson and Initial Expected Loss Ratio methods are used instead.

Specific adjustments may be made to projected ultimate claims at either a class or an individual claim level. This may be due to a known large loss and/or loss experience on a particular contract or, for example, to allow for inflation where it is not adequately allowed for in the standard actuarial method.

When choosing between methods, the maturity of each year of account, volume of data, benchmark information, macro-economic environment and other business-specific issues that are known about at the time of valuation are taken into account.

iv. Key methodologies and assumptions used to determine best estimate technical provisions on a GAAP and Solvency II basis

Having determined the ultimate premiums and claims to form the basis for the technical provisions, a number of additional material assumptions are required to determine the technical provisions on a GAAP and Solvency II basis:

- **Writing and earnings patterns** – used to determine the level of earned, unearned and bound but not incepted (BBNI) premiums. These are based on the historic inception and expiry dates of the underlying contracts.
- **Expense provisions** – an Unallocated Loss Adjustment Expenses (ULAE) provision is held within the GAAP technical provisions. In addition, expense provisions are required within the Solvency II technical provisions in respect of premiums, claims and investments which represent the on-going servicing of the business included in the valuation.
- **Payment patterns** – used to determine the cash flow profiles. When calculating technical provisions to demonstrate solvency on a Solvency II basis, the time-value of money must be allowed for. This requires the estimation of timing and quantum of future cash flows associated with the technical provisions. These cash flows are then discounted back to present value using risk-free yield curves.
- **Risk free yield curves** – by currency and based on those set by EIOPA.
- **Events Not In Data (ENID)** – designed to capture those potential future cashflows that do not exist in any historical data or assumptions used for the LuxGAAP calculation.

A Risk Margin, being the expected cost of capital to support the run-off of the technical provisions, is also added and is calculated based on the standard formula and discounted using a yield of 6% as set by EIOPA.

v. Reserve Uncertainty

The key uncertainties surrounding the technical provisions relate to the ultimate unpaid claims reserves. These uncertainties are present on both a financial accounting and Solvency II basis. However, in determining the ultimate unpaid claims reserves, it was established that the Company was not exposed to any individual or aggregation of large losses which increased the uncertainty of the Company's reserves beyond the normal range of uncertainty for insurance liabilities at this stage of development.

In addition the uncertainty relating to the impact of unexpected inflation, while elevated in the current macro-economic environment, is consistent with that which would be expected for an insurance company of similar business profile in the current macro-economic environment.

vi. Impact of Reinsurance

The impact of reinsurance on the Solvency II technical provisions is quantified above.

vii. Material differences between technical provisions on GAAP and Solvency II bases

The key differences between the GAAP and Solvency II technical provisions are:

- **Profit on Unearned Premiums** – the UPR is based on 100% of unearned premium on a GAAP basis, whereas under Solvency II, profit relating to the unearned premium is recognised at the relevant expected loss ratio plus an allowance for expenses.
- **Additional Solvency II adjustments** - in addition to the Unallocated Loss Adjustment Expenses (ULAE) and bad debt held on a GAAP basis, provisions are required in respect of premiums, claims and investment expenses which represent the on-going servicing of the business included in the valuation, as well as ENID. Also, any additional reserves set by the management on a GAAP basis are removed, in line with the Solvency II rules.
- **Discounting** - the impact of discounting using yield curves provided by EIOPA as at 31 December 2025.
- **Risk Margin** – the load required for the Risk Margin as at 31 December 2025.

In valuing the Solvency II technical provisions:

- There are no matching adjustments applied.
- There are no volatility adjustments used.
- There are no transitional risk-free interest term structures applied.
- There are no transitional deductions applied.

D.3 Other liabilities

For all liabilities other than the technical provisions, there are no valuation differences between the LuxGAAP and Solvency II bases.

D.4 Alternative methods for valuation

There are no alternative valuation methods to disclose.

D.5 Other information

All relevant information regarding the Company's valuation methodologies is considered to be included in sections D1-D4 above.

E. Capital management

E.1 Own funds

i. Policy

The Company's capital management policy sets out capital requirements and principles of funding and states the importance of ensuring that the Company is sufficiently capitalised at all times and complies with the Solvency II requirements. Responsibility for ensuring compliance with this policy rests with the Board.

