Colonnade Insurance S.A.

Group Solvency & Financial Condition Report

Year ended 31 December 2023

Contents

Summary

Purpose of report

This document is the Group Solvency & Financial Condition Report ("SFCR") for Colonnade Insurance S.A. for the period ending 31 December 2023, as per the Solvency II regulations. The group comprises Colonnade Insurance S.A. ("the Company") and its subsidiary, TIG (Bermuda) Ltd. ("TIG Bermuda" and together "the Group").

A. Business and Performance

As TIG Bermuda has not written any (re)insurance business for many years, this section summarises how the Company operates and how it has performed during the year ended 31 December 2023. The Company's financial year runs to 31 December and it reports its results in Euros.

B. System of Governance

Given the nature of TIG Bermuda (as described in section A.1), the system of governance described relates to that in place within the Company. 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 Group 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 Group 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 Group 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.

TIG (Bermuda) Ltd. ("TIG Bermuda") is an insurance company authorised in Bermuda which has not written any new or renewing insurance business for at least the last 12 years. At 31 December 2023, its net assets comprise a cash / investment portfolio of approximately EUR 1 million (with accruals of an immaterial value and nil technical liabilities). The Company's 100% ownership share of TIG Bermuda represents its only direct or indirect participating interest.

ii. Significant business events during 2023

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.

iii. Capital and solvency cover

Colonnade's SCR (standard formula) cover ratio stood at 166% at 31 December 2023 with the SCR being €107.2m.

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$28.9 billion in gross premium and US$21.6 billion in Common shareholders' equity (as at 31 December 2023).
- Strong long-term relationships developed over 38 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

The Group's summary income statement for the years ended 31 December 2023 and 2022 is set out below:

Income Statement (EUR'000)	2023	2022
Gross Written Premium	262,325	213,944
Net Earned Premium	193,443	159,899
Claims Incurred	-84,247	-62,629
Net operating expenses	-109,101	-88,679
Other technical income and charges	881	530
Allocated investment return	12,190	1,644
Underwriting result	**13,165**	**10,765**
Other income and charges	2,080	403
Profit before tax	**15,245**	**11,168**
Taxes	-4,514	-3,299
Profit for the financial period	**10,731**	**7,869**

Colonnade recorded an underwriting profit of EUR 13.2 million in 2023 (combined ratio of 99.5%) and an overall profit after tax of EUR 10.7 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 2023, Colonnade wrote total gross premiums of EUR 262 million, as tabulated below:

Gross Written Premiums (EUR '000s)	Bulgaria	Czech Republic	Hungary	Poland	Romania	Slovakia	Grand Total
Credit and Suretyship Insurance	-	17	598	19	-	148	782
Fire and Other Damage to Property Insurance	3,800	16,598	11,966	30,474	14,593	16,869	94,301
General Liability Insurance	4,902	18,713	19,525	30,642	5,209	7,493	86,484
Income Protection Insurance	335	12,494	8,225	10,196	350	489	32,089
Marine, Aviation and Transport Insurance	844	3,523	466	441	173	432	5,877
Medical expense insurance	666	1,864	12,816	8,089	1,065	1,362	25,862
Miscellaneous Financial Loss	69	1,806	2,598	256	86	71	4,887
Motor Vehicle Liability Insurance	-	593	-	535	-	-	1,128
Non Proportional Casualty Reinsurance	-	-	211	-	-	-	211
Non Proportional Property Reinsurance	-	-	1,174	-	-	-	1,174
Other Motor Insurance	23	4,338	1,258	-	-	3,912	9,531
Non Proportional Property Reinsurance	**10,639**	**59,946**	**58,837**	**80,652**	**21,475**	**30,777**	**262,325**

A comparison to 2022 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	-	17	203	15	-	98	333
Fire and Other Damage to Property Insurance	309	(62)	3,110	6,677	4,459	3,567	18,060
General Liability Insurance	698	2,177	4,493	6,636	416	736	15,155
Income Protection Insurance	21	719	469	1,012	80	25	2,326
Marine, Aviation and Transport Insurance	272	10	(69)	(80)	18	84	235
Medical expense insurance	57	344	3,701	2,413	159	855	7,529
Miscellaneous Financial Loss	(19)	506	2,597	151	34	33	3,303
Motor Vehicle Liability Insurance	-	33	-	62	-	-	96
Non Proportional Casualty Reinsurance	-	-	4	-	-	-	4
Non Proportional Property Reinsurance	-	-	263	-	-	-	263
Other Motor Insurance	2	419	392	-	(0)	266	1,078
Non Proportional Property Reinsurance	**1,339**	**4,163**	**15,162**	**16,887**	**5,166**	**5,663**	**48,381**

