GENERALI SEGUROS, S.A.

2021

ANNUAL REPORT

GENERALI SEGUROS, S.A.

Av. da Liberdade, n.º 242
1250 – 149 Lisbon / Portugal
Registered with the Commercial Registry Office of Lisbon
TIN: 500 940 231 • ASF licence no. 1197 • LEI no. 549300CGCHTYQ1Z4V333

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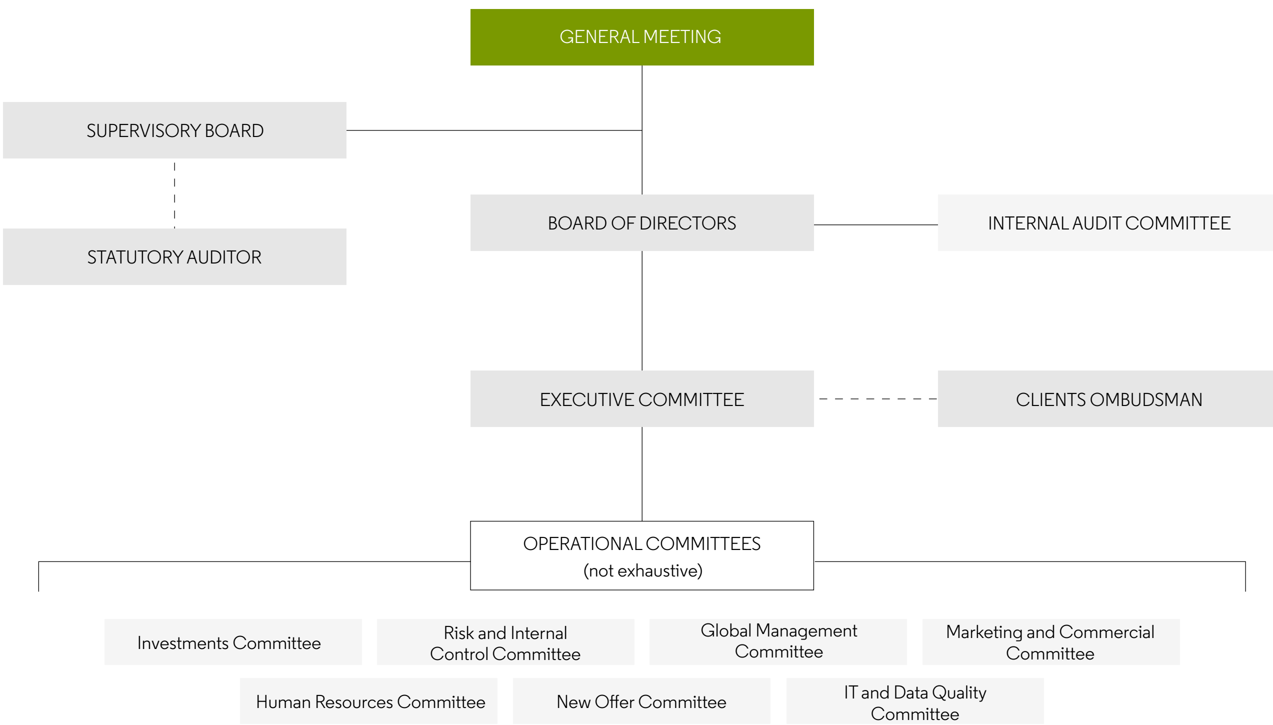
CORPORATE GOVERNANCE MODEL

CORPORATE GOVERNANCE MODEL

According to the corporate governance model currently in place, as of this report, the company comprises a Board of Directors, a Supervisory Board, a statutory auditor, and an Executive Committee, to which the Board of Directors has delegated day-to-day management powers.

Additionally, several committees have been created to continually assess, control, monitor, discuss and decide on significant aspects related to governance and risk management, the risk management system, the company's strategy, objectives, and business data, thus bolstering a governance model based on sound and prudent management, effective communication, enhanced transparency and interaction between management and supervisory bodies, key functions, and top-level management.

Shareholder



02

GOVERNING BODIES

GOVERNING BODIES

GENERAL MEETING

Sofia Leite Borges (Chairman)
Denise Alfaro Guimarães Luz (Secretary)

BOARD OF DIRECTORS

Jaime Anchustegui Melgarejo (Chairman)
João Vieira de Almeida (Vice-President)
Pedro Luís Francisco Carvalho (Chief Executive Officer)
Patrícia Ribeiro Sanina Espírito Santo
Riccardo Candoni
Stefano Flori

SUPERVISORY BOARD*

Nelson Manuel Marques Fontan (Chairman)
Dinora Clara Feijão Margalho Botelho (Member)
Rita Sofia Felício Arsénio do Sacramento (Member)
Henrique Paulo Marques de Oliveira Xavier (Alternate Member)

STATUTORY AUDITOR

KPMG e Associados, SROC, S.A., represented by Ana Cristina Soares Valente Dourado (Effective)
Hugo Jorge Gonçalves Cláudio (Alternate)

By delegation of the Board of Directors, the company shall be managed by an Executive Committee, which is composed by:

João Carlos Dores Candeias Barata – Chief Insurance Officer
José António Correia Dias Nogueira da Silva – Chief Operating Officer
Pedro Luís Francisco Carvalho – Chief Executive Officer
Stefano Flori – Chief Financial Officer

(*) composition for the period 2022-2024, approved by the General Meeting and still subject to registration with the ASF.

03

DIRECTOR'S REPORT

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Dear shareholders,

In accordance with the law and the company's articles of association, the Board of Directors is honoured to present the Annual Report and Financial Statements of Generali Seguros, S.A, hereinafter shortly referred to as Generali Seguros or the company, for the year ended December 31st, 2021.

3.1. MACROECONOMIC FRAMEWORK

3.1.1. INTERNATIONAL ECONOMIC SITUATION

World economy is projected to have grown strongly in 2021 benefiting from the widespread distribution and development of Covid-19 vaccines. Despite the constraints on distribution channels, soaring energy and commodity prices, and the appearance of new variants of SARs-CoV-2, real gross world product (excluding the euro area) is estimated to have increased by 6% in 2021, according to the Eurosystem experts.

In the euro area, projections suggest that GDP rose by 5.1%, pointing to moderate growth in the fourth quarter, driven by the impact of new lockdown measures put in place to contain the spread of the Omicron variant. The recovery trajectory is expected to continue in 2022, relying on a robust domestic demand as the labour market improves and savings accumulated during the pandemic continue to sustain consumption.

The pandemic caused disruption on global supply chains, and with demand outpacing supply, energy, commodity, and durable goods prices rose sharply. Macroeconomic projections show that annual inflation was 3.2% in 2021 and is likely to stay at 3.2% in 2022 and expected to average close to 1.8% in the coming two years in the euro area.

The emergence of new variants of the coronavirus, the trajectory of energy prices and the pace of change to address supply disruptions are the main risks to economic recovery and inflation.

After delivering strong returns in 2020, stock markets turned in a solid performance in 2021. In addition to the efficacy of the vaccines, the markets benefited from a solid business recovery. US stocks offered the highest return, but Europe, the United Kingdom and Japan stock markets performed well. Emerging market stocks delivered negative returns greatly affected by China stock market performance where excessive property leverage was discouraged, causing concern among investors.

Debt markets experienced modest performances in 2021. Sovereign debt markets generated negative returns both in the USA and Europe as a result of strong economic recovery, rising inflation, and expectations towards central banks' less accommodative monetary policies.

Investment grade private debt provided negative returns, aggravated by the rise of the underlying interest rates, while the value of high-yield debt increased, benefiting from spread greater compression.

In foreign exchange markets, the euro (EUR) depreciated 7% against the US dollar (USD) in 2020 by widening euro-dollar short-term interest rate expected differentials driven by a faster resumption of economic activity, higher inflation, and the US monetary policy. The euro continued its downward trend, weakening further against the US dollar in September and losing ground against other major currencies, such as the Chinese renminbi (RMB), the Swiss franc (CHF), the Japanese yen (JPY) and the British pound (GBP).

After an unprecedented stimulus response to the Covid-19 crisis, central banks set their sights on normalising monetary policies. In the last quarter of the year, the US Federal Reserve announced that it would halt quantitative easing in March 2022 and signalled that it would raise interest rates three times through 2022. The European Central Bank did not anticipate, after its December meeting, any changes in interest rates through 2022 but confirmed the end of the Pandemic Emergency Purchase Programme (PEPP), reducing the pace of asset purchases in 2022.

3.1.2. DOMESTIC ECONOMIC SITUATION

After a sharp slowdown in 2020, with an 8.4% drop in the growth rate, the Portuguese economy is projected to have grown 4.9%, according to the Office for National Statistics (abbreviated as INE in Portuguese). The same source notes that "domestic demand was the driving force behind GDP growth, after a negative contribution in 2020, with a recovery in private consumption and investment. Net external demand made a less negative contribution to GDP growth in 2021, with a rise in imports and exports of goods and services."

According to the Bank of Portugal, inflation rate is projected to rise to 0.9% in 2021 and 1.8% in 2022, falling far behind estimates for the euro area. Economic recovery has also been reflected in the labour market. The employment rate rose 2.5% in 2021, while unemployment dropped back to pre-pandemic levels.

Projections suggest this growth trajectory is set to continue in 2022 driven by higher disposable income, favourable financial conditions, and the use of European funds. The savings rate is estimated to fall in 2021 and 2022, after peaking at 12.8% in 2020.

3.1.3. INSURANCE MARKET

After a two-year decline in direct insurance largely driven by the pandemic and the crisis that followed in 2021, and despite the coronavirus continuing global threat, total premiums rose 34.5% to EUR 13.35 billion in 2021, up EUR 3.42 billion compared with the year earlier, driven by a very positive trajectory of life insurance.

In 2021, life insurance accounted for 58% of total direct insurance underwriting in 2021, in contrast with the year before, reflecting a premium growth of 69.5%, up EUR 3.17 billion. Growth rate was positive in all lines of business, with an emphasis on correlated life insurance, excluding Pension Savings Scheme, with an increase of 135.9%, up EUR 2.02 billion, compared with the previous year, and overall Pension Saving Schemes, with an increase of 64,2%, up EUR 746 million.

Closely correlated to economic activity, non-life insurance is the segment that most directly reflected the impacts of the Covid-19 pandemic.

Although non-life insurance premiums rose 4.8%, up 3% compared with the previous year, they remained well below pre-pandemic levels. Non-life insurance premium volume amounted to EUR 5.62 billion, an increase of EUR 255 million compared with the year earlier, with health insurance continuing its steady growth with an 8.7% increase, up EUR 83 million, largely due to the growing demand for this type of insurance.

Workers' compensation insurance recovered from last year's drop in demand, with a 6.6% growth rate, up EUR 60 million compared with 2020, with a 1.2% upward swing.

Fire and other property damage insurance also experienced positive growth, rising 5.8% in 2021, up EUR 55 million, against a 4.4% increase in 2020.

Motor vehicle insurance rose by 1.1% compared with 1.9% in 2020.

3.2. HIGHLIGHTS 2021

According to flash estimates released by the Office for National Statistics in January 2022, GDP grew 4.9% in 2021, the highest growth rate since 1990, compared with an 8.4% decline in 2020. GDP growth was largely driven by the economic recovery from the Covid-19 pandemic in 2020.

Economic recovery began to take shape, with positive growth in every quarter of the year, except for the first quarter, still hampered by widespread lockdown measures affecting non-essential activities (-3,0% in the first quarter; +4,3% in the second quarter; +2,9% in the third quarter; and +1,6% in the fourth quarter).

Private consumption and investment were the main drivers of GDP growth, while external demand contributed to drive it down for the second year in a row. Despite dampened by a deterioration in the terms of trade that pushed up energy and commodity prices, this contribution had however far less impact than a year ago thanks to an acceleration in exports.

In 2020, interest rates remained exceptionally low, heavily affecting the profitability of companies in the financial sector. Although the European Central did not anticipate any major changes to its policy, rising inflationary pressures may lead to an increase in interest rates in the long run, with impacts on financing costs for the government, households, and businesses.

Nevertheless, and conversely, it opens up the possibility of exploring different investment products – something that has already started to happen –, bolstered by consumers' growing perception about the need to adopt responsible behaviours and actively prepare their life projects and active retirement given the increasing unsustainability of Social Security caused by an ageing population.

On a global level, the insurance market grew 34.5% in 2021 driven by a 69.5% increase in life insurance, completely reversing the decline of 13.9% and 34.4% recorded in 2019 and 2020 respectively. Non-life insurance also grew 4.8% driven by economic recovery from the Covid-19 pandemic that hit countries around the world in early 2020.

Non-life insurance was mostly driven by an increase in worker's compensation (7.7%), fire and other property damage (5.8%) and motor vehicle (1.1%) insurances. Health insurance experienced the biggest rise (8,7%) in non-life insurance, as in previous years, securing its position as the second largest and one of the most representative non-life insurance lines of business. This trend reflects the importance that consumers unquestionably place on health, targeting it as a key strategic line of business for insurance companies. In relation to compulsory insurances, workers' compensation increased 6.6%, largely driven by the resumption of economic activity and the end of the furlough scheme, with an impact on employment numbers. Unemployment dropped to 6.1% in the third quarter of 2021, the lowest rate in the past ten years.

Life insurance premium volume rose 69.5% mostly due to the highly positive performance of endowment insurance and pension savings scheme, which grew 96.2% and 70.5%, respectively, encouraging several insurance companies to market these products more actively. Traditional products, particularly risk life insurance, also rose 5.3% last year, closely linked to mortgage lending growth.

Generali Seguros remained above market growth rate in non-life insurance, with a 7.3% increase in premium volume compared with 4.8% in domestic market, driving up its market share by 0.4 percentage points to 18.8% compared with the previous year.

Conversely, Generali Seguros underperformed the life insurance industry, losing 1% of market share, down 0.8 percentage points compared with a 1.1-percentage-point drop over the same period a year earlier, largely driven by the poor performance of financial products, which dropped by 47.9% against an 82.7% rise of the market.

Nevertheless, Generali Seguros gained market share in risk life insurance by 0.2 percentage points, accounting for 6.5% of the market, as a result of a consistent strategy focused on this line of business, reporting an 8.2% rise against 5.3% of the market.

Last year was also marked by some economic recovery from the adverse effects of the Covid-19 pandemic since it started in early 2020, with direct impacts on business, especially on corporate products, namely worker's compensation and corporate multi-risk insurances (trade and industry).

2021 also marked the end of the last stage of the operational integration following the merger by incorporation of Generali, Companhia de Seguros, S.A. and Generali Vida, Companhia de Seguros, S.A. into Generali Seguros, S.A., formerly Seguradoras Unidas, S.A., which prompted portfolio readjustments, particularly related to corporate risks with greater magnitude, namely fire and other property damage, engineering, and transport insurances.

Despite these challenges, Generali Seguros expanded its customer base by 1.5%, accounting for nearly 1,925,000 million customers, both private and corporate, and its customer retention rate rose to 86%, having sustained customer growth.

Non-life insurance premium growth was positively affected by the performance of the lines of business associated with personal accident and sickness, particularly workers' compensation, which grew 19.8%, increasing by 3.2. percentage points its market share to 28.8%, and health, with a 10.5% rise.

Generali Seguros remained focused on its transformation process, particularly on its digital strategy in the back and front office, with a direct impact on sales processes, operational performance, and partner and customer service levels.

In relation to product development, Generali Seguros remained committed to pursuing a strategy closely aligned with customer needs and delivering excellent service quality. In this connection, several improvements were established and new products were launched, among which the following are to be highlighted:

- Workers' compensations: two new coverages were added to Smart Working and workplace health insurance to increase remote work productivity and promote employees' physical and mental health;
- Health insurance: three new features were added to this product increasing its competitiveness, namely childbirth cover with no sub-limits, fixed copayments for laboratory tests and imaging exams, and optional cover for inpatient and outpatient hospitalisation expenses incurred in Spain and the USA;
- Travel insurance: it was included coverage for Covid-19;
- Home insurance: coverage requirements for hail damage and emergency home cover was enhanced, and an optional cover for outdoor furniture was added;
- In life insurance:
  - Risk
    - Mortgage Life tariff and underwriting process were reviewed and the amounts of capital insured raised to facilitate simplified acceptance by remote interview or through a statement of health;
    - HealthCare Providers Life Plus was subject to review and provided with no deductible and waiting period for temporary total disability associated with Covid-19;
  - Financial: the company launched Tranquilidade Principal-Protected Investment.

LOGO was mostly committed to forwarding its customers, both existing and prospective, to digital customer channels: customer support line, app, chatbot and Whatsapp; to increase online sales on the website and enhance customer digital experience.

The brand remained focused on delivering the best customer experience by simplifying processes and rendering them automatic over the life cycle of products:

- The brand strengthened its goal to attain a clearer and simpler language in all points of contact with the customer, having reviewed 75% of the most common interactions with the customer at the end of the year;
- The brand implemented a set of initiatives aimed at continuous improvements and increased customer satisfaction levels, among which the following are highlighted:
  - Value-added service numbers starting with 7, 30 or 808 for customer support were discontinued and replaced for landline numbers which enable free calls for customers who get free calls as part of their call package;
  - The cost of customer support phone service is provided wherever applicable;
  - General conditions and contract clauses include larger font sizes and line spacing, ending with the fine print in contracts.
- The brand developed a motor vehicle calculator that enables private customers to underwrite a motor vehicle policy within minutes.

The company developed the Net Promoter Score (NPS) programme that reflects the principle You can't improve what can't be measured.

Aware of the importance to deliver high-quality service to customers, the company implemented the NPS programme in several points of contact, a strategic project that gauges customer engagement with the brand, enabling the company to act and make decisions focused on customers.

Aligned with the Generali Group, the company incorporated the NPS programme in its daily routine, while engaging employees and business partners in the process. This programme plays an important role in providing our customers a human experience:

- In 2021, 275,239 surveys were sent out, of which 34,465 were answered, and 4,959 phone calls were made;
- 10 departments were involved and we are now 394 cloopers to call customers;
- In 2021, based on customer feedback, 20 improvement opportunities and corrective measures were identified, out of which 8 were communication-related, 6 associated with processes, 3 were payment-related and other 3 linked to LOGO processes' alignment.

Digital and innovation strategy of customer and partner service and communication platforms remained a key pillar of the company's market position and were taken as a priority:

- The company closed the year with more than 1,113,000 million green customers, a substantial rise of around 30% compared with the year earlier, plus 145,000 customers from LOGO, also dematerialised, enabling the company to achieve high service levels and efficiency in customer communication and innovation;
- The company has adopted a communication policy Always On to convey regular and appropriate content to its customers through commercial campaigns, prevention actions, and institutional and information initiatives;
- In 2021, the company contacted with 90% of its customers in line with the Generali Group's strategic vision aimed at establishing Generali Seguros as a lifetime partner for its customers;
- In an effort to leverage digital communication and improve customer experience, the company remained committed to obtaining customer consent for marketing material. By the end of the year, 43% of customers had given their consent to receiving marketing communications, a sharp rise compared with 2020;
- The company continued its effort to make communication easier and simpler with its customers and employees.

Once completed the integration process of commercial teams, efforts focused on the distribution strategy to increase market coverage and penetration of the so-called strategic products and accelerate commercial transformation deemed fundamental to ensure commercial dynamics and build up a relationship with main business partners.

In this context, special emphasis was placed on the following initiatives:

- Commercial dynamics was boosted through a sophisticated incentive scheme and new commercial campaigns, with a special focus on strategic products for retail segments;
- The pace of digital transformation of the distribution network was accelerated by focusing on:
  - Digital presence:
    - By providing a training course for exclusive partners and the commercial team on digital taught by the Lisbon Digital School;
    - By creating a digital club as part of the incentive scheme, which contributed to expand agent digital presence. Nearly 1,400 agents have now an online presence and are active on social media;
    - By ensuring that content is permanently available on Sociabble platform, in which more than highly active 500 agents have contributed to making Tranquilidade a successful example within the Generali Group.
  - Digital sales:
    - Strong emphasis on the digital lead generation for agents, and addition of more than 700 agents to the lead platform;
    - 68,000 leads generated 16,000 policies sold, four times more than in the previous year;
    - Launch of a motor vehicle calculator, with instant online underwriting. This tool has also been made available to partners who own a website.
  - Physical presence:
    - The company launched a new programme Let's Invest in our Physical Network, with focus on three mains areas:
      - Tranquilidade brand identity was incorporated in 80 agents' stores that were still tied to Generali brand image;
      - 500 digital screens were installed in agents' stores;
      - 90 new stores were opened with Tranquilidade and Açoreana brand identities.
  - Exclusive network
    - The company's exclusive network was strengthened with 30 new partners;
    - 80 new insurance managers were admitted to the academy.
  - Increase margins crosswise.

As a result, in an extraordinary difficult environment, commercial performance has proven again the company's strong commitment to its partners:

- Multi-brand and exclusive partners grew 7% in non-life and risk life insurances combined compared with 2020, with a focus on health, risk life, fire and other property damage and workers' compensation;
- Insurance brokers grew 1.2% in a period of modest economic recovery;
- Alternative channels grew globally by 4.8% mainly driven by motor insurance, but also by property insurance, which has enabled them to diversify their portfolio.

A digital commercial meeting was held in April gathering nearly 4,000 guests and placing emphasis on innovation.

In September, Generali Seguros played once again a pioneering role in the market, holding three in-person events for exclusive partners in the midst of an ongoing pandemic. This effort to accelerate a return to normality was particularly important for those who attended these events and a way to strengthen bonds with partners.

A partner satisfaction survey, R-NPS, revealed a satisfaction level of 8.7 out of 10, an increase of 0.4 percentage points compared with the previous year.

In Generali Seguros, we aim to contribute to a healthy, resilient, and sustainable society and create an environment in which people can grow and thrive. We are committed to protecting and improving people's lives and we work every day to make it happen.

Generali Seguros works to respond to mega trends that shape society and stands for an ecosystem in which everyone can thrive to generate value in the long run. In this journey, our customers, shareholders, employees, distributors, suppliers, community, and remaining players play a central role and we value their trust. Sustainability is a key driver of our business strategy, and corporate social responsibility is an unrelenting commitment.

Last year, in light of the long-lasting social and economic impact of Covid-19, the company's social responsibility programme focused on initiatives aimed at fighting the adverse effects of the pandemic. A good example is the 2,000,000 video call appointments that were made available to customers free of charge and without leaving home, enabling their access to general practice and family medicine by saving time and money.

The company organised a beach clean-up activity in the last quarter of 2021, in partnership with Brigada do Mar, within its environmental responsibility programme. This initiative relied on volunteer work, gathering nearly 70 employees and their families, who have collected 300 kilograms of trash from the surface areas of beaches.

The company remained committed to its Zero Paper policy aimed at reducing paper consumption, with a focus on process digitisation and the number of green customers. Recent data suggest that nearly 7 tons of paper have been saved since 2018.

Internally, the company launched a healthy eating campaign in its canteens, funding 50% of the cost of vegetarian meals. Recent numbers show that the vegetarian option has significantly increased in popularity and therefore the initiative will continue in 2022. The company also launched the Well-being Weeks programme, an initiative addressed to employees consisting of in-person or online activities or combined. The programme focused on activities aimed at finding a balance between work, family, and well-being, while seeking to draw attention to sustainability issues.

Towards the end of the year, Generali Seguros made a donation to Associação Aldeias de Crianças SOS to cover education expenses for one year for all children and teenagers who live in the institution's three villages in Portugal, namely Bicesse, Guarda and Gulpilhares. At the same time, the company challenged its employees to donate essential goods to the institution, a social volunteer initiative that was welcomed enthusiastically by the team.

For the third time running, the company joined the campaign Portugal Chama to help raise awareness about fire prevention and fighting in rural areas, and also participated in Outubro Rosa, an initiative that seeks to promote breast cancer awareness, focused on prevention.

According to a Marktest's BASEF Seguros market study, with the largest investment ever made to promote Tranquilidade, spontaneous brand awareness grew 8 percentage points from 40,4% in 2020 to 48.4% in 2021.

Over the year, the company was awarded twice for its brand strategy, namely:

- SuperBrand 2021 awarded by consumers;
- MERCO Empresas Portugal 2021 as the leading reputation insurance company in the industry.

In 2021, the LOGO brand. which celebrated its 13^{th} anniversary, remained focused on developing its digital channels by adding new features both to Whatsapp and the chatbot. New features of automatic response to customer requests were incorporated, such as getting an ATM payment reference number, making a home insurance claim, and getting a cross-selling automatic proposal.

3.3. KEY VARIABLES AND BUSINESS INDICATORS

(in thousand of euros)

	2021	2020	VAR 21/20 (%)
Balance Sheet			
Investments[a)]	2 556 601	2 604 843	-1,9
Net assets	3 085 864	3 220 002	-4,2
Equity	342 764	335 199	2,3
Unearned premium provision (DI+RA)	228 826	218 376	4,8
Mathematical provision and Investment contract liabilities	687 479	831 508	-17,3
Claims provision (DI+RA)	1 351 081	1 300 649	3,9
Claims provision, net of reinsurance	1 240 083	1 174 186	5,6
Technical provisions (DI+RA)	2 361 616	2 427 978	-2,7
Gains and Losses			
Direct insurance gross written premiums	1 134 788	937 783	21,0
Life	77 979	55 940	39,4
Non-Life	1 056 809	881 843	19,8
Earned premiums, net of reinsurance	984 515	831 013	18,5
Life	53 796	46 237	16,3
Non-Life	930 719	784 776	18,6
Direct insurance claim-related costs	825 085	683 310	20,7
Life	168 742	89 155	89,3
Non-Life	656 343	594 155	10,5
Claim-related costs, net of reinsurance	735 526	595 994	23,4
Life	137 573	82 569	66,6
Non-Life	597 953	513 425	16,5
Operating expenses	147 927	130 981	12,9
Revenues	38 126	20 096	89,7
Net income	54 056	18 895	186,1
Indicators			
Direct insurance claims rate	62,5%	68,0%	-5,5 p.p.
Claims rate net of reinsurance	74,7%	71,7%	3,0 p.p.
Net income / gross written premiums	4,8%	2,0%	2,7 p.p.
Combined ratio net of reinsurance	92,8%	93,1%	-0,3 p.p.

a) It includes investments in associates and joint ventures, financial assets held for trading, financial assets measured on initial recognition at fair value through profit and loss, available-for-sale assets, loans and accounts receivable, held-to-maturity investments, land and buildings, non-current assets held for sale, cash and cash equivalents and demand deposits and investment-related possible retentions. It excludes unit-linked and cash asset portfolios and demand deposits managed by treasury and which are not considered investments.

Gains and losses variables reflect the activity carried out by Seguradoras Unidas on a standalone basis over nine months, and a further three months as a merged company.

3.4. GENERALI SEGUROS' UNDERWRITING PERFORMANCE IN 2021

3.4.1. DIRECT INSURANCE PREMIUMS

In aggregate, direct insurance underwriting grew EUR 1.13 billion in 2021, a 5.2% increase compared with the previous year. The insurance market experienced a 34.5% rise compared with 2020.

Direct life insurance premium volume amounted to EUR 77.98 million, down 16.7%, compared with the year earlier, reflecting a EUR 15.61 million decrease due to a 47.9% drop in premiums associated with financial products, while premiums associated with traditional products rose by 8.2%.

Non-life insurance premium volume amounted to EUR 1.06 billion, up 7.3% compared with the year earlier, reflecting a EUR 71.51 million increase, driven by a 16.4% rise in personal accident and sickness (+EUR 58.91 million), a 10.5% rise in health insurance (+EUR 12.06 million) and a 7.4% increase in fire and other property damage (+EUR 10.31 million).

Following a fall in underwriting in 2020, workers' compensation insurance regained momentum and grew EUR 45.92 million, an increase of 19,8% compared with the previous year, mostly driven by insurance renewals. It should be noted, however, that this growth curve does not yet reflect the expected decline in underwriting in this line of business due to the effects of the measures taken to support the economy and the population during the pandemic.

Multi-risk insurance accounted for much of the growth in fire and other property damage, with a EUR 9.81 million rise, reflecting an 8.9% upward swing, Motor vehicle insurance underwriting fell by EUR 1.92 million, down 0.5% compared with the previous year, heavily affected by the pandemic and the restrictions imposed on people's movements between regions.

(in thousand of euros)

Direct Insurance Premiums	2021	%	2020	%	VAR 21/20 (%)
Life	**77 979**	**6,9**	**55 940**	**6,0**	**39,4**
Traditional	54 417	4,8	43 174	4,6	26,0
Financial	23 562	2,1	12 766	1,4	84,6
Non-Life	**1 056 809**	**93,1**	**881 843**	**94,0**	**19,8**
Personal accident and sickness	417 018	36,7	295 262	31,5	41,2
Fire and other property damage	150 033	13,2	125 897	13,4	19,2
Motor	405 866	35,8	385 580	41,1	5,3
Transport	4 743	0,4	4 744	0,4	0,0
Third-party liability	21 988	1,9	19 205	2,0	14,5
Others	57 161	5,0	51 155	5,5	11,7
Total	**1 134 788**	**100,0**	**937 783**	**100,0**	**21,0**

The amounts reported for the year ended December 31st, 2020 reflect the activity carried out by Seguradoras Unidas on a standalone basis over nine months, and a further three months as a merged company.

3.4.2. DIRECT INSURANCE CLAIMS COSTS

In aggregate, direct non-life claims costs amounted to EUR 656.34 million in 2021, down 1.8% compared with the previous year.

Personal accident and sickness claims costs fell EUR 1.52 million in 2021, down 0.6% compared with previous year, with an emphasis on a 10.4% drop in workers' compensation, amounting to EUR 19.05 million.

Fire and other property damage claims costs also fell EUR 2.59 million in 2021, a 2.5% drop compared with the previous year. Motor vehicle claims costs also experienced a decline, with a 0.2% drop compared with 2020, amounting to EUR 485 thousand.

(in thousand of euros)

Direct Insurance Premiums	2021	2020	VAR 21/20 (%)
Life	**168 742**	**89 157**	**89,3**
Traditional	24 536	23 319	5,2
Financial	144 206	65 838	119,0
Non-Life	**656 343**	**594 156**	**10,5**
Accidents and health	271 201	233 483	16,2
Fire and other damage	101 143	96 567	4,7
Motor	262 616	236 047	11,3
Transport	2 241	2 274	-1,5
Third-party liability	13 297	21 835	-39,1
Others	5 845	3 950	48,0
Total	**825 085**	**683 313**	**20,7**

The amounts reported for the year ended December 31st, 2020 reflect the activity carried out by Seguradoras Unidas on a standalone basis over nine months, and a further three months as a merged company.

Non-life claims rate (gross claims costs/gross premiums earned) fell by 5.9 percentage points from 68.4% in 2020 to 62.5% in 2021.

(%)

Non-Life Claims / Non-Life Gross Earned Premiums*	2021	2020
Personal accident and sickness	65,5	78,2
Fire and other property damage	68,5	78,7
Motor	64,8	62,3
Transport	48,1	46,0
Third-party liability	60,9	115,3
Others	10,4	8,0
Total	**62,5**	**68,0**

*claims costs with costs expressed in % of earned premiums

The amounts reported for the year ended December 31st, 2020 reflect the activity carried out by Seguradoras Unidas on a standalone basis over nine months, and a further three months as a merged company.

3.4.3. TECHNICAL PROVISIONS

Direct insurance and earned reinsurance technical provisions fell EUR 66.36 million to EUR 2.36 billion in 2021, down 2.7% compared with the previous year.

This was caused by a EUR 199.56 million reduction in the amount of life mathematical provision, considering a EUR 50.43 increase in the amount of claims provision compared with 2020.

(in thousand of euros)

Direct Insurance and Earned Reinsurance Technical Provisions *	2021	2020	VAR 21/20 (%)
Unearned Premium Provision	228 826	218 376	4,8
Life Mathematical Provision	649 851	769 419	-15,5
Claims Provisions	1 351 081	1 300 649	3,9
Life	80 183	75 402	6,3
Workers' compensation insurance	772 194	754 445	2,4
Other Business Lines	498 704	470 802	5,9
Other Technical Provisions	131 858	139 534	-5,5
Total	**2 361 616**	**2 427 978**	**-2,7**

3.4.4. CEDED REINSURANCE

On the balance sheet, ceded reinsurance fell EUR 54.58 million, which compares with a EUR 13.45 million drop in 2020.

Non-life reinsurance dropped sharply by EUR 38.73 million. It should be noted that the year was adversely impacted by large claims with reinsurance receivables.

Reinsurance claims receivables dropped from 13.7% in 2020 to 9% in 2021.

(in thousand of euros)

Ceded Reinsurance	2021	2020	VAR 21/20 (%)
Life	**5 144**	**2 160**	**138,1**
Premiums	23 191	9 431	145,9
Commissions	-1 971	-382	416,0
Claims and Changes in Technical Provisions	-16 076	-6 889	133,4
Non-Life	**49 439**	**2 015**	**2 353,5**
Premiums	121 306	92 140	31,7
Commissions	-12 969	-9 089	42,7
Claims and Changes in Technical Provisions	-58 898	-81 036	-27,3
Result	**54 583**	**4 175**	**1 207,4**

The amounts reported for the year ended December 31st, 2020 reflect the activity carried out by Seguradoras Unidas on a standalone basis over nine months, and a further three months as a merged company.

3.4.5. TECHNICAL BALANCE, NET OF REINSURANCE

In aggregate, technical balance, net of non-life reinsurance, amounted to EUR 199.19 million in 2021, reflecting a rise of EUR 20.53 million compared with the previous year, driven by an improvement in direct insurance, which offset the reduction in ceded reinsurance.

In terms of lines of business, personal accident and sickness, third-party liability and other insurances experienced significant improvements in their technical balance, net of reinsurance, in 2021 compared with the previous year, driven by premium growth and low claims rate.

(in thousand of euros)

Technical Balance, net of Reinsurance*	2021	2020	VAR 21/20 (%)
Accidents and Health	68 147	28 493	139,2
Fire and other Damage	15 538	24 108	-35,5
Motor	95 459	108 933	-12,4
Transport	1 338	2 547	-47,5
Third-Party Liability	4 309	-3 053	241,1
Others	14 401	11 892	21,1
Total	**199 192**	**172 920**	**15,2**

* excluding any costs allocated to functions

The amounts reported for the year ended December 31st, 2020 reflect the activity carried out by Seguradoras Unidas on a standalone basis over nine months, and a further three months as a merged company.

3.4.6. OPERATING COSTS

In 2021, operating costs amounted to EUR 147.92 million, down 0.6% compared with the previous year. It should be noted, though, that the rise in operating costs recorded in 2020 was partly due to a surge in costs resulting from the incorporation of the two companies.

Personnel costs fell EUR 3.73 million to EUR 71.97 million, down 4.9% compared with the previous year. Supply and outsourcing costs also fell EUR 3.98 million, down 7.1% compared with 2020.

(in thousand of euros)

Operating Expenses	2021	2020	VAR 21/20 (%)
Personnel Costs	71 966	60 726	18,5
Supplies and Outsourcing Services	52 177	47 544	9,7
Taxes and Fees	6 712	6 303	6,5
Depreciations	13 510	14 957	-9,7
Others*	3 562	1 451	145,5
Total	**147 927**	**130 981**	**12,9**

* it includes provisions for risks and fees, supported interest rates, commissions and other investment-related costs

The amounts reported for the year ended December 31st, 2020 reflect the activity carried out by Seguradoras Unidas on a standalone basis over nine months, and a further three months as a merged company.

3.4.7. PERSONNEL

Throughout 2021, 51 new permanent employees were recruited, while 80 employees left the company, of which 40 by own initiative or the company's, 21 by mutual agreement and 14 by reason of collective redundancy.

	2021	2020	VAR 21/20 (%)
Total number of employees on a permanent basis as at January 1st	**1 114**	**920**	**21,1**
Hired	51	27	88,9
Merger by incorporation of Generali and Generali Vida as at October 1st	0	295	-100,0
Left	80	128	-37,5
by pre-retirement or retirement	1	0	-
by own initiative or the company's	40	38	5,3
by termination of employment contract by mutual agreement	21	26	-19,2
by collective redundancy	14	63	-77,8
Others (decease)	4	1	300,0
Total number of employees on a permanent basis as at December 31st	**1 085**	**1 114**	**-2,6**

3.4.8. INVESTMENT PERFORMANCE

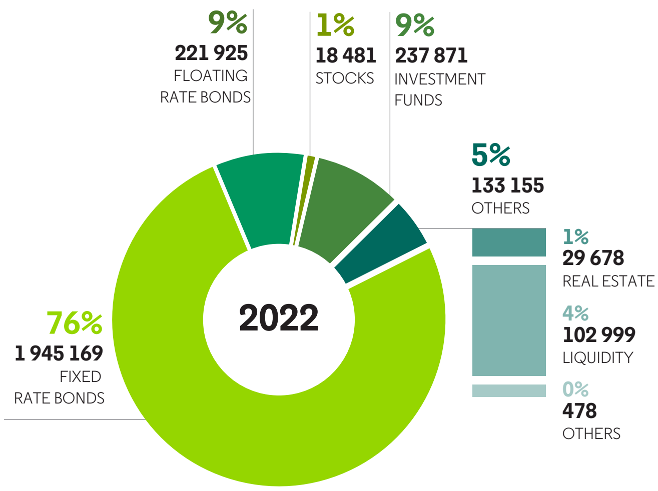
Generali Seguros' financial activity recorded a global average income growth of 0.9%, supported by the continuity of the investment strategy on fixed rate bonds and diversified investment funds, with special emphasis on funds managed by the Generali Group or its partners.

Although interest rates are still at historic lows, the market showed signs of a trend reversal last year, with rising interest rates likely to increase further in 2022. Economic recovery marked the first two quarters of the year, driven by vaccine efficacy and rates, which had a positive impact on business results and boosted stock markets. Nevertheless, commodity shortages and supply chain disruptions created significant headwinds. Supply struggled to keep up with a sudden surge in demand and before long, inflation became a hot topic in the second half of the year. In this context, market interest rates increased and the yield curve steepened in a favourable environment for the most cyclical sectors of the stock market.

The increase in interest rates, especially in the long run and in the euro zone peripheral countries, coupled with an increase in spread risk, had a negative impact on investment portfolios. Asset revaluation reserves followed a similar trend and fell by EUR 97,1 million up to the end of 2021.

The company maintained its conservative asset allocation, with emphasis on fixed-income assets either through direct investments or investment funds. Nevertheless, and considering inflationary expectations, the company started a diversification process to increase its exposure to private and real estate debt within risk appetite and limits set by the Generali Group.

Investment Portfolio 2021
(Values expressed in thousand of euros and from a management perspective– it does not include UL)



* It includes investments in associates and joint ventures, financial assets held for trading, financial assets measured on initial recognition at fair value through profit and loss, available-for-sale assets, loans and accounts receivable, held-to-maturity investments, land and buildings, non-current assets held for sale, cash and cash equivalents and demand deposits and investment-related possible retentions. It excludes unit-linked and cash asset portfolios and demand deposits managed by treasury and which are not considered investments.

The investment strategy remained focused on managing asset and liability lifetime and reducing interest rate risk affecting the investment portfolio, according to the regulatory provisions for the insurance business set out in the European Directive Solvency II.

Therefore, to improve its risk-return trade-off based on RoSCR's risk measures, the company reduced its exposure to sovereign debt of the euro zone core countries, encouraged investment in Portuguese government bonds with long durations, and seized some investment grade opportunities to buy short-term corporate bonds.

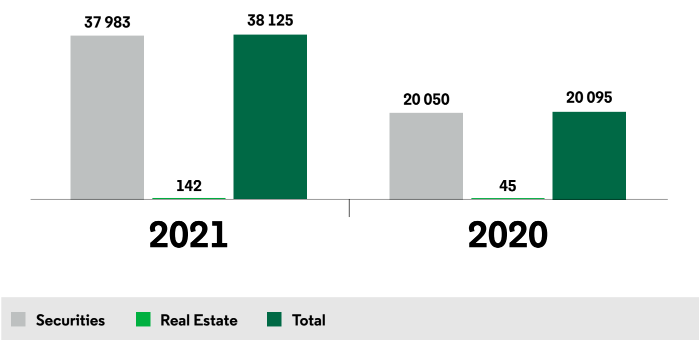
While seeking to internalise asset management within the Generali Group, the company ceased all its investments in exchange-traded funds.

To generate higher returns on its investment portfolios, the company developed a rebalancing plan mainly focused on private debt investments and real estate funds.

By the end of the year, the investment portfolio of Generali Seguros amounted to EUR 2.55 billion. Fixed-income bonds represented the largest share of investment, making up 76% of the total investment portfolio. Bond portfolio rating (direct investment) downgraded to triple B, a medium-rating grade, with a EUR 1.35 billion exposure to Portuguese and the euro zone core countries' sovereign debts.

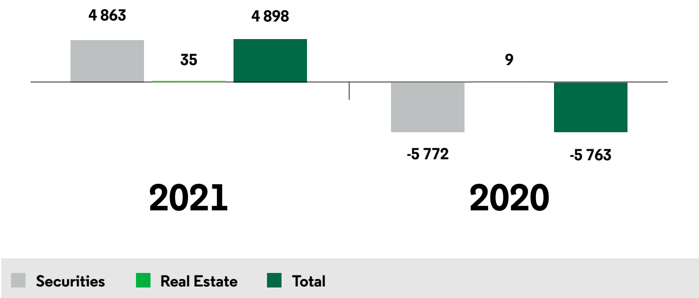
Interests and Returns

(Values expressed in thousand of euros and from a management perspective – it does not include UL)



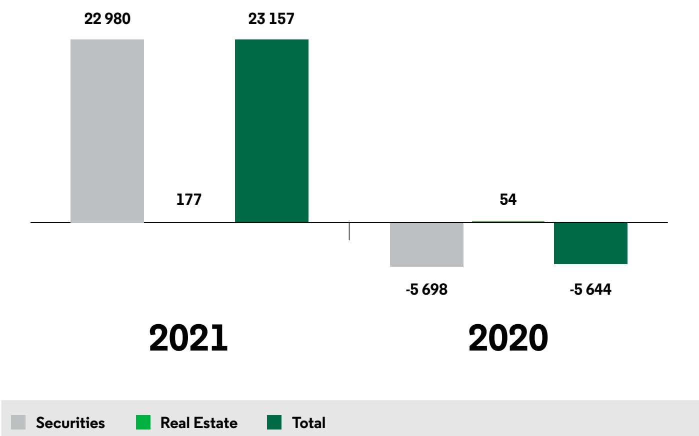
Capital Gains or Losses Recorded in Profit or Loss

(Values expressed in thousand of euros and from a management perspective – it does not include UL or impairments)



Financial Performance Results*

(Values expressed in thousand of euros and from a management perspective – it does not include UL)



Note: Includes impaired securities in the amount of EUR 19.9 million in 2021 (2020: EUR 19.9 million).

In 2021, Generali Seguros delivered strong financial results, amounting to EUR 23.16 million, up EUR 28.80 million compared with the previous year. The company's financial results for the third and fourth quarters of the year were directly impacted by the inclusion of debt securities, into the investment portfolio managed by the Generali Group. These debt securities were previously managed by Apollo within the ICAV fund.

Additionally, while seeking to diversify its investment portfolio through balanced risk taking, the company looked to assets with higher yields, generating capital gains. Asset impairments of EUR 19.87 million, mainly on ICAV private debt loans, continued to have a negative effect on financial results as in the previous year.

On the other hand, and contrary to the business plan projections, returns on ICAV funds, amounting to EUR 6 million, were not paid in December 2021, impacting on the company's financial results for the year.

The company's average return on financial assets was 0.9% compared with 0.2% in 2020. By incorporating the effect of unrealised gains accounted for in the fair value reserve, average return on financial assets fell 2.8%% compared with a 4.3% increase in 2020.

3.4.9. EQUITY AND SOLVENCY MARGIN

The company's net income rose EUR 54.1 million in 2021, up from EUR 18.9 million in the previous year.

The company's net income for 2021 was adversely impacted by a set of non-recurring events, among which the following are highlighted:

- Recognition of capital gains of EUR 4.9 million on the sale of assets under the portfolio rebalancing plan;
- Recognition of a EUR 18.7 million impairment loss on ICAV – MCR fund;
- An impact of EUR 18.8 million arising from a fall in the discount rate used to measure workers' compensation liabilities;
- A EUR 4.9 million additional provision for rate commitments in life insurance arising from changes in the estimated future rate of return on assets;
- Recognition of EUR 18.4 million in costs incurred related to the incorporation process.

It is important to note that the company's net income for 2021 was also adversely impacted, in net terms, by a set of non-recurring events, among which the following are highlighted:

- Recognition of capital losses of EUR 4.9 million arising from the sale of high-yield bonds in ICAV funds;
- Recognition of a EUR 16.4 million impairment loss in ICAV – MCR fund;
- Recognition of a EUR 6.7 million impairment loss on outstanding debt related to IFAP;
- Recognition of a EUR 6.4 million additional provision for liability adequacy test in life insurance;
- Recognition of EUR 17.4 million in costs incurred related to the incorporation process.

(in thousand of euros)

Equity Capital	2021	2020	VAR 21/20 (%)
Share Capital	90 500	84 000	7,7
Other Equity Instruments	27 097	27 097	0,0
Revaluation Reserves	78 931	136 007	-42,0
Other Reserves	155 374	149 400	4,0
Retained Earnings	-63 194	-80 200	n.a.
Net Income	54 056	18 895	186,1
Total	**342 764**	**335 199**	**2,3**

Net income reported for the year-end 2021 reflects the activity carried out by Seguradoras Unidas on a standalone basis over nine months, and a further three months as a merged company.

Equity increased by EUR 7.6 million, reflecting the evolution of its components in different directions. Therefore, the following key points are highlighted:

- a EUR 6.5 million increase in equity arising from a EUR 6.5 million partial sale on unrealised capital gains of EUR 98 million;
- a EUR 75.1 million negative performance recorded in the revaluation reserve, net of deferred tax liability;
- a net income of EUR 54.1 million.

The company monitors its solvency according to the new Solvency II framework in force as of January 1st, 2016. Final data on the solvency margin will be publicly disclosed in the Solvency and Financial Condition Report in April, as provided for in the law.

3.4.10. RISK MANAGEMENT, INTERNAL CONTROL SYSTEM AND COMPLIANCE

Risk Management and Internal Control System

Generali Seguros has an integrated risk management and internal control system that stretches across the organisation and is supported by the company's governing bodies and multiple organisational areas.

The Board of Directors is the driving force behind the risk management and internal control system and is responsible for setting the appropriate strategies and policies and overseeing their appropriateness and robustness throughout time as to completeness, performance, and effectiveness.

The Board of Directors is supported by the current governing structure, which relies on its key players, namely the Supervisory Board, the Executive Committee, the chief financial officer, the chief risk officer, operations managers, and four control functions, namely risk management, compliance, auditory and actuary.

The risk management system aims to ensure appropriate and effective management of risks and align them with the company's business strategy, while complying with a set of processes and procedures based on clear governance provisions.

The internal control system aims to provide reasonable assurance that the company runs its business in a manner consistent with the fulfilment of its strategic and business goals.

The company built an internal control framework based on basic and standard requirements to develop and implement effective internal controls across the organisation, namely establish an appropriate control environment, implement control activities, assess risk, oversee, and report.

Control functions rely on coordination to prevent overlaps and decision-making autonomy to effectively address risk management and internal control system.

Management Risk Function

The structure provides the management team with support to develop risk management strategies, as well as establish and evaluate monitoring tools by providing the necessary information to assess the robustness of the risk management and internal control system as a whole through the appropriate reporting system.

The risk management policy establishes the roles, responsibilities, and the reporting line of the management risk function, based on the guidelines set by the internal control group and the risk management system.

The risk management function is responsible for (i) supporting the development of the risk management policy and determining risk tolerance; (ii) setting the criteria and methodologies for risk assessment, establishing the results of risk assessments and, eventually, submitting them to the Board of Directors and the Executive Committee; (iii) controlling the implementation of the risk management policy and business risk as a whole.

Compliance Function

The need to conduct business in compliance with all applicable legislation and regulations, and the rules and practices of the Code of Conduct lies at the core of our corporate culture. This has led the company to establish controls for each level to prevent the risk of penalties, pecuniary losses, or reputational damage, duly identified as compliance risks, arising from a breach of laws, regulations, or norms issued by regulators.

The role of the compliance function involves (i) assisting the Executive Committee in complying with legal, regulatory, and administrative provisions; (ii) assessing possible impacts on business upon changes in the legal framework; (iii) providing support to operations and business areas to create sustainable competitive advantage by incorporating risk management into day-to-day operations and strategic planning.

Actuarial Function

According with the provisions of the Solvency II, the actuarial function is mainly responsible for (i) coordinating the calculation of technical provisions; (ii) ensuring the adequacy of the methodologies and underlying models used, as well as the assumptions used to calculate technical provisions; (iii) assess the sufficiency and quality of data used to calculate technical provisions.

Internal Audit Function

The internal audit function plays a controlling role in the adequacy of risk management and internal control system.

In the course of its activities, the internal audit function assists the company's governing bodies to attain their goals by establishing a controlled and systematic approach aimed at assessing and improving the effectiveness of management, governance, and risk control processes.

The internal audit function plays a key role in assisting the Board of Directors and the Executive Committee to protect the company's assets, reputation, and sustainability.

Business Continuity Plan

Within the scope of risk management and internal control system, the company places great emphasis on two key activities associated with its business continuity plan:

- Implement business continuity and incident response plans to ensure business operation in an incident scenario, and protection of critical players, such as customers, investors and interested parties;
- Transition employees to remote working, including those involved in critical processes, and protect them, as a result of the pandemic and in line with the recommendations by the Portuguese General Directorate of Health.

3.5. KEY VARIABLES AND BUSINESS INDICATORS

On October 1st, 2020, insurance companies Generali, Companhia de Seguros, S.A. and Generali Vida, Companhia de Seguros, S.A. were merged by incorporation into Seguradoras Unidas, S.A., forming a new legal entity under the name Generali Seguros, S.A.

For the purpose of comparing business evolution, companies' numbers are herein presented in aggregate for the financial years ended December 31st, 2020 and 2021.

(in thousand of euros)

	2021	2020	VAR 21/20 (%)
Gains and Losses			
Direct insurance gross written premiums	**1 134 788**	**1 078 884**	**5,2**
Life	77 979	93 587	-16,7
Non-life	1 056 809	985 297	7,3
Earned premiums, net of reinsurance	**984 515**	**934 150**	**5,4**
Life	53 796	67 956	-20,8
Non-life	930 719	866 193	7,4
Direct insurance claims costs	**825 085**	**789 794**	**4,5**
Life	168 742	121 570	38,8
Non-life	656 343	668 224	-1,8
Claim-related costs, net of reinsurance	**735 525**	**680 876**	**8,0**
Life	137 573	103 077	33,5
Non-life	597 952	577 799	3,5
Operating costs	147 927	157 379	-6,0
Net income	54 056	12 918	318,5
Indicators			
Direct insurance claims rate – Non-life	62,5%	68,4%	-5,9 p.p.
Claims rate / Net of reinsurance – Non-life	64,2%	66,7%	-2,5 p.p.
Net income / Gross written premiums	4,8%	1,2%	3,6 p.p.
Combined ratio net of reinsurance – Non-life	92,8%	91,0%	1,8 p.p.

Direct insurance gross written premiums rose 5.2% from EUR 1.08 billion in 2020 to EUR 1.13 billion in 2021.

In life insurance, gross written premiums fell 16.7% driven by a 43.3% drop in financial products, while traditional products grew 4.5% in 2021.

In non-life insurance, gross written premiums rose 7.3% to EUR 1.06 billion in 2021 compared with the year earlier, with increases of about 16.4% in personal accident and sickness, 10.5% in health, and 7.4% in fire and other property damage.

Direct non-life claims costs amounted to EUR 656.34 million in 2021, down 1.8% compared with the year earlier. Non-life claims rate settled at 62.5% in 2021, down 5.9 percentage points compared with 2020. Operating costs fell to EUR 147.93 million in 2021, a 6% drop compared with the previous year.

Net income for 2021 was EUR 54.06 million, reflecting a rise compared with the aggregate net income for 2020 of EUR 12.92 million.

3.6. PROPOSAL FOR CAPITAL ALLOCATION

Under the terms and for the purposes set forth in article 376, clause b) of the Portuguese Commercial Code, the Board of Directors of Generali Seguros, S.A. proposes a EUR 54,056,192.99 net income for 2021 to be allocated as follows:

a) 10% of net income, amounting to EUR 5,405,619.30 to be allocated to legal reserve;
b) the remaining amount to be recorded in retained earnings.

3.7. GOALS FOR 2022

From a macroeconomic perspective, economic activity is expected to continue to grow strongly in 2022, while eventually recovering from the adverse effects of the coronavirus pandemic.

According to the Bank of Portugal, national GDP is projected to grow only 5.8%, after a 8.4% drop in 2020 and a 4.8% rise in 2021, and government and consumer spending to remain below 4.8% and 1.4% respectively.

Exports are a major contribution to domestic economic activity and are expected to rise 12.7%, reflecting once again the decisive impact of tourism industry, one of the most contributing sectors to national GDP growth.

Gross fixed capital formation is also expected to have a substantial impact on GDP, with an estimated 7.2% growth. reflecting the impact of public investments resulting from the use of funds under the Recovery and Resilience Facility.