Aligned to the process for the ORSA described in section B.3.1v ("*Own Risk and Solvency Assessment*"). The Company performs capital assessments over a 3-year time horizon on an annual basis to ensure the Company is very adequately capitalised in the medium term. The objectives, process and policy have not materially changed in 2025.

ii. Capital requirements

With effect from 1 January 2016, the Solvency II regime provides for the valuation of both assets and liabilities on a market consistent basis.

The Solvency Capital Requirement ("SCR") is the amount of capital required to ensure continued solvency over a one-year time frame with a probability of 99.5%. The Company calculates its SCR using the standard formula specified in detail in the Solvency II legislation.

The absolute minimum level of capital required under Solvency II is the Minimum Capital Requirement (MCR). This amount is lower than the SCR and defines the point of intensive regulatory intervention.

Under Solvency II, capital is referred to as Own Funds and a distinction is made between Basic Own Funds (BOF) and Ancillary Own Funds (AOF). Capital starts with the excess of assets over liabilities on the Solvency II balance sheet (EUR 250.8 million at year end 2025) to which qualifying subordinated debt are added (the Company has no subordinated debt) to arrive at Basic Own Funds. Off balance sheet items that may absorb losses are known as Ancillary Own Funds (the Company has none at 31 December 2025).

The Own Funds are classified into tiers of Own Funds and restrictions are applied to limit the extent to which the components of Own Funds can be used to meet the capital requirements (SCR and MCR).

Deferred taxes are calculated in accordance with international financial reporting standards, for the purposes of valuing the balance sheet. The SCR has not been adjusted for the loss absorbing capacity of technical provisions.

iii. Reconciliation of Lux GAAP Net Equity to Solvency II Own Funds

The following table compares shareholders' equity as set out in the Company's Lux GAAP financial statements to the Solvency II Available Own Funds at 31 December 2025.

EUR'000	31/12/2025	31/12/2024
Lux GAAP shareholders' equity	150,801	134,056
Intangibles	-15,996	-14,156
Net Deferred Tax Assets / Liabilities	-9,555	-3,566
Investments / Holdings	61,238	36,947
Revaluation of Non-Life reserves	64,315	50,133
Solvency II Available Own Funds	250,804	203,414

The composition of the Company's Solvency II Available Own Funds at 31 December 2025 is set out in the following section.

iv. Own Funds structure as at 31 December 2025

Whilst Basic Own Funds may fall within one of three tiers, Ancillary Own Funds are only permitted to form part of Tier 2 or 3 reflecting the fact they are not on the balance sheet.

EUR'000	Tier 1 Unrestricted BOF	Tier 2 Ancillary	Tier 3 BOF	Total
Subscribed capital	9,500			9,500
Share premium account	94,876			94,876
Net Deferred Tax Assets			0	0
Reconciliation reserve	145,862			145,862
Total Own Funds	250,238	0	0	250,238

The Company's subscribed capital and share premium reserve have each been classified as Tier 1 capital. The reconciliation reserve is also classified as Tier 1 capital in accordance with the Solvency II guidelines. The reconciliation reserve has been calculated as follows:

Reconciliation reserve	EUR'000
Excess of assets over liabilities	250,238
Less:	
Subscribed Capital	-9,500
Share Premium	-94,876
Net Deferred Tax Assets	0
Reconciliation Reserve	145,862

v. Eligible Own Funds at 31 December 2025

The classification into tiers is relevant to the determination of eligible own funds – being the own funds that are eligible to cover the MCR and SCR.

The MCR may only be covered by Tier 1 and Tier 2 basic own funds (Tier 2 ancillary own funds and Tier 3 basic own funds are not eligible to cover the MCR).

The table below shows the amount of eligible own funds to cover the SCR and MCR by tier:

EUR'000	Total eligible own funds	Tier 1 Unrestricted BOF	Tier 2 Ancillary	Tier 3 BOF
Total eligible own funds to meet the SCR	250,238	250,238	0	0
Total eligible own funds to meet the MCR	250,238	250,238	0	0

EUR 250.8 million (100%) of the Company's eligible own funds are unrestricted tier 1 capital. This consists of the Company's subscribed capital, share premium and the reconciliation reserve. The approach to classifying Own Funds by tier has remained consistent during 2025 with only Net Deferred Tax Assets classified as Tier 3 and the remainder as Tier 1.

vi. Eligible Own Funds to cover capital requirements (SCR and MCR)

The table below presents the ratio of eligible own funds that the Company holds to cover its capital requirements at 31 December 2025.