The comparison with 2022 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	2022	2023
Holdings in related undertakings, including participations	956	999
Bonds	173,623	189,249
Equities	-	5,087
Collective Investments Undertakings	43,193	53,193
Other loans and mortgages	8,025	9,507
Cash and cash equivalents	35,303	46,002
Total	**261,100**	**304,036**

The overall investments has increased, along with all asset classes.

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

2023 (EUR '000s)	Government bonds	Corporate bonds	Equities	Collective Investments Undertakings	Mortgages and loans	Cash and cash equivalents	Total
Net income from investments	3,835	1,764	0	0	599	0	**6,199**
Net gains and losses on investments	2,261	-17	0	0	0	1,339	**3,583**
Unrealised gains and losses on investments	7,114	3,785	1,838	15,993	0	-278	**28,453**
Grand Total	**13,211**	**5,532**	**1,838**	**15,993**	**599**	**1,061**	**38,235**

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 12 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 terminates on 31 December 2024 (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, L-2182 Luxembourg.

iv. Employees

The number of staff employed across the Company's operations was 612 at 31 December 2023 and 586 in average for 2023.

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

Given the nature of TIG Bermuda (as described in section A.1), the system of governance described within section B relates to that in place within Colonnade Insurance S.A. (the “Company”).

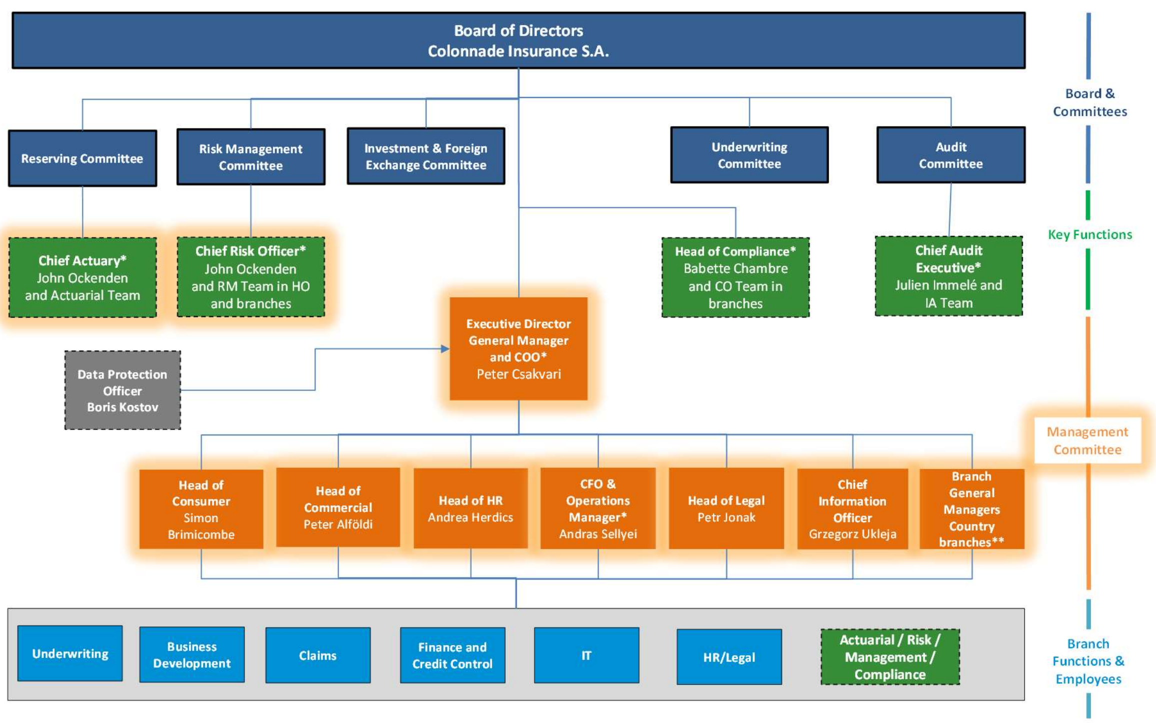
The Company has implemented a system of governance which provides for sound and prudent management. Risk management, compliance, internal audit and actuarial functions which are consistent with the needs of Company’s operations are in place. The Company’s directors have the skills, knowledge and expertise 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 2023.