This plan is not only intended to accelerate economic recovery, but also to promote reforms and structural investments aiming to enhance the economy's competitiveness and resilience to future external shocks. The recovery plan also benefits private companies and will have positive impacts in the coming years, with a focus on digital and climate transitions.

Unemployment rate is projected to remain stable at 6%, a historic low, but the increase in wages, driven by the increase in the national minimum wage, may impact on the cost structure of several companies struggling to afford increasing wages and on the prices of goods and services, creating some inflationary pressure that is not expected, for the time being, to have great impact in the short run.

In the insurance sector, premium volume is expected to increase, with continued focus on technical balance.

Emerging risks related to climate change, health and well-being, ageing population and technological disruptions pose great challenges to insurance companies that may translate into constraints and opportunities to which they must be sensitive and respond with responsibility.

In this context, insurance companies continue to place great emphasis on their own transformation processes to enhance differentiated value proposition, offering innovative products and customised services, simplifying and optimising processes to deliver excellent service quality and reduce operating costs, based on digital enablers.

In Portugal, Generali Seguros strives to be the first choice for customers, partners and employees.

In short, the company seeks to establish itself as a lifetime partner for its customers and business partners, contributing to fulfil their dreams and projects by offering them a safe and protected future. Therefore, three main goals were established for the coming year:

1. Strengthen the company's market position, with a focus on private customers, including seniors, and small and medium-sized companies;

2. Increase the level of professionalism of agents who work with Generali Seguros and increase brand penetration in their portfolios, as well as focus on the development of new channels;

3. Focus on cultural change and align the organisation by improving management processes and increasing employee engagement.

The achievement of these goals relies on eight hallmarks:

1. Distributors
    - **1.1** Digital visibility
      Enhance business partners' digital presence by broadening agent base and continuing to create continuous content for social media and digital advertising;

    - **1.2** Digital lead management
      Increase investment in lead generation, whether from an external or organic source, and launch a home insurance calculator, featuring online buying option, as it happened in the past with motor insurance;

    - **1.3** Advice based on customer needs
      Use a sales-oriented approach focused on customer needs by developing the appropriate digital tool and facilitating training programmes for distributors;

    - **1.4** Zero paper policy
      Complete process digitisation to optimise interactions with business partners and steadily eliminate total paper consumption.

2. Customers

2.1 Human and solidarity-based experience

- Increase operating efficiency and deliver a simplified and improved customer experience;
- Increase speed and efficiency through Smart Automation in sales, payments, and claims;
- Provide 24/7 customer support through self-service solutions (purchase, payment, and support) using secure authenticated channels or Whatsapp and chatbot;
- Implement a 360-degree customer view, available in all channels.

2.2 Differentiated value proposition

Improve customer knowledge and understanding to offer customised products, prices and information and capitalise it using predictive data modelling;

- Address all customer needs offering a complete solution pack, which includes information, prevention, protection, and assistance;
- Recognise and value customers with greater value.

2.3 Advanced multichannel experience

- Enhance proactively the relationship with existing customers;
- Develop digital platform for business partners or a self-service portal to provide customised solutions for each customer;
- Develop sales network active listening skills, thus creating new business opportunities.

Based on these hallmarks and with a focus on income, resulting whether from the technical component or efficiency gains following the optimisation of internal processes and the focus on innovation, the company aims to fulfil its sustainable business plan in 2022 and the following years.

3.8. COVID-19: CONTEXT AND CORPORATE RESPONSE

Covid-19 was officially identified for the first time in human beings in December 2019 in the city of Wuhan, China, and it is suspected its virus originated in animals. The primary outbreak led to a global pandemic, which has had five different waves until this moment and throughout 2020 and 2021, the fifth of which we are currently experiencing.

As at February 4th, 2022, and based on estimates, nearly 388 million people were confirmed to have tested positive for Covid-19 and 5.7 million were reported to have died from the coronavirus infection worldwide. In Portugal, statistics are impressive, with a total of 2.8 million confirmed cases and 20,100 deaths since the start of the pandemic. Portugal is currently one of the countries to record one of the highest daily coronavirus infection rates, although death cases remain significantly low, as in the rest of the world.

Turbulent weeks marked the beginning of 2021. Daily coronavirus infections and deaths surged to new record highs earlier in January. As a result, the country entered into tight lockdown, with several restrictions on social gatherings and working practices (temporary layoff or remote work). The government kept emergency measures in place to support households and companies, which proved themselves to be a valuable player in the field, mitigating the impacts on economic activity, albeit with high level of public spending.

The year unfolded at different paces, with clearly different moments. Initially, the government imposed a nationwide lockdown with tight Covid-19 restrictions that were being steadily loosened towards the summer and until its end, allowing schools to open in early September. Near the end of the year, and ahead of Christmas holidays and New Year's celebrations, the government announced a new package of restrictive measures.

At present and despite the significant number of daily infections, lockdown restrictions have been lifted and compulsory isolation measures have been loosened to drop remote working requirement and ensure schools remain open. It is important to mention that the country is still under the so-called state of alert.

Covid-19 vaccination programme, which was a source of optimism at the end of 2020, is currently underway (booster shots), setting Portugal as a global example for its successful effort to address the pandemic. With 89.4% of its population fully vaccinated, Portugal ranks second worldwide as one of the most prepared countries to contain the pandemic. Despite the amount of success, initial optimism started to fade as the number of new confirmed cases continued to grow by the day.

As a result, economic activity was adversely impacted, with GDP falling by 7.6% in 2020, hitting an all-time low in 45 years. Following the collapse, economic activity showed slow but steady signs of recovery, with GDP expected to grow around 4.8%, though still remaining below growth rates of other European countries.

Unemployment rate is projected to fall from 7% in 2020 to 6% in 2021, although these shifts are not directly reflected in real economy thanks to the furlough scheme and other measures aimed at supporting households and companies to prevent an unprecedented rise in unemployment. the government to tackle unemployment. Uncertainty and volatility have been a reality over the last two years and survey-based indicators suggest that they are likely to continue in 2021.

From an internal perspective, it should also be noted that the company has put in place a set of preventive and response measures since early March 2020, intended to adequate business operations to this new emerging reality. Therefore, it was implemented a contingency plan and established a Covid-19 monitoring office designed to monitor and keep a close watch on the current situation and its progress.

In this context, a set of measures was put in place within human resources, which relied mostly on remote work supported by the company's own infrastructures, part of which was already included in the business continuity plan. In relation to the company's premises, several measures were set in motion to mitigate existing risks either by limiting access to the premises on an early stage or restricting access at a later phase.

Additionally, a set of measures was put in place to monitor business activity in all its components aimed to follow closely the situation and its latest developments on a daily basis, and therefore implement preventively any corrective action deemed necessary.

As far as the company's activity is concerned, it is important to highlight a set of effects that have had substantial impact on business, technical and financial components, given the close relation of the company with the insurer market and the latter with the economy and this with the population.

In this sense, adverse effects have lowered the demand for insurance products and increased the cancellation of contracts, leading to a decline in business growth below estimates, although it has been partly offset by a decrease in accident ratio. This was mainly due to restrictions imposed on the circulation of people and compulsory suspension of most of economic activities, resulting in serious shortfalls in projected revenues in commercial, industrial, and agricultural sectors

Additionally, given that financial assets account for the most part of the company's assets, and a large number is listed on the stock exchange, though some are not listed, negative effects were substantial, due to the depreciation of stock quotes and indices and the negative impacts that the economic crisis had on private debt markets and in some specific geographies. Therefore, the company recorded impairments and unrealised losses throughout 2020 and 2021.

3.9. FINAL REMARKS

In this challenging year, the Board of Directors wants to express its gratitude to customers, agents, employees, and partners for their contribution to the development and growth of the company.

Generali Seguros further expresses its gratitude to the Portuguese Association of Insurers for the support provided within its areas of expertise and for acting in the best interest of the insurance sector.

A final word to thank the support of the Insurance and Pension Funds Supervisory Authority, which has contributed decisively for Generali Seguros to overcome with success one more important stage of its history.

Lisbon, March 9th, 2020

THE BOARD OF DIRECTORS

Jaime Anchustegui Melgarejo
(Chairman of the Board of Directors)

João Vieira de Almeida
(Vice-President of the Board of Directors)

Pedro Luís Francisco de Carvalho
(Chief Executive Officer)

Patrícia Ribeiro Sanina Espírito Santo
(Member)

Riccardo Candoni
(Member)

Stefano Flori
(Member)

04

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31ST, 2021 AND 2020

(in thousand of euros)

Assets	Notes to Appendix	December 31st, 2021 Gross Amount	December 31st, 2021 Impairment, Depreciations / Amortisations or Adjustments	December 31st, 2021 Net value	December 31st, 2020
Cash and cash equivalents and demand deposits	8	82 916		82 916	82 840
Investments in subsidiaries, associates and joint ventures	7				
Financial assets held for trade					
Financial assets classified on initial recognition at fair value through profit and loss	6	9 733		9 733	9 722
Hedge derivatives					
Available-for-sale assets	6	2 455 000	43 191	2 411 809	2 486 375
Loans and Receivables		**45 047**	**15 000**	**30 047**	**2 651**
Deposits with ceding companies	6				2
Other deposits	6	25 000		25 000	1 412
Loans granted	6	20 047	15 000	5 047	804
Accounts receivable					
Others	6				433
Held-to-maturity investments	6	879		879	12 487
Land and Buildings		**32 316**	**7 549**	**24 767**	**15 682**
Owner-occupied properties	9	29 296	7 549	21 747	12 697
Income properties	9	3 020		3 020	2 985
Other tangible assets	10	53 427	48 953	4 474	5 817
Inventories					
Goodwill	12	65 981		65 981	65 981
Other intangible assets	12	174 305	162 972	11 333	11 445
Technical Provisions for Ceded Reinsurance		**250 848**		**250 848**	**290 617**
Unearned premium provision	4	35 309		35 309	32 129
Life mathematical provision	4	86 047		86 047	109 491
Provision for claims deviations	4	110 998		110 998	126 463
Provision for profit-sharing	4	18 494		18 494	22 534
Provision for rate commitments					
Provision for portfolio stabilisation					
Other technical provisions					
Assets for post-employment benefits and other long-term benefits	23	1 356		1 356	4 928
Other Debtors for Insurance Operations and Other Operations		**108 768**	**30 310**	**78 458**	**120 018**
Accounts receivable from direct insurance operations	13	61 081	8 308	52 773	58 427
Accounts receivable from reinsurance operations	13	14 444	5 082	9 362	42 359
Accounts receivable from other operations	13	33 243	16 920	16 323	19 232
Tax Assets		**77 539**		**77 539**	**55 415**
Current tax assets	24	13 922		13 922	2 790
Deferred tax assets	24	63 617		63 617	52 625
Accruals and deferrals	13	3 323		3 323	3 429
Other asset items	13	27 490		27 490	47 829
Non-current assets held for sale and discontinued operational units	11	4 911		4 911	4 766
Total Assets		**3 393 839**	**307 975**	**3 085 864**	**3 220 002**

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STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31ST, 2021 AND 2020

(in thousand of euros)

Liabilities and Equity	Notes to Appendix	December 31st, 2021	December 31st, 2020
Liabilities			
Technical Provisions		**2 361 616**	**2 427 978**
Unearned premium provision	4	228 826	218 376
Life mathematical provision	4	649 851	769 419
Claims Provisions		**1 351 081**	**1 300 649**
Life	4	80 183	75 402
Workers' compensation insurance	4	772 194	754 445
Other lines of business	4	498 704	470 802
Provision for profit-sharing	4	63 598	84 065
Provision for rate commitments	4	36 038	31 133
Provision for portfolio stabilisation	4	656	263
Provision for claims deviations	4	24 679	23 110
Provision for unexpired risks	4	6 887	963
Other technical provisions			
Financial liabilities of the deposit component of insurance contracts and operations considered for accounting purposes as investment contracts	5	37 628	62 089
Other Financial Liabilities		**147 927**	**165 724**
Hedge derivatives			
Subordinated liabilities	5	10 000	10 000
Deposits from reinsurers	5	112 794	140 417
Others	5	25 133	15 307
Liabilities for post-employment benefits and other long-term benefits	23	799	792
Other Creditors for Insurance Operations and Other Operations		**100 333**	**128 314**
Accounts receivable from direct insurance operations	13	68 452	70 640
Accounts receivable from reinsurance operations	13	22 226	42 500
Accounts receivable from other operations	13	9 655	15 174
Tax Liabilities		**27 294**	**27 991**
Current tax liabilities	24	27 294	27 991
Deferred tax liabilities			
Accruals and deferrals	13	66 276	71 133
Other provisions	13	1 227	782
Other liabilities			
Liabilities of a disposal group classified as held for sale			
Total Liabilities		**2 743 100**	**2 884 803**
Equity			
Share capital	25	90 500	84 000
(Treasury shares)			
Other capital instruments	25	27 097	27 097
Revaluation Reserves		**109 762**	**184 832**
For adjustment of the fair value of financial assets	26	109 762	184 832
For revaluation of land and owner-occupied buildings			
For revaluation of intangible assets			
For revaluation of other tangible assets			
For adjustments to the fair value of cash-flow hedge instruments			
For adjustments to the fair value of net investment hedges in foreign currency			
For exchange rate differences			
Deferred tax reserve	26	-30 831	-48 825
Other reserves	26	155 374	149 400
Retained earnings	25	-63 194	-80 200
Net income for the period		54 056	18 895
Total Equity		**342 764**	**335 199**
Total Liabilities and Equity		**3 085 864**	**3 220 002**

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STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31ST, 2021 AND 2020

(in thousand of euros)

Profit and Loss Account	Notes to Appendix	December 31st, 2021				December 31st, 2020
		Technical Life	Technical Non-Life	Non-Technical	Total	
Earned Premiums, Net of Reinsurance		**53 796**	**930 719**		**984 515**	**831 013**
Gross written premiums	14	78 087	1 058 596		1 136 683	940 063
Reinsurance ceded premiums	14	-23 191	-121 306		-144 497	-101 571
Provision for unearned premiums (changes)	4 e 14	-1 097	-7 100		-8 197	-7 355
Provisions for unearned premiums, reinsurers' share (changes)	4 e 14	-3	529		526	-124
Commissions of insurance contracts and operations considered for accounting purposes as investment contracts or as service contracts	15	184			184	262
Claim-Related Costs, Net of Reinsurance		**137 573**	**597 952**		**735 525**	**595 994**
Paid amounts		135 672	535 953		671 625	543 892
Gross amount	4	163 954	610 646		774 600	596 883
Reinsurers' share	4	-28 282	-74 693		-102 975	-52 991
Claims provision (changes)		1 901	61 999		63 900	52 102
Gross amount	4	4 806	46 201		51 007	87 163
Reinsurers' share	4	-2 905	15 798		12 893	-35 061
Other technical provisions, net of reinsurance	4	1 745	7 493		9 238	-3 103
Life Mathematical Provision, Net of Reinsurance		**-96 998**			**-96 998**	**-49 415**
Gross amount	4	-120 441			-120 441	-53 398
Reinsurers' share	4	23 443			23 443	3 983
Profit-sharing, net of reinsurance	4	6 485	200		6 685	4 535
Net Operating Costs and Expenses	**21**	**22 358**	**248 365**		**270 723**	**238 303**
Acquisition costs		15 841	193 778		209 619	189 930
Deferred acquisition costs (changes)	4	-179	2 432		2 253	-4 029
Administrative costs		10 948	64 598		75 546	64 445
Reinsurance commissions and profit-sharing		-4 252	-12 443		-16 695	-12 043
Revenues	**16**	**16 753**	**20 964**	**409**	**38 126**	**20 096**
On interest on financial assets not carried at fair value through profit and loss		15 484	17 348	404	33 236	17 072
On interest on financial liabilities not carried at fair value through profit and loss						
Others		1 269	3 616	5	4 890	3 024
Financial Costs	**16**	**1 847**	**5 378**	**21**	**7 246**	**3 391**
On interest on financial assets not carried at fair value through profit and loss						
On interest on financial liabilities not carried at fair value through profit and loss						
Others		1 847	5 378	21	7 246	3 391
Net Gains on Financial Assets and Liabilities Not Carried at Fair Value Through Profit and Loss		**2 455**	**2 868**	**-4**	**5 319**	**-7 556**
On available-for-sale assets	17 e 18	2 518	2 868	-4	5 382	-4 719
On loans and accounts receivable						
On held-to-maturity investments						
On financial liabilities carried at amortised cost	5 e 17	-63			-63	-2 837
On others	17 e 18					
Net Gains on Financial Assets and Liabilities Carried at Fair Value Through Profit and Loss		**79**	**-128**	**-687**	**-736**	**3 284**
Net gains of financial assets and liabilities held for trading	19					937
Net gains on financial assets & liabilities classified in the initial recognition at fair value through profit and loss	5, 17 e 18	79	-128	-687	-736	2 347
Exchange rate differences	19		-308	555	247	-2 086
Net gains on non-financial assets not classified as available-for-sale non-current assets and discontinued operating units	17 e 18		35		35	9
Impairment Losses (Net of Reversal)		**-2 189**	**-17 611**	**2 861**	**-16 939**	**-24 502**
On available-for-sale assets	6	-2 189	-17 611	-66	-19 866	-17 496
On loans and receivables carried at amortised cost						
On held-to-maturity investments						
On others	7, 12, 13 e 18			2 927	2 927	-7 006
Other technical income/costs, net of reinsurance	20	19	-3 063		-3 044	-4 375
Other provisions (change)	13			-444	-444	77
Other income/expenses	20			-1 175	-1 175	519
Negative goodwill recognised immediately in profit and loss						
Gains and losses on associates and joint ventures carried using the equity method						
Gains and losses on non-current assets or disposal groups classified as held for sale	17 e 18			145	145	-428
Net Income Before Tax		**-1 913**	**74 088**	**1 639**	**73 814**	**26 608**
Income tax for the period – Current tax	24			-14 300	-14 300	-6 019
Income tax for the period – Deferred tax	24			-5 458	-5 458	-1 694
Net Income For The Period		**-1 913**	**74 088**	**-18 119**	**54 056**	**18 895**
Earnings per Share (in euros)	27				0,60	0,10

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05

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31ST, 2021 AND 2020

(in thousand of euros)

	2021	2020
Net Income for the Period	54 056	18 895
Items that May be Reclassified to the Income Statement	**-57 076**	**68 286**
Change of fair value of available-for-sale assets	-75 070	93 624
Change in current & deferred taxes	17 994	-25 338
Items that Will Not be Reclassified to the Income Statement	**3 635**	**459**
Change of actuarial deviations recognised in reserves	3 635	459
Change in current & deferred taxes	-	-
Total Other Comprehensive Income, Net of Taxes	**-53 441**	**68 745**
Total Comprehensive Income For the Period	**615**	**87 640**

06

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31ST, 2021 AND 2020

(in thousand of euros)

	Share Capital	Other Capital Instruments	Revaluation Reserves	Deferred and Current Tax Reserve	Other Reserves		Other Reserves	Net Income for the Period	Total
		Supplementary Capital Contributions	For Adjustments to the Fair Value of Available-For-Sale Financial Assets		Legal Reserve	Other Reserves			
Balance as at January 1st, 2020	**84 000**	**27 097**	**60 836**	**-15 512**	**47 237**	**6 742**	**5 364**	**-40 132**	**175 632**
Net gains for adjustment to fair value of available-for-sale financial assets			93 624						**93 624**
Adjustments for recognition of deferred and current taxes				-25 338					**-25 338**
Actuarial differences recognised in reserves						459			**459**
Share-based payment plans recognised in reserves						142			**142**
Merger effect			30 372	-7 975	2 666	92 154	-45 432		**71 785**
Appropriation of the previous year's results							-40 132	40 132	**–**
Total Changes in Equity	**–**	**–**	**123 996**	**-33 313**	**2 666**	**92 755**	**-85 564**	**40 132**	**140 672**
Net income for the year-end								18 895	**18 895**
Balance as at December 31st, 2020	**84 000**	**27 097**	**184 832**	**-48 825**	**49 903**	**99 497**	**-80 200**	**18 895**	**335 199**
Equity raising	6 500								**6 500**
Net gains for adjustment to fair value of available-for-sale financial assets			-75 070						**-75 070**
Adjustments for recognition of deferred and current taxes				17 994					**17 994**
Actuarial differences recognised in reserves						3 635			**3 635**
Share-based payment plans recognised in reserves						450			**450**
Appropriation of the previous year's results					1 889		17 006	-18 895	**–**
Total Changes in Equity	**6 500**	**–**	**-75 070**	**17 994**	**1 889**	**4 085**	**17 006**	**-18 895**	**-46 491**
Net income for the year-end								54 056	**54 056**
Balance as at December 31st, 2021	**90 500**	**27 097**	**109 762**	**-30 831**	**51 792**	**103 582**	**-63 194**	**54 056**	**342 764**

07

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31ST, 2021 AND 2020

(in thousand of euros)

	2021	2020
Cash Flow from Operating Activities	**20 103**	**103 509**
Net income for the period	54 056	18 895
Depreciation and amortisation charges for the period	13 510	14 957
Impairment of assets, net of reversals and recoveries	16 938	24 502
Change in technical provisions for direct insurance	-66 362	44 824
Change in technical provisions for ceded reinsurance	39 768	-33 441
Change in liabilities for investment contracts	-24 460	-61 803
Change in other provisions	445	-77
Change in debtors for direct insurance, reinsurance and other operations	42 779	-13 611
Change in other tax assets and liabilities	-4 828	11 336
Change in other assets and liabilities	-23 762	63 782
Change in creditors for direct insurance, reinsurance and other operations	-27 981	34 145
Cash Flow from Investment Activities	**-36 353**	**-107 084**
Variation of investments	-62 923	-117 616
Disposals of subsidiaries and associates	-	-
Dividends received	4 392	2 628
Interest	25 801	13 270
Acquisitions of tangible and intangible assets	-7 196	-5 424
Disposals of tangible and intangible assets	3 573	58
Acquisition of real estate	-	-
Disposal of land and buildings	-	-
Cash Flow from Financing Activities	**16 326**	**-3 873**
Dividend distribution	-	-
Change in liabilities in lease contracts	9 826	-3 873
Equity capital subscription	6 500	-
Net Change in Cash and Cash Equivalents and Demand Deposits	**76**	**-7 448**
Cash and cash equivalents at the start of the period	82 840	78 751
Merger effect	-	11 537
Cash and cash equivalents at the end of the period	82 916	82 840

08

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 2021 AND 2020

NOTE 1 – GENERAL BUSINESS INFORMATION

Generali Seguros, S.A., hereinafter shortly referred as to the company, is an insurance company resulting from a merger by incorporation into Seguradoras Unidas, S.A. of the insurance companies Generali, Companhia de Seguros, S.A. and Generali Vida, Companhia de Seguros, S.A.

This merger was registered and came into effect on October 1st, 2020, following approval by the management and supervisory bodies of the three entities involved and upon prior approval by the Insurance and Pension Funds Supervisory Authority (abbreviated as ASF in Portuguese). The incorporated companies ceased to exist on incorporation as at such date and Seguradoras Unidas, S.A. changed its corporate name to Generali Seguros, S.A. Nevertheless, the company's management bodies decided to preserve the brands Tranquilidade, Açoreana and LOGO for commercial reasons.

The incorporating company Seguradoras Unidas, S.A. was an insurance company resulting from a merger by incorporation into Companhia de Seguros Tranquilidade, S.A. of its wholly owned subsidiaries T-Vida, Companhia de Seguros, S.A., Seguros LOGO, S.A. and Açoreana Seguros, S.A. on December 30th, 2016 (registry and effective date).

On January 15th, 2015, the company's total share capital was acquired by Calm Eagle Holdings, S.à r.l., a corporation controlled by Apollo Global Management, LLC's affiliated investment funds under prior approval by the ASF.

On January 8th, 2020, Assicurazioni Generali S.P.A acquired the company's total share capital under prior approval by the ASF.

The company is headquartered in Lisbon, having its registered office at Avenida da Liberdade, 242, and is registered with the Commercial Registry Office of Lisbon under tax identification number 500 940 231. The company pursues insurance and reinsurance activities in Portugal within the scope of life and non-life insurance, except credit insurance, under the supervision of the ASF and under licence no. 1197 and LEI code no. 549300CGCHTYQ1Z4V333.

Following the merger, the company runs its business through its offices in Lisbon, Oporto and Ponta Delgada. Its distribution network in Portugal is divided into 21 commercial zones (19 in mainland Portugal, Azores, and Madeira), which are supported by local offices and a total of 688 physical points of sale scattered across the mainland and islands. By typology, the physical network consists of 13 own stores, namely 1 in Lisbon, 1 in Oporto and 11 stores in the Azores, and 641 partner stores under the brand Tranquilidade or Açoreana, in the Azores, out of which 282 are exclusive.

The company provides motor vehicle insurance, including motorcycle, home protection, life insurance (with critical illness cover for protection in the event of serious illness and also mortgage protection in the event of death) and health insurance plans through LOGO, an insurance digital brand released in January 2008 and the first direct insurer to operate solely online, totalling 165,000 customers.

Considering that the company is the product of a merger by incorporation of other companies, effective as of October 1st, 2020, all information provided in the company's financial statements and further detailed in the following notes reflect the companies' integrated balance sheet for the year-end 2020, and therefore the profit and loss statement reflects the activity carried out by Seguradoras Unidas over nine months on a standalone basis and a further three months as a merged company, in compliance with accounting standards.

Therefore, no direct comparison can be made between the financial statements for the years ended December 31st, 2021 and 2020.

Given that the three companies were under common control of a sole shareholder, Assicurazioni Generali, S.p.A., the merger was completed based on the carrying amount of assets and liabilities and under the principle of fiscal neutrality.

NOTE 2 – BUSINESS SEGMENT INFORMATION

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information as mentioned in Note 1 above.

The company provides life and non-life insurance in all lines of business under licence from the ASF and its underwriting policies and rules are designed to seek the best value for money for the company, its customers, and partners, using every information source available to assess the quality of physical, financial, and moral risks.

The operating segments reported correspond to a line of business framework typology.

The table below breaks down the main line of items of the revenue and expenses account and their analysis focus on the most relevant life insurance lines of business:

(in thousand of euros)

2021	Total Life	Total Life	Capitalisation with Profit-Sharing	Capitalisation without Profit-Sharing
Profit and Loss Line Items				
Gross written premiums	78 087	54 525	21 634	1 928
Investment contract commissions	184	–	28	156
Gross earned premiums	76 990	53 428	21 634	1 928
Investment results	15 271	10 638	4 221	412
Gross claims costs	168 760	32 268	56 780	79 712
Changes in mathematical reserve	-120 441	-10 596	-43 199	-66 646
Changes in provision for rate commitment	4 905	-236	-716	5 857
Changes in provision for portfolio stabilisation	393	393	–	–
Profit-sharing	8 988	3 352	2 629	3 007
Gross operating costs	26 610	22 866	1 399	2 345
Balance of reinsurance	-5 143	-5 143	–	–
Technical result	-1 913	10 876	8 990	-21 779

(in thousand of euros)

2020	Total Life	Total Life	Capitalisation with Profit-Sharing	Capitalisation without Profit-Sharing
Profit and Loss Line Items				
Gross written premiums	56 063	43 174	5 376	7 513
Investment contract commissions	262	–	84	178
Gross earned premiums	55 673	42 784	5 376	7 513
Investment results	6 547	5 018	625	904
Gross claims costs	89 155	23 318	17 505	48 332
Changes in mathematical reserve	-53 398	-6 490	-9 329	-37 579
Changes in provision for rate commitment	6 380	2 059	274	4 047
Changes in provision for portfolio stabilisation	11	11	–	–
Profit-sharing	4 809	3 227	454	1 128
Gross operating costs	24 679	20 392	1 309	2 978
Balance of reinsurance	-2 161	-2 161	–	–
Technical result	-11 315	3 124	-4 128	-10 311

The table below breaks down the main line of items of the revenue and expenses account and their analysis focus on the most relevant non-life insurance lines of business:

(in thousand of euros)

2021	Total Non-Life	Workers' Compensation	Fire and Other Damage	Motor	Other
Profit and Loss Line Items					
Gross written premiums	1 058 596	278 197	150 392	405 957	224 050
Reinsurance ceded premiums	-121 306	-10 634	-55 754	-2 364	-52 554
Gross earned premiums	1 051 496	276 565	148 069	405 450	221 412
Investment results	442	-1 445	364	1 159	364
Gross claims costs	656 847	164 978	101 254	262 649	127 966
Gross operating costs	260 808	57 900	42 638	98 722	61 548
Technical result	74 088	41 462	-5 933	44 718	-6 159

(in thousand of euros)

2020	Total Non-Life	Workers' Compensation	Fire and Other Damage	Motor	Other
Profit and Loss Line Items					
Gross written premiums	884 000	199 327	126 280	385 720	172 673
Reinsurance ceded premiums	-92 140	-2 903	-47 105	-2 121	-40 011
Gross earned premiums	877 035	200 957	123 275	378 971	173 832
Investment results	-15 183	-7 375	-1 478	-4 831	-1 499
Gross claims costs	594 891	163 438	96 449	236 023	98 981
Gross operating costs	225 667	45 402	37 337	92 272	50 656
Technical result	43 288	-14 114	3 522	53 911	-31

NOTE 3 – FINANCIAL STATEMENTS AND ACCOUNTING POLICIES PREPARATION BASIS

PRESENTATION BASIS

The company's financial statements herein presented report to the financial year ended December 31st, 2021 and have been prepared in accordance with the principles set forth in the Plan of Accounts for Insurance Companies issued by the ASF.

The principles established in the Plan of Accounts for Insurance Companies comply with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) as adopted by the European Union, pursuant to the Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19th July transposed into the Portuguese legal system by the Decree Law no. 35/2005 of February 17th, except for the application of IFSR 4 Insurance Contracts, on which only insurance contract type classifying principles have been applied.

The IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and its predecessors.

In 2021, the company adopted the IFRS and interpretations applicable for annual periods beginning on January 1st, 2021. The accounting policies were consistent with those used before to prepare the financial statements of the 2020 financial year.

The aforesaid standards are broken down in Note 32. In accordance with the transition requirements of those standards and interpretations, comparative amounts are presented to meet the disclosure objective of the standards.

The accounting standards and interpretations issued recently but not yet effective and which the company has not yet applied to its financial statements can also be reviewed in Note 32, specifically the possibility provided by IFRS 4 amended version of applying IFRS 9 – Financial Instruments simultaneously with IFRS 17 – Insurance Contracts.

These financial statements are expressed in thousands of euros, rounded to the nearest thousand, and rounded amounts may not add to the unit in all cases.

These financial statements have been prepared in accordance with the historical cost principle, except for assets and liabilities recognised at fair value, namely available-for-sale financial assets, financial assets at fair value through profit and loss and investment properties. Other financial assets and liabilities, as well as non-financial assets and liabilities are recognised at amortised cost or historical cost less any impairment losses.

Non-current assets held for sale are recognised at their lower carrying amount or fair value, less costs to sell. Liabilities over responsibilities for services rendered associated with defined benefits are recognised at the present value of past liabilities with pension funds net of fund assets.

The preparation of the financial statements in compliance with the Plan of Accounts for Insurance Companies requires the company to make judgments and estimates and use assumptions that affect its accounting policies and the value of profits, costs, assets, and liabilities.

These estimates and assumptions are based on the most recent data available, supporting judgements on the value of assets and liabilities, the valuation of which is not supported by other sources. Actual results may differ from estimates.

As mentioned in Note 1 above, and considering that the company is the product of a merger by incorporation of other companies, effective as at October 1st, 2020, all data provided in the financial statements and further described in the following notes reflect the companies' integrated balance sheet for the year-end 2020, and therefore revenues and losses reflect the activity carried out by Seguradoras Unidas over nine months on a standalone basis and a further three months as a merged company, in compliance with accounting standards.

Therefore, no direct comparison can be made between the financial statements for the years ended December 31st, 2021 and 2020.

Under the terms set forth in article 4 of the Decree Law no. 147/94 of May 25th. Generali Seguros, S.A. is exempt from preparing consolidated financial statements on a national level, since these are prepared by the parent company Assicurazioni Generali, S.p.A, based in Italy.

The company's financial statements for the year ended December 31st, 2021 were approved by the Board of Directors on March 9th, 2022. These financial statements are pending approval by the General Meeting.

KEY ACCOUNTING PRINCIPLES AND VALUATION CRITERIA ADOPTED

Investments on subsidiaries and associated companies

Subsidiaries

A subsidiary means an entity that is controlled by the company, including investment funds and securitisation vehicles. The company controls an entity when it is exposed, or holds rights to, to variations in revenue resulting from its involvement with that entity and may claim it by the power it holds over the relevant activities of that entity (de facto control).

Investments in subsidiaries are valued at acquisition cost less any impairment losses.

Associates

An associate means an undertaking over which the company has considerable influence but has no control over its financial and operational policy.

It is assumed that the company has considerable influence when it holds more than 20% of the voting rights of its associate. Whenever the company holds, directly or indirectly, less than 20% of the voting rights of its associate, it is assumed that the company does not have considerable influence, except where such influence can be clearly demonstrated.

Investments in associates are valued at acquisition cost less any impairment losses.

Impairment

The receivable amount of investment in subsidiaries and associates is measured on an annual basis, regardless of the existence of any indicators of impairment. Impairment losses are measured based on the difference between the receivable amount of investment in subsidiaries and associates and their carrying amount. Impairment losses are recognised in profit and loss and are subsequently reversed in profit and loss, provided the estimated impairment loss is reduced in a subsequent period.

The receivable amount is determined based on the higher of an asset's fair value, less costs to sell, and its value in use, and it is calculated using valuation methodologies supported by discounted cash flows techniques, considering market conditions, time value and business risks.

Whenever a subsidiary's liabilities exceed its assets, in addition to impairments that need to be created to cancel the investment, the company makes a provision when it holds an obligation over a subsidiary's liabilities.

Financial assets

Classification

The company classifies its financial assets into different categories according to their purpose at the beginning of each transaction, namely:

- Financial assets at fair value through profit and loss, which include:
  - Financial assets held for trading that correspond essentially to securities acquired to realise gains as a result of short-term swings in market prices. Derivative financial instruments are also included in this category, excluding those that meet hedge accounting requirements;
  - Financial assets that are designated on their initial recognition as one to be measured at fair value with fair value changes in profit and loss, particularly when:
    - Such financial assets are managed, assessed and revised internally based on fair value;
    - Such designation eliminates an inconsistency of recognition and measurement (accounting mismatch);
    - Such financial assets contain embedded derivatives.

- Available-for-sale financial assets, which include:
  - Non-derivative financial assets that are held for an undetermined period of time;
  - Financial assets that are designated on their initial recognition as available for sale;
  - Financial assets that do not fall into any other category.

- Loans and receivables that are classified as financial assets with either fixed or determinable payments that are not quoted in an active market, which include amounts receivable related to direct insurance and ceded reinsurance operations and transactions related to insurance contracts and other transactions.

- Held-to-maturity financial assets that include non-derivative financial assets with either fixed or determinable payments and fixed maturity and for which the company has both the intention and the ability to hold to maturity and are not designated as financial assets at fair value through profit and loss, available for sale or loans and receivables. Any reclassification or sale of a held-to-maturity financial asset carried out far from maturity will require the company to reclassify all its held-to-maturity investments as available-for-sale for the current and the next two reporting periods, being unable to classify any other financial asset into this category.

Recognition, measurement and derecognition

The purchase or sale of a financial asset at fair value through profit and loss and available-for-sale financial asset is recognised at the trade date, that is, the date on which the company commits itself to buy or sell an asset.

Financial assets are initially recognised at their fair value plus transaction costs, except for financial assets recognised at fair value through profit and loss, wherein such transaction costs are directly recognised in profit and loss.

These assets are derecognised when (i) the company's contractual rights expire once it has received the cash flows from the assets, or when (ii) the company has transferred substantially all the risks and rewards of ownership of the assets.

Subsequent measurement

After initial recognition, financial assets at fair value in profit and loss are measured at fair value, with fair value changes recognised in profit and loss.

Investments classified as available-for-sale financial assets are recognised at fair value with fair value changes recognised in equity. When these investments are derecognised or an impairment loss is identified, the cumulative potential gains or losses that were recognised in equity are recognised in profit and loss.

Variations in foreign exchange rates associated with these investments are also recognised in equity, in case of shares, and in profit and loss, in case of debt instruments. Interest calculated at effective interest rate and dividends are also recognised in the statement of total recognised gains or losses.

The fair value of quoted financial assets is their current bid price. When financial assets are not quoted, the company estimates their fair value by using (i) valuation methodologies, such as the prices of similar transactions carried out recently under market conditions, discounted cash flow techniques and customised option pricing models to reflect the specifics and circumstances of the financial instrument; and (ii) valuation assumptions based on market information.

Loans and receivables are subsequently measured at amortised cost based on the effective interest rate method.

Financial instruments whose fair value cannot be measured reliably are recognised at acquisition cost, net of impairment losses.

Transfers between categories

In October 2008, after amendments, IASB reissued IAS 39 – Amendements to IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 – Financial Instruments Disclosures.

This amendment enables an entity to transfer financial assets at fair value through profit and loss to its available-for-sale financial asset portfolios, loans and receivables or hold-to-maturity financial assets, provided those financial assets meet the specifics of each category.

Additionally, financial assets initially recognised as available-for-sale financial assets may be recognised as consumer asset-backed securities and hold-to-maturity financial assets under specific circumstances.

Impairment

The company assesses on a regular basis whether there is any evidence that a financial asset or a group of financial assets may be impaired. If any such evidence of impairment exists, the company calculates the receivable amount of the asset or group of assets and recognises the impairment loss in profit and loss.

A financial asset or a group of financial assets are impaired wherever there is any objective evidence of impairment as a result of one or more events that have occurred after their initial recognition, such as: (i) for equity securities, a continued depreciation or significant decline in their market value; and (ii) for debt securities, when such event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can reasonably be estimated.

Under the company's policies in place, a significant decline refers to a 30% decrease in the fair value of a financial instrument and continued depreciation is assumed as a decrease in fair value below the acquisition cost over a one-year period.

When there is evidence that an available-for-sale financial asset may be impaired, the cumulative potential loss recognised in equity, which corresponds to the difference between the asset's acquisition cost and its present fair value, less any impairment loss on the asset previously recognised in profit and loss, is recognised in profit and loss.

If, in a subsequent period, the amount of the impairment loss decreases, the impairment loss previously recognised is reversed in profit and loss of the reporting period until the reinstatement of the asset's acquisition cost, provided the increase in fair value is objectively related to an event occurring after the initial recognition of the impairment loss, except for shares or other capital instruments, wherein the increase in fair value of securities is recognised in reserves.

Derivative financial instruments

Derivative financial instruments are recognised at fair value on trade date. Subsequently, the fair value of derivative financial instruments is revaluated on a regular basis and any gains or losses resulting from such revaluation are recognised directly in profit and loss of the reporting period.

The fair value of derivative financial instruments corresponds to their market value, whenever available, or is determined based on valuation techniques, which include discounted cash flow models and option pricing models, wherever appropriate.

Embedded derivatives

Derivatives that are embedded in other financial instruments are accounted for separately when their economic characteristics and risks are not attached to the host instrument and the host instrument is not carried at fair value through profit and loss. These embedded derivatives are recognised at their fair value with fair value changes recognised in profit and loss.

Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation to deliver cash or other financial asset, regardless of its legal form.

Non-derivative financial liabilities include loans, creditors for direct insurance and reinsurance operations and other liabilities. These financial liabilities are initially recognised (i) at fair value less any transaction costs incurred; and (ii) subsequently at amortised cost based on the effective interest rate method, except for investment contract liabilities wherein the investment risk is borne by the policyholder, being recognised at fair value.

The company derecognises its financial liabilities when they are extinguished, that is, when the contractual obligation is either discharged, cancelled, or expired.

Foreign currency operations

Foreign currency transactions are converted into euros at the exchange rate at the transaction date. Monetary assets and liabilities measured in a foreign currency are converted into euros at the exchange rate at the balance sheet date. Exchange differences resulting from such conversion are recognised in profit and loss, except when those differences are classified either as a cash flow hedge or a net investment hedge. In these cases, exchange variations are recognised in equity.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are converted using the exchange rate at the transaction date. Non-monetary assets and liabilities measured at fair value in a foreign currency are converted into euros using the exchange rate at the date when their fair value was determined.

Tangible assets

The company's tangible assets are initially measured at acquisition cost, less accumulated depreciations, and impairment losses.

Subsequent costs with tangible assets are capitalised only if such assets are likely to generate value for the company. All repair and maintenance expenses are recognised as cost under the accrual basis of accounting. Land is not depreciated.

Depreciations of tangible assets are calculated on a straight-line basis at the depreciation rates broken down below that reflect the expected useful life of assets:

Asset Type	Number of Years
Owner-occupied properties	50
IT Hardware	3 to 4
Furniture and materials	4 to 8
Indoor fixtures and fittings	3 to 20
Machines and tools	4 to 8
Transport material	4
Other equipment	4 to 10
Right-of-use property	13
Right-of-use car fleet	4

The expected useful life of assets is revised at the date of each balance sheet and further adjusted, where appropriate, in accordance with the expected consumption pattern of future economic benefits that are expected to arise from the continued use of the asset.

When there is evidence that an asset may be impaired, IAS 36 requires its receivable amount to be estimated and the relevant impairment loss recognised, whenever the carrying amount of an asset exceeds its receivable amount. Impairment losses are recognised in the statement of income for the reporting period.

The receivable amount is determined based on the higher of an asset's fair value, less costs to sell, and its value in use, which is calculated based on the present value of estimated cash flows that are expected to arise from the continued use of the asset and its disposal at the end of its useful life.

Investment Properties

The company classifies as investment properties any real estate property held for lease or capital appreciation or both.

Investment properties are initially recognised at acquisition cost, including transaction costs directly related, and subsequently at fair value. Fair value changes determined at the date of each balance sheet are recognised in profit and loss. Investment properties are not depreciated.

Any subsequent related costs are capitalised whenever investment properties are likely to generate value for the company above the performance level initially estimated.

Non-current Assets held for Sale

Non-current assets are classified as held for sale when there is an intention to dispose of such assets and they are available for immediate sale and their sale is highly probable.

All non-current assets are measured in accordance with all applicable IFRS before being classified as non-current assets held for sale. After their reclassification, these assets are measured at the lower carrying amount and fair value, less cost to sell.

Fair value is based on market value, which is determined based on the expected selling price obtained through regular evaluations made by the company.

These assets are subsequently measured at the lower of their carrying amount and the corresponding fair value, net of costs to sell, and they are not subject to depreciation. In the event of unrealised losses, these assets are recognised as impairment losses in profit and loss for the reporting period.

Intangible Assets

The value in force (VIF) is recognised as an intangible asset, and it is depreciated over the period of recognition of future earnings on the insurance policies acquired. The value in-force business is the estimated present value of future cash flows at the acquisition date.

Costs incurred for the acquisition of software are capitalised, as well as any additional expenses borne by the company necessary to implement it. These costs are amortised on straight-line basis over the expected useful life of these assets, which usually averages about 3 years.

Any costs directly related to IT applications developed by the company, which are expected to generate value for the company beyond one reporting year, are recognised and recorded as intangible assets. These costs are amortised on a straight-line basis over the expected useful life of these assets, which, for the most part, does not exceed 5 years.

Any other expenses associated with IT services are recognised as costs when incurred. When there is evidence that an asset may be impaired, IAS 36 requires the receivable amount to be estimated and recognised as an impairment loss whenever the carrying amount of an asset exceeds its receivable amount.

The receivable amount is determined based on the higher of an asset's value in use and its market value, less costs to sell, and it is calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value and business risks.

Impairment losses are recognised in profit and loss.

Goodwill

The goodwill that stems from the acquisition of a business is defined as the difference between the acquisition cost and the total or proportional fair value of the assets, liabilities and contingent liabilities of such business, depending on the option taken.

Negative goodwill arising from an acquisition is recorded directly in profit and loss in the reporting period in which the business combination occurs.

The receivable amount of goodwill is measured on a yearly basis, regardless of any evidence of impairment. Potential impairment losses are recognised in profit and loss for the period. The receivable amount is determined based on the higher of an asset's value in use and its market value, less costs to sell, and it is calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value and business risks.

Leases (IFRS16)

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To conclude whether a contract conveys the right to control the use of an asset for a given period of time, the company assesses whether the three following conditions are met:

i) the contract involves the use of an identified asset, which may be implicitly or explicitly specified in the contract and is physically distinct or, in case of a portion of an asset, represent substantially all the capacity of the asset physically distinct. If the supplier has a substantive right to substitute the asset throughout the period of use, there is no identified asset;
ii) the company has the right to obtain substantially all the economic benefits from using the asset over the period of use; and
iii) the company has the right to determine the use of the identified asset. The company has the ability to determine the use of the identified asset when it has the most relevant decision-making rights to change how and for what purpose the asset is used. Occasionally, when the site where relevant decisions are made is predetermined, the company has the right to determine the use of the identified asset, if (i) the company has the right to operate the asset; or (ii) the company designs the asset in a way that it predetermines how and for what purpose the asset will be used throughout the period of use.

At the start or revaluation of a contract that contains a lease component, the company allocates the consideration payable to each lease component based on its relative standalone price. Nevertheless, for the lease of land and buildings in which the entity is a lessee, the company has elected not to separate non-lease components from lease components and account for all components as a single lease.

As a lessee

The company recognises a right-of-use asset and a lease liability at the start of the lease. The right-of-use asset is initially measured at cost, which comprises the amount equal to the lease liability at initial recognition, adjusted to any lease payments made before or at the start date, plus any additional direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site where it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated on a straight-line basis from the start date to the end of the useful life of the right-of-use asset or at the end of the lease term. The estimated useful life of a right-of-use asset is determined on the same basis as the useful life of property and equipment. Additionally, the right-of-use asset is reduced on a regular basis by impairment losses, if any, and adjusted to certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of any lease payments that are not paid at the start date, discounted using the interest rate implicit in the lease or, if the interest rate implicit in the lease cannot be readily determined, the company's incremental interest rate. The company usually uses its incremental borrowing rate as a discount rate.

Lease payments included in the measurement of lease liabilities comprise the following: (i) fixed payments, including in-substance fixed payments; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate at the start date; (iii) amounts expected to be payable under a residual value guarantee; and (iv) the exercise price of a purchase option that the company is reasonably certain to exercise, lease payments in the renewal period if the company is reasonably certain to exercise the renewal option, and payments of penalties for early termination of the lease, unless the company is reasonably certain not to exercise the termination option.

The lease liability is measured at amortised cost using the effective interest rate method and remeasured when there is a change in future lease payments resulting from a variation of an index or rate, if there is a change in the estimate of the amounts expected to be payable under a residual value guarantee, or if the company reassesses its option to purchase the underlying asset, extend the lease term or terminate the lease.

When a lease liability is measured in the aforementioned manner, an adjustment is made to the right-of-use asset that either corresponds to its carrying amount, or is recognised in profit and loss if the carrying amount of the right-of-use asset is reduced to zero.

The company owns right-of-use assets that do not fall into the definition of investment properties in other tangible assets and other intangible assets and lease liabilities in other liabilities on the balance sheet.

Short-term leases and leases of low-value assets

The company has chosen not to recognise any right-of-use assets and lease liabilities for short-term leases with a lease term of twelve months or less and leases of low-value assets. Lease payments associated with these arrangements are recognised in the income statement as an expense on a straight-line basis throughout the lease term.

Subleases

A sublease requires the lessee to enter into a sublease contract with a third party, acting as an intermediate lessor, while the head lease entered into with the original lessor remains valid and in effect.

The standard IFRS 16 – Leases requires a lessor to evaluate all subleases by reference to the right-of-use asset rather than to the underlying asset. The intermediate lessor, being also a lessee by reference to the head lease, is required to recognise an asset in its financial statements: a right-of-use asset arising from the original lease (if the lease is classified as an operating lease): or a financial asset, measured under IAS 39, arising from the sublease (if the lease is classified as a finance lease). If the head lease is a short-term lease, the sublease is classified as an operating lease.

Cash and cash equivalents

To prepare the statement of cash flows, the company considers the total of the cash and cash equivalents and demand deposits section to be cash and cash equivalents. Cash and its equivalents comprise the amounts recognised in the balance sheet with a maturity of three months or less from the balance sheet date, which comprise cash flows and deposits with credit institutions.

Reinsurance

Reinsurance contracts are reviewed to determine whether contract provisions suppose the transfer of a significant insurance risk. Reinsurance contracts that do not entail the transfer of a significant insurance risk are accounted for using the deposit method and recognised in loans as assets or liabilities on the reinsurance business. The amounts collected or paid under reinsurance contracts are recognised as deposits using the effective interest rate method.

In the course of its commercial activity, the company accepts and cedes business. The amounts payable or receivable on the reinsurance business comprise payables or receivables from insurance and reinsurance companies in accordance with the contract provisions laid down in the respective reinsurance treaties.

Accounting principles applicable to liabilities on accepted reinsurance under insurance contracts that suppose a significant insurance risk are handled in a similar fashion to direct insurance contracts.

Employee Benefits

Liabilities with employee benefits are recognised under the principles set forth in IAS 19 – Employee Benefits.

Post-Retirement Benefit Plan

The company takes on responsibility for granting its employees supplementary benefits to the old-age and disability pensions emerging from the Social Security System under the terms set forth in the applicable Collective Labour Regulation Instruments.

The company's liabilities regarding said benefits to old-age and disability pensions (defined-benefit pension plan) are calculated individually for each plan on an annual basis, at the balance sheet date.

Labour relations existing within the company were originally governed by the Collective Agreement, published on the Labour Bulletin no. 32 of August 29th, 2008, which set out that any employee admitted to the insurance sector before 22nd June 1995 under this agreement would be entitled to receive a supplementary pension benefit of a pecuniary nature funded by the Social Security System. The company announced, in line with other insurance companies in similar circumstances, that the Collective Agreement would cease to be effective and applied as of December 31st, 2016 with specific regard to supplementary defined-benefit pension plans.

On December 23rd, 2011, a new Collective Agreement for the Insurance Sector was approved, published on the Labour Bulletin no 2. of January 15th, 2012, changing a set of benefits established previously. This collective agreement was later followed and superseded by the Collective Labour Agreement, published on the Labour Bulletin no. 4 of January 29th, 2016.

The Collective Labour Agreement was later extended by a ministerial ordinance, published on the Labour Bulletin no. 25 of July 8th, 2016, causing the schemes under this agreement to be applied to all employees of the company who were not affiliated with granting trade unions, except for employees affiliated with SINAPSA – National Union of Insurance Workers and Related.

Among the changes arising from the Collective Agreement for the Insurance Sector in 2012 that migrated to the Collective Labour Agreement approved in 2016, the following two were particularly noteworthy:

i) within post-employment benefits, employees were now covered by an individual defined-contribution plan;
ii) a loyalty bonus awarded to employees who stayed in the company for one or more multiples of five years, equal to 50% of their base wages and paid once the appropriate award conditions were met.

As to the change of the supplementary pension plan, the nature of which shifted from a defined-benefit to a defined-contribution and considering that fully funded past service liabilities related to old-age pensions due to active employees under the new agreement were converted into individual accounts for these employees, incorporating their individual pension plans, the company settled its liability under IAS 19.

Meanwhile, on January 15th, 2019, the company entered into the first Collective Bargaining Agreement with the representatives of the trade unions in the insurance industry, namely: SINAPSA, National Union of Insurance Workers and Related; SISEP, Portuguese Union of Insurance Workers; and STAS, Union of Workers of the Insurance Business; which was published on the Labour Bulletin no. 5 of February 8th, 2019, having superseded any prior Collective Labour Regulation Instruments applied in the company.

The conditions and provisions laid down in this new Collective Bargaining Agreement have brought about changes into a set of benefits awarded to the employees of the company, specifically:

i) within post-employment benefits, employees are still covered by a defined-contribution plan, under which the company will make a 3,25% contribution of an employee's annual base pay on a yearly basis, without prejudice to any employees in pre-retirement or retired before January 1st, 2019, who are still covered by the pension schemes laid down in the Collective Labour Regulation Instruments applicable at the time of their early retirement or retirement.
ii) the former loyalty bonus is superseded by an annual career bonus, equal to 10% of an employee's monthly base pay for each complete year of service following a three-year period. This new bonus, which came into effect on January 1st, 2020, may also take the form of a leave for a length of days, as an alternative to the pecuniary reward and/or based on age and seniority.

In 2021, the coexistence of two collective labour regulation instruments in the company, namely the Collective Bargaining Agreement of the merged Seguradoras Unidas, S.A., and the Collective Labour Agreement of the merged Generali Seguros, S.A. made it imperative to negotiate a single company agreement that would govern labour relations and benefits for all employees. In mid-October 2021, a new company agreement was signed by the parties involved for the next three years, which would become effective at the beginning of 2022, after being published on the Labour Bulletin.

Defined-Benefit Plan

The company's net liability for the defined-benefit pension plan applicable to a limited number of cases is calculated separately for each plan by estimating the value of future benefits that each employee is due to receive in return for services rendered to date.

The benefit is discounted to determine its present value by applying the discount rate corresponding to high-quality corporate bonds, with a maturity similar to the average maturity of the plan's bonds. The company's net liability is determined after deducting the fair value of pension fund assets.

The company calculates pension interest earnings/costs by multiplying pension net assets/ liabilities (liabilities deducted from the fair value of pension fund assets) by the discount rate used for determining the aforesaid pension liabilities. On this basis, net interest earnings/costs include the interest cost on pension liabilities and the estimated return on pension fund assets, both measured based on the discount rate used to calculate liabilities.

Remeasurement gains and losses, namely (i) actuarial gains and losses that stem from the differences between the actuarial assumptions used and the values effectively measured (experience gains and losses) as well as from any changes in actuarial assumptions and (ii) gains and losses that stem from the difference between the estimated return on pension fund assets and the values obtained, are recognised against equity in other comprehensive income Other Reserves.

The company recognises in profit and loss a total net amount that includes (i) current service costs, (ii) the net pension interest income/cost, (iii) the effect of early retirements, (iv) past service costs and (v) the effects of any settlements or cuts occurred over the reporting period. The net pension income/cost is recognised in personnel costs. Early retirement costs mean an increase in pension liabilities resulting from premature retirements, that is, a retirement before an employee reaches the retirement age.

The pension plan is funded by contributions paid each year by the company to cover projected pension liabilities, including supplementary benefits, where appropriate. The minimum liability funding is 100% for pensions payable and 95% for past service of active employees.

At each reporting date, the company assesses the recoverability of any fund excess for each individual plan, based on the prospect of future contributions that may be required.

Defined-Contribution Plan

For defined-contribution plans, which cover most employees, any liabilities arising from the benefits granted to the employees of the company are recognised as costs of sales when due.

On the December 31st, 2021 and save for any employees under the defined-benefit plan, the company had three defined-contribution plans according to the origin of the employing company prior to the merger, either Tranquilidade, Açoreana or Generali, for any active employees admitted to the company before 22nd June 1995, as well as for all employees that fulfilled the requirements set out in the new Collective Labour Agreement, making annual contributions based on each employee's base pay. The company has further established a defined-contribution plan for the chief executive officer.

Loyalty Bonus

Still in force before the new Collective Bargaining Agreement had come into effect, the loyalty bonus amounted to 50% of an employee's pay, whenever an eligible employee had rendered service for one or more multiples of five years in the company. Loyalty bonus was determined using the same methodology and assumptions of post-employment benefits.

This benefit was applied to all employees under the 2016 Collective Labour Agreement, whose loyalty bonus of a pecuniary nature was due over the year of 2019, having been established a transition scheme in 2019, which set out the payment of an amount equal to 50% of their actual pay or the entitlement to a paid leave for a length of days.

Actuarial deviations are recognised in profit and loss when incurred.

Career Award

The career award became effective as of January 1st, 2020 and amounts to 10% of an employee's actual monthly pay for each complete year of service after three years with the company. This award further comprises a leave for a length of days, as an alternative to the pecuniary reward and/or based on age and seniority.

Actuarial deviations are recognised in profit and loss when incurred.

Share-based payments

Employees and executive directors may also be granted share-based payments as a part of their remuneration package. Share-based payments are transactions in which the company receives services as consideration for equity instruments (equity-settled transactions).

The company has no obligation to settle these transactions in its own equity instruments, since they are to be settled in shares issued by the shareholder Assicurazioni Generali, S.p.A. Share-based payments are measured at the fair value of equity instruments on the grant date and are expensed at each reporting date over the vesting period, considering the best estimate of the number of equity instruments to be granted.

Additionally, the company granted a healthcare benefit to (i) former employees, who left the company by mutual agreement, that translates into a health insurance plan with a 25% premium discount from the list price in effect at the policy start date. The plan is fee-free for the employee and family members included in the health insurance of the company's health insurance, provided the employee is the policyholder at the contract termination date; (ii) to all active and pre-retired employees up to the retirement age, providing the minimum cover for medical assistance on an inpatient and outpatient basis, with the applicable capital sums, deductibles, and copayments. These minimum guarantees laid down in the current Collective Bargaining Agreement do not compromise the existence or application of a more advantageous or comprehensive scheme to which employees may have access.

Defined-benefit plans are recognised and measured as pension-benefit plans.

Short-Term Benefits

Other short-term benefits, such as copaid school expenses with an employee's child, life insurances, discounts in other types of insurance and variable pays when due to employees, are recognised as an expense in the period to which they relate.

Taxes on Income

The company is subject to taxation under the Corporation Tax and the Municipal Surtax, whose aggregate rate amounts to 22,5% for the reporting periods of 2020 and 2019, plus the respective State Surtax, computed under the terms of the Law no. 66-B/2012 of December 31st, which corresponds to the application of an additional rate of 3% on the portion of taxable income above EUR 1,500,000 and below EUR 7,500,000, 5% on the portion of taxable income above EUR 7,500,000 and below EUR 35,000,000 and 7% on taxable income the latter amount.

Taxes on income comprise current and deferred taxes. Taxes on income are recognised in profit and loss, except when they relate to items recognised directly in equity, in which case they are also recognised in equity.

Taxes recognised in equity arising from the revaluation of available-for-sale investments are subsequently recognised in profit and loss when the gains and losses that gave rise to them are recognised in profit and loss.

Current taxes are calculated based on the taxable income for the reporting period, which differs from the accounting income due to adjustments to the tax base resulting from expenses or earnings that are not relevant for tax purposes, or which will only be considered in other reporting periods, as well as value adjustments intended for determining taxable capital gains.

Deferred taxes correspond to the impact on tax receivables or payables in future periods arising from deductible or taxable temporary differences between the carrying amount of assets and liabilities and their tax base used to determine taxable income.

Deferred tax liabilities are usually recognised for all taxable temporary differences, whereas deferred tax assets are only recognised up to the amount at which it is likely for future taxable income to exist and enable the use of the corresponding deductible taxable differences or carry forward tax losses.

Moreover, deferred tax assets are not recognised when their recoverability is brought into question due to any other situations, including differing interpretations of tax laws.

Deferred taxes are calculated based on tax rates that are anticipated to be in place at the reversal date of the temporary differences, which correspond to the rates approved or substantially approved at the balance sheet date.

Provisions and Contingent Liabilities

Provisions are made when there is a present legal or constructive obligation resulting from past events where there is a likelihood that resources will be disbursed in the future and such disbursement can be reliably established. The provision amount corresponds to the best estimate of the amount to be disbursed to settle the liability at the balance sheet date.

If future disbursement of resources is unlikely, then it is a contingent liability. Contingent liabilities are subject to disclosure unless they are unlikely to materialise.

Other provisions are intended to cover tax contingencies and others resulting from the company's business activity.

Recognition of Interest Income

Interest income on available-for-sale assets carried at fair value in profit and loss is recognised in the specific line items of profit and loss. Amortised cost is calculated using the effective rate method and its impact recognised in investment income.

The effective interest rate is the rate that discounts estimated future payments or receipts over the expected life of a financial instrument. To calculate the effective interest rate, the future cash flows are estimated considering the contract terms of the financial instrument, for example an advanced payment option, and not considering, however, any future credit losses. The calculation includes the commissions that are an integral part of the effective interest rate, transaction costs and all the premiums and discounts directly related to the transaction.

Dividends Received

Income on capital instruments (dividends) is recognised when received.

Earnings Per Share

Basic earnings per share are calculated by dividing the net income of the company by the weighted average number of common shares issued.

Offsetting Financial Instruments

Financial assets and liabilities are recognised at net value in the balance sheet when the company has a legally enforceable right to set-off and intends either to settle them on a net basis or realise financial assets and settle financial liabilities simultaneously.

Allowance to Doubtful Debts

By reference to the presentation date of each financial statement, the company assesses whether there is any evidence of impairment on assets arising from insurance and reinsurance contracts, namely receivables from insured persons, brokers, reinsurers and reinsured persons, and technical provisions for ceded reinsurance, and other receivables as well.

If any impaired losses are identified, the carrying amount of the asset is reduced in profit and loss for the reporting period and the cost is reflected in impairment losses, net of reversal. The amounts of these adjustments are calculated based on premium receivables and doubtful debts, according to the criteria set out by the ASF.

Reporting by Operating Segments

The company determines and presents operating segments based on management information produced internally.

A business operating segment is an identifiable component of the company that is intended to supply a single product or service or a block of related products or services within a specific economic environment and which is subject to risks and benefits that are distinguishable from others that operate in a different economic environment.

The company controls its business activity through the main operating segments mentioned in Note 2. The company has not adopted IFRS 8 as it is not a listed entity. The information presented meets the disclosure requirements set out by the ASF.

MAIN ESTIMATES AND JUDGEMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The International Financial Reporting Standards (IFRS) set out a series of accounting procedures and require the Board of Directors to make certain judgments and estimates deemed necessary to decide on the most appropriate accounting policies.

The main accounting estimates and judgments used by the company in the application of the accounting principles are reviewed as described ahead to improve understanding of the extent of their application and their impact on the financial information reported by the company and its disclosure.

Considering that there are alternatives to the accounting policies adopted by the Board of Directors, the financial information reported by the company could have been different if other accounting policies had been chosen. The Board of Directors considers that the choices made are appropriate and the financial statements truly depict the financial position of the company and the results of its operations in all their materially relevant aspects.

The analysis of the alternatives described ahead is meant only to assist the reader in understanding the financial statements and is not intended to suggest that other alternatives or estimates are more appropriate.

Fair Value Financial Instruments and Other Assets at Fair Value

The fair value of a financial instrument is based on its quoted market price, whenever available. In the absence of a quoted market price, the fair value of a financial instrument is measured based on the prices used in similar transactions carried out recently under market conditions or based on valuation methodologies supported by future discounted cash flows, considering market conditions, time value, yield curve and volatility factors.

Certain assumptions or judgments may be needed in estimating fair value while using these methodologies.

Consequently, the use of different methodologies or different assumptions or judgments when applying a given model could lead to different financial results from those reported.

Impairment of Available-For-Sale Financial Assets

The company determines whether any of its available-for-sale assets is impaired when there is a continued or significant depreciation of the fair value of an asset. Judgement is required when there is a continued or significant depreciation in value.

Under the company's policies in place, a significant decline refers to a 30% decrease in the fair value of a financial instrument and continued depreciation is assumed as a decrease in fair value below the acquisition cost over a one-year period for financial instruments and events that change estimated future cash flows for debt securities.

In addition, evaluations are obtained through market prices or valuation models that require the use of certain assumptions or judgments in estimating fair value.

Consequently, the use of alternative methodologies, different assumptions and estimates may lead to a different revaluation of a recognised impairment loss and impact differently on the financial results reported by the company.

Corporation Tax and Deferred Taxes

Certain interpretations and estimates are required to determine the amount of corporation tax. Other interpretations and estimates could result in a different amount of corporation tax, current and deferred, recognised in the period.

In accordance with tax laws currently in force, tax authorities may revise the calculation of the tax base made by the company over a four-year period or longer, if deducted tax losses are called into question, in the case of which a period equal to the time limit for tax loss deduction is applied.

Therefore, corrections to tax base are likely to occur mostly as a result of differing interpretations of tax laws. Nonetheless, the Board of Directors is firmly convinced that there will be no need for significant corrections to taxes on income reported in the financial statements.

Additionally, the company assesses the recoverability of deferred tax assets. This assessment is based on an estimate of future taxable income, which comprises (i) the business plan approved by the management body, and (ii) the expected reversal of temporary differences arising from the carrying amount of an asset in the balance sheet and its tax base.

Any changes in the estimate approach may affect the determination of the receivable amount of deferred tax assets.

Impairment of Goodwill

The receivable amount of goodwill recognised in the company's assets is revised yearly by reference to the end of the period or whenever there is evidence of impairment.

For this purpose, the carrying amount of a goodwill asset is compared to its receivable amount. A goodwill impairment loss is recognised whenever the receivable amount of the entity being tested is lower than its carrying amount.

In the absence of a market price, it is calculated based on discounted value techniques using a discount rate that takes into consideration the risk associated with the unit being tested. Judgement is required for determining future cash flows and the discount rate.

Future cash flows are determined based on the business plan approved by the management body. Any changes in the estimate approach may affect the determination of the receivable amount of deferred tax assets.

Investment Contract-Related Technical Provisions and Liabilities

The company's insurance contract liabilities are determined based on the methodologies and assumptions described in Note 4. These liabilities reflect a quantifiable estimate of the impact of future events on the company's accounts, based on actuarial assumptions, claims tracking record and other methods accepted in the insurance sector.

Technical provisions for traditional life products and annuities have been determined based on several assumptions, namely mortality, longevity, and interest rate, applicable to each insurance cover, including risk margin and uncertainty.

Technical provisions for workers' compensation products have been determined based on several assumptions, namely mortality, longevity, and interest rate, applicable to each insurance cover, including risk margin and uncertainty.

These assumptions have been used based on the company's past experience and the market. These assumptions may be subject to revision, if it is anticipated that future experience will prove them to be inadequate.

Technical provisions arising from insurance and investment contracts with discretionary profit-sharing include (i) provision for profit-sharing allocated or to be allocated, (ii) provision for unearned premiums, (iii) provision for current risks, (iv) liability adequacy test, (v) provision for reported and unreported claims, including their settlement costs, (vii) mathematical provision for life insurance contracts, (vii) provision for portfolio stabilisation and (viii) provision for rate commitments.

Mathematical provisions include evaluations resulting from the liability adequacy test. Provisions for profit-sharing include liabilities measured through shadow accounting. Provision for claims includes an estimate of claim liabilities incurred at the balance sheet date.

Whenever there are compensable claims under insurance contracts, any amount paid or estimated to be paid by the company is recognised as a loss in profit and loss.

The company establishes the provisions for the payment of claims arising from insurance and investment contracts with profit-sharing and assesses its liabilities on a regular basis using actuarial methodologies and considering their reinsurance covers. Provisions are reviewed on a regular basis by qualified actuaries.

The company records provisions for non-life claims to cover payments to be made considering the estimated ultimate cost for reported and unreported claims at the end of each balance sheet date.

Claims provisions are not an accurate calculation of the liability amount, but rather an estimate that arises from the application of actuarial valuation techniques. The estimate of these provisions reflects the company's expectation on the ultimate cost of claim settlement based on the analysis of facts and circumstances known to date, the review of claim settlement patterns and the estimate of the trends as for incidence and claim-related costs and other factors.

Variables used to estimate provisions may be affected either by internal or external events, specifically changes in claim management processes, inflation and legislation. Many of these events are not directly quantifiable, particularly on a prospective basis.

Furthermore, there may be a considerable lapse of time between the insured event (claim) occurring and it actually being reported to the company. Provisions are reviewed on a regular basis, through a continuous process, as additional information is received, and liabilities are settled.

In the light of the foregoing and considering the nature of the insurance business, it is highly subjective to establish claims provisions and other liabilities arising from insurance contracts, which means that the present value of future cash outflows may be substantially different from their estimates.

Nevertheless, the company considers that the insurance contract liabilities recognised in its financial statements appropriately reflect the best estimate at the balance sheet date of the amounts to be disbursed by the company.

NOTE 4 – NATURE AND EXTENT OF ITEMS AND RISKS RESULTING FROM INSURANCE CONTRACTS AND REINSURANCE ASSETS

INFORMATION REPORTING TO IDENTIFY AND EXPLAIN THE AMOUNTS RECOGNISED IN THE FINANCIAL STATEMENTS RESULTING FROM INSURANCE AND INVESTMENT CONTRACTS

Accounting Policies Adopted for Insurance and Investment Contracts

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information as mentioned in Note 1 above.

The company issues contracts that include either an insurance or a financial risk or a combination of both.

A contract under which the company accepts a significant insurance risk from another party, by agreeing to compensate the insured person, if a specified uncertain future event adversely affects the insured person, is classified as an insurance contract.

A contract issued by the company under which the transferred insurance risk is not significant, but with a significant financial risk, particularly due to the existence of profit-sharing with a discretionary component on the company, is classified as an investment contract, but recognised and measured in accordance with the accounting policies applicable to insurance contracts.

A contract issued by the company that transfers a financial risk only, without profit-sharing with a discretionary component on the company, is recognised as a financial instrument.

Life contracts issued by the company under which the investment risk is borne by the policyholder, without profit-sharing with a discretionary component on the company, have been classified as investment contracts and accounted for as financial instruments. Liabilities are equal to the value of the associated participation unit, less management fees, redemption fees and any penalties.

Unit-linked contracts held by the company are classified as financial liabilities at fair value in profit and loss, which depends on the fair value of financial assets, derivatives and/or investment properties that are part of the collective unit-linked fund. Valuation techniques are used to determine the fair value at the issuance date and each balance sheet date.

The fair value of financial liabilities is determined through shares, which reflect the fair value of assets that incorporate each investment fund, multiplied by the number of shares assignable to each policyholder at the balance sheet date.

Unit-linked insurance contract liabilities represent the capitalised value of the premiums received at the balance sheet date, including the fair value of any guarantees or embedded derivatives. Insurance contracts and investment contracts with profit-sharing are recognised and measured as follows:

Recognition of revenue and expenses

Revenue and expenses are recognised in the year to which they relate, regardless of the moment in which they are paid or received, in accordance with the accrual basis accounting principle.

Premiums

Gross written premiums of non-life direct insurance and accepted reinsurance and premiums of ceded reinsurance are recognised as revenue and expenses respectively in the line item earned premiums, net of reinsurance, in profit and loss for the year to which they relate, regardless of the moment in which they are paid or received.

Premiums of life insurance policies and investment contracts with discretionary profit-sharing, which are considered long-term contracts, are recognised as revenue when due by policyholders.

The recognition of benefits and other expenses occurs simultaneously with the recognition of revenue over contract length. This matching is attained by establishing provisions/liabilities for insurance and investment contracts with discretionary profit-sharing.

The quantitative analysis of premiums of direct insurance, accepted reinsurance and ceded reinsurance is discussed in detail in Note 14.

Unearned premium provision

An unearned premium provision is equal to the amount of written premiums of insurance contracts allocated to subsequent years, that is, the portion of premium corresponding to the number of days from the balance sheet closing date to the end of the period to which the premium relates. The company calculated this provision on a receipt-by-receipt basis, having applied the pro-rata temporis method to the gross written premiums of contracts still in effect.

Acquisition costs

Acquisition costs that are directly or indirectly related to the sale of contracts, including sales commissions and other expenses allocated to the procurement function, are capitalised, and deferred over contract length and are recognised as a deduction from technical provisions of insurance contracts and reflected in unearned premium provisions.

Deferred acquisition costs are subject to recoverability tests when contracts are issued and further subject to impairment tests at the balance sheet date. Non-life deferred acquisition costs are amortised over the period in which the premiums associated with these contracts are received.

Life mathematical provision

Life mathematical provisions are intended to recognise the present value of the company's future liabilities arising from insurance and investment contracts with discretionary profit-sharing issued and are calculated based on actuarial tables and formulas in accordance with the regulations issued by the ASF, as broken down below:

Products Stemming Originally from Tranquilidade	Mortality Table	Technical Rate
Retirement Savings Plans and Capitalisation Products (*)		
Up to December 1997	GKM 80	4%
From January 1998 to June 1999	GKM 80	3,25%
After July 1st 1999	GKM 80	3% and 2,5%
After March 2003	GKM 80	2,75%
After January 1st 2004 (**)	GKM 80	0% and 0,883%
Insurance in case of Life (*)		
Annuities – Up to June 2002	TV 73/77	4%
After July 1st 2002	TV 73/77	3%
After January 1st 2004	GKF 95	3%
After October 1st 2006	GKF 95 and GKF 80	3%, 2,25%, 1,15% and 0%
Other insurance in case of Life	TV 73/77	4%
Insurance in case of Death (*)		
Up to December 1st 2004	GKM 80	4%
After January 1st 2005	GKM 80	4%
After January 1st 2008	GKM 80 and GKM 95	4%
After October 1st 2013	PASEM / F 2010	0%
After January 1st 2020	PASEM / F 2010 and GKM95	0%
Mixed Insurance (*)		
Up to September 1998	GKM 80	4%
After October 1st 1998	GKM 80	3,25%
Hybrid Insurance(***)		
Start in November 2021	GKM 95	annual variable

(*) Product technical bases according to the year in which products were traded.
(**) Rates determined annually. The rate was 0.00% in 2021.
(***) Rates determined annually. The rate was 0.20% in 2021.

Products Stemming Originally from Tranquilidade	Mortality Table	Technical Rate
Retirement Savings Plans and Capitalisation Products (*)		
Up to December 1998	GKM 80	4%
From January 1999 to June 2003	GKM 80	3%
From August 2003 to September 2011	GKM 80	3% and variable
After October 3rd, 2011 (**)	GKM 80	0% to 3%
Insurance in case of Life (*)		
Annuities – Up to December 1997	PF 6064	6%
After December 1st, 1997	GKF 80	3% and 4%
After January 1st, 2007	GKF 95 and GKF 80	2% and 3%
After October, 1st 2016	GRF 95	1,5%
Insurance in case of Death (*)		
Up to April 2013	GKM 80	3% and 4%
After April, 1st 2013	GKM 95	3% and 4%
Mixed Insurance (*)		
Up to February 2001	PM 6064	4%
After March, 1st 2001	GKM 80	3% and 4%

(*) Product technical bases according to the year in which products were traded.
(**) Rates determined annually. The rate was 0.00% in 2021.

In relation to the portfolio of Açoreana Seguros, S.A. acquired on August 5th, 2016, and for the purpose of determining its fair value, liabilities have been discounted by considering the EIOPA's curve (risk-free interest rate) with volatility adjustment.

Products Stemming Originally from Generali Vida	Mortality Table	Technical Rate
Retirement Savings Plans and Capitalisation Products (*)		
Up to December 1998		4%
From January 1999 to May 2012		3%
After May 2012 (***)		annual variable
Insurance in case of Life (*)		
Lifetime and temporary annuities		
Up to December 1999	TV 73/77	4%
After January, 1st 2000	GRM 95 / GRF 95	between 3% and 2%
After July, 1st 2013	Unisex (GRM/F 95 basis)	between 2.75% and 0.5%
Reversionary annuities and with reinsurance	Unisex (GRM/F 95 basis)	between 2.75% and 0.5%
Insurance in case of Death (*)		
Whole of life insurance		
Up to April 2000	GKM 80	4%
From May 2000 to January 2015	GKM 95	3%
After January 2015	Unisex (GKM/F 95 basis)	3% and 2.5%
Level term life insurance		
Up to May 2000	GKM 80	4%
From June 2000 to May 2009	GKM 95	3%
From June 2009 to February 2015	SIM 2000	3%
After February 2015	Unisex (SIM/F 2000)	3%
Level term life insurance packages	SIM 2000	3%
TAR		
Up to April 2010	GKM/F 95	3%
From March 2017	SIMF 2000, SIM/F 2006, SIM/F 2012, Unisex (SIM/F 2000), Unisex (SIM/F 2006), Unisex (SIM/F 2012)	3%
TAR GROUP	GKM 80 or SIM 2000	4% and 3%
Mixed Insurance (*)		
Up February 1996	PM 6064	4%
From March 1996 to December 1998	GKM 80	4%
From January 1999 to March 2015	GKM 80	3%

(*) Product technical bases according to the year in which products were traded.
(**) Rates determined annually. The rate was 0.00% in 2021.

Rate commitment provision

The company carries out a liability adequacy test based on future cash flows discounted at interest rates that correspond to the revenue brought in by the assets related to such liabilities, including an estimate of future revenue brought in by assets to be acquired in reinvestment under the investment policy approved and considering the mortality rate projected. This valuation is carried out by an autonomous fund.

The assessment takes into consideration implicit rates which are comprised between 0.08% and 2.3% (2020: between -0.4% and 3.3%).

By reference to December 31st, 2021, the mortality table considered in the assessment was 100% of PERMP/PERFP 2000 (2020: 100% of PERMP/PERFP 2000).

Non-life mathematical provision

Non-life mathematical provisions are intended to recognise the present value of the company's future liabilities arising from underwritten insurance contracts and are calculated based on actuarial methods recognised under the terms of the applicable laws.

For non-reimbursable pensions, including future payments for the Workers' Compensation Fund, it was applied to men 100% of the mortality table used by the Portuguese Office for National Statistics for the male population in the period between 2018-2020 (2020: INE 2017-2019) and to women 100% of the mortality table for the female population (2020: INE 2017-2019), with a 2.11% interest rate (2020: 1.93%) and a 1.5% management fee (2020: 1.5%). For reimbursable pensions, it was applied the TD 88/90 mortality table (2020: TD 88/90) with a 5.25 % interest rate (2020: 5.25%) and a 0% management fee (2020: 0%).

In relation to the portfolio of Açoreana Seguros, S.A. acquired on August 5th, 2016, and for the purpose of determining its fair value, liabilities have been discounted by considering the EIOPA's curve (risk-free interest rate) with volatility adjustment.

Claims provision

Claims provision is the undiscounted estimated value of future cash flows to be paid for claims occurred and still not settled, including liability estimates for claims incurred, but not yet reported (IBNR) and other direct and indirect costs expected from the settlement of outstanding claims under ongoing management and claims incurred, but not yet reported (IBNR).

The company estimates the provision for reported and unreported claims based on past experience, available information, and the application of actuarial methods.

To determine claims provision, the company analyses all claims still to be settled at the end of each year and estimates any subsequent liabilities existing at the time. The company uses the average cost method to establish the provisions for both workers' compensation insurance, excluding pensions, and motor insurance. The average cost method is also used to determine the provisions for claims handling costs.

The company makes actuarial estimates based on triangulations of paid claims, considering the specifics of each line of business, to establish liabilities arising from claims incurred, but not reported (IBNR) for major lines of business. As to minor lines of business, a generic rate is applied to the amount of claim-related costs incurred over the year for reported claims.

The company makes actuarial estimates based on triangulations of paid claims, considering the specifics of each line of business, to establish liabilities arising from claims incurred, but not reported (IBNR) for major lines of business. As to minor lines of business, a generic rate is applied to the amount of claim-related costs incurred over the year for reported claims.

A mathematical provision is also established for workers' compensation claims incurred up to December 31st, 2021, that require the payment of pensions previously approved by the Labour Court or under a prior conciliation agreement. The company also estimates pension liabilities for claims incurred up to December 31st, 2021, that are pending on a final agreement or court ruling.

Mathematical provisions for claims incurred, involving the payment of lifelong pensions related to workers' compensation insurance, are calculated using actuarial assumptions by reference to actuarial methods legally recognised and under the applicable labour laws.

It is also established a mathematical provision to cover pension liabilities for claims incurred related to potential permanent disabilities of claimants undergoing treatment (lifelong assistance) up to December 31st, 2021, or claims incurred, but not yet reported (IBNR).

Claims provisions are not discounted, except for worker's compensation insurance claims that are calculated based on life techniques or similar. Therefore, the company carries out a liability adequacy test based on projected future cash flows, discounted at interest rates that correspond to the revenue brought in by the assets related to such liabilities. An inadequacy, if any, will be recognised in profit and loss, when determined.

As at December 31st, 2021, the implicit rate considered in the liability adequacy test was 2.11% for a 12.9-year duration (2020: a 1.93% rate for a 13.1-year duration).

Provision for attributable profit-sharing

The provision for attributable profit-sharing equates to the amounts to be payable to insured persons or beneficiaries of insurance and investment contracts by sharing a portion of profit that has not been allocated or incorporated.

This provision is calculated according to the product technical basis and considering, whenever applicable, the revenue generated by allocated asset portfolios, including realised and unrealised capital gains and losses that were not recognised in income and impairment losses recognised in the period, deducted from negative balances in previous years, in cases where this deduction has been contractually fixed.

Provision for attributable profit-sharing in life (shadow accounting)

The provision for attributable profit-sharing in life insurance reflects the net value of potential capital gains and losses (fair value adjustments) of financial assets related to liabilities arising from insurance and investment contracts with profit-sharing, in the portion estimated to be attributed to policyholders or insurance contract beneficiaries, provided that portfolio balances are not negative, and based on the expectation that they will participate in such unrealised gains and losses when they are realised, in accordance with applicable contract and regulatory conditions.

This provision is recognised directly against revaluation reserves through fair value adjustments of available-for-sale financial assets allocated to life products with profit-sharing.

Current risks provision

The provision for current risks equates to the amount estimated to cover future compensations and other costs to be incurred after the year end and which exceed the value of premiums attributable to subsequent years in connection to contracts still in force at the financial statement date.

As set forth by the ASF, the provision amount for current risks will be equal to the sum of the gross written premiums attributable to the following year or years (unearned premiums) and the premiums demandable and still not processed related to contracts still in force, by a ratio based on the sum of claims, costs, and cession ratios at which the investment ratio is deducted.

Claims rate deviation provision

The provision for claims rate deviation is intended to cover an exceptionally high claims rate in those lines of business wherein, by virtue of their nature, major swings are projected to occur throughout time. This provision is established for rent guarantee, atomic risk, and seismic hazard zone insurances.

In relation to rent guarantee and atomic risk insurances, the provision is established when these lines of business have a positive technical result. This provision is calculated based on specific rates established by the ASF and applied to the technical result. As to seismic hazard zone insurance, this provision is calculated by applying a risk factor, defined by the ASF for each seismic zone, to the capital retained by the company.

Ceded reinsurance provisions

Provisions for ceded reinsurance are determined by applying the aforesaid criteria for direct insurance, while taking into consideration ceding commissions and other conditions set forth in the treaties currently in force. Depending on whether the reinsurance derives from direct insurance or ceded reinsurance, the claims provision is calculated in accordance with the appropriate regulations.

Changes in Technical Provisions for Direct Insurance and Reinsurance

Provisions for unearned premiums (abbreviated as UPR in English) of direct insurance and accepted reinsurance recognised in liabilities, net of deferred acquisition costs (DAC), are analysed as depicted in the table below:

(in thousand of euros)

Balance Sheet	**2021**			**2020**				
Business Lines / Groups of Business Lines	Gross UPR	DAC	Net UPR	Gross UPR	DAC	Gross UPR Merger Effect	DAC Merger Effect	Net UPR
Life	5 205	704	4 501	4 107	526	–	–	3 581
Accidents and health	40 350	7 409	32 941	23 177	5 060	14 127	2 395	29 849
Fire and other damage	54 606	10 858	43 748	42 088	8 137	10 196	2 958	41 189
Motor	150 243	27 226	123 017	136 521	25 864	13 214	3 183	120 688
Marine, air and transport	1 368	261	1 107	1 178	248	102	41	991
General third-party liability	6 415	1 209	5 206	5 427	1 088	825	246	4 918
Loan and collateral	39	10	29	51	8	5	–	48
Legal protection	4	1	3	4	1		–	3
Assistance	21 356	3 645	17 711	18 579	3 360	1 846	470	16 595
Others	699	136	563	598	123	43	4	514
Total	**280 285**	**51 459**	**228 826**	**231 730**	**44 415**	**40 358**	**9 297**	**218 376**

Changes in provisions for unearned premiums of direct insurance and accepted reinsurance are measured at gross value and recognised in profit and loss in earned premiums, and deferred acquisition costs (DAC) are reflected in costs of sales. Changes in provisions can be analysed as follows:

(in thousand of euros)

Gains and Losses	2021			2020		
Business Lines / Groups of Business Lines	UPR Gross	DAC	UPR Net	UPR Gross	DAC	UPR Net
Life	1 097	179	918	390	75	315
Accidents and health	3 047	-47	3 094	-4 420	-541	-3 879
Fire and other damage	2 322	-237	2 559	3 005	355	2 650
Motor	508	-1 821	2 329	6 749	3 526	3 223
Marine, air and transport	88	-28	116	-225	-9	-216
General third-party liability	163	-125	288	227	106	121
Loan and collateral	-17	2	-19	13	1	12
Legal protection	–	–	–	–	-1	1
Assistance	931	-185	1 116	1 610	502	1 108
Others	58	9	49	6	15	-9
Total	**8 197**	**-2 253**	**10 450**	**7 355**	**4 029**	**3 326**

Provisions for unearned premiums of ceded reinsurance reflected in assets, net of deferred acquisition costs (DAC), and changes in provisions for unearned premiums of ceded reinsurance reflected in assets and recognised in profit and loss are analysed as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Balance Sheet Balance				Variation of Gains and Losses	
	2021			2020	2021	2020
	Gross UPR	DAC	Net UPR	Net UPR		
Life	6 212	528	5 684	2 508	3 176	472
Accidents and health	2 825	571	2 254	1 177	1 077	-2 798
Fire and other damage	15 655	3 148	12 507	11 612	895	1 395
Motor	–	–	–	–	–	–
Marine, air and transport	532	148	384	435	-51	-90
General third-party liability	784	148	636	830	-194	51
Loan and collateral	1	–	1	4	-3	-5
Legal protection	–	–	–	–	–	–
Assistance	13 241	6	13 235	14 947	-1 712	967
Others	772	164	608	616	-8	50
Total	**40 022**	**4 713**	**35 309**	**32 129**	**3 180**	**42**

Life mathematical provisions reflected in liabilities are analysed as follows:

(in thousand of euros)

	2021	2020
Balance as at January 1st	**769 419**	**479 400**
Change for the period	-120 441	-53 398
Incorporation of profit-sharing in results	873	846
Merger effect	–	342 572
Balance as at December 31st	**649 851**	**769 419**

In relation to the portfolio of Açoreana Seguros, S.A. acquired on August 5th, 2016, and for the purpose of determining its fair value, liabilities were discounted by considering the EIOPA's curve (risk-free interest rate) with volatility adjustment. The impact of this acquisition on the company's financial statements as at December 31st, 2021 amounted to EUR 13.7 million (2020: EUR 16.4 million).

Mathematical provisions for ceded reinsurance reflected in assets are analysed as follows:

(in thousand of euros)

Products	Balance Sheet Balance		Variation of Gains and Losses	
	2021	2020	2021	2020
Traditional	–	559	-559	-692
Capitalisation	86 047	108 931	-22 884	-3 291
Total	**86 047**	**109 491**	**-23 443**	**-3 983**

Provisions for claims of direct insurance and ceded reinsurance reflected in liabilities, and changes in provisions recognised in profit and loss, net of reimbursements, are analysed as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Balance Sheet Balance		Variation of Gains and Losses	
	2021	2020	2021	2020
Life	80 183	75 402	4 806	7 914
Workers' compensation	772 194	754 445	18 002	40 481
Personal accidents and health	28 881	27 275	1 788	4 970
Fire and other damage	77 465	68 206	11 318	20 841
Motor	327 564	311 007	17 027	-3 247
Marine, air and transport	2 634	3 960	-1 150	-1 274
General third-party liability	53 434	55 453	-4 913	14 698
Loan and collateral	160	168	-8	-67
Legal protection	9	17	-8	7
Assistance	15	–	6	–
Others	8 542	4 716	4 139	2 840
Total	**1 351 081**	**1 300 649**	**51 007**	**87 163**

The provision for workers' compensation claims includes the mathematical provision for workers' compensation amounting to EUR 683.14 million (2020: EUR 673.19 million), which also includes the provisions for lifelong assistance. The mathematical provision includes a provision for contributions to the Workers' Compensation Fund in the amount of EUR 34.04 million (2020: EUR 33.85 million).

In relation to the portfolio of Açoreana Seguros, S.A. acquired on August 5th, 2016, and for the purpose of determining its fair value, liabilities were discounted by considering the EIOPA's curve (risk-free interest rate) with volatility adjustment. The impact of this acquisition on the company's financial statements as at December 31st, 2021 amounted to EUR 29.4 million (2019: EUR 31.2 million).

Provision for claims includes an estimated provision of EUR 84.12 million (2020: EUR 61.53 million) of claims incurred until December 31st, 2021, and still not reported (IBNR). It further includes an estimate of EUR 13.46 million (2020: EUR 12.36 million) to cover management fees arising from the settlement of outstanding reported claims.

The development of provisions for claims incurred in previous years and their readjustments are analysed as follows:

(in thousand of euros)

Business Lines / Groups of Business Line	Claims Provision at 31.12.2020 (1)	Claims* Paid in 2021 (2)	Claims Provision* as at 31.12.2021 (3)	Readjustments (3) + (2) – (1)
Accidents and health	781 720	101 875	671 932	-7 913
Fire and other damage	68 206	35 360	32 234	-612
Motor				
Third-party liability	281 172	96 386	191 213	6 427
Other covers	29 835	18 140	3 812	-7 883
Marine, air and transport	3 960	2 278	1 539	-143
General third-party liability	55 453	14 861	46 237	5 645
Loan and collateral	168	-11	160	-19
Legal protection	17	9	8	–
Assistance	–	1	12	13
Others	4 716	810	2 625	-1 281
Total	**1 225 247**	**269 709**	**949 772**	**-5 766**

* Claims incurred in 2020 and earlier.

In relation to personal accident and sickness, the observed adjustment is mostly due to changes in the discount rate. Other lines of business reflect minor adjustments that stem from day-to-day management of the claims handling function.

Provisions for ceded reinsurance reflected in assets and changes in provisions recognised in profit and loss are analysed as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Balance Sheet Balance		Variation of Gains and Losses	
	2021	2020	2021	2020
Life	8 754	8 420	2 905	1 767
Workers' compensation	16 349	21 485	-5 135	5 395
Personal accidents and health	1 898	2 154	-256	677
Fire and other damage	40 874	44 683	-3 809	17 652
Motor	22 749	23 840	-1 091	3 658
Marine, air and transport	791	1 420	-629	-214
General third-party liability	12 145	20 697	-8 552	3 731
Loan and collateral	74	87	-13	9
Legal protection	–	–	–	–
Assistance	–	–	–	–
Others	7 364	3 677	3 687	2 386
Total	**110 998**	**126 463**	**-12 893**	**35 061**

Provisions for ceded reinsurance include an estimated provision of EUR 6.14 million (2020: EUR 8.20 million) related to claims incurred until December 31st, 2021 and still not reported (IBNR).

Claims costs for the year-end 2021 are broken down as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Amounts Paid – Collected Premiums (1)	Amounts Paid- Claims Handling Costs (2)	Variation of Claims Provision (3)	Claims Costs (4) = (1) + (2) + (3)
Life				
Traditional	32 199	428	-1 694	30 933
Pension savings scheme and capitalisation with profit-sharing	129 999	1 318	6 492	137 809
Non-Life				
Accidents and health	246 720	4 700	19 780	271 200
Fire and other damage	86 731	2 347	12 065	101 143
Motor				
Third-party liability	164 707	6 471	19 804	190 982
Other coverages	71 232	3 208	-2 806	71 634
Marine, air and transport	3 209	55	-1 023	2 241
General third-party liability	17 390	732	-4 826	13 296
Loan and rent guarantee	-13	3	-8	-18
Legal protection	9	2	-8	3
Assistance	1	1	6	8
Others	1 685	29	4 140	5 854
Total	**753 869**	**19 294**	**51 922**	**825 085**
Accepted Reinsurance	1 437	–	-915	522
Grand Total	**755 306**	**19 294**	**51 007**	**825 607**

Claims costs for the year 2020 are broken down as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Amounts Paid – Collected Premiums (1)	Amounts Paid- Claims Handling Costs (2)	Variation of Claims Provision (3)	Claims Costs (4) = (1) + (2) + (3)
Life				
Traditional	21 655	425	1 239	23 319
Pension savings scheme and capitalisation with profit-sharing	57 987	1 171	6 680	65 838
Non-Life				
Accidents and health	183 806	4 208	45 469	233 483
Fire and other damage	73 121	1 952	21 494	96 567
Motor				
Third-party liability	160 923	6 229	1 466	168 618
Other coverages	69 129	2 972	-4 672	67 429
Marine, air and transport	3 590	68	-1 384	2 274
General third-party liability	6 510	626	14 699	21 835
Loan and rent guarantee	-18	3	-67	-82
Legal protection	6	3	7	16
Assistance	–		-1	-1
Others	1 170	7	2 840	4 017
Total	**577 879**	**17 664**	**87 770**	**683 313**
Accepted Reinsurance	1 340	–	-607	733
Grand Total	**579 219**	**17 664**	**87 163**	**684 046**

Provisions for profit-sharing reflected in liabilities are analysed as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Balance Sheet Balance		Variation of Gains and Losses	
	2021	2020	2021	2020
Life				
Traditional	9 022	10 523	3 352	3 227
Capitalisation	53 876	73 042	5 636	1 582
Accidents and health	368	201	167	201
Fire and other damage	9	17	-8	17
Motor	323	273	50	273
Marine, air and transport	–	–	–	–
General third-party liability	–	9	-9	9
Loan and collateral	–	–	–	–
Legal protection	–	–	–	–
Assistance	–	–	–	–
Others	–	–	–	–
Total	**63 598**	**84 065**	**9 188**	**5 309**

(in thousand of euros)

	2021	2020
Balance as at January 1st	**84 065**	**16 279**
Appropriation for the period	9 370	5 547
Payments	-8 095	-2 632
Incorporation into mathematical provision	-873	-846
Variation of attributable profit-sharing (shadow accounting)	-20 869	9 499
Merger effect	–	56 218
Balance as at December 31st	**63 598**	**84 065**

Provisions for profit-sharing in ceded reinsurance income reflected in assets and changes in provisions recognised in profit and loss are analysed as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Balance Sheet Balance		Variation of Gains and Losses	
	2021	2020	2021	2020
Traditional	3 266	3 477	956	475
Capitalisation	15 228	19 057	1 547	299
Total	**18 494**	**22 534**	**2 503**	**774**

As a result of the liability adequacy test, provisions for rate commitments reflected in liabilities are analysed as follows:

(in thousand of euros)

Products	Balance Sheet Balance		Variation of Gains and Losses	
	2021	2020	2021	2020
Traditional	17 942	12 150	5 792	-3 322
Capitalisation	18 096	18 983	-887	9 702
Total	**36 038**	**31 133**	**4 905**	**6 380**

Provisions for portfolio stabilisation reflected in liabilities are analysed as follows:

(in thousand of euros)

Products	Balance Sheet Balance		Variation of Gains and Losses	
	2021	2020	2021	2020
Traditional	656	263	393	11
Total	**656**	**263**	**393**	**11**

The provision for claims rate deviations is classified on the balance sheet as a current liability and its annual variance is recognised in profit and loss. The table below breaks down their analysis:

(in thousand of euros)

Business Lines / Groups of Business Lines	Balance Sheet Balance		Variation of Gains and Losses	
	2021	2020	2021	2020
Personal accident and sickness			–	–
Fire and other property damage	22 977	21 419	1 558	883
Motor		–	–	–
Marine, air and transport		–	–	–
General third-party liability	1 305	1 305	–	–
Loan and collateral	156	156	–	-89
Legal protection		–	–	–
Assistance		–	–	–
Others	241	230	11	-4
Total	**24 679**	**23 110**	**1 569**	**790**

The provision for current risks is recorded as a liability on the balance sheet and its annual variance is recognised in profit and loss. Their analysis is broken down in the table below:

(in thousand of euros)

Business Lines / Groups of Business Lines	Balance Sheet Balance		Variation of Gains and Losses	
	2021	2020	2021	2020
Personal accident and sickness	6 873	224	6 649	-2 812
Fire and other property damage	14	733	-719	-1 573
Motor	–	–	–	-4 987
Marine, air and transport	–	6	-6	-280
General third-party liability	–	–	–	–
Loan and collateral	–	–	–	–
Legal protection	–	–	–	–
Assistance	–	–	–	–
Others	–	–	–	–
Total	**6 887**	**963**	**5 924**	**-9 652**

According with the regulatory standard no. 10/2016R of September 15th, emerging and exceptional costs, including personnel costs related to pre-retirement and indemnifications or compensations paid to employees of insurance companies by means of termination of employment contract by mutual agreement, arising unequivocally and duly proven from restructuring processes that fall outside the scope of merger operations, may not be considered in the calculation of the provision for current risks.

In 2021 and 2020, under this regulatory standard, the calculation of the provision for current risks was subject to exceptional procedures, upon request of the company and duly approved by the ASF, by which the exceptional and unique nature of merger operations was taken into consideration.

It should be noted that the company has taken part in several merger processes, which have led to an increase in costs and therefore an increase in the provision amount for current risks not related to tariff insufficiencies.

Therefore, the company considered that the amount of EUR 11.15 million (2020: EUR 10.63 million) relative to total personnel costs incurred over last year resulting from indemnifications or compensations for termination of employment contract by mutual agreement are exceptional and do not reflect recurring levels associated with day-to-day operations. Therefore, the company decided not to consider the amount of EUR 9.70 million (2020: 9.17 million) relative to non-life insurance for determining the relevant provision.

The amount of other technical provisions, net of reinsurance, recognised in gains and losses in the non-life account, is equal to the sum of variances provided in the tables of provisions for claims rate deviations and current risks of direct insurance.

NATURE AND EXTENT OF SPECIFIC INSURANCE RISKS

Under the Solvency II framework, the company has provided its structure and procedures with the tools needed to satisfy the requirements of risk management.

The Risk and Internal Control Committee forms part of the company's governance structure and it is responsible for analysing and verifying whether decisions made by the company comply with the strategy and policies established for risk management, internal control system and compliance.

The committee works in cooperation with other committees to strengthen the company's governance and risk management systems, while improving communication and interaction levels between management bodies and control functions, contributing to continuous awareness and management of the major risks associated with the insurance business.

The committee is supported transversally by different departments and its main responsibilities are:

- Own risk and solvency assessment policy – identification/risk analysis;
- Internal control – financial and non-financial;
- Compliance and DPO;
- Oversee complaints management function.

Within the governance system, the company has developed a set of internal regulations intended to support a strong and effective governance capacity. This internal regulatory system facilitates a cohesive, homogeneous, and structured approach to internal regulations, while establishing clear rules aimed at creating, verifying, approving, disclosing, implementing, overseeing, and reporting those regulations.

In relation to insurance specific risk, it corresponds to the risk inherent to the trade of insurance contracts, product design and the respective tariff as well as to the underwriting and liability provisioning process and reinsurance and claims management.

In life insurance, the risk can be subdivided into biometric risks (longevity, mortality, disability), expense risk, revision risk, lapse risk and catastrophe risk. In non-life insurance, the risk can be subdivided into premium risk, reserve risk, lapse risk and catastrophe risk.

In non-life insurance classified as health under the Solvency II – Personal Accident and Sickness, and Workers' Compensation –, risk is addressed as described below:

- Workers' compensation and lifelong assistance pensions are considered health risks and hence measured with similar techniques to those of life insurance and their risk subdivided similarly to those of life products;
- General claims of workers' compensation, personal accident and sickness are addressed as non-life insurance and their risks are subdivided in a similar fashion.

The underwriting, provisioning and reinsurance processes accommodate several control mechanisms, the most relevant of which are:

- Delegation of powers formally established for different processes;
- Separation of functions between areas that perform risk analysis, prepare tariffs, provide technical advice, and issue insurance policies;
- Limited access to applications in accordance with the user's profile;
- Scanning of documents associated with policy issuance and claims management processes;
- Procedures to crosscheck on a case-by-case basis and oversee exception reports and audits;
- Recruitment and training policies appropriate to the responsibilities and technical complexity of different functions.

The level of provisions is monitored on a monthly basis, with special focus on the provisions for claims, which are subject to regular analysis to learn on their sufficiency. Evaluation models have also been implemented using stochastics models.

Any potential adjustments arising from variations of estimated provisions are recognised in profit and loss for the current business year. Nevertheless, due to the uncertainty around the process of establishing provisions for claims, there can be no guarantees that actual losses will not exceed those estimated, though this risk is covered by additional solvency capital.

The comparison between i) the amounts paid for non-life insurance lines of business, net of reimbursements, without management fees, gross of reinsurance and excluding the mathematical provisions for workers' compensation, and ii) the final cost estimate, has evolved in the last 10 years as described in the chart below:

(in thousand of euros)

Amounts Paid, Net of Reimbursements (Cumulative Amounts)										
	Year of Occurrence									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Years Elapsed										
0	277 513	293 229	288 748	273 554	268 678	277 967	295 992	317 410	291 848	325 900
1	398 038	413 035	411 936	385 561	383 832	450 763	463 960	462 621	422 684	
2	424 507	439 239	439 262	405 567	407 568	476 990	492 150	486 946		
3	439 599	453 855	451 279	418 864	421 915	492 180	505 986			
4	446 111	462 441	457 718	427 267	429 091	502 073				
5	453 666	469 711	464 079	436 042	434 445					
6	458 498	474 355	469 560	443 259						
7	464 848	477 354	474 801							
8	468 072	480 482								
9	469 803									

(in thousand of euros)

Final Claims Cost Estimate, Net of Reimbursements										
	Year of Occurrence									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Years Elapsed										
0	473 924	473 657	470 672	439 587	435 629	534 278	553 551	583 447	532 955	599 601
1	469 242	473 226	484 377	444 137	430 331	517 378	524 770	567 862	509 264	
2	469 747	481 080	493 405	441 411	426 835	521 918	552 460	564 097		
3	471 892	485 890	496 037	446 049	442 825	528 461	558 157			
4	472 006	486 471	493 570	454 482	447 165	530 093				
5	470 769	487 612	494 727	460 767	449 468					
6	470 364	489 429	493 243	460 216						
7	477 001	497 136	494 306							
8	479 053	483 913								
9	483 603									

The company operates a reinsurance policy intended to ensure protection against the impact of large claims or catastrophic events by mitigating risk, reducing the need for capital, and protecting the interests of its policyholders, insured persons, other insurance beneficiaries, shareholders, and employees.

To pursue this policy and serve its purpose, the company negotiates the most appropriate type of reinsurance to mitigate the risks accepted, based on either proportional or non-proportional treaties, according to the following tables:

Non-Life Insurance	Type of Reinsurance
Assistance	Proportional
Engineering	Proportional and Not Proportional
Fire (simple risks)	Proportional and Not Proportional
Fire (condominium)	Proportional and Not Proportional
Fire and profit losses (establishment and industrial risks)	Proportional and Not Proportional
Fire and other damage (disaster-retention protection)	Not Proportional
Fire and other damage (disaster-retention top-layer protection)	Not Proportional
Fire and other damage (disaster-retention sub-layer protection)	Not Proportional
Health (serious illnesses)	Proportional
Health (medical expenses)	Not Proportional
Health (2nd opinion)	Proportional
Cyber risks third-party liability	Proportional
General third-party liability	Not Proportional
Environmental third-party liability	Proportional
Health professionals third-party liability	Proportional
Directors' third-party liability (article 396)	Proportional
Directors and officers third-party liability	Proportional
Credit intermediation third-party liability	Proportional
Marine (cargo)	Proportional and Not Proportional
Marine (hulls)	Proportional and Not Proportional
Marine (hull-fleets)	Proportional and Not Proportional
Marine (retention protection)	Not Proportional
Motor (third-party liability)	Not Proportional
Motor (own damage)	Not Proportional
Personal accidents	Not Proportional
Personal accidents (loan protection)	Proportional
Workers' compensation	Not Proportional
Agro	Proportional
GEB – Workers' compensation, personal accidents e health	Proportional

Life Insurance	Type of Reinsurance
Life Mortgage Loan	Proportional
Life Group	Proportional
Individual Life	Proportional
Life VTCC2.0	Proportional
Health Professionals Life	Proportional
Life + Cool	Proportional
Catastrophe Life	Not Proportional
Cumulative Protection Life	Not Proportional
Assistance	Proportional
Health	Proportional
Life Premium Protection	Proportional
Banif Life Treasury Management	Proportional
Capitalisation / Pension Savings Schemes	Proportional
Life + Win	Proportional
GEB – Life	Proportional

The sensitivity analysis of insurance risks, considering its main constraints, is as follows:

(in thousand of euros)

Analysis Area	Scenarios	Impact on Profit Before Tax	
		2021	2020
Claim-Related Costs	5% increase of claim-related costs, net of reinsurance (non-life), for the period	-32 977	-29 834
Expenses	10% increase of operating costs, net of reinsurance (non-life)	-25 749	-26 711
Longevity	10% decrease in mortality of current pensioners in workers' compensation	-14 678	-14 508
Mortality	10% decrease in mortality of insured persons in life insurance	-2 364	-2 266

The risk of changes in claims costs and overhead costs derives from the influence exerted on these items whether due to greater incidence of facts that generate cost, inflation, or lower internal efficiency.

The longevity risk covers the uncertainty of effective losses resulting from the increasing life expectancy of insured persons and it may be more relevant, for example, in mathematical pensions associated with workers' compensation.

The longevity risk is managed through pricing, underwriting policy and regular reviews of mortality tables used to set prices and establish provisions accordingly. When longevity is understood to be above the level reflected in mortality tables, additional provisions are established, and mortality tables are updated. It should be noted that, for the purpose of sensitivity analysis of the mortality risk in life insurance, future premiums are not considered.

NATURE AND EXTENT OF OTHER RISKS

Market risk

The market risk is usually associated with the risk of loss or any adverse changes to the financial position of the company and arises from the level or volatility of market prices of financial instruments and is also strongly related to the risk of mismatching between assets and liabilities for which the company has implemented an ALM policy.

This risk also includes risks associated with the use of derivative financial instruments, as well exchange rate risk, equity risk, real estate risk, interest rate risk, spread risk and concentration risk.

The investment policies adopted by the company, duly formalised in a separate document, are based on prudent levels of risk acceptance and portfolio diversification, considering the evolution of financial markets.

It should also be noted that the investment policy in force within the company is put forward by the Investment Committee.

Exchange rate risk

The exchange rate risk stems from the volatility of interest rates against the euro, and the sensitivity analysis is described as follows:

(in thousand of euros)

Analysis Area	Scenarios	Impact on Profit Before Tax	
		2021	2020
Exchange rate	10% appreciation of the value of all foreign currencies against the euro	-357	-594

Equity risk

Equity risk arises from the volatility of stock market prices and is intended to measure the systematic risk only, since non-systematic risk is considered in the concentration risk.

Stock market securities held by the company are exposed to this risk, as well as investment funds made up either totally or partially by these securities and shares held by the company in other companies. The sensitivity analysis is described as follows:

(in thousand of euros)

Analysis Area	Scenarios	Impact on Profit and Fair Value Reserves Before Tax	
		2021	2020
Equity	10% decrease of stock-market values	-1 123	-646

Real estate risk

Real estate risk arises from the volatility of real estate market prices. The sensitivity analysis is described as follows:

(in thousand of euros)

Analysis Area	Scenarios	Impact on Profit and Fair Value Reserves Before Tax	
		2021	2020
Real estate	10% decrease in the value of real estate and real estate funds	-4 399	-971

Interest rate risk

Interest rate risk is inherent to all assets and liabilities, whose value is sensitive to changes in the time structure or volatility of interest rates. Within interest-sensitive assets, bonds are particularly exposed to interest rate risk.

Liabilities are exposed through not-compulsory pensions of workers' compensation and life mathematical provisions.

A rising interest rate scenario is a scenario that supposes a loss of value for the company:

(in thousand of euros)

Analysis Area	Scenarios	Impact on Fair Value Reserves Before Tax	
		2021	2020
Interest rate	100 b.p. decrease of the interest rate curve – Effect on assets	197 825	177 634
	100 b.p. increase of the interest rate curve – Effect on assets	-197 825	-177 634

(in thousand of euros)

Área de Análise	Scenarios	Impact on Profit Before Tax	
		2021	2020
Interest rate	100 b.p. decrease of the interest rate curve – Effect on assets	-119 955	-132 859
	100 b.p. increase of the interest rate curve – Effect on assets	94 070	98 296

Spread risk

Spread risk reflects the volatility of credit spreads along the risk-free interest rate curve. Securities exposed to this risk are mainly corporate bonds, although securities of public issuers account for most of the securities.

(in thousand of euros)

Rating	2021		2020	
	%	Amount	%	Amount
AAA	5%	116 332	9%	201 518
AA	17%	376 222	20%	428 416
A	17%	366 399	19%	397 492
BBB	55%	1 183 500	48%	1 021 858
BB	3%	69 627	3%	55 200
B	0%	–	0%	–
CCC	0%	205	0%	1 820
Unrated	3%	54 976	1%	23 146
Total	**100%**	**2 167 261**	**100%**	**2 129 450**

These amounts do not reflect any deposits, as they are deemed to fall outside the scope of analysis of this risk.

Concentration risk

Concentration risk relates to the additional volatility in highly concentrated portfolios and partial or total losses due to the issuer's default. Their analysis is broken down by business sector in the table below:

(in thousand of euros)

Business Sector*	2021		2020	
	%	Net Amount	%	Net Amount
Basic resources	1,2%	28 771	3,4%	86 191
Communications	1,4%	33 958	1,4%	35 196
Consumables (cyclic)	3,5%	83 028	2,6%	66 057
Consumables (non-cyclic)	4,4%	104 970	3,7%	93 648
Energy	1,8%	42 765	1,6%	40 579
Financial	16,3%	391 409	12,9%	327 207
Funds	9,8%	235 958	14,8%	375 439
Public debt	55,2%	1 329 027	53,5%	1 356 420
Industrial	1,6%	38 883	2,2%	55 952
Technology	0,6%	15 016	0,7%	16 645
Public / Collective services	3,4%	81 558	2,0%	51 779
Others	0,9%	21 020	1,2%	29 849
Total	**100%**	**2 406 363**	**100%**	**2 534 962**

Source: Bloomberg

The amounts comprise investments in subsidiaries, associates and joint ventures, financial assets held for trading, financial assets measured on initial recognition at fair value through profit and loss, available-for-sale assets, and shareholder loans and supplementary capital loans in loans granted. Real estate funds are excluded from held-for-sale assets on grounds of coherence in line with the exclusion of investments in land and buildings from this analysis.

These amounts do not include deposits, as they are deemed to fall outside the scope of analysis of this risk.

Liquidity risk

Liquidity risk arises from the company's ability to hold sufficiently liquid assets to meet cash flow requirements needed to satisfy its obligations towards policyholders and other creditors as they become due. It should be noted that, for liquidity risk mitigation purposes, the company prepares a treasury plan on a monthly basis, which is subject to weekly adjustments to capital needs or surpluses.

The estimated maturity and cash flow analysis of the assets and liabilities exposed to liquidity risk is as described below:

(in thousand of euros)

2021	< 3 months	3-12 months	1-5 years	> 5 years	Without Maturity	Total
Financial assets	165 457	82 799	463 294	1 670 156	259 626	2 641 332
Financial liabilities, mathematical provision and investment contract liabilities	121 011	88 525	271 292	342 319	112 592	935 739
Net	**44 446**	**-5 726**	**192 002**	**1 327 837**	**147 034**	**1 705 593**

(in thousand of euros)

2020	< 3 months	3-12 months	1-5 years	> 5 years	Without Maturity	Total
Financial assets	224 421	95 285	429 277	1 632 196	380 743	2 761 922
Financial liabilities, mathematical provision and investment contract liabilities	152 470	69 619	372 611	390 830	140 016	1 125 546
Net	**71 951**	**25 666**	**56 666**	**1 241 366**	**240 727**	**1 636 376**

Counterparty risk

Counterparty risk corresponds to any potential loss arising from the default or deterioration of credit levels of any counterparty that mitigates existing risks with risk mitigation techniques, such as reinsurance contracts or derivatives, receivables stemming from intermediators, as well as other exposures to credit that have not been included in spread risk.

As a control procedure, the company systematically monitors the progress of premium amounts and maturities owed. The company takes into consideration credit ratings assigned to each entity, when selecting depositary banks and reinsurers, and follows periodically their progress over the year.

The deposit breakdown analysis is shown in the table below:

(in thousand of euros)

Rating	2021		2020	
	%	Net Value	%	Net Value
AAA	0%	–	0%	–
AA	23%	25 000	89%	73 918
A	71%	76 800	0%	365
BBB	3%	3 249	4%	3 665
BB	0%	120	0%	227
B	0%	–	4%	3 079
CCC	2%	2 078	0%	–
Unrated	1%	650	2%	1 566
Total	**100%**	**107 897**	**100%**	**82 820**

Reinsurance receivables breakdown analysis, without impairment deduction, is shown in the table below:

(in thousand of euros)

Rating	2021		2020	
	%	amount	%	amount
AAA	0%	–	0%	–
AA	1%	61	44%	17 385
A	86%	8 176	47%	18 305
BBB	0%	–	7%	2 707
BB	0%	18	2%	686
B	0%	–	0%	–
CCC	0%	–	0%	–
Unrated	13%	1 210	0%	80
Total	**100%**	**9 465**	**100%**	**39 163**

Operational risk

Operational risk is the risk of material loss resulting from inadequate or failed internal processes, persons or systems or external events within the company's day-to-day operations. Operational risk can be subdivided into the following categories:

- Deliberate bad conduct within professional ethics (internal fraud);
- Illicit activity carried out by third parties (external fraud);
- Practices related to human resources and safety at work:
- Customer, product, and commercial practices;
- Physical asset damage caused by external events;
- Business interruption and system failure;
- Business process-related risks.
- Legal risk.

Strategic risk

Strategic risk is the risk arising from strategic decisions. We define strategic risk as the risk to take inadequate business decisions, implement decisions ineffectively or fail to adapt to changes in operational environment. Strategic risk typically emerges combined with other risks, but it may surface individually.

Reputational risk

Reputational risk refers to the potential damage to the company's reputation resulting from negative public perception, for instance among customers, business partners, shareholders, or authorities. Just as strategic risk, reputational risk appears combined with other risks, but it may emerge individually.

Intragroup transaction risk

Intragroup transaction risk stems from the company's reliance on significant intragroup transactions that may significantly affect the solvency or the liquidity position of the group or any of the entities involved in these transactions, which may be related to:

- Investments;
- Balances between companies, including loans, receivables and agreements to centralise asset or cash management;
- Guarantees and arrangements, such as letters of credit;
- Operations with derivatives;
- Returns, coupons, and other interest payments;
- Trade reinsurance;
- Service supply or cost sharing agreements;
- Purchase, sale, or rental of goods.

Systemic risk

The systemic risk refers to the risk of instability or collapse of the financial system or market, with severe impact on assets, interest rates, exchange rates, affecting the economy as a whole.

Emerging risks

Emerging risks are existing or prospective risks difficult to quantify and likely to cause substantial losses. Emerging risks carry a high level of uncertainty, wherein basic information, that would support an appropriate evaluation on the frequency and severity of a given risk, is sparse.

Mitigation measures

The company has put in place measures to mitigate the aforesaid risks. Among those measures, the following are highlighted:

- Ensure that the code of conduct is upheld;
- Ensure that internal regulations and manuals of procedures are subject to continuous update;
- Implement policies and procedures to prevent both internal and external fraud;
- Implement security measures to control and limit the access to premises;
- Implement measures to manage and secure access to databases and information systems;
- Implement a human resource management policy:
- Facilitate training programmes that comprise knowledge recycling;
- Facilitate training programmes addressed to employees who interact directly with customers;
- Implement a recovery plan in the event of a catastrophe and drill exercises to be conducted on a regular basis according to the relevant plan;
- Implement and document a business continuity plan and procedures aimed at restoring the company's critical business functions and activities in the event of a disruption.

SOLVENCY

In 2015, the European Directive Solvency II 2009/138/EC of the European Parliament and of the Council of 25th November 2009, that governs the access and exercise of the insurance and reinsurance activity, and its amendments were transposed to the Portuguese legal system by the Law no. 147/2015 of September 9th, 2015, which provided that the new Solvency II Framework would come into force on January 1st, 2016.

The company monitors its solvency under the framework currently in force. According with the provisions laid down in the legislation, final data on the solvency margin and more detailed information on risk management will be publicly disclosed in the Solvency and Financial Condition Report in April 2022.

ADEQUACY OF PREMIUMS AND PROVISIONS

In relation to the adequacy of premiums, the company analyses every year the technical bases, actuarial principles and rules used to establish insurance rates, verifying, within reasonable anticipation, the adequacy of premiums charged on a prudential actuarial basis to guarantee the satisfaction of any commitments made by the company arising out of claims associated with insurance contracts.

In general, the provisioning policy of the company is of a prudential nature, using actuarially recognised methods and complying with all applicable regulations and laws.

ACTIVITY RATIOS

The main non-life activity ratios, gross of reinsurance, are as follows:

(%)

	2021	2020
Claims ratio[a]	63,5%	67,4%
Acquisition ratio[b]	18,5%	19,4%
Administrative ratio[c]	6,1%	6,1%
Combined Ratio	**88,1%**	**92,9%**

a) (Claims costs + incurred costs + variations of technical provisions + other costs – technical revenues) / earned premiums
b) (Acquisition intermediation remunerations + incurred costs + variations of deferred acquisition costs) / gross written premiums
c) (Administrative intermediation remunerations + incurred costs) / gross written premiums

The main life activity ratios, gross of reinsurance, are as follows:

(%)

	2021	2020
Claims/Premiums (IFRS 4)	216,1%	159,0%
Benefits paid/Deposits received (IAS 39)	1403,8%	24949,0%
Acquisition costs/Premiums + Deposits received)	19,7%	25,1%
Administrative costs/(Premiums + Deposits received)	13,8%	18,8%

CLAIMS RECEIVABLES

Receivables from paid claims related to the acquisition of rights or ownership and the risk of not receiving those amounts are included in the line items mentioned below:

(in thousand of euros)

	2021	2020
Accounts receivable	1 979	1 445
Adjustment for doubtful loans	-211	-353
Net Total	**1 768**	**1 092**

NOTE 5 – INVESTMENT CONTRACT LIABILITIES AND OTHER FINANCIAL LIABILITIES

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as mentioned in Note 1 above.

Financial liabilities are broken down by investment contract and can be analysed as follows:

(in thousand of euros)

	Financial Without Profit-Sharing	Unit-Linked	Pension Savings Scheme Unit-Linked	Capitalisation Operations Unit-Link	Total
Balances as at January 1st, 2019	**98 504**	**5 432**	**19 818**	**137**	**123 891**
Additional liabilities for the period, net of commissions	380	236	140	–	756
Amounts paid	-62 537	-814	-2 031	-11	-65 393
Technical interest rates	1 461	180	117	–	1 759
Other entries	1 076	–	–	–	1 076
Balances as at December 31st, 2020	**38 884**	**5 035**	**18 044**	**126**	**62 089**
Additional liabilities of the period, net of commissions	99	1 245	179	–	1 523
Amounts paid	-24 301	-608	-1 536	–	-26 445
Technical interest rates	-19 148	905	-1 153	–	-19 396
Other entries	19 507	-835	1 196	-10	19 858
Balances as at December 31st, 2021	**15 041**	**5 743**	**16 730**	**116**	**37 628**

Financial liabilities arising from unit-linked contracts amount to EUR 22.47 million (2020: EUR 23.08 million) and are classified as level 2 of the valuation method in accordance with the three levels set out in IFRS 13, given that these financial instruments are measured based on quoted prices (not adjusted) available in official markets and quoted prices disclosed by entities that provide transaction prices in liquid markets.

Gains and losses in financial liabilities arising from investment contracts can be analysed as follows:

(in thousand of euros)

	2021			2020		
	Gain	Loss	**Balance**	Gain	Loss	**Balance**
Carried at Fair Value through Profit and Loss	**2 122**	**-2 144**	**-22**	**6 013**	**-2 990**	**3 023**
Capitalisation	585	-608	-23	3 844	-958	2 886
Pension savings scheme	1 537	-1 536	1	2 168	-2 031	137
Carried at Amortised Cost	**26 731**	**-26 794**	**-63**	**69 159**	**-71 996**	**-2 837**
Capitalisation	24 789	-24 897	-108	59 655	-62 449	-2 794
Pension savings scheme	1 942	-1 897	45	9 504	-9 547	-43
Total	**28 853**	**-28 938**	**-85**	**75 171**	**-74 986**	**186**

The amounts reported in the financial statements further include the amounts stated in Notes 17 and 18, and therefore the analysis should be combined with said notes.

The table below shows the breakdown analysis of other financial liabilities:

(in thousand of euros)

	2021	**2020**
Other financial liabilities		
Deposits received from reinsurers	112 794	140 417
Subordinated liabilities	10 000	10 000
Right-of-use assets (IFRS16)	25 133	15 307
Carrying Amount	**147 927**	**165 724**

Deposits received from reinsurers represent the amount of the collateral used by reinsurers for accepting the risks and receiving the premiums arising from ceded reinsurance operations.

Subordinated liabilities consist of two subordinated loans of EUR 5 million each with a ten-year fixed rate underwritten by two entities of the Generali Group, namely Generali Horizon and Participatie Maatschappij Graafschap Holland N.V.

Additionally, the company took out a subordinated demand loan of EUR 91.5 million with a five-year fixed rate underwritten and unrealised by its shareholder Assicurazioni Generali S.p.A. The loan is not listed on the company's balance sheet as it is deemed to be a loan commitment under IAS 32.

As mentioned in Note 3 above, the company adopted IFRS 16 – Leases on January 1st, 2019, which superseded the former IAS 17 – Leases that remained in force until December 31st, 2018. Under this new standard, the company recognised a right-of-use asset and lease liability as at the lease date. Minimum future lease payments related to irrevocable operating leases, upon maturity are the following:

(in thousand of euros)

	2021	**2020**
Up to 1 year	5 565	5 784
From 1 year to 5 years	16 054	8 936
Over 5 years	5 744	1 439
Total Future Payments	**27 363**	**16 159**
Interest cost to accrue or defer to expenses	-2 230	-852
Total Liabilities Under IFRS16	**25 133**	**15 307**

The lease liability was initially measured at the present value of the lease payments that were not made at the start date, discounted using the interest rate implicit in the lease or, if the interest rate implicit in the lease cannot be readily determined, the company's incremental interest rate.

In 2021, under this standard, the company recorded an interest expense of EUR 684 thousand (2020: EUR 442 thousand) arising from changes in value of financial liabilities.

NOTE 6 – FINANCIAL INSTRUMENTS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information as mentioned in Note 1 above.

The table below shows a breakdown summary of the comprehensive inventory of the company's held interests and financial instruments presented in Annex 1 at the end of the financial statements.

(in thousand of euros)

	2021	2020
Available-for-sale financial assets	2 411 809	2 486 375
Investments in subsidiaries and associates	–	–
Term deposits	25 000	1 412
Financial assets initially recognised at fair value through profit and loss	9 733	9 722
Held-for-trading financial assets	–	–
Held-to-maturity investments	879	12 487
Total Held Interests and Financial Instruments	**2 447 421**	**2 509 996**
Other financial assets	5 047	1 239
Total Financial Assets	**2 452 468**	**2 511 235**

Note 7 provides an analysis of investments in subsidiaries and associates, while Note 6 provides an analysis of the remaining financial instruments.

FINANCIAL ASSETS MEASURED ON INITIAL RECOGNITION AT FAIR VALUE THROUGH PROFIT AND LOSS

As provided in IAS 39 and in line with the option taken and the documented risk management strategy, all securities that the company deems (i) to be managed and their performance assessed on a fair value basis, and/or (ii) contain embedded derivative instruments, are classified under this line item.

The balance of this asset account is broken down as shown below:

(in thousand of euros)

	2021	2020
Bonds and other fixed-income securities		
By public issuers	1 225	1 272
By other issuers	5 102	6 451
Equities	–	–
Other floating-rate securities	3 406	1 999
Carrying Amount	**9 733**	**9 722**
Acquisition Cost	9 465	9 176

As at December 31st, 2021, this line item included fixed-income securities with embedded derivatives of EUR 1.48 million (2020: EUR 1.53 million).

This heading further includes structured fixed-income or collaterised securities amounting to EUR 4.68 million (2020: EUR 6 million). These securities are recognised at fair value, which is determined based on prices provided by the sources used by the company for the whole instrument, according to market conditions at the reference date of the financial statements.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The balance of this asset account is broken down as shown below:

(in thousand of euros)

	2021	2020
Bonds and other fixed-income securities		
By public issuers	1 343 901	1 393 280
By other issuers	811 688	714 799
Equities	18 480	3 938
Other floating-rate securities	237 740	374 358
Carrying Amount	**2 411 809**	**2 486 375**

Closing balance is broken down as follows:

(in thousand of euros)

	Amortised or Acquisition Cost	Accrued Interest	Fair-Value Reserve	Impairment Imparidade	Carrying Amount
Bonds and other fixed-income securities					
By public issuers	1 175 211	16 934	201 135	–	1 393 280
By other issuers	662 288	9 919	43 147	-555	714 799
Equities	5 074	–	270	-1 406	3 938
Other floating-rate securities	388 634	–	9 003	-23 279	374 358
Balance at December 31st, 2020	**2 231 207**	**26 853**	**253 555**	**-25 240**	**2 486 375**
Bonds and other fixed-income securities					
By public issuers	1 210 782	15 299	117 820	–	1 343 901
By other issuers	778 273	10 494	23 504	-583	811 688
Equities	17 652	–	2 756	-1 928	18 480
Other floating-rate securities	266 070	–	12 350	-40 680	237 740
Balance at December 31st, 2021	**2 272 777**	**25 793**	**156 430**	**-43 191**	**2 411 809**

As at December 31st, 2021, other floating-rate securities included participating interests held by the company in real estate investment funds amounting to EUR 20 million (2020: EUR 1.46 million).

The movement of impairment losses can be detailed as follows:

(in thousand of euros)

	2021	2020
Balance as at January 1st	**25 240**	**14 880**
Merger Effect	–	871
Appropriations for the period	19 866	16 819
Writte-offs for sale of assets	-1 877	-1 638
Reversals	-38	-5 692
Balance as at December 31st	**43 191**	**25 240**

Impairments recognised in profit and loss through fair value adjustments in investments, broken down into two categories, are as follows:

(in thousand of euros)

	2021	2020
Bonds and other fixed-income securities	-29	-30
Equities and other floating-rate securities	-19 837	-16 789
Total	**-19 866**	**-16 819**

HELD-FOR-TRADING FINANCIAL ASSETS AND LIABILITIES

As at December 31st, 2021 and 2020, there were no assets or liabilities classified under this category.

HELD-TO-MATURITY INVESTMENTS

The balance of this asset account is broken down as shown below:

(in thousand of euros)

	2021	2020
Bonds and other fixed-income securities		
By public issuers	879	12 487
By other issuers	–	–
Equities	–	–
Other floating-rate securities	–	–
Carrying Amount	**879**	**12 487**
Market value	1 659	13 648

Closing balance is broken down as follows:

(in thousand of euros)

	Custo de aquisição amortizado	Imparidade	Valor de Balanço
Bonds and other fixed-income securities			
By public issuers	12 487	–	12 487
By other issuers	–	–	–
Equities	–	–	–
Other floating-rate securities	–	–	–
Balance as at December 31st, 2020	**12 487**	**–**	**12 487**
Bonds and other fixed-income securities			
By public issuers	879	–	879
By other issuers	–	–	–
Equities	–	–	–
Other floating-rate securities	–	–	–
Balance as at December 31st, 2021	**879**	**–**	**879**

OTHER FINANCIAL ASSETS

In addition to the financial instruments described above, the company owns other assets as outlined below:

(in thousand of euros)

	2021	2020
Loans granted to employees	581	804
Loans – Generali Europe Income Holding, SA	4 044	–
Supplementary Capital Loans – Centro Novo Funchal	422	–
Deposits with cedent companies	–	2
Others	–	433
Total Other Financial Assets	**5 047**	**1 239**

In 2020, the amounts recognised under others correspond to financial operations awaiting clearing and settlement, considering their value dates.

The table below breaks down other financial assets:

(in thousand of euros)

	Acquisition Cost	Impairment	Carrying Amount
Other financial assets			
Ancillary capital contributions	–	–	–
Loans	15 804	-15 000	804
Others	435	–	435
Balance as at December 31st, 2020	**16 239**	**-15 000**	**1 239**
Other financial assets			
Ancillary capital contributions	422	–	422
Loans	19 625	-15 000	4 625
Others	–	–	–
Balance as at December 31st, 2021	**20 047**	**-15 000**	**5 047**

Impairment losses recognised in loans correspond to the total cash loan granted to Espírito Santo Financial Portugal, SGPS, S.A. As at December 31st, 2021 and 2020, no impairment loss was recognised in profit and loss.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT AMORTISED COST

The fair value of financial assets and liabilities recorded at amortised cost is analysed as follows:

(in thousand of euros)

	2021		2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Cash and cash equivalents and demand deposits	82 916	82 916	82 840	82 840
Loans and accounts receivable	30 047	30 047	2 651	2 651
Held-to-maturity investments	1 659	879	13 648	12 487
Other debtors for insurance operations and other operations	78 458	78 458	120 018	120 018
Financial Assets at Amortised Cost	**193 080**	**192 300**	**219 157**	**217 996**
Financial liabilities on investment contracts	40 564	37 628	64 752	62 089
Other financial liabilities	147 927	147 927	165 724	165 724
Other creditors for insurance operations and other operations	100 333	100 333	128 314	128 314
Financial Liabilities at Amortised Cost	**288 824**	**285 888**	**358 790**	**356 127**

The fair value of financial liabilities of investment contracts is estimated on a contract-by-contract basis, using the best estimate assumption to project expected future cash flows and the risk-free interest rate as at the issuance date.

Considering that these are short-term assets and liabilities, the closing balance is considered a reasonable estimate of fair value.

In relation to the valuation method, in accordance with the levels provided in IFRS 13, all financial instruments recognised at amortised cost are classified as level 3, except for cash and their equivalents and demand deposits, which are classified as level 1 instruments.

VALUATION METHODOLOGIES

Financial instruments are ranked according to the levels provided in IFRS 13, which encompasses the following description:

- **Level 1** – Financial instruments measured according to quoted prices (unadjusted) available in official markets and quoted prices disclosed by entities that provide transaction prices in liquid markets;

- **Level 2** – Financial instruments measured according to internal valuation methodologies, considering mainly parameters and variables that are observable in the market;

- **Level 3** – Financial instruments measured according to internal valuation methodologies, considering parameters and variables that are not observable in the market and with a significant impact on the valuation of the instrument and prices provided by third parties, whose parameters are not observable in the market.

The value of financial instruments ranked by the valuation method used and according to the levels described above is analysed as follows:

(in thousand of euros)

	2021			Total
	Level 1	Level 2	Level 3	
Available-For-Sale Financial Assets	**2 187 157**	**37 221**	**187 431**	**2 411 809**
Securities and shares	86 875	–	150 865	237 740
Equities and other floating-rate securities	2 864	70	15 546	18 480
Bonds and other fixed-income securities				
By public issuers	1 335 396	8 505	–	1 343 901
By other issuers	762 022	28 646	21 020	811 688
Derivatives	–	–	–	–
Financial Assets at Fair Value Through Profit and Loss	**9 602**	**131**	**–**	**9 733**
Securities and shares	3 275	131	–	3 406
Equities and other floating-rate securities	–	–	–	–
Bonds and other fixed-income securities				
By public issuers	1 225	–	–	1 225
By other issuers	5 102	–	–	5 102
Derivatives	–	–	–	–
Held-to-maturity investments (at market value)	**879**	**–**	**–**	**879**
Securities and shares	–	–	–	–
Equities and other floating-rate securities	–	–	–	–
Bonds and other fixed-income securities				
By public issuers	879	–	–	879
By other issuers	–	–	–	–
Derivatives	–	–	–	–
Total Financial Assets	**2 197 638**	**37 352**	**187 431**	**2 422 421**

(in thousand of euros)

	2020			Total
	Level 1	Level 2	Level 3	
Available-For-Sale Financial Assets	**2 336 846**	**121 699**	**27 830**	**2 486 375**
Securities and shares	248 177	121 699	4 482	374 358
Equities and other floating-rate securities	2 271	–	1 667	3 938
Bonds and other fixed-income securities				
By public issuers	1 393 280	–	–	1 393 280
By other issuers	693 118	–	21 681	714 799
Derivatives				
Financial Assets at Fair Value Through Profit and Loss	**8 624**	**1 098**	**–**	**9 722**
Securities and shares	1 946	53		1 999
Equities and other floating-rate securities	–	–		–
Bonds and other fixed-income securities				
By public issuers	1 272	–		1 272
By other issuers	5 406	1 045		6 451
Derivatives				–
Held-to-maturity investments (at market value)	**13 648**	**–**	**–**	**13 648**
Securities and shares	–	–	–	–
Equities and other floating-rate securities	–	–	–	–
Bonds and other fixed-income securities				
By public issuers	13 648	–	–	13 648
By other issuers	–	–	–	–
Derivatives	–	–	–	–
Total Financial Assets	**2 359 118**	**122 797**	**27 830**	**2 509 745**

The value of the financial instruments classified as level 3 in 2021 (2020: level 2) in securities and shares includes an amount of about EUR 106 million (2020: EUR 122 million) related to an investment in two sub-funds (2020: two sub-funds) that belong to a collective entity under the designation of ICAV, which stands for Irish Collective Asset Management Vehicle, wholly owned by the company.

The fair value of these assets was determined based on their equity value, which, in turn, is measured based on market prices or market information available for asset valuation (risk curves, spreads, etc.), as provided in IFRS 13. This fund is further subject to a look-through analysis by the company in accordance with the Solvency II requirements.

The reconciliation of level 3 assets is as described below:

(in thousand of euros)

	Dec. 31st, 2020	Potential Gains	Purchases	Sales	Impairments	Gains Realised	Reclassification	Dec. 31st, 2021
Available-for-sale financial assets	**27 830**	**4 411**	**8**	**-2 247**	**-936**	**-341**	**158 706**	**187 431**
Securities and shares	4 482	1 700	8	-936	-150	-451	146 212	150 865
Equities and other floating-rate securities	1 667	2 153			-786		12 512	15 546
Bonds and other fixed-income securities								
By public issuers	-							-
By other issuers	21 681	558		-1 311		110	-18	21 020

Securities and shares under this level comprise an amount of EUR 20 million related to shares in closed-end real estate funds (2020: EUR 1.45 million) and an additional amount of EUR 130.87 million related to private equity/debt funds (2020: EUR 3.02 million), whose fair value resulted from the disclosure of the Fund Global Net Value (FGNV) established by management companies.

The assets of these funds arise from a diversified group of assets and liabilities measured at fair value in their balance sheet accounts by internal methodologies used by management companies.

Since it is not feasible to present a sensitivity analysis of the different components of the assumptions used by entities, the impact of a plus/minus 10% change in the FGNV of the funds is analysed as follows:

(in thousand of euros)

2021		Impact On Profit		Impact On Fair Value Reserve	
Analysis Area	**Asset Type**	10% Rise	10% Fall	10% Rise	10% Fall
Investment fund	Closed-end real estate investment funds	–	-2 000	2 000	–
	Private equity funds	–	-7 451	13 087	-5 636

(in thousand of euros)

2020		Impact On Profit		Impact On Fair Value Reserve	
Analysis Area	**Asset Type**	10% Rise	10% Fall	10% Rise	10% Fall
Investment fund	Closed-end real estate investment funds	–	-75	146	-71
	Private equity funds	–	-54	302	-248

NOTE 7 – INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The amounts provided in this note should be interpreted in light of the constraints associated with the disclosure of financial information, as mentioned in Note 1 above.

The table below summarises the financial data of the company's subsidiaries and associates:

(in thousand of euros)

Company name / Registered Office	Classification	Valuation Method	Stake (%)			Financial Data							
			Direct	Voting Right	Effective	Assets		Liabilities		Equity		Net Income	
						2021	2020	2021	2020	2021	2020	2021	2020
Tranquilidade – Corporação Angolana de Seguros, S.A. Edifício ESCOM, Rua Marechal Brós Tito, n.º 35 15.ºD Luanda, Angola	Subsidiary	Acquisition cost net impairment	49,00	49,00	49,00	34 415	25 084	26 604	20 518	7 811	4 566	3 261	2 594
Tranquilidade Moçambique Companhia de Seguros, S.A. Av. Armando Tivane, 1212 Caixa Postal 1959, Maputo, Moçambique	Subsidiary	Acquisition cost net impairment	99,996	100,00	100,00	7 439	4 611	5 758	3 190	1 681	1 421	-166	766,0
Tranquilidade Moçambique Companhia de Seguros Vida, S.A. Av. Armando Tivane, 1212 Caixa Postal 1959, Maputo, Moçambique	Subsidiary	Acquisition cost net impairment	69,997	70,00	100,00	7 273	3 222	4 510	1 798	2 763	1 424	78	444
Tranquilidade Diversified Income ICAV 2nd Floor, Block E Iveagh Court Harcourt Road Dublin D02 YT22 Ireland	Subsidiary	Acquisition cost net impairment	100,00	100,00	100,00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

The values in 2021 translate the latest unaudited information received by each subsidiary or associate, and therefore final official values may differ.

No variation in the balance of this line item was recorded in 2021 and 2020.

According to the standard IAS 36 and the accounting policy, the company performed an impairment analysis of its subsidiaries and associates based either on the value in use determined based on the business plans approved by the Board of Directors of each entity or the fair value less cost to sell, wherever applicable.

In 2019, the company reached an agreement to sell its stake in Tranquilidade Moçambique Companhia de Seguros, S.A. and Tranquilidade Moçambique Companhia de Seguros Vida, S.A. The sale failed to materialise over the course of 2020 and the company has been in negotiations since then, working towards an alternative agreement to complete the process. In 2021, an agreement was forged under which the company agreed to transfer part of its portfolio, and it is currently pending approval by the relevant authorities. Consequently, the company recognised an impairment of EUR 400 thousand in 2020, which amounted to EUR 3.2 million by the end of that year, having recognised its stake in non-current assets held for sale and discontinued operations, as provided in Note 11.

In 2018, the company reached an agreement to sell its stake in Tranquilidade – Corporação Angolana de Seguros, S.A to other shareholder, Banco Económico, S.A., and another local investor. In accordance with the provisions of this agreement, the company recognised an impairment of EUR 2.1 million in 2020, which now amounts to EUR 7.3 million, having recognised its stake in non-current assets held for sale and discontinued operations, as provided in Note 11.

This agreement was approved by the National Bank of Angola in 2019, but, against all expectations, the company failed to sell its stake due to delays in the Angolan Agency for Insurance Regulation and Supervision's approval, the only remaining condition that was still not satisfied. Nevertheless, and despite the agreement with Banco Económico had expired at December 31st, 2020 due to this situation, the company maintains its strong intention to sell this asset and will therefore enter into multiple negotiations to attain its goal.

The company also has a controlling interest in the following special-purpose entities, classified in held-for-sale financial assets, as provided in Note 6, and included in the consolidation perimeter.

(in thousand of euros)

	Registered Office	Business	% Economic Interest 2021	% Economic Interest 2020
AAME MULTI-CREDIT STRATEGY FUND	Ireland	Open-End Securities Investment Fund	100,00%	100,00%
AAME TRQ LOAN ORIGINATION FUND	Ireland	Open-End Securities Investment Fund	100,00%	100,00%

The two open-ended sub-funds mentioned above are held through a collective investment entity named Tranquilidade Diversified Income ICAV (Irish Collective Asset-Management Vehicle), representing a cumulative total investment of EUR 106 million (2020: EUR 122 million) by the year-end 2021.

NOTE 8 – CASH AND CASH EQUIVALENTS AND DEMAND DEPOSITS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

The balance of cash and cash equivalents is analysed as follows:

(in thousand of euros)

	2021	2020
Cash	19	20
Deposits with Credit Institutions	82 897	82 820
Total	**82 916**	**82 840**

NOTE 9 – LAND AND BUILDINGS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

As mentioned in Note 3 above, the land and buildings owned by the company are measured using a cost model in the case of real estate properties for the company's own use, in accordance with the option provided in IAS 16, and a fair value model in the case of income properties, in accordance with the option provided in IAS 40. Regardless of the valuation model, all real estate properties are subject to regular valuations.

Land and building valuations are intended to obtain the expected transaction value, usually the market value (fair value), that is, the price at which the land or building could be sold at the valuation date, through a private contract between a seller and a buyer, both interested and independent, being understood that the asset has been admitted to public trading under market conditions that ensure a fair and orderly trade, within a reasonable time period for negotiation, considering the nature of the asset.

These valuations are made through a combined weighting of two valuation methods Comparative Market Analysis and Income, leading to changes in the fair value of investment properties (income property) and provide a basis for impairment testing of tangible assets (owner-occupied property).

The Comparative Market Analysis method is always used, being based on evidence available in the market, where a real estate survey is carried out to find properties comparable to the property under valuation, being the valuation supported by the analysis of the transaction price of similar properties. The Income method aims to determine the value of a land or building through the quotient between the effective annual rent and the appropriate capitalisation rate.

When income properties are transferred to non-current assets held for sale and discontinued operations under IFRS 5, they are valued in accordance with the amounts stated in the presale agreements deducted from any disposal costs.

As provided in IFRS 13 – Fair Value, when measuring the fair value of land and buildings, the company maximises the use of observable market data. Nevertheless, given that most valuations also consider unobservable market data, the fair value of land and buildings owned by the company is classified in level 3 of the fair value hierarchy defined by IFRS 13.

The company considers that the land and buildings it holds are put to their best possible use. Therefore, the valuations made to determine their fair value are prepared considering their current use, as provided in IFRS 13 – Fair Value.

Land and buildings are classified as owner-occupied property when the company uses them in the ordinary course of business and as investment property in the remaining cases. When the company uses part of a property for own use and other part for earning rentals or capital appreciation, the property is classified as hybrid, and each part will be subject to analysis and measured separately. The persons responsible for the valuation of the company's assets are duly certified for the purpose and registered with the Portuguese Securities Market Commission (abbreviated as CMVM in Portuguese).

Fair Value Model

The balance and movement of income property for 2021 and 2020 can be analysed as follows:

(in thousand of euros)

Investment Property – Income Property	2021	2020
Net balance as at January 1st	**2 985**	**46**
Additions through aquisition	–	–
Transfers to assets to be discontinued	–	–
Transfers of own service	–	–
Write-offs / Sales	–	–
Changes in fair value	35	9
Merger effect	–	2 930
Net balance as at December 31st	**3 020**	**2 985**

All income properties held directly by the Company are for rental income purposes, even if for some reason no rental income is charged; therefore, no properties are held exclusively for appreciation purposes.

Income property is analysed according to its ability to provide rental income as outlined below:

(in thousand of euros)

	2021	2020
Properties that have generated rental income	2 996	2 959
Properties that have not generated rental income	24	26
Total	**3 020**	**2 985**

The amounts recognised in profit and loss related to revenue and expenses with investment properties are as follows:

(in thousand of euros)

	2021	2020
Rental Income	**142**	**45**
Operating Costs	**23**	**18**
properties that have generated rental income	6	4
properties that have not generated rental income	17	15

Cost Model

The balance and movement of owner-occupied property for 2021 and 2020 can be analysed as follows:

(in thousand of euros)

	2021	2020
Gross Amount	**29 296**	**21 451**
Accumulated depreciations and impairment losses	-7 549	-8 754
Net balance as at December 31st	**21 747**	**12 697**

(in thousand of euros)

Tangible Assets – Owner-Occupied Buildings	2021	2020
Net balanceas at January 1st	**12 697**	**16 010**
Additions under IFRS16	15 973	12
Write-offs / Sales	–	–
Write-offs / Sales IFRS16	-3 573	–
Impairments – [(Allocation) / Use]	–	–
Merger effect	–	900
Depreciation of property IFRS16	-3 332	-4 220
Depreciation of property for own use	-19	-5
Net balance as at December 31st	**21 747**	**12 697**

The company adopted IFRS 16 – Leases on January 1st, 2019, which superseded the former IAS 17 – Leases that remained in force until December 31st, 2018. Under this new standard, the company recognised a right-of-use asset and a lease liability as at the lease date.

The right-of-use asset is initially measured at cost, which comprises the amount equal to the lease liability at initial recognition, adjusted to any lease payments made before or at the start date, plus any additional direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site where it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated on a straight-line basis from the start date to the end of the useful life of the right-of-use asset or at the end of the lease term. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTE 10 – OTHER TANGIBLE FIXED ASSETS AND INVENTORIES

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

In addition to owner-occupied property mentioned in Note 9, the company owns other tangible assets measured at the cost model, which are analysed as outlined below:

(in thousand of euros)

	2021	2020
Equipment	**53 427**	**51 770**
Office equipment	6 020	6 042
Machinery and tools	2 314	2 307
IT Hardware	27 181	25 937
Fixtures and fittings	4 554	4 554
Leased buildings expenses	9 245	9 245
Transport material	233	171
Right-of-use assets (IFRS16) – Transport material	3 104	2 738
Other tangible assets	776	776
Investment Property Under Construction or Development	**–**	**–**
Accumulated Depreciations	**-48 953**	**-45 953**
Equipment	-46 613	-44 193
Right-of-use assets (IFRS16) – Transport material	-2 340	-1 760
Impairments	**–**	**–**
	4 474	**5 817**

The company adopted IFRS 16 – Leases on January 1st, 2019, which superseded the former IAS 17 – Leases that remained in force until December 31st, 2018. Under this new standard, the company recognised a right-of-use asset of transport material and a lease liability as at the lease date.

The right-of-use asset is initially measured at cost, which comprises the amount equal to the lease liability at initial recognition, adjusted to any lease payments made before or at the start date, plus any additional direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site where it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated on a straight-line basis from the start date to the end of the useful life of the right-of-use asset or at the end of the lease term. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The balance and movement of this category are analysed as follows:

(in thousand of euros)

	Equipment	Right-of-use assets (IFRS16)	Investment Property Under Construction	Total
Balance as at December 1st, 2020	**5 780**	**1 181**	**–**	**6 961**
Additions	761	52	–	813
Transfers	–	–	–	–
Depreciations	-2 183	-556	–	-2 739
Write-offs / Sales	-58	–	–	-58
Merger effect	539	301	–	840
Balance as at December 31st, 2020	**4 839**	**978**	**–**	**5 817**
Additions	1 315	366	–	1 681
Transfers	–	–	–	–
Depreciations	-2 444	-580	–	-3 024
Write-offs / Sales	–	–	–	–
Balance as at December 31st, 2021	**3 710**	**764**	**–**	**4 474**

NOTE 11 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

Non-current assets are classified as held for sale when there is an intention to dispose of such assets and they are available for immediate sale and their sale is very likely.

The balance of non-current assets held for sale and discontinued operations is broken down as follows:

(in thousand of euros)

	Edifícios – Rendimento	Edifícios – Uso Próprio	Investimentos em Filiais, Associadas e Empreendimentos Conjuntos	Total
Balance at January 1st, 2020	**5 194**	**–**	**2 480**	**7 674**
Transfers	–	–	–	–
Changes in fair value	-428	–	-2 480	-2 908
Write-offs / Sales	–	–	–	–
Balance at December 31st, 2020	**4 766**	**–**	**–**	**4 766**
Transfers	–	–	–	–
Changes in fair value	145	–	–	145
Write-offs / Sales	–	–	–	–
Balance at December 31st, 2021	**4 911**	**–**	**0**	**4 911**

The amounts listed in buildings correspond to real estate assets which the company intends to sell and whose processes were either completed in 2021 or are expected to be completed in 2022, after the conclusion of any permitting processes underway, with effective sale, as described in Note 9.

In 2019, the company reached an agreement to sell its stake in Tranquilidade Moçambique Companhia de Seguros, S.A. and Tranquilidade Moçambique Companhia de Seguros Vida, S.A. The sale failed to materialise over the course of 2020 and the company has been in negotiations since then, working towards an alternative agreement to complete the process. In 2021, an agreement was forged under which the company agreed to transfer part of its portfolio, and it is currently pending approval by the relevant authorities. Consequently, the company recognised an impairment of EUR 400 thousand in 2020, which amounted to EUR 3.2 million by the end of that year, having already transferred its investments in subsidiaries, associates, and joint ventures in 2019, as described in Note 7.

In 2018, the company reached an agreement to sell its stake in Tranquilidade – Corporação Angolana de Seguros, S.A to other shareholder, Banco Económico, S.A., and another local investor. In accordance with the provisions of this agreement, the company recognised an impairment of EUR 2.1 million in 2020, which now amounts to EUR 7.3 million, having transferred its investments in subsidiaries, associates, and joint ventures in 2018, as provided in Note 7.

This agreement was approved by the National Bank of Angola in 2019, but, against all expectations, the company failed to sell its stake due to delays in the Angolan Agency for Insurance Regulation and Supervision's approval, the only remaining condition that was still not satisfied. Nevertheless, and despite the agreement with Banco Económico had expired at December 31st, 2020 due to this situation, the company maintains its strong intention to sell this asset and will therefore enter into multiple negotiations to attain its goal.

NOTE 12 – INTANGIBLE ASSETS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

All intangible assets are measured using the cost model. Except for goodwill, all estimated useful lives are finite, being five years for software development expenses (linear depreciation), three years for software (linear depreciation) and duration to maturity of acquired portfolio and non-linear depreciation, in the case of value in force (VIF).

As at December 31st, 2021 and 2020, the amount of goodwill recorded was EUR 65.98 million and corresponded to the excess between the acquisition cost and the fair value of net identifiable assets related to the acquisition of Açoreana Seguros, S.A. on August 5th, 2016.

The amount of goodwill was largely determined by measuring mathematical provisions for workers' compensation and life insurance at fair value and discounting the estimated cash flows of these liabilities to the EIOPA's curve (risk-free interest rate), with volatility adjustment, in accordance with Solvency II requirements.

In 2021, the value of goodwill was tested for impairment based on its receivable amount and no evidence of impairment was identified. The receivable amount is determined based on the higher of an asset's value in use and its market value, less costs to sell, and it is calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value and business risks. The estimated receivable amount was based on the company's business plan and cash-flow projections discounted at a 6.8% rate.

As at December 31st, 2021, the value in force (VIF) corresponded to the acquisition cost of contractual positions arising from contracts traded, including all rights, liabilities and guarantees stemming from them, in the net value of depreciation and impairments of EUR 3.75 million related to the acquisition to the former GNB, Companhia de Seguros de Vida, S.A. of its policy portfolio relative to the traditional intermediation channel in 2006 (current Gama Life, Companhia de Seguros de Vida, S.A.).

These assets are depreciated over the period of revenue recognition associated with the contracts acquired.

As mentioned, and provided in the accounting policies, the company revised the receivable amount of the value in force of the portfolio acquired to GNB, Companhia de Seguros de Vida, S.A. in 2006 and recognised an impairment loss of EUR 11.20 million.

The balance of goodwill and other intangible assets is analysed as follows:

(in thousand of euros)

	2021	2020
Goodwill	**65 981**	**65 981**
Other Intangibles Assets	**174 305**	**168 989**
Software development costs	81 263	79 914
Software	26 784	26 151
Intangible assets under construction or development	399	287
Value in force	56 836	56 836
Right-of-use assets (IFRS16) – Software	9 023	5 801
Accumulated Depreciations	**-151 776**	**-144 640**
Other intangible assets	-145 794	-141 037
Right-of-use assets (IFRS16) – Software	-5 982	-3 603
Impairments	**-11 196**	**-12 904**
	77 314	**77 426**

The company adopted IFRS 16 – Leases on January 1st, 2019, which superseded the former IAS 17 – Leases that remained in force until December 31st, 2018. Under this new standard, the company recognised a right-of-use asset and lease liability as at the lease date.

The right-of-use asset is initially measured at cost, which comprises the amount equal to the lease liability at initial recognition, adjusted to any lease payments made before or at the start date, plus any additional direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site where it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated on a straight-line basis from the start date to the end of the useful life of the right-of-use asset or at the end of the lease term. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The movement recorded in both reporting periods can be analysed as follows:

(in thousand of euros)

	Goodwill	Other Intangible Assets	Software Development Costs	Software	Intangible Assets Under Construction	Value in Force	Right-of-use assets (IFRS16)	Total
Balance as at 1st December 2020	**65 981**	**12 920**	**4 832**	**353**	**315**	**5 643**	**1 777**	**78 901**
Adoption of IFRS16 (gross value)	–	538	–	538	–	–	–	538
Additions	–	4 599	187	128	1 789	–	2 495	4 599
Depreciations	–	-7 982	-2 294	-380	–	-3 234	-2 074	-7 982
Impairments	–	1 781	–	–	–	1 781	–	1 781
Transfers	–	-411	1 406	–	-1 817	–	–	-411
Balance as at December 31st, 2020	**65 981**	**11 445**	**4 131**	**639**	**287**	**4 190**	**2 198**	**77 426**
Merger effect								
Additions	–	5 475	499	633	1 121	–	3 222	5 475
Depreciations	–	-7 136	-2 220	-385	–	-2 152	-2 379	-7 136
Impairments	–	1 708	–	–	–	1 708	–	1 708
Transfers	–	-159	850	–	-1 009	–	–	-159
Balance as at December 31st, 2021	**65 981**	**11 333**	**3 260**	**887**	**399**	**3 746**	**3 041**	**77 314**

The closing balance of the value in force will be depreciated as follows:

(in thousand of euros)

	2022	2023	2024	2025	Subsequent	Total
Estimated depreciation	370	362	352	333	2 329	3 746

Depreciation of intangible assets is distributed over the items of the gains and losses account as follows:

(in thousand of euros)

	2021	2020
Depreciations of intangible assets	**7 136**	**7 982**
Claim-related costs, net of reinsurance		
Amounts paid – Gross amounts	928	1 038
Net operating costs and expenses		
Acquisition costs	2 426	3 033
Administrative costs	3 425	3 672
Financial costs		
Others	357	239

NOTE 13 – OTHER ASSETS, LIABILITIES, ADJUSTMENTS AND PROVISIONS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

Assets and Adjustments

The balance of direct insurance receivables is broken down as follows:

(in thousand of euros)

	2021	2020
Gross Assets	**61 081**	**69 413**
Policyholders		
Outstanding amounts	41 855	50 865
Claims reimbursement	3 490	4 052
Insurance intermediaries	7 909	9 199
Co-insurers	7 827	5 297
Adjustments	**-8 308**	**-10 986**
Outstanding amounts	-6 204	-8 480
Doubtful loans	-2 104	-2 506
Net Assets	**52 773**	**58 427**

Reimbursements, gross of impairment, due to payments made in connection with claims incurred during the suspension period of guarantees and not yet received amount to EUR 1.98 million (2020: EUR 1.45 million).

In 2021, the line item outstanding amounts included an estimate of EUR 6 million made by the company, covering several lines of business, on projected post-moratorium impacts associated with premium payment grace period and which are usually known after the closing date of the accounting period.

The balance of reinsurance receivables is broken down as follows:

(in thousand of euros)

	2021	2020
Gross Assets	**14 444**	**46 556**
Reinsurers	9 465	39 163
Reinsured	4 979	7 393
Adjustments	**-5 082**	**-4 197**
Doubtful loans	-5 082	-4 197
Net Assets	**9 362**	**42 359**

As at December 31st, 2021, the line item reinsured included the amounts to be received from Tranquilidade, Corporação Angolana de Seguros, S.A., in the total amount of EUR 4.3 million (2020: EUR 7 million) and on which adjustments for doubtful debts were recorded, totalling nearly EUR 4.3 million (2020: EUR 4 million), associated with the amounts pending collection.

As at December 31st, 2021, the line item reinsured still included amounts to be received from two subsidiaries in Mozambique, in the total amount of EUR 500 thousand (2020: EUR 300 thousand) and on which adjustments for doubtful debts were recorded, totalling nearly EUR 400 thousand (2020: EUR 200 thousand), associated with the amounts pending collection.

The balance of other receivables is broken down as follows

(in thousand of euros)

	2021	2020
Gross Assets	**33 243**	**35 578**
Related entities	8 223	8 959
Advances to suppliers of goods and services	153	262
IFAP	9 028	11 448
FAT	1 469	1 819
Management on account of IDS and principals	7 514	5 603
Guarantees	173	472
Payment plans	2 535	2 782
Rents and other outstanding amounts	259	254
Personnel	79	120
Costumers	288	307
Other receivables	3 522	3 552
Adjustments	**-16 920**	**-16 346**
Doubtful debt	-16 920	-16 346
Net Assets	**16 323**	**19 232**

As at December 31st, 2021, the line item related entities included amounts to be received from Tranquilidade, Corporação Angolana de Seguros, S.A. in the sum total of EUR 6 million (2020: EUR 5.8 million), reflecting adjustments for doubtful debts worth about EUR 6 million (2020: EUR 5.2 million) in connection with the amounts pending collection.

As at December 31st, 2021, the line item related entities included amounts to be received from two subsidiaries in Mozambique, in the sum total of EUR 1.8 million (2020: EUR 1.6 million), reflecting adjustments for doubtful debts worth about EUR 1.3 million (2020: EUR 1 million), in connection with the amounts pending collection.

The movement of adjustments in receivables and further reflected in impairment losses – others in the gains and losses account can be analysed as follows:

(in thousand of euros)

	2021	2020
Adjustment of Outstanding Amounts		
Balance at January 1st	**8 480**	**3 585**
Appropriations	–	1 316
Reversals	-2 276	–
Merger effect	–	3 579
Balance as at December 31st	**6 204**	**8 480**
Adjustment of Doubtful Loans		
Balance as at January 1st	**23 049**	**15 428**
Appropriations	1 057	4 991
Reversals	–	–
Merger effect	–	2 630
Balance as at December 31st	**24 106**	**23 049**

The balance of accrued and deferred assets is broken down as follows:

(in thousand of euros)

	2021	2020
Accrued Income	**609**	**1 299**
Profit reinsurance commission	277	257
Services rendered	332	1 042
Deferred Costs	**2 714**	**2 130**
Insurance	102	65
Rentals	281	324
Other services	2 331	1 741
Total	**3 323**	**3 429**

In 2021, the balance of other current assets, reflected in assets, amounted to EUR 27.49 million (2020: EUR 47.83 million) and were related to investment contracts traded by the company, but whose assets were operationally managed by the former GNB, Seguros Vida, S.A. (current Gama Life, Companhia de Seguros de Vida, S.A.).

Liabilities and Provisions

The balance of direct insurance payables, reflected in liabilities, is broken down as follows:

(in thousand of euros)

	2021	2020
Policyholders (return premiums payable)	8 592	24 201
Insurance intermediaries		
Fees	196	192
Current accounts	12 980	11 066
Co-insurers	4 998	3 609
Premiums received in advance	41 686	31 572
Total	**68 452**	**70 640**

In 2020, the line item payables reversal included an estimate of EUR 13.4 million made by the company on projected impacts resulting from adjustments to workers' compensation premiums related to variable premium policies and which are usually known after the closing date of the accounting period. The estimate was determined based on the evolution of domestic economic activity over the year 2020, with sufficient granularity to ensure that such estimate would be correctly applied to the company's insurance portfolio, and thus reflect in the best possible way the potential impacts, having been totally reversed in 2021.

The balance of reinsurance payables, reflected in liabilities, is broken down as follows:

(in thousand of euros)

	2021	2020
Reinsurers	22 126	42 425
Reinsured	100	75
Total	**22 226**	**42 500**

The balance of other payables, reflected in liabilities, is broken down as follows:

(in thousand of euros)

	2021	2020
Related entities	25	463
Other suppliers of goods and services	436	3 824
IFAP	1 047	930
AT Pensions	1 162	1 415
Other payables	6 985	8 542
Total	**9 655**	**15 174**

The balance of accruals and deferrals, reflected in liabilities, is broken down as follows:

(in thousand of euros)

	2021	2020
Deferred Income	**78**	**26**
Rentals	78	26
Accrued Costs	**66 198**	**71 107**
Personnel costs (subsidies, charges and bonuses)	24 938	23 811
Acquisition costs (incentives and commissions)	24 505	29 874
Service outsourcing	16 610	17 273
Taxes	145	149
Total	**66 276**	**71 133**

Accrued personnel expenses include estimates of restructuring costs in the amount of EUR 8.8 million (2020: EUR 8.8 million).

The balance of other provisions, reflected in liabilities, is broken down as follows:

(in thousand of euros)

	2021	2020
Tax and social security contingencies	428	168
Legal contingencies	469	430
Other provisions	330	184
Total	**1 227**	**782**

(in thousand of euros)

	2021	2020
Balance at January 1st	**782**	**860**
Appropriations	460	238
Use for the year	-15	-316
Balance at December 31st	**1 227**	**782**

NOTE 14 – PREMIUMS OF INSURANCE CONTRACTS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

Gross premiums issued and changes in provision for unearned premiums (PPNA) and earned premiums of direct insurance and accepted reinsurance are analysed as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Gross Written Premiums		UPR Change		Earned Premiums	
	2021	2020	2021	2020	2021	2020
Life						
Traditional	54 525	43 174	1 097	390	53 428	42 784
Pension Savings Schemes and Capitalisation with profit-sharing	23 562	12 889	–	–	23 562	12 889
Non-Life						
Accidents and health	418 290	296 805	3 046	-4 418	415 244	301 223
Fire and other damage	150 392	126 280	2 323	3 005	148 069	123 275
Motor	405 957	385 720	507	6 750	405 450	378 971
Marine, air and transport	4 794	4 793	88	-225	4 706	5 018
General third-party liability	22 002	19 248	164	227	21 838	19 021
Loan and rent guarantee	59	88	-17	13	76	75
Legal protection	8	7	–	-	8	8
Assistance	53 537	48 082	931	1 609	52 606	46 473
Others	3 557	2 977	58	6	3 499	2 972
Total	**1 136 683**	**940 063**	**8 197**	**7 355**	**1 128 486**	**932 708**

In 2020, the line item gross issued premiums included a EUR 13.4 million estimate made by the company on projected impacts resulting from adjustments to workers' compensation premiums related to variable premium policies and which are usually known after the closing date of the accounting period. The estimate was determined based on the evolution of domestic economic activity over the year 2020, with sufficient granularity to ensure that such estimate would be correctly applied to the company's insurance portfolio, and thus reflect in the best possible way the potential impacts, having been totally reversed in 2021.

On the other hand, in 2021, the same line item also included an estimate of EUR 6 million made by the company, covering several lines of business, on projected post-moratorium impacts associated with premium payment grace period and which are usually known after the closing date of the accounting period.

Premiums issued and changes in provision for unearned premiums (PPNA) and earned premiums of ceded reinsurance are analysed as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Gross Written Premiums		UPR Change		Earned Premiums	
	2021	2020	2021	2020	2021	2020
Life						
Traditional	16 856	9 431	-3	-5	16 859	9 436
Pension Savings Schemes and Capitalisation with profit-sharing	6 335	–	–	–	6 335	–
Non-Life			–	–		
Accidents and health	25 581	6 430	1 288	-2 802	24 293	9 232
Fire and other damage	55 754	47 105	1 297	1 706	54 457	45 400
Motor	2 364	2 121	–	–	2 364	2 121
Marine, air and transport	1 684	1 952	-87	-117	1 771	2 069
General third-party liability	3 107	2 377	-244	66	3 351	2 311
Loan and rent guarantee	–	7	-5	-8	5	15
Legal protection	–	–	–	–	–	–
Assistance	29 760	29 310	-1 706	966	31 466	28 344
Others	3 056	2 838	-14	71	3 070	2 767
Total	**144 497**	**101 571**	**526**	**-124**	**143 971**	**101 695**

The breakdown of certain amounts related to non-life insurance for the year-end 2021, according to the form required by the ASF, is analysed as follows:

(in thousand of euros)

Business Lines / Groups of Business Lines	Prémios Brutos Emitidos	Prémios Brutos Adquiridos	Custos com Sinistros Brutos	Custos de Exploração Brutos	Saldo de Resseguro
Accidents and health	417 018	413 907	271 201	92 866	-10 849
Fire and other damage	150 033	147 724	101 143	42 549	-8 098
Motor					
Third-party liability	240 866	242 334	190 982	53 344	1 557
Other coverages	165 000	163 027	71 634	45 374	-1 121
Marine, air and transport	4 743	4 655	2 241	1 277	-487
General third-party liability	21 988	21 818	13 297	6 459	-1 389
Loan and rent guarantee	59	77	-19	17	-16
Legal protection	8	8	2	5	–
Assistance	53 537	52 605	7	17 483	-31 439
Others	3 557	3 499	5 854	753	3 211
Total	**1 056 809**	**1 049 654**	**656 342**	**260 127**	**-48 631**
Accepted reinsurance	1 787	1 842	505	681	-807
Grand Total	**1 058 596**	**1 051 496**	**656 847**	**260 808**	**-49 438**

Certain amounts related to life insurance are stated below:

(in thousand of euros)

	2021	2020
Gross Written Premiums for Direct Insurance and Accepted Reinsurance	**78 087**	**56 063**
Relating to personal contracts	72 067	47 361
Relating to group contracts	6 020	8 702
	78 087	**56 063**
Periodic	69 033	49 675
Non-periodic	9 054	6 388
	78 087	**56 063**
On contracts with profit-sharing	53 845	33 733
On contracts without profit-sharing	24 242	22 330
	78 087	**56 063**
Balance of Reinsurance	**-5 143**	**-2 160**

NOTE 15 – COMMISSIONS RECEIVED FROM INSURANCE CONTRACTS

Insurance contracts issued by the company in which a financial risk is transferred without discretionary profit-sharing, namely capitalisation products with fixed income rate and products in which the investment risk is borne by the policyholder are classified as investment contracts and accounted for as a liability and their underwriting, management and redemption fees recorded as income and calculated on a fund-by-fund basis, according to the general conditions of each product.

NOTE 16 – INVESTMENT INCOME AND EXPENSES

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

The accounting policies adopted for the recognition of revenue and expenses related to investments are addressed in Note 3 above.

The balance of income, broken down into different types of revenue, is as follows:

(in thousand of euros)

	2021	2020
Interest	**33 593**	**17 423**
Available-for-sale financial assets	33 026	17 495
Financial assets initially recognised at fair value through profit and loss	357	351
Held-for-trading financial assets	–	–
Held-to-maturity investments	288	212
Deposits, loans and other assets	-78	-635
Rents	**142**	**45**
Land and buildings	142	45
Dividends	**4 391**	**2 628**
Investments in subsidiaries, associates and joint ventures	273	–
Available-for-sale financial assets	4 118	2 628
Financial assets initially recognised at fair value through profit and loss	-	-
Total	**38 126**	**20 096**

The balance of income, analysed by type of asset, is as follows:

(in thousand of euros)

	2021	2020
Bonds and other fixed-income securities		
By public issuers	17 886	9 805
By other issuers	15 785	8 253
Equities	390	112
Other floating-rate securities	4 002	2 516
Real estate	142	45
Deposits	-88	-589
Loans and other assets	9	-46
Total	**38 126**	**20 096**

The balance of financial expenses is broken down as follows:

(in thousand of euros)

	2021	2020
Investment function incurred costs	7 224	3 372
Direct operating costs	22	19
Total	**7 246**	**3 391**

NOTE 17 – REALISED GAINS AND LOSSES ON INVESTMENTS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

The amounts recognised under net gains on financial assets and liabilities, broken down into categories, are as follows:

(in thousand of euros)

	2021			2020		
	Gain	Loss	Balance	Gain	Loss	Balance
Financial – Not at Fair Value Through Profit and Loss	**7 866**	**-2 484**	**5 382**	**3 717**	**-8 436**	**-4 719**
Available-for-sale financial assets	7 866	-2 484	5 382	3 717	-8 436	-4 719
Investments in subsidiaries, associates and joint ventures	–	–	–	–	–	–
Financial – At Fair Value Through Profit and Loss	**2**	**-26**	**-24**	**237**	**-160**	**77**
Financial assets initially recognised at fair value through profit and loss	2	-26	-24	237	-160	77
Held-for-Trading financial assets	–	–	–	–	–	–
Non-Current Assets Classified as Held for Sale	**–**	**–**	**–**	**–**	**–**	**–**
Owner-occupied properties	–	–	–	–	–	–
Income properties	–	–	–	–	–	–
Total	**7 868**	**-2 510**	**5 358**	**3 954**	**-8 596**	**-4 642**

The amounts recorded under financial assets managed by third parties reflect the proceeds from assets that are operationally managed by the former GNB, Seguros Vida, S.A. (current Gama Life, Companhia de Seguros Vida, S.A.) in connection with non-unit-linked investment contracts traded by the company.

In addition to realised gains and losses on investments, the amounts reported in the financial statements include the gains and losses on financial liabilities carried at amortised cost in the amount of -EUR 63 thousand (2020: -EUR 2.84 million), as shown in Note 5 above.

NOTE 18 – GAINS AND LOSSES ON FAIR VALUE ADJUSTMENTS IN INVESTMENTS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

The gains and losses arising from fair value adjustments in investments can be analysed as follows:

(in thousand of euros)

	2021			2020		
	Gain	Loss	Balance	Gain	Loss	Balance
Financial – at Fair Value	**387**	**-393**	**-6**	**33**	**-344**	**-311**
Financial assets initially recognised at fair value through profit and loss						
Debt securities	1	-331	-330	31	-130	-99
Equities, participation units and other floating-rate securities	386	-62	324	2	-214	-212
Non-Financial	**69**	**-34**	**35**	**9**	**–**	**9**
Income properties	69	-34	35	9	–	9
Owner-occupied properties	–	–	–	–	–	–
Non-current Assets Held For Sale	**145**	**–**	**145**	**45**	**-473**	**-428**
Income property	145	–	145	45	-473	-428
Owner-occupied property	–	–	–	–	–	–
Total	**601**	**-427**	**174**	**87**	**-817**	**-730**

The amounts reported under financial assets managed by third parties reflect the proceeds from assets that are operationally managed by the former GNB, Seguros Vida, S.A. (current Gama Life, Companhia de Seguros Vida, S.A.) in connection with non-unit-linked investment contracts traded by the company.

In addition to gains and losses arising from fair value adjustments in investments, the amounts recorded in the financial statements include the gains and losses on financial liabilities carried at fair value through profit and loss in the amount of -EUR 22 thousand (2020: EUR 3.02 million), as shown in Note 5 above.

NOTE 19 – GAINS AND LOSSES ON EXCHANGE RATE DIFFERENCES

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

This line item includes income arising from the exchange rate revaluation of monetary assets and liabilities denominated in a foreign currency, according to the accounting policy described in Note 3 above, except for those resulting from financial instruments carried at fair value through profit and loss.

The balance is broken down as follows:

(in thousand of euros)

	2021			2020		
	Gain	Loss	Balance	Gain	Loss	Balance
Available-for-sale financial assets	1 152	-120	1 032	445	-1 757	-1 312
Held-for-Trading financial assets	5 300	-6 641	-1 341	1 700	-763	937
Others	2 043	-1 487	556	1 210	-2 921	-1 711
Total	**8 495**	**-8 248**	**247**	**3 355**	**-5 441**	**-2 086**

NOTE 20 – OTHER REVENUE AND EXPENSES, VARIANCE OF OTHER PROVISIONS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

The balance of other technical revenue and expenses, net of reinsurance, is broken down as follows:

(in thousand of euros)

	2021	2020
Other Technical Income	**12 237**	**12 280**
Co-insurance handling commissions	107	109
Other Technical Revenues	53	1
Claims handling costs	12 078	12 171
Other Technical Expenses	**15 281**	**16 655**
Co-insurance handling commissions	463	510
Pension fund other expenses	17	10
Other Technical Revenues	–	36
Claims handling costs	14 800	16 100
Total	**-3 044**	**-4 375**

The balance of other revenue and expenses is broken down as follows:

(in thousand of euros)

	2021	2020
Other Non-Technical Revenues	**1 541**	**1 585**
Tax refund	113	157
Other gains	1 085	1 163
Interest and other financial gains	13	10
Services rendered	330	254
Gains on disposal of tangible assets	–	1
Other Non-Technical Expenses	**2 716**	**1 067**
Donations	35	103
Sponsorship	67	67
Customer gifts	17	8
Fines	8	–
Subscriptions	32	12
Doubtful debt	553	320
Other expenses	1 848	404
Banking services and default interest rate	157	150
Tangible asset disposal costs	-	2
Total	**-1 175**	**519**

NOTE 21 – OTHER COSTS BY FUNCTION AND NATURE

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

Costs by nature to be allocated are not recognised directly in profit and loss, since they have been apportioned between the four main functions of the company and reflected in the following line items:

- Claims Function: claim-related costs – gross amounts paid;
- Acquisition Function: operating costs – acquisition costs;
- Administrative Function: operating costs – administrative costs;
- Investments Function: financial costs – others.

Cost allocation by nature will meet the following criteria, wherever appropriate:

- % of the time apportioned to each function by cost centre;
- % of use of IT resources;
- % of people allocated to each function.

The analysis of those expenses and their allocation, based on their classification according to their function, is as follows:

(in thousand of euros) (%)

2021	Claims Costs		Acquisition Costs		Administrative Costs		Investment Costs		Total	
Personnel costs	11 719	16%	23 474	33%	34 391	48%	2 382	3%	71 966	100%
Service outsourcing	6 265	12%	18 926	36%	26 465	51%	521	1%	52 177	100%
Taxes	–	0%	4 696	70%	2 013	30%	3	0%	6 712	100%
Depreciations	1 310	10%	3 082	23%	8 339	61%	779	6%	13 510	100%
Provisions for contingencies and charges	–	0%	–	0%	–	0%	–	0%	–	0%
Other costs	–	0%	–	0%	–	0%	3 539	100%	3 539	100%
Total	**19 294**	**13%**	**50 178**	**34%**	**71 208**	**48%**	**7 224**	**5%**	**147 904**	**100%**

(in thousand of euros) (%)

2020	Claims Costs		Acquisition Costs		Administrative Costs		Investment Costs		Total	
Personnel costs	10 556	17%	20 530	34%	28 061	45%	1 579	3%	60 726	100%
Service outsourcing	5 771	12%	21 548	45%	20 798	44%	-573	1%	47 544	100%
Taxes	–	0%	4 198	67%	2 102	33%	3	0%	6 303	100%
Depreciations	1 337	9%	3 105	21%	9 584	64%	931	6%	14 957	100%
Provisions for contingencies and charges	–	0%	–	0%	–	0%	–	0%	–	0%
Other costs	–	0%	–	0%	–	0%	1 432	100%	1 432	100%
Total	**17 664**	**13%**	**49 381**	**38%**	**60 545**	**46%**	**3 372**	**3%**	**130 962**	**100%**

The amounts recorded under personnel costs are analysed in Note 22.

The amounts reported under supplies and outsourcing services are broken down as follows:

(in thousand of euros)

	2021	2020
Electricity and water	280	298
Fuel	474	359
Office supplies, stationery and other	27	83
Corporate gifts	198	218
Office equipment and property maintenance	1 402	452
IT Hardware maintenance	6 733	4 417
Rents	1 772	-96
Operational rental of vehicles and other rentals	631	654
Travel and entertainment expenses	322	291
Telephone communications and networks	914	618
Mail	1 769	1 882
Insurance	316	349
Retainers and fees	184	146
Advertising and marketing	8 678	10 271
Cleaning, hygiene and comfort	387	485
Surveillance and security	264	69
Outsourcing, consulting and specialised work	10 786	11 735
Software services and development	14 316	11 236
Subscriptions to APS	641	1 056
Premium collection	1 659	1 533
Intermediaries' training	127	93
Temporary work	42	69
Other supplies and services	255	1 326
Total	**52 177**	**47 544**

The amounts recorded under taxes and rates are broken down as follows:

(in thousand of euros)

	2021	2020
ASF levy	2 563	2 204
FAT levy	1 974	2 070
Municipal property tax	1	–
Fee for the General Secretariat of the MAI	1 977	1 863
Portuguese Green Card Office levy	156	131
Other taxes, fees and licences	41	35
Total	**6 712**	**6 303**

The amounts reported under depreciations are broken down as follows:

(in thousand of euros)

	2021	2020
Software development costs	1 951	2 089
Software	385	380
Other intangible assets	2 421	3 438
IT Hardware	724	486
Own-use real estate	19	5
Office equipment and machines	238	239
Indoor facilities	118	83
Right-of-use assets (IFRS16)	6 291	6 862
Other equipment	1 363	1 375
Total	**13 510**	**14 957**

The company adopted IFRS 16 – Leases on January 1st, 2019, which superseded the former IAS 17 – Leases that remained in force until December 31st, 2018. Under this new standard, the company recognised a right-of-use asset and a lease liability as at the lease date.

The right-of-use asset is initially measured at cost, which comprises the amount equal to the lease liability at initial recognition, adjusted to any lease payments made before or at the start date, plus any additional direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site where it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated on a straight-line basis from the start date to the end of the useful life of the right-of-use asset or at the end of the lease term. Moreover, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The amounts reported under other expenses are broken down as follows:

(in thousand of euros)

	2021	2020
Reinsurer deposit interest	506	131
Securities' custody and management and other commissions	2 827	1 301
Total	**3 539**	**1 432**

The amounts reported under net operating costs are broken down as follows:

(in thousand of euros)

	2021	2020
Acquisition costs		
Intermediaries remuneration	131 194	109 350
Incurred costs	50 178	49 381
Other acquisition costs	28 247	31 199
Deferred acquisition costs (changes)	2 253	-4 029
Administrative costs		
Intermediaries remuneration	4 338	3 900
Incurred costs	71 208	60 545
Reinsurance commissions and profit-sharing	-16 695	-12 043
Total	**270 723**	**238 303**

NOTE 22 – PERSONNEL COSTS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

The average number of employees working for the company is broken down by professional category and analysed as follows:

	2021	2020
Directors / Top Management	24	26
Managers / Middle Management	103	40
Coordinators / Operational Management	103	164
Technicians	283	275
Specialists / Operationals	570	607
Ancillary Personnel	2	2
Total	**1 085**	**1 114**

It should be mentioned that 295 employees from Generali, Companhia de Seguros, S.A. and Generali Vida, Companhia de Seguros, S.A were incorporated into the company, following the merger on October 1st, 2020.

The amounts reported under personnel costs are broken down as follows:

(in thousand of euros)

	2021	2020
Remuneration – Governing bodies	698	766
Remuneration – Personnel	47 282	38 524
Charges on remuneration – Governing bodies	117	121
Charges on remuneration – Personnel	9 798	8 948
Defined-contribution plans	979	913
Post-employment benefits – Defined-benefit pension plans	7 168	72
Employment termination benefits	4 000	8 173
Mandatory insurance	672	506
Social welfare costs	796	1 556
Training	298	428
Other personnel costs	159	719
Total	**71 966**	**60 726**

In 2021 and 2020, the amounts recorded under benefits provided upon termination of employment encompass both paid and estimated amounts arising from the reorganisation process approved by the Executive Committee, following the change in control of the company and the merger that took place in 2020.

In 2021, personnel costs included the cost of individual pension plans amounting to EUR 979 thousand (2020: EUR 913 thousand), of which EUR 49 thousand regarded the company's governing bodies (2020: EUR 49 thousand).

In 2021, personnel costs further included a cost of EUR 449 thousand (2020: EUR 142 thousand) arising from share-based payments, of which EUR 266 thousand (2020: EUR 46 thousand) relate to the company's governing bodies.

As at December 31st, 2021 and 2020, no loans were granted by the company to the members of its governing bodies.

Policies addressing the remuneration and incentives of members of the Board of Directors, the Supervisory Board, and the Board of the General Meeting, and employees with key functions and others with relevant functions are disclosed in the company's remuneration policies at the end of this annual report.

Fees invoiced and to be invoiced by the company's statutory auditor, KPMG & Associados, SROC, S.A., with reference to 2021, excluding expenses and the value added tax, amounted to EUR 445 thousand, of which EUR 390 thousand relate to the statutory audit and EUR 55 thousand to other assurance services within Solvency II and specific procedures to prevent money laundering and fraud.

NOTA 23 – OBRIGAÇÕES COM BENEFÍCIOS DOS EMPREGADOS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

Retirement pensions and health benefits

As mentioned in Note 3 above, the company takes on responsibility for granting its employees supplementary benefits to the old-age and disability pensions emerging from the Social Security System under the terms set forth in the applicable Collective Labour Regulation Instruments.

In accordance with the Collective Agreement, which was originally applicable to labour relations, published on the Labour Bulletin no. 32 of 29th August 2008, any employee admitted to the insurance sector before 22nd June 1995 under this agreement would be entitled to receive a supplementary pension benefit of a pecuniary nature funded by the Social Security System.

As mentioned in Note 3 above, the company announced that the Collective Agreement would cease to be effective and applied as of December 31st, 2016 with specific regard to supplementary defined-benefit pension plans.

There are also other plans that comprise a set of health benefits for both active and pre-retiring employees until the normal retirement age.

As mentioned in Note 3 above, on December 23rd, 2011, a new Collective Agreement for the Insurance Sector was approved, published on the Labour Bulletin no 2. of January 15th, 2012, changing a set of benefits established previously.

This collective agreement was later followed and superseded by the Collective Labour Agreement, published on the Labour Bulletin no. 4 of January 29th, 2016. The Collective Labour Agreement was later extended by a ministerial ordinance, published on the Labour Bulletin no. 25 of July 8th, 2016, which determined the schemes under this agreement to be applied to all employees of the company who were not affiliated with granting trade unions, except for employees affiliated with SINAPSA – National Union of Insurance Workers and Related.

Among the changes arising from the Collective Agreement for the Insurance Sector in 2012 that migrated to the Collective Labour Agreement approved in 2016, the following two were particularly noteworthy:

i) within post-employment benefits, employees were now covered by an individual defined-contribution plan;
ii) a loyalty bonus awarded to employees who stayed in the company for one or more multiples of five years, equal to 50% of their base wages and paid once the appropriate award conditions were met.

In relation to the change of the supplementary pension plan, the nature of which shifted from a defined-benefit to a defined-contribution and considering that fully funded past service liabilities related to old-age pensions due to active employees under the new agreement were converted into individual accounts for these employees, incorporating their individual pension plans, the company settled its liability under IAS 19.

Considering that actuarial deviations are recognised in reserves, no additional impact was reflected on income and reserves arising from the effective settlement of the plan.

Meanwhile, on January 15th, 2019, the company entered into the first Collective Bargaining Agreement with the representatives of the various trade unions in the insurance industry, namely: SINAPSA, National Union of Insurance Workers and Related; SISEP, Portuguese Union of Insurance Workers; and STAS, Union of Workers of the Insurance Business; which was published on the Labour Bulletin no. 5 of February 8th, 2019, having superseded any prior Collective Labour Regulation Instruments applied in the company. In the specific case of the entities incorporated in 2020, the agreement was entered into as at March 8th, 2019 and later published on the Labour Bulletin no. 13 of April 8th, 2019.

The conditions and provisions laid down in this new Collective Bargaining Agreement have brought about changes into a set of benefits awarded to the employees of the company, specifically:

i) within post-employment benefits, employees are still covered by a defined-contribution plan, under which the company will make a 3,25% contribution of an employee's annual base pay on a yearly basis, without prejudice to any employees in pre-retirement or retired before January 1st, 2019, who are still covered by the pension schemes laid down in the Collective Labour Regulation Instruments applicable at the time of their early retirement or retirement;
ii) the former loyalty bonus is superseded by an annual career bonus, equal to 10% of an employee's monthly base pay for each complete year of service following a three-year period. This new bonus, which came into effect on January 1st, 2020, may also take the form of a leave for a length of days, as an alternative to the pecuniary reward and/or based on age and seniority.

In 2021, the coexistence of two collective labour regulation instruments in the company, namely the Collective Bargaining Agreement of the merged Seguradoras Unidas, S.A., and the Collective Labour Agreement of the merged Generali Seguros, S.A. made it imperative to negotiate a single company agreement that would govern labour relations and benefits for all employees. In mid-October 2021, a new company agreement was signed by the parties involved for the next three years, which would become effective at the beginning of 2022, after being published on the Labour Bulletin.

The actuarial evaluation of health and pension benefits is carried out on an annual basis and was last performed on December 31st, 2021.

The main assumptions considered in actuarial studies used to determine the updated value of liabilities for retirement pensions and health benefits for employees belonging to the Tranquilidade Group Pension Fund are the following:

	2021	2020
Financial Assumptions		
Wage growth rates	1,00%	1,00%
Pension growth rate	0,50%	0,50%
Early-retirement pension growth rate	0,50%	0,50%
Discount rate	0,60%	0,35%
Probability of transition to pre-retirement	0,00%	1,00%
Demographic Assumptions and Valuation Methods		
Mortality table	GKF 95	GKF 95
Disability table	Suisse Re 2001	Suisse Re 2001
Actuarial valuation method	Project Unit Credit Method	Project Unit Credit Method

The main assumptions considered in actuarial studies used to determine the updated value of liabilities for retirement pensions and health benefits for employees and former directors of Global Seguros, within the Açoreana Seguros Pension Fund, are the following:

	2021	2020
Financial Assumptions		
Wage growth rates	1,00%	1,00%
Pension growth rate	0,50%	0,50%
Discount rate	1,00%	0,60%
Demographic Assumptions and Valuation Methods		
Mortality table		
Men	GKF 95	GKF 95
Women	GKF 95	GKF 95
Disability table	Suisse Re 2001	Suisse Re 2001
Actuarial valuation method	*Project Unit Credit Method*	*Project Unit Credit Method*

The main assumptions considered in actuarial studies used to determine the updated value of liabilities, prior to their settlement, for retirement pensions and health benefits for employees and former directors of Generali, Companhia de Seguros, S.A. and Generali Vida, Companhia de Seguros, S.A., within the Generali Pension Fund, are the following:

	2021	2020
Financial Assumptions		
Wage growth rates	1,00%	1,00%
Pension growth rate	0,50%	0,50%
Discount rate	1,00%	0,50%
Demographic Assumptions and Valuation Methods		
Mortality table		
Men	GKF 95	SIM 2010
Women	GKF 95	SIF 2010
Disability table	Suisse Re 2001	Suisse Re
Actuarial valuation method	*Project Unit Credit Method*	*Project Unit Credit Method*

In accordance with the accounting policy described in Note 3 above, the discount rate used to estimate the liabilities for retirement pensions and health benefits corresponds to market rates at the balance sheet date, associated with high-quality corporate bonds with maturities similar to those of such liabilities.

The number of participants covered by the defined-benefit plan was the following:

	2021	2020
Active employees	22	47
Retired employees	231	247
Total	**253**	**294**

Based on actuarial studies, the company's liabilities for past services, as well as the funds and provisions available to cover those liabilities amounted to:

(in thousand of euros)

	2021			2020		
	Retirement Pensions	Health Benefits	Total	Retirement Pensions	Health Benefits	Total
Liabilities at December 31st	-16 608	-7 203	-23 811	-20 411	-94	-20 505
Balance of the fund at December 31st	25 167	–	25 167	25 433	–	25 433
Net Assets/(Liabilities) in the Balance Sheet at December 31st	**8 559**	**-7 203**	**1 356**	**5 022**	**-94**	**4 928**

In 2021, the line item liabilities for post-employment and other long-term benefits included liabilities for defined-contribution benefits amounting to EUR 626 thousand (2020: EUR 658 thousand) and liabilities for loyalty bonuses in the amount of EUR 174 thousand (2020: EUR 134 thousand).

It is also important to note that, in the past, part of the liabilities for retirement pensions was transferred from the fund to the company through the acquisition of life insurance policies (annuities) to T-Vida, Companhia de Seguros, S.A. (an entity merged by incorporation into Seguradoras Unidas on December 30th, 2016).

The number of pensioners (annuity recipients) covered by these policies amounts to 210 (2020: 241), and total liabilities amount to EUR 3.89 million (2020: EUR 4.31 million).

Under the terms of the regulatory standard no. 5/2007-R of April 27th of the ASF, insurance companies will ensure at the end of each reporting period:

a) total funding at present value of liabilities for pensions payable, including pre-retirement and early retirement payments due until and after normal retirement age;
b) a 95% minimum funding level at present value of liabilities for past services rendered by active employees, excluding employees in pre-retirement or early retirement.

As at December 31st, 2021 and 2020, the company's liabilities for pensions payable were funded in full. The pension plans in question are non-contributory and independent from the Social Security System and are sponsored by the pension fund of the company.

In relation to the duration of the company's liabilities, the Tranquilidade Group Pension Fund averages a six-year time span, while the Açoreana Seguros Pension Fund averages a nine-year time span.

The evolution of liabilities for retirement pensions and health benefits can be analysed as follows:

(in thousand of euros)

	2021			2020		
	Retirement Pensions	Health Benefits	Total	Retirement Pensions	Health Benefits	Total
Liabilities as at January 1st	**20 411**	**94**	**20 505**	**24 429**	**187**	**24 616**
Benefits settlement	–	7 151	7 151	–	–	–
Current service cost	13	–	13	28	–	28
Interest cost	124	–	124	164	3	167
Actuarial (gains) and losses on liabilities	-1 465	-12	-1 477	-1 678	-48	-1 726
Pensions paid by the fund	-2 335	–	-2 335	-2 800	–	-2 800
Benefits paid by the Company	–	-30	-30	–	-48	-48
Curtailment	-141	–	-141	–	–	–
Merger effect	–	–	–	268	–	268
Balance of the Fund as at December 31st	**16 608**	**7 203**	**23 811**	**20 411**	**94**	**20 505**

The evolution of pension funds can be analysed as follows:

(in thousand of euros)

	2021			2020		
	Retirement Pensions	Health Benefits	Total	Retirement Pensions	Health Benefits	Total
Balance of the Fund as at January 1st	**25 433**	**–**	**25 433**	**27 013**	**–**	**27 013**
Benefits settlement	-209	–	-209	–	–	–
Actual fund income						
Interest income	120	–	120	123	–	123
Actuarial gains and losses	1 136	–	1 136	166	–	166
Pensions paid by the fund	-2 335	–	-2 335	-2 800	–	-2 800
Asset ceilling	1 022	–	1 022	-1 432	–	-1 432
Transfers to other pension funds	–	–	–	–	–	–
Merger effect	–	–	–	2 363	–	2 363
Balance of the Fund as at December 31st	**25 167**	**–**	**25 167**	**25 433**	**–**	**25 433**

The evolution of asset receivables and liability payables can be analysed as follows:

(in thousand of euros)

	2021			2020		
	Retirement Pensions	Health Benefits	Total	Retirement Pensions	Health Benefits	Total
Deviations Recognised in Reserves as at January 1st	**-7 366**	**165**	**-7 201**	**-6 955**	**213**	**-6 742**
Actuarial (gains) and losses						
on liabilities	-1 465	-12	-1 477	-1 678	-48	-1 726
on the plan assets	-1 136	–	-1 136	-166	–	-166
Asset ceilling	-1 022	–	-1 022	1 432	–	1 432
Transfers to other pension funds	–	–	–	–	–	–
Deviations Recognised in Reserves as at December 31st	**-10 989**	**153**	**-10 836**	**-7 366**	**165**	**-7 201**

Pension and health benefit costs incurred in 2021 can be analysed as follows:

(in thousand of euros)

	2021			2020		
	Retirement Pensions	Health Benefits	Total	Retirement Pensions	Health Benefits	Total
(Assets) / Liabilities Receivable or Payable as at January 1st	**-5 022**	**94**	**-4 928**	**-2 584**	**187**	**-2 397**
Change of plan	–	7 151	7 151	–	–	–
Actuarial gains and losses on liabilities	-1 465	-12	-1 477	-1 678	-48	-1 726
Actuarial gains and losses of funds	-1 136	–	-1 136	-166	–	-166
Charges for the period:						
Current service cost	13	–	13	28	–	28
Net interest cost on the balance of liability coverage	4	–	4	41	3	44
Contributions made in the period and pensions paid by the Company	–	-30	-30	–	-48	-48
Asset ceilling	-1 022	–	-1 022	1 432	–	1 432
Transfers to other pension funds	68	–	68	–	–	–
Merger effect	–	–	–	-2 095	–	-2 095
(Assets) / Liabilities Receivable or Payable as at December 31st	**-8 559**	**7 203**	**-1 356**	**-5 022**	**94**	**-4 928**

The sensitivity analysis and its impact on accrued liabilities for post-employment benefits, considering its main constraints, are as follows:

(in thousand of euros)

	2021			2020		
	Retirement Pensions	Health Benefits	Total	Retirement Pensions	Health Benefits	Total
Current service cost	137	–	137	192	3	195
Net interest costs in the balance of liability coverage	-120	–	-120	-123	–	-123
Curtailment	–	7 151	7 151	–	–	–
Costs for the Period	**17**	**7 151**	**7 168**	**69**	**3**	**72**

A análise de sensibilidade e os seus impactos na obrigação acumulada de benefícios pós-emprego, tendo em atenção as suas principais condicionantes, é como segue:

(in thousand of euros)

	2021		2020	
	+25 p.p.	-25 p.p.	+25 p.p.	-25 p.p.
Variation of liability discount rate	- 310	322	- 410	427
Variation in pension evolution	363	- 352	429	- 416
Variation in salary evolution	70	- 67	154	- 178

Considering the coexistence of three funds, pension fund assets are reported in separate, as provided in the three following tables.

The amounts reported below under assets do not include any asset of the Generali Group and represent the asset total of the Tranquilidade Group Pension Fund. Their analysis is as follows:

(in thousand of euros)

	2021	2020
Equities and other floating-rate securities	1 595	1 513
Fixed-income securities and bond funds	12 335	12 519
Real estate	-	130
Liquidity	1 024	2 593
Subscriptions and redemptions in progress	-	-
Other assets	222	10
Total	**15 176**	**16 765**

By reference to December 29th, 2016, Açoreana Seguros withdrew its collective membership no. 2 from the Banif Previdência Empresas Open-End Pension Fund, PF, having established the Açoreana Seguros Pension Fund on December 29th, 2016, a closed-end fund with retroactive effects to January 1st, 2012.

This fund comprises autonomous assets, which are exclusively allocated to the fulfilment of the three pension plans provided in its articles of association (two defined-benefit pension plans and one defined-contribution pension plan). The fund's asset value, which does not include any asset of the Group, can be analysed as follows:

(in thousand of euros)

	2021	2020
Equities and other floating-rate securities	2 171	6 355
Fixed-income securities and bond funds	11 859	7 963
Real estate	1 122	1 533
Liquidity	1 352	1 629
Subscriptions and redemptions in progress	-317	-
Other assets	1 388	10
Total	**17 575**	**17 490**

The amounts reported below under assets account for the asset total of the Generali Pension Fund and can be analysed as follows:

(in thousand of euros)

	2021	2020
Equities and other floating-rate securities	448	41
Fixed-income securities and bond funds	8 017	11 204
Real estate	-	-
Liquidity	2 120	147
Subscriptions and redemptions in progress	-	-
Other assets	-	-579
Total	**10 585**	**10 813**

Almost 17% of the total asset value of the three funds (Tranquilidade Group Pension Fund, Açoreana Seguros Pension Fund and Generali Pension Fund) relate to assets that cover the defined-contribution plan. The total asset value of the three funds, ranked by the valuation method used in accordance with the levels described in Note 6 above, is analysed as follows:

(in thousand of euros)

	2021	2020
Level 1	40 880	42 681
Level 2	1	1 010
Level 3	2 455	1 377
Total	**43 336**	**45 068**

The reconciliation of level 3 assets is as described below:

(in thousand of euros)

	2021	2020
January 1st	**1 377**	**1 530**
Correção Imóveis	1 008	-
January 1st adjustaded	**2 385**	**1 530**
Purchases	672	458
Disposals	-653	-377
Changes in Fair Value	50	-234
December 31st	**2 454**	**1 377**

Closed-end real estate funds account for most of level 3 assets and a 10% change in the fair value of these assets would correspond to an estimated loss or gain of EUR 245 thousand (2020: EUR 138 thousand).

NOTE 24 – CORPORATION TAXO

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

As mentioned in Note 3 above, the company is subject to the tax regime provided in the Corporation Tax Code.

Considering that the company recorded a tax loss in 2020, the calculation of the current tax for 2021 was determined based on the nominal tax rate and the different levels of surtaxes, of about 22.5%, which corresponds to the nominal rate approved at the balance sheet date.

The company has been subject to annual inspections by the Portuguese Tax and Customs Authority, whose last report refers to the 2018 financial year. Overall, no significant adjustments have been made to the Company Tax Return filed and inspected. Nevertheless, in 2018, and following the inspections of the 2016 and 2015 tax years, the Portuguese Tax and Customs Authority carried out an inspection of the 2014 tax year, a period which had already been under review when the company filed a request seeking state approval to maintain tax losses for the 2015 tax year, having received a favourable response from the Portuguese Tax and Customs Authority in that same year.

Several differences have arisen from this inspection, most of them related to the acceptance of capital losses resulting from the sale of securities, with a negative impact on income in 2018 amounting to EUR 24.9 million (an underestimate of the amount of tax due of EUR 500 thousand and a reversal of deferred taxes on tax losses of EUR 24.4 million). It should be mentioned that the company will challenge these differences by judicial review.

Overall, and considering all tax issues related to corporation tax, value added tax, municipal tax on real estate conveyance and stamp duty, the company has already challenged or is in the process of challenging the overpayment of estimated taxes and relating interest and non-recognition of reported tax losses by judicial review, which totals nearly EUR 46.8 million, arising mostly from corporation tax for the 2006 and 2014 tax years, amounting to EUR 15.6 million and EUR 24.9 million respectively. If the company receives favourable court ruling in this case, the respective amounts will be recognised as revenue in the reporting year in which those decisions are known and irrevocable, though subject to time limits for tax reporting, in the case of corporation tax.

Tax years not yet inspected are subject to inspection by the Portuguese Tax and Customs Authority over a four-year period or longer, and corrections may follow, if deducted tax losses are brought into question, in the case of which a period equal to the time limit for tax loss deduction is applied. Given the nature of any prospective corrections that may be made, it is not possible to quantify those for the time being. Nevertheless, it is the understanding of the Board of Directors that any correction deemed necessary for the aforesaid reporting periods will have no significant impact on the attached financial statements.

The entities merged with the company presented a negative tax income liability for the reporting period as described below:

(in thousand of euros)

Period	Brought Forward	Used	Unrecognised	Carried Forward	Last Year for Use
2014	2 944	890	–	2 054	2028
2015	30 600	11 701	–	18 898	2029
2016	104 845	829	–	104 016	2030
2017	13 590	13 590	–	–	2024
2018	12 753	12 753	–	–	2025
2019	26 245	8 509	–	17 735	2026
2020	7 593	7 593	–	–	2032
Total	**198 570**	**55 866**	**0**	**142 704**	

To calculate deferred taxes and determine the tax base to offset temporary differences, the company carried out a recoverability test of the total tax losses of the six incorporated entities in view of the business plan approved by the management body and the expected taxable income.

The deduction of any tax losses to be reported and eventually recovered for each tax year will not exceed 70% of the respective taxable income (80% for losses generated in 2021 and 2020), without affecting the deduction of the portion of those tax losses that have not been deducted, in the same conditions and until the end of the respective period of deduction.

By way of the merger, tax losses incurred by the incorporated companies, except those related to the incorporating company, are subject to an annual deduction limit, which corresponds to the ratio between the equity of each company and the last closed accounting period prior to the merger and total equity of all companies involved in the merger in that same period.

On January 8th, 2020, Assicurazioni Generali S.P.A acquired the company's total share capital under prior approval by the ASF.

It is worth noting that limits will apply to tax loss deduction by virtue of this change in control of more than 50% of the company's share capital, as provided in article 52, clause 8, of the Corporation Tax Code. Nevertheless, this constraint may be prevented if the company files a request seeking state approval to maintain tax losses and receives a favourable response from the Portuguese Tax and Customs Authority to use those, provided it acknowledges the operation to entail an economic interest, as provided in article 52, clause 12, of the Corporation Tax Code.

In view of the foregoing and considering there is continued uncertainty over income tax treatments, it is necessary to determine whether this asset should be recognised under IAS 12 requirements – Income Taxes, and in accordance with the interpretation defined in IFRIC 23 – Uncertainty over Income Tax Treatments, which is effective for periods beginning on or after January 1st, 2019.

This interpretation has shed some light on the requirements used in the recognition of a tax asset, provided it relates to income tax, by applying the probability criteria defined in the standard in relation to a positive outcome in favour of the entity on the subject matter.

Considering that the request was filed with the Portuguese Tax and Customs Authority in a timely fashion on January 28th and within the legal timeframe (formal condition), and it is clear and publicly known that the operation entails a recognised economic interest (material condition), explained in further detail in the request, it is the company's understanding to be able to recognise tax assets arising from tax losses existing on December 31st, 2019, in the amount of EUR 41.4 million, confident that it will receive a favourable response.

Current tax assets and liabilities are explained as follows:

(in thousand of euros)

	2021		2020	
	Current Tax Assets	Current Tax Liabilities	Current Tax Assets	Current Tax Liabilities
Corporation tax	11 215	7 339	1 000	7 688
Tax withheld at source	30	1 541	1	1 936
Value added tax	82	356	82	284
Other taxes and levies	2 539	17 089	1 683	16 894
Social security contributions	55	970	24	1 188
Total	**13 922**	**27 294**	**2 790**	**27 991**

Deferred tax assets and liabilities recognised at net value in the balance sheet can be analysed as follows:

(in thousand of euros)

Headings	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Investments	37 026	30 595	-26 877	-41 801	10 148	-11 207
Post-employment benefits	4 611	2 429	–	–	4 611	2 429
Provisions not accepted	2 083	2 527	–	–	2 083	2 527
Tax losses	29 968	41 700			29 968	41 700
Real estate	554	560	–	–	554	560
Value in force	3 165	3 374	–	-18	3 165	3 357
Technical provisions	12 158	12 438	–	–	12 158	12 438
Other temporary differences	929	821	–	–	929	821
Total	**90 494**	**94 444**	**-26 877**	**-41 819**	**63 617**	**52 625**

In 2020 and as a result of the merger of Açoreana Seguros, S.A., the company recognised a deferred tax asset of EUR 19.47 million (2020: EUR 18.01 million) arising from impairments (available-for-sale assets) or potential losses (financial assets measured on initial recognition at fair value through profit and loss) associated with its financial stake in BANIF, S.A.

The recognition of this asset stems from the expectation these losses may be used to determine taxable income, when they are effectively realised, namely upon the liquidation of BANIF, S.A. under the terms of article 81, clause 1, of the Corporation Tax Code.

As at December 31st, 2021, other temporary differences included nearly EUR 192 thousand (2020: EUR 207 thousand) related to the extraordinary depreciation of intangible assets, which will only be accepted for tax purposes in future years.

As at December 31st, 2021, and in line with (i) the rates in place after January 1st, 2022 and (ii) upon the expectation of conversion in revenue and expenses accepted for tax purposes and the prospect of tax income or loss for each reporting period, the company changed the rate (base tax rate and surtaxes) used to calculate deferred taxes from 26.15% to 28.27% (an increase of nearly EUR 4.54 million).

Current and deferred taxes are recognised in the reporting period as follows:

(in thousand of euros)

2021	**Fair Value Reserve**	**Profit and Loss**	**Total**
Current Tax	**1 544**	**-14 300**	**-12 756**
Corporation tax estimate	1 544	-13 842	-12 298
Autonomous tax	-	-458	-458
Deferred Tax	**16 450**	**-5 458**	**10 992**
Investments	14 924	6 431	21 355
Post-employment benefits	-	2 182	2 182
Provisions not accepted	-	-444	-444
Tax losses	1 526	-13 258	-11 732
Real estate	-	-6	-6
Value in force	-	-192	-192
Technical provisions	-	-280	-280
Other temporary differences	-	109	109
Total	**17 994**	**-19 758**	**-1 764**

(in thousand of euros)

2020	**Fair Value Reserve**	**Profit and Loss**	**Merger effect – Retained Earnings**	**Merger effect – Tax Reserve**	**Total**
Current Tax	**-1 548**	**-6 019**	**-**	**-1 248**	**-8 815**
Corporation tax estimate	-1 548	-5 415	-	-1 248	-8 211
Autonomous tax	-	-603			-603
Deferred Tax	**-23 789**	**-1 694**	**8 652**	**-6 728**	**-23 559**
Investments	-22 121	3 534	221	-6 728	-25 094
Post-employment benefits	-	-253	28		-225
Provisions not accepted	-	1 831	518		2 349
Tax losses	-1 667	-6 081	7 871		123
Real estate	-	30	-118		-88
Value in force	-	-83	-		-83
Technical provisions	-	-791	-		-791
Other temporary differences	-	119	132		251
Total	**-25 337**	**-7 713**	**8 652**	**-7 975**	**-32 373**

The reconciliation of the effective tax rate can be analysed as follows:

(in thousand of euros)

	2021	**2020**
Income before tax	73 814	26 608
Nominal tax rate	29,30%	26,8%
Tax Determined on the Basis of the Official Rate	**-21 628**	**-7 131**
Impairments and provisions not accepted for tax purposes	-1 299	-499
Derecognised tax losses / Tax losses generated not carried forward	425	-250
Other income and costs excluded from taxation / DTA differences	3 077	548
Autonomous tax	-458	-603
Real estate	-6	30
Dividends excluded from taxation	-	1
Tax benefits	130	189
Differences in capital gains accepted for tax purposes	-	2
Tax Recognised in Profit and Loss	**-19 758**	**-7 713**
Effective Tax Rate	**26,8%**	**29,0%**

NOTE 25 – CAPITAL

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above and are all available in the statement of changes in equity.

As at December 31st, 2020, the company's share capital was EUR 182 million, represented by 182 million shares with a nominal value of EUR 1 each, of which EUR 84 million have been paid up by its former and sole shareholder Calm Eagle Holdings S.à r.l. Unpaid share capital will be paid up within a five-year timeframe starting on December 30th, 2016, and it may be paid up beforehand upon reasoned request by the Board of Directors in this regard.

In 2016, the former shareholder carried out several operations aimed to strengthen and revert ancillary payments. The net value of these movements reflected a reimbursement of EUR 32.9 million, and as at December 31st, 2021 ancillary payments amounted to EUR 27.1 million without bearing any interest and subject to the refund conditions provided in applicable laws.

As at January 8th, 2020, the company's total share capital was acquired by Assicurazioni Generali S.p.A., under prior approval by the ASF, and all of the above amounts and conditions mentioned in connection with paid-up capital, unpaid capital and ancillary payments remain unchanged, valid and in place until December 15th, 2021 when the following operations took place:

a) unpaid capital was partially paid up amounting to EUR 6.5 million;
b) the remaining unpaid capital was reduced in the total amount of EUR 91.5 million;
c) the company took out a subordinated demand loan of EUR 91.5 million with a five-year fixed rate underwritten and unrealised by its shareholder Assicurazioni Generali S.p.A. The loan is not listed on the company's balance sheet as it is deemed to be a loan commitment under IAS 32.

Therefore, as at December 31st, 2021, the company's share capital amounted to EUR 90.5 million, represented by 90.5 million shares with a nominal value of EUR 1 each and fully paid up.

The results for the years ended December 31st, 2020 and 2019 were applied to 2021 and 2020 respectively, as outlined below:

(in thousand of euros)

	2021	2020
Retained earnings	17 006	-40 132
Dividend payment	–	–
Legal reserve	1 889	–
Total	**18 895**	**-40 132**

NOTE 26 – RESERVES

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

Within equity, there are different types of reserves, whose nature and purpose are as follows

Legal Reserve

The legal reserve can only be used to cover accumulated losses or raise capital. In accordance with Portuguese laws, the legal reserve will be credited on an annual basis with at least 10% of the annual net profit up to the limit of the share capital.

Fair Value Reserves

Fair value reserves represent potential capital gains and losses related to the portfolio of investments available for sale, net of impairment recognised in profit and loss in the reporting period and/or in previous periods.

Current and Deferred Tax Reserves

Current and deferred taxes recognised in equity arising from the revaluation of investments available for sale are subsequently recognised in profit and loss, when the gains and losses that gave rise to those are recognised in profit and loss.

Deferred taxes are calculated, using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Tax rates approved or substantively approved at the balance sheet date in each jurisdiction are used to value deferred taxes and are expected to be applied when temporary differences are reversed.

Free Reserves

Free reserves arise from a decision taken within the General Meeting to apply retained earnings obtained in the year or carried forward.

Actuarial Deviation Reserves

In accordance with IAS 19 – Employee Benefits, the company recognises actuarial deviations against reserves.

As at December 31st, 2021 and 2020, reserves can be analysed as follows:

(in thousand of euros)

	2021	2020
Fair value reserves of financial assets	109 762	184 832
Deferred tax reserve	-30 831	-48 825
Other reserves	155 374	149 400
Legal reserve	51 792	49 903
Actuarial deviation reserve	10 836	7 201
Free reserves	3 672	3 342
Other reserves	89 074	88 954
Reserves	**234 305**	**285 407**

The movement of each reserve that makes up the shareholder's equity is detailed in the statement of changes in equity presented in the beginning of this annual report, along with the remaining financial statements.

Considering asset typology, gross fair value reserve can be analysed as follows:

(in thousand of euros)

	2021	2020
Fixed-income securities	141 116	244 070
Floating-rate securities	15 106	9 274
Shadow accounting	-46 460	-68 512
Fair value Reserves	**109 762**	**184 832**

Net fair value reserve is explained as follows:

(in thousand of euros)

	2021	2020
Amortised cost of available-for-sale investments (without accrued interest)	2 298 570	2 258 060
Impairment	-43 191	-25 240
Amortised /acquisition cost net of impairment	2 255 379	2 232 820
Fair value of available-for-sale investments (without accrued interest)	2 411 809	2 486 375
Gross revaluation reserve (Fair value – cost)	156 430	253 555
Revaluation reserve of reclassified securities – Held-to-maturity investments	-208	-211
Deferred and current taxes	-30 831	-48 825
Shadow Accounting	-46 460	-68 512
Revaluation Reserve Net of Taxes	**78 931**	**136 007**

The movement of fair value reserve is as follows:

(in thousand of euros)

	2021	2020
Balance as at January 1st	**136 007**	**45 324**
Changes in fair value, including variations on disposal	-77 256	201 320
Impairment recognised	-19 866	-19 295
Changes in shadow accounting	22 052	-58 029
Changes of deferred and current taxes recognised for the period	17 994	-33 313
Balance as at December 31st	**78 931**	**136 007**

NOTE 27 – EARNINGS PER SHARE

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

Earnings per share in the years ended December 31st, 2021 and 2020 were the following

	2021	2020
Net income for the period (in thousands of euros)	54 056	18 895
Number of shares (year-end)	90 500 000	182 000 000
Earnings per Share (in euros)	**0,60**	**0,10**

NOTE 28 – DIVIDENDS PER SHARE

As at December 31st, 2021, the company had as sole shareholder company Assicurazioni Generali, which received no dividends for the years ended 2021 and 2020.

NOTE 29 – RELATED PARTY TRANSACTIONS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

As provided in IAS 24, related parties will mean any person or entity that has control or exerts significant influence over the company. Pension funds, the members of the Board of Directors and the Executive Management Committee are considered related parties, as well as the persons close to the latter (family ties) and the entities under their control or over which they exert considerable influence.

In light of the acquisition of the company's total share capital by Assicurazioni Generali S.p.A. on January 8th, 2020, under prior approval by the ASF, all the company's subsidiaries and other entities that incorporate the Generali Group, including the company's shareholder, were considered related parties in 2021 and 2020.

As at December 31st, 2021, the company's governing bodies were made up of (i) a Board of Directors (Jaime Anchústegui Melgarejo, João Vieira de Almeida, Pedro Luís Francisco Carvalho, Stefano Flori, Riccardo Candoni and Patrícia Ribeiro Sanina Espírito Santo);); (ii) an Executive Committee (Pedro Luís Francisco Carvalho, Stefano Flori, João Carlos Dores Candeias Barata and José António Correia Dias Nogueira da Silva), and (iii) a Supervisory Board (Nelson Manuel Marques Fontan, Rita Sofia Felício Arsénio do Sacramento, Dinora Clara Feijão Margalho Botelho and Henrique Paulo Marques de Oliveira Xavier).

Relationships between related parties comprise different business areas, with particular emphasis on operations and services, classified by entity type:

a) Subsidiaries (reinsurance, claims management and consultancy);
b) Associates (reinsurance and consultancy);
c) Other related parties (reinsurance, health insurance management, life and non-life insurances, consultancy, asset management, IT services, and medical assistance).

The company's total amount of assets and liabilities related to operations carried out with associates and related companies, including technical provisions, is summarised as follows:

(in thousand of euros)

	2021				2020			
	Assets	Liabilities	Costs	Profits	Assets	Liabilities	Costs	Profits
ADVANCECARE	–	1 752	14 159	286	–	2 936	8 067	284
CLOSE TO CUSTOMERS, A.C.E.	10	–	5 561	120	10	–	4 712	120
APOLLO MANAGEMENT INTERNATIONAL	–	–	–	–	–	25	25	–
ESUMÉDICA	–	–	120	–	–	–	96	–
TRQ ANGOLA	–	–	1 012	2 121	3 605	–	2 132	782
TRQ MOÇAMBIQUE Não-Vida	352	–	550	1 159	492	–	150	889
TRQ MOÇAMBIQUE VIDA	198	–	11	316	274	–	3	262
AAME TRQ GLOBAL INV GRADE CORP CREDIT (*)	–	–	–	–	–	–	–	429
AAME TRQ CORP LOANS/HIGH YIELD BONDS FUND (*)	–	–	–	–	–	–	4 905	–
AAME MULTI-CREDIT STRATEGY FUND	69 870	–	–	–	81 061	–	–	555
AAME FINANCIAL BOND FUND (*)	–	–	–	–	–	–	1 246	–
AAME TRQ LOAN ORIGINATION FUND	35 942	–	–	600	40 638	–	–	289
AACHENER UND MUNCHENER VERSICHERUNG AG	–	–	–	–	–	4	–	–
ASSICURAZIONI GENERALI, S.P.A	154 304	122 107	124 517	102 996	159 386	144 354	3 316	4 938
EUROP ASSISTANCE	21	3 300	31 786	–	15 816	3 726	31 404	–
GENERALI ESPAÑA, S.A.	4 292	1 411	11 718	12 789	14 486	1 148	1 332	494
GENERALI EUROPEAN REAL ESTATE INVESTMENTS S.A.	2 680	–	–	–	502	–	–	–
GENERALI FRANCE S.A.	–	–	–	–	83	–	–	3
GENERALI HOLDING VIENNA AG	–	–	–	–	12	20	–	–
GENERALI HORIZON B.V.	–	5 000	223	–	–	5 000	66	–
GENERALI IARD S.A.	186	52	79	29	460	24	–	–
GENERALI INSURANCE ASSET MANAGEMENT S.P.A.	–	–	560	–	–	770	998	–
GRUPO GENERALI ESPAÑA AGRUPACIÓN DE INTERÉS ECONÓMICO	2	–	–	–	2	–	–	–
GSS – GENERALI SHARED SERVICES, SCARL (ALEMANHA) (*)	–	–	–	–	21	–	507	–
GENERALI PARTICIPATIONS NETHERLANDS N.V.	–	5 000	223	–	–	5 000	66	–
GENERALI BELGIUM S.A.	–	–	–	–	13	–	–	–
GENERALI VERSICHERUNG AG (SUIÇA)	–	–	–	–	144	–	–	–
GENERALI SCHADEVERZEKERING MIJ	–	–	–	–	15	–	–	–
GENERALI ALLGEMEINE VERSICHERUNG	–	–	–	–	10	–	–	–
GENERALI DEUTSCHLAND VERSICHERUNG AG	19	59	–	–	–	4	–	–
GENERALI PROVIDENCIA BIZTOSITO	–	–	–	–	2	–	–	–
GENERALI POJIST'OVNA A S	–	1	–	–	2	–	–	–
GENERALI SLOVENSKO POIST'OVANA	–	–	–	–	–	1	–	–
GENERALI ROMANIA ASIGURARE REA	–	–	–	–	19	–	–	–
GENERALI TOWARZYSTWO UBEZPIECZ	–	–	–	–	6	–	–	–
GENERALI CESKA POJIST'OVNA A.S	6	13	–	–	–	16	–	–
GENERALI EUROPE INCOME HOLDING S.A.	16 176	–	–	159	–	–	–	–
GENERALI REAL ESTATE LOGISTICS FUND S.C.S. SICAV-RAIF	20 000	–	–	114	–	–	–	–
GENERALI VERSICHERUNG AG (AUSTRIA)	72	–	–	–	–	–	–	–
GENERALI ASSURANCES GÉNÉRALES SA	20	–	–	–	–	–	–	–
L'EQUITÉ S.A. CIE D'ASSURANCES ET RÉASS.	71	1	–	–	–	–	–	–
EURÓPAI UTAZÁSI BIZTOSÍTÓ ZRT.	8	–	–	–	–	–	–	–
GENERTEL S.P.A.	8	–	–	–	–	–	–	–
GENERALI BUSINESS SOLUTIONS S.C.P.A.	2	–	–	–	–	–	–	–
GENERALI ITALIA S.P.A.	79	–	–	–	–	–	–	–
FUNDO PENSÕES GENERALI	–	–	–	–	564	37	–	–
	304 318	**138 697**	**190 519**	**120 689**	**317 621**	**163 065**	**59 025**	**9 046**

* Entity divested in 2020

In 2020, the company recognised an impairment loss for its non-controlling interest in the subsidiary Tranquilidade, Corporação Angolana de Seguros, S.A. in the amount of EUR 2.1 million, which adds up to an impairment loss of EUR 5.2 million recognised in 2018.

In 2020, the company recognised an impairment loss for its held interests in two subsidiaries in Mozambique in the amount of EUR 400 thousand, which adds up to impairment losses of EUR 1.3 million and EUR 1.5 million recognised in 2019 and 2017 respectively.

In 2021, the company recognised an impairment reversal of debits in its subsidiary Tranquilidade, Corporação Angolana de Seguros, S.A. and two subsidiaries in Mozambique in the amount of EUR 800 thousand (2020: an additional impairment of EUR 100 thousand) and EUR 400 thousand (2020: an additional impairment of EUR 500 thousand) respectively.

In 2021, the company took out a subordinated demand loan of EUR 91.5 million with a five-year fixed rate underwritten and unrealised by its shareholder Assicurazioni Generali S.p.A. The loan is not listed on the company's balance sheet as it is deemed to be a loan commitment under IAS 32.

In 2021, the company recognised costs incurred in a third-party liability insurance for the members of the Board of Directors in the amount of EUR 134 thousand (2020: EUR 61 thousand).

In 2021, the company recognised costs incurred in individual pension plans for the members of the Board of Directors in the amount of EUR 49 thousand (2020: EUR 49 thousand).

In 2021, the company recognised costs incurred in share-based plans related to the members of the Board of Directors totalling EUR 266 thousand (2020: EUR 46 thousand).

In 2021 and 2020, no costs were incurred for termination of contracts and relevant charges related to members of the Board of Directors.

In 2021 and 2020, no transfers were made to defined-benefit pension funds.

For more in-depth information on other employee benefits, refer to Note 22 above and remuneration policies.

NOTE 30 – STATEMENT OF CASH FLOWS

The amounts provided under this note should be interpreted in light of the constraints associated with the disclosure of financial information, as established in Note 1 above.

The statement of cash flows was prepared using the indirect method and the application of funds and can be found at the beginning of this annual report, along with the remaining financial statements.

NOTE 31 – COMMITMENTS AND CONTINGENCIES

The company held a call option on 2% of the share capital of Tranquilidade, Corporação Angolana de Seguros, S.A. until December 31st, 2020. Given the current global pandemic scenario and the economic situation in Angola, the Board of Directors decided that it was not in the company's best interest to exercise its right.

NOTE 32 – OTHER INFORMATION

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED RECENTLY

The accounting standards and interpretations last issued and currently in place, which the company has adopted to prepare its financial statements, are the following:

Covid-19 – Rent concessions (amendment to IFRS 16)

In May 2020, the IASB issued Covid-19 – Rent Concessions, which amended IFRS 16 – Leases. Under an optional practical expedient and eligible criteria, this amendment exempts a lessee from assessing whether eligible rent concessions related to Covid-19 are lease modifications. Instead, when opting for the practical expedient, a lessee must account for eligible rent concessions as they were not lease modifications, in such a way as to enable, for instance, the amount of rent excused on or before June 30th, 2021 to be recognised in profit and loss in the same year in which the concession is granted, thus avoiding it to be recognised over the contract length, as it would be the case if the practical expedient would not have been introduced. The amendment is effective for annual periods beginning on or after June 1st, 2020.

In 2021, the IASB extended the practical expedient by twelve months, i.e., permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30th, 2022.

The 2021 amendments are effective for annual reporting periods beginning on or after April 1st, 2021. Lessees are permitted to apply it early.

The 2021 amendments are applied retrospectively with cumulative effect recognised in the opening of retained earnings. The disclosure requirements of paragraph 28, clause f) 1 of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors do not apply on initial application.

The company did not record any impacts arising from the current interpretation.

Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7)

In August 2020, the IASB issued the Interest Rate Benchmark Reform – Phase 2, which amends IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases.

The objectives of the phase 2 amendments are to assist companies in providing useful information to users of financial statements and applying IFRS standards when changes are made to contractual cash flows or hedging relationships as a result of the transition from interbank offered rates (IBORs) to alternative benchmark rates in a context of free-risk interest rates reform (IBOR reform).

The amendments complete the second phase of the IASB's project, which addresses the accounting impacts caused by the IBOR reform that led to the interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7) issued by the IASB on September 26th, 2019. These amendments were designed to complement the first phase of the IASB's project that focused on the accounting impacts that preceded the IBOR reform.

The amendments apply retrospectively to annual periods beginning on or after January 1st, 2021.

The company did not record any impacts arising from the current interpretation.

The company decided not to apply earlier any of the following standards and/or interpretations adopted by the European Union.

References to the Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued References to the Conceptual Framework, which amended IFRS 3 – Business Combinations. The amendments updated IFRS 3, replacing references to a former version of the Conceptual Framework with the latest version issued in May 2018. The amendments apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1st, 2022. Early application is permitted, provided an entity also applies, either before or at the same time, all the amendments set out in Amendments to References to the Conceptual Structure of IFRS Standards, issued in March 2018.

The company does not anticipate any impact on its financial statements.

Property, plant, and equipment – Proceeds before intended use, amendments to IAS 16 – Tangible Fixed Assets

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds Before Intended Use, which amended IAS 36 – Tangible Fixed Assets. The amendments prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from the sale of items produced while bringing that asset to the site and condition necessary for it to be able to operate in the manner intended by the management body. Instead, an entity recognises in profit and loss the proceeds from selling such items. The amendments apply retrospectively for annual periods beginning on or after January 1st, 2022, with early application permitted.

This amendment will have no impacts on the company's financial statements, given the nature of its business activity.

Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract, which amended IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

The amendments aim to clarify the requirements of IAS 37 on onerous contracts. The amendments specify which costs an entity must consider when determining the cost of fulfilling a contract to assess how onerous the contract may be. The amendments are effective for annual periods beginning on or after January 1st, 2022, with early application permitted.

Annual Improvements to IFRS standards 2018-2020 Cycle

The Annual improvements to IFRS Standards 2018-2020 Cycle issued by the IASB on May 14th, 2020 introduced amendments to IFRS standards: (a) allow a subsidiary, associate or joint venture that first adopts IFRS after its parent and applies paragraph D16 (a) of IFRS 1 – First-time Adoption of International Financial Reporting Standards to measure cumulative conversion differences using the amounts reported by its parent, based on the parent's transition date to IFRS standards; (b) clarify that the reference to the fees used in the 10 per cent test include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on other's behalf (IFRS 9); (c) removes potential confusion over the treatment of lease incentives by applying IFRS 16 – Leases, as provided in the Illustrative Example 13 attached to IFRS 16; (d) remove the requirement in paragraph 22 of IAS 41 – Agriculture for entities to exclude taxation cash flows when measuring the fair value of a biological asset, using a present value technique.

The amendments are effective for annual periods beginning on or after January 1st, 2022, with early application permitted.

IFRS 9 – Financial Instruments (issued in 2009 and amended in 2010, 2013 and 2014)

The standard IFRS 9 was adopted by the European Commission Regulation no. 2067/2016 of November 22nd, 2016, which set the effective date at the very latest to the start date of the first financial reporting period starting on or after January 1st, 2018.

The 2009 version of IFRS 9 provided new requirements for classifying and measuring financial assets, and its 2010 reissued version provided further requirements on accounting for financial liabilities. The 2013 amended version of IFRS 9 introduced the new general hedge accounting model, and the 2014 version provided limited amendments to the classification and measurement requirements for financial assets and a new impairment model.

IFRS 9 requirements reflect a significant change from the requirements provided in IAS 39 related to financial assets. The standard comprises three measurement categories of financial assets: amortised cost, fair value against other comprehensive income, and fair value through profit and loss. A financial asset will be measured at amortised cost, (i) if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If the debt instrument is held within a business model whose objective is achieved either by collecting contractual cash flows or selling financial assets, it will be measured at fair value through other comprehensive income, with revenue from interest affecting the results.

If an equity investment is not held for trading, the standard allows an entity to make an irrevocable election at initial recognition, on an individual basis for each share, to present fair value changes in other comprehensive income. None of the values recognised in other comprehensive income will be reclassified in profit and loss at any date in the future. However, dividend income is recognised in profit and loss instead of other comprehensive income, unless it clearly accounts for a partial recovery of the investment cost.

In the remaining situations, whether in cases in which financial assets are held within a trading business model, or in cases in which other instruments do not have the sole purpose of collecting interest and amortisation and capital, financial assets are measured at fair value through profit and loss. This situation also includes equity investments for which the entity elects to present fair value changes in profit and loss instead of other comprehensive income.

The standard requires that embedded derivatives attached to contracts, whose host contract is a financial asset, within the scope of the standard, are not separated; instead, the hybrid financial instrument is assessed in full and, if there are any embedded derivatives, these will have to be measured at fair value through profit and loss. The standard removes the categories currently existing in IAS 39: held to maturity, available for sale and receivables and payables.

The 2010 version of IFRS 9 introduces a new requirement applicable to financial liabilities recognised at fair value, by option, and imposes the separation of the component of change in fair value that is attributable to the credit risk of the entity, and its presentation in other comprehensive income, instead of profit and loss. Except for this amendment, the 2010 amended version of IFRS 9 transposes the guidelines of classification and measurement, provided in IAS 39 for financial liabilities, without any major changes.

The 2013 version of IFRS 9 introduced new requirements for hedge accounting, which aligns this more closely with risk management. The requirements also establish a broader use of principles to hedge accounting, overcoming some weak spots identified in the hedge accounting model in IAS 39. The 2014 final version of IFRS 9 establishes a new impairment model based on “expected losses”, which will replace the current model based on “losses incurred” provided in IAS 39.

Therefore, the loss event no longer needs to be verified for an asset to be impaired. This new model aims to speed up the recognition of losses by way of impairments applicable to debt instruments held, whether measured at amortised cost or at fair value against other comprehensive income.

If the credit risk of a financial asset has not increased significantly since initial recognition, the amount of impairment loss will be equal to the credit loss that is expected to occur in the following twelve months.

If the credit risk of a financial asset has increased significantly since initial recognition, the amount of impairment loss will be equal to the credit loss that is expected to occur until the contractual maturity of the financial asset, thus increasing the impairment loss recognised. When there is objective evidence of impairment on a financial asset, the impairment loss is directly allocated to the relevant financial asset and accounted for in a way similar to that provided under IAS 39, including interest.

On June 25th, 2020, the IASB published an amendment to IFRS 4 – Insurance Contracts, issued on September 12th, 2016, related to the application of IFRS 9 – Financial Instruments. The amendment provides eligible insurers with a temporary exemption from applying IFRS 9 and thus continuing to apply IAS 39 until January 1st, 2023.

Having met the eligibility criteria for temporary exemption, the company decided not to adopt IFRS 9 as of January 1st, 2018. The decision relied on the amendment made to the Plan of Accounts for Insurance Companies, under the regulatory standard no. 3/2018 issued by the ASF.

Nevertheless, the company expects the standard to have a significant impact on its financial statements, given the nature of its business activity.

IFRS 17 – Insurance Contracts

On May 18th, 2017, the IASB issued a standard that superseded IFRS 4 and completely restructured the processing of insurance contracts. The standard introduces substantial changes in the measurement and presentation of the performance of insurance contracts, with different impacts also on the financial position. The standard is effective for annual periods beginning on or after January 1st, 2023.

The company is currently evaluating the impacts of this standard on its financial statements, along with the impacts of IFRS 9.

Standards, amendments and interpretations issued, but not yet effective for the company.

Clarification on the classification of liabilities as current or non-current (Amendments to IAS 1 – Presentation of Financial Statements)

On January 23rd, 2020, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements to clarify the classification of debt and other liabilities as current or non-current. The amendments clarify that a liability is classified as non-current if an entity expects and has the discretion to defer settlement of a liability for at least twelve months after the reporting period.

These amendments are intended to (i) clarify that the right of an entity to defer settlement of a liability must be in existence at the end of the reporting period; (b) clarify that the classification is unaffected by the intentions or expectations of the management body about whether an entity will exercise its right to defer settlement of a liability; (c) clarify that only rights in place at the end of the reporting period affect the classification of debt; and (d) clarify the requirements to classify a liability that an entity will or may settle in its own equity instruments.

This amendment is effective for reporting periods beginning after January 1st, 2023, but it will not impact on the company’s financial statements.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

Following the feedback on the need to provide further guidance to companies in deciding which accounting policies to disclose in their financial statements, the IASB issued some amendments to IAS 1 – Presentation of Financial Statements and to IFRS Practice Statement 2 – Making Materiality Judgements on February 12th, 2021.

The key amendments to IAS 1 include: (i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; (ii) clarifying that accounting policies related to immaterial transactions are themselves immaterial as such need not to be disclosed; and (iii) clarifying that not all accounting policies that relate to material transactions are themselves material to a company's financial statements. The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The amendments are effective from January 1st, 2023, with early application permitted.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The IASB issued amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The amendments are effective for periods beginning on or after January 1st, 2023, with early application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The IASB issued amendments to IAS 12 – Tax on Income on May 7th, 2021. The amendments require companies to recognise deferred tax on transactions that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

In certain circumstances, companies are not required to recognise deferred taxes on the initial recognition of an asset and a liability. In the past, there had been some uncertainty as to whether the exemption applied to transactions and events, such as leases and decommissioning obligations, that is, transactions that lead to the initial recognition of an asset and liability. The amendments clarify that the exemption does not apply to this type of transactions and also that companies are required to recognise deferred taxes. The objective of the amendments is to reduce diversity in the way that companies account for deferred taxes on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1st, 2023, with early application permitted.

Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The IASB issued a narrow-scope amendment to the transition requirements in IFRS 17 – Insurance Contracts, providing insurance companies with an option aimed at improving the usefulness of information to investors when first applying the new standard. The amendment does not affect any other requirement of IFRS 17.

IFRS 17 and IFRS 9 – Financial Instruments have different transition requirements. For some insurance companies, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time.

The amendment will help insurance companies to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors.

IFRS 17, including this amendment, is effective for annual reporting periods starting on or after January 1st, 2023.

ANNEX 1 – INVENTORY OF OWNERSHIP INTERESTS AND FINANCIAL INSTRUMENTS

(valores em euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest)	
						Unit	Total
1 – SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND OTHER RELATED COMPANIES							
1.2 – Foreign Securities							
1.2.2 – Held interest in associates							
TRANQUILIDADE DIVERSIFIED INCOME ICAV	2			1,00	2,00	1,00	2,00
TRQ ANGOLA	2 450			2 986,90	7 317 897,10	0,00	0,00
TRQ MOÇAMBIQUE CS	99 996			13,61	1 361 259,95	0,00	0,00
TRQ MOÇAMBIQUE VIDA	117 596			15,39	1 810 331,96	0,00	0,00
subtotal	**220 044**				**10 489 491,01**		**2,00**
Total	**220 044**				**10 489 491,01**		**2,00**
2 – OTHERS							
2.1 – Domestic securities							
2.1.1 – Capital instruments and shares							
2.1.1.1 – Equities							
BANCO ESPIRITO SANTO-REG (BES PL)	243 000			0,72	175 670,10	0,00	0,24
BANIF SGPS	6 954 651 167			0,00	0,00	0,00	0,00
BPG SA	10 472			2,09	21 905,33	0,35	3 703,00
CENTRONOVOFUNCHAL, S.A.	42 233			10,72	452 741,10	10,72	452 741,14
COMP. PREVIDENTE	6			532,54	3 195,23	0,00	0,00
COMP. PREVIDENTE SCPF	198			109,86	21 752,48	0,00	0,00
EDP-ENERGIAS DE PORTUGAL SA (EDP PL)	5 428			5,04	27 341,31	4,83	26 228,10
ENTIGERE	23 200			0,00	0,00	0,00	0,23
ESTELA GOLF	40			5 540,45	221 618,00	0,00	0,00
FETAL	2 760			20,84	57 528,12	0,00	0,00
FINPRO SCR SA	2 284 652			0,00	0,00	0,00	0,00
HOTEL TURISMO ABRANTES	125			0,00	0,00	0,00	0,00
IMOVALOR	90 000			0,00	0,00	0,00	0,00
MADIBEL	7 955			0,01	80,88	0,00	0,00
NOS ACORES	13 936			24,65	343 497,32	2,26	31 439,00
NOS MADEIRA	17 314			62,39	1 080 220,46	12,12	209 862,99
Portugal Capital Ventures I. SOC S.C.R. S.A.	2 525			6,06	15 300,49	0,00	0,03
S.N.I.SOC NAC IMOBILIARIA SA	7 500			0,00	0,00	0,00	0,08
SONAGI AN	100			0,06	5,51	0,01	1,00
SONAGI SA (SNG PL)	55 600			0,44	24 293,86	4,14	230 184,00
SPECTACOLOR PORTUGAL	7 500			14,66	109 986,38	4,76	35 689,00
subtotal	**6 957 465 711**				**2 555 136,57**		**989 848,81**
2.1.1.3 – Shares in investment funds							
ESP SANTO INFRASTRUCTURE FUND I	3 500			0,01	37,02	4,50	15 733,27
ESPÍRITO SANTO VENTURES III	201 403 854			0,01	1 874 109,29	0,02	3 667 564,18
EXPLORER II	80			10 101,43	812 442,22	4 822,29	387 849,17
FUNDO DE COMPENSACAO SEGURADORAS UNIDAS	112 942			1,17	131 630,65	1,16	131 190,61
SC1 Classe A Fundo Capital Risco	1 000 000			0,58	582 633,31	0,58	584 000,00
subtotal	**202 520 377**				**3 400 852,49**		**4 786 337,23**
subtotal	**7 159 986 088**				**5 955 989,06**		**5 776 186,04**
2.1.2 – Debt securities							
2.1.2.1 – Public debt							
INFRAESTRUTURAS 4.675 10/16/24		2 150 000,00	113,83%	100,0%	2 150 000,00	114,8%	2 468 201,52
PORTUGUESE OT'S 0.3 10/17/31		97 858 000,00	98,43%	98,8%	96 716 437,30	98,5%	96 383 915,80
PORTUGUESE OT'S 0.475 10/18/30		67 100 000,00	101,60%	98,9%	66 385 660,62	101,7%	68 241 321,62
PORTUGUESE OT'S 0.9 10/12/35		27 619 041,10	101,77%	101,7%	28 089 508,07	102,0%	28 162 520,67
PORTUGUESE OT'S 1 04/12/52		80 645,16	90,83%	99,4%	80 172,58	91,7%	73 969,34
PORTUGUESE OT'S 1.95 06/15/29		13 550 000,00	113,35%	102,7%	13 910 401,50	114,4%	15 502 326,91
PORTUGUESE OT'S 2.125 10/17/28		11 453 846,15	113,98%	101,8%	11 660 213,92	114,4%	13 105 526,48
PORTUGUESE OT'S 2.2 10/17/22		10 445 000,00	102,32%	101,7%	10 621 736,73	102,8%	10 734 148,81
PORTUGUESE OT'S 2.25 04/18/34		36 950 000,00	118,83%	112,8%	41 665 224,50	120,4%	44 493 028,27
PORTUGUESE OT'S 2.875 07/21/26		2 225 000,00	114,33%	99,1%	2 204 514,50	115,6%	2 572 350,00
PORTUGUESE OT'S 2.875 10/15/25		11 615 000,00	112,34%	103,1%	11 974 981,05	112,9%	13 119 097,30
PORTUGUESE OT'S 3.875 02/15/30		30 940 000,00	129,58%	120,5%	37 296 251,90	133,0%	41 139 805,65
PORTUGUESE OT'S 4.1 02/15/45		10 815 000,00	161,93%	123,1%	13 314 372,20	165,5%	17 899 854,09
PORTUGUESE OT'S 4.1 04/15/37		37 700 000,00	145,83%	100,6%	37 942 058,50	148,8%	56 078 959,81
PORTUGUESE OT'S 4.125 04/14/27		8 415 000,00	122,68%	117,2%	9 861 773,95	125,6%	10 572 061,94
PORTUGUESE OT'S 4.95 10/25/23		17 480 000,00	110,25%	106,3%	18 578 956,68	111,2%	19 430 258,14
PORTUGUESE OT'S 5.65 02/15/24		34 340 000,00	113,31%	114,7%	39 387 770,06	118,3%	40 607 885,58
subtotal		**420 736 532,41**			**441 840 034,06**		**480 585 231,93**

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Carrying Amount (Includes Accrued Interest) Total
2.1.2.3 – By other public issuers							
A. GAUDENCIO TF 25/05/1995		10 000,00	0,00%	0,0%	0,00	0,0%	0,00
BANCO COM ACORES 10/23/16		1 800 000,00	0,00%	0,0%	0,00	0,0%	0,00
BANIF BANCO FUN 06/30/19		5 000 000,00	0,00%	0,0%	0,00	0,0%	0,00
BRISA CONCESSAO 1.875 04/30/25		1 600 000,00	104,94%	102,4%	1 638 917,44	106,2%	1 699 179,57
C.P.COBRE/90		8 000 000,00	0,00%	0,0%	39,90	0,0%	0,00
EDP FINANCE BV 1.625 01/26/26		1 200 000,00	105,84%	99,7%	1 196 472,00	107,4%	1 288 237,65
EDP FINANCE BV 2.625 01/18/22		1 900 000,00	100,12%	107,0%	2 033 843,07	102,6%	1 949 653,55
EDP SA 04/30/79		4 500 000,00	106,85%	109,5%	4 927 050,00	109,9%	4 944 247,25
EMPRESTIMO ES FINANCIAL PORTUGAL 1		15 000 000,00	0,00%	100,0%	15 000 000,00	0,0%	0,00
FNAC INVEST 22/05/1995		5 000,00	0,00%	0,0%	0,00	0,0%	0,00
REN FINANCE BV 2.5 02/12/25		750 000,00	107,33%	106,2%	796 349,65	109,5%	821 506,46
RENTGLOBO SGPS 0% 17-200626		401 000,00	0,00%	0,0%	0,00	0,0%	0,00
RENTGLOBO SGPS 0% 200626		2 006 000,00	0,00%	0,0%	0,00	0,0%	0,00
RENTGLOBO SGPS 1,5% 17-200626		551 500,00	0,00%	0,0%	0,00	0,0%	252,83
SUPPLEMENTARY PAYMENTS CENTRONOVOFUNCHAL		421 622,70	100,00%	100,0%	421 622,70	100,0%	421 622,70
TEXTIL LUIS CORREIA 0 15/12/1994		50 000,00	0,00%	0,0%	0,25	0,0%	0,00
TEXTIL LUIS CORREIA 17 15/12/1994		400 000,00	0,00%	0,0%	2,00	0,0%	0,00
subtotal		**43 595 122,70**			**26 014 297,01**		**11 124 700,01**
subtotal		**464 331 655,11**			**467 854 331,07**		**491 709 931,94**
Total	**7 159 986 088**	**464 331 655,11**			**473 810 320,13**		**497 486 117,98**
2.2 – Foreign securities							
2.2.1 – Capital instruments and shares							
2.2.1.1 – Equities							
ADIDAS AG (ADS GY)	121			278,79	33 733,68	253,20	30 637,20
ADYEN NV (ADYEN NA)	12			2 158,02	25 896,27	2 311,50	27 738,00
AIRBUS SE (AIR FP)	511			118,04	60 317,03	112,36	57 415,96
AKZO NOBEL N.V. (AKZA NA)	266			59,14	15 731,54	96,50	25 669,00
ALLIANZ SE-REG (ALV GY)	103			210,96	21 728,97	207,65	21 387,95
AMUNDI SA (AMUN FP)	387			71,17	27 541,00	72,55	28 076,85
ANHEUSER-BUSCH INBEV SA/NV (ABI BB)	383			51,41	19 691,57	53,17	20 364,11
ARCELORMITTAL (MT NA)	1 089			19,18	20 890,81	28,15	30 649,91
ASM INTERNATIONAL NV (ASM NA)	66			417,41	27 549,10	388,70	25 654,20
ASML HOLDING NV (ASML NA)	143			479,56	68 577,20	706,70	101 058,10
ASTRAZENECA PLC (AZN LN)	544			91,92	50 001,90	103,36	56 227,16
AUDATEX PORTUGAL PERITAGENS (9444326Z PL)	225			284,11	63 925,27	301,47	67 830,75
AXA SA (CS FP)	1 831			23,12	42 327,01	26,19	47 944,74
BANCO BILBAO VIZCAYA ARGENTA (BBVA SQ)	7 267			5,52	40 130,07	5,25	38 151,75
BANCO SANTANDER SA (SAN SQ)	13 131			3,43	45 039,08	2,94	38 611,71
BASF SE (BAS GY)	564			67,42	38 027,65	61,78	34 843,92
BNP PARIBAS (BNP FP)	830			50,56	41 963,15	60,77	50 439,10
BOUYGUES SA (EN FP)	730			36,15	26 389,21	31,49	22 987,70
CAPGEMINI SE (CAP FP)	273			157,35	42 956,68	215,50	58 831,50
CARREFOUR SA (CA FP)	2 462			15,83	38 980,11	16,11	39 650,51
CELLNEX TELECOM SA (CLNX SM)	319			41,75	13 317,48	51,18	16 326,42
COMPAGNIE DE SAINT GOBAIN (SGO FP)	1 041			46,34	48 244,11	61,87	64 406,67
DAIMLER AG-REGISTERED SHARES (DAI GY)	523			50,01	26 153,62	67,59	35 349,57
DAIMLER TRUCK HOLDING AG (DTG GY)	261			19,16	5 002,06	32,29	8 427,69
DAIMLER TRUCK HOL-TEILRECHTE (1947979D GR)	261			19,16	5 002,06	19,16	5 002,06
DEUTSCHE POST AG-REG (DPW GY)	1 070			34,47	36 881,78	56,54	60 497,80
DEUTSCHE TELEKOM AG-REG (DTE GY)	2 498			16,90	42 220,42	16,30	40 717,40
ENEL SPA (ENEL IM)	5 703			8,33	47 515,16	7,05	40 183,34
ENI SPA (ENI IM)	3 872			12,23	47 372,44	12,22	47 315,84
ESSILORLUXOTTICA (EL FP)	321			128,10	41 119,01	187,24	60 104,04
FAURECIA (EO FP)	350			39,78	13 921,67	41,83	14 640,50
FRESENIUS SE & CO KGAA (FRE GY)	718			37,91	27 216,67	35,40	25 417,20
GENERALI EUR.IN.HOLD.S.A-CL A EUR DIS	1 126 495			10,77	12 132 351,15	10,77	12 132 351,15
GENERALI EUROPEAN REAL ESTATE INVESTMENTS SA	26 912			18,66	502 154,60	99,59	2 680 276,00
GRUPO GENERALI ESPANA AIE	2			1 000,00	2 000,00	1 048,00	2 096,00
IBERDROLA SA (IBE SQ)	4 544			11,08	50 338,78	10,41	47 303,04
INDUSTRIA DE DISENO TEXTIL (ITX SQ)	1 083			28,17	30 511,87	28,53	30 897,99
INFINEON TECHNOLOGIES AG (IFX GY)	1 766			36,61	64 655,84	40,76	71 982,16
ING GROEP NV (INGA NA)	3 814			10,55	40 239,37	12,24	46 690,99
INTERCONTINENTAL HOTELS GROU (IHG LN)	108			60,12	6 492,83	56,94	6 149,93
INTESA SANPAOLO (ISP IM)	16 910			2,35	39 697,52	2,27	38 453,34

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Total
KERING (KER FP)	81			549,30	44 493,42	706,90	57 258,90
KORIAN (KORI FP)	708			31,10	22 020,64	27,84	19 710,72
LINDE PLC (LIN GY)	212			184,33	39 078,69	306,00	64 872,00
L'OREAL (OR FP)	111			383,98	42 621,28	416,95	46 281,45
LVMH MOET HENNESSY LOUIS VUI (MC FP)	143			508,86	72 766,52	727,00	103 961,00
MERCK KGAA (MRK GY)	208			207,65	43 190,96	227,00	47 216,00
NCG BANCO SA-B SHARES (0852019D SM)	185 838			0,50	92 919,00	0,00	0,02
NESTLE SA-REG (NESN SE)	367			120,16	44 098,01	122,99	45 138,72
NEXI SPA (NEXI IM)	776			17,36	13 473,96	13,99	10 856,24
NN GROUP NV (NN NA)	695			36,31	25 236,83	47,61	33 088,95
NOKIA OYJ (NOKIA FH)	4 930			3,71	18 308,05	5,57	27 479,82
PERNOD RICARD SA (RI FP)	176			163,83	28 833,30	211,50	37 224,00
POSTE ITALIANE SPA (PST IM)	2 547			10,18	25 920,91	11,54	29 392,38
PROSUS NV (PRX NA)	475			72,56	34 464,92	73,53	34 926,75
SANOFI (SAN FP)	728			82,17	59 819,25	88,58	64 486,24
SAP SE (SAP GY)	667			119,30	79 572,29	124,90	83 308,30
SCHNEIDER ELECTRIC SE (SU FP)	507			138,24	70 089,19	172,46	87 437,22
SIEMENS AG-REG (SIE GY)	452			125,94	56 925,76	152,68	69 011,36
STELLANTIS NV (STLA IM)	2 782			14,45	40 194,60	16,69	46 420,45
TOTALENERGIES SE (TTE FP)	2 093			43,57	91 201,26	44,63	93 410,59
UNIVERSAL MUSIC GROUP NV (UMG NA)	1 298			25,25	32 774,50	24,78	32 164,44
VEOLIA ENVIRONNEMENT (VIE FP)	1 295			23,86	30 898,17	32,26	41 776,70
VINCI SA (DG FP)	630			87,55	55 154,98	92,91	58 533,30
VIVENDI SE (VIV FP)	1 741			11,38	19 818,00	11,89	20 700,49
VONOVIA SE (VNA GY)	769			51,25	39 409,55	48,50	37 296,50
subtotal	**1 439 738**				**15 097 089,78**		**17 490 711,79**
2.2.1.3 – Shares in investment funds							
AAME MULTI-CREDIT STRATEGY FUND	1 002 032			100,90	101 105 841,07	69,73	69 869 973,42
AAME TRQ LOAN ORIGINATION FUND	32 547			1 009,63	32 860 504,96	1 104,33	35 942 486,31
EURAZEO PRIVATE DEBT VI SCSP SICAV-RAIF UNLEVERED	75 000			100,00	7 500 000,00	100,00	7 500 000,00
FIDELITY FDS-TARG 2040-A ACC (FI2040A LX)	9 700			20,72	200 961,19	48,01	465 697,00
FIDELITY FDS-TARGT 2025 E-AC (FI2025A LX)	98 000			13,63	1 336 064,26	18,84	1 846 320,00
FIDELITY FDS-TARGT 2030 E-AC (FI2030A LX)	19 000			10,47	198 903,21	20,87	396 530,00
FIDELITY FDS-TARGT 2050-AA (FIDAAEU LX)	240			14,43	3 463,83	20,21	4 850,40
FIDELITY FD-TARGET 2035 E-AC (FI2035A LX)	5 800			21,23	123 109,91	46,47	269 526,00
FIDELITY TARGET 2045 EUR-AA (FT45EAA LX)	160			14,70	2 352,73	20,22	3 235,20
GENERALI INV-INC PAR AS DB-A (GIPASBA LX)	215 626			91,09	19 641 777,65	87,80	18 932 363,41
GENERALI REAL ESTATE LOGISTICS FUND SCS SICAV-RAIF	1 661			12 037,98	20 000 000,00	12 037,98	20 000 000,00
GENERALI SMT-GE NEXT PRT-DXE (GSNPDXE LX)	2 702			97,72	264 023,13	97,83	264 316,58
GENERALI-LO ASIA IG-BEURHDIS (GACBEHD LX)	140 202			99,86	13 999 999,39	96,61	13 545 613,33
GEN-UMB ALG CRDT FD-AEURDIS (GUACAED LX)	300 000			100,00	30 000 000,00	97,25	29 175 900,00
GIP PRIVATE DEBT FUND-OF-FUNDS ITA	127			99 999,88	12 692 984,42	101 613,58	12 897 811,46
LO ASIA VALUE BOND-SHE X1 ID (LOAVEX1 LX)	274 199			91,17	24 999 999,94	91,98	25 220 701,72
MULTIFACTOR GL EQ FD-A A EUR (ASBGAAE LX)	1 000			17,56	17 560,52	23,92	23 916,70
subtotal	**2 177 997**				**264 947 546,21**		**236 359 241,53**
subtotal	**3 617 735**				**280 044 635,99**		**253 849 953,32**
2.2.2 – Debt securities							
2.2.2.1 – Public debt							
AUSTRIA REP OF 07/28/25		1 000 000,00	105,38%	106,5%	1 064 600,00	105,8%	1 058 062,24
BELGIAN 0304 5 03/28/35		5 035 000,00	160,40%	160,6%	8 086 285,01	164,2%	8 267 861,19
BELGIAN 0308 4 03/28/22		2 300 000,00	101,13%	120,5%	2 772 000,38	104,2%	2 396 156,42
BELGIAN 0320 4.25 03/28/41		2 700 000,00	164,72%	120,0%	3 240 994,00	168,0%	4 534 821,38
BELGIAN 0324 4.5 03/28/26		70 000,00	121,38%	99,8%	69 825,70	124,8%	87 363,27
BELGIAN 0325 4.25 09/28/22		1 650 000,00	103,68%	114,8%	1 893 943,47	104,8%	1 728 687,87
BELGIAN 0326 4 03/28/32		900 000,00	139,57%	109,7%	987 390,00	142,6%	1 283 559,74
BELGIAN 0335 1 06/22/31		5 660 000,00	108,32%	100,2%	5 670 748,10	108,8%	6 160 464,69
BELGIAN 0337 1 06/22/26		11 810 500,00	106,28%	103,8%	12 259 429,17	106,8%	12 614 064,86
BELGIAN 0338 1.6 06/22/47		34 000 000,00	116,66%	96,8%	32 919 800,00	117,5%	39 951 335,12
BELGIAN 0348 1.7 06/22/50		17 000 000,00	119,39%	125,6%	21 358 120,00	120,3%	20 447 858,50
BGARIA-FLIRB-REG 1.375 09/23/50		1 118 000,00	95,65%	97,6%	1 090 787,88	96,0%	1 073 544,61
BTPS 0.35 02/01/25		20 000,00	100,77%	101,0%	20 199,87	100,9%	20 182,66
BTPS 2 12/01/25		1 650 000,00	106,80%	106,9%	1 764 094,68	107,0%	1 764 991,42
BTPS 3.75 09/01/24		3 775 000,00	109,90%	119,0%	4 490 966,72	111,1%	4 195 886,27
BTPS 4.5 03/01/24		1 800 000,00	109,87%	123,1%	2 215 103,31	111,4%	2 004 814,94

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Total
BTPS 4.5 03/01/26		282 000,00	117,45%	127,3%	359 008,21	119,0%	335 445,65
BTPS 4.5 05/01/23		2 400 000,00	106,56%	121,4%	2 912 681,18	107,3%	2 575 446,54
BTPS 5 03/01/25		7 507 000,00	115,41%	128,9%	9 674 342,42	117,1%	8 789 347,08
BTPS 5.5 11/01/22		2 880 000,00	104,93%	125,0%	3 600 653,71	105,8%	3 048 148,32
BTPS 6.5 11/01/27		800 000,20	133,96%	117,5%	940 141,88	135,0%	1 080 316,91
CHILE 0.83 07/02/31		2 425 000,00	99,86%	101,4%	2 459 920,00	100,3%	2 431 523,17
CHILE 1.3 07/26/36		3 000 000,00	98,06%	98,4%	2 952 000,00	98,6%	2 958 673,04
CHILE 1.44 02/01/29		12 000 000,00	105,11%	105,3%	12 630 000,00	106,4%	12 770 507,57
CHILE 1.75 01/20/26		1 900 000,00	106,16%	98,3%	1 866 857,16	107,8%	2 048 484,01
CHINA (PEOPLE'S) 0.625 11/25/35		800 000,00	95,59%	99,4%	795 560,00	95,6%	765 176,30
CROATIA 1.125 03/04/33		4 000 000,00	99,17%	98,4%	3 935 000,00	100,1%	4 003 895,97
CROATIA 1.5 06/17/31		400 000,00	103,47%	103,8%	415 200,00	104,3%	417 114,47
DEUTSCHLAND REP 0 08/15/26		7 659 900,00	102,31%	97,5%	7 468 367,54	102,3%	7 836 927,03
DEUTSCHLAND REP 4 01/04/37		17 006 400,00	162,10%	159,5%	27 122 361,69	166,1%	28 240 157,86
DEUTSCHLAND REP 4.75 07/04/28		2 550 000,00	134,43%	153,5%	3 915 146,73	136,8%	3 487 643,21
DEUTSCHLAND REP 4.75 07/04/34		15 200 000,00	162,65%	164,1%	24 945 292,63	165,0%	25 078 431,79
DEUTSCHLAND REP 5.5 01/04/31		440 324,12	153,37%	167,9%	739 136,87	158,8%	699 271,99
FRANCE O.A.T. 0 05/25/22		50 000,00	100,28%	101,2%	50 587,00	100,3%	50 142,26
FRANCE O.A.T. 0.25 11/25/26		23 383 700,00	102,82%	95,8%	22 403 326,32	102,8%	24 049 802,37
FRANCE O.A.T. 0.5 05/25/25		1 500 000,00	103,28%	94,4%	1 416 210,00	103,6%	1 553 701,14
FRANCE O.A.T. 1 11/25/25		5 700 000,00	105,51%	99,9%	5 693 331,00	105,6%	6 019 883,09
FRANCE O.A.T. 1.25 05/25/36		33 578 800,00	110,86%	98,8%	33 161 409,86	111,6%	37 478 210,24
FRANCE O.A.T. 1.5 05/25/31		28 780 000,00	112,82%	106,2%	30 550 063,11	113,7%	32 729 819,46
FRANCE O.A.T. 1.75 06/25/39		75 000,00	120,76%	101,5%	76 094,25	121,7%	91 250,08
FRANCE O.A.T. 2 05/25/48		5 150 000,00	128,56%	105,7%	5 443 835,00	129,8%	6 683 007,64
FRANCE O.A.T. 3.25 05/25/45		700 000,00	154,30%	100,6%	704 347,00	156,3%	1 093 806,30
FRANCE O.A.T. 3.5 04/25/26		1 430 000,00	116,89%	125,4%	1 793 634,70	119,3%	1 705 755,52
FRANCE O.A.T. 4 04/25/55		6 000 000,00	188,14%	165,2%	9 914 032,28	190,9%	11 452 951,68
FRANCE O.A.T. 4 10/25/38		900 000,00	156,79%	113,8%	1 024 415,00	157,5%	1 417 760,87
FRANCE O.A.T. 4.25 10/25/23		20 000,00	108,93%	109,3%	21 863,80	109,7%	21 941,50
FRANCE O.A.T. 5.75 10/25/32		1 980 000,00	159,71%	178,3%	3 531 182,22	160,8%	3 183 157,24
FRANCE O.A.T.I/L 1.1 07/25/22		500 000,00	121,76%	98,0%	489 891,23	122,3%	611 619,30
HUNGARY 0.5 11/18/30		814 000,00	98,08%	98,6%	802 913,32	98,1%	798 832,73
HUNGARY 1.5 11/17/50		1 242 000,00	94,62%	96,4%	1 196 766,36	94,8%	1 177 387,54
HUNGARY 1.625 04/28/32		3 000 000,00	104,78%	107,4%	3 221 250,00	105,9%	3 176 396,24
HUNGARY 1.75 06/05/35		600 000,00	104,25%	97,3%	583 992,00	105,2%	631 491,33
HUNGARY 1.75 10/10/27		7 000 000,00	108,82%	105,6%	7 393 750,00	109,2%	7 645 009,73
INDONESIA (REP) 0.9 02/14/27		2 000 000,00	100,03%	99,1%	1 982 500,00	100,8%	2 016 470,66
INDONESIA (REP) 1 07/28/29		1 470 000,00	98,30%	99,5%	1 462 370,70	98,7%	1 451 257,75
INDONESIA (REP) 1.1 03/12/33		500 000,00	96,48%	97,9%	489 500,00	97,5%	487 701,76
INDONESIA (REP) 1.4 10/30/31		16 800 000,00	100,28%	94,0%	15 784 275,00	100,5%	16 887 118,27
INDONESIA (REP) 1.45 09/18/26		3 000 000,00	103,41%	99,7%	2 991 000,00	103,8%	3 114 681,83
INDONESIA (REP) 1.75 04/24/25		2 400 000,00	104,12%	104,6%	2 510 400,00	105,3%	2 527 690,49
INDONESIA (REP) 3.75 06/14/28		7 000 000,00	116,16%	111,2%	7 785 000,00	118,2%	8 275 226,36
IRISH GOVT 1 05/15/26		1 325 000,00	105,95%	102,4%	1 357 423,50	106,6%	1 412 175,50
IRISH GOVT 1.7 05/15/37		1 200 000,00	117,02%	95,1%	1 140 663,00	118,1%	1 417 053,38
IRISH GOVT 2.4 05/15/30		4 325 000,00	119,66%	116,3%	5 028 152,99	121,2%	5 240 588,09
IRISH GOVT 5.92 05/20/42		5 139 831,41	168,80%	157,6%	8 099 343,74	172,5%	8 863 811,97
KAZAKHSTAN 1.5 09/30/34		3 000 000,00	99,85%	92,3%	2 769 450,00	100,2%	3 006 896,92
KAZAKHSTAN 1.55 11/09/23		1 800 000,00	102,28%	103,1%	1 856 250,00	102,5%	1 844 952,72
LITHUANIA 1.625 06/19/49		838 000,00	119,95%	97,5%	817 158,94	120,8%	1 012 475,80
NETHERLANDS GOVT 0.5 07/15/26		3 564 700,00	104,34%	100,6%	3 587 863,39	104,6%	3 727 643,86
NETHERLANDS GOVT 2.5 01/15/33		6 617 900,00	127,47%	127,9%	8 464 822,89	129,9%	8 594 459,34
NETHERLANDS GOVT 3.75 01/15/23		4 000 000,00	104,65%	122,7%	4 906 811,65	108,2%	4 329 903,53
NETHERLANDS GOVT 4 01/15/37		4 826 000,00	158,16%	157,8%	7 617 343,88	162,0%	7 817 721,87
PHILIPPINES(REP) 1.2 04/28/33		7 767 000,00	99,35%	99,4%	7 720 959,56	100,2%	7 779 469,58
REP OF AUSTRIA 0.75 10/20/26		6 782 000,00	105,39%	102,5%	6 954 712,18	105,5%	7 157 258,65
REP OF AUSTRIA 1.5 02/20/47		16 000 000,00	121,64%	111,0%	17 767 680,00	122,9%	19 668 973,27
REP OF AUSTRIA 2.4 05/23/34		2 610 000,00	126,89%	124,2%	3 242 088,68	128,4%	3 350 023,69
REP OF AUSTRIA 4.15 03/15/37		2 700 000,00	157,52%	155,8%	4 207 735,49	160,8%	4 342 340,72
REP OF AUSTRIA 6.25 07/15/27		1 350 000,00	137,00%	161,6%	2 182 208,55	139,9%	1 888 553,46
REP OF CYPRUS 0.625 01/21/30		5 600 000,00	99,87%	100,2%	5 609 003,80	100,5%	5 625 844,41
REP OF CYPRUS 2.375 09/25/28		7 050 000,00	112,93%	105,2%	7 414 558,00	113,6%	8 006 119,75
REP OF CYPRUS 2.75 02/26/34		5 500 000,00	122,05%	106,1%	5 838 000,00	124,4%	6 840 408,19

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest)	
						Unit	Total
REP OF LATVIA 1.375 05/16/36		1 027 000,00	111,21%	94,7%	972 846,29	112,1%	1 150 984,66
REP OF LATVIA 2.25 02/15/47		800 000,00	136,36%	104,1%	832 796,00	138,3%	1 106 593,35
REP OF POLAND 3 01/15/24		1 700 000,00	106,70%	100,1%	1 701 062,50	109,6%	1 862 766,15
REP OF POLAND 3.75 01/19/23		920 000,00	104,33%	99,8%	918 252,00	107,9%	992 547,48
REP OF POLAND 5.25 01/20/25		700 000,00	116,03%	120,8%	845 250,00	121,0%	846 956,67
REP OF SLOVENIA 1.25 03/22/27		800 000,00	107,57%	98,3%	786 722,00	108,5%	868 307,10
REP OF SLOVENIA 1.5 03/25/35		3 245 000,00	110,72%	93,4%	3 029 838,56	111,9%	3 630 248,86
REP OF SLOVENIA 1.75 11/03/40		5 800 000,00	115,81%	96,6%	5 605 500,78	116,1%	6 733 168,51
REP OF SLOVENIA 2.125 07/28/25		575 000,00	109,14%	113,6%	652 975,71	110,0%	632 749,97
REP OF SLOVENIA 2.25 03/03/32		5 950 000,00	118,85%	102,3%	6 086 291,60	120,7%	7 182 708,16
REP OF SLOVENIA 3.125 08/07/45		500 000,00	146,31%	129,3%	646 529,00	147,6%	737 824,08
REP OF SLOVENIA 4.625 09/09/24		2 000 000,00	114,19%	125,4%	2 508 136,51	115,6%	2 312 487,79
REP OF SLOVENIA 5.125 03/30/26		950 000,00	123,37%	137,8%	1 308 916,00	127,2%	1 208 861,06
REPUBLIC OF PERU 2.75 01/30/26		500 000,00	110,18%	109,5%	547 337,11	112,7%	563 500,79
REPUBLIC OF PERU 3.75 03/01/30		4 600 000,00	118,62%	119,4%	5 491 020,00	121,8%	5 600 706,20
ROMANIA 2 01/28/32		1 500 000,00	92,79%	86,1%	1 291 875,00	94,6%	1 419 585,05
ROMANIA 2.124 07/16/31		2 250 000,00	95,23%	88,0%	1 980 000,00	96,2%	2 164 600,78
ROMANIA 2.375 04/19/27		2 300 000,00	105,92%	100,5%	2 310 735,00	107,6%	2 474 402,24
ROMANIA 2.5 02/08/30		500 000,00	100,85%	97,0%	484 875,00	103,1%	515 408,66
ROMANIA 2.75 10/29/25		675 000,00	107,85%	105,0%	708 750,00	108,3%	731 201,95
ROMANIA 2.875 03/11/29		800 000,00	106,34%	111,0%	888 000,00	108,7%	869 302,50
ROMANIA 2.875 05/26/28		4 850 000,00	107,80%	103,9%	5 038 091,00	109,5%	5 311 748,91
ROMANIA 3.875 10/29/35		2 600 000,00	108,32%	101,5%	2 639 495,00	109,0%	2 833 646,43
ROMANIA 4.125 03/11/39		2 200 000,00	106,99%	100,4%	2 208 250,00	110,3%	2 427 162,62
SAUDI INT BOND 0.75 07/09/27		3 100 000,00	102,30%	102,0%	3 162 375,00	102,7%	3 182 304,30
SAUDI INT BOND 2 07/09/39		7 289 000,00	105,55%	93,8%	6 838 945,24	106,5%	7 763 104,85
SLOVAKIA GOVT 1 05/14/32		382 609,00	108,83%	99,4%	380 206,22	109,5%	418 802,90
SLOVAKIA GOVT 1.375 01/21/27		600 000,00	109,05%	102,3%	613 908,00	110,3%	662 055,11
SLOVAKIA GOVT 1.625 01/21/31		1 200 000,00	115,24%	102,3%	1 227 200,00	116,8%	1 401 279,65
SLOVAKIA GOVT 1.875 03/09/37		1 300 000,00	117,82%	122,3%	1 590 433,00	119,3%	1 551 434,69
SLOVAKIA GOVT 2 10/17/47		500 000,00	126,87%	99,4%	497 245,69	127,3%	636 405,67
SLOVAKIA GOVT 3.625 01/16/29		800 000,00	127,27%	125,0%	1 000 096,00	130,7%	1 045 907,71
SPANISH GOV'T 0.35 07/30/23		50 000,00	101,50%	101,9%	50 946,40	101,6%	50 821,63
SPANISH GOV'T 0.5 10/31/31		18 200 000,00	99,38%	99,7%	18 141 866,00	99,5%	18 102 520,74
SPANISH GOV'T 1.4 04/30/28		350 000,00	108,16%	99,8%	349 275,50	109,1%	381 835,26
SPANISH GOV'T 1.45 04/30/29		250 000,00	108,90%	103,3%	258 135,00	109,9%	274 683,88
SPANISH GOV'T 1.45 10/31/27		500 000,00	108,19%	98,4%	491 890,00	108,4%	542 142,25
SPANISH GOV'T 1.5 04/30/27		3 900 000,00	108,34%	98,2%	3 829 140,00	109,3%	4 264 456,08
SPANISH GOV'T 1.85 07/30/35		4 000 000,00	112,81%	113,8%	4 550 560,00	113,6%	4 543 571,32
SPANISH GOV'T 1.95 07/30/30		7 460 000,00	113,26%	103,9%	7 752 758,63	114,1%	8 510 837,91
SPANISH GOV'T 2.15 10/31/25		3 900 000,00	109,29%	106,1%	4 138 302,47	109,7%	4 276 489,86
SPANISH GOV'T 2.35 07/30/33		2 100 000,00	118,73%	104,3%	2 190 219,75	119,7%	2 514 114,04
SPANISH GOV'T 2.7 10/31/48		1 100 000,00	131,21%	125,5%	1 379 965,50	131,7%	1 448 244,76
SPANISH GOV'T 2.75 10/31/24		3 740 000,00	109,23%	111,1%	4 153 486,63	109,7%	4 102 334,43
SPANISH GOV'T 2.9 10/31/46		900 000,00	134,97%	125,9%	1 132 776,00	135,5%	1 219 085,04
SPANISH GOV'T 3.45 07/30/66		1 150 000,00	150,27%	142,4%	1 637 471,50	151,7%	1 744 882,01
SPANISH GOV'T 4.2 01/31/37		1 276 000,00	147,09%	123,4%	1 574 545,01	150,9%	1 925 858,86
SPANISH GOV'T 4.4 10/31/23		7 830 000,00	109,19%	122,9%	9 622 830,48	109,9%	8 606 943,53
SPANISH GOV'T 4.7 07/30/41		870 000,00	164,09%	145,6%	1 266 644,10	166,1%	1 444 828,49
SPANISH GOV'T 4.9 07/30/40		6 275 000,00	166,13%	148,9%	9 341 493,31	168,2%	10 554 268,39
SPANISH GOV'T 5.15 10/31/28		2 585 000,00	134,09%	138,2%	3 571 395,30	135,0%	3 488 533,94
SPANISH GOV'T 5.15 10/31/44		300 000,00	180,06%	154,2%	462 727,41	180,9%	542 763,86
SPANISH GOV'T 5.4 01/31/23		1 550 000,00	106,51%	126,5%	1 960 580,62	111,5%	1 727 548,40
SPANISH GOV'T 5.75 07/30/32		5 535 000,00	153,65%	149,6%	8 280 935,35	156,1%	8 639 006,77
SPANISH GOV'T 5.85 01/31/22		8 000 000,00	100,50%	124,6%	9 965 036,81	105,9%	8 468 387,50
SPANISH GOV'T 5.9 07/30/26		3 545 000,00	127,77%	137,5%	4 873 908,89	130,3%	4 617 605,07
SPANISH GOV'T 6 01/31/29		6 913 000,00	141,53%	142,9%	9 879 660,92	147,0%	10 163 825,67
UNITED MEXICAN 1.125 01/17/30		13 300 000,00	96,97%	85,1%	11 318 000,00	98,0%	13 040 293,80
UNITED MEXICAN 1.625 03/06/24		440 000,00	103,09%	99,6%	438 423,68	104,4%	459 466,41
UNITED MEXICAN 1.625 04/08/26		1 600 000,00	104,11%	99,0%	1 583 690,00	105,3%	1 684 857,80
UNITED MEXICAN 1.75 04/17/28		600 000,00	103,50%	92,4%	554 100,00	104,7%	628 407,18
UNITED MEXICAN 2.875 04/08/39		11 198 000,00	100,89%	90,8%	10 162 863,10	103,0%	11 532 849,12
UNITED MEXICAN 3.625 04/09/29		2 300 000,00	115,80%	113,6%	2 612 450,00	118,4%	2 724 064,01
subtotal		**603 938 664,73**			**678 016 161,27**		**715 479 207,03**