Metric	EUR'000
SCR	135,189
MCR	44,684
Capital available for SCR	250,238
Capital available for MCR	250,238
Ratio SCR	185%
Ratio MCR	560%

E.2 Solvency capital requirement and Minimum capital requirement

The Company uses EIOPA's Solvency II Standard Formula to calculate its SCR. It does not use Company specific parameters and does not use simplified calculations in its computation. The table below sets out the capital requirements for each risk module of the Standard Formula.

Capital requirement for each risk module (EUR'000)	Net solvency capital requirement
Non-life underwriting risk	82,519
Life underwriting risk	0
Health underwriting risk	19,749
Market risk	54,094
Counterparty default risk	21,153
Diversification	-51,557
Basic Solvency Capital Requirement	125,959
Operational risk	9,229
Solvency Capital Requirement ("SCR")	135,189

As at 31 December 2025, the main component of the Company's SCR is non-life underwriting risk, particularly premium risk, in expectation of the premiums to be earned in 2026. Reserve risk, based on the claims provisions within the technical provisions is also a major component. Also included within non-life underwriting risk is a catastrophe risk charge which relates primarily to natural catastrophe exposures (flood, earthquake, windstorm and hail) and man made exposures such as fire.

The next most significant component of the SCR is market risk. Market risk mainly results from currency risk exposure (given that the Company undertakes business in multiple currencies), equity risk, with additional interest rate, spread and concentration risks.

The subsequent most significant component is counterparty default risk which includes risks associated with reinsurance, insurance balances receivable and cash at bank.

The other components of Colonnade's SCR are health underwriting risk and operational risk. Health underwriting risk mainly relates to the Medical Expenses and Income Protection Solvency II lines of business.

The Minimum Capital Requirement at 31 December 2025 is EUR 44.7 million which is based on the Linear MCR calculation.

E.3 Use of the duration-based equity sub-module in the calculation of the Solvency capital requirement

As the Company does not write life insurance business, the duration-based equity risk sub-module set out in Article 304 is not relevant for the Company.

E.4 Difference between the standard formula and any internal model used

As the Company does not utilise an internal capital model, this is not relevant.

E.5 Non-compliance with the Minimum Capital requirement with the Solvency Capital requirement

There has been no non-compliance with the MCR or SCR during the reporting period, and the Company is expected to remain compliant going forwards.

Colonnade Insurance S.A.

Solvency and Financial Condition Report

Disclosures

31 December
2025

(Monetary amounts in EUR thousands)

General information

Undertaking name	Colonnade Insurance S.A.
Undertaking identification code	222100IUSAKCDAYTMX08
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	LU
Language of reporting	en
Reporting reference date	31 december 2025
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.04.05.21 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.04.05.21

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

Home Country	Top 5 countries (by amount of gross premiums written): non-life				
	CZ	HU	PL	RO	SK
R0010					
	Premiums written (gross)				
	C0010	C0020	C0021	C0022	C0023
R0020	Gross Written Premium (direct)	57 427	80 784	96 565	24 284
R0021	Gross Written Premium (proportional reinsurance)	8 938	236	6 875	1 575
R0022	Gross Written Premium (non-proportional reinsurance)	0	1 796	0	0
	Premiums earned (gross)				
R0030	Gross Earned Premium (direct)	56 832	67 643	94 313	23 094
R0031	Gross Earned Premium (proportional reinsurance)	7 409	2 035	6 676	1 711
R0032	Gross Earned Premium (non-proportional reinsurance)	0	95	0	0
	Claims incurred (gross)				
R0040	Claims incurred (direct)	22 841	20 619	38 919	5 250
R0041	Claims incurred (proportional reinsurance)	10 963	-1 183	1 789	125
R0042	Claims incurred (non-proportional reinsurance)	0	1 493	0	0
	Expenses incurred (gross)				
R0050	Gross Expenses Incurred (direct)	31 005	38 396	40 852	8 416
R0051	Gross Expenses Incurred (proportional reinsurance)				
R0052	Gross Expenses Incurred (non-proportional reinsurance)				