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.



*Based in Luxembourg
** Branches in following countries (represented by): Bulgaria (Venislav Yotov), Czech Republic (Dominik Stros), Hungary (Csaba Keringer), Poland (Grzegorz Kulik), Romania (Georgiana Popescu) and Slovak Republic (Marian Batovsky)

The Board of Directors comprises six Directors since 1 January 2023. 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, as from 1st January 2023)

With the exception of Mr. Khosrowshahi, who was appointed to the Board on 28 September 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, Chief Financial Officer, Chief Risk Officer 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 receives 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 / Chief Financial 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 Chief Risk Officer 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 Chief Risk Officer.
- **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 Chief Risk Officer. 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 from the Chief Risk Officer to ensure that risks are effectively monitored and reported.
- **Chief Risk Officer updates to Board:** A quarterly update from the Company's Chief Risk Officer 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 2026. This report was approved by the Board of Directors and was submitted to the CAA in December 2023.

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.

The ORSA covers Colonnade Insurance S.A. as a solo insurance company and also as an insurance group as permitted under the third subparagraph of Article 246(4) of Directive 2009/138/EC.

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 Chief Risk Officer.

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 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 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.

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 aiming to become an innovative insurance company, the core processes (policy management, claims management and document management) are gradually 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

Given the nature of TIG Bermuda (as described in section A.1), the risk profile described within section C (other than market, credit and liquidity) relates to that of Colonnade Insurance S.A. (the “Company”).

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 228.4 million (which are in addition to a gross unearned premium reserve amounting to EUR 109.2 million) in the Luxembourg GAAP financial statements at 31 December 2023.

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 2023, the Group’s investment portfolio comprised cash (EUR 46.1 million), bonds (EUR 190.2 million), Collective Investment Undertakings (EUR 58.3 million) and mortgages (EUR 9.5 million). The Company’s market risk exposure mainly resulted from currency risk exposure (given that the Company undertakes business in multiple currencies) and equity risk, 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 2024 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 2023, the Company's largest balance sheet exposure to reinsurers is with AIG, rated A2 by Moody's.

The Company's premium debtors arising from direct insurance and reinsurance operations are EUR 49.0 million and EUR 23.9 million respectively as at 31 December 2023. 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 2023, the Group has an exposure to credit risk in relation to cash held with credit institutions (EUR 46.1 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 Group, though solvent, may encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Group monitors the levels of cash and investments to ensure liquidity requirements are addressed. The Group's exposure to liquidity risk is considered low, given the significant cash balances held at 31 December 2023 (EUR 46.1 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 16.7 million at 31 December 2023.

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 Chief Risk Officer, 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

Under Luxembourg law, the Company is exempt from the requirement of producing group consolidated financial statements. 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 Group's balance sheet under Lux GAAP and Solvency II bases:

Balance sheet as at 31 December 2023 (EUR'000)	Lux GAAP	Solvency II	Difference
Assets			
Subscribed, uncalled and unpaid capital	-	-	-
Deferred acquisition costs	23,028.9	-	(23,028.9)
Intangible assets	13,082.9	-	(13,082.9)
Deferred tax assets	-	251.5	251.5
Holdings in related undertakings, including participations	999.4		(999.4)
Reinsurance recoverables	76,017.9	22,287.7	(53,730.2)
Insurance, reinsurance and intermediaries receivables	72,865.2	13,791.0	(59,074.3)
Cash and cash equivalents	46,001.7	46,053.1	51.4
Bonds	189,248.8	200,807.2	11,558.2
Other Loans and Mortgages	9,506.7	9,625.4	118.7
Collective Investments Undertakings	53,193.0	79,386.0	26,193.0
Equities	5,086.7	6,921.2	1,834.5
Property, plant & equipment held for own use	3,485.5	3,485.5	-
Other assets, not elsewhere shown	17,385.4	14,635.6	(2,749.8)
Total Assets	**509,902.1**	**397,243.9**	**(112,658.1)**
Liabilities			
Technical Provisions	337,604.9	199,584.9	(138,019.9)
Insurance & intermediaries payables	18,567.2	-	(18,567.2)
Reinsurance payables	16,550.5	-	(16,550.5)
Deferred tax liabilities	-	1,591.6	1,591.6
Payables (trade, not insurance)	21,085.4	18,402.0	(2,683.4)
Total Liabilities	**393,807.9**	**219,578.5**	**(174,229.4)**
Excess of assets over liabilities	**116,094.2**	**177,665.4**	**61,571.2**