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Total
2.2.2.2 – By other public issuers							
BASQUE GOV'T 1.125 04/30/29		700 000,00	105,80%	99,8%	698 607,00	106,6%	745 859,44
BNG BANK NV 4.125 01/13/25		950 000,00	112,90%	99,4%	944 471,00	116,9%	1 110 372,84
CAISSE AMORT DET 4 12/15/25		300 000,00	116,83%	103,6%	310 683,00	117,0%	351 003,66
COMM FRANC BELG 2.1 06/30/67		20 000 000,00	119,18%	99,5%	19 901 800,00	120,2%	24 047 623,19
COMUNIDAD MADRID 0.419 04/30/30		1 600 000,00	99,95%	101,6%	1 625 600,00	100,2%	1 603 760,81
COMUNIDAD MADRID 3.25 05/03/46		2 500 000,00	138,05%	108,6%	2 714 125,00	140,2%	3 505 004,09
COMUNIDAD MADRID 4.125 05/21/24		3 000 000,00	110,63%	120,2%	3 605 855,38	113,2%	3 394 989,81
CORES 1.75 11/24/27		500 000,00	108,73%	100,1%	500 450,00	108,9%	544 561,35
EFSF 1.7 02/13/43		20 000 000,00	123,00%	111,0%	22 192 000,00	124,5%	24 899 799,30
EFSF 1.8 07/10/48		10 000 000,00	129,76%	103,8%	10 382 000,00	130,6%	13 061 850,72
EFSF 2 02/28/56		20 000 000,00	140,99%	107,3%	21 454 000,00	142,7%	28 533 135,67
ESM 1.85 12/01/55		15 000 000,00	138,81%	105,0%	15 747 000,00	139,0%	20 844 050,52
EUROPEAN INVT BK 5.625 02/15/28		595 200,00	134,09%	99,3%	591 117,52	139,0%	827 383,83
HOPITAUX DE PARI 1.75 11/27/41		7 500 000,00	113,23%	101,7%	7 628 425,00	113,4%	8 504 676,20
NORDRHEIN-WEST 1 10/16/46		10 000 000,00	109,03%	85,5%	8 545 000,00	109,2%	10 923 936,32
RESEAU FERRE FRA 3.3 12/18/42		800 000,00	143,50%	101,9%	815 048,00	143,6%	1 148 935,97
RESEAU FERRE FRA 4.375 06/02/22		1 350 000,00	101,99%	100,6%	1 358 061,50	104,5%	1 411 224,35
SAGESS 3.125 10/21/22		900 000,00	102,78%	99,7%	897 075,00	103,4%	930 453,41
SNCF SA 4.375 04/15/26		500 000,00	118,61%	98,9%	494 515,00	121,7%	608 634,62
VILLE DE MARSEIL 4 07/18/24		2 000 000,00	105,56%	100,0%	2 000 000,00	107,4%	2 147 487,85
VNESHECONOMBANK 4.032 02/21/23		750 000,00	102,72%	98,0%	734 791,87	106,2%	796 320,30
subtotal		**118 945 200,00**			**123 140 625,27**		**149 941 064,25**
2.2.2.3 – By other issuers							
CASH POOLING 000		6 000 000,00	100,00%	100,0%	6 000 000,00	100,0%	6 000 000,00
CASH POOLING 001		1 000 000,00	100,00%	100,0%	1 000 000,00	100,0%	1 000 000,00
CASH POOLING 800		5 600 000,00	100,00%	100,0%	5 600 000,00	100,0%	5 600 000,00
CASH POOLING 801		3 650 000,00	100,00%	100,0%	3 650 000,00	100,0%	3 650 000,00
CASH POOLING 802		100 000,00	100,00%	100,0%	100 000,00	100,0%	100 000,00
CASH POOLING 803		400 000,00	100,00%	100,0%	400 000,00	100,0%	400 000,00
CASH POOLING 804		200 000,00	100,00%	100,0%	200 000,00	100,0%	200 000,00
CASH POOLING 805		4 000 000,00	100,00%	100,0%	4 000 000,00	100,0%	4 000 000,00
CASH POOLING 807		150 000,00	100,00%	100,0%	150 000,00	100,0%	150 000,00
CASH POOLING 808		2 750 000,00	100,00%	100,0%	2 750 000,00	100,0%	2 750 000,00
CASH POOLING 809		200 000,00	100,00%	100,0%	200 000,00	100,0%	200 000,00
CASH POOLING 811		50 000,00	100,00%	100,0%	50 000,00	100,0%	50 000,00
CASH POOLING 910 INV_AUTON		100 000,00	100,00%	100,0%	100 000,00	100,0%	100 000,00
CASH POOLING 920 PPR_E		200 000,00	100,00%	100,0%	200 000,00	100,0%	200 000,00
CASH POOLING 930 CAPIT		400 000,00	100,00%	100,0%	400 000,00	100,0%	400 000,00
CASH POOLING 940 UNIVIDA		50 000,00	100,00%	100,0%	50 000,00	100,0%	50 000,00
CASH POOLING 950 RENDAS		100 000,00	100,00%	100,0%	100 000,00	100,0%	100 000,00
CASH POOLING 990 PAR_NO_RES		50 000,00	100,00%	100,0%	50 000,00	100,0%	50 000,00
3M CO 2.875 10/15/27		790 000,00	93,74%	99,9%	789 532,50	94,3%	744 782,73
AB INBEV SA/NV 2 01/23/35		500 000,00	109,83%	98,4%	492 160,00	111,7%	558 543,58
AB INBEV SA/NV 2.125 12/02/27		320 000,00	109,54%	106,5%	340 672,98	109,7%	351 064,35
AB INBEV SA/NV 2.75 03/17/36		800 000,00	118,28%	104,0%	832 220,84	120,5%	963 685,08
AB INBEV SA/NV 3.25 01/24/33		1 800 000,00	123,82%	98,9%	1 780 236,00	126,9%	2 283 488,22
AB INBEV SA/NV 3.7 04/02/40		6 000 000,00	133,01%	112,1%	6 723 000,00	135,8%	8 146 863,68
ABERTI 2.375 09/27/27		5 000 000,00	108,69%	95,4%	4 770 000,00	109,3%	5 465 645,03
ABN AMRO BANK NV 03/27/28		400 000,00	90,80%	93,9%	375 414,08	91,8%	367 193,84
ABN AMRO BANK NV 7.125 07/06/22		800 000,00	103,62%	125,4%	1 002 880,00	107,1%	856 758,54
ACCOR 2.5 01/25/24		6 000 000,00	104,21%	94,5%	5 670 000,00	106,5%	6 392 250,61
ACCOR 3.625 09/17/23		2 000 000,00	105,90%	99,0%	1 979 000,00	106,9%	2 138 927,56
AEGON NV 4 04/25/44		2 096 000,00	107,42%	102,1%	2 140 025,78	110,2%	2 309 024,31
AEROPORT PARIS 1.5 07/02/32		4 200 000,00	104,96%	105,2%	4 420 080,00	105,7%	4 439 787,88
AEROPORT PARIS 2.75 04/02/30		1 300 000,00	116,05%	115,7%	1 504 711,00	118,1%	1 535 421,98
AIB GROUP PLC 2.25 07/03/25		200 000,00	106,79%	100,2%	200 335,04	107,9%	215 820,38
AIR LIQUIDE FIN 1 03/08/27		100 000,00	104,54%	104,8%	104 790,88	105,4%	105 359,78
AIR LIQUIDE FIN 1.375 04/02/30		100 000,00	108,52%	107,3%	107 322,53	109,5%	109 545,92
AIR PROD & CHEM 1 02/12/25		330 000,00	103,00%	99,6%	328 651,80	103,9%	342 799,56
AKELIUS RESIDENT 0.75 02/22/30		8 000 000,00	94,61%	98,2%	7 859 890,00	95,3%	7 620 009,92
AKELIUS RESIDENT 10/05/78		500 000,00	104,30%	98,8%	493 896,15	105,2%	526 130,81
AKER BP ASA 1.125 05/12/29		4 000 000,00	99,35%	99,5%	3 979 120,00	100,1%	4 002 882,06
ALLIANZ FINANCE 1.375 04/21/31		500 000,00	108,69%	106,6%	533 000,10	109,6%	548 210,20

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Total
ALLIANZ SE 1.301 09/25/49		600 000,00	99,65%	95,3%	571 556,58	100,0%	599 998,10
ALLIANZ SE 4.75 PERP		600 000,00	107,77%	106,8%	640 960,00	108,7%	651 947,56
ALTAREA 1.875 01/17/28		3 800 000,00	100,77%	103,7%	3 938 966,00	102,6%	3 897 084,55
ALTRIA GROUP INC 1.7 06/15/25		1 500 000,00	103,91%	101,9%	1 528 680,00	104,8%	1 572 545,74
ALTRIA GROUP INC 2.2 06/15/27		450 000,00	106,39%	108,4%	487 620,00	107,6%	484 155,12
ALTRIA GROUP INC 3.125 06/15/31		900 000,00	111,09%	116,2%	1 045 404,00	112,8%	1 015 144,37
AMER INTL GROUP 1.875 06/21/27		2 000 000,00	106,20%	98,4%	1 967 477,00	107,2%	2 143 734,35
AMERICA MOVIL SA 09/06/73		400 000,00	109,81%	115,7%	462 682,69	111,8%	447 364,01
AMERICA MOVIL SA 2.125 03/10/28		1 500 000,00	109,24%	98,2%	1 473 367,50	111,0%	1 664 471,99
AMGEN INC 4.563 06/15/48		500 000,00	108,89%	114,4%	572 239,75	109,1%	545 343,60
APPLE INC 2.75 01/13/25		610 000,00	91,94%	99,1%	604 527,89	93,1%	567 692,45
APPLE INC 3.2 05/11/27		170 000,00	94,87%	102,3%	173 959,83	95,3%	161 942,51
APPLE INC 3.35 02/09/27		465 000,00	95,57%	102,7%	477 376,18	96,7%	449 787,85
APT PIPELINES 1.25 03/15/33		8 500 000,00	96,94%	100,1%	8 505 170,00	97,9%	8 324 327,91
APT PIPELINES 2 07/15/30		7 260 000,00	105,84%	107,9%	7 836 714,00	106,8%	7 750 915,41
APTIV PLC 1.5 03/10/25		16 150 000,00	103,62%	94,1%	15 201 840,54	104,8%	16 931 264,39
ARCELORMITTAL 1 05/19/23		716 000,00	101,13%	99,9%	715 176,60	101,7%	728 518,56
ARCELORMITTAL 3.125 01/14/22		1 400 000,00	100,10%	99,2%	1 389 010,69	103,1%	1 443 406,35
AROUNDTOWN SA PERP		300 000,00	103,28%	93,4%	280 064,40	103,4%	310 056,18
AROUNDTOWN SA PERP		100 000,00	123,59%	106,8%	106 754,14	126,5%	126 519,63
ASSURANCE CREDIT 4.625 06/04/24		500 000,00	105,22%	100,0%	500 000,00	107,9%	539 380,65
AT&T INC 1.05 09/05/23		600 000,00	101,92%	100,3%	601 540,80	102,3%	613 544,85
AT&T INC 1.3 09/05/23		600 000,00	102,04%	101,4%	608 351,81	102,5%	614 744,93
AURIZON NETWORK 3.125 06/01/26		5 100 000,00	110,88%	109,6%	5 590 314,68	112,7%	5 748 005,96
AUSNET SERVICES 03/11/81		3 000 000,00	100,08%	102,1%	3 062 700,00	100,6%	3 017 368,41
AUSTRALIA PACI 1.75 10/15/24		500 000,00	103,67%	99,3%	496 420,45	104,0%	520 179,23
AUTOROUTES DU SU 2.875 01/18/23		600 000,00	103,32%	99,3%	595 740,00	106,1%	636 348,30
AUTOROUTES DU SU 5.625 07/04/22		1 000 000,00	103,05%	105,2%	1 051 734,00	105,8%	1 058 245,60
AUTOSTRADE PER L 4.375 09/16/25		500 000,00	112,68%	109,3%	546 250,00	113,9%	569 748,10
AVIVA PLC 0.625 10/27/23		1 536 000,00	101,51%	99,5%	1 527 585,18	101,6%	1 560 945,40
AVIVA PLC 07/03/44		800 000,00	108,15%	100,7%	805 992,00	110,1%	880 542,02
AVIVA PLC 3.375 12/04/45		660 000,00	109,48%	99,1%	653 743,20	109,7%	724 187,46
AXA SA 5.125 07/04/43		1 400 000,00	107,46%	110,9%	1 552 605,11	110,0%	1 539 782,89
BANCO BILBAO VIZ 02/22/29		13 800 000,00	103,90%	102,3%	14 120 850,00	106,1%	14 641 368,60
BANCO BILBAO VIZ 3.5 02/10/27		4 300 000,00	112,50%	113,1%	4 861 580,00	115,6%	4 970 928,80
BANCO SABADELL 0.625 11/07/25		5 000 000,00	100,38%	90,5%	4 526 830,00	100,5%	5 023 629,20
BANCO SABADELL 0.875 03/05/23		1 500 000,00	101,01%	97,5%	1 462 245,00	101,7%	1 526 008,90
BANCO SABADELL 0.875 07/22/25		11 800 000,00	101,02%	94,4%	11 139 163,00	101,4%	11 966 602,57
BANCO SANTANDER 1.375 01/05/26		300 000,00	103,85%	99,6%	298 839,00	105,2%	315 607,89
BANCO SANTANDER 2.125 02/08/28		18 500 000,00	105,65%	100,4%	18 571 535,00	107,6%	19 897 132,43
BANIF FIN LTD 3 12/31/19		200 000,00	0,00%	0,0%	0,00	0,0%	0,00
BANK OF AMER CRP 1.379 02/07/25		400 000,00	102,81%	101,4%	405 771,04	104,0%	416 198,07
BANK OF AMER CRP 3.648 03/31/29		270 000,00	117,88%	116,4%	314 383,27	120,6%	325 694,34
BANQ FED CRD MUT 1.25 12/05/25		500 000,00	117,88%	109,3%	546 571,64	118,0%	589 918,37
BANQ FED CRD MUT 1.875 06/18/29		200 000,00	105,57%	99,7%	199 368,00	106,6%	213 152,46
BANQ FED CRD MUT 2.625 03/18/24		900 000,00	105,93%	99,0%	890 820,00	108,0%	972 018,84
BANQ FED CRD MUT 3 05/21/24		1 000 000,00	106,65%	99,7%	996 896,72	108,5%	1 084 934,92
BANQ FED CRD MUT 3 11/28/23		400 000,00	106,08%	100,8%	403 100,00	106,3%	425 389,18
BARCLAYS BK PLC 6.625 03/30/22		600 000,00	101,55%	118,2%	708 928,54	106,6%	639 331,84
BARCLAYS PLC 02/07/28		13 100 000,00	101,80%	97,4%	12 753 260,00	103,6%	13 570 627,56
BARCLAYS PLC 03/22/31		5 400 000,00	99,86%	100,1%	5 404 566,00	100,7%	5 439 648,06
BARCLAYS PLC 3.125 01/17/24		500 000,00	122,81%	113,8%	568 999,33	126,4%	631 810,40
BARCLAYS PLC 3.375 04/02/25		4 900 000,00	107,24%	108,7%	5 324 251,54	109,8%	5 378 642,81
BAT INTL FINANCE 2.25 01/16/30		20 900 000,00	104,15%	100,7%	21 049 700,00	106,3%	22 217 642,37
BAT NETHERLANDS 3.125 04/07/28		370 000,00	111,17%	106,4%	393 703,13	113,5%	419 821,56
BECTON DICKINSON 1.213 02/12/36		1 253 000,00	97,66%	102,3%	1 281 260,00	98,7%	1 237 097,29
BERKSHIRE HATHWY 1.125 03/16/27		880 000,00	104,58%	99,0%	871 203,33	105,5%	928 188,70
BERTELSMANN SE 04/23/75		600 000,00	102,39%	100,0%	600 000,00	104,5%	626 740,18
BERTELSMANN SE 2 04/01/28		200 000,00	109,38%	104,7%	209 456,68	110,9%	221 757,00
BHP BILLITON FIN 3.125 04/29/33		1 000 000,00	121,05%	98,5%	985 430,00	123,2%	1 231 566,45
BK TOKYO-MIT UFJ 0.875 03/11/22		650 000,00	100,25%	99,7%	648 152,61	101,0%	656 232,34
BLACKROCK INC 1.25 05/06/25		980 000,00	104,13%	99,6%	976 034,51	105,0%	1 028 543,53
BMW FINANCE NV 0.375 09/24/27		360 000,00	101,15%	94,5%	340 089,49	101,2%	364 484,57
BMW INTL INV BV 1.875 09/11/23		270 000,00	120,63%	110,4%	298 146,68	121,3%	327 544,92

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Total
BNP PARIBAS 0.5 06/04/26		200 000,00	100,87%	97,1%	194 108,34	101,2%	202 323,46
BNP PARIBAS 1.875 12/14/27		500 000,00	119,26%	107,6%	537 873,51	119,4%	596 798,30
BNP PARIBAS 2.125 01/23/27		200 000,00	106,64%	105,1%	210 199,70	108,6%	217 260,90
BNP PARIBAS 3.375 01/09/25		436 000,00	92,46%	95,6%	416 893,48	93,9%	409 257,39
BNP PARIBAS 4.032 PERP		1 500 000,00	111,82%	100,1%	1 501 875,00	112,2%	1 683 212,38
BORGWARNER INC 1 05/19/31		6 100 000,00	98,37%	99,7%	6 082 520,00	99,0%	6 038 380,86
BP CAPITAL PLC 1.104 11/15/34		500 000,00	98,10%	86,7%	433 675,00	98,2%	491 212,98
BP CAPITAL PLC 1.231 05/08/31		2 330 000,00	103,36%	106,7%	2 486 599,30	104,2%	2 426 879,00
BP CAPITAL PLC 1.637 06/26/29		600 000,00	106,41%	100,1%	600 504,00	107,2%	643 492,36
BPCE 0.625 01/15/30		600 000,00	99,91%	98,3%	589 778,34	100,5%	603 051,83
BPCE 0.875 01/31/24		400 000,00	101,87%	99,4%	397 633,91	102,7%	410 699,30
BRISTOL-MYERS 3.875 08/15/25		800 000,00	95,20%	103,1%	824 737,22	96,5%	771 901,06
BRIT SKY BROADCA 2.5 09/15/26		220 000,00	110,60%	110,6%	243 213,85	111,3%	244 936,39
CAIXABANK 1.375 06/19/26		1 000 000,00	103,39%	102,4%	1 023 530,00	104,1%	1 041 247,52
CARMILA SA 1.625 05/30/27		8 500 000,00	102,59%	101,1%	8 592 135,00	103,6%	8 801 864,31
CARMILA SA 2.125 03/07/28		700 000,00	105,20%	101,4%	709 709,00	106,9%	748 593,52
CARREFOUR SA 1.25 06/03/25		500 000,00	103,15%	99,6%	498 073,48	103,9%	519 369,43
CARREFOUR SA 1.75 07/15/22		500 000,00	100,60%	99,6%	497 904,09	101,4%	507 053,21
CARREFOUR SA 2.625 12/15/27		200 000,00	111,79%	110,1%	220 264,44	111,9%	223 808,40
CEZ AS 4.875 04/16/25		300 000,00	115,56%	99,7%	299 154,00	119,0%	357 046,31
CHUBB INA HLDGS 0.3 12/15/24		270 000,00	100,61%	96,9%	261 739,15	100,6%	271 673,52
CHUBB INA HLDGS 1.4 06/15/31		1 000 000,00	105,02%	102,0%	1 020 010,00	105,8%	1 057 847,58
CHUBB INA HLDGS 1.55 03/15/28		1 000 000,00	105,87%	100,0%	999 896,40	107,1%	1 071 086,26
CHUBB INA HLDGS 2.5 03/15/38		1 500 000,00	116,80%	103,1%	1 546 254,02	118,8%	1 781 906,92
CIE DE ST GOBAIN 2.375 10/04/27		200 000,00	111,25%	105,6%	211 228,26	111,8%	223 639,92
CIE FINANC RICHE 1 03/26/26		700 000,00	103,15%	103,0%	720 930,94	103,9%	727 392,90
CITIGROUP INC 1.5 07/24/26		200 000,00	104,30%	101,0%	201 926,34	105,0%	209 906,52
CITIGROUP INC 3.668 07/24/28		490 000,00	94,84%	98,3%	481 865,09	96,3%	471 627,35
CITIGROUP INC 4.25 02/25/30		3 500 000,00	111,91%	113,7%	3 979 080,80	115,5%	4 042 626,78
CK HUTCHISON 1.125 10/17/28		670 000,00	101,45%	97,0%	649 657,70	101,7%	681 291,54
CK HUTCHISON 1.5 10/17/31		2 200 000,00	101,51%	99,1%	2 179 523,00	101,8%	2 239 913,41
CLOVERIE PLC 6.625 09/01/42		4 392 000,00	104,31%	121,8%	5 348 051,83	106,5%	4 677 623,34
CNH IND FIN 1.625 07/03/29		6 580 000,00	104,82%	103,7%	6 823 664,00	105,6%	6 950 483,26
COCA-COLA CO/THE 1 03/09/41		200 000,00	96,66%	99,3%	198 526,00	97,5%	194 951,96
COCA-COLA CO/THE 1.125 03/09/27		880 000,00	104,57%	99,2%	873 328,92	105,5%	928 284,01
COFACE SA 4.125 03/27/24		1 300 000,00	108,68%	101,1%	1 314 176,00	111,8%	1 453 782,22
COMCAST CORP 0.25 05/20/27		550 000,00	99,26%	96,3%	529 772,49	99,4%	546 770,01
COMCAST CORP 4.25 10/15/30		455 000,00	101,49%	109,4%	497 905,65	102,3%	465 380,06
COMMERZBANK AG 12/29/31		1 700 000,00	98,02%	99,5%	1 691 500,00	98,0%	1 666 523,17
COMMERZBANK AG 4 03/23/26		2 900 000,00	110,50%	110,7%	3 209 720,00	113,6%	3 294 472,56
CONTI-GUMMI FIN 2.125 11/27/23		537 000,00	103,88%	99,6%	534 631,83	104,1%	558 913,79
CONTINENTAL AG 2.5 08/27/26		6 820 000,00	109,57%	102,8%	7 011 631,62	110,4%	7 531 436,52
CRD MUTUEL ARKEA 3.375 03/11/31		2 500 000,00	117,72%	118,6%	2 965 180,00	120,4%	3 011 234,35
CRDT AGR ASSR 01/29/48		1 700 000,00	106,67%	98,6%	1 676 776,57	109,1%	1 854 499,10
CRDT AGR ASSR 2 07/17/30		6 400 000,00	103,27%	104,8%	6 707 391,00	104,2%	6 667 919,40
CRED AGRICOLE SA 0.875 01/14/32		400 000,00	100,26%	94,2%	376 648,75	101,1%	404 392,07
CRED AGRICOLE SA 2 03/25/29		500 000,00	106,28%	107,0%	535 160,00	107,8%	539 122,70
CRED MUTUEL HOME 4.125 01/16/23		1 200 000,00	104,82%	99,2%	1 190 200,00	108,8%	1 305 118,78
CREDIT SUISSE 3.25 04/02/26		200 000,00	108,77%	107,7%	215 412,54	111,2%	222 392,78
CREDIT SUISSE 4.282 01/09/28		700 000,00	95,65%	98,6%	690 320,13	97,4%	682 046,96
CRITERIA CAIXA 0.875 10/28/27		4 200 000,00	100,68%	99,8%	4 191 401,00	100,8%	4 235 062,50
CRITERIA CAIXA 1.375 04/10/24		2 200 000,00	102,83%	100,4%	2 209 261,00	103,8%	2 284 228,01
DAIMLER AG 1.5 03/09/26		1 069 000,00	105,99%	99,5%	1 063 306,80	107,2%	1 146 029,29
DAIMLER AG 1.875 07/08/24		440 000,00	105,05%	105,7%	465 105,36	106,0%	466 215,39
DANAHER CORP 2.1 09/30/26		230 000,00	108,28%	106,5%	245 041,76	108,8%	250 267,46
DANSKE BANK A/S 05/15/31		3 500 000,00	99,46%	99,9%	3 496 150,00	100,1%	3 503 276,02
DEUTSCH BAHN FIN PERP		2 500 000,00	99,89%	101,6%	2 541 000,00	100,2%	2 505 476,58
DEUTSCHE TELEKOM 1.375 07/05/34		700 000,00	105,81%	100,0%	699 762,03	106,5%	745 414,76
DEUTSCHE WOHNEN 1 04/30/25		100 000,00	101,99%	99,8%	99 808,40	102,7%	102 657,83
DH EUROPE 0.75 09/18/31		600 000,00	99,54%	94,3%	566 023,02	99,8%	598 512,23
DIAGEO FIN PLC 1.875 03/27/27		430 000,00	108,22%	106,8%	459 437,22	109,7%	471 505,93
DIGITAL DUTCH 1.5 03/15/30		900 000,00	103,73%	100,4%	903 818,56	104,9%	944 365,05
DIGITAL EURO FIN 2.625 04/15/24		1 000 000,00	105,34%	107,7%	1 077 200,00	107,2%	1 072 112,03
DOW CHEMICAL CO 1.125 03/15/32		3 700 000,00	99,99%	100,2%	3 707 141,00	100,9%	3 732 946,34

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Total
DOW CHEMICAL CO 1.875 03/15/40		2 090 000,00	104,90%	100,0%	2 090 824,59	106,4%	2 223 685,52
DP WORLD PLC 2.375 09/25/26		2 700 000,00	106,00%	106,7%	2 882 210,00	106,6%	2 878 972,45
E.ON SE 1 10/07/25		160 000,00	103,19%	102,2%	163 532,61	103,4%	165 471,43
EDENRED 1.375 03/10/25		900 000,00	103,67%	99,2%	892 866,24	104,8%	943 060,76
ELEC DE FRANCE 2 12/09/49		400 000,00	106,24%	94,7%	378 985,87	106,4%	425 445,59
ELEC DE FRANCE 4.625 04/26/30		2 000 000,00	131,82%	98,6%	1 972 459,00	135,0%	2 699 534,66
ELEC DE FRANCE 5.625 02/21/33		700 000,00	148,38%	132,3%	926 100,00	153,2%	1 072 401,17
ELEC DE FRANCE PERP		1 100 000,00	100,15%	95,0%	1 045 369,98	104,0%	1 144 295,14
ELEC DE FRANCE PERP		2 000 000,00	110,61%	94,4%	1 888 094,51	115,3%	2 306 113,52
ELEC DE FRANCE PERP		400 000,00	106,00%	98,9%	395 534,43	107,0%	427 857,53
ELIA TRANS BE 3.25 04/04/28		600 000,00	118,03%	102,5%	615 210,00	120,4%	722 677,92
ELO SACA 2.25 04/06/23		500 000,00	102,87%	101,9%	509 465,00	104,5%	522 648,39
ELO SACA 2.625 01/30/24		2 200 000,00	104,47%	99,9%	2 198 232,00	106,9%	2 351 277,56
EMIRATES TELECOM 0.875 05/17/33		500 000,00	99,47%	99,1%	495 345,00	100,0%	500 100,76
ENAGAS FIN SA 1 03/25/23		500 000,00	101,53%	99,8%	498 993,08	102,3%	511 509,53
ENAGAS FIN SA 1.25 02/06/25		700 000,00	103,63%	99,3%	695 217,95	104,8%	733 302,24
ENBW 0.625 04/17/25		400 000,00	101,59%	100,8%	403 214,76	102,0%	408 116,54
ENBW 6.125 07/07/39		560 000,00	179,29%	145,4%	814 328,82	182,3%	1 020 634,97
ENEL (ENTNZENEL) 5.25 05/20/24		3 000 000,00	112,73%	133,0%	3 989 448,22	116,0%	3 479 133,13
ENEL FIN INTL NV 0 06/17/24		390 000,00	99,94%	97,1%	378 548,82	99,9%	389 762,51
ENEL FIN INTL NV 4.45 04/23/25		1 500 000,00	112,46%	100,0%	1 500 000,00	115,5%	1 733 001,99
ENEL FIN INTL NV 4.875 04/17/23		1 000 000,00	106,74%	125,8%	1 258 337,40	110,2%	1 101 903,74
ENEL SPA 5.625 06/21/27		500 000,00	127,39%	114,7%	573 310,00	130,4%	651 828,65
ENERGIE OBEROEST 4.5 03/04/25		1 695 000,00	113,34%	124,9%	2 117 359,78	117,1%	1 984 141,19
ENGIE 1.375 03/27/25		200 000,00	103,98%	103,9%	207 746,38	105,0%	210 062,28
ENGIE 1.75 03/27/28		200 000,00	107,82%	107,0%	213 918,04	109,2%	218 306,74
ENGIE 2.125 03/30/32		100 000,00	112,87%	112,3%	112 289,54	114,5%	114 474,20
ENGIE PERP		2 500 000,00	99,59%	100,9%	2 523 250,00	99,7%	2 493 028,98
ENI SPA 3.25 07/10/23		572 000,00	105,14%	98,8%	565 204,64	106,7%	610 280,84
EQUINIX INC 1 03/15/33		375 000,00	96,06%	98,8%	370 383,75	96,9%	363 262,43
ERSTE GROUP 7.125 10/10/22		4 000 000,00	105,42%	115,2%	4 606 381,61	107,0%	4 280 850,12
ESB FINANCE DAC 2.125 11/05/33		500 000,00	113,45%	110,4%	551 983,03	113,8%	568 886,31
ESSILORLUXOTTICA 0 05/27/23		100 000,00	100,36%	98,9%	98 903,95	100,4%	100 356,98
EUROFINS SCIEN 0.875 05/19/31		300 000,00	98,23%	98,7%	296 094,00	98,8%	296 304,08
EUTELSAT SA 2.25 07/13/27		900 000,00	104,14%	106,6%	959 256,00	105,2%	946 758,04
EVONIK 1 01/23/23		500 000,00	101,05%	99,5%	497 730,90	102,0%	509 945,06
FAURECIA 2.375 06/15/27		600 000,00	100,25%	101,0%	606 240,00	100,3%	602 093,75
FCA BANK IE 0.25 02/28/23		290 000,00	100,41%	93,7%	271 644,45	100,6%	291 799,68
FCA BANK IE 0.5 09/13/24		7 000 000,00	100,87%	94,9%	6 639 500,00	101,0%	7 071 328,67
FCE BANK PLC 1.134 02/10/22		500 000,00	100,08%	100,0%	500 065,76	101,1%	505 434,99
FERROVIAL EMISIO 2.5 07/15/24		1 000 000,00	106,17%	107,2%	1 071 822,13	107,3%	1 073 285,56
FIAT CHRYSLER 4.75 07/15/22		225 000,00	102,64%	108,0%	242 971,15	104,8%	235 887,75
FIDELITY NATL IN 2 05/21/30		525 000,00	108,56%	99,8%	523 971,00	109,8%	576 384,48
FINMECCANICA SPA 5.25 01/21/22		2 580 000,00	100,24%	116,0%	2 991 894,50	105,2%	2 713 885,55
FONCIERE MURS 2.218 05/29/23		1 500 000,00	102,28%	100,0%	1 500 000,00	103,6%	1 553 954,90
FRANCE TELECOM 3.375 09/16/22		100 000,00	102,68%	92,3%	92 293,00	103,7%	103 661,00
FRESENIUS SE & C 4 02/01/24		1 200 000,00	108,27%	117,0%	1 404 578,21	109,9%	1 319 150,59
GAS NAT FENOSA F 2.875 03/11/24		600 000,00	106,40%	99,9%	599 229,38	108,7%	652 332,49
GAS NAT FENOSA F PERP		2 400 000,00	103,38%	101,8%	2 443 362,70	103,9%	2 492 767,60
GDF SUEZ 1 03/13/26		1 700 000,00	103,36%	99,4%	1 690 055,58	104,2%	1 770 705,72
GDF SUEZ PERP		500 000,00	107,77%	99,0%	494 930,00	110,0%	550 109,20
GE CAP EUR FUND 3.65 08/23/32		1 000 000,00	127,60%	106,6%	1 065 720,00	128,9%	1 288 988,37
GE CAPITAL UK 5.875 01/18/33		230 000,00	160,34%	131,3%	302 086,16	167,0%	384 072,63
GECINA 2.875 05/30/23		100 000,00	104,10%	96,4%	96 352,00	105,8%	105 794,14
GEIH – GENERALI EUROPE INCOME HOLDING SA		4 044 117,65	100,00%	100,0%	4 044 117,65	100,0%	4 044 117,65
GEN ELEC CAP CRP 4.125 09/19/35		1 100 000,00	135,99%	128,3%	1 411 358,56	137,2%	1 508 693,60
GEN MOTORS FIN 2.2 04/01/24		1 000 000,00	104,66%	100,0%	999 650,00	106,3%	1 063 071,76
GIVAUDAN FIN EUR 1 04/22/27		100 000,00	104,04%	102,1%	102 144,49	104,7%	104 737,03
GIVAUDAN FIN EUR 1.625 04/22/32		100 000,00	108,34%	104,5%	104 545,93	109,5%	109 466,49
GOLDMAN SACHS GP 0.125 08/19/24		280 000,00	100,17%	95,7%	267 915,41	100,2%	280 591,54
GOLDMAN SACHS GP 04/21/23		510 000,00	100,11%	97,3%	496 381,98	100,1%	510 558,23
GOLDMAN SACHS GP 1.375 07/26/22		1 050 000,00	101,03%	99,5%	1 044 783,33	101,6%	1 067 026,56
GOLDMAN SACHS GP 2 11/01/28		680 000,00	108,60%	104,0%	707 229,24	108,9%	740 708,26
GOLDMAN SACHS GP 2.875 06/03/26		100 000,00	111,28%	99,0%	98 964,00	112,9%	112 939,13

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Total
GOLDMAN SACHS GP 3.25 02/01/23		1 585 000,00	103,76%	112,7%	1 786 436,82	106,7%	1 691 597,12
GOLDMAN SACHS GP 3.375 03/27/25		190 000,00	110,20%	109,6%	208 323,65	112,8%	214 276,88
GROUPAMA SA 6 01/23/27		3 100 000,00	122,85%	103,0%	3 191 937,91	128,5%	3 982 755,06
HANNOVER FINANCE 5 06/30/43		700 000,00	107,15%	111,4%	779 710,47	109,7%	767 703,96
HANNOVER RUECKV 1.125 04/18/28		700 000,00	105,69%	104,2%	729 447,50	106,5%	745 357,89
HANNOVER RUECKV 1.375 06/30/42		1 800 000,00	98,21%	99,4%	1 789 803,00	98,9%	1 780 240,84
HBOS PLC 4.5 03/18/30		3 005 000,00	112,15%	108,4%	3 258 621,34	115,7%	3 476 769,84
HEINEKEN NV 1.75 05/07/40		500 000,00	105,21%	104,3%	521 450,00	106,4%	531 752,72
HEINEKEN NV 2.25 03/30/30		100 000,00	112,98%	110,3%	110 299,67	114,7%	114 682,75
HEINEKEN NV 3.5 03/19/24		400 000,00	108,01%	111,0%	444 128,45	110,8%	443 065,88
HENKEL AG & CO 1 09/30/22		600 000,00	119,29%	111,8%	671 030,99	119,6%	717 530,74
HSBC HLDGS PLC 6.75 09/11/28		600 000,00	150,06%	142,9%	857 224,10	152,5%	915 048,23
HSBC HOLDINGS 3 06/30/25		500 000,00	108,89%	99,1%	495 743,51	110,4%	552 010,46
HSBC HOLDINGS 4.95 03/31/30		200 000,00	103,11%	108,5%	217 034,99	104,2%	208 401,91
HSBC HOLDINGS PERP		1 000 000,00	103,25%	95,8%	957 736,36	104,8%	1 047 860,92
IBERDROLA INTL 2.5 10/24/22		600 000,00	102,37%	99,8%	598 895,90	102,8%	617 030,20
IBERDROLA INTL PERP		4 500 000,00	101,94%	102,8%	4 626 000,00	103,5%	4 655 746,98
IBM CORP 1.125 09/06/24		1 059 000,00	103,10%	99,4%	1 052 635,41	103,5%	1 095 616,44
IBM CORP 1.2 02/11/40		500 000,00	100,85%	99,6%	497 982,64	101,9%	509 538,30
IBM CORP 1.25 05/26/23		880 000,00	102,00%	99,9%	878 790,21	102,8%	904 208,94
ICADE SANTE SAS 0.875 11/04/29		12 000 000,00	99,40%	92,5%	11 095 200,00	99,5%	11 944 581,34
IMPERIAL BRANDS 1.125 08/14/23		500 000,00	101,43%	100,0%	499 780,00	101,9%	509 272,70
IMPERIAL BRANDS 2.125 02/12/27		600 000,00	104,94%	104,8%	628 680,00	106,8%	640 858,82
INFINEON TECH 2 06/24/32		9 000 000,00	109,09%	101,2%	9 104 000,00	110,1%	9 912 048,92
INTESA SANPAOLO 1 11/19/26		640 000,00	101,72%	93,8%	600 074,27	101,8%	651 720,69
INTESA SANPAOLO 1.125 03/04/22		500 000,00	100,27%	99,8%	498 890,39	101,2%	506 016,22
INTESA SANPAOLO 3.125 02/05/24		340 000,00	107,22%	99,9%	339 826,60	110,0%	374 124,44
INTESA SANPAOLO 3.625 12/05/22		400 000,00	103,82%	99,0%	396 120,00	104,1%	416 300,80
INTESA SANPAOLO 6.625 09/13/23		1 085 000,00	110,10%	117,3%	1 272 444,56	112,1%	1 216 059,42
IXIS CIB 5.375 11/29/27		1 900 000,00	118,16%	113,4%	2 154 092,33	118,6%	2 254 009,53
JOHNSON&JOHNSON 3.625 03/03/37		260 000,00	101,24%	106,4%	276 741,95	102,3%	265 948,21
JPMORGAN CHASE 1.047 11/04/32		850 000,00	100,97%	95,8%	813 981,25	101,1%	859 656,22
JPMORGAN CHASE 1.5 01/27/25		1 000 000,00	104,48%	100,0%	999 567,11	105,9%	1 058 676,48
JPMORGAN CHASE 2.875 05/24/28		300 000,00	115,72%	98,9%	296 556,00	117,5%	352 394,77
JPMORGAN CHASE 3.559 04/23/24		370 000,00	90,83%	96,7%	357 863,16	91,4%	338 244,20
KELLOGG CO 1.25 03/10/25		1 380 000,00	103,36%	100,0%	1 379 650,93	104,4%	1 440 397,95
KENNEDY WILSON E 3.25 11/12/25		1 300 000,00	105,48%	103,8%	1 348 954,33	105,9%	1 376 952,10
KINDER MORGAN 1.5 03/16/22		1 000 000,00	100,37%	99,4%	994 030,00	101,6%	1 015 639,77
KLEPI 1.75 11/06/24		300 000,00	104,29%	98,0%	293 868,00	104,6%	313 671,23
KOJAMO OYJ 1.875 05/27/27		1 029 000,00	105,33%	99,2%	1 020 613,65	106,5%	1 095 388,55
KPN NV 5.625 09/30/24		1 125 000,00	115,47%	133,7%	1 504 451,27	116,9%	1 315 033,37
LA BANQUE POSTAL 08/02/32		2 100 000,00	96,70%	98,3%	2 065 077,00	97,0%	2 037 247,25
LA MONDIALE 0.75 04/20/26		600 000,00	99,89%	99,4%	596 412,00	100,4%	602 484,26
LA POSTE SA 4.375 06/26/23		1 500 000,00	107,13%	123,9%	1 858 082,94	109,4%	1 640 689,98
LANDESBK SACHSEN 6.195 05/21/31		400 000,00	140,74%	143,6%	574 201,14	144,5%	578 025,44
LEGRAND SA 1.875 07/06/32		500 000,00	112,79%	110,0%	549 933,38	113,7%	568 509,10
LEHMAN BROS HLDG 6,375 05/10/11		500 000,00	0,48%	49,0%	244 913,54	0,5%	2 405,16
LIBERTY MUTUAL 2.75 05/04/26		1 100 000,00	109,35%	107,0%	1 176 736,00	111,2%	1 222 842,36
LIBERTY MUTUAL E 1.75 03/27/24		1 500 000,00	103,57%	101,1%	1 516 734,15	104,9%	1 573 543,17
LLOYDS BANK 0.375 01/28/25		320 000,00	100,89%	95,4%	305 357,20	101,2%	323 962,11
LLOYDS BK GR PLC 3.5 04/01/26		4 330 000,00	110,46%	112,6%	4 876 084,35	113,1%	4 896 859,75
LLOYDS BK GR PLC 4.5 03/18/30		900 000,00	112,13%	114,2%	1 027 800,00	115,7%	1 041 158,77
LONZA FINANCE IN 1.625 04/21/27		220 000,00	106,53%	103,6%	227 949,65	107,7%	236 863,25
LVMH MOET HENNES 0.125 02/11/28		600 000,00	99,51%	96,2%	577 456,71	99,6%	597 744,79
LVMH MOET HENNES 0.375 02/11/31		300 000,00	99,59%	95,5%	286 584,26	99,9%	299 752,31
MACQUARIE GROUP 0.95 05/21/31		6 000 000,00	99,50%	99,4%	5 961 420,00	100,1%	6 005 176,83
MAHLE GMBH 2.375 05/14/28		4 000 000,00	97,19%	99,5%	3 979 300,00	98,7%	3 947 827,44
MAPFRE 1.625 05/19/26		1 500 000,00	106,70%	103,4%	1 551 431,18	107,7%	1 615 552,18
MASTERCARD INC 3.3 03/26/27		227 000,00	95,10%	102,5%	232 568,37	95,9%	217 607,80
MDGH GMTN RSC 1 03/10/34		7 000 000,00	99,30%	99,2%	6 946 750,00	100,1%	7 007 587,16
MERCK 09/09/80		2 000 000,00	102,21%	102,0%	2 040 000,00	102,7%	2 054 212,04
MET LIFE GLOB 0.375 04/09/24		220 000,00	101,06%	98,3%	216 169,49	101,3%	222 935,74
METRO WHOLESALE 1.5 03/19/25		500 000,00	103,88%	99,9%	499 369,63	105,1%	525 282,65
MICHELIN 2.5 09/03/38		1 000 000,00	125,44%	100,2%	1 002 108,00	126,3%	1 262 549,87

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Total
MICROSOFT CORP 2.625 05/02/33		400 000,00	122,81%	125,3%	501 212,02	124,6%	498 230,68
MMS USA INV INC 1.25 06/13/28		300 000,00	103,80%	92,6%	277 658,09	104,5%	313 458,92
MOL HUNGARIAN 1.5 10/08/27		3 000 000,00	101,66%	102,6%	3 078 750,00	102,0%	3 060 143,14
MONDI FINANCE 2.375 04/01/28		200 000,00	110,28%	101,4%	202 883,74	112,1%	224 119,22
MONDI FINANCE PL 1.625 04/27/26		1 000 000,00	105,24%	101,7%	1 016 990,00	106,3%	1 063 394,78
MOODY'S CORP 1.75 03/09/27		500 000,00	106,84%	98,3%	491 699,36	108,3%	541 311,81
MORGAN STANLEY 0.637 07/26/24		290 000,00	101,16%	98,7%	286 152,86	101,4%	294 150,36
MORGAN STANLEY 1.75 01/30/25		1 000 000,00	105,00%	99,9%	998 634,79	106,6%	1 066 040,76
MORGAN STANLEY 1.75 03/11/24		700 000,00	103,90%	97,8%	684 775,00	105,3%	737 233,31
MORGAN STANLEY 3.591 07/22/28		400 000,00	94,86%	99,3%	397 159,43	96,3%	385 000,85
MUNICH RE 6.25 05/26/42		400 000,00	102,39%	122,0%	488 000,00	106,1%	424 579,65
NATIONWIDE BLDG 07/25/29		500 000,00	103,64%	97,5%	487 253,90	104,5%	522 552,02
NATIONWIDE BLDG 1.25 03/03/25		880 000,00	103,75%	100,0%	879 587,78	104,8%	922 115,47
NATIONWIDE BLDG 10/18/32		500 000,00	93,92%	92,6%	462 987,17	94,6%	473 216,10
NATIONWIDE BLDG 2 01/27/23		1 100 000,00	89,11%	92,3%	1 015 834,70	89,9%	988 377,50
NATL GRID NA INC 0.75 02/11/22		200 000,00	100,12%	99,6%	199 150,47	100,8%	201 572,54
NATWEST MARKETS 2.75 04/02/25		4 270 000,00	108,38%	109,0%	4 654 163,61	110,4%	4 715 665,28
NE PROPERTY 2.625 05/22/23		1 700 000,00	103,13%	102,0%	1 734 153,00	104,7%	1 780 484,00
NESTLE FIN INTL 1.125 04/01/26		34 000,00	104,35%	105,1%	35 719,26	105,2%	35 766,76
NESTLE FIN INTL 1.5 04/01/30		70 000,00	109,11%	108,9%	76 231,42	110,2%	77 166,30
NESTLE HOLDINGS 2.375 01/18/22		700 000,00	88,00%	93,5%	654 513,40	90,0%	629 902,26
NIBC BANK NV 2 04/09/24		2 500 000,00	104,10%	100,5%	2 511 517,00	105,6%	2 638 967,01
NN GROUP NV 4.625 04/08/44		1 400 000,00	108,96%	107,5%	1 504 886,25	112,3%	1 572 740,87
NOVARTIS CAPITAL 3.1 05/17/27		670 000,00	94,06%	101,6%	680 719,17	94,4%	632 426,91
OBRASCON HUART 4,75% 14-150322		200 000,00	100,85%	74,3%	148 662,48	102,3%	204 504,15
ORANGE 1.25 07/07/27		100 000,00	105,04%	103,5%	103 479,33	105,6%	105 648,83
ORANGE PERP		3 100 000,00	102,08%	102,3%	3 170 380,00	103,5%	3 207 104,35
ORANGE PERP		2 200 000,00	109,61%	110,8%	2 437 572,48	114,3%	2 514 963,44
PEPSICO INC 1.05 10/09/50		900 000,00	97,10%	100,9%	908 018,50	97,3%	876 026,35
PETROLEOS MEXICA 3.75 04/16/26		1 028 000,00	99,94%	100,9%	1 037 561,84	102,6%	1 054 743,62
PETROLEOS MEXICA 5.125 03/15/23		850 000,00	103,78%	114,5%	973 080,00	107,9%	916 871,31
PHILIP MORRIS IN 0.8 08/01/31		3 400 000,00	96,26%	98,6%	3 351 196,00	96,6%	3 284 109,76
PHILIP MORRIS IN 1.45 08/01/39		1 200 000,00	92,59%	99,9%	1 198 932,00	93,2%	1 118 344,50
PHILIP MORRIS IN 3.125 06/03/33		4 110 000,00	116,88%	125,0%	5 138 619,80	118,7%	4 877 835,45
POHJOLA BANK PLC 0.75 03/03/22		500 000,00	100,20%	99,8%	498 903,48	100,8%	504 117,34
PORTUGAL TEL FIN 0 06/16/25		1 700 000,00	0,05%	20,7%	351 050,00	0,1%	850,00
PPG INDUSTRIES 1.4 03/13/27		880 000,00	105,51%	98,9%	870 428,65	106,6%	938 394,50
PROCTER & GAMBLE 1.875 10/30/38		200 000,00	114,66%	117,3%	234 602,10	115,0%	229 961,46
PROXIMUS SADP 1.875 10/01/25		400 000,00	106,18%	98,8%	395 364,00	106,6%	426 575,50
PSA TRESORERIE 6 09/19/33		800 000,00	144,70%	121,5%	971 985,68	146,4%	1 171 184,32
PURPLE PROTECTED ASSET		20 308 118,13	103,51%	100,5%	20 404 641,54	103,5%	21 020 384,76
RABOBANK 1.375 02/03/27		500 000,00	106,28%	94,0%	469 980,00	107,5%	537 619,24
RABOBANK 4.125 07/14/25		1 010 000,00	114,69%	97,2%	981 611,70	116,6%	1 177 800,72
RAIFFEISEN BK IN 06/17/33		3 000 000,00	99,22%	99,7%	2 991 060,00	100,0%	2 998 733,62
RICHEMONT INT 1.625 05/26/40		878 000,00	107,13%	98,4%	863 837,86	108,1%	949 186,90
RTE RESEAU DE TR 1.125 09/09/49		1 000 000,00	96,59%	95,6%	956 400,00	96,9%	969 394,84
SAGAX EURO MTN 1 05/17/29		5 600 000,00	97,22%	99,6%	5 577 000,00	97,8%	5 479 371,17
SAIPEM FIN INTL 3.125 03/31/28		1 501 000,00	98,74%	100,0%	1 501 000,00	101,1%	1 517 489,83
SAIPEM FIN INTL 3.375 07/15/26		2 000 000,00	99,95%	103,3%	2 065 000,00	101,5%	2 030 207,06
SAIPEM FIN INTL 3.75 09/08/23		3 000 000,00	103,19%	105,6%	3 167 500,00	104,4%	3 130 967,64
SAMHALLSBYGG 1.125 09/04/26		2 200 000,00	100,80%	99,3%	2 185 495,40	101,2%	2 225 652,15
SAMVARDHANA MOTH 3.7 06/18/25		900 000,00	97,71%	100,0%	900 000,00	99,7%	897 275,12
SANDVIK AB 4.1 07/02/27		600 000,00	119,49%	100,0%	600 000,00	121,5%	729 197,30
SANOFI 1.125 04/05/28		100 000,00	105,60%	106,3%	106 329,95	106,4%	106 435,16
SANTANDER ISSUAN 3.125 01/19/27		500 000,00	110,66%	108,0%	540 000,00	113,6%	568 090,62
SBB TREASURY OYJ 0.75 12/14/28		2 500 000,00	95,50%	96,3%	2 407 000,00	95,5%	2 388 449,55
SCA HYGIENE AB 1.125 03/05/25		1 000 000,00	103,14%	99,8%	998 368,67	104,1%	1 040 727,22
SCENTRE GROUP TR 1.45 03/28/29		8 400 000,00	104,36%	91,9%	7 721 060,00	105,5%	8 858 767,14
SCENTRE GROUP TR 1.75 04/11/28		1 000 000,00	106,49%	99,8%	998 360,00	107,8%	1 077 523,80
SCHAEFFLER AG 1.875 03/26/24		1 000 000,00	102,61%	102,6%	1 025 930,00	104,1%	1 040 529,99
SCHAEFFLER AG 2.875 03/26/27		1 400 000,00	108,35%	101,7%	1 423 800,00	110,6%	1 547 788,09
SCOR SE 06/05/47		1 300 000,00	112,01%	99,3%	1 291 400,00	113,9%	1 480 276,57
SCOR SE 06/08/46		1 400 000,00	109,43%	107,5%	1 504 654,69	111,1%	1 555 780,00
SES 2 07/02/28		1 000 000,00	105,27%	99,6%	995 800,00	106,3%	1 062 663,52