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)													Line of business for: accepted non-proportional reinsurance				Total
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property		
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200	
Premiums written																	
R0110	Gross - Direct Business	37 337	37 178		866	6 207	6 855	111 931	99 730	1 177		0	3 942				305 223
R0120	Gross - Proportional reinsurance accepted	62	22		0	1 687	163	14 060	6 584	0		0					22 579
R0130	Gross - Non-proportional reinsurance accepted											0	165	0	1 631		1 796
R0140	Reinsurers' share	169	190		45	0	808	55 083	21 257	554		0	88	0	10	0	78 349
R0200	Net	37 231	37 010		821	7 894	6 211	70 908	85 056	623		0	3 854	0	155	0	251 249
Premiums earned																	
R0210	Gross - Direct Business	37 083	35 032		871	6 901	6 642	97 685	97 086	1 190		0	3 193				285 684
R0220	Gross - Proportional reinsurance accepted	63	22		0	1 627	138	15 213	4 801	0		0					21 863
R0230	Gross - Non-proportional reinsurance accepted											0	61	0	33		95
R0240	Reinsurers' share	169	167		45	0	790	43 769	20 595	559		0	89	0	4	0	66 248
R0300	Net	36 977	34 888		826	8 528	5 990	69 129	81 291	631		0	3 104	0	58	0	241 394
Claims incurred																	
R0310	Gross - Direct Business	15 234	8 561		200	-26	1 678	39 571	28 022	1 084		0	1 331				95 655
R0320	Gross - Proportional reinsurance accepted	73	-4		-4	228	64	9 057	969	0		0					10 383
R0330	Gross - Non-proportional reinsurance accepted											0	169	0	1 324		1 493
R0340	Reinsurers' share	10	0		0	0	20	14 504	3 078	634		0	13	0	0	0	18 282
R0400	Net	15 297	8 557		196	202	1 722	34 124	25 912	451		0	1 319	0	169	0	89 249
R0550	Expenses incurred	25 019	23 567		415	6 175	2 690	41 660	42 120	-75		0	1 596	0	52	0	144 159
R1210	Balance - other technical expenses/income																718
R1300	Total technical expenses																144 877

S.17.01.02
Non-Life Technical Provisions

Direct business and accepted proportional reinsurance													Accepted non-proportional reinsurance				Total Non-Life obligation
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance		
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	
Technical provisions calculated as a whole																	
R010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole															0	
Technical provisions calculated as a sum of BE and RM																	
Best estimate																	
Premium provisions																	
R0060	-181	-3 593	15	-4 054	-507	5 412	-2 343	-442	0	0	1 401	0	34	0	584	-3 674	
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default															-25 433	
R0150	-106	-128	-38	0	-349	-17 547	-7 426	-52	0	0	-4	0	0	0	218	-25 433	
R0150	Net Best Estimate of Premium Provisions															21 759	
R0150	-75	-3 465	53	-4 054	-158	22 959	5 083	-390	0	0	1 405	0	34	0	366	21 759	
Claims provisions																	
R0160	15 028	10 337	1 041	5 791	3 268	77 078	114 483	1 448	0	0	982	0	156	0	1 296	230 907	
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default															38 672	
R0250	-41	-2	30	-874	-287	19 933	19 596	272	0	0	24	0	0	0	20	38 672	
R0250	Net Best Estimate of Claims Provisions															192 235	
R0250	15 069	10 339	1 011	6 665	3 554	57 145	94 886	1 175	0	0	958	0	156	0	1 275	192 235	
R0260	14 848	6 744	1 056	1 737	2 761	82 490	112 140	1 006	0	0	2 383	0	190	0	1 880	227 234	
R0270	Total best estimate - net															213 994	
R0270	14 994	6 874	1 064	2 611	3 396	80 104	99 970	786	0	0	2 363	0	190	0	1 641	213 994	
R0280	Risk margin															19 263	
R0280	1 350	619	96	235	306	7 211	8 999	71	0	0	213	0	17	0	148	19 263	
R0320	Technical provisions - total															246 497	
R0330	16 197	7 363	1 152	1 972	3 067	89 700	121 139	1 077	0	0	2 596	0	207	0	2 027	246 497	
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total															13 239	
R0340	-147	-130	-8	-874	-636	2 386	12 170	220	0	0	20	0	0	0	238	13 239	
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total															233 258	
R0340	16 344	7 493	1 160	2 846	3 702	87 315	108 969	856	0	0	2 576	0	207	0	1 789	233 258	