The difference between the shareholder equity in the Lux GAAP financial statements (EUR 116.1 million) and the excess of assets over liabilities on the Solvency II balance sheet (EUR 177.7 million) amounts to EUR 61.6 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 diffence 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 2023

A breakdown of the Solvency II technical provisions as at 31 December 2023 is provided below (amounts in EUR'000):

EUR'000	Best Estimate	Risk Margin	Total
Gross	184,857	14,728	**199,585**
Reinsurers' share	-22,288	0	**-22,288**
Net	**162,569**	**14,728**	**177,297**

Details of the net technical provisions by Solvency II LoB as at 31 December 2023 are as follows (amounts in EUR'000s):

Solvency II LoB	Net Best Estimate	Risk Margin	Total
Medical Expense Insurance	6,864	622	**7,485**
Income Protection Insurance	9,157	830	**9,987**
Motor Vehicle Liability Insurance	1,081	98	**1,179**
Other Motor Insurance	4,214	382	**4,595**
Marine, Aviation and Transport Insurance	2,121	192	**2,313**
Fire and Other Damage to Property Insurance	63,484	5,751	**69,235**
General Liability Insurance	72,239	6,545	**78,784**
Credit and Suretyship Insurance	576	52	**629**
Miscellaneous Financial Loss	1,462	132	**1,595**
Non Proportional Casualty Reinsurance	430	39	**469**
Non Proportional Property Reinsurance	942	85	**1,027**
Total	**162,569**	**14,728**	**177,297**

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 2023 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	11,302	-2,496	-1,321	**7,485**
Income Protection Insurance	15,049	-2,244	-2,819	**9,987**
Motor Vehicle Liability Insurance	1,457	-244	-34	**1,179**
Other Motor Insurance	27,596	-15,852	-7,149	**4,595**
Marine, Aviation and Transport Insurance	3,634	-946	-375	**2,313**
Fire and Other Damage to Property Insurance	91,708	-23,246	774	**69,235**
General Liability Insurance	124,032	-17,291	-27,957	**78,784**
Credit and Suretyship Insurance	273	647	-291	**629**
Miscellaneous Financial Loss	3,294	-779	-921	**1,595**
Non Proportional Casualty Reinsurance	256	-23	236	**469**
Non Proportional Property Reinsurance	1,553	-394	-131	**1,027**
Total	**280,154**	**-62,869**	**-39,988**	**177,297**

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 2023 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 2023.
- **Risk Margin** – the load required for the Risk Margin as at 31 December 2023.

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 Group and Company are sufficiently capitalised at all times and complies with the Solvency II requirements. Responsibility for ensuring compliance with this policy rests with the Board of the Company.

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 2022.

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 177.6 million at year end 2023) 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 2023).

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 2023.

EUR'000	31/12/2023	31/12/2022
Lux GAAP shareholders' equity	**116,094**	**105,364**
Intangibles	-13,083	-11,573
Net Deferred Tax Assets / Liabilities	-1,340	-1,544
Investments / Holdings	36,007	7,446
Revaluation of Non-Life reserves	39,988	40,580
Solvency II Available Own Funds	**177,665**	**140,273**

The composition of the Company's Solvency II Available Own Funds at 31 December 2023 is set out in the following section.

iv. Own Funds structure as at 31 December 2023

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			252	252
Reconciliation reserve	73,038			73,038
Total Own Funds	**177,414**	**0**	**252**	**177,665**

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	177,665
Less:	
Subscribed Capital	-9,500
Share Premium	-94,876
Net Deferred Tax Assets	-252
Reconciliation Reserve	**73,038**

v. Eligible Own Funds at 31 December 2023

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**	**177,665**	177,414	0	252
Total eligible own funds to meet the **MCR**	**177,414**	177,414	0	0

EUR 177.4 million (>99%) 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 2023 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 Group holds to cover its capital requirements at 31 December 2023.