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Total
SHELL INTL FIN 1.875 09/15/25		1 800 000,00	106,52%	98,8%	1 777 680,00	107,1%	1 927 284,15
SILVERBACK FIN 3.1261 02/25/37		995 780,57	103,61%	100,0%	995 780,63	103,9%	1 034 760,21
SOC GENERALE SCF 4.25 02/03/23		1 000 000,00	105,18%	100,2%	1 002 200,00	109,0%	1 090 349,83
SOCIETE GENERALE 0.875 09/24/29		600 000,00	100,29%	92,9%	557 696,49	100,5%	603 143,96
SOCIETE GENERALE 1.25 02/15/24		700 000,00	102,66%	99,8%	698 523,00	103,8%	726 277,95
SOCIETE GENERALE 4 06/07/23		3 600 000,00	105,57%	108,4%	3 901 696,56	107,8%	3 882 035,27
SPIRE SA 10/12/35		30 000 000,00	93,74%	100,0%	30 000 000,00	94,8%	28 438 689,82
SSE PLC 1.75 04/16/30		780 000,00	107,81%	102,8%	801 688,80	109,1%	850 606,24
STANDARD CHART 07/02/27		100 000,00	101,82%	101,7%	101 700,00	102,3%	102 271,33
STANDARD CHART 09/09/30		7 680 000,00	104,79%	105,3%	8 083 768,80	105,6%	8 107 060,73
STANDARD CHART 3.625 11/23/22		500 000,00	103,20%	105,1%	525 575,10	103,6%	517 899,77
STATE GRID EUR 1.5 01/26/22		1 000 000,00	100,08%	99,8%	998 476,15	101,5%	1 014 735,77
STATE GRID EUR 2.45 01/26/27		1 000 000,00	108,80%	98,8%	987 500,00	111,1%	1 110 713,38
STATE GRID OSEAS 0.797 08/05/26		820 000,00	101,47%	100,0%	820 000,00	101,8%	834 688,80
STATE GRID OSEAS 1.303 08/05/32		2 450 000,00	102,57%	102,6%	2 513 802,50	103,1%	2 525 834,21
STATOIL ASA 0.875 02/17/23		700 000,00	101,02%	96,3%	674 030,00	101,8%	712 445,40
STORA ENSO OYJ 0.625 12/02/30		100 000,00	98,36%	99,2%	99 211,00	98,4%	98 410,49
STYROLUTION 2.25 01/16/27		4 000 000,00	97,34%	99,1%	3 964 200,00	98,4%	3 934 760,45
SUEZ 1.25 04/02/27		200 000,00	104,81%	103,4%	206 757,66	105,7%	211 488,90
SUEZ ENVIRON 1.25 05/19/28		1 000 000,00	105,26%	104,4%	1 043 596,77	106,0%	1 060 341,69
SUEZ ENVIRON PERP		500 000,00	100,05%	99,5%	497 625,00	100,1%	500 256,56
SYNGENTA FINANCE 3.375 04/16/26		10 500 000,00	109,16%	100,8%	10 587 803,75	111,6%	11 713 685,58
TALANX AG 3.125 02/13/23		1 300 000,00	103,72%	100,0%	1 299 454,00	106,5%	1 384 131,50
TECHNIPFMC 4 06/15/27		2 000 000,00	116,33%	100,1%	2 001 001,00	118,5%	2 370 225,87
TELECOM IT FIN 7.75 01/24/33		100 000,00	133,21%	134,9%	134 917,80	140,4%	140 446,94
TELECOM ITALIA 3.25 01/16/23		400 000,00	102,88%	107,5%	429 964,22	106,0%	423 947,08
TELECOM ITALIA 5.25 02/10/22		3 600 000,00	100,63%	110,4%	3 973 943,15	105,3%	3 790 342,11
TELEFONICA EMIS 2.318 10/17/28		1 200 000,00	112,22%	102,7%	1 231 800,00	112,7%	1 352 391,72
TELEFONICA EMIS 3.987 01/23/23		800 000,00	104,61%	108,8%	870 646,24	108,3%	866 730,27
TELEKOM FINANZ 4 04/04/22		1 400 000,00	101,08%	117,2%	1 640 843,51	104,1%	1 456 709,77
TELIA CO AB 05/11/81		2 000 000,00	101,15%	101,0%	2 019 400,00	102,0%	2 040 554,98
TELIASONERA AB 3.5 09/05/33		500 000,00	128,72%	102,4%	512 185,00	129,8%	649 212,87
TELSTRA CORP LTD 2.5 09/15/23		150 000,00	104,55%	98,9%	148 353,00	105,3%	157 920,56
TEOLLISUUDEN VOI 2.125 02/04/25		1 500 000,00	104,02%	99,5%	1 492 407,33	105,9%	1 589 069,37
TERNA RETE 4.9 10/28/24		3 100 000,00	113,89%	134,8%	4 178 403,00	114,7%	3 557 208,56
THERMO FISHER 1.75 04/15/27		110 000,00	107,33%	104,9%	115 416,33	108,6%	119 436,46
THERMO FISHER 2.875 07/24/37		600 000,00	121,17%	117,9%	707 158,80	122,4%	734 590,83
TOTAL CAP INTL 1.491 04/08/27		200 000,00	106,08%	105,3%	210 641,52	107,2%	214 346,10
TOTALENERGIES SE PERP		4 215 000,00	104,61%	98,1%	4 135 089,89	106,8%	4 502 531,34
TOTALENERGIES SE PERP		7 000 000,00	98,48%	101,6%	7 113 750,00	99,1%	6 939 191,17
TOYOTA MTR CRED 2.15 02/13/30		1 100 000,00	88,38%	90,3%	993 290,80	89,1%	980 181,03
TYCO INTL FINANC 1.375 02/25/25		500 000,00	100,08%	99,9%	499 356,96	101,2%	506 244,65
UBS GROUP FUNDIN 1.5 11/30/24		600 000,00	102,97%	101,8%	610 672,29	103,1%	618 590,50
UNIBAIL-RODAMCO 1 03/14/25		440 000,00	102,44%	99,7%	438 883,89	103,2%	454 260,59
UNIBAIL-RODAMCO 1.75 02/27/34		500 000,00	103,72%	89,3%	446 719,88	105,2%	525 939,34
UNICREDIT SPA 1.8 01/20/30		1 500 000,00	102,57%	99,6%	1 494 300,00	104,3%	1 564 037,88
UNICREDIT SPA 5.25 04/30/23		1 900 000,00	107,57%	100,0%	1 899 125,00	111,1%	2 110 847,37
UNICREDIT SPA 6.95 10/31/22		980 000,00	105,52%	110,9%	1 086 525,25	106,7%	1 045 512,38
UNILEVER FINANCE 1.75 03/25/30		160 000,00	110,26%	111,6%	178 483,84	111,6%	178 567,09
UNILEVER PLC 1.5 06/11/39		200 000,00	108,29%	109,6%	219 219,48	109,1%	218 254,88
UNIQA INSURANCE 6 07/27/46		1 600 000,00	122,29%	101,9%	1 630 000,00	124,9%	1 998 006,14
UNIV POLI VALENC 6.6 12/15/22		498 839,96	105,34%	113,5%	566 198,00	105,6%	526 932,66
UPJOHN FINANCE 1.908 06/23/32		9 400 000,00	104,63%	105,5%	9 921 620,00	105,6%	9 929 492,77
URW 1.375 03/09/26		148 000,00	104,18%	98,9%	146 306,88	105,3%	155 836,19
URW 2.625 04/09/30		500 000,00	113,65%	100,5%	502 264,40	115,6%	577 830,96
UTAH ACQUISITION 3.125 11/22/28		800 000,00	113,68%	108,2%	865 272,00	114,0%	912 092,46
VATTENFALL AB 03/19/77		2 000 000,00	106,53%	87,8%	1 755 009,39	108,9%	2 177 786,56
VATTENFALL AB 5.375 04/29/24		700 000,00	112,74%	118,3%	827 791,12	116,4%	814 566,41
VEOLIA ENVRNMT 5.125 05/24/22		200 000,00	102,13%	101,5%	203 039,00	105,2%	210 464,13
VIENNA INSURANCE 5.5 10/09/43		1 400 000,00	108,86%	109,5%	1 533 215,81	110,1%	1 541 584,95
VOLKSWAGEN FIN 1.5 10/01/24		800 000,00	103,67%	96,8%	774 032,00	104,0%	832 362,49
VOLKSWAGEN FIN 2.75 07/10/23		200 000,00	121,63%	112,1%	224 205,82	123,2%	246 377,58
VOLKSWAGEN FIN 3.375 04/06/28		2 100 000,00	116,23%	114,4%	2 402 857,50	118,7%	2 493 067,29
VOLKSWAGEN INTFN 3.25 11/18/30		5 200 000,00	119,69%	115,1%	5 986 028,30	120,1%	6 243 978,55

(in thousand of euros)

Designation	Quantity	Amount	% of Amount	Average Acquisition Cost	Total Value Acquisition Cost	Carrying Amount (Includes Accrued Interest) Unit	Carrying Amount (Includes Accrued Interest) Total
VOLKSWAGEN INTFN 3.3 03/22/33		300 000,00	123,04%	98,6%	295 698,00	125,6%	376 826,55
VOLKSWAGEN INTFN PERP		3 000 000,00	106,97%	105,4%	3 161 574,50	108,6%	3 258 657,57
VOLKSWAGEN LEAS 1.625 08/15/25		320 000,00	104,59%	98,0%	313 450,27	105,2%	336 650,61
VOLVO CAR AB 2 01/24/25		2 000 000,00	103,97%	102,5%	2 050 000,00	105,8%	2 116 699,10
VOLVO CAR AB 2.5 10/07/27		2 000 000,00	107,76%	105,0%	2 100 000,00	108,3%	2 166 796,28
VOLVO TREAS AB 03/10/78		2 100 000,00	104,96%	103,2%	2 166 457,56	108,9%	2 286 790,01
VONOVIA BV 2.125 07/09/22		280 000,00	101,27%	99,7%	279 035,38	102,3%	286 406,56
VONOVIA BV 2.75 03/22/38		500 000,00	115,49%	109,5%	547 574,18	117,6%	588 132,12
WALGREENS BOOTS 2.125 11/20/26		500 000,00	107,03%	105,2%	526 115,00	107,3%	536 335,93
WASH MUT BANK NV 0 01/17/17		5 000 000,00	0,06%	0,0%	0,00	0,1%	3 032,40
WELLS FARGO CO 0.625 08/14/30		1 030 000,00	97,71%	90,7%	934 446,90	97,9%	1 008 882,69
WELLS FARGO CO 1.338 05/04/25		400 000,00	102,86%	100,1%	400 304,00	103,7%	414 961,12
WELLS FARGO CO 1.5 05/24/27		4 270 000,00	104,29%	105,3%	4 495 883,00	105,2%	4 491 932,33
WELLS FARGO CO 1.5 09/12/22		700 000,00	101,36%	103,3%	723 002,00	101,8%	712 692,49
WENDEL SA 2.75 10/02/24		100 000,00	106,70%	99,6%	99 611,08	107,4%	107 378,51
WINTERSHALL FIN 1.823 09/25/31		4 000 000,00	102,68%	105,0%	4 200 000,00	103,2%	4 126 626,02
WMG ACQUISITION 2.75 07/15/28		1 000 000,00	102,66%	102,5%	1 024 600,00	103,9%	1 039 154,20
WPC EUROBOND 0.95 06/01/30		13 300 000,00	96,84%	99,2%	13 187 057,00	97,4%	12 952 968,51
WPP FINANCE 2.375 05/19/27		3 000 000,00	110,37%	103,7%	3 109 620,00	111,8%	3 355 132,35
ZF FINANCE GMBH 2.25 05/03/28		3 000 000,00	99,66%	99,2%	2 977 188,00	100,0%	3 000 423,96
ZUERCHER KBK 06/15/27		2 008 000,00	101,18%	99,5%	1 998 839,76	102,6%	2 060 462,31
subtotal		**798 070 856,31**			**809 874 800,08**		**835 131 021,99**
subtotal		**1 520 954 721,04**			**1 611 031 586,62**		**1 700 551 293,27**
Total	**3 617 735**	**1 520 954 721,04**			**1 891 076 222,61**		**1 954 401 246,59**
2.3 – Derivative trading							
EURO FX CURR FUT Mar22		12 500 000,00					0,00
EURO/GBP FUTURE Mar22		4 625 000,00					0,00
Total		**17 125 000,00**			**0,00**		**0,00**
Total	**7 163 603 823**	**2 002 411 376,15**			**2 364 886 542,74**		**2 451 887 364,57**
3 – GRAND TOTAL	**7 163 823 867**	**2 002 411 376,15**			**2 375 376 033,75**		**2 451 887 366,57**

09

REMUNERATION POLICY DISCLOSURE

REMUNERATION POLICY DISCLOSURE

The remuneration policy disclosure encompasses three components:

- Information on the remuneration policy of the members of the management and supervisory bodies and the general meeting, employees with key functions and employees with other relevant functions;
- The remuneration table with the amounts paid in 2021 to the members of the governing bodies;
- A statement of compliance provided in article 4 of the regulatory standard no. 5/2010-R of April 1st, of the ASF.

The remuneration policy is reviewed on an annual basis pursuant to the terms set forth in article 64, clause no. 5, of the legal framework that governs the access and exercise of the insurance and reinsurance activity (abbreviated as RJAS in Portuguese), under a proposal by the Remuneration Committee, after prior approval by the Board of Directors.

Additionally, the remuneration policy is subject to an independent internal evaluation carried out by the company's key functions, working in cooperation between them, and further disclosed in the company's internal portal and annual report.

9.1. REMUNERATION POLICY OF GENERALI SEGUROS

The remuneration policy for the members of the governing bodies, key functions and other relevant functions was approved by the Board of Directors at a meeting held on December 22nd, 2021, as documented in minutes no. 1075, and it will be submitted for consideration and approval by the General Meeting in a future meeting.

The remuneration policy of Generali Seguros addresses the company's target population as broken down below:

A. management and supervisory bodies and the board of the General Meeting;
B. employees who perform duties within the scope of key functions, that is, all employees that carry out their duties within risk management and internal control systems, namely risk, compliance, internal audit, and actuarial function;
C. all employees who hold top-level management positions or senior executives, including the Executive Committee or other employees, regardless of their field of activity, provided that their functions have a material impact on the company's risk profile, that is, all employees who have regular access to sensitive information and participate in management and strategy decision-making (other relevant functions).

The remuneration policy is based on the following principles:

Crosswise principles applicable to the company's target population

a) The remuneration policy and its practice are established, implemented, and maintained in harmony with the company's business:
   i) ensuring consistency with effective management strategy and risk control;
   ii) avoiding excessive risk exposure;
   iii) avoiding any possible conflict of interest, and
   iv) ensuring cohesion between the company's goals and values in the long run.

b) The remuneration policy promotes effective and solid risk management and shall not encourage the assumption of risks that exceed risk tolerance levels.
c) The remuneration policy complies with the principle of proportionality and was designed to take into account the company's internal organisation, as well as risk volume, nature and complexity inherent to the insurance activity;
d) The remuneration policy complies with the limits set forth in the company's articles of association.

Principles applicable to the remuneration of the members of the management bodies under the terms set forth in the remuneration policy of the Generali Group:

- Fixed and variable pay components shall be weighed in a manner as to ensure that fixed pay represents a sufficiently high proportion of total remuneration to allow for a full flexible policy to be applied on variable pay component;
- The total amount of variable pay is based on the global performance of the individual, the overall results of the company and the generali group;
- A substantial portion of the variable pay shall be deferred for a minimum of a three-year period and the deferral period shall be appropriate to the business nature, its risks and the activity of the employees in question;
- Financial and non-financial criteria shall be considered when assessing performance;

- Performance measurement shall include a downward adjustment (malus and clawback arrangements) for current and future risk exposure, considering the risk profile and capital cost;
- Personal hedging strategies or liability related insurance, which would alter or undermine risk alignment effects embedded in remuneration arrangements, are prohibited;
- All variable components of remuneration are subject to a bonus cap;
- Market data shall be considered for all remuneration-related decisions;
- No indemnity for termination of employment contract without cause shall be paid to any member of the board of directors, if such termination arises from insufficient performance of the departing member.

No person within the target population shall receive payments and/or attendance bonuses for any other position assigned in subsidiaries and associates of the Generali Group, save for any specific exception, formally justified, and duly authorised by the relevant governing bodies

The remuneration policy comprises specific provisions addressing key functions and the relevant remuneration, which shall be consistent with the level of responsibility and duties assigned to ensure the level of independence required.

The variable pay of key functions is independent from the performance of business units and areas under their control.

The remuneration policy complies with the remuneration criteria described below:

Other Information

The remuneration policy of the governing bodies privileges skill and dedication as key characteristics of good performance. It also aims at aligning individual contributions with the strategic targets of Generali Seguros, enhancing the focus on a reward policy based on performance.

The remunerations mentioned below shall comply with the principles set forth in chapter 5, namely that no person within the target population shall receive payments and/or attendance bonuses for any other position assigned in subsidiaries and associates of the Generali Group, save for any specific exception, formally justified, and duly authorised by the relevant governing bodies.

A. Management and Supervisory Bodies and the Board of the General Meeting

- **Board of Directors**

  - **Chairman and Vice-President of the Board of Directors**
    The chairman and vice-president of the Board of Directors may receive an annual fixed pay, paid in twelve months.

  - **Executive Members of the Board of Directors**
    The remuneration of the executive members of the Board of Directors comprises a fixed component, fringe benefits and, potentially, a variable component.

    The target remuneration package is intended to stay competitive between the median and upper quartile of the reference market, based on an individual positioning that relies on performance evaluation and potential and strategic business impact, according to a segmented approach.

    – Fixed Pay Component

    The executive members of the Board of Directors receive a monthly fixed pay, paid fourteen times in a calendar year. Fixed pay levels are set taking into account national reference companies to ensure competitiveness.

    Other monetary components may be added to fixed pay in line with common practice within the insurance industry.

    Whenever annual total remuneration of the executive members of the Board of Directors comprises a fixed and a variable component, the former shall comply with the limits set forth in the remuneration policy approved by the General Meeting and represent a sufficiently high proportion of the total remuneration to allow a full flexible policy to be applied on the variable component.

    Whenever variable pay component exceeds 50% of the annual total pay, the surplus shall be deferred for a minimum period of three years.

    – Variable Pay Component

    Variable pay consists of annual incentive plans (STI) and deferred incentive plans (LTI), based on individual and organisational risk-adjusted performance indicators, which incorporate sustainability requirements in light of the risks taken, built on targets set in the strategic plan of the Generali Group, Generali 2021 that addresses climate change, Generali Group Strategy on Climate Change.

Generali Seguros has adopted the balanced scorecard model in line with the provisions set forth in the remuneration policy of the Generali Group.

1 – Eligibility Criteria for Short-Term Variable Pay (STI)
Eligibility for award of short-term variable pay of the executive members of the Board of Directors relies on performance evaluation under the terms set forth in the remuneration policy of the Generali Group, based on measurable and predetermined criteria, including financial and non-financial criteria.

In relation to non-financial criteria, at least 20% of the variable pay must be connected to ESG and KPI targets regarding: (i) people, i.e. diversity and inclusion index; (ii) brand and business partners – lifetime partners, i.e. net promoter score, and (iii) commitment to sustainability, i.e. a percentage of sustainable and green investments, a percentage of social and green products, implementation of a climate strategy, etc. These non-financial criteria reflect the key drivers of Generali Seguros' strategy and sustainable commitment. Their evaluation is based on specific key performance indicators and the evaluation of results.

Should results show a significant deterioration of business performance in the last reporting period or when such deterioration is expected to occur over the current reporting period, necessary and limitations may apply, including non-payment of any variable component, aimed at preserving financial balance and attain the remaining solvability ratios legally required.

2 – Eligibility Criteria for Long-Term Variable Pay (LTI)
Upon appointment and approval by the Generali Group, the executive members of the Board of Directors may be eligible to be part of a deferred variable pay programme, with a multi-year timeframe approved periodically by the relevant bodies of the Generali Group

Under the terms set forth in the Generali Group's policy, the programme rests on a three-year performance period closely linked to the attainment of goals and on additional deferral periods aimed at blocking the actions authorised.

Generali Seguros applies the rules and procedures set out in the plan.

3 – Nature of Variable Pay / Financial Instruments
Variable pay may consist of performance bonuses and/or profit-sharing schemes as may be provided by the General Meeting.

Without prejudice to the above, the shareholder may establish within the General Meeting that variable pay, or a portion of it, may be awarded in the form of share plans or share options in the company or other company of the group.

4 – Additional Remuneration and Other Allowances
Whenever additional payment is offered to all employees for the successful conclusion of special projects (corporate agreements, transactions, etc.), the same benefit is extended to the executive members of the Board of Directors.

5 – Other Contracts
Under the terms set forth in this remuneration policy, the members of the Board of Directors shall not use any personal hedging strategies or liability related insurance that may alter or undermine risk alignment effects embedded in their variable pay arrangements.

- **Non-executive members of the Board of Directors**
  Non-executive members of the Board of Directors may receive an annual fixed pay, as may be provided by the General Meeting, which, in any case and should it happen, shall not rely on any performance feature. Non-executive directors are not eligible to receive any variable pay.

- **Supervisory Board**
  Under the terms provided in article 25 of the company's articles of association, the Supervisory Board is composed of a chairperson and two members appointed by the General Meeting, which shall also appoint an alternate member.

  The members of the Supervisory Board receive an annual fixed remuneraton, paid quarterly, under the terms set forth in article 13 of the company's articles of association.

- **Board of the General Meeting**
  The Board of the General Meeting is composed of a chairperson and a secretary appointed by the General Meeting, under the terms provided in article 15 of the company's articles of association.

  The members of the Board of the General Meeting may receive a fixed fee for each General Meeting held, paid at the meeting scheduled date, wherever such fee is due.

B. Employees with Key Functions

- **General Principles**

  The remuneration policy encompasses specific provisions on key functions. Pay levels are determined according to the level of responsibility and function assigned to ensure the independence and autonomy required.

  Variable pay of employees with key functions is independent from the performance of business units and operational areas under their control.

- **Specific Principles**

  The remuneration of employees with key functions comprises a fixed and, possibly, a variable pay, (i) depending on the pursuit of the objectives associated with the respective functions, regardless of the performance of the areas under their control and ensuring that remuneration provides proper reward, considering the relevance of their functions, and (ii) in harmony with their role within the company and not in relation to the performance of the organisation.

  Several factors are weighed and balanced when determining fixed and variable pay of the remuneration package, among which the following are highlighted:
  - The company' interests on a medium and long-term perspective;
  - Specifics of the job;
  - Wage practices in the insurance industry;
  - Performance evaluation.

  The relevant remuneration of employees with key functions is determined by the Board of Directors or the Remuneration Committee.

- **Fixed Pay Component**

  Fixed pay is determined in accordance with the level of responsibility and function assigned and shall be appropriate to ensure the independence required.

- **Variable Pay Component**

  1 – Eligibility Criteria

  Eligibility for award of variable pay is annual and relies on performance evaluation set by the company in line with the remuneration policy of the Generali Group, based on measurable and predetermined criteria, including non-financial criteria. The balanced scorecard model adopted by the Generali Group provides a framework for setting targets and assessing the performance of employees with key functions.

  Targets must be independent from results achieved by business units and operational areas under the control of participants and solely attached to the effectiveness and quality of those controls (specific activities of each key function, according to targets based on effectiveness and quality of controls, excluding economic and financial goals that may otherwise create a conflict of interest).

  Variable pay is not a statutory employment right and shall be determined each year based on predetermined criteria, which may be changed and/or revoked at any moment by the relevant body. Variable pay is subject to approval on an annual basis and relies on employee performance evaluation.

  2 – (Non) Deferral of Variable Pay

  Considering the country risk rating, the remuneration policy currently in place, maximum remuneration limits and risk tolerance levels, it was not deemed necessary to defer a portion of variable pay until this date.

  3 – Nature of Variable Pay / Financial Instruments

  Variable pay may consist of performance-related bonuses in line with the aforesaid factors or others that may be specifically provided by the Board of Directors, as well as profit-sharing schemes as may be proposed by the Board of Directors and subject to approval by the General Meeting.

C. Other Relevant Functions

The remuneration of employees with relevant functions comprises a fixed component, fringe benefits and, potentially, a variable component.

The target remuneration package is intended to stay competitive between the median and upper quartile of the reference market, based on an individual positioning that relies on performance evaluation and potential and strategic business impact, according to a segmented approach.

Whenever total annual remuneration comprises a variable component, it shall comply with the provisions set forth in the remuneration policy approved by the General Meeting.

Whenever annual total remuneration of the executive members of the Board of Directors comprises a fixed and a variable component, the former shall comply with the limits set forth in the remuneration policy approved by the General Meeting and represent a sufficiently high proportion of the total remuneration to allow a full flexible policy to be applied on the variable component. On average, fixed pay shall not be less than 50% of total remuneration.

- **Fixed Pay Component**

  Employees with relevant functions receive a monthly fixed pay, paid fourteen times in a calendar year. Fixed pay levels are set taking into account national reference companies to ensure competitiveness.

- **Variable Pay Component**

Variable pay consists of annual incentive plans (STI) and, possibly, deferred incentive plans (LTI), based on individual and organisational risk-adjusted performance indicators, which incorporate sustainability requirements in light of the risks taken, built on targets set in the strategic plan of the Generali Group, Generali 2021, that addresses climate change, Generali Group Strategy on Climate Change.

Generali Seguros has adopted the balanced scorecard model in line with the provisions set forth in the remuneration policy of the Generali Group.

1 – Eligibility Criteria for Short-Term Variable Pay (STI

Eligibility for award of short-term variable pay of employees with relevant functions relies on individual and/or collective performance evaluation set by the company based on measurable and predetermined criteria, including financial and non-financial criteria.

The balanced scorecard model adopted by the Generali Group provides a framework for setting targets and assessing the global performance of employees with relevant functions. The rules and indicators of this model are set out in an instrument developed internally.

Variable pay is not a statutory employment right and shall be determined each year based on predetermined criteria, which may be changed and/or revoked at any moment by the Board of Directors. Variable pay is subject to approval by the Board of Directors and relies on employee performance evaluation on an annual basis.

Additionally, variable pay shall only be awarded if feasible, considering the financial situation of the company as a whole and the performance of the employee and its operating unit.

2 – Eligibility Criteria for Long-Term Variable Pay (LTI)

Upon appointment and approval by the Generali Group, employees with relevant functions may be eligible to be part of a deferred variable pay programme, with a multi-year timeframe approved periodically by the relevant bodies of the Generali Group

Generali Seguros applies the rules and procedures set out the plan.

Employees with relevant functions may also be eligible to be part of local programmes established and approved by the Executive Committee of the country.

3 – Nature of Variable Pay / Financial Instruments

Variable pay may consist of performance-related bonuses and/or profit-sharing schemes, as may be provided by the General Meeting.

Without prejudice to the above, the shareholder may establish within the General Meeting that variable pay, or a portion of it, may be awarded in the form of share plans or share options in the company or other company of the group.

- **Employees**

The remuneration policy also sets forth the remuneration criteria for employees of Generali Seguros, which differ from those applicable to target population identified above under letters A, B and C.

The remuneration of employees comprises a fixed component, fringe benefits and, potentially, a variable component.

The target remuneration package is intended to stay competitive between the median and upper quartile of the reference market, based on an individual positioning that relies on performance evaluation and potential and strategic business impact, according to a segmented approach.

Variable pay consists of annual incentive plans (STI) and, possibly, deferred incentive plans (LTI), whenever established and approved by the Generali Group and applying the rules and procedures set out in the relevant plan.

Employees may also be eligible to be part of local programmes established and approved by the local Executive Committee.

Short-term variable pay of employees relies on individual and/or collective performance evaluation set by the company under the terms laid down in the remuneration policy of the Generali Group and based on measurable and predetermined criteria, including financial and non-financial criteria.

The balanced scorecard model adopted by the Generali Group provides a framework for setting targets and assessing the global performance of employees with relevant functions. The rules and indicators of this model are set out in an instrument developed internally.

Variable pay is not a statutory employment right and shall be determined each year based on predetermined criteria, which may be changed and/or revoked at any moment by the relevant body. Variable pay is subject to approval on an annual basis and relies on employee performance evaluation. Additionally, variable pay shall only be awarded if feasible, considering the financial situation of the company as a whole and the performance of the employee and its operating unit.

Supplementary benefits are an addition to pay. The type and global value of supplementary benefits differ according to the category, function, and the level of responsibility assigned to employees. Supplementary benefits comprise supplementary pension benefits, life insurance policies, health insurance policies or others, favourable employment terms, illness benefits that may be governed by laws, individual contracts, Collective Labour Regulation Instruments within Generali Seguros.

9.2. REMUNERATION TABLE OF THE AMOUNTS PAID TO THE MEMBERS OF THE GOVERNING BODIES OF GENERALI SEGUROS, S.A.

(in thousand of euros)

	Remuneration		Total
	Fixed	Variable	
Board of Directors			**591**
Jaime Anchústegui Melgarejo (Presidente)	–	–	–
João Vieira de Almeida (Vice-Presidente)	100	–	100
Patrícia Ribeiro Sanina Espírito Santo (Vogal)	–	–	–
Pedro Luís Francisco Carvalho (Presidente Executivo)	353	138	491
Riccardo Candoni (Vogal)	–	–	–
Stefano Flori (Vogal) (1)	–	–	–
Supervisory Board			**35**
Henrique Paulo Marques de Oliveira Xavier (Suplente)	–	–	–
José Manuel Serrão (Vogal) (2)	10	–	10
Manuel Soares Pinto Barbosa (Presidente) (2)	15	–	15
Nelson Manuel Marques Fontan (ex-Vogal) (Presidente)	10	–	10
Total Remuneration	**488**	**138**	**626**

(1) According to the provisions set forth in the remuneration policy, the person in question is a board member of Assicurazioni Generali and therefore is not eligible to receive remuneration from Generali Seguros. In this case, remuneration shall be paid directly by the parent company and costs subsequently charged to Generali Seguros, S.A. through an intragroup agreement.
(2) The aforesaid member of the governing bodies no longer holds the position in question.

In 2021, the company recorded costs incurred in share-based payment plans regarding two members of the Board of Directors in the amount of EUR 266 thousand, namely: Pedro Luís Francisco Carvalho (EUR 222 thousand) and Stefano Flori (EUR 44 thousand).

During 2021, no contributions were made to the Pension Fund related to the executive members of the Board of Directors, despite a rise in the corresponding cost.

In 2021, no costs were incurred for termination of employment contracts and relevant charges related to members of the Board of Directors.

9.3 STATEMENT OF COMPLIANCE (ARTICLE 4, CLAUSE 1 OF THE REGULATORY STANDARD NO. 5/2010-R OF APRIL 1ST OF THE ASF)

Breakdown of the recommendations adopted and not adopted included in the Circular Letter no. 6/2010 of April 1st of the ASF.

Recommendations		Compliance Levels	Comments
I.	**General Principles**		
I.1	Adoption of a remuneration policy that is both consistent with effective risk management and control to avoid overexposure to risk and any possible conflict of interest, and cohesive with the organisation's goals, values, and interests in the long run, namely prospects for growth, revenue, and customer protection.	Compliant	
I.2	Adequacy of the remuneration policy to the business size, nature, and complexity, especially in regard to risks taken or to be taken.	Compliant	
I.3	Adoption of a clear and transparent structure appropriate to establish, implement, and oversee the remuneration policy, which should be able to objectively identify employees involved in a given process, their role responsibilities, and skills.	Compliant	
II.	**Remuneration Policy Approval**		
II.1	Approval of the remuneration policy by a Remuneration Committee or, in its absence for efficiency and viability reasons (size, nature or complexity of the organisation), by the General Meeting.	Compliant	
II.2	Approval of employee remuneration policy by the Board of Directors.	Compliant	
II.3	Participation in the definition of the remuneration policy of persons with functional independence and appropriate technical skills in order to avoid any conflict of interest and ensure a fair and independent judgement.	Compliant	
II.4	The remuneration policy shall be transparent and accessible to all employees and it shall be in the form of a separate document, duly updated, stating any changes made and their reason. Previous versions of the remuneration policy shall be retained and stored in archive.	Compliant	
II.5	The evaluation process shall be disclosed to all employees before it is put in place.	Compliant	
III.	**Remuneration Committee**		
III.1	The Remuneration Committee, if any, shall review the remuneration policy and its implementation on an annual basis, in order to form a reasoned and independent value judgment on the remuneration policy in light of these recommendations (Circular Letter no. 6/2010), particularly as to their impact on risk management and the organisation's equity.	Not applicable	
III.2	The members of the Remuneration Committee shall be independent in relation to the members of the Board of Directors, act on principles of righteousness and comply with professional competence requirements appropriate to their duties.	Not applicable	
III.3	Should the Remuneration Committee outsource any service (consultants), it shall not hire any person, whether natural or corporate, that provides or has provided in the last three years any service to any structure reporting to the Board of Directors, or to the Board of Directors itself, or is currently related to the consultant of the organisation. This recommendation also applies to any person, whether natural or corporate, who is related to those by an employment or service contract.	Not applicable	
III.4	The Remuneration Committee shall inform the shareholders on the performance of its duties on an annual basis and attend the General Meeting whenever the remuneration policy is on the agenda.	Not applicable	
III.5	The Remuneration Committee shall meet at least once a year and draw up the meeting minutes of every meeting held.	Not applicable	
IV.	**Executive Members of the Board of Directors**		
IV.1	The remuneration shall comprise a variable component, which is determined based on performance evaluation, in accordance with measurable and predetermined criteria, including non-financial criteria, that take into consideration individual performance, real wealth creation, protection of customer interests, long-term sustainability, risks taken and compliance with business-related rules.	Compliant	
IV.2	Adequacy of both fixed and variable components. Fixed pay shall account for a sufficiently high proportion of total remuneration, and variable pay shall be subject to a maximum limit.	Compliant	
IV.3	Payment of a substantial portion of variable pay in financial instruments issued by the organisation, whose appreciation depends on medium and long-term performance.	Compliant	The amount paid did not account for a substantial portion of variable pay and it was paid under a programme implemented by the parent company.
IV.4	Deferral of a substantial portion of variable pay for a minimum of three years. Its payment relies on the organisation's performance.	Compliant	
IV.5	Variable pay subject to deferral may be determined in the increasing proportion of its weight relative to fixed pay.	Compliant	
IV.6	Absence of contracts entered by members of the Board of Directors that are intended to mitigate risk inherent to the variability of remuneration awarded by the organisation.	Compliant	
IV.7	Retaining, up to end of the term of office, the value of shares awarded under variable pay, up to the limit of twice the total annual remuneration, except when needed to ensure the payment of taxes arising from the benefit of such shares.	Compliant	
IV.8	Whenever variable pay comprises share options, the start of the exercise period shall be deferred to no less than three years.	Compliant	
IV.9	Following the aforesaid exercise period, the executive members of the Board of Directors shall retain a set number of shares up to the end of their term of office.	Compliant	
IV.	**Non-Executive Members of the Board of Directors**		
IV.10	The remuneration of non-executive members of the Board of Directors shall not include any component whose value depends on the organisation's performance or value.	Compliant	
IV.	**Board of Directors – Compensation for termination of employment contract**		
IV.11	Definition of the appropriate legal instruments to ensure that any compensation for termination of employment contract without cause of a member of the Board of Directors will not be paid, if dismissal or termination by mutual agreement arises from insufficient performance of the departing member.	Not applicable	No compensation was established for termination of employment contract without cause of any member of the management body.

Recommendations		Compliance Levels	Comments
V.	**Employee Remuneration – Fixed and Variable Pay Ratio**		
V.1	Should employee remuneration comprise a variable component, it shall be fair and balanced against fixed component, considering the performance, role responsibilities, and duties of each employee. Fixed pay shall account for a sufficiently important portion of total remuneration. Variable pay shall be subject to a maximum limit.	Compliant	
V.2	Substantial payment of a variable portion in financial instruments issued by the organisation, whose appreciation depends on the medium and long-term performance of the organisation and further subject to a retention policy aligned with the organisation's long-term interests.	Not applicable	No employee variable component is paid, whether partial or in total, in financial instruments issued by the organisation.
V.	**Employee Remuneration – Eligibility Criteria for Variable Pay**		
V.3.	Performance evaluation shall consider not only individual performance, but also the performance of the unit in which the employee is involved and the organisation itself. It shall further include relevant non-financial criteria, such as compliance with business-related rules and procedures, especially regarding internal control and customer relations.	Compliant	
V.4	Eligibility for award of variable pay relies on performance criteria, which are measurable and predetermined based on a multi-year timeframe from three to five years, in order to ensure that evaluation is based on long-term performance.	Compliant	
V.5	Variable pay, including its deferred portion, shall be paid or constitute a vested right if feasible, considering the financial situation of the organisation as a whole, and awarded in light of the performance of the employee and its operating unit. Total variable pay shall be severely reduced in case of deterioration or poor performance of the organisation.	Compliant	
V.6.	A significant portion of variable pay shall be deferred for a period of no less than three years, and its payment shall depend on future performance standards based on risk-adjusted criteria, which take into consideration business risks based on which they are applied.	Não Compliant	No deferrals are applied to employee variable pay.
V.7.	The portion of variable pay subject to deferral, under the terms of the preceding section, shall be determined in steady proportion to its relative weight compared to fixed pay. The percentage deferred shall amount significantly in proportion to the seniority or responsibilities of the employee.	Not applicable	No deferrals are applied to employee variable pay.
V.	**Remuneration of employees with key functions**		
V.8.	Remuneration of employees with key functions will be determined in accordance with the attainment of the objectives associated with their duties, regardless of the performance of the areas under their control. Remuneration will provide a reward that corresponds to the relevance of the exercise of their duties.	Compliant	
V.9	Remuneration of the actuary officer and the actuarial function will be consistent with their role in the organisation and not with their performance.	Compliant	
VI.	**Remuneration Policy Evaluation**		
VI.1	The remuneration policy shall be submitted to an independent internal review at least once a year and implemented in cooperation between the organisation's key functions.	Compliant	
VI.2	The evaluation mentioned in VI.1 shall include an analysis of the remuneration policy of the organisation and its implementation in light of the recommendations of this circular letter, particularly as to their impact on risk management and the organisation's equity.	Compliant	
VI.3	Employees with key functions shall submit a report to the Board of Directors and the General Meeting or the Remuneration Committee, if any, with the results of the analysis referred to in VI.1 and the measures deemed necessary to correct any insufficiencies in light of these recommendations.	Compliant	
VII.	**Financial Groups**		
VII.1	The parent company of an insurance group or financial conglomerate subject to supervision by the ASF on the basis of its consolidated situation shall ensure that all its subsidiaries, including those based abroad, implement mutually consistent remuneration policies by reference to these recommendations.	Not applicable	
VII.2	The adoption of these recommendations shall be applied to the global remuneration paid to each employee by the organisations that form part of the same insurance group or financial conglomerate.	Not applicable	
VII.3	Employees with key functions of the parent company shall perform at least once a year, in cooperation with each other, an assessment of the remuneration practices adopted by the subsidiaries based abroad in light of these recommendations, particularly as to their impact on risk management and the subsidiary's equity.	Not applicable	
VII.4.	Employees with key functions shall submit to the Board of Directors and the General Meeting of the parent company or the Remuneration Committee, if any, a report on the results of the assessment mentioned in VI.1, detailing the measures required to correct any insufficiencies in light of these recommendations.	Not applicable	

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STATUTORY AUDITORS' REPORT

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STATUTORY AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **Generali Seguros, S.A.** (the Entity), which comprise the statement of financial position as at 31 December 2021 (showing a total of 3,085,864 thousand euros and total equity of 342,764 thousand euros, including a profit for the year of 54,056 thousand euros), and the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of **Generali Seguros, S.A.** as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with the with the accounting principles generally accepted in Portugal for the insurance sector as established by Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section below. We are independent the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

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

Key audit matters

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

Measurement of financial instruments (including impairment recognition)

As at 31 December 2020, the available-for-sale financial assets, financial assets initially recognized at fair value through profit or loss and held to maturity investments amount to 2,411,809 thousand euros, 9,733 thousand euros and 879 thousand euros respectively, as disclosed in note 6 to the financial statements, accounting for around 78%, 0.3% and 0.03% of total assets, respectively.

The Risk

The held to maturity financial instruments are measured at amortized cost, net of any impairments, being the remaining assets measured at fair value in accordance with the respective accounting policy described in note 3 – Financial instruments of financial statements.

With regard to available-for-sale assets, changes in fair value are included in other comprehensive income and, if there is an impairment, the accumulated value is reclassified to profit or loss for the year.

Regarding the available-for-sale financial assets, the Entity determines that an impairment loss exists when a significant or prolonged decline in the fair value occur.

With regard to held to maturity financial assets, the Entity determines that there is an impairment when there is an event that may impact the estimated value of future cash flows.

The fair value of most of these financial instruments is determined with reference to active market or through price providers. As referred in note 3 – Critical accounting estimates and judgements in preparing the financial statements, the valuations are obtained through prices on markets or through valuation methodologies which require certain assumptions or judgements to be used when determining the fair value estimates.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- Evaluation of design and implementation of the controls of the Entity concerning the valuation of investments portfolio;
- Testing the valuation of the investments portfolio in order to conclude on the reasonability of the fair value estimates recognised by the Entity, taking into account external price sources, analysis of the main assumptions considered in the valuation of units;
- Impairment testing of assets held to maturity and assets available for sale; and,
- Evaluation of the adequacy of the information disclosed by the Entity in accordance with the applicable accounting framework.

Life mathematical reserve and financial liabilities related to investment contracts

As at 31 December 2021, the life mathematical reserve (including the reserve to meet interest rate commitments) and the financial liabilities related to investment contracts, amount to 685,889 thousand euros and 37,628 thousand euros, respectively, as disclosed in notes 4 and 5 to the financial statements, and accounting for around 25% and 1.4% of total liabilities, respectively.

The Risk

At each reporting date, the Entity performs a liability adequacy test on insurance contracts and investment contracts presented in the captions mathematical reserve and financial liabilities, based on actuarial techniques acknowledged by the legislation in force, as described in accounting policies in note 4 referring to insurance and investment contracts.

This is an area that involves significant judgement by Management over future outcomes, namely (i) the ultimate total settlement value of long term policyholder liabilities (which relies on a wide set of economic, demographic and business assumptions used as inputs for estimating the long term policyholder liabilities) and (ii) the expected future returns on assets portfolio covering these liabilities as referred in note 3 – Critical accounting estimates and judgements in preparing the financial statements. Using alternative methodologies and assumptions could result in a different level of mathematical reserve and liabilities related to investment contracts.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- Evaluation of design and implementation of the key controls of the Entity at the claims reserving policy level;
- Assessment of the design and implementation of the main controls carried out by the Entity in terms of its technical provisioning policy;
- Evaluation of the adequacy of the assumptions used on the calculation of the liabilities related to life insurance contracts and investment contracts;
- Evaluation of the adequacy of mathematical reserve and liabilities related to investment contracts taking into account the contractual agreements of each life product, including guarantees; and,
- Evaluation of the adequacy of the information disclosed by the Entity in accordance with the applicable accounting framework.

Claims reserve

As at 31 December 2021, the claims reserve, amounting to 1,351,081 thousand euros, accounts for 49% of total liabilities, from which 683,135 thousand euros refer to the mathematical reserve of workmen's compensation, as described in note 4 to the financial statements.

i) Claims reserve (except the mathematical reserve of workmen's compensation - pensions) in the amount of 667,946 thousand

The Risk

The claims reserve corresponds to the incurred claims but not settled, to the estimated responsibility for the incurred claims and still not reported (IBNR), together with the related direct and indirect claims handling costs at year-end. The claims reserve, with exception to the mathematical reserve of workmen's compensation, are not discounted, as described in the accounting policies of note 4 related to insurance contracts and investment contracts.

The claims liabilities are inherently uncertain, involving in their estimation a significant judgement by the management of the Entity.

The Entity determines the best estimate of claims reserve based on the past experience of claims settlement, other explicit or implicit assumptions and statistical methodologies.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- Evaluation of design and implementation of the key controls of the Entity at the claims reserving policy level;
- Tests in order to verify the adequacy of the claims reserve estimate, which comprised, among other, the utilization of commonly accepted actuarial techniques (run-off analysis);
- Evaluation of the methodology and assumptions used by the Entity on the claims reserve estimate;
- Evaluation the work performed and the conclusions reached by the chief actuaries; and,
- Evaluation of the adequacy of the disclosures produced by the Entity, in accordance with the applicable accounting framework.

ii) Claims reserve – Mathematical reserve of workmen's compensation (including the reserve for future contributions to the *Fundo de Acidentes de Trabalho*) in the amount of 683,135 thousand euros

The Risk

As described in the accounting policies in note 4 related to insurance contracts and investment contracts, the mathematical reserves of workmen's compensation, is an area which requires significant judgement by management on uncertain future outcomes, namely, (i) the ultimate total settlement value of long term policyholder liabilities (which, besides the legal and regulatory requirements to be observed, rely on a wide set of economic, demographic and business assumptions used as inputs for estimating the long term policyholder liabilities) and, (ii) the expected future returns on assets portfolio covering these liabilities.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- Evaluation of design and implementation of the key controls of the Entity at the workmen's claims reserving policy level;
- Evaluation of the adequacy of the methodologies and economic and non-economic assumptions used by the Entity on projecting and discounting the liabilities resulting from workmen's compensation line of business;
- Evaluation of the work produced and the conclusions obtained by the responsible actuaries of the Entity; and,
- Evaluation of the adequacy of the disclosures produced by the Entity, in accordance with the applicable accounting framework.

Responsibilities of management and the supervisory body for the financial statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and the cash flows, in accordance with the with the accounting principles generally accepted in Portugal for the insurance sector as established by Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF);
- the preparation of the management report and the non-financial information in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements, the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment of the Entity, we have not identified any material misstatements.

On the non-financial information

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Entity will prepare a separate report where includes the non-financial information defined in article 66-B of the Portuguese Companies’ Code, which shall be made publicly available on the Group’s internet site in the legal timing.

On the additional matters provided in article 10 of the Regulation (EU) nr. 537/2014

<Pursuant to article 10 of the Regulation (EU) nr. 53<7/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of the Entity in the shareholders general assembly held on 9 December 2016 for a first mandate to complete the civil year. The last reappointment as auditors of the Entity in the shareholders general assembly held on 26 May 2021 for the year 2021.
- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Entity on 18 March 2022.
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Entity in conducting the audit.

18 March 2022

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(nr. 189 and registered at CMVM with the nr. 20161489)
represented by
Ana Cristina Soares Valente Dourado
(ROC nr. 1011 and registered at CMVM with the nr. 20160626)

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REPORT AND OPINION OF THE SUPERVISORY BOARD

REPORT AND OPINION OF THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2021

To the shareholders of

Generali Seguros, S.A.

Under the terms of the current legislation and the mandate attributed to the Supervisory Board, we hereby submit to the General Meeting of the Shareholders of Generali Seguros, S.A. (“Company”) our Report and Opinion on the activities performed and the financial statements of the Company for the year ending on 31 December 2021, which are the responsibility of the Board of Directors.

1. The Supervisory board of Generali Seguros, S.A. was appointed by the General Meeting of 15 December 2021; following the resignation of one of its members, a substitute member was appointed on 22 February 2022, and received authorisation from the Insurance and Pension Funds Supervisory Authority for the three-year term from 2022 to 2024 on 15 March 2022. It should be noted that the Company's activity throughout the 2021 financial year was monitored by the previous Supervisory Board, one of whose members was transferred to the current one. During the period in which we were in office, we examined the financial statements reported on 31 December 2021 and analysed the Management Report for the year 2021, prepared by the Board of Directors, as well as the profit distribution proposal included therein.

2. In view of the above, the Supervisory Board, continuing the work of the previous mandate, paid the greatest attention to verifying the regularity of the accounting records and the adequacy of the accounting policies and valuation criteria adopted. Subsequently, and taking into account the Additional Report to the Supervisory Board issued by the Company's Statutory Auditor, KPMG & Associados - SROC, S.A. ("KPMG") with reference to the closing of accounts as at 31 December 2021, the areas considered to be of greater importance to produce its opinion – included in the Legal Certification of Accounts and issued in the form of an unqualified opinion with no reserves – were analysed. The most relevant issues were also identified, in particular towards the conduct of the work developed, namely in the integration of the information systems originated in the three merged companies to standardise internal control procedures, the treatment of issues related to income recognition and deferred taxes treatment. Based on the conclusions offered by KPMG, the Supervisory Board found that a number of the recommendations made in previous years on the improvement of the internal control systems were implemented, while others still need improvement; it is therefore suggested that the Board continue with this work.

3. In its analysis of the Management Report, the Supervisory Board appreciated the general 2022 strategy guidelines issued by Board of Directors for the Company in order to consolidate and expand its position in the Portuguese insurance market,

namely through: (i) strengthening of the market position, with a focus on Individual insurance, including Seniors and Small and Medium Enterprises, (ii) increase of agent professional level and resulting increase of their Generali Seguros, S. A. portfolio share, in addition to the focus on the development of new channels, and (iii) transformation of the culture and organisation towards improving management processes and employee engagement.

Still within the scope of the analysis of this document, we should mention that the Supervisory Board examined the information regarding solvency margin monitoring, in accordance with the new Solvency II Regime, and shall follow the release of the corresponding final data next April in the Report on Solvency and Financial Condition. The Supervisory Board shall also continue to pay attention to the preparation of the Report on non-financial information which, in accordance with the applicable legal provisions, will be presented separately and published within the legal deadline.

4. Following its analysis of the Annual Report and Accounts of Generali Seguros S.A., the Supervisory Board also wishes to highlight the following:

   a) The market share of Generali Seguros S.A. reached 18.8% in Non-Life insurance (an increase of 0.4% compared to 2020) and 1% in Life insurance (a decrease of 1.1% compared to 2020), with the customer base increasing to 1.925 million individual and corporate customers;

   b) According to the Balance Sheet of Generali Seguros S.A. dated 31 December 2021, total Assets reached €3,085.9 million, a decrease of 4.1% (-134.1 million Euros) over the previous year;

   c) Equity value reached €342.8 million, an increase of 2% over the previous year (335.2 million Euros), including the net profit for the year (+54.1 million euros);

   d) In Liabilities, total Technical Provisions amounted to 2,361.6 million Euros, a decrease of 2.7% vs. the previous year (2,427.9 million Euros), mainly as a result of the Life mathematical provision reduction (-119.6 million Euros), a consequence of this branch's decrease in activity;

   e) Positive Net Income for the year reached 54.1 million Euros, an improvement on the previous year's result of 18.9 million Euros;

   f) The financial activities of Generali Seguros S.A. recorded an average overall profitability of 0.9%, helped by the ongoing investment strategy on fixed-rate bonds (76% of total investments) and diversified investment funds, managed by the Generali Group or its partners.

5. After the 2021 Financial Statements were closed, it should be noted that the first two months of 2022 saw a new surge of Covid-19 pandemic-related risks; however, the high vaccination rate makes it possible to anticipate a risk reduction over the coming months, and therefore the gradual improvement of the health, economic and social situation, which is expected to help the recovery of the insurance sector and of

Generali Seguros S.A. indicators in 2022. On the other hand, the recent war in Europe with the invasion of Ukraine by Russia, generates enormous uncertainties at the political and economic level, whose impacts are currently impossible to predict, not least because these also depend on its duration. In any case, currently no factors are expected to threaten solvency levels and the regulatory requirements applicable to the Company.

6. In view of the above, it is our opinion that the Financial Statements for the financial year 2021, the Management Report and the proposal for the distribution of profit – amounting to €54,056,192.99 as expressed in paragraph 3.6 of the Management Report – should be approved by the General Meeting of Generali Seguros, S.A..

Finally, we wish to express our greatest appreciation to the Board of Directors, Company services, and KPMG & Associados - Sociedade de Revisores Oficiais de Contas S.A., for the collaboration provided to the Supervisory Board.

Lisbon, March 18, 2022

SIGNED ON THE ORIGINAL

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Nelson Manuel Marques Fontan - Chairman

SIGNED ON THE ORIGINAL

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Rita Sofia Felício Arsénio do Sacramento – Member

SIGNED ON THE ORIGINAL

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Dinora Clara Feijão Margalho Botelho – Member

2021

ANNUAL REPORT