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year											In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											0	0	
R0160	-9	1 205	640	2 725	1 598	1 121	985	166	279	27	52	52	8 798	
R0170	-8	-7 023	13 828	4 258	2 865	2 294	610	734	684	592		592	18 843	
R0180	-7	11 170	17 104	11 441	4 250	2 371	2 317	1 237	584			584	50 476	
R0190	-6	11 393	17 068	3 583	1 999	1 192	930	1 505				1 505	37 670	
R0200	-5	8 913	10 598	6 179	4 108	4 898	405					405	35 101	
R0210	-4	9 108	15 749	7 472	3 654	1 640						1 640	37 623	
R0220	-3	20 016	32 377	7 536	12 481							12 481	72 410	
R0230	-2	20 436	24 036	15 688								15 688	60 160	
R0240	-1	27 736	40 134									40 134	67 870	
R0250	0	23 147										23 147	23 147	
R0260														
												Total	96 229	412 098

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year											Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	
R0160	-9	2 338	2 045	4 161	2 243	1 387	885	544	-85	-103	-108	-98	
R0170	-8	16 880	32 002	21 839	16 751	15 097	12 008	8 162	6 691	3 886		3 296	
R0180	-7	40 366	35 385	24 548	20 672	18 113	12 268	8 485	4 166			3 372	
R0190	-6	45 516	31 353	25 423	16 956	13 040	10 010	5 394				4 709	
R0200	-5	34 719	37 823	26 698	21 491	12 985	6 653					5 584	
R0210	-4	44 885	46 585	34 510	25 893	18 403						16 178	
R0220	-3	71 721	62 447	50 547	21 437							18 253	
R0230	-2	59 924	75 666	47 757								42 708	
R0240	-1	82 818	78 231									70 816	
R0250	0	70 873										66 089	
R0260													
												Total	230 907

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

44 684

Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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- R0020 Medical expense insurance and proportional reinsurance
- R0030 Income protection insurance and proportional reinsurance
- R0040 Workers' compensation insurance and proportional reinsurance
- R0050 Motor vehicle liability insurance and proportional reinsurance
- R0060 Other motor insurance and proportional reinsurance
- R0070 Marine, aviation and transport insurance and proportional reinsurance
- R0080 Fire and other damage to property insurance and proportional reinsurance
- R0090 General liability insurance and proportional reinsurance
- R0100 Credit and suretyship insurance and proportional reinsurance
- R0110 Legal expenses insurance and proportional reinsurance
- R0120 Assistance and proportional reinsurance
- R0130 Miscellaneous financial loss insurance and proportional reinsurance
- R0140 Non-proportional health reinsurance
- R0150 Non-proportional casualty reinsurance
- R0160 Non-proportional marine, aviation and transport reinsurance
- R0170 Non-proportional property reinsurance

C0020

C0030

C0020	C0030
14 994	37 231
6 874	37 010
0	0
1 064	821
2 611	7 894
3 396	6 211
80 104	70 908
99 970	85 056
786	623
0	0
0	0
2 363	3 854
0	0
190	155
0	0
1 641	1 486

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance /SPV) total capital at risk
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- R0210 Obligations with profit participation - guaranteed benefits
- R0220 Obligations with profit participation - future discretionary benefits
- R0230 Index-linked and unit-linked insurance obligations
- R0240 Other life (re)insurance and health (re)insurance obligations
- R0250 Total capital at risk for all life (re)insurance obligations

C0050

C0060

Overall MCR calculation

- R0300 Linear MCR
- R0310 SCR
- R0320 MCR cap
- R0330 MCR floor
- R0340 Combined MCR
- R0350 Absolute floor of the MCR
- R0400 Minimum Capital Requirement

C0070

44 684
135 189
60 835
33 797
44 684
4 000
44 684