Metric	EUR'000
SCR	107,151
MCR	35,490
Capital available for SCR	177,662
Capital available for MCR	177,411
Ratio SCR	**166%**
Ratio MCR	**500%**

E.2 Solvency capital requirement and Minimum capital requirement

The Group uses EIOPA's Solvency II Standard Formula to calculate its SCR. It does not use Group 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	65,497
Life underwriting risk	0
Health underwriting risk	15,780
Market risk	38,939
Counterparty default risk	20,086
Diversification	-40,772
Basic Solvency Capital Requirement	**99,529**
Operational risk	7,621
Solvency Capital Requirement ("SCR")	**107,151**

As at 31 December 2023, the main component of the Group's SCR is non-life underwriting risk, particularly premium risk, in expectation of the premiums to be earned in 2024. 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).

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 2023 is EUR 35.5 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 Group does not write life insurance business, the duration-based equity risk sub-module set out in Article 304 is not relevant.

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

As the Group 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 Group is expected to remain compliant going forwards.

S.A. (Group)

Solvency and Financial Condition Report

Disclosures

31 December

2023

(Monetary amounts in EUR thousands)

General information

Participating undertaking name	Colonnade Insurance S.A. (Group)
Group identification code	222100IUSAKCDAYTMX08
Type of code of group	LEI
Country of the group supervisor	LU
Language of reporting	en
Reporting reference date	31 December 2023
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
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.05.01.02 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

S.05.02.04 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

S.23.01.22 - Own Funds

S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula

S.32.01.22 - Undertakings in the scope of the group

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	252
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	3,485
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	287,114
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	6,921
R0110	*Equities - listed*	6,921
R0120	*Equities - unlisted*	
R0130	*Bonds*	200,807
R0140	*Government Bonds*	175,342
R0150	*Corporate Bonds*	25,465
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	79,386
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	9,625
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	9,625
R0270	Reinsurance recoverables from:	22,288
R0280	*Non-life and health similar to non-life*	22,288
R0290	*Non-life excluding health*	22,658
R0300	*Health similar to non-life*	-371
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	13,791
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	46,053
R0420	Any other assets, not elsewhere shown	14,636
R0500	**Total assets**	397,244

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	199,585
R0520	*Technical provisions - non-life (excluding health)*	182,483
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	169,206
R0550	*Risk margin*	13,277
R0560	*Technical provisions - health (similar to non-life)*	17,102
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	15,650
R0590	*Risk margin*	1,451
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	1,592
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	18,402
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	219,579
R1000	**Excess of assets over liabilities**	177,665

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

		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	25,768	32,067		1,081	7,729	5,917	81,791	82,810	782			4,887					242,832
R0120	Gross - Proportional reinsurance accepted	93	22		46	1,803	-39	12,509	3,673	0			0					18,108
R0130	Gross - Non-proportional reinsurance accepted													0	211	0	1,174	1,385
R0140	Reinsurers' share	153	184		51	0	666	34,694	18,938	347			2,598	0	17	0	165	57,813
R0200	Net	25,708	31,906		1,077	9,531	5,211	59,606	67,545	435			2,289	0	194	0	1,009	204,512
	Premiums earned																	
R0210	Gross - Direct Business	25,431	31,306		1,079	8,682	5,928	76,343	74,906	751			4,856					229,283
R0220	Gross - Proportional reinsurance accepted	116	22		46	1,311	-39	11,329	4,150	0			0					16,935
R0230	Gross - Non-proportional reinsurance accepted													0	109	0	92	201
R0240	Reinsurers' share	153	180		51	0	667	31,109	17,800	332			2,598	0	9	0	78	52,976
R0300	Net	25,393	31,148		1,075	9,993	5,222	56,563	61,256	419			2,258	0	100	0	14	193,443
	Claims incurred																	
R0310	Gross - Direct Business	9,681	7,322		605	-90	1,704	25,122	29,968	73			942					75,327
R0320	Gross - Proportional reinsurance accepted	162	1		12	222	-10	12,055	1,041	-7			5					13,481
R0330	Gross - Non-proportional reinsurance accepted													0	150	0	530	680
R0340	Reinsurers' share	0	0		0	0	76	5,360	7,407	75			0	0	0	0	0	12,918
R0400	Net	9,843	7,323		617	132	1,618	31,817	23,602	-9			947	0	150	0	530	76,570
R0550	**Expenses incurred**	17,452	22,003		552	6,713	2,457	31,152	33,232	3			1,381	0	65	0	402	115,413
R1210	**Balance - other technical expenses/income**																	
R1300	**Total technical expenses**																	115,413

S.05.02.04

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
R0010			CZ	HU	PL	RO	SK	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business		52,725	57,429	74,681	20,444	27,582	232,860
R0120	Gross - Proportional reinsurance accepted		7,221	23	5,971	1,031	3,195	17,442
R0130	Gross - Non-proportional reinsurance accepted		0	1,385	0	0	0	1,385
R0140	Reinsurers' share		8,596	9,284	22,872	8,954	5,204	54,911
R0200	Net	0	51,350	49,553	57,780	12,521	25,573	196,776
	Premiums earned							
R0210	Gross - Direct Business		53,600	54,456	66,890	17,730	26,826	219,502
R0220	Gross - Proportional reinsurance accepted		6,292	930	4,863	906	3,315	16,306
R0230	Gross - Non-proportional reinsurance accepted		0	201	0	0	0	201
R0240	Reinsurers' share		9,286	8,782	19,567	7,668	4,891	50,195
R0300	Net	0	50,607	46,804	52,185	10,967	25,250	185,814
	Claims incurred							
R0310	Gross - Direct Business		9,167	18,529	28,309	7,740	6,053	69,798
R0320	Gross - Proportional reinsurance accepted		1,608	-529	10,308	1,172	835	13,394
R0330	Gross - Non-proportional reinsurance accepted		0	680	0	0	0	680
R0340	Reinsurers' share		-10,033	1,660	13,651	4,307	697	10,282
R0400	Net	0	20,808	17,021	24,967	4,604	6,191	73,591
R0550	**Expenses incurred**	521	26,061	31,089	30,795	5,182	16,576	110,224
R1210	**Balance - other technical expenses/income**							
R1300	**Total technical expenses**							110,224

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Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	9,500	9,500		0	
R0020	*Non-available called but not paid in ordinary share capital to be deducted at group level*	0				
R0030	Share premium account related to ordinary share capital	94,876	94,876		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts to be deducted at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds to be deducted at group level*	0				
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares to be dedcuted at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	73,038	73,038			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities to be deducted at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	252				252
R0170	*The amount equal to the value of net deferred tax assets not available to be deducted at the group level*	0				
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests	0				
R0210	*Non-available minority interests to be deducted at group level*	0				
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included via Deduction and Aggregation method (D&A) when a combination of methods are used	0				
R0270	**Total of non-available own fund items to be deducted**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	177,665	177,414	0	0	252
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds to be dedcuted at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated undertakings carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination with method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	177,665	177,414	0	0	252
R0530	Total available own funds to meet the minimum consolidated group SCR	177,414	177,414	0	0	
R0560	Total eligible own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	177,414	177,414	0	0	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	177,414	177,414	0	0	
R0610	**Minimum consolidated Group SCR**	35,490				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	499.90%				
R0660	**Total eligible own funds to meet the total group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	177,414	177,414	0	0	0
R0680	**Total Group SCR**	107,151				
R0690	**Ratio of Total Eligible own funds to Total group SCR - ratio including other financial sectors and the undertakings included via D&A**	165.57%				

		C0060
	Reconcilliation reserve	
R0700	Excess of assets over liabilities	177,665
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	104,628
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	73,038
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	16,723
R0790	**Total Expected profits included in future premiums (EPIFP)**	16,723

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Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	38,939		
R0020	Counterparty default risk	20,086		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	15,780		
R0050	Non-life underwriting risk	65,497		
R0060	Diversification	-40,772		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	99,529		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	7,621
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement calculated on the basis of Art. 336 (a) of Delegated Regulation (EU) 2015/35, excluding capital add-on**	107,151
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Consolidated Group SCR**	107,151
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	35,490
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
R0555	Capital requirement for collective investment undertakings or investments packaged as funds	0
	Overall SCR	
R0560	SCR for undertakings included via D&A method	0
R0570	**Total group solvency capital requirement**	107,151

S.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	LU	222100IUSAKCDAYTMX08	LEI	Colonnade Insurance S.A.	Non life insurance undertaking	Limited Company	Non-mutual	Commissariat aux Assurances
2	BM	5299008RMKZGBW8WLB62	LEI	TIG (Bermuda) Limited	Non life insurance undertaking	Limited Company	Non-mutual	Bermuda Monetary Authority

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Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of Group supervision: Yes/No	Inclusion in the scope of Group supervision: Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	LU	222100IUSAKCDAYTMX08	LEI	Colonnade Insurance S.A.	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
2	BM	5299008RMKZGBW8WLB62	LEI	TIG (Bermuda) Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation