ANNUAL REPORT

2023

GENERALI TRANQUILIDADE
AÇOREANA
LOGO

Generali Seguros, S.A.
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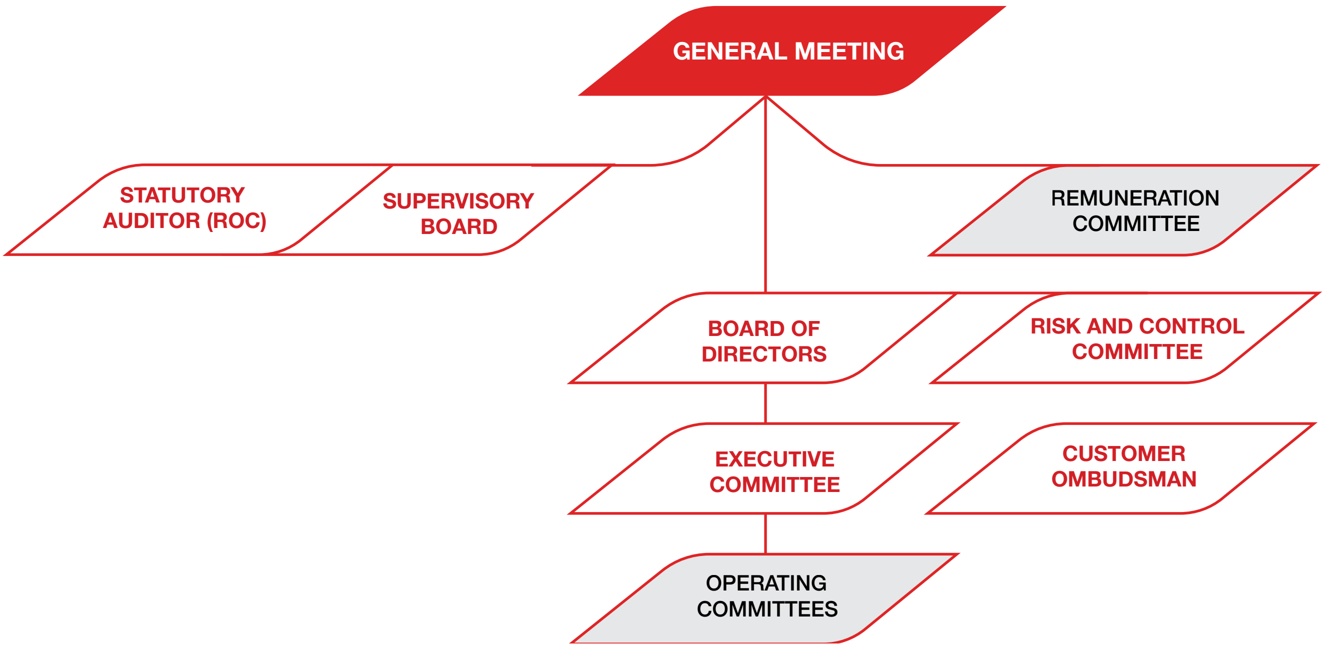
CONTENTS

1. CORPORATE GOVERNANCE MODEL 004
2. GOVERNING BODIES 005
3. BOARD OF DIRECTORS'S REPORT 006
4. FINANCIAL STATEMENTS 032
5. STATEMENT OF COMPREHENSIVE INCOME 036
6. STATEMENT OF CHANGES IN EQUITY 037
7. STATEMENT OF CASH FLOWS 039
8. NOTES TO THE FINANCIAL STATEMENTS 040
9. REMUNERATION POLICIES DISCLOSURE 150
10. STATUTARY AUDITORS' REPORT 174
11. REPORT AND OPINION OF THE SUPERVISORY BOARD 183

1. CORPORATE GOVERNANCE MODEL

In accordance with the Corporate Governance Model adopted on the date 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 entrusted the daily management of the Company.

Additionally, several committees have been set up to enable permanent assessment, control, monitoring, discussion, and decision-making on various relevant aspects of the Company's governance system, risk management system, strategy, objectives, and business data, reinforcing a governance model based on sound and prudent business management, strengthening communication, transparency, and interaction between the various Management and Supervisory Bodies, Key Function Holders, and Top Management.



2. GOVERNING BODIES

GENERAL MEETING

- Sofia Leite Borges (Chairwoman)
- Irene Teixeira de Oliveira (Secretary)

BOARD OF DIRECTORS

- Jaime Anchústegui Melgarejo (Chairman)
- João Vieira de Almeida (Vice-Chairman)
- Pedro Luís Francisco Carvalho (CEO)
- Riccardo Candoni
- Stefano Flori (CFO)

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)

STATUTORY AUDITOR

- KPMG e Associados, SROC, S.A. (Effective Auditor), represented by Hugo Jorge Gonçalves Cláudio
- José Manuel Horta Nova Nunes (Alternate Auditor)

The management of the Company, delegated by the Board of Directors, will be the responsibility of an Executive Committee composed of:

- Andrea Giovanni Giuseppe Fiorani – Chief Operating Officer
- Joana Mafalda da Costa de Pina Pereira – Chief Distribution Officer
- João Carlos Dores Candeias Barata – Chief Insurance Officer
- Pedro Luís Francisco Carvalho – Chief Executive Officer
- Stefano Flori – Chief Financial Officer
- Tiago Miguel Tavares Rodrigues – Chief Service Officer

3. BOARD OF DIRECTORS' REPORT

3.1. MACROECONOMIC FRAMEWORK

3.1.1. International Economic Situation

Following the slowdown in the world economy in 2022 (with growth of just 3.0%), strongly influenced by the impacts of Russia's invasion of Ukraine in February 2022, it is expected that the slowdown will continue (with growth at 2.6%), in contrast to the recovery experienced in the post-pandemic era (2020-2021).

The evolution in 2023 was marked not only by the ongoing Russian-Ukrainian conflict but also by the recent conflict in the Middle East (October 2023), which significantly increased geopolitical risks.

Thus, despite experiencing a slowdown, the global economy shows signs of resilience, driven by strong growth in the United States of America and in some Emerging economies, counterbalancing the greater slowdown observed in most European countries.

Economic activity has been negatively affected by adverse monetary policies, restrictive credit conditions, and low levels of global trade and investment, which are expected to have a significant impact on the coming years.

More than expected, inflation fell on the back of lower Energy and Food prices and on an overall easing of supply chains. The downward trend is expected to continue in 2024, with an expected alignment with objectives from 2025 onwards. In 2023, inflation in the Eurozone closed the year at 5.4% and in the USA at around 3.7%, falling faster than anticipated.

Despite the downward trend in inflation, the Monetary Policy has remained restrictive and there are indications that it will continue so in the future, in order to ensure that this trend is consistent and allows inflation to reach the targets set by Central Banks. However, there is still some margin for a gradual reduction in interest rates, with an impact already in 2024.

As a reaction to inflationary pressures and in fulfilment of their mandates, central banks have adopted tighter monetary policies and raised reference rates. In the Eurozone, the cumulative rise by the ECB reached 200 basis points, setting the refinancing rate at 4.5%, and the Federal Reserve, always showing itself to be more aggressive, raised its rates to a total of 5.5%.

Against this background, and despite the existing volatility, 2023 was a favourable year for financial markets, with positive returns, especially in terms of public debt. Market yields reached their highest point at the beginning of the fourth quarter (rising consistently throughout the year); however, the positive performance of disinflation and the consequent expectations of lower reference interest rates in 2024 led to a significant drop in yields, which generally promoted the appreciation of financial assets at the end of 2023.

The 3-month Euribor rose by 190 basis points to 3.97%, and it is expected that this upward trend will have stabilized and begin a downward trajectory in 2024. The 10-year U.S. Treasury yields remained stable at the close of the year, with an evolution from 3.88% to 3.87% (despite the volatility seen throughout the year), while German Bund yields fell from 2.57% to 2.02%. Yields on Portuguese Treasury bonds for the same term fell from 3.60% to 2.79%. The spread between the 10-year Portuguese Treasury bonds yields and the Bund (103 bps at the start of December 2022) ended the year at 76 bps, reflecting lower risk aversion compared to 2022.

The expectation of a slight easing in monetary and financial conditions and a reduction in recession fears reduced volatility on financial markets and allowed for positive returns on the equity and credit markets. In the U.S.A., the S&P 500 and Nasdaq stock indexes rose 24% and 43.4%, respectively (after significant declines in 2022). In Europe, the Euro Stoxx 600 and DAX increased by 12.6% and 20.3%, respectively, as a result of expectations of cuts in benchmark interest rates. In Portugal, the PSI 20 rose 11.8%, registering its third consecutive year of gains. In China, the Shanghai Composite fell 3.7%.

3.1.2. Portuguese Economic Situation

In 2023, in Portugal, GDP grew by 2.1% (Bank of Portugal estimate), above the Eurozone average and following the 6.8% increase observed in 2022. The second and third quarters saw growth stagnate and the fourth quarter saw a reduced level of growth. As reported by the Bank of Portugal, the main factor was Exports, which grew by 4.3% (17.4% in 2022), while domestic demand made a positive contribution although reduced compared to 2022 (0.7% versus 4.4%). The slowdown compared to 2022 was consistent among the several variables, with private consumption, public consumption, and investment reflecting the same slowdown. The balance of net external demand was positive, with an increase (as already mentioned) in exports of goods and services and a slowdown in the growth of Imports (1.3% compared to 11.1% in 2022).

As for inflation, it fell compared to 2022 (5.3% versus 8.1%), although it is still significant, and the decrease is largely the result of the fall in energy goods prices.

Concerning the unemployment rate, it remained at a low level (6.5%), despite having increased by 0.4 percentage points when compared to 2022.

With the continuous improvement in public accounts and the reduction of debt-to-GDP ratio, Portugal's sovereign rating was revised upwards from BBB+ to A- by S&P (March 2024), A by Fitch (September 2023), and A by DBRS (July 2023), an achievement for the first time in 13 years.

The growth trajectory should slow down in 2024 to 1.2%, according to the Bank of Portugal estimates, which is still based on the contribution of exports, while inflation is projected to fall to 2.9% in 2024 and 2.0% in 2025, but still stabilizing thereafter as a result of the reduction in production costs and demand pressures.

3.1.3. Insurance Market

In 2023 the direct insurance underwriting decreased once again. The total premiums were down -2.0% compared to 2022, standing at EUR 11,814 million (EUR -242 million), caused by the negative evolution of the Life segment.

The Life segment, representing 44% of the total direct insurance underwriting, registered in 2023 a decrease in premiums in 14.3% compared to 2022, standing at EUR 5,160 million (EUR -862 million). This decrease was driven by the negative evolution of Unit-Linked Life insurance, excluding PPRs (-51.6%, EUR -1,272 million) and contributions to PPRs (-11.5%, EUR -164 million). However, Non-Unit-Linked Life insurance, excluding PPRs, showed a positive development compared to 2022 (+25.9%, EUR +572 million).

In 2023, the Non-Life segment premiums grew by 10.3% compared to the previous year, which was higher than in 2022 (+7.4%). The volume of Non-Life premiums reached EUR 6,654 million (EUR +620 million). Most of the larger lines of business have recorded positive variation rates, with emphasis on the Health insurance, which grew 16.7% (EUR +193 million) and continues to perform favourably, as a result of a growing demand for this type of insurance by the population.

The Motor insurance registered a +8.2% growth rate (EUR +162 million) compared to 2022. The Workers' Compensation insurance also registered a positive growth rate of +11.0% (EUR +113 million), as well as Fire and Other Damage, of +10.1% (EUR +108 million).

3.2. RELEVANT FACTS IN 2023

In 2023, there was a drop in the Life business, strongly influenced by the financial products component. On the Non-Life side, there was an overall increase of over 10.2% (therefore above inflation), with growth in the health segment (17%), that confirms the trend of growing demand for health products by the Portuguese population.

According to the Bank of Portugal, GDP grew in real terms by 2.1% in 2023, with a strong contribution from exports (+4.3%), and investment (gross fixed capital formation) growing by just 0.9%. Also noteworthy is the fall in the public debt-to-GDP ratio (from 112.4% in 2022 to 101.4% in 2023) and the recording of the second public account surplus in democracy (the first was in 2019, at 0.2%), which is expected to be close to 1%.

2023 was marked by still quite high levels of inflation. We can say that the Ukraine-Russia war (and its continuation over time) was what triggered the inflation, but it was not the only factor. The context of European intervention (via liquidity injections through Quantitative Easing) and the growth of nearshoring models (i.e., relocating production units to places with earned lower salaries) are two examples of trends/actions that we had been observing and which helped foster a context favourable to an inflationary shock.

Responding to this context, central banks gradually raised interest rates throughout 2023. As a result, financial products sold on the insurance market faced growing competition from simpler and safer products such as term deposits and savings certificates.

As a reflection of this increased competition, there has been a drop in the volumes of financial life products, and consequently, pressure on insurers to develop more innovative and profitable products.

But investment products continue to have a relevant growth potential, reflecting the growing demand for savings and investment solutions, as a result of the growing unsustainability of Social Security due to the ageing of population.

Non-Life performance is the result of contributions from Workers' Compensation (+11.0%), Fire and Other Damage (+10.1%) and Motor (+8.2%) products. Among the most representative Non-Life insurance products, Health (the second largest in Non-Life) was the one with the highest growth (+16.7%), which confirms the Portuguese population growing demand for private healthcare solutions, particularly clear since the Covid-19 pandemic.

The Life segment, which recorded a decrease in premiums of -14.3%, was particularly affected by the negative performance of capitalisation insurances and PPRs (retirement savings plans insurances) which registered negative results of -29.1% and -17.4%, respectively. The traditional products - Risk - decreased by 1.9%, following the slowdown in mortgage lending and the measures facilitating early repayment of mortgage loans.

Generali Seguros grew slightly above the market in Non-Life, registering an increase in the volume of premiums of 11.2%, which translated into a market share of 18.6% (+0.2 p.p. vs 2022).

In the Health insurance, growth was above the market (24.5%), strengthening the third position in the ranking (+0.8 p.p. to 13.1%) and reducing the gap to the top two positions, which saw slight reductions in market share.

In Workers' Compensation, in compulsory insurance, there is a decrease of 0.7 percentage points in the market share (27.0% in 2023 vs. 27.7% in 2022) as a result of risk selectivity and portfolio cleansing, in line with the Generali Group's policies.

Conversely, in the Life, Generali Seguros increased its market share to 2.3% (+1.0 p.p. vs 2022). In Life-Risk, Generali Seguros achieved a +0.6 p.p. market share, which now stands at 7.5%, as a result of its consistent strategy of investing in this line of business where it grew by 5.6% against the market which fell by -1.9%.

Despite these challenges, Generali Seguros has exceeded the target of 2 million private and business customers (+4.6%), and recorded a customer retention rate of 86%, which upholds the growth recorded.

Generali Seguros maintained its focus on continuing the transformation process, with a strong investment in a digital strategy both in the back-office and front-office, with direct impact on the sales processes, operational performance and service levels for customers and distribution partners.

In terms of the products offer, 2023 was a year full of novelties. These were naturally created to respond to customers' needs and provide them with an excellence service, but also reflect the strategic commitment to developing offers that are in line with the sustainability commitment of Generali Seguros with an investment in green and social products.

Thus, a number of improvements and product launches were made, of which we highlight the following:

Private Customers

- Mental Health: Includes, within the AdvanceCare network, in-person consultations of psychiatry, psychology, and psychotherapy, limited to the outpatient care capital, and online consultations with no usage limits;
- Personal Injuries offer available at Banco CTT and CTT Postal;
- Delivery of the Green Card directly in the customers' e-mails (in addition to the App/ Customer Area), contributing to a simpler and more digital experience;
- Implementation of the Lifestyle Discount on life risk;
- Diversification of the offer of financial product for agents (Tranquilidade Investimento Verde and Tranquilidade PPR);
- Creation of a range of savings and investment products for Banco CTT (Unit-Linked).

Companies

- Access to the partnership with the Champalimaud Foundation which includes the Oncorisk Programme in the insurance coverage – an early screening programme that seeks to act preventively to detect the manifestation of cancer, plus the reinforcement of inpatient hospitalisation capital for more severe situations;
- Mental Health: Includes, within the AdvanceCare network, in-person consultations of psychiatry, psychology, and psychotherapy, limited to the outpatient care capital, and online consultations with no usage limits;
- Personal Injuries offer available at Banco CTT and CTT Postal;
- Workers' Compensation: Pop-up work insurance for independent workers in partnership with Merytu;
- Workers' Compensation Claims Assistant: Launch of new features in a tool that sets out to simplify the daily lives of partners and customers, and increasingly improve the claimants' experience when resolving Workers' Compensation claims (for example, it allows reimbursement claims to be made and expense details to be consulted);
- Business Multi-Risk: new Assistance coverages designed to provide differentiated responses to sectors of activity such as the Catering and Retail industries.

The LOGO brand continues to invest in the private customer market, seeking to dynamize and improve 100% digital solutions. Remember that customers have a vast digital ecosystem at their disposal: customer area, app, chatbot, and WhatsApp. These channels not only boost online sales but also allow customers to be autonomous. For instance, they can access documentation, pay policies, or initiate and monitor claims processes independently.

Overall, we have strengthened our focus on optimising customers' experience, by simplifying and automating processes throughout the insurance life cycle:

- We have consolidated the purpose of making communication increasingly clearer, using a simpler language at all points of contact with customers, with more than 90% of the communications having been reviewed at the end of the year, focusing on the most frequent;
- We extended the number of products for which we have sent welcome e-mails to our customers with the aim of reinforcing the main advantages of our products and

services, as well as explaining what should be done in the event of claims or other needs related to the product;

- We have digitalized the life insurance medical questionnaire, which was previously carried out by a nursing professional. In this way, customers can answer the health questionnaire, which is compulsory for subscribing to life and health products at a time that suits them best, 24/7;
- We extended the use of digital signatures for the subscription of some of our products, as well as for signing up to direct debit, thus reducing the time and paper required for these processes;
- We updated our app, focusing on improved performance and capacity, as well as enhancements to UX/UI, such as biometric login and customisation of the name of policies (e.g., “white car policy” instead of “Policy 123456567”), among others.

According to the principle that “what is not measured, cannot be improved,” we maintained the NPS (Net Promoter System) programme and closely monitored the evolution of our customers’ satisfaction at the different touchpoints available.
This programme plays a central role in providing a more humane experience to our customers:

- In 2023, we exceeded 1 million surveys sent out. We sent out 1,143,461 surveys, received 76,727 replies and made 8,362 calls.
- 17 departments are involved and there are already more than 450 cloopers making calls to customers.

In 2023, based on Customer feedback, we were not only able to identify several areas for improvement in our customer journeys but also measure the success of specific initiatives we launched.

In 2023, we consolidated our commitment to digital and to innovating platforms, services and communication with customers and partners. Our aim is to differentiate ourselves in the market, and we are committed to being true lifetime partners:

- At the end of the year, we surpassed one million and a half “Green Customers” (1,602 million), which continues to increase compared to the previous year (+12%). The LOGO brand accounts for around 10% of these green customers. These values reflect high service levels in communication, innovation, and efficiency;
- We strengthened the Always-On communication strategy, with a contact policy that optimises communications to customers across various segments, thus always maintaining relevance and guaranteeing the appropriate levels of frequency for all customers, including commercial, informational, and institutional communications, as well as prevention actions;
- In 2023, we contacted around 94% of our customers, in complete alignment with the Generali Group’s strategic vision of creating a Lifetime Partner relationship.
- To strengthen digital communication and optimise our customers’ experience, we continued our actions to collect marketing consents. We closed the year with 58% of customers having given marketing consent (private customers), which represents an increase of 11 percentage points compared to 2022.
- We have maintained our commitment to simplifying our communication through the adoption of a simpler language in the relationship with our customers and employees.

The equipment of customers, as well as the focus on leveraging digital tools were crucial to maintain the commercial dynamics and develop the relationship with the key business partners.

In this sense, the focus was on the following specific strategic fronts:

- Commercial streamlining, enhanced by an incentive system recognised in the market and by the launch of commercial campaigns with strong incidence in the retail and medium-sized companies segments;
- Launch of the *Clube T Financeiros*, with exclusive benefits and events for the best distributors of Life Financial products;
- Focus on the sale of strategic products and consolidation of digital transformation of the distributors' network through the following actions:

- Commercial streamlining with a focus on strategic products
    - Strong investment in differentiating commercial campaigns, shorter and more diversified in their focus, with greater commercial dynamics;
    - Organisation of an in-person Commercial Convention in Lisbon, that was attended by more than 1000 people;
    - Launch of the *Clube T Financeiros*, involving the top 300 partners in the placement of the new Life Financial offer, with 3 regional events.

- Digital presence and service
    - On-site training sessions in various commercial zones and in-person, aimed at the main partners and also the sales team;
    - Participation in the Generali Group's GAEC (Global Agents Excellence Contest) event in Milan, where Tranquilidade brought along 20 exclusive partners and the top-performing sales team members, not only in digital customer service, but also in strategic product placement. One of the agents made it into the Generali Group's Top 10 worldwide.

- Digital sales
    - 180,000 leads produced 50,000 policies sold and premiums totalling EUR 12.5 million.
    - Launch of new online simulators for Travel Insurance, Hunting Insurance, Condominium Insurance, and Life-Risk Insurance, with the option for online subscription, and making it available to partners with websites.

In short, in a challenging context, the commercial performance once again demonstrated the strong commitment between partners and the Company:

- Non-Life and Life-Risk revenue grew by 11.8%, agents have grown by 11.5% and Partnerships by 21%. Brokers have recovered in 2022 from a difficult period, and in 2023 their growth has also outperformed the market by 10.6%.
- The lines of business with the best performance compared to the previous year were Health and Home MR, with variations of 25% and 17%, respectively.

The satisfaction survey for partners, R-NPS, registered a high recommendation level: 61.2 in a scale of -100 to 100. This result represents a 3.6 point increase in respect of 2022.

Lifetime Partner 24: Driving Growth is the Generali Group's strategy for 2022-24, on which Generali Seguros has designed the path to reinforcing its financial performance, creating the best customer experience, and realising a positive social and environmental impact.

Sustainability being one of the inspiring principles of our strategy, but also a founding concept of the insurance sector, the Responsible Future was created: an aggregating concept whose aim is to manage the uncertainty of the future by protecting against risks, enabling people to build a safer and more secure future for their lives. This concept involves the assurance of a sustainable transformation of our businesses and processes, and the creation of a lasting value for the various stakeholders: shareholders, investors, and customers, as well as colleagues, suppliers, the environment, local communities, and society as a whole. In pursuit of a fairer and more resilient society for all, we have identified our responsibility in four areas: Responsible Insurer, Responsible Investor, Responsible Employer, and Responsible Citizen.

In this trajectory of responsibility towards the future, in 2023 we officially established The Human Safety Net (THSN) as an Association in Portugal, a social responsibility programme of the Generali Group with the mission of empowering disadvantaged communities and people in a vulnerable situation. Despite the recent formalization of the association in Portugal, THSN has already been active in Portugal through direct actions within the community, in terms of protection, prevention, and assistance to families and children in fragile situations.

Within the scope of the Family Strengthening Programme that has been developed in collaboration with the Aldeias de Crianças SOS – particularly in the Family Support and Parental Counselling Centres (CAFAP) located in Oeiras, Guarda, Rio Maior, and Vila Nova de Gaia – the "Family Day" was celebrated in October. Thanks to the funds raised during the 1st Global Challenge and the support of our volunteers, we gathered around 30 families, totalling 120 people, at Parque dos Monges in Alcobaça for a fun, warm and activity-packed event, including traditional games, inflatables, peddy paper (treasure hunt), and much more. The freedom of the green spaces and the presence of animals in the park provided these families with moments of enjoyment and unity that have strengthened their family bonds.

In October, within the scope of the 2nd Edition of the SME EnterPRIZE – European Sustainability Award for SMEs, the finalists and winners of this initiative, promoted by the Generali Group, were announced at the Calouste Gulbenkian Foundation. The event featured a discussion on the importance of the social and environmental impact of businesses, as well as the challenges of sustainability transformation in SMEs. An external jury selected 12 finalists from over 500 applications for the award. There were two honourable mentions and the award was given to the winner: Miranda & Irmão, an SME with over 70 years of history, considered as a reference in the production of sustainable components for top global bicycle brands.

Back in November, in Brussels, the European Sustainability Heroes were celebrated, with winners from various national editions participating in the international ceremony. It was with great pride that we saw our national hero being recognized at this ceremony, alongside heroes from nine other countries.

Generali Seguros has also promoted, for the first time, the Sustainable Agent Award to honour agents with the most sustainable and proactive practices in promoting sustainability and financial literacy. The national ceremony honoured Rita Paulo Mediação de Seguros (exclusive agent) and Nacionalgest (multi-brand agent). We are well aware that transformation is also being carried out through our network of agents across the country.

As has become usual, in 2023, we again supported "*Portugal Chama*," much more than an awareness campaign, serving as a call to action for every Portuguese to mobilise and contribute to protecting our country from severe rural fires.

In addition to our commitment to land conservation, we also turned our attention to the sea, rallying volunteers among our employees, partners, families, and friends for beach clean-ups in Fonte da Telha (Costa de Caparica) and Mindelo (Vila do Conde). On World Earth Day, we mobilized around 100 volunteers, who managed to collect half a ton of garbage in just 3 hours. In the North, by the end of May, approximately 33 volunteers collected around 150 kilograms of waste. In these editions, we once again had the support of the Brigada do Mar, and, despite the enjoyable community moments, participants expressed concern over the significant amount of waste found along the coastline, highlighting a broader issue.

We want everyone to feel safe, respected, valued, and above all, proud of who they are. June was LGBTQIA+ Pride Month, and so we wanted to celebrate with our employees. We organized initiatives like the We Lunch (where we hosted a lunch with members of the DEI - Diversity, Equity, and Inclusion team), and we conducted awareness-raising activities in the different buildings. Lastly, as a symbolic gesture, we illuminated the Generali Seguros building with LGBTQIA+ colours for one week.

In September, to celebrate the first National Sustainability Day, we committed to planting a tree for every new insurance policy purchased by private customers during the week dedicated to the campaign. Over 2,500 trees were planted in the Leiria Pine Forest at the beginning of 2024, in partnership with Quercus, for the Conservation of Nature and Natural Resources.

In the cultural context, Generali Seguros has supported the Solidarity Concert (piano recital) of the Association for the Psychosocial Study and Integration (AEIPS), held in October at Aula Magna in Lisbon, in commemoration of World Mental Health Day. This special event aimed to highlight the importance of "Human Rights and Mental Health" and provided an opportunity to unite the community around this cause.

At the end of 2023, Açoreana supported the annual programme of two show houses in São Miguel, Azores. These contributions to the cultural programming of the island enhanced Açoreana's visibility throughout the year. At Teatro Micaelense, they supported the play "Colheres de Prata," and at Coliseu Micaelense, they backed the concert "160 Voltas ao Sol" by the Fundação Brasileira band and Sr. Samba, featuring Martinho da Vila, revisiting their greatest hits. This unique event marked the 160th anniversary of Fundação Brasileira.

In December, in order to mark the International Day of People with Disabilities, the DEI working team organized once again a week of activities focused on Diversity, Equity, and Inclusion. The week kicked off with a Portuguese Sign Language (PSL) Workshop, followed by an Inclusive Language Workshop. Participants learned tips for speaking and writing inclusively and engaged in various exercises. Throughout the week, the cafeteria also featured a special menu with dishes suggested by colleagues of different nationalities.

In November, Generali Seguros participated in Viana do Castelo at the ODSlocal'23 Conference – From Goals to Solutions, to present Awards to Local Projects developed by civil society in the categories of Planet, People, and Prosperity. Generali Seguros sponsored the award in the People category, to be handed over to Escola de Mães (Mothers' School), a project run by Ajuda de Mãe (Mother's Help), focusing on preventing school dropout among pregnant teenagers/teenage mothers by balancing educational progress with positive and healthy parenting. The Company's participation in this edition is in line with the Group's initiative: Responsible Future, to which we wish to contribute by supporting projects with a potential for social transformation.

December was marked by social solidarity initiatives, and in both Porto and Lisbon, we organized Christmas charity markets where employees could buy gifts, knowing their purchases were supporting social associations in their various missions and areas: cultural promotion, inclusion and equity, support to vulnerable families/people, animal protection, among others.

In the scope of The Human Safety Net's activities, we organized an initiative aimed at making Christmas more comforting and joyful for the underprivileged families of SOS Children's Villages. We collected goods in our buildings, which enabled us to assist all 103 families with over one ton of food and hygiene products for their Christmas hampers. Thanks to the surplus of goods, we were able to extend our solidarity to other institutions as well: in the Azores, we donated 14 hampers to families in Rabo de Peixe, supported by Kairós; through the Junta de Freguesia of Santo António, we delivered around 200 kg of food to the Mercearia Social Valor Humano Project, an initiative that helps residents of our parish facing socio-economic hardship.

We ended 2023 confident that all our initiatives — big or small — had a real impact on our community: from employees to customers, and from the environment to local communities. Every day, we assume the commitment to working towards a Responsible Future.

According to the BASEF Seguros study by Marktest, in 2023, the spontaneous brand awareness of Tranquilidade grew by 1.8 percentage points, from 47.7% to 49.5%. The evolution of total brand awareness was equally positive, growing from 92.3% to 94%.

In 2023, the LOGO brand aimed to serve 100% digital customers, with a differentiated position in the market as an agile and innovative brand in terms of processes, namely enabling customers to manage policies through self-service.

After aligning processes, technologies, and optimizing campaigns last year, our focus this year shifted to enhancing the quality of information on the website, developing new features for the app, and promoting the GanhaLOGO telematics app, which serves both customers and non-customers.

3.3. MAIN BUSINESS VARIABLES AND INDICATORS

(EUR thousand)

	2023	2022	VARIATION 23/22 (%)
BALANCE SHEET			
Investments (a)	2 383 496	2 172 737	9.7
Net assets	2 847 320	2 719 009	4.7
Equity	307 488	246 156	24.9
Life insurance contract assets	15 531	8 743	77.6
Life insurance contract liabilities	605 118	664 764	-9.0
Non-Life insurance contract liabilities	1 598 318	1 445 791	10.5
GAINS AND LOSSES			
Gross Written Premiums Direct Insurance	1 309 731	1 183 751	10.6
Life	73 732	71 915	2.5
Non-Life	1 235 999	1 111 836	11.2
Insurance contract revenues	1 305 020	1 175 395	11.0
Life	99 696	78 745	26.6
Measured under the premium allocation approach	15 487	15 794	-1.9
Not measured under the premium allocation approach	84 209	62 951	33.8
Release of expected value of incurred claims and costs attributable to insurance contracts	49 082	40 822	20.2
Changes in the risk adjustment (non-financial risk) for expired risk	1 999	2 236	-10.6
Release of the contractual service margin for transferred services	14 219	15 776	-9.9
Allocation of acquisition costs attributable to insurance contracts	18 909	4 117	359.3
Non-Life	1 205 324	1 096 650	9.9
Incurred claims and other costs attributable to insurance contracts	838 266	775 271	8.1
Life	37 709	36 553	3.2
Non-Life	800 557	738 718	8.4
Reinsurance contract revenues	49 881	88 203	-43.4
Life	7 751	13 743	-43.6
Non-Life	42 130	74 460	-43.4
Reinsurance contract expenses	122 178	121 676	0.4
Life	7 848	10 649	-26.3
Non-Life	114 330	111 027	3.0
Insurance contract result	87 015	18 949	359.2
Financial Component of Insurance Contracts	-17 014	3 081	-652.2
Operating costs	146 046	149 974	-2.6
Income	56 903	44 181	28.8
Net result	72 567	1	>1000
INDICATORS			
Direct Insurance Loss ratio - Non-Life	66.4%	67.4%	-0.9 p.p.
Loss ratio net of reinsurance - Non-Life	68.5%	69.6%	-1.1 p.p.
Net result/ Gross written premiums	5.5%	0.0%	5.5 p.p.
Combined ratio net of reinsurance	94.4%	100.5%	-6.1 p.p.

(a) include: Investment in subsidiaries, associated companies and joint ventures, financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive income, financial assets measured at amortised cost, land and buildings, non-current assets held for sale, cash and bank deposits. They exclude assets from Unit-Linked portfolios and Cash and bank deposits managed by treasury which are not considered as investments.

3.4. GENERALI SEGUROS' UNDERWRITING PERFORMANCE IN 2023

3.4.1. Direct Insurance Premiums

The direct insurance production reached EUR 1,309,731 thousand in 2023, representing a variation of +10.6% compared to the previous year. The insurance market recorded a variation of -2.0% compared to 2022.
The Company registered a volume of direct Life insurance premiums of EUR 73,732 thousand, showing an increase of +2.5% (EUR +1,817 thousand) compared to the previous year, with positive variations in the premiums of Risk and Annuities products (+6.7%).

In Non-Life, the volume of premiums reached EUR 1,235,999 thousand, i.e., +11.2% (EUR +124,163 thousand) compared to 2022. All line of business showed positive rates of change compared to 2022, with the exception of Transports (-2.8%). We would like to highlight the growth seen in Accidents and Health (+13.4%, EUR +58,949 thousand) with a greater contribution from Health (+24.5%, EUR +34,788 thousand) and Workers' Compensation (+8.4%, EUR +23,772 thousand).

In 2023, the Motor insurance production has also registered a very positive growth compared to the previous year (+12.1%, EUR +51,753 thousand).

Fire and Other Damage registered in 2023 an increase in production compared to the previous year (+5.9%, EUR +9,239 thousand), with emphasis on the Multi-Risk insurance which registered an increase of EUR +10,615 thousand, corresponding to a variation of +8.1%.

Direct Insurance Premiums

(EUR thousand)

	2023	%	2022	%	VARIATION 23/22 (%)
LIFE	**73 732**	**5.6**	**71 915**	**6.1**	**2.5**
Risk and Annuities	61 754	4.7	57 869	4.9	6.7
Financial	11 978	0.9	14 046	1.2	-14.7
NON-LIFE	**1 235 999**	**94.4**	**1 111 836**	**93.9**	**11.2**
Accidents and Health	499 018	38.1	440 069	37.2	13.4
Fire and Other Damage	166 960	12.7	157 721	13.3	5.9
Motor	478 440	36.5	426 687	36.0	12.1
Transport	4 667	0.4	4 801	0.3	-2.8
Third-Party Liability	25 744	2.0	22 682	1.9	13.5
Others	61 170	4.7	59 876	5.1	2.2
TOTAL	**1 309 731**	**100.0**	**1 183 751**	**100.0**	**10.6**

3.4.2. Incurred claims and Other Costs Attributable to Insurance Contracts

The total of incurred claims and other costs attributable to Non-Life insurance contracts in 2023 reached EUR 800,557 thousand, representing a variation of +8.4% compared to 2022.

In 2023, in the Motor insurance, incurred claims increased by 12.9% in respect to the previous year (EUR +37,794 thousand).

In Accidents and Health, incurred claims also increased in 2023, compared to 2022, by 10.5% (EUR +31,879 thousand), particularly in Health (+16.6%, EUR +20,021 thousand) and in Workers' Compensation (+6.6%, EUR +11,613 thousand).

In the Fire and Other Damage insurance, incurred claims growth was not as significant at +0.8%, but the Multi-Risk insurance, incurred claims increased +14.9% (EUR +12,345 thousand).

Incurred claims and Other Costs Attributable to Insurance Contracts

(EUR thousand)

	2023	2022	VARIATION 23/22 (%)
LIFE	**37 709**	**36 554**	**3.2**
Risk and Annuities	31 225	33 031	-5.5
Financial	6 484	3 523	84.0
NON-LIFE	**800 557**	**738 718**	**8.4**
Accidents and Health	335 456	303 577	10.5
Fire and Other Damage	108 518	107 695	0.8
Motor	330 711	292 917	12.9
Transport	1 816	2 759	-34.2
Third-Party Liability	10 718	20 592	-48.0
Others	13 338	11 178	19.3
TOTAL	**838 266**	**775 272**	**8.1**

The Non-Life loss ratio in 2023 (incurred claims and other costs attributable to insurance contracts / gross earned premiums) stood at 66.4%, representing a decrease of 0.9 p.p. over the previous year (67.4%). Two essential factors contributed to this evolution: (i) convergence of claims frequency to pre-pandemic levels, particularly in the Motor; and (ii) real inflation in 2023 and the respective projection for future years.

Incurred claims and other costs attributable to insurance contracts / insurance contract revenues

(%)

	2023	2022
Accidents and Health	67.8	69.5
Fire and Other Damage	66.9	69.7
Motor	72.4	69.8
Transport	38.6	57.0
Third-Party Liability	42.5	92.2
Others	21.6	19.1
TOTAL	**66.4**	**67.4**

* claims costs with costs allocated as a percentage of earned premiums

3.4.3. Insurance Contract Liabilities

Insurance contract liabilities in 2023 summed EUR 2,203,436 thousand, resulting in a variation of 4.4% (EUR 92,881 thousand) compared to 2022. This increase was due to: (i) the increase in Non-Life insurance contract liabilities (EUR 152,527 thousand), mainly due to increased liabilities related to past services, and (ii) the reduction in Life insurance contract liabilities (EUR -59,646 thousand), as a result of maturities and surrenders that occurred during the year.

Insurance Contract Liabilities

(EUR thousand)

	2023	2022	VARIATION 23/22 (%)
Life insurance contract liabilities	605 118	664 764	-9.0
for remaining coverage	512 719	579 283	-11.5
for incurred claims	92 399	85 481	8.1
Non-Life insurance contract liabilities	1 598 318	1 445 791	10.5
for remaining coverage	227 861	215 844	5.6
for incurred claims	1 370 457	1 229 947	11.4
TOTAL	**2 203 436**	**2 110 555**	**4.4**

3.4.4. Reinsurance Ceded

The reinsurance result in 2023 reached negative EUR 72,297 thousand, compared to negative EUR 33,473 thousand in 2022. In Non-Life, the reinsurance result deteriorated by EUR 35,633 thousand, due to a lower volume of recovered claims. This way, the level of reinsurance claims recoverables went from 9.0% in 2022 to 5.3% in 2023.

Reinsurance Ceded

(EUR thousand)

	2023	2022	VARIATION 23/22 (%)
LIFE	**97**	**-3 094**	**-103.1**
Premiums	14 648	7 993	83.3
Commissions	-1 573	-1 012	55.4
Claims and variation of technical provisions	-12 978	-10 075	28.8
NON-LIFE	**72 200**	**36 567**	**97.4**
Premiums	121 890	118 850	2.6
Commissions	-14 037	-15 077	-6.9
Claims and variation of technical provisions	-35 653	-67 206	-46.9
RESULT	**72 297**	**33 473**	**116.0**

3.4.5. Operating Costs

Operating costs amounted to EUR 146,046 thousand in 2023, -3.9% than in the previous year (EUR -5,980 thousand).

Staff Costs in the amount of EUR 68,007 thousand were down 1.7% compared to 2022 (EUR -1,145 thousand). Third-party Supplies & Services costs also decreased by 9.6% compared to 2022 (EUR +5,648 thousand).

Custos operacionais

(EUR thousand)

	2023	2022	VARIATION 23/22 (%)
Staff costs	68 007	69 152	-1.7
Supplies and Outsourcing Services	53 452	59 100	-9.6
Taxes and fees	8 167	7 555	8.1
Depreciation	10 352	9 949	4.1
Others *	6 068	4 218	43.9
TOTAL	**146 046**	**149 974**	**-2.6**

* Include Provisions for Risks and fees, Interests, Commissions and other Investment-related Costs

3.4.6. Staff

During the 2023 fiscal year, 61 new permanent employees have been recruited, 86 employees left, 30 of these on their own initiative or the Company's and 46 due to mutual agreement terminations (RMA).

	2023	2022	VARIATION 23/22 (%)
TOTAL STAFF AS OF 1/1	**1 070**	**1 085**	**-1.4**
Hired	61	63	-3.2
Left	86	78	10.3
- Pre-retirement or retirement	8	1	700.0
- On their own initiative or the Company's	30	51	-41.2
- Mutual agreement terminations	46	24	91.7
- Others (decease)	2	2	0.0
TOTAL STAFF AS OF 31/12	**1 045**	**1 070**	**-2.3**

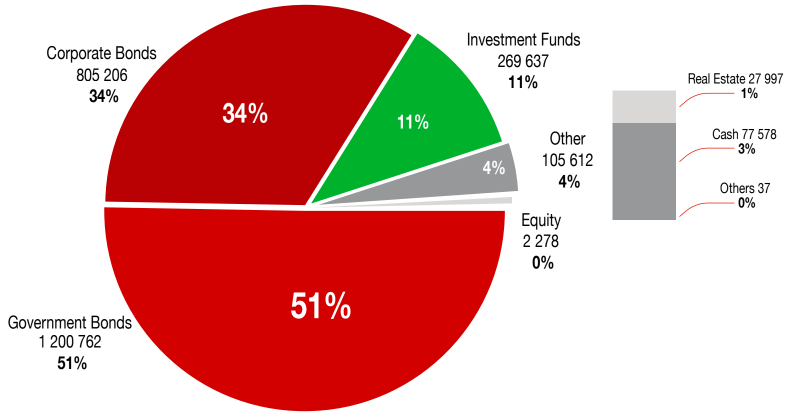
3.4.7. Investments performance

The control of the rise of inflation and the decline in interest rates – mostly in the last quarter – marked the year 2023 and affected the performance of financial markets.

At the end of the year, the investment portfolio of Generali Seguros was valued at EUR 2,383,496 thousand, 10% more over the previous year.

2023 Investment Portfolio

(Values calculated in EUR thousand from a management perspective - does not include UL)



* It includes Supplies and Outsourcing Services, financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, financial assets measured at amortised cost, hedging derivatives, land and buildings, non-current assets held for sale, cash and cash-equivalents and bank deposits and, if any, withholdings related to investments. It excludes assets from Unit-Linked portfolios and Cash and bank deposits managed by treasury which are not considered as investments.

The asset allocation remains conservative, focusing on fixed-yield securities, which now represent 84% of the total portfolio. The bond component (direct investment) has an average Investment Grade rating (A/BBB) and an exposure to sovereign debt totalling EUR 1,200,762 thousand, with a special focus on Euro Core countries and Portugal.

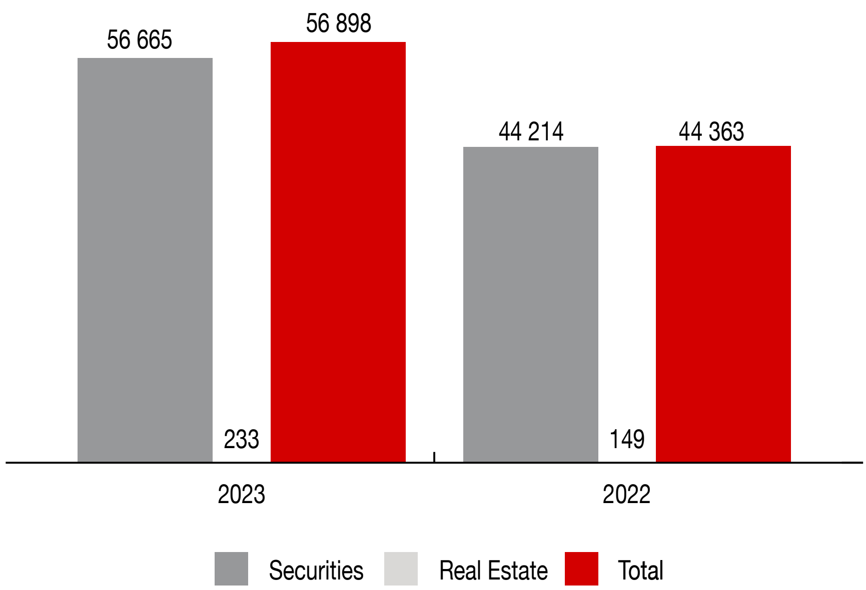
The investment management strategy kept the focus on the balance of the duration of assets and liabilities, while seeking to simultaneously minimise the portfolio interest-rate risk and reduce the spread risk of the investment portfolio, following the indications of the regulations of the insurance business, namely Solvency II.

Therefore, and also in order to improve the return on risk measured by the RoSCR, exposure to public debt bonds from Euro Core countries was increased to the detriment of investment in Portuguese public debt bonds with long maturities. We also took advantage of market conditions to improve the quality of the portfolio in corporate debt, increasing the exposure to investment-grade debt.

In the last quarter, taking advantage of the still relatively high interest rates in the market, an asset swap programme was carried out with the goal of increasing the intrinsic profitability (book yield) of the portfolio and reducing its spread risk, in addition to adjusting the GAP durations among the several portfolios (mostly in Non-Life). This strategic decision has resulted in losses for the current year but will have a positive impact on the future return of the portfolio.

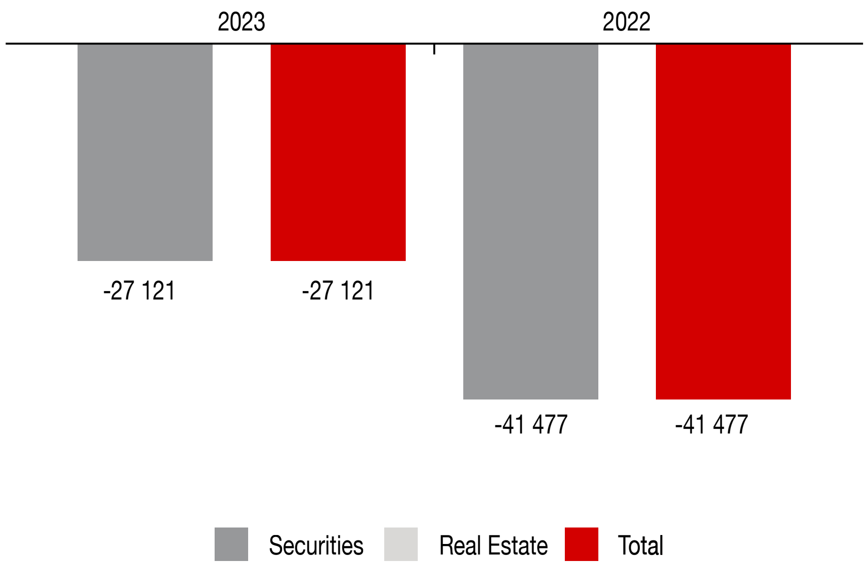
Interests and Dividends

(Values calculated in EUR thousand from a management perspective - does not include UL)



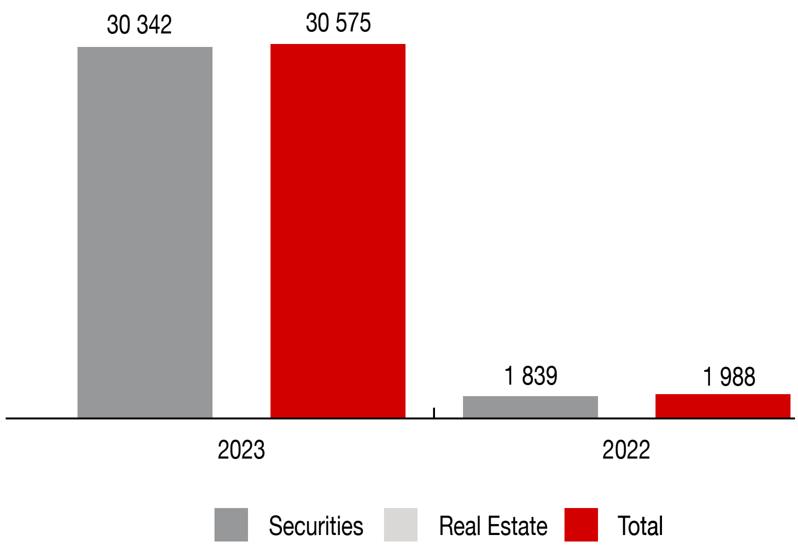
Net Gains in Profit and Loss

(Values calculated in EUR thousand from a management perspective - does not include UL and impairment)



Financial Performance Result

(Values calculated in EUR thousand from a management perspective - does not include UL)



NOTE: Includes impairments/ ECL in securities in 2023 of EUR 798 thousand (EUR -898 thousand in 2022)

In 2023, the Financial Performance Result of Generali Seguros was positive in the amount of EUR 30,575 thousand, representing an increase of EUR 28,587 thousand, compared to the preceding year.

The investment on higher yield assets, while maintaining a balanced management of market risks, allowed the Company's current income to increase by 28% to EUR 56,898 thousand.

The average profitability of the Company's financial assets was of +1.31% (+0.1% in 2022). When including the effect of unrealised gains accounted for into the revaluation reserve, the profitability was of +6.6% (-17.8% in 2022).

3.4.8. Equity and Solvency Margin

The Company's net profit in 2023 was of EUR 72.6 million, compared to practically zero in 2022.

It should be noted that the net profit for 2023 was affected by a series of non-recurring events of which the following stand out:

- Recognition of capital losses arising from the disposal of assets as part of an investment portfolio rebalancing process amounting to EUR 18.9 million;
- Valuation of a forward instrument on Portuguese public debt, in the negative amount of EUR 4.1 million;
- Recognition of two large claims, with a cost retained by the Company of EUR 6.3 million;
- Recognition of an amount of EUR 0.7 million related to Integration Costs; and
- Recognition of an amount of EUR 10.7 million related to a tax recovery from 2006, which was in litigation and was decided in the Company's favour.

Regarding the 2022 results, non-recurring events had a significant impact, and we would highlight the following:

- Recognition of capital losses arising from the disposal of assets within the scope of the investment portfolio rebalancing process, in the amount of EUR 49.8 million;
- Valuation of a forward instrument on Portuguese public debt, amounting to EUR 9.3 million;
- Recognition of approximately EUR 9.6 million related to weather events (floods) that occurred in December; and
- Recognition of the amount of EUR 6.2 million related to Integration Costs.

Equity

(EUR thousand)

	2023	2022	CHANGE 23/22 (%)
Share Capital	90 500	90 500	0.0
Other capital instruments	27 097	27 097	0.0
Revaluation reserves	-127 571	-243 558	-47.6
Reserve of the financial component of insurance contracts	163 616	274 340	-40.4
Reserve of the financial component of reinsurance contracts	-5 032	-10 918	-53.9
Tax reserve	-18 485	-9 847	87.7
Gains and losses from the sale of equity instruments measured at fair value through Ganhos other comprehensive income	176	40	>100
Other reserves	166 496	166 363	0.1
Retained Earnings	-61 876	-47 862	29.3
Net result	72 567	1	>100
TOTAL	**307 488**	**246 156**	**24.9**

Equity increased EUR 61.3 million as a result of the evolution, in the inverse order, of its components. The following should be highlighted:

- The positive performance registered in the Revaluation Reserve, which is net of the Deferred Tax Reserve, presents as at 31 December 2023 the balance of EUR -128 million. This appreciation is a result of the reduction in market interest rates that occurred at the end of 2023, which, given the types of assets of the Company's investment portfolio (essentially fixed-yield securities with a fixed rate), have a very significant and positive impact on its valuation;
- The positive net result of EUR 72.6 million;
- The reduction in the Reserve of the financial component of insurance contracts, amounting to EUR 110.7 million, as a result of the impact on the valuation of liabilities due to the evolution of interest rates, as mentioned above.

The Company monitors solvency in line with the new Solvency II regime, which has been in effect since 1 January 2016. As stipulated in the legislation, the final solvency margin data will be publicly disclosed in April through the Solvency and Financial Condition Report.

3.4.9. 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 involves the Company's structure transversally, with contributions from the governing bodies and several organizational areas in its operation.

The Board of Directors is the main driver of the Risk Management and Internal Control System, being responsible for establishing internal control and risk management strategies and policies, as well as ensuring their suitability and solidity over time, in terms of exhaustiveness, functionality, and effectiveness.

The Board of Directors is supported by the governance structure in place, which includes the following participants: the Supervisory Board, the Executive Committee, the CFO, the CRO, the Heads of Operational Areas, and the four Control Functions, namely Risk Management, Compliance, Audit, and Actuarial Function.

The objective of the Risk Management System is to ensure that all risks to which the Company is exposed are managed appropriately and effectively, based on the defined strategy, following a set of processes and procedures and based on clear governance provisions.

The Internal Control System aims to reasonably reassure management that the Company is operating in an adequate manner, and to support the achievement of strategic and business goals.

To establish an adequate Internal Control System, the Company has set minimum requirements, including the existence of an internal control environment, internal control activities, risk measures, and finally, their monitoring and reporting.

The Control Functions operate in a coordinated manner, avoiding overlaps and ensuring, each with its own decision-making autonomy, the most effective coverage of the Risk Management and Internal Control System.

Risk Management Function

The structure supports the management team in designing risk management strategies and in defining and measuring monitoring tools, providing the necessary information to assess the soundness of the Risk Management and Internal Control System as a whole, through an adequate reporting system.

The functions, responsibilities, and reporting line of the Risk Management Function are defined in the risk management policy, and are based on the internal control directives and the Group's Risk Management System.

In particular, the Risk Management Function:

- supports the establishment of the risk management policy and the definition of risk tolerance;
- establishes the criteria and methodologies for risk assessment and the results of these assessments, which are subsequently reported to the Board of Directors and the Executive Committee; and
- monitors the implementation of the risk management policy and the Company's overall risk.

Compliance Function

The need to operate in compliance with legal and regulatory provisions and the principles established by the Code of Conduct is an integral part of our organization's culture, which introduces controls at every level to prevent the risk of legal or regulatory sanctions that could result in financial loss or reputational damage due to non-compliance with laws, regulations, related organizational rules, and codes of conduct, properly identified as Compliance risk.

The mission of the Compliance Function is to assess the adequacy of the organization and its internal procedures in managing Compliance risk, including, among others, risks related to financial crime and personal data protection.
In particular, the main responsibilities of Compliance are:

- continuously identifying applicable regulatory requirements, assessing their impacts on processes and procedures, supporting, and advising the Governing Bodies and other functions on matters related to Compliance risk, especially in product design;
- evaluating the adequacy and effectiveness of the organizational measures adopted to mitigate Compliance risk and suggesting measures to enhance the capacity of the Compliance Management System to mitigate Compliance risk;
- assessing the effective implementation of the suggested measures;
- preparing appropriate reports for the Governing Bodies and other relevant functions;
- contributing to safeguarding the integrity and reputation of the Company;
- raising the Company's awareness of Compliance issues, transparency, and responsibility towards stakeholders; and
- supporting stable and persistent business operations and building a sustainable competitive advantage by integrating Compliance risk management into daily activities and strategic planning.

The Compliance Function includes the areas of Compliance (verifying compliance), AML (anti-money laundering), and Data Protection.

Actuarial Function

In accordance with the provisions of Solvency II, the main responsibilities of the Actuarial Function are:

- coordinating the calculation of technical provisions;
- ensuring the adequacy of the methodologies and underlying models used, as well as the assumptions made in calculating technical provisions; and
- assessing the sufficiency and quality of the data used in calculating technical provisions.

Internal Audit Function

The internal audit function has a role of ultimate control over the adequacy of the Risk Management and Internal Control System.

In the course of its activities, it supports the governing bodies in achieving their goals by establishing a disciplined and systematic approach to evaluate and improve the effectiveness of risk management, governance, and control processes.

The primary role of the Audit Function is to assist the Board of Directors and the Executive Committee in protecting the organization's assets, reputation, and sustainability.

3.5. PROPOSAL FOR CAPITAL ALLOCATION

The Board of Directors of Generali Seguros, S.A., proposes, pursuant to and for the purposes provided for in article 376(b) of the Portuguese Commercial Companies Code, that the net positive result for the fiscal year 2023, in the amount of EUR 72,566,583.51, be allocated as follows:

a) 10% of the net result, amounting to EUR 7,256,658.35, to the legal Reserve; and
b) The remaining amount to be considered in Retained earnings.

3.6. GOALS FOR 2024

After recent years of economic and social uncertainty caused by the pandemic, armed conflicts, and inflation, 2024 is shaping up to be a year of, on the one hand, anticipated inflation normalization (and likely reduction in interest rates) - although the ongoing armed conflicts (Israel/Palestine and Russia/Ukraine) may hinder this slowdown; on the other hand, it will be a year of significant political decisions (with 50% of the world's population expected to go to the polls).

Regarding macroeconomic projections, inflation forecasts for 2024 in Portugal have been consistently revised downwards, with the latest ones already pointing to values close to 2% (compared to 5.3% in 2023). This slowdown, which is being observed across the board, is expected to prompt central banks to start reducing key interest rates, thereby reducing mortgage instalments for families.

On the other hand, GDP growth is expected to slow down, with the latest projections converging around 1.2% (compared to 2.3% in 2023), with a more pronounced slowdown in the exports component (2.4% vs. 4.3% in 2023), partly offset by investment growth (2.4% vs. 0.9% in 2023). As for employment, the new projections from the Bank of Portugal foresee an increase in the unemployment rate in 2024 (7.1% vs. 6.5% in 2023), projected to remain above 7% until 2026. According to the regulator, in a bulletin published in 2023, "the economic slowdown reflects lower dynamism in the main trade partners, the effects of inflation, and tighter monetary policy."

Specifically in the insurance sector, the impact of inflation has had a dual effect, leading to a deterioration of financial assets as well as an increase in claims costs.

Consequently, the rise in volumes across nearly all segments reflects not only a higher demand for insurance products but also an increase in premiums, particularly in lines of business most affected by inflationary pressure, in order to ensure technical balance.

Even though inflation is expected to ease, significant challenges for the economy can be expected, notably climate change and extreme natural events, population ageing, talent retention, cyber attacks, supply chain disruptions, labour shortages, and political and governmental instability.

While the challenges are significant, this is also a time of opportunities that must be responsibly addressed.

In this context, the processes of transformation and differentiation of the value proposition through innovative products and customised services remain extremely relevant, as well as process simplification and optimisation to ensure excellence service levels and reduction of operational costs through digital tools.
In Portugal, Generali Seguros continues to work towards establishing itself as the first choice for customers, partners, and employees. The company reinforces its purpose of being a lifetime partner, contributing to the realisation of people's life projects and helping them build a secure and protected future.

For all these reasons, in 2024 we are reinforcing three main goals:

1. Strengthening our market position, focusing on Private segments, including Seniors, and Small and Medium Enterprises.
2. Enhancing the skills of our agent network and increasing the share of Generali Seguros in their portfolios, while investing in the development of new channels and new digital tools.
3. Transforming our work practices and organisational structure by improving management processes and boosting employees' engagement.

The realization of these goals is supported by the following pillars:

1. Distributors

1.1. Commercial streamlining

An ambitious campaign plan and the introduction of a digital gamification tool.

1.2. Leveraging the Impact of Digital on Business

Increased investment in lead generation. Launch of the new simulator with online issuance of the Health product, making it available to partners, similar to the existing Motor and Home simulators. Ongoing creation of content for social media and digital advertising.

1.3. Customer equipment – 5T

A sales approach centred on customer needs, involving the development of a digital tool for the purpose and promoting distributor training. Building on significant investment in ATL 5T campaigns.

1.4. Partner segmentation

Applying the value proposition linked to the new partner segmentation, ensuring more effective management suited to each group's profile.

2. Customers

2.1. Customer focus and service humanization are strengthened, aiming to "revolutionise" customer relations:

- Adopting the Customer's Perspective in the design of journeys, products, and services to ensure greater operational optimization and efficiency while reducing complexity in communication, products, and processes.
- Increasing ease, speed, and efficiency by implementing intelligent automation in sales, payments, and claims response processes.
- Supporting customers 24/7 through the provision of self-service solutions for purchasing, claims, payments, and assistance through authenticated channels or via WhatsApp and chatbot.
- Reinforcing a 360º Customer View across all channels.

2.2. Differentiation of the value proposition

Deepening the understanding of customers and their value to present products, prices, and communications that are suitable and customised, based on predictive analytical models.

- Providing comprehensive responses to customers' needs with 360º solutions that encompass information, prevention, protection, assistance, and support.
- Identifying, valuing, and rewarding the most valued customers.

2.3. Multichannel customised advisory

- Proactively deepening the advisory relationship with existing customers, strengthening trust and increasing engagement.
- Encouraging phygital contact to ensure multichannel and advisory on customised and flexible solutions for each customer.
- Reinforcing sales network training for continuous active listening to customers and consequently creating new business opportunities.

These are the paths outlined with the objective of materialising, in an increasingly sustainable, socially and environmentally responsible manner, the growth plan for 2024 and for the future.

3.7. SUBSEQUENT EVENTS

On 31 January 2024, the sole shareholder Assicurazioni Generali, S.p.A. acquired the company Liberty Seguros, Compañía de Seguros y Reaseguros, S.A., based in Spain with branches in Portugal and Ireland. The integration of Liberty's branch in Portugal into Generali Seguros, S.A. is planned for the course of 2025.

3.8. FINAL REMARKS

In this extremely challenging year, the Board of Directors wishes to express their grateful appreciation to their Customers, Brokers, Employees, and other Partners, for their contribution to the Company's development.

The Company also recognises the collaboration that the Portuguese Association of Insurers has been rendering to the Company in various areas within its field of competence and in ensuring the defence of the sector's interests.

Finally, we would like to thank the support of the Insurance and Pension Fund Supervisory Authority, which also made a decisive contribution to Generali Seguros being able to successfully overcome another important stage in its history.

Lisbon, 18 April 2024

THE BOARD OF DIRECTORS

Jaime Anchústegui Melgarejo
(Chairman of the Board of Directors)

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

Pedro Luís Francisco Carvalho
(CEO)

Riccardo Candoni
(Member)

Stefano Flori
(Member)

4. STATEMENT OF FINANCIAL POSITION [1]

(EUR thousand)

ASSETS	Annex Notes	2023 Gross value	2023 Impairment, depreciation/ amortisation or adjustments	2023 Net Value	2022
Cash and cash equivalents and bank deposits	8	92 778	0	92 778	86 886
Investments in subsidiaries, associated companies and joint-ventures	7	0	0	0	0
Financial assets measured at fair value through profit and loss	6	323 766	0	323 766	277 113
Financial assets measured at fair value through other comprehensive income	6	1 994 906	0	1 994 906	1 792 725
Financial assets measured at amortised cost	6	20 518	15 000	5 518	6 041
Hedging derivatives		0	0	0	0
LAND AND BUILDINGS		**40 439**	**13 716**	**26 723**	**22 380**
Own Use Properties	9	31 578	13 716	17 862	18 039
Income Properties	9	8 861	0	8 861	4 341
Other tangible assets	10	21 736	16 277	5 459	2 764
Inventories		0	0	0	0
Goodwill	12	65 981	0	65 981	65 981
Other intangible assets	12	78 691	67 682	11 009	6 993
Life insurance contract assets	4	15 531	0	15 531	8 743
Non-Life insurance contract assets		0	0	0	0
Other insurance contract assets		0	0	0	0
LIFE REINSURANCE CONTRACT ASSETS		**15 970**	**0**	**15 970**	**100 008**
for remaining coverage	4	5 428	0	5 428	90 149
for incurred claims	4	10 542	0	10 542	9 859
NON-LIFE REINSURANCE CONTRACT ASSETS		**125 911**	**0**	**125 911**	**138 902**
for remaining coverage	4	25 529	0	25 529	31 413
for incurred claims	4	100 3820	0	100 382	107 489
Other reinsurance contract assets		0	0	0	0
Assets related to acquisition costs settled before the recognition of the group of insurance contracts		0	0	0	0
Assets for post-employment benefits and other long-term benefits	23	347	0	347	6 398
OTHER RECEIVABLES FROM INSURANCE OPERATIONS AND OTHER OPERATIONS		**74 823**	**23 104**	**51 721**	**34 554**
Receivables from direct insurance operations	13	10 337	1 772	8 566	6 418
Receivables from reinsurance operations	13	27 192	5 142	22 050	8 780
Receivables from other operations	13	37 294	16 190	21 105	19 356
TAX ASSETS		**87 426**	**0**	**87 426**	**139 214**
Current tax assets	24	477	0	477	35 860
Deferred tax assets	24	86 949	0	86 949	103 354
Accruals and deferrals	13	3 073	0	3 073	2 630
Other assets	13	19 928	0	19 928	22 766
Non-current assets held for sale and discontinued operations	11	1 273	0	1 273	4 911
TOTAL ASSETS		**2 983 097**	**135 779**	**2 847 320**	**2 719 009**

The certified accountant   Chief financial officer   The Board of Directors

4. STATEMENT OF FINANCIAL POSITION [1]

(EUR thousand)

LIABILITIES AND EQUITY	Annex Notes	2023	2022
LIABILITIES			
LIFE INSURANCE CONTRACT LIABILITIES		**605 118**	**664 764**
For remaining coverage	4	512 719	579 283
For incurred claims	4	92 399	85 481
NON-LIFE INSURANCE CONTRACT LIABILITIES		**1 598 318**	**1 445 791**
For remaining coverage	4	227 861	215 844
For incurred claims	4	1 370 457	1 229 947
Other insurance contract liabilities		0	0
Life reinsurance contract liabilities	4	711	0
Non-Life reinsurance contract liabilities		0	0
Other reinsurance contract liabilities		0	0
Financial liabilities from the deposit component of insurance contracts and from contracts of insurance and operations accounted for as investment contracts	5	75 128	39 292
Hedging derivatives		0	0
OTHER FINANCIAL LIABILITIES		**39 454**	**120 586**
Subordinated liabilities	5	0	10 000
Deposits received from reinsurers	5	11 225	89 616
Others	5	28 229	20 970
Liabilities for post-employment benefits and other long-term benefits	23	1 236	1 259
OTHER PAYABLES FROM INSURANCE OPERATIONS AND OTHER OPERATIONS		**96 242**	**96 570**
Payables for direct insurance operations	13	64 753	58 124
Payables for other reinsurance operations	13	15 736	19 837
Payables for other operations	13	15 753	18 609
TAX LIABILITIES		**34 582**	**19 345**
Current tax liabilities	24	34 582	19 345
Deferred tax liabilities		0	0
Accruals and deferrals	13	85 313	81 369
Other provisions	13	3 730	3 877
Other liabilities		0	0
Liabilities of a disposal group classified as held for sale		0	0
TOTAL LIABILITIES		**2 539 832**	**2 472 853**
EQUITY			
Equity	25	90 500	90 500
(Own shares)		0	0
Other equity instruments	25	27 097	27 097
REVALUATION RESERVES		**-127 571**	**-243 558**
For adjustments to the fair value of investments in subsidiaries, associated companies and joint ventures	26	0	0
For adjustments to the fair value of equity instruments measured at fair value through other comprehensive income	9 e 26	-4 047	-1 772
For adjustments to the fair value of debt instruments measured at fair value through other comprehensive income	26	-127 435	-251 027
For revaluation of land and buildings for own use		464	464
For adjustments to the fair value of fair value hedging instruments		0	0
For adjustments of other		0	3 146
For foreign exchange differences		0	0
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income	26	3 447	5 631
Reserve of the financial component of insurance contracts	26	163 616	274 340
Reserve of the financial component of reinsurance contracts	26	-5 032	-10 918
Tax reserve	26	-18 485	-9 847
Gains and losses from the sale of equity instruments measured at fair value through other comprehensive income	26	176	40
Other reserves	26	166 496	166 363
Retained Earnings	25	-61 876	-47 862
Results of the fiscal year		72 567	1
TOTAL EQUITY		**307 488**	**246 156**
TOTAL LIABILITIES AND EQUITY		**2 847 320**	**2 719 009**

The certified accountant | Chief financial officer | The Board of Directors

[1] In accordance with IAS8, following the changes introduced by the application of IFRS9 and IFRS17, the comparative financial statements have been restated.

4. STATEMENT OF PROTIF AND LOSS [2]

(EUR thousand)

STATEMENT OF PROFIT AND LOSS	Annex Notes	2023 Life Technical	2023 Non-Life Technical	2023 Non Technical	2023 Total	2022
INSURANCE CONTRACT REVENUES	14	**99 696**	**1 205 324**	**0**	**1 305 020**	**1 175 395**
Measured under the premium allocation approach		**15 487**	**1 205 324**	**0**	**1 220 811**	**1 112 444**
Not measured under the premium allocation approach		**84 209**	**0**	**0**	**84 209**	**62 951**
Release of the expected value of incurred claims and costs attributable to insurance contracts		49 082	0	0	49 082	40 822
Variations in the risk adjustment (non-financial risk) for expired risk		1 999	0	0	1 999	2 236
Release of the contractual service margin		14 219	0	0	14 219	15 776
Allocation of acquisition costs attributable to insurance contracts		18 909	0	0	18 909	4 117
INSURANCE CONTRACT EXPENSES	14	**79 828**	**1 065 880**	**0**	**1 145 708**	**1 122 973**
Incurred claims and other costs attributable to insurance contracts		37 709	800 557	0	838 266	775 272
Acquisition costs attributable to insurance contracts		18 051	219 932	0	237 983	210 486
Changes related to past services		9 714	44 380	0	54 094	122 248
Changes related to future services		14 354	1 011	0	15 365	14 967
REINSURANCE CONTRACT REVENUES	14	**7 751**	**42 130**	**0**	**49 881**	**88 202**
Incurred claims and other costs attributable to insurance contracts – reinsurers' share		3 175	52 951	0	56 126	57 525
Changes related to past services - reinsurers' share		4 550	-11 945	0	-7 395	26 070
Changes related to future services - reinsurers' share		26	1 124	0	1 150	4 607
Impact of changes in the reinsurer's default risk		0	0	0	0	0
REINSURANCE CONTRACT EXPENSES	14	**7 848**	**114 330**	**0**	**122 178**	**121 676**
Measured under the premium allocation approach - reinsurers' share		**6 254**	**114 330**	**0**	**120 584**	**117 307**
Not measured under the premium allocation approach - reinsurers' share		**1 594**	**0**	**0**	**1 594**	**4 369**
Release of the expected value of incurred claims and costs attributable to insurance contracts - reinsurers' share		1 292	0	0	1 292	2 728
Variations in the risk adjustment (non-financial risk) for expired risk - reinsurers' share		80	0	0	80	152
Release of the contractual service margin - reinsurers' share		222	0	0	222	1 489
INSURANCE CONTRACT RESULTS		**19 771**	**67 244**	**0**	**87 015**	**18 949**
Income from the financial component of insurance contracts		0	0	0	0	2 681
Income from the financial component of reinsurance contracts		72	431	0	503	1 434
Losses from the financial component of insurance contracts		11 530	5 987	0	17 517	824
Losses from the financial component of reinsurance contracts		0	0	0	0	210
RESULTS OF THE FINANCIAL COMPONENT OF INSURANCE CONTRACTS	14	**-11 458**	**-5 556**	**0**	**-17 014**	**3 081**
Commissions from insurance contracts and operations accounted for as investment contracts or service contracts	15	267	0	0	267	172

4. STATEMENT OF PROTIF AND LOSS [2]

(EUR thousand)

STATEMENT OF PROFIT AND LOSS	Annex Notes	2023 Life Technical	2023 Non-Life Technical	2023 Non Technical	2023 Total	2022
Income	16	18 081	38 395	427	56 903	44 181
On interest from financial assets not measured at fair value through profit and loss		16 865	26 247	405	43 517	33 769
On interest from financial liabilities not measured at fair value through profit and loss		0	0	0	0	0
Other income		1 216	12 148	22	13 386	10 412
Investment expenses	16	0	34	0	34	12
On interest from financial assets not measured at fair value through profit and loss		0	0	0	0	0
On interest from financial liabilities not measured at fair value through profit and loss		0	0	0	0	0
Other expenses		0	34	0	34	12
Net gains on financial assets and liabilities not measured at fair value through profit and loss	17	-12 525	-8 272	-2 648	-23 445	-49 813
From financial assets measured at fair value through other comprehensive income		-13 301	-8 272	-972	-22 545	-49 232
From financial assets measured at amortised cost		0	0	0	0	0
From financial liabilities measured at amortised cost		776	0	-1 676	-900	-581
Other		0	0	0	0	0
Net gains on financial assets and liabilities measured at fair value through profit and loss	17	2 559	-4 958	3	-2 396	-5 212
Foreign exchange differences	19	-1	-165	-307	-473	137
Net gains on non-financial assets not classified as non-current assets held for sale and discontinued operations	9	0	301	0	301	0
Impairment losses (net of reversals)	18	250	535	3 257	4 042	-3 498
On financial assets measured at fair value through other comprehensive income		250	535	27	812	-3 058
On financial assets measured at amortised cost		0	0	0	0	0
Other		0	0	3 230	3 230	-440
Non-attributable expenses	21	2 266	9 276	19	11 561	14 719
Other technical income/expenses, net of reinsurance	20	25	-4 188	0	-4 163	-3 528
Other income/expenses	20	0	0	8 865	8 865	5 022
Negative goodwill recognized immediately in profit or loss		0	0	0	0	0
Gains and losses from subsidiaries, associated and joint ventures accounted for using the equity method		0	0	0	0	0
Gains and losses from non-current assets (or disposal groups) classified as held for sale	11	0	0	113	113	0
NET INCOME BEFORE TAXES		14 703	74 026	9 691	98 420	-5 240
Income tax for the fiscal year - current taxes	24	0	0	-12 647	-12 647	-650
Income tax for the fiscal year - deferred taxes	24	0	0	-13 206	-13 206	5 891
NET INCOME FOR THE PERIOD		14 703	74 026	-16 162	72 567	1

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[2] In accordance with IAS8, following the changes introduced by the application of IFRS9 and IFRS17, the comparative financial

5. STATEMENT OF COMPREHENSIVE INCOME [3]

(EUR thousand)

STATEMENT OF COMPREHENSIVE INCOME	2023	2022
NET INCOME FOR THE PERIOD	**72 567**	**1**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**119 268**	**-394 776**
Equity Instruments measured at Fair Value through other comprehensive income	-2 140	-3 398
Net Gains and Losses	-2 140	-3 398
Debt Instruments measured at Fair Value through other comprehensive income	121 407	-391 378
Net Gains and Losses	123 592	-394 090
Reclassification	-2 184	2 712
For impairment	0	0
For disposal	0	0
Provision for Expected Credit Losses on Debt Instruments measured at Fair Value through other comprehensive income	-2 184	2 712
Net Gains and Losses on Hedging Instruments in Cash Flow Hedging	0	0
Net Gains and Losses on Hedging Instruments in Equity Investment hedging	0	0
Net Gains and Losses on Financial Liabilities at Fair Value due to Own Credit Risk changes	0	0
Changes in the Time Value of Options	0	0
Changes in the Term Components of Forward Contracts	0	0
Adjustments to the Financial Component of Insurance Contracts	-110 724	358 482
Adjustments to the Financial Component of Reinsurance Contracts	5 886	-23 540
Changes in Revaluation Surplus	0	464
Land and Buildings for Own Use	0	464
Other Tangible Assets	0	0
Intangible Assets	0	0
Taxes	-8 638	11 314
Net Gains and Losses on Foreign Exchange Differences	0	0
Post-Employment Benefits	-4 815	5 583
Other Movements	-12 212	3 686
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**61 330**	**-38 786**

[3] In accordance with IAS8, following the changes introduced by the application of IFRS9 and IFRS17, the comparative financial statements have been restated.

6. STATEMENT OF CHANGES IN EQUITY [4]

	SHARE CAPITAL	OTHER EQUITY INSTRUMENTS	REVALUATION RESERVES									OTHER RESERVES				
		ADDITIONAL CONTRIBUTIONS	For adjustments to the Fair Value of Equity Instruments Measured at Fair Value through other comprehensive income	For adjustments to the Fair Value of Debt Instruments Measured at Fair Value through other comprehensive income	For revaluation of Land and Buildings for own use	For adjustments of other	Provision for Expected Credit Losses on Debt Instruments Measured at Fair Value through other comprehensive income	Reserve of the financial component of insurance contracts	Reserve of the financial component of reinsurance contracts	TAX RESERVE	GAINS AND LOSSES FROM THE SALE OF EQUITY INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	Statutory reserve	Other reserves	RETAINED EARNINGS	NET INCOME FOR THE PERIOD	TOTAL
BALANCE AS AT 01 JANUARY 2022	90 500	27 097	1 667	143 063	-	(541)	2 919	(84 142)	12 622	(21 160)	-	51 792	103 581	(41 499)	-	285 900
Net Gains from Adjustments to the Fair Value of Equity Instruments Measured at Fair Value through other comprehensive income			(3 439)													(3 439)
Net Gains from Adjustments to the Fair Value of Debt Instruments Measured at Fair Value through other comprehensive income				(394 090)												(394 090)
Net Gains from Adjustments for Revaluation of Land and Buildings for own use					464											464
Net gains from adjustments of other						3 686										3 686
Provision for Expected Credit Losses on Debt Instruments Measured at Fair Value through other comprehensive income							2 712									2 712
Adjustments to the Financial Component of Insurance Contracts								358 482								358 482
Adjustments to the Financial Component of Reinsurance Contracts									(23 540)							(23 540)
Adjustments for Tax Recognitions										11 314						11 314
Adjustments related to Gains and Losses from the Sale of Equity Instruments Measured at Fair Value through other comprehensive income											40					40
Other Gains/Losses Recognized Directly in Equity			-										5 583	(957)		4 626
Increases in Reserves from Capitalallocation												5 406		(5 406)		-
TOTAL CHANGES IN EQUITY	-	-	(3 439)	(394 090)	464	3 686	2 712	358 482	(23 540)	11 314	40 -	5 406	5 583	(6 363)		(39 744)
Net income for the Period			-												1	1
BALANCE AS AT 31 DECEMBER 2022	90 500	27 097	(1 772)	(251 027)	464	3 146	5 631	274 340	(10 918)	(9 847)	40 -	57 198	109 164	(47 862)	1	246 157

[4] In accordance with IAS8, following the changes introduced by the application of IFRS9 and IFRS17, the comparative financial statements have been restated.

6. STATEMENT OF CHANGES IN EQUITY 4

		OTHER EQUITY INSTRUMENTS	REVALUATION RESERVES									OTHER RESERVES				
	SHARE CAPITAL	ADDITIONAL CONTRIBUTIONS	For adjustments to the Fair Value of Equity Instruments Measured at Fair Value through other comprehensive income	For adjustments to the Fair Value of Debt Instruments Measured at Fair Value through other comprehensive income	For revaluation of Land and Buildings for own use	For adjustments of other	Provision for Expected Credit Losses on Debt Instruments Measured at Fair Value through other comprehensive income	Reserve of the financial component of insurance contracts	Reserve of the financial component of reinsurance contracts	TAX RESERVE	GAINS AND LOSSES FROM THE SALE OF EQUITY INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	Statutory reserve	Other reserves	RETAINED EARNINGS	NET INCOME FOR THE PERIOD	TOTAL
BALANCE AS AT 31 DECEMBER 2022	90 500	27 097	(1 772)	(251 027)	464	3 146	5 631	274 340	(10 918)	(9 847)	40	57 198	108 164	(47 862)	1	246 157
Net Gains from Adjustments to the Fair Value of Equity Instruments Measured at Fair Value through other comprehensive income			(2 275)													(2 275)
Net Gains from Adjustments to the Fair Value of Debt Instruments Measured at Fair Value through other comprehensive income				123 592												123 592
Net Gains from Adjustments for Revaluation of Land and Buildings for own use					-											-
Net gains from adjustments of other						(3 146)										(3 146)
Provision for Expected Credit Losses on Debt Instruments Measured at Fair Value through other comprehensive income							(2 184)									(2 184)
Adjustments to the Financial Component of Insurance Contracts								(110 724)								(110 724)
Adjustments to the Financial Component of Reinsurance Contracts									5 886							5 886
Adjustments for Tax Recognitions										(8 638)						(8 638)
Adjustments related to Gains and Losses from the Sale of Equity Instruments Measured at Fair Value through other comprehensive income											136					136
Other Gains/Losses Recognized Directly in Equity													(4 815)	(9 067)		(13 882)
Increases in Reserves from Capitalallocation												4 949		(4 948)	(1)	0
TOTAL CHANGES IN EQUITY	-	-	(2 275)	123 592	-	(3 146)	(2 184)	163 616	5 886	(8 638)	136	4 949	(4 815)	(14 014)	(1)	(11 236)
Net income for the Period															72 567	72 567
BALANCE AS AT 31 DECEMBER 2023	90 500	27 097	(4 047)	(127 435)	464	0	3 447	163 616	(5 032)	(18 485)	176	62 147	104 349	(61 876)	72 567	307 487

7. STATEMENT OF CASH FLOWS [5]

(EUR thousand)

	2023	2022
CASH FLOWS FROM OPERATIONAL ACTIVITIE	**145 570**	**16 529**
Net Income for the Period	72 567	1
Depreciation and Amortization for the Period	10 352	9 949
Impairment of assets, Net of Reversals and Recoveries	(4 043)	3 498
Change in Technical Provisions of Direct Insurance	(8 137)	39 284
Change in Technical Provisions of Ceded Reinsurance	103 625	(14 338)
Change in Investment Contract Liabilities	35 836	1 663
Change in Other Provisions	(147)	2 650
Change in Receivables from Direct Insurance, Reinsurance, and Others	(29 506)	5 214
Change in Other Tax Assets and Liabilities	58 386	(34 527)
Change in Other Assets and Liabilities	(92 111)	792
Change in Payables from Direct Insurance, Reinsurance, and Others	(1 252)	2 343
CASH FLOWS FROM INVESTMENT ACTIVITIES	**(146 937)**	**(8 396)**
Variation in Investments	(186 571)	(47 795)
Dividends Received	12 989	7 901
Interest	42 209	36 053
Acquisitions of Tangible and Intangible Assets	(15 096)	(4 583)
Disposals of Tangible and Intangible Assets	-	28
Acquisition of Real Estate	(468)	-
CASH FLOWS FROM FINANCING ACTIVITIES	**7 259**	**(4 163)**
Change in Lease Contract Liabilities	7 259	(4 163)
Capital Subscription	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS AND BANK DEPOSITS	**5 892**	**3 970**
Cash and Cash Equivalents at the Beginning of the Period	86 886	82 916
Cash and Cash Equivalents at the End of the Period	92 778	86 886

[5] In accordance with IAS8, following the changes introduced by the application of IFRS9 and IFRS17, the comparative financial statements have been restated.

8. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

Generali Seguros, S.A. (hereinafter “The Company”) is an insurance company resulting from the merger by incorporation into the entity Seguradoras Unidas, S.A., of insurance companies Generali - Companhia de Seguros, S.A., and Generali Vida - Companhia de Seguros, S.A..

This merger was registered and produced effect on October 1st 2020, after approval by the management and supervisory bodies of the three companies involved and upon previous approval by the Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF - Insurance and Pension Funds Supervisory Authority), and the merged entities were extinguished by incorporation at that date. On that same date, Seguradoras Unidas, S.A., changed its name to Generali Seguros, S.A.. Nevertheless, from a commercial standpoint, the Company’s management decided to preserve the brands Tranquilidade, Açoreana and LOGO for commercial reasons. Considering that the three entities were under the common control of the sole shareholder Assicurazioni Generali, S.p.A., the merger was carried out based on the book value of the assets and liabilities and under the regime of tax neutrality.

The acquiring company Seguradoras Unidas, S.A., was, in turn, an insurance company also resulting from a merger by incorporation into Companhia de Seguros Tranquilidade, S.A., of the insurance companies 100% owned by the latter on December 30th 2016 (date of registration and taking effect): T-Vida, Companhia de Seguros, S.A., Seguros LOGO, S.A. and Açoreana Seguros, S.A.. On January 15th 2015, all of the Company’s share capital was acquired by Calm Eagle Holdings, S.à.r.l., a company controlled by affiliate investment funds of Apollo Global Management, LLC, to which was granted prior approval by the Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF).

On January 8th 2020, all of the Company’s share capital was acquired by Assicurazioni Generali S.p.A., having this acquisition also received prior approval by the ASF.

The Company has its registered office and principal place of business at Av. da Liberdade, nº 242, in Lisbon, registered with the Commercial Registry Office of Lisbon under tax identification number 500 940 231 and registered with. The Company pursues insurance and reinsurance business activities in Portugal within the scope of Life and Non-Life technical insurance (except credit insurance), under the supervision of the ASF and in accordance with license no. 1197 and LEI code no 549300CGCHTYQ1Z4V333.

After the merger, the Company operates through its offices in Lisbon, Oporto, and Ponta Delgada. Its distribution network in Portugal is divided into 21 commercial areas (19 in the mainland, Azores, and Madeira), which are supported by local offices and a total of 676 physical points of sale geographically distributed throughout the mainland and the autonomous regions. In terms of typology, the physical network is composed of 8 Own Shops (in Lisbon, Oporto and 6 shops in Azores) and 668 Partners’ Shops with the Tranquilidade or Açoreana brand (In Azores), of which 297 are exclusive.

Through LOGO, digital insurance brand launched in January 2008, which was the first direct insurance company to provide purchase totally online, the company provides Motor (including motorcycle), Home, Health, and Life insurances (for protection against serious illnesses and mortgage credit), with approximately 168,000 customers.

NOTE 2 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

Basis of presentation

The Company's financial statements presented here refer to the financial year ended December 31st 2023, and have been prepared in accordance with Regulatory Standard No. 9/2022 of November 2nd 2022, issued by the ASF, which establishes the accounting system applicable to insurance companies, as set forth in the Chart of Accounts for Insurance Companies (PCES).

The PCES incorporates the International Accounting Standards adopted pursuant to Article 3 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19th 2002.

In 2017, IFRS 17 - Insurance Contracts was published, concluding the process of defining accounting rules related to insurance contracts, which began in 2004 with the issuance of IFRS 4. Furthermore, with the entry into force of IFRS 17 on January 1st 2023, under Regulatory Standard No. 9/2022, the Chart of Accounts for Insurance Companies (PCES) is now fully compliant with the IAS (International Accounting Standards).

The IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as their respective predecessor bodies.

In 2023, the Company adopted the IFRS and interpretations that are mandatory for financial years beginning on January 1st 2023, highlighting the application of IFRS 17 - Insurance Contracts and IFRS 9 - Financial Instruments. The accounting policies have been applied in conformity with these standards, and the values for the previous year have been restated accordingly.

The financial statements are expressed in thousands of euro, rounded to the nearest thousand, and the rounded amounts presented may not add up to the unit in all cases.

The accounting policies were applied consistently with those used in the preparation of the financial statements for the previous fiscal year, except for the changes arising from the adoption of IFRS 17 and IFRS 9, as mentioned above.

The preparation of financial statements in accordance with the Chart of Accounts for Insurance Companies requires the Company to make judgments and estimates and use assumptions that affect the application of accounting policies and the amounts of income, expenses, assets, and liabilities. These estimates and assumptions are based on the most recent available information, supporting the judgments about the values of assets and liabilities whose valuation is not supported by other sources. Actual results may differ from these estimates.

Under Article 4 of Decree-Law No. 147/94 of May 25th 1994, Generali Seguros, S.A. is exempt from preparing consolidated accounts, as consolidation is performed by the parent company Assicurazioni Generali S.p.A., based in Italy.

The financial statements of the Company as of December 31st 2023, were approved by the Board of Directors on April 18th 2024. These financial statements will be submitted for approval by the General Meeting.

MAIN ACCOUNTING PRINCIPLES AND VALUATION CRITERIA ADOPTED

New Accounting Principles, Changes in Accounting Rules, and Financial Statements

As of December 31st 2023, the Company applies the generally accepted accounting principles in Portugal for the insurance sector, established by the ASF. Regulatory Standard No. 9/2022 of November 2nd 2022, issued by the ASF, mandates the application of IFRS 9 and IFRS 17 from January 1st 2023. These standards introduce significant changes in the measurement and accounting of both insurance and reinsurance contracts and financial instruments.

The Company has restated the comparative period in adopting IFRS 9 for all financial instruments and IFRS 17 for insurance and reinsurance contracts to provide comparative and consistent information for 2022 with the requirements of the new standards.

The main impacts related to the adoption of IFRS 9 and IFRS 17 accounting standards are described below.

Impacts of the Transition to New Accounting Standards

The main impacts of adopting the new IFRS 9 and IFRS 17 standards are reported below.

Impact from the Adoption of IFRS 9 and IFRS 17

The impact on equity from the combined application of IFRS 9 and IFRS 17 was determined as of January 1st 2022, identified as the beginning of the financial year immediately preceding the date of first application of the new standards.

Based on the assessments conducted, the impact of the combined application of the new standards on the Company's equity at the transition date was approximately -16.6%, primarily due to the impact of discounting long-term liabilities in the Workers' Compensation insurance.

The table on the following page summarizes the main impacts, presenting a reconciliation between the equity as of December 31st 2021, measured under the previous IAS 39 and IFRS 4 standards, and the equity at the transition date (i.e., 1 January 1st 2022) measured under the new IFRS 9 and IFRS 17 accounting standards.

(EUR thousand)

TOTAL EQUITY (31 DECEMBER 2021)	**342 763**
Changes in the Fair Value of Assets	780
Derecognition of the VOBA	(3 746)
Derecognition of Insurance Provisions under IFRS 4 and Recognition of Fulfilment Cash Flows under IFRS 17	52 838
Recognition of the Risk Adjustment	(43 462)
Recognition of the Contractual Service Margin	(85 684)
Deferred Taxes	22 411
TOTAL EQUITY AT THE TRANSITION DATE (01 JANUARY 2022)	**285 900**

The gross impact resulting from the adoption of IFRS 9 and IFRS 17 is EUR 79.3 million (negative effect).

The main effects, after taxes, of the adoption in the Life and Non-Life segments are presented below:

- In the Life segment, there was a reduction in equity of EUR 1.3 million; and
- In the Non-Life segment, there is a negative effect on equity of approximately EUR 55.5 million, with the primary impact being the discounting effect of long-term liabilities in the Workers' Compensation segment amounting to EUR 76 million.

The table below summarizes the contractual service margin, net of reinsurance, disaggregated by transition approach:

(EUR thousand)

CONTRACTUAL SERVICE MARGIN DISAGGREGATED BY TRANSITION APPROACH	
Modified Retrospective Approach	49 568
Full Retrospective Approach	15 824
Fair Value Approach	20 292
CONTRACTUAL SERVICE MARGIN	**85 684**

The determination of the contractual service margin only applies to the Life segment.
It should be noted that the Company's contractual service margin for contracts to which the annual cohort requirement does not apply (Carve-out option, referred to in the "Aggregation Level" paragraph of the "Insurance Assets and Liabilities" section) amounts to EUR 5,968 thousand. The contractual service margin for these contracts at the transition date is broken down as follows: the Modified Retrospective Approach amounts to EUR 5,277 thousand, and the residual portion is evaluated using the Fair Value Approach at EUR 691 thousand.

Impact of the transition on the balance sheet

The table on the following page presents the effects of applying IFRS 9 and IFRS 17 on the Company's Balance Sheet as of December 31st 2021, highlighting the main items impacted by the transition.

(EUR thousand)

	Balance Sheet 31/12/2021	Items Derecognised	Items Reclassified	Remeasurement IFRS 17/9	Balance Sheet 01/01/2022	Variation
Other intangible assets	11 333	(3 746)	-	-	7 587	(3 746)
Other tangible assets	4 474	-	-	-	4 474	-
Financial assets	2 452 468	-	-	780	2 453 248	780
Land and buildings	24 767	-	-	-	24 767	-
Insurance contract assets	-	-	-	34 493	34 493	34 493
Reinsurance contract assets	250 848	-	-	(3 254)	247 594	(3 254)
Other assets, cash and cash equivalents	273 446	-	(35 509)	(3 490)	234 446	(39 000)
Deferred tax assets	63 617	-	-	29 139	92 756	29 139
Non-current assets held for sale and´ discontinued operations	4 911	-	-	-	4 911	-
TOTAL ASSETS	**3 085 864**	**(3 746)**	**(35 509)**	**57 668**	**3 104 277**	**18 413**
Insurance contract liabilities	2 361 616	-	(26 918)	104 058	2 438 756	77 140
Reinsurance contract liabilities	-	-	-	-	-	-
Financial liabilities	37 628	-	-	-	37 628	-
Other financial liabilities	147 927	-	-	-	147 927	-
Other liabilities and other provisions	195 929	-	(8 592)	-	187 337	(8 592)
Deferred tax liabilities	-	-	-	6 728	6 728	6 728
Liabilities of a disposal group classified as held for sale	-	-	-	-	-	-
TOTAL LIABILITIES	**2 743 101**	**-**	**(35 509)**	**110 786**	**2 818 377**	**75 276**
TOTAL EQUITY	**342 763**	**(3 746)**	**-**	**(53 118)**	**285 900**	**(56 864)**

The main impacts on the Company's balance sheet are as follows:

- Decrease in other intangible assets due to the derecognition of VIF, related to the 2006 acquisition of the portfolio from the traditional mediator channel to GNB - Companhia de Seguros de Vida, S.A. (now Gama Life - Companhia de Seguros de Vida, S.A.) (negative effect);
- Increase in financial assets resulting from the fair value measurement of assets previously classified as Held-to-Maturity Assets;
- Market-rate discounting of Non-Life segment claims liabilities, particularly in the Workers' Compensation segment previously discounted at a higher rate (negative effect); and
- Tax effect on the aforementioned changes.

Additionally, the application of IFRS 17 resulted in the reclassification of some assets and liabilities previously recognized in other balance sheet items to insurance contract assets and liabilities. The reclassification refers to the net receivables for refunds and impairments and claims reimbursements, net of impairment, resulting from operations with the policyholder.

Reconciliation of IAS 39 and IFRS 9 Balances for Financial Instruments at the Initial Application Date of IFRS 9

The reconciliation as of January 1st 2022, of balances under IAS 39 and IFRS 9 resulting from the initial adoption of IFRS 9 is presented below, which includes the resulting impacts on classification and measurement of financial instruments on that date. It should be noted that the effects on equity from the transition to the new accounting standards were recorded on January 1st 2022.

The table on the following page highlights the comments below:

- Changes in classification between accounting measurement categories under IFRS 9 represent reclassifications of assets between measurement categories.
- Regarding the composition of the financial instrument portfolio under IFRS 9 as of January 1st 2022, it is noted that there is a predominance of financial instruments measured at fair value through other comprehensive income (FVOCI), accounting for 87% (98% of the available-for-sale assets under IAS 39). This category mainly includes debt instruments classified under the Company's "Hold to collect and sell" business model and meeting the Solely Payments of Principal and Interest (SPPI) requirements.
- Financial instruments measured at fair value through profit and loss for 12% (0.4% under IAS 39), while those measured at amortised cost represent 1.2% (1.3% under IAS 39). In particular, 4% of financial instruments measured at fair value through profit and loss pertain to investment portfolios associated with the VFA model and therefore do not have a direct impact on the income statement, as changes in the fair value of underlying financial assets are offset by symmetrical movements in insurance contract liabilities measured using the VFA model.
- The reclassification of financial instruments to fair value through profit and loss (approximately EUR 291 million) mainly includes units of participation in investment funds and debt securities that do not meet SPPI requirements.
- In terms of measurement, the total balance sheet impact on financial assets is EUR 780 thousand, mainly related to debt instruments previously measured at held-to-maturity.

(EUR thousand)

FINANCIAL ASSETS	IAS 39 perimeter at 31.12.2021	FVOCI prior at amortised cost	FVTPL prior to AFS	FVOCI prior to FVTPL	Changes in fair value	IFRS9 perimeter at 01.01.2022	Impact on Equity
Investments in subsidiaries, associated and joint ventures	0	-	-	-	-	0	-
Financial assets measured at amortised cost	30 926	(879)	-	-	-	30 047	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-
Bonds securities	2 155 589	879	(51 684)	1 058	780	2 106 621	780
Other financial instruments	256 221	-	(239 080)	-	-	17 140	-
Financial assets measured at fair value through profit and loss	-	-	-	-	-	-	-
Obrigações e Outros Títulos de Bonds securities	6 328	-	51 684	(1 058)	-	56 954	-
Other financial instruments	3 406	-	239 080	-	-	242 486	-
Tax impact	-	-	-	-	-	-	(220)
IMPACT ON EQUITY AFTER TAXES	**2 452 468**	**-**	**-**	**-**	**780**	**2 453 248**	**559**

There were no changes in the classification or measurement of financial liabilities.

Investments in subsidiaries and associates companies

Investments in subsidiaries and associates companies

Entities (including investment funds and securitization vehicles) controlled by the Company are classified as subsidiaries. The Company controls an entity when it is exposed or holds rights to variability in returns arising from its involvement with that entity and can seize those returns through its power over the entity’s relevant activities (effective control).

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

Associates

Companies over which the Company has significant influence but does not control their financial and operational policies are classified as associates.

The Company is presumed to have significant influence when it holds the power to exercise more than 20% of the voting rights of the associated undertaking. If the Company holds directly or indirectly less than 20% of the voting rights, it is assumed that the Company does not have significant influence, unless such influence can be clearly demonstrated.

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

Impairment

The recoverable amount of investments in subsidiaries and associates is assessed annually, regardless of whether there are impairment indicators present. Impairment losses are recognized based on the difference between the recoverable amount of investments in affiliated or associated undertakings and their carrying value. Identified impairment losses are recorded against income and subsequently reversed against income if there is a reduction in the estimated loss amount in a subsequent period.

The recoverable amount is determined based on the higher of the value in use of the assets and the fair value less costs to sell, calculated assessment methodologies based on discounted cash flows techniques, taking into account the market conditions, the time value, and business risks.

Whenever the value of liabilities of an affiliated undertaking exceeds its assets, in addition to recognizing impairment to eliminate the investment, the Company sets up a provision when it has a responsibility for the liabilities of that affiliated undertaking.

Financial assets

IFRS 9 provides for a classification approach of financial instruments based on models through which financial instruments are managed (business models) and their contractual cash flow characteristics (SPPI - Solely Payments of Principal and Interest).

The business models outlined in the IFRS 9 are as follows:

- “Hold to collect”, aiming to hold financial assets until maturity and collect contractual cash flows;
- “Hold to collect and sell” aiming to hold financial assets both to collect contractual cash flows and to sell them;
- “Other” which covers all cases not included in the two preceding business models.

The assessment conducted by the Company for managing its investment portfolio concluded that the “Hold to collect and sell” model is its main business model.

In addition to analysing the business model, the standard requires an analysis of the contractual terms of financial assets. To qualify for measurement at amortised cost or at fair value through other comprehensive income (FVOCI), the cash flows generated by the financial asset must be represented by solely payments of principal and interest (SPPI). This analysis is particularly relevant for debt securities and loans, from their initial recognition in the financial statements onwards.

The analysis of contractual cash flows for a financial asset should be based on the general concept of the “basic loan agreement.” When specific contractual clauses introduce exposure to risk or volatility in contractual cash flows that are not consistent with this concept, the contractual cash flows do not meet the SPPI requirements (e.g., cash flows exposed to changes in share prices, indexes, or commodities). If there are contractual conditions that modify the time value of the money element, a “reference cash flow test” should be performed — considering quantitative and qualitative elements — to confirm whether the contractual cash flows still meet the SPPI requirements.

Based on the results of the business model and the SPPI test, financial assets can be classified into the following accounting categories:

Financial assets measured at amortised cost

Financial assets measured at amortised cost include debt instruments managed under the “Hold to collect” business model, where contractual terms represent only payments of principal and interest (SPPI test passed).

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income include debt instruments managed under the “Hold to collect and sell” business model, where contractual terms represent only payments of principal and interest (SPPI test passed).

Additionally, this category includes equity instruments held in portfolios other than those covering contracts linked to insurance contracts with direct participation features (VFA business), for which the Company has adopted the option for designation at fair value through other comprehensive income without recycling through profit and loss account.

Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss include all financial assets managed under the “Other” business model and financial assets mandatorily measured at fair value due to failing the SPPI test.

For equity instruments, the standard requires measurement at fair value through profit and loss, except for instruments that are not held for trading purposes, for which the option of irrevocable designation at fair value through other comprehensive income is adopted. If this option is adopted, income components other than dividends cannot be recycled through profit and loss account.

There is also an option, at initial recognition, to designate a financial instrument at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch in the measurement of assets or liabilities or in the recognition of profit and loss related to them.

Impairment

In line with the accounting standard IFRS 9, the Company has introduced an impairment model to determine Expected Credit Losses (ECL) in accordance with guidelines of the principle recommending, for each financial instrument categorized as bonds, loans, or receivables, and accounted for at amortised cost or at fair value through other comprehensive income, the assessment of its credit risk (Probability of Default - PD) and the consequent potential loss (Loss Given Default - LGD) necessary to determine the corresponding expected loss.

The above parameters must be estimated based on all available information, without undue cost or effort, considering past events, current economic conditions, and future forecasts, and contemplating a range of possible scenarios.

The standard describes a three-stage impairment approach based on changes in credit quality of the asset since the initial recognition date.
Specifically:

- Stage 1 includes debt instruments that, at the reporting date, have not shown a significant increase in credit risk since initial recognition or are assessed as having low credit risk at the reporting date (investment grade - low credit risk exemption). For these assets, expected credit losses over the next 12 months are recognized in profit or loss. Interest is calculated on the gross carrying amount.

- Stage 2 includes debt instruments that have experienced a significant increase in credit risk since initial recognition (unless they are investment grade at the reporting date), but do not yet have evidence of impairment. For these assets, expected credit losses resulting from all possible default events over the expected lifetime of the financial instrument (lifetime ECL) are recognized in profit or loss. Interest is calculated on the gross carrying amount.
- Stage 3 includes debt instruments that are impaired. For these instruments, expected credit losses resulting from all possible default events over the expected lifetime of the instrument are recognized with a corresponding entry in profit or loss. Interest is calculated on the net carrying amount.

Regarding the investment portfolio and the assessment of expected credit losses, the Company has developed two distinct models tailored to the unique characteristics of the main classes of financial assets in the portfolio. Specifically:

- Bonds and Similar Instruments ("Bonds"); and
- Receivables and Loans ("Other than Bonds").

Regarding investments in bonds and similar instruments, the calculation of expected credit losses is based on the assessment of each unique position, understood as the aggregation of exposures to a specific instrument sharing identical characteristics at the time of acquisition.

Identified positions undergo an assessment that quantifies their creditworthiness, considering the respective sector and country risk, thereby defining a specific probability of default and consequent loss.

In more detail, the definition of probability of default, understood as the inability to fulfil expected payments of principal or interest, originates from quantifying the credit risk (over the cycle) of the issuer, expressed through credit ratings. Subsequently, each position is associated with a default probability related to the issuer's credit risk in the specific economic context (point in time) and a forward-looking default probability based on specific models designed to consider sector and country risk characteristics.

These pieces of information are used both to estimate the probability of default over twelve months and the probability of default over the lifetime. Subsequently, the same quantitative information, combined with qualitative elements and management assessments, is used to determine any significant increase in credit risk.

It should be noted that within the methodologies used by the Company to quantify significant increases in credit risk, the so-called low credit risk exemption is not directly taken into account, whereas, concerning classification into Stage 3, the process can originate from quantitative outcomes of the staging allocation process or a management decision, but it is always subject to final approval by an Investment Committee.

The identified probability of default, combined with a loss given default also parameterized at the level of the unique instrument based on issuer characteristics and debt seniority, is then attributed to each individual exposure in default position in order to finally determine the expected credit loss.

Regarding receivables and loans, also referred to as “Other than Bonds,” a simplified model has been defined for ECL determination based on balance ageing and credit events. A materiality threshold has been set based on risk, where if the asset exposure is less than 0.5% of the total balance sheet value, ECL is set at zero (except for assets classified as Stage 3, for which ECL will be 100% of the gross asset value). For exposures exceeding 0.5% of the total balance sheet value, determining PD and its LGD takes into account retrospective analysis of the credit behaviour of that asset group. This analysis aims to define risk classes that are subsequently considered in default periods and consequently determine PD and LGD.

Derecognition

A financial asset (or, when applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; and
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full, without significant delay, to a third party under a transfer agreement; and/or either (a) the Company has transferred substantially all risks and benefits of the asset, or (b) the Company has neither transferred nor retained substantially all risks and benefits of the asset, but has transferred control of the asset.

When the Company transfers its rights to receive cash flows from an asset or enters into a transfer agreement, it assesses whether and to what extent it has retained the risks and benefits of ownership. When it has neither transferred nor retained substantially all risks and benefits of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company’s continued involvement in the asset. In this case, the Company also recognizes a liability associated with it. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The continued involvement, in the form of a guarantee over the transferred asset, is measured at the lower of the asset’s original book value and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

These include financial liabilities measured at fair value through profit and loss and financial liabilities measured at amortised cost.

Financial Liabilities at Fair Value Through profit and loss

This heading refers to financial liabilities at fair value through profit and loss, as defined and regulated by IFRS 9, related to investment contracts where the investment risk is borne by the policyholder.

Financial Liabilities at Amortised Cost

This heading includes financial liabilities measured at amortised cost under IFRS 9.

Additionally, it includes liabilities such as deposits received from reinsurers, other loans, and financial liabilities at amortised cost related to investment contracts not falling under IFRS 17.

Derecognition

A financial liability is derecognized when the underlying obligation of the liability is fulfilled, cancelled, or expires. When an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially changed, such exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in their respective carrying amounts is recognized in profit or loss.

Insurance assets and liabilities

The IFRS 17 standard establishes accounting rules for insurance contracts based on a measurement model structured under a Building Block Approach, which includes the Fulfilment Cash Flows (FCF), which comprise the present value of future cash flows, weighted by the probability of their occurrence (Present Value of Future Cash Flows - PVFCF), adjusted for non-financial risk (Risk Adjustment - RA), and the expected value of the profit to be realised from services (Contractual Service Margin - CSM).

Measurement Models

IFRS 17 defines three measurement models for groups of insurance contracts: Premium Allocation Approach (PAA), General Measurement Model (GMM), and Variable Fee Approach (VFA).

Premium Allocation Approach (PAA)

This is a simplified method for measuring insurance contracts. It can be applied to contracts with a coverage period of less than one year or when the Company expects that such simplification in measuring liabilities for future services does not materially differ from what would be produced using the General Measurement Model. Under the Premium Allocation Approach, the Liability for remaining coverage equals the premiums received at initial recognition less any acquisition costs, recognized *pro rata temporis* as insurance contract revenue at the reporting date. The General Measurement Model remains applicable for measuring liabilities for incurred claims.

This model is applied to the entire portfolio of Non-life insurance contracts. For Life insurance contracts, the application of this measurement model is limited to groups of contracts with a duration of no more than one year.

Variable Fee Approach (VFA)

The VFA model is mandatory for insurance contracts with direct participation features.
The Company classifies a contract as having direct participation features (i.e., contract with discretionary participation in results) when:

(i) The contractual terms specify that the policyholder participates in a portion of a clearly identified set of underlying assets;
(ii) The Company expects to pay the policyholder an amount equal to a substantial share of the fair value returns from the underlying assets; and
(iii) The Company expects a substantial proportion of any changes in the amounts payable to the policyholder to vary with changes in the fair value of the underlying assets.

In addition to transferring significant insurance risk to the issuer, a direct participation contract includes a significant investment-related service. The underlying assets may include various types of items, such as a reference portfolio of assets, technical items, net assets of the entity, or a specific subset of the entity's net assets. The nature of these underlying items primarily depends on local legislation and product characteristics.

The Company assesses whether the above conditions are met using its expectations at the commencement of the contract and does not expect to reassess unless the contract is amended.

The Company applies the VFA to the Life insurance portfolio, particularly to traditional savings products that fulfil the eligibility rules described above. For this type of contracts, the Company uses the exemption from the requirement for annual cohorts (i.e., carve-out option), as permitted under Commission Regulation (EU) 2023/1803 of September 13th 2023.

General Measurement Model (GMM)

The GMM represents the standard measurement model prescribed by the standard for measuring insurance contracts.
In the Life segment, the GMM measurement model will primarily apply to multi-year pure risk products and traditional savings products not eligible for the VFA business. In the Non-Life segment, broad eligibility for the simplified PAA model determines non-application of the general measurement model.

The adoption of a simplified approach (Premium Allocation Approach - PAA) is allowed if the contractual coverage period is less than one year or if the model used for measurement provides a reasonable approximation compared to the General Measurement Model approach. The simplification applies to the measurement of Liability for Remaining Coverage (LRC), which does not need to be disaggregated into PVFCF, RA, and CSM but is essentially based on net premium received less acquisition costs. Regarding the Liability for Incurred Claims (LIC), measurement is based on the best estimate of the present value of future cash flows to be settled, including the estimate of Risk Adjustment as well.

The Variable Fee Approach (VFA) is intended for contracts involving the insured person's direct participation in the Company's financial and/or insurance results; this is an alternative model to the GMM, which provides for different treatment of changes in cash flows linked to financial variables, whose impact is reported in the CSM rather than in the income statement.

Insurance revenues and insurance expenses, gross of reinsurance, will be presented with reinsurance results included in the insurance service result. According to IFRS 17, insurance liabilities are subject to discounting; the unwinding of the discount will be a financial expense included in the financial component of insurance and reinsurance contracts.

Scope and Separation of Components in an Insurance Contract

According to the Standard, IFRS 17 applies to all contracts that meet the definition of an insurance contract, including:

a) Insurance contracts, including accepted reinsurance contracts;

b) Ceded reinsurance contracts; and

c) Investment contracts issued with discretionary participation features (DPF) if the entity also issues insurance contracts.

A contract is classified as an insurance contract based on a preliminary assessment of whether the insurance risk has been transferred to the policy issuing entity, which undertakes to indemnify the policyholder for the adverse consequences of a given uncertain future event.

The Company does not highlight significant changes in the classification of insurance contracts resulting from the application of the IFRS 17 standard. Specifically, in Life segment, policies are classified as insurance contracts or investment contracts based on the following steps:

- Identification of product features (guarantees/options, discretionary participation features) and services provided;
- Determination of the level of insurance risk in the contract; and
- Application of the applicable international principle.

Insurance contracts create a set of rights and obligations that work together to generate cash flows. Indeed, while some types of insurance contracts provide only insurance coverage, other types of insurance contracts could contain one or more components that would fall within the scope of another Standard if they were separate contracts. For example, some insurance contracts may contain:

- Investment components (e.g., pure deposits, as financial instruments whereby an entity receives a specific amount and undertakes to repay it with interest);
- Goods and services components (e.g., services other than insurance contract services, such as pension administration, risk management services, asset management, or custody services); and
- Embedded derivatives (e.g., financial derivatives like interest rate options or options tied to an equity index). In certain cases, specifically defined by IFRS 17, the aforementioned components must be considered separately and measured under another IFRS Standard.

IFRS 17 requires the separation of the contract only for distinct investment components. In fact, an investment component is deemed distinct if, and only if, both of the following criteria are met:

- The investment component and the insurance component are not highly interrelated. Both components are considered highly interrelated if the value of one component varies with the value of the other, making it impossible for the entity to measure each component independently. The components are also deemed highly interrelated if the policyholder cannot benefit from one component unless the other is also present; and

- A contract with terms equivalent to the investment component is sold, or could be sold, separately in the same market or same jurisdiction.

If the investment component does not satisfy these two conditions, it will be identified as non-distinct, and IFRS 17 will be applied to the entire contract (without separating the contract).

Regarding the service component, it is considered to be a separate component when cash flows and associated risks are not closely related to those arising from the primary insurance contract, indicating no integration between the service component and the insurance component.

Aggregation Level

IFRS 17 requires that an entity aggregate contracts issued into groups for recognition, measurement, presentation, and disclosure purposes. The groups are formed at initial recognition and their composition is not reassessed subsequently.

The starting point for aggregating contracts is to identify portfolios of insurance contracts. A portfolio consists of contracts that are subject to similar risks and are managed together.

Assessment of "similar risks" should consider prevailing risks in the contracts. If prevailing risks are similar, then two contracts may be considered exposed to similar risks.

The Company applies the criteria defined by IFRS 17 by evaluating contract portfolios based on various characteristics that encompass underlying risks of contracts as well as product characteristics that can influence contract management and profitability.

A non-exhaustive list of segmentation drivers is as follows:

- Line of business;
- Individual policies versus group policies;
- Associated investment fund; and
- Contractual characteristics that imply different measurement models (e.g., multi-year versus annual contracts or participating versus non-participating contracts).

The Company also considers currency segmentation as a fundamental factor for the definition of the portfolio when it significantly impacts profitability.
For mutualized business, the "mutualized portfolio" is typically defined based on the granularity level where mutualization applies.

Regarding reinsurance contracts, the Company considers that a portfolio of reinsurance contracts may consist of one or more reinsurance treaties grouped and managed together if they are exposed to similar risks. Factors such as the type of coverage (proportional or non-proportional, loss occurring or risk attaching), and the nature of the reinsurance contracts, can be used to determine whether reinsurance contracts belong to the same portfolio.

Contracts within each portfolio will be divided at initial recognition into the following groups:

- Group of onerous contracts at initial recognition;
- Group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- All other contracts within the portfolio.

The same group of contracts cannot include contracts issued more than one year apart.

Thus, each portfolio must be disaggregated into annual cohorts, or cohorts consisting of periods shorter than a year. The Company applies the amendment introduced during the endorsement phase of IFRS 17, which, in Article 2 of the European Commission Regulation (EU) 2021/2036, provides entities applying IFRS 17 the option (i.e., carve-out option) not to apply the requirement set out in paragraph 22 of IFRS 17 (i.e., annual cohort requirement) to:

- Groups of insurance contracts with direct participation features and groups of investment contracts with discretionary participation features, as defined in Appendix A of the Annex to the Regulation, with cash flows that affect or are affected by cash flows to policyholders of other contracts, as set out in paragraphs B67 and B68 of Appendix B of that Annex; and
- Groups of insurance contracts that are managed over generations of contracts and meet the conditions set out in Article 77-B of Directive 2009/138/EC, and have been approved by supervisory authorities for the application of the counterpart adjustment.

Initial Recognition

A group of issued insurance contracts is recognized from the earliest of the following events:

- The beginning of the coverage period;
- The date when the first payment from a policyholder in the group is due;
- For a group of onerous contracts, when the group becomes onerous.

For ceded reinsurance contracts, initial recognition is defined:

- At the beginning of the coverage period, except for reinsurance contracts whose initial recognition is deferred until the date when the underlying insurance contract is initially recognized;
- On the date when the entity recognizes a group of onerous underlying insurance contracts if the entity entered into the related reinsurance contract on or before that date.

The initial recognition of contracts acquired in a transfer of insurance contracts or a business combination is defined at the acquisition date.

Assessment of Contract Boundaries at Initial Recognition

The measurement of a group of insurance contracts includes all expected cash flows within the boundaries of each contract within the group. The Company considers that contract boundary requirements are tied to the entity's ability to fully revalue a contract. All future premiums and policyholder options must be included in the initial projections if the entity does not have the ability to fully revalue the contract when the premium is paid or the option is exercised.

At initial recognition, groups of insurance contracts are assessed by summing:

- Fulfilment Cash Flows (FCF), which include the estimate of the present value of future cash flows and the risk adjustment for non-financial risks; and
- Contractual Service Margin (CSM).

Expected Future Cash Flows

Expected future cash flows are the first element of the Fulfilment Cash Flows (FCF) and represent an estimate of future cash flows within the contract boundaries.

The estimate of future cash flows must: (i) incorporate, in an unbiased way, all reasonable and supportable information available; (ii) reflect the entity's perspective, provided that the estimates of any relevant market variables are consistent with observable market prices for those variables; (iii) be current; and (iv) be explicit.

When not required by specific regulatory requirements, the operational assumptions underlying the projections of expected future cash flows are generally in line with those adopted under Solvency II. However, differences may arise regarding the scope of expenses due to the IFRS 17 requirement that only expenses directly attributable to insurance and reinsurance contracts must be considered for the measurement of Expected Future Cash Flows.

Discount

IFRS 17 requires the adjustment of expected cash flow estimates to reflect the present value of cash flows and the financial risks associated with those cash flows, to the extent that such financial risks are not already included in the cash flow estimates.

The Company applies a bottom-up approach to define the discount rates to be applied to insurance and reinsurance contracts. In detail, the Company's position is to apply a risk-neutral approach for IFRS 17, both for contracts with and without profit sharing features, in order to fulfil market consistency requirements. In this context, the IFRS 17 discount curve is determined as the sum of:

- A risk-free base curve; and
- An adjustment for the illiquidity premium (referred to as the IFRS 17 adjustment).

To determine the IFRS 17 adjustment, the average spread of a reference asset portfolio is considered, adjusted to exclude credit risk components (i.e., risk corrections) and the effect of potential mismatches between the cash flows of the underlying assets and the liability portfolio. In particular:

- For the GMM and PAA businesses, the same adjustment as Solvency II (i.e., the volatility adjustment) is used;
- For the VFA business and for the Workers' Compensation branch, a specific illiquidity premium adjustment is calibrated with the aim of ensuring a better economic representation of the Life business and avoiding the creation of artificial volatility in the balance sheet and income statement due to market spread movements. The illiquidity premium for the VFA business is based on the following specific characteristics:
  i) Asset mix (instead of the EIOPA reference portfolio considered for Solvency II);
  ii) A duration ratio designed to better reflect the correspondence between assets and liabilities.

Risk Adjustment

The Risk Adjustment (RA) represents the component of the insurance liability that captures the uncertainty the entity bears about the amount and timing of the cash flows arising from non-financial risk. In assessing the Risk Adjustment, the Company considers the following scope of risks:

- Life and Non-Life similar to Life underwriting risks (i.e., mortality, catastrophic, longevity, lapse, morbidity, and revision);
- Non-Life underwriting risks (i.e., reserve risk and premium risk, lapse risks, and catastrophic risks);
- Expense risk.

The Company's risk adjustment reflects the diversification of risk only at the legal entity level, without benefiting from diversification between different legal entities and between Life and Non-Life segments.

Unlike the Solvency II framework, where the Cost of Capital method is applied to quantify the Risk Margin, IFRS 17 does not specify a method for calculating the Risk Adjustment. In this context, the Company defines the RA as the "Value at Risk" at the 75th percentile of the PVFCF probability distribution, leveraging the methodology and calculation models developed for the Solvency II standard formula for the calibration of underlying shocks, applied across the entire projection of cash flows.

Contractual Service Margin

The Contractual Service Margin (CSM) reflects the estimated unearned profit of a group of insurance contracts that has not yet been recognized in profit or loss as of the reporting date, as it relates to future services still to be provided.

The carrying amount of the CSM at the end of the reporting period is equal to the carrying amount at the beginning of the reporting period adjusted by:

- The contribution of new business;
- The impact of changes in non-financial variables on future fulfilment cash flows or variations in experience of the reporting period related to future services. Non-exhaustive examples of these variations can be represented by updates of operational assumptions or differences between expected and observed cash flows related to non-distinct investment components (e.g., redemptions of savings products);
- The impact of financial variables on current and future cash flows (i.e., economic variations), which include:
    - In the GMM measurement model, the accumulated interest in the CSM. Accrued interest is determined based on the discount rates identified on the initial recognition date of the group of contracts (the so-called locked-in rate);
    - In the VFA measurement model, the reversal of the discount on the carrying amount of the CSM is determined at current rates, including the systematic economic variation due to the expected realization of real-world assumptions on risk-free rates during the reporting period and other non-systematic economic variations;
- The effect of currency exchange differences;
- Release of the CSM in the income statement, including the systematic economic variation due to the expected realization of real-world assumptions on risk-free rates

and a percentage of opening CSM, new business, operational variations, unwinding, and non-systematic economic variations based on the standard of services provided over time as defined by means of appropriate coverage units.

Release of the Contractual Service Margin

IFRS 17 requires the calculation of the CSM release according to the model of coverage units, determined by considering the quantity of benefits provided to the policyholder and the expected duration of their coverage for each contract.

Depending on the type of service provided, the coverage unit and its respective quantity of benefits vary according to product characteristics and the type of coverage:

- For savings contracts, the defined coverage units correspond to the mathematical provision;
- For contracts providing only insurance services, the coverage units are generally defined based on future premiums.

Future coverage units used to determine the CSM release are generally discounted. In more detail:

- For the GMM business, coverage units are discounted using the locked-in reference curve of each group of insurance contracts;
- For the VFA business, to avoid undue volatility in CSM reporting caused by interest rate fluctuations, a 10-year weighted moving average curve is applied.

Acquisition Cash Flows

Insurance acquisition cash flows (IACF) are generally identified, according to IFRS 17, as acquisition costs incurred at the initial recognition of insurance contracts. Any insurance acquisition cash flows paid in advance (i.e., before the coverage period starts) or unconditionally paid to distribution channels that incorporate a renewal probability are considered outside the contract boundaries and recognized as an asset. When applying the simplified PAA model, insurance acquisition cash flows incurred after the start date are not recognized as expenses if IFRS 17 paragraph 59(a) applies.
The IACF asset is systematically allocated to the group of insurance contracts to which it belongs. Consequently, the allocated value of the IACF asset is recognized as part of:

- The Fulfilment Cash Flows and reduces the CSM of the group of contracts for contracts measured under GMM and VFA;
- The liability for future service liabilities of contracts measured under PAA. In the application of GMM and VFA, the amortization of the IACF asset follows the same pattern of coverage units used for the release of the CSM. However, if the IACF asset is related to insurance contracts accounted for under the PAA model, the amortization follows the release of the LRC.

For a group of contracts to be recognized, or for future renewals, or contracts with delayed coverage start, if the expected net inflow (including the Risk Adjustment) does not exceed the IACF assets, an impairment of the asset should be considered in profit or loss. On each reporting date, if an impairment reversal is recognized based on the result of the impairment test, the IACF asset is increased, and a gain is recognized in the income statement.

Insurance Finance Revenues and Expenses

The Company applies the option of disaggregation to its existing portfolio of issued insurance contracts and ceded reinsurance contracts, recognizing any changes in discount rates in other comprehensive income. This accounting policy choice is applied consistently at the portfolio level for issued insurance contracts and ceded reinsurance contracts.

Foreign Currency Operations

Foreign currency transactions are converted at the exchange rate in effect on the transaction date. Monetary assets and liabilities expressed in foreign currency are converted into EUR at the exchange rate in effect on the balance sheet date. Exchange differences resulting from this conversion are recognized in the income statement, except when classified as cash flow hedges or net investment hedge. In these cases, exchange variations are recognised in equity.

Non-monetary assets and liabilities recorded at historical cost, expressed in foreign currency, are converted at the exchange rate on the transaction date. Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are converted at the exchange rate in effect on the date the fair value was determined.

Tangible Assets

The Company's tangible assets are valued at acquisition cost less accumulated depreciation and impairment losses.

Subsequent costs related to tangible assets are capitalized only if it is probable that future economic benefits will result for the Company. All maintenance and repair expenses are recognized as an expense in accordance with the accrual basis of accounting. Land is not depreciated.

Depreciation of tangible assets is calculated using the straight-line basis at the depreciation rates broken down below that reflect the expected useful life of the assets.

ASSET TYPE	NUMBER OF YEARS
Owner-occupied properties	50
IT Hardware	3 a 4
Furniture and materials	4 a 8
Indoor fixtures and fittings	3 a 20
Machines and tools	4 a 8
Transport equipment	4 a 6
Other equipment	10
Right-of-use - Properties	13
Right-of-use - Vehicle fleet	4

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

When there is an evidence that an asset may be impaired, IAS 36 requires its recoverable amount to be estimated, and an impairment loss should be recognized whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The recoverable amount is determined as the higher of fair value, less costs to sell, and its value in use, which is calculated based on the present value of the estimated cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

Investment Properties

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

Investment properties are initially recognized at acquisition cost, including directly attributable transaction costs, and subsequently at fair value. Fair value changes determined at each reporting date are recognized in the income statement. Investment properties are not depreciated.

Any subsequent related costs are capitalized when it is probable that the Company will obtain future economic benefits in excess of the level of performance initially estimated.

Non-Current Assets Held for Sale

Non-current assets are classified as held for sale when there is an intention to dispose the 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 reclassification, these assets are measured at the lower of their carrying amount and fair value, less costs to sell.

Fair value is based on market value, determined from the expected sale price obtained through regular valuations conducted by the Company.

Subsequent measurement of these assets is carried out at the lower of their carrying amount and the corresponding fair value less costs to sell, and they are not subject to depreciation. If there are unrealized losses, they are recorded as impairment losses against the income statement of the period.

Intangible Assets

Costs incurred with the acquisition of software are capitalized, as well as additional expenses incurred by the Company necessary for to implement it. These costs are amortized on a straight-line basis over the expected useful life of these assets, which usually averages about 3 years.

Costs directly related with the development of software applications by the Company, which are expected to generate future economic benefits beyond one financial year, are recognized and recorded as intangible assets. These costs are amortized on a straight-line basis over the expected useful life of these assets, which generally does not exceed 5 years.

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

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

Impairment losses are recognized in the income statement.

Goodwill

Goodwill arising 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 directly recorded in the income statement of the period in which the business combination occurs.

The recoverable amount of goodwill is evaluated annually, regardless of whether there are indicators of impairment. Any impairment losses determined are recognized in the income statement of the period. The recoverable amount is determined as the higher of the asset's value in use and fair value. less costs to sell, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value, and business risks.

Leases (IFRS 16)

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is considered to be, or contain, 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 assess whether a contract conveys that right, the Company evaluates the following:

(i) The contract involves the use of an identified asset – which may be explicit or implicit, and it must be physically distinct or substantially represent all of the capacity of a physically distinct asset. If the supplier has a substantive right to replace the asset, then the asset is not identified;

(ii) The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and

(iii) The Company has the right to determine the use of the asset. The Company has this ability when it has the most relevant decision-making rights to change “how” and “for what purpose” the asset is used. Occasionally, when the location where those decisions are made is predetermined, the Company has the right to determine the use of the asset if: (i) the Company has the right to operate the asset; or (ii) the Company designed the asset in a way that determines “how” and “for what purpose” it will be used.

At inception date or upon reassessment of a contract containing a lease component, the Company allocates the consideration in the contract to each lease component based on its relative standalone price. However, for leases of land and buildings where the entity is the lessee, the Company has elected not to separate lease and non-lease components and account for lease and non-lease components as a single lease component.

As Lessee

The Company recognizes a right-of-use asset and a lease liability at the lease inception date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before or at the start date, plus any direct initial costs incurred, and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the location where it is installed, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line basis from the inception date to the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of right-of-use assets 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 for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid on the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determinable, the Company’s incremental interest rate. Generally, the Company uses its incremental interest rate as the 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 as at the commencement date;

(iii) amounts expected to be paid under a residual value guarantee; and (iv) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in a renewal period if the Company is reasonably certain to exercise the extension option, and penalties for early lease termination unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method and remeasured when there is a change in future lease payments resulting from a variation in an index or rate, if there is a change in the Company's estimate of the expected amount to be paid under a residual value guarantee, or if the Company changes its assessment of exercising a purchase, extension, or termination option.

When the lease liability is remeasured in the aforementioned manner, an adjustment is made to the carrying amount of the right-of-use asset, or it is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not fall into the definition of investment property under Other Tangible Assets, Other Intangible Assets, and lease liabilities under Other Balance Sheet Liabilities.

Short-term Leases and Low-value Leases

The Company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. The Company recognizes lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Subleases

A sublease occurs when the lessee enters into a lease contract with a third party, acting as an intermediary, while the original lease contract with the lessor remains in effect.

The standard IFRS 16 – Leases requires a lessor to evaluate subleases by reference to the right-of-use and not with reference to the underlying asset. The lessor in the sublease, who is simultaneously the lessee with respect to the original lease, should recognize an asset in its financial statements - a right-of-use asset related to the primary lease (if the original lease is classified as operating) or a financial asset, measured according to IAS 39, related to the sublease (if the lease is classified as financial). If the primary lease is short-term, then the sublease should be classified as an operating lease.

Cash and Cash Equivalents

For the preparation of the statement of cash flows, the Company considers Cash and Cash Equivalents as the total of the Cash and cash equivalents and demand deposits. Cash and cash equivalents include amounts recorded on the balance sheet with a maturity of less than three months from the reporting date, which comprise cash and balances with credit institutions.

Employee Benefits

Liabilities for employee benefits are recognized in accordance with the principles established by IAS 19 - Employee Benefits.

Post-Retirement Benefit Plan

The Company takes on responsibility for granting its employees supplementary benefits to old-age and disability pensions covered the general Social Security System, as established in the Collective Labour Regulatory Instruments (IRCT) applicable to them.

The Company's liabilities related to these supplementary retirement pension benefits (defined-benefit pension plan) are calculated individually for each plan on an annual basis, at the reporting 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 up to June 22nd 1995 under this agreement, were entitled to receive a supplementary pension benefit of a pecuniary natured in addition to the retirement pension granted by Social Security.

In line with other insurance companies in similar circumstances, 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

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, which changed a number of previously defined benefits. This collective agreement was succeeded and replaced by the Collective Labour Agreement published on the Labour Bulletin No. 4 of January 29th 2016.

The Collective Labour Agreement was latter extended by a ministerial ordinance, published on the Labour Bulletin No. 25 of July 8th 2016, which determined the application of the rules of this convention to all Company employees not affiliated with the granting trades unions, with the exception of employees affiliated with SINAPSA - *Sindicato Nacional dos profissionais de Seguros e Afins*.

Among the changes arising from this Collective Agreement for the Insurance in 2012, which were maintained in the Collective Labour Agreement of 2016, the following should be highlighted:

(i) Regarding post-employment benefits, employees are now covered by an individual defined-contribution plan;

(ii) 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

Regarding the change in the supplementary pension plan, whose nature shifted from defined-benefit to defined-contribution, and considering that the fully funded value of the past service liabilities related to old-age pensions due to active employees covered by the new convention were converted into individual accounts of these employees, integrating their individual pension plan, the Company, in accordance with IAS 19, proceeded with the settlement of the liability.

Meanwhile, on January 15th 2019, the Company entered into its first Collective Bargaining Agreement (AE) with representatives representatives of the trade unions in the insurance industry, namely the *Sindicato Nacional dos profissionais de Seguros e Afins* (SINAPSA), SISEP - *Sindicato dos Profissionais de Seguros de Portugal*, and STAS - *Sindicato dos Trabalhadores da Atividade Seguradora.* This agreement 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 case of that entities that were incorporated in 2020, the agreement was signed on March 8th 2019, and published on the Labour Bulletin, No. 13 of April 8th 2019.

The conditions and clauses stipulated in this new AE have amended a set of benefits provided to Company employees, including:

(i) Regarding post-employment benefits, employees are covered under a defined-contribution plan, under which the Company will annually contribute 3.25% of the employee's annual base salary. Notwithstanding, employees who were pre-retired or retired before January 1st 2019, will continue to be covered by the systems provided for in the Collective Labour Regulation Instrument applicable at the date of their pre-retirement or retirement;

(ii) An annual career bonus equivalent to 10% of the actual monthly salary, for each complete year of service (from 3 years onwards). This bonus also provides for the allocation of leave days, as an alternative to the monetary bonus and/or based on age and seniority.

The year 2021 was marked by the coexistence of two collective labour regulation instruments within the Company: on one hand, the Collective Labour Agreement of the merged company Seguradoras Unidas, S.A., and on the other hand, the Collective Labour Agreement of the merged company Generali Seguros, S.A. Therefore, it was imperative to negotiate a single Company Agreement to regulate the same employment relationships and benefits for all Company employees. In October 2021, a new Company Agreement (AE) for the following 3 years was signed by all parties involved, and its publication occurred on Labour Bulletin, No. 8 of February 28th 2022.

Defined-Benefit Plan

The Company's net liability related to the defined-benefit pension plan, in those limited cases where it still persists, is separately calculated for each plan by estimating the present value of future benefits that each employee is entitled to receive in exchange for their service in the current period and past periods.

The benefit is discounted to determine its present value, using the discount rate corresponding to the rate of high-quality bonds from highly rated companies, with maturity similar to the average maturity of the plan's bonds. The net liability is determined after deducting the fair value of the Pension Fund's assets.

The interest cost/income related to the pension plan is calculated by multiplying the net assets/liabilities with retirement pensions (liabilities deducted from the fair value of the fund's assets) by the discount rate used to determine the aforesaid pension liabilities. On this basis, the net interest cost/income includes the interest cost associated with retirement pension liabilities and the estimated return from the pension fund's assets, both measured based on the discount rate used in the calculation of liabilities.

Remeasurement gains and losses, specifically (i) actuarial gains and losses arising from 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 resulting from the difference between the estimated return on pension fund assets and the values obtained, are recognized against equity under other comprehensive income (Other Reserves).

The Company recognizes in income statement a net total amount that includes (i) current service costs, (ii) net interest income/cost on the pension plan, (iii) the effect of early retirements, (iv) past service costs, and (v) the effects of any settlements or curtailments occurring in the period. The net interest income/cost on the pension plan is recognized in staff costs. Early retirement costs correspond to the increase in pension liabilities resulting from retirement occurring before the employee reaches retirement age.

The plan is funded with annual Company contributions to cover projected pension liabilities, including supplementary benefits, where appropriate. The minimum funding for liabilities is 100% for pensions in payment and 95% for past services of active employees.

At each reporting date, the Company assesses, individually for each plan, the recoverability of any surplus in the fund based on the perspective of future contributions that may be required.

Defined-Contribution Plan

For defined contribution plans, which cover most of the employees, the liabilities related to the benefit attributable to the Company's employees are recognized as an expense of the period when due.

As of December 31st 2023, and except for employees covered by the defined-benefit plan, the Company has three defined-contribution plans, according to the origin of the employing company prior to the merger, either Tranquilidade, Açoreana or Generali for active employees admitted until June 22nd 1995, as well as for all employees who meet the conditions defined in the new Collective Labour Agreement, making annual contributions based on the individual remuneration of each employee. Additionally, the Company has established a defined-contribution plan for the CEO.

Permanence Bonus

In force until the new Collective Labour Agreement came into effect, the permanence bonus was equivalent to 50% of the employee's salary, whenever , the employee completed one or more multiples of 5 years with the Company. The permanence bonus was determined using the same methodology and assumptions as post-employment benefits.
This benefit applied to all employees covered by the 2016 Collective Labour Agreement, whose permanence cash bonus would be due during 2019. A transition regime was ensured in 2019, with the payment of an amount equivalent to 50% of their effective salary or the provision of paid leave days.

Actuarial deviations determined were recognized in the income statement as they were incurred.

Career Bonus

Effective from January 1st 2020, the career bonus is equivalent to 10% of the employee's effective monthly salary for each completed year of their career (from 3 years onwards). This bonus also includes the option of granting leave days as an alternative to the monetary bonus and/or based on age and seniority.

Actuarial deviations determined were recognized in the income statement as they were incurred.

Share-Based Payments

The Company's employees and executive directors may be entitled to receive additional compensation in the form of share-based payments, where they provide services as compensation for equity instruments (equity-settled transactions).

The Company is not obligated to settle the share-based transaction; since the transaction will be settled with shares to be issued by Assicurazioni Generali S.p.A. (shareholder). The cost of the share benefit is determined at fair value at the grant date and the cost is recognized against reserves, and is recognized at each reporting date over the vesting period, considering the best estimate of the number of shares to be granted.

Health Benefits

Additionally, the Company granted healthcare benefits:

(i) to former employees upon termination agreement through a health insurance plan with a 25% discount on the premium rate in effect at the policy start date, already including the reduction related to exemption from charges, for the employee and members of the household who are included in the Company's health insurance plan held by the employee on the date of employment contract termination;

(ii) to active employees and pre-retirees until retirement age, providing minimum coverage for inpatient and outpatient clinical assistance, with applicable capitals, deductibles, and co-payments. These minimum guarantees provided for in the current Collective Labour Agreement do not preclude the existence and/or application of other more favourable and comprehensive schemes to which employees may have access.

As a defined benefit, it is recognized and measured in the same way as the pension benefit plan.

Short-Term Benefits

Other short-term benefits, such as contributions to educational expenses for employees' children, life insurances, discounts on other types of insurance, and variable remunerations when applicable to employees, are accounted for as an expense in the financial year to which they relate.

Income Taxes

The Company is subject to Corporate Income Tax (IRC) and Municipal Surcharge, with an aggregated rate of 22.5% for the fiscal years 2023 and 2022, plus the State Surcharge as determined by Law No. 66-B/2012 of December 31st 2012, which corresponds to the application of an additional rate of 3% on taxable income above EUR 1,500,000 and less than EUR 7,500,000, 5% on taxable income above EUR 7,500,000 and less than EUR 35,000,000, and 9% on taxable income exceeding this amount.

Income taxes include current and deferred taxes. Income taxes are recognized in profit or loss, except when they relate to items that are directly recognized in equity, in which case they are also recorded in equity.

Deferred taxes recognized in equity arising from the revaluation of the fair value of financial assets through other comprehensive income and from the reserve for the financial component of insurance and reinsurance contracts are subsequently recognized in profit or loss when the gains and losses that originated them are recognized in profit or loss.

Current tax is calculated based on the taxable income for the fiscal year, which differs from the accounting result due to adjustments to the taxable base arising from non-deductible expenses or income that is not relevant for tax purposes, or that will only be considered in other accounting periods, as well as value adjustments for the purpose of calculating taxable gains.

Deferred taxes represent the future impact on recoverable/payable taxes resulting from deductible or taxable temporary differences between the balance sheet value of assets and liabilities and their tax bases, used to determine taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized only to the extent where it is probable that future taxable profits will be available to enable the corresponding deductible taxable differences to be used or tax loss to be carried forward.

Additionally, deferred tax assets are not recognized when their recoverability is questionable due to other situations, including issues of interpretation of the current tax legislation.

Deferred taxes are calculated based on the tax rates that are expected to be in force on the date of the reversal of the temporary differences, which correspond to the rates approved or substantially approved on the reporting date.

With the approval of the 2023 Government Budget, two changes were made to the system for the deduction of tax losses to be carried forward. Firstly, the deduction to be made in each taxation period cannot exceed 65% of the respective taxable income (70% in the previous). Secondly, the utilization of tax losses to be carried forward no longer has a time limit.

Within the scope of application of IFRS 9 and IFRS 17 standards as of January 1st 2023, Law No. 82-A/2023 of December 29th 2023 established a transitional system for tax purposes, under which positive and negative equity changes resulting from the first application of these accounting standards can be deferred for a period of 10 years. It should be noted that this law also took effect for tax purposes on January 1st 2023.

Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation (legal or constructive) 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 amount of the provision represents the best estimate of the expenditure required to settle the obligation at the reporting date.

If the future disbursement of resources is not probable, it is considered a contingent liability. Contingent liabilities are disclosed unless the possibility of its realization is remote.

“Other provisions” are intended to cover tax contingencies and other contingencies arising from the Company’s business activities.

Earnings per Share

Basic earnings per share are calculated by dividing the Company’s net income by the weighted average number of ordinary shares issued.

Offsetting Financial Instruments

Financial assets and liabilities are presented at net value in the balance sheet when the company has a legally enforceable right to offset the already recognized amounts and there is an intention to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Reporting by Operating Segments

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

An operating business segment is an identifiable component of the Company that is aimed at providing an individual product or service or a group of related products or services within a specific economic environment and that is subject to risks and benefits that are distinguishable from others operating in different economic environments.

NOTE 3 - MAIN ESTIMATES AND JUDGMENTS USED IN THE PREPARATION OF FINANCIAL STATEMENTS

The IFRS (International Financial Reporting Standards) establish a series of accounting procedures requiring the Board of Directors to exercise judgment and make the necessary estimates to decide on the most appropriate accounting treatment.

The main accounting estimates and judgments used in the application of accounting principles by the Company are analysed as follows to enhance understanding of how their application affects the Company's reported results and their disclosure.

As in many instances there are alternative accounting treatments to those adopted by the Board of Directors, the results reported by the Company could be different in case a different treatment was selected. The Board of Directors considers the choices made to be appropriate and believes that the financial statements adequately present the Company's financial position and results of its operations in all materially relevant aspects.

The alternatives discussed herein are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates are more appropriate.

Fair Value of Financial Instruments and Expected Losses on Financial Assets

Fair value of a financial instrument is based on market quotations when available, and, in the absence of such quotations, fair value is determined using prices of recent and similar transactions, carried out under market conditions or using valuation methodologies based on discounted future cash flow techniques, considering market conditions, time value, yield curve, and volatility factors.

These methodologies may require the use of assumptions or judgments in estimating fair value.

Therefore, the use of different methodologies or different assumptions or judgements in the application of a given model could lead to different financial results from those reported.

Due to the adoption of IFRS 9, new assumptions have been defined for determining expected losses on financial assets, as described in the note “Main Accounting Principles and Valuation Criteria Adopted”, under the “Financial Assets” section.

Income Taxes and Deferred Taxes

The determination of income taxes involves specific interpretations and estimates. Alternative interpretations and estimates could result in different levels of current and deferred income taxes recognized in the period.

Under current tax legislation, Tax Authorities have the possibility to review the taxable income calculation performed by the Company over a period of four years, or a longer period if it involves the deduction of tax losses, in which case a similar timeframe to the time limit of deduction of taxes losses is applied.

As a result, corrections to taxable income may occur, primarily due to differences in the interpretation of tax laws. However, the Company's Board of Directors believes that there will be no significant corrections to the income taxes recorded in the financial statements.

Additionally, the Company determines the recoverability of deferred tax assets. This assessment is based on the estimate of future taxable income, which includes (i) the business plan approved by Management and (ii) the expected reversal of temporary differences resulting from the variance between amount of an asset in the balance sheet and its tax base.

Any changes to this estimate may have an impact on the determination of the recoverable amount of deferred tax assets.

Impairment of Goodwill

The recoverable value of Goodwill recorded in the Company's assets is reviewed annually with reference to end of the period or whenever there are signs of impairment.

For this purpose, the carrying amount of a goodwill asset is compared with its recoverable value. An impairment loss associated with Goodwill is recognized when the recoverable value of the entity being tested is lower than its balance sheet value.

In the absence of an available market value, the recoverable value is calculated using discounted value techniques using a discount rate that considers the risk associated with the unit being tested. Determining the future cash flows to be discounted and the discount rate to be used involves judgment.

Future cash flows are determined based on the business plan approved by Management. Any changes to this plan could impact the determination of the Company's recoverable value.

Liabilities Related to Insurance and Reinsurance Contracts, and Investment Contracts

Due to the application of IFRS 17, new assumptions have been defined for determining liabilities for remaining coverage and liabilities for incurred claims, as described in the note "Main Accounting Principles and Valuation Criteria Adopted", under the section "Insurance Assets and Liabilities".

The Company's liabilities for insurance contracts are determined based on the methodologies and assumptions described in Note 4. These liabilities reflect an estimate of the impact of future events on the Company's accounts, based on actuarial assumptions, claims history, and other methods accepted in the sector.

The technical provisions related to Traditional Life and Annuities products were determined based on various assumptions, including mortality, longevity, and interest rates applicable to each coverage, incorporating a margin for risk and uncertainty.

The technical provisions related to Workers' Compensation products were determined based on several assumptions, including mortality, longevity, and interest rates applicable to each coverage, including a margin for risk and uncertainty.

The assumptions used were based on the Company and market's past experience. These assumptions may be revised if it is determined that future experience will confirm their inadequacy.

Technical provisions arising from insurance and investment contracts with discretionary participation in profits include (i) Liability for remaining coverage, broken down by the estimate of the present value of future cash flows (PVFCF), risk adjustment (RA), and contractual service margin (CSM), and (ii) Liability for incurred claims.

The liability for incurred claims is based on the provision for claims of occurred claims at reporting date.

When there are compensable claims under insurance contracts, any amount paid or estimated to be paid by the Company is recognized as a loss in the income statement.

The Company establishes provisions for claims payments arising from insurance and investment contracts with participation in profits and, upon their determination, periodically assesses its liabilities using actuarial methodologies and taking into account the respective reinsurance coverages. Provisions are periodically reviewed by qualified actuaries.

The Company accounts provisions for Non-Life claims to cover payments to be made considering the ultimate cost of reported and unreported claims at the each reporting date.

Provisions for claims do not represent an exact calculation of the liability value but rather an estimate resulting from the application of actuarial valuation techniques. These estimated provisions correspond to the Company's expectation of what the ultimate cost of settling claims will be, based on an assessment of known facts and circumstances on that date, a review of historical settlement patterns, an estimate of trends in frequency and cost of claims, and other factors.

The variables used in determining the estimate of provisions may be affected by internal and/or external events, including changes in claims management processes, inflation, and legal changes. Many of these events are not directly quantifiable, particularly on a prospective basis.

Additionally, there may be a significant time gap between when the insured event (claim) occurs and when this event is reported to the Company. Provisions are regularly reviewed through an ongoing process as additional information is received and liabilities are settled.

In view of the above and given the nature of the insurance business, the determination of provisions for claims and other insurance contract liabilities involves a high level of subjectivity, and actual amounts to be paid out in the future may differ significantly from the estimates made.

However, the Company believes that the insurance contract liabilities reflected in the financial statements adequately represent the best estimate at reporting date of the amounts to be pay out by the Company.

NOTE 4 – INSURANCE AND REINSURANCE CONTRACTS

Provision of information that allows the identification and explanation of the amounts reported in the financial statements as a result of insurance and investment contracts

Accounting policies adopted regarding insurance and investment contracts

The Company issues contracts that include insurance risk, financial risk, or a combination of insurance and financial risks.

A contract in which the Company accepts a significant insurance risk from a third party, agreeing to compensate the insured person in the event of a specific uncertain future occurrence that adversely affects the insured person, is classified as an insurance contract.

A contract issued by the Company in which the insurance risk transferred is not significant, but includes discretionary participation features, is considered an investment contract and is recognized and measured according to the accounting policies applicable to insurance contracts.

A contract issued by the Company, without discretionary participation features, is recorded as a financial liability under IFRS 9.

The Unit-Linked contracts held by the Company are classified as financial liabilities at fair value through profit and loss, which depends on the fair value of financial assets, derivatives, and/or investment properties that make up the Unit-Linked collective investment fund. Valuation techniques are used to determine the fair value at the issue date and on each reporting date.

The fair value of the financial liability is determined through the participation units, which reflect the fair value of the assets comprising each investment fund, multiplied by the number of participation units attributable to each policyholder on the reporting date.

Liabilities for Unit-Linked contracts represent the capitalized value of the premiums received on the reporting date, including the fair value of any guarantees or embedded derivatives.

Insurance Contract Results

This caption includes insurance revenues and insurance expenses related to insurance contracts issued or reinsurance contracts held.

Insurance Revenues from Insurance Contracts Issued or Reinsurance Contracts Held

This caption includes the revenue from insurance contracts issued, reflecting the portion of the consideration received from the policyholder that is considered due for services provided during the period. The recognition of insurance revenues in the income statement depends on the measurement model applied.

For insurance contracts that fall under the General Measurement Model or the Variable Fee Approach, the revenues recognized in the period are primarily represented by the release of the CSM (based on coverage units as detailed in the section “Release of Contractual Service Margin”); by the non-financial risk adjustment for current services; and by the change in the present value of future cash flows related to the expenses for future services expected to have occurred during the period.

In the context of the Premium Allocation Approach model, the insurance revenues for the period are equal to the amount of expected premium revenues allocated to the period (excluding investment components) based on the passage of time (*pro rata temporis*). If the expected pattern of insurance risk release during the coverage period differs significantly from the passage of time, a release model is identified based on the expected timing of claims and future costs.

Regarding ceded reinsurance contracts, this caption recognizes the amounts recoverable from reinsurers for claims expenses presented by the Company, as well as the expected losses resulting from the risk of default by the reinsurer.

Insurance Service Expenses from Insurance Contracts Issued or Reinsurance Contracts Held

The insurance service expenses arising from insurance contracts mainly comprise:

- Changes in liabilities for incurred claims (excluding investment components) and other directly attributable expenses;
- Losses on onerous groups of contracts;
- Commissions and expenses on the acquisition of insurance contracts, either amortized or fully recognized in the income statement for the period;
- Management expenses related to investments guaranteeing insurance contracts to which the VFA applies.

For ceded reinsurance contracts, the period’s expenses are represented by the contractual allocation of premiums to reinsurers in the period, net of contractual commissions.

Technical Bases for Determining the Liability for remaining coverage

Referring to December 31st 2023, the mortality tables used in evaluating the products were as indicated below and have not been changed compared to 2022:

PRODUCT	GENDER	
	Female	Male
Financial	36% GKF95	28% GKM95
Individual Risk (under commercialization)	20% GKM95	
Individual Risk (in run-off)	25% GKM95	
Group Risk - No	20% GKM95	
PR Group Risk - With PR	42,5% GKM95	
Mortgage Credit Risk (being marketed)	25% GKM95	
Mortgage Credit Risk (in run-off)	45% GKM95	

On December 31st 2023, the mortality table used in evaluating annuity products was 100% of PERMP/PERFP 2000 (2022: 100% of PERMP/PERFP 2000).

The table below shows the discount curve used for each group of contracts:

IFRS 17 Discount Curve

MATURITY (YEARS)	Group of Contracts Measured under VFA		Group of Contracts Measured under PAA (Workers' Compensation)		Group of Contracts Measured under GMM (excluding Workers' Compensation)	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
1	3.59%	3.57%	3.90%	4.08%	3.56%	3.37%
2	2.92%	3.68%	3.23%	4.19%	2.89%	3.48%
3	2.67%	3.59%	2.98%	4.10%	2.64%	3.39%
4	2.58%	3.54%	2.89%	4.05%	2.55%	3.34%
5	2.55%	3.52%	2.86%	4.03%	2.52%	3.32%
6	2.55%	3.50%	2.86%	4.01%	2.52%	3.30%
7	2.56%	3.48%	2.87%	3.99%	2.53%	3.28%
8	2.58%	3.48%	2.89%	3.99%	2.55%	3.28%
9	2.60%	3.48%	2.91%	3.99%	2.57%	3.28%
10	2.62%	3.48%	2.93%	3.99%	2.59%	3.28%
15	2.70%	3.41%	3.01%	3.92%	2.67%	3.21%
20	2.64%	3.15%	2.95%	3.66%	2.61%	2.95%
25	2.66%	3.06%	2.95%	3.54%	2.63%	2.87%
30	2.73%	3.05%	2.98%	3.48%	2.70%	2.89%
35	2.80%	3.08%	3.03%	3.45%	2.77%	2.93%
40	2.86%	3.11%	3.07%	3.44%	2.84%	2.98%
45	2.92%	3.13%	3.10%	3.44%	2.90%	3.02%
50	2.97%	3.16%	3.13%	3.43%	2.94%	3.06%

Technical Bases for Determining the Liability for Incurred Claims

The liability for incurred claims corresponds to the estimated value of compensations to be paid for claims that have already occurred, including the estimated liability for claims incurred but not reported (IBNR), as well as the direct and indirect costs to be incurred in the future settlement of claims currently in management process and IBNR claims.

The liability for incurred claims, both reported and unreported, is estimated by the Company based on past experience, available information, and the application of actuarial methods.

For the Workers' Compensation insurance, liabilities are modelled using actuarial techniques applied to the Life segment. These liabilities are calculated based on recognized actuarial methods in accordance with the applicable legislation in force.

These liabilities consider the claims occurring up to December 31st 2023, involving pension payments already approved by the Labour Court or with conciliation agreements already concluded, and also the estimated pension liabilities for claims recorded up to December 31st 2023, that are pending final settlement or court judgement.

Liabilities for incurred claims involving lifetime assistance payments in the Workers' Compensation insurance which are calculated using actuarial assumptions with reference to recognized actuarial methods and current labour legislation. Additionally, a provision is considered to cover pension liabilities for claims already incurred related to potential permanent disabilities of claimants in treatment (lifetime assistance) as of December 31st 2023, or for claims already incurred but not yet reported.

For Non-reimbursable Pensions (including future payments to the Workers' Compensation Fund (FAT)), 100% of the INE mortality table for the male population during the 2018-2020 period is applied for men (2022: INE 2018-2020) and 100% of the INE mortality table for the female population during the 2018-2020 period is applied for women (2022: INE 2018-2020), with management charges of 2.5% (2022: 2.0%). For Reimbursable Pensions, the TD 88/90 mortality table (2022: TD 88/90) is applied with an interest rate of 5.25% (2022: 5.25%) and management charges of 0% (2022: 0%).

The liability for incurred claims also includes a provision for profit-sharing corresponding to amounts allocated to insured persons or beneficiaries of insurance contracts in the form of profit-sharing that have not yet been distributed or incorporated.

Ceded Reinsurance Provisions

Ceded reinsurance provisions are determined by applying the criteria described above for direct insurance, taking into account the contractual cession percentages.

Detail and Variation of Insurance Contract Liabilities

The objective of this chapter is to provide a reconciliation of the amounts recognized in the Balance Sheet and the Income Statement with reference to insurance contracts and investment contracts with direct participation features.

The table below details the liabilities recognized in the Balance Sheet, broken down by segment and measurement model.

(EUR thousand)

		NON-PAA CONTRACTS			
31 DECEMBER 2023	PREMIUM ALLOCATION APPROACH (PAA)	GENERAL MEASUREMENT MODEL	VARIABLE FEE APPROACH	TOTAL	TOTAL
INSURANCE CONTRACT ASSETS					
LIFE					
Remaining coverage	-	22 279	-	22 279	22 279
Incurred Claims	-	(6 748)	-	(6 748)	(6 748)
LIFE SUBTOTAL	-	15 531	-	15 531	15 531
INSURANCE CONTRACT LIABILITIES					
LIFE					
Remaining coverage	(972)	(252 516)	(259 230)	(511 746)	(512 719)
Incurred Claims	(14 466)	(52 513)	(25 421)	(77 934)	(92 399)
LIFE SUBTOTAL	(15 438)	(305 029)	(284 651)	(589 680)	(605 118)
NON-LIFE					
Remaining coverage	(227 861)	-	-	-	(227 861)
Incurred Claims	(1 370 457)	-	-	-	(137 0457)
NON-LIFE SUBTOTAL	(1 598 318)	-	-	-	(1 598 318)
NET TOTAL	(1 613 756)	(289 498)	(284 651)	(574 149)	(2 187 905)
31 DECEMBER 2022					
INSURANCE CONTRACT ASSETS					
LIFE					
Remaining coverage	-	16 983	-	16 983	16 983
Incurred Claims	-	(8 239)	-	(8 239)	(8 239)
LIFE SUBTOTAL	-	8 743	-	8 743	8 743
INSURANCE CONTRACT LIABILITIES					
LIFE					
Remaining coverage	(719)	(274 146)	(304 418)	(578 564)	(579 283)
Incurred Claims	(9 904)	(48 083)	(27 49)	(75 577)	(85 481)
LIFE SUBTOTAL	(10 623)	(322 229)	(33 1912)	(654 141)	(664 764)
NON-LIFE					
Remaining coverage	(215 844)	-	-	-	(215 844)
Incurred Claims	(1 229 947)	-	-	-	(1 229 947)
NON-LIFE SUBTOTAL	(1 445 791)	-	-	-	(1 445 791)
NET TOTAL	(1 456 415)	(313 486)	(331 912)	(645 397)	(2 101 812)

The value of the liability for remaining coverage is net of receivables related to premiums under collection, net of refunds and impairments, amounting to EUR 43.8 million (2022: EUR 26.9 million).

The value of the liability for incurred claims is net of issued reimbursements, net of impairments, and required in relation to benefits provided as a result of claims occurring during the suspension period of guarantees and not yet received, amounting to EUR 1.389 thousand (2022: EUR 1.567 thousand).

(EUR thousand)

	2023	2022
Policyholders	43 761	26 878
- premiums under collection	53 257	38 591
- premiums refunds	(5 181)	(6 107)
- impairment	(4 316)	(5 606)
Claims reimbursements	1 389	1 567
TOTAL	**45 150**	**28 444**

In the following tables, a reconciliation is provided between the opening balance as of January 1st 2023, and the closing balance as of December 31st 2023, of the value of insurance contract liabilities, categorized by measurement model.

The first table presents an analysis of the movement in insurance contract liabilities measured under the PAA model, broken down by Liability for Remaining Coverage and Liability for Incurred Claims. Within the same table, liabilities are further detailed by measurement components: (i) Estimate of the present value of future cash flows, (ii) Risk adjustment, (iii) Loss component, and (iv) Contractual Service Margin.

	LIABILITY FOR REMAINING COVERAGE					LIABILITY FOR INCURRED CLAIMS			(EUR thousand)
	PRESENT VALUE OF FUTURE CASH FLOWS	LOSS COMPONENT	RISK ADJUSTMENT	CONTRACTUAL SERVICE MARGIN	TOTAL	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	TOTAL	TOTAL
OPENING BALANCE SHEET									
Insurance contract assets	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	(211 912)	(4 652)	-	-	(216 563)	(1 211 024)	(28 827)	(1 239 851)	(1 456 415)
NET BALANCE AS AT 31 DECEMBER 2022	**(211 912)**	**(4 652)**	**-**	**-**	**(216 563)**	**(1 211 024)**	**(28 827)**	**(1 239 851)**	**(1 456 415)**
Unwinding	-	-	-	-	-	(4 975)	(1 020)	(5 995)	(5 995)
Change related to claims incurred during the year	-	-	-	-	-	(416 893)	(10 120)	(427 013)	(427 013)
Release of the LIC from previous	-	-	-	-	-	(380 018)	-	380 018	380 018
Changes in operating assumptions	-	-	-	-	-	(63 824)	-	(63 824)	(63 824)
Variation in the loss component	-	(1 011)	-	-	(1 011)	-	-	-	(1 011)
Discount effect through results	-	-	-	-	-	52 711	-	52 711	52 711
Disc. effect through other comprehensive income	-	-	-	-	-	(90 039)	-	(90 039)	(90 039)
Other variations	-	-	-	-	-	(179)	(733)	(912)	(912)
Written premiums	(1 235 847)	-	-	-	(1 235 847)	-	-	-	(1 235 847)
Earned premiums	1 220 812	-	-	-	1 220 812	-	-	-	1 220 812
Issued acquisition costs	184 133	-	-	-	184 133	-	-	-	184 133
Earned acquisition costs	(180 357)	-	-	-	(180 357)	-	-	-	(180 357)
Release for the period	-	-	-	-	-	-	9 982	9 982	9 982
YEAR-ON-YEAR VARIATION	**(11 259)**	**(1 011)**	**-**	**-**	**(12 270)**	**(143 181)**	**(1 891)**	**(145 072)**	**(157 342)**
Insurance contract assets	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	(223 170)	(5 663)	-	-	(228 833)	(1 354 205)	(30 718)	(1 384 923)	(1 613 756)
NET BALANCE AS AT 31 DECEMBER 2023	**(223 170)**	**(5 663)**	**-**	**-**	**(228 833)**	**(1 354 205)**	**(30 718)**	**(1 384 923)**	**(1 613 756)**

	LIABILITY FOR REMAINING COVERAGE					LIABILITY FOR INCURRED CLAIMS			(EUR thousand)
	PRESENT VALUE OF FUTURE CASH FLOWS	LOSS COMPONENT	RISK ADJUSTMENT	CONTRACTUAL SERVICE MARGIN	TOTAL	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	TOTAL	TOTAL
OPENING BALANCE SHEET									
Insurance contract assets	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	(200 598)	(6 043)	-	-	(206 641)	(1 346 428)	(31 094)	(1 377 522)	(1 584 163)
NET BALANCE AS AT 1 JANUARY 2022	**(200 598)**	**(6 043)**	**-**	**-**	**((206 641)**	**(1 346 428)**	**(31 094)**	**(1 377 522)**	**(1 584 163)**
Unwinding	-	-	-	-	-	2 576	144	2 721	2 721
Change related to claims incurred during the year	-	-	-	-	-	(372 807)	(9 463)	(382 270)	(382 270)
Release of the LIC from previous years	-	-	-	-	-	323 054	-	323 054	323 054
Changes in operating assumptions	-	-	-	-	-	(105 112)	-	(105 112)	(105 112)
Variation in the loss component	-	1 391	-	-	1 391	-	-	-	1 391
Discount effect through results	-	-	-	-	-	27 398	-	27 398	27 398
Disc. effect through other comprehensive income	-	-	-	-	-	260 294	-	260 294	260 294
Other variations	-	-	-	-	-	-	2 988	2 988	2 988
Written premiums	(910 224)	-	-	-	(910 224)	-	-	-	(910 224)
Earned premiums	892 591	-	-	-	892 591	-	-	-	892 591
Issued acquisition costs	31 000	-	-	-	31 000	-	-	-	31 000
Earned acquisition costs	(24 681)	-	-	-	(24 681)	-	-	-	(24 681)
Release for the period	-	-	-	-	-	-	8 598	8 598	8 598
YEAR-ON-YEAR VARIATION	**(11 313)**	**1 391**	**-**	**-**	**(9 922)**	**135 403**	**2 267**	**137 670**	**127 748**
Insurance contract assets	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	(211 912)	(4 652)	-	-	(216 563)	(1 211 024)	(28 827)	(1 239 851)	(1 456 415)
NET BALANCE AS AT 31 DECEMBER 2022	**(211 912)**	**(4 652)**	**-**	**-**	**(216 563)**	**(1 211 024)**	**(28 827)**	**(1 239 851)**	**(1 456 415)**

The table below analyses the movements in insurance contract liabilities not measured under the PAA model, detailed by Liability for remaining coverage and Liability for incurred claims. Within the same table, these liabilities are further detailed by measurement components: (i) Estimate of the present value of future cash flows, (ii) Risk adjustment, (iii) Loss component, and (iv) Contractual service margin.

	LIABILITY FOR REMAINING COVERAGE					LIABILITY FOR INCURRED CLAIMS			(EUR thousand)
	PRESENT VALUE OF FUTURE CASH FLOWS	LOSS COMPONENT	RISK ADJUSTMENT	CONTRACTUAL SERVICE MARGIN	TOTAL	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	TOTAL	TOTAL
OPENING BALANCE SHEET									
Insurance contract assets	68 563	(220)	(6 012)	(45 348)	16 983	(8 239)	-	(8 239)	8 743
Insurance contract liabilities	(468 272)	(31 493)	(6 948)	(71 851)	(578 564)	(75 577)	-	(75 577)	(654 141)
NET BALANCE AS AT 31 DECEMBER 2022	(399 709)	(31 713)	(12 960)	(117 200)	(561 581)	(83 816)	-	(83 816)	(645 397)
Unwiding	(337)	(9 142)	(512)	(3 184)	(13 175)	(585)	-	(585)	(13 759)
New business contribution	31 379	(5)	(3 659)	(51 034)	(23 319)	-	-	-	(23 319)
Release of the LIC from expected cash flows	-	-	-	-	-	75 426	-	75 426	75 426
Release of the LIC from current cash flows	-	-	-	-	-	50 165	-	50 165	50 165
Adjustment based on experience	(38 891)	49	-	26 130	(12 712)	68 525	-	68 525	55 813
Variation related to claims incurred during the year	-	-	-	-	-	(143 237)	-	(143 237)	(143 237)
Release of expected premiums	(66 473)	(891)	-	-	(67 363)	-	-	-	(67 363)
Release of expected claims and expenses	159 383	6 149	-	-	165 532	-	-	-	165 532
Changes in operating assumptions	(5 208)	1 635	-	-	(3 574)	-	-	-	(3 574)
Changes in economic assumptions	(8 398)	(5 021)	-	-	(13 419)	-	-	-	(13 419)
Changes in non-financial risks	-	-	-	46 541	46 541	-	-	-	46 541
PVFCF Allocation and Loss Component	(333)	333	(0)	-	(0)	-	-	-	(0)
Discount effect through results	-	-	-	-	-	(0)	-	(0)	(0)
Discount effect through other comp. income	-	-	-	-	-	(17 068)	-	(17 068)	(17 068)
Other variations	(1 612)	(25)	2 445	-	809	(34 092)	-	(34 092)	(33 283)
Change in profitability	-	-	-	(24 485)	(24 485)	-	-	-	(24 485)
Portion of asset returns	-	-	-	1 062	1 062	-	-	-	1 062
Release for the period	-	-	1 999	14 219	16 218	-	-	-	16 218
YEAR-ON-YEAR VARIATION	69 510	(6 916)	273	9 248	72 114	(866)	-	(866)	71 249
Insurance contract assets	75 963	(1 950)	(6 384)	(45 350)	22 279	(6 748)	-	(6 748)	15 531
Insurance contract liabilities	(406 163)	(36 679)	(6 303)	(62 601)	(511 746)	(77 934)	-	(77 934)	(589 680)
NET BALANCE AS AT 31 DECEMBER 2023	(330 200)	(38 629)	(12 687)	(107 951)	(489 467)	(84 682)	-	(84 682)	(574 149)

	LIABILITY FOR REMAINING COVERAGE					LIABILITY FOR INCURRED CLAIMS			(EUR thousand)
	PRESENT VALUE OF FUTURE CASH FLOWS	LOSS COMPONENT	RISK ADJUSTMENT	CONTRACTUAL SERVICE MARGIN	TOTAL	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	TOTAL	TOTAL
OPENING BALANCE SHEET									
Insurance contract assets	142 457	(30)	(14 046)	(77 608)	50 773	(16 279)	-	(16 279)	34 493
Insurance contract liabilities	(741 042)	(20 932)	(4 591)	(28 150)	(794 716)	(59 876)	-	(59 876)	(854 592)
NET BALANCE AS AT 1 JANUARY 2022	(598 585)	(20 962)	(18 637)	(105 759)	(743 943)	(76 156)	-	(76 156)	(820 099)
Unwinding	497	(309)	97	(1 422)	(1 137)	(309)	-	(309)	(1 446)
New business contribution	16 752	203	(2 963)	(36 918)	(22 926)	-	-	-	(22 926)
Release of the LIC from expected cash flows	-	-	-	-	-	14 366	-	14 366	14 366
Release of the LIC from current cash flows	-	-	-	-	-	95 443	-	95 443	95 443
Adjustment based on experience	(37 587)	(5 292)	-	(25 191)	(68 070)	130 930	-	130 930	62 860
Variation related to claims incurred during the year	-	-	-	-	-	(148 702)	-	(148 702)	(148 702)
Release of expected premiums	(56 625)	672	-	-	(55 953)	-	-	-	(55 953)
Release of expected claims and expenses	160 695	5 187	-	-	165 882	-	-	-	165 882
Changes in operating assumptions	21 325	136	-	-	21 461	-	-	-	21 461
Changes in economic assumptions	83 136	-	-	-	83 136	-	-	-	83 136
Changes in non-financial risks	-	-	-	41 183	41 183	-	-	-	41 183
PVFCF Allocation and Loss Component	10 683	(11 534)	850	-	(1)	-	-	-	(1)
Discount effect through results	-	-	-	-	-	-	-	-	-
Discount effect through other comp. income	-	-	-	-	-	(53 367)	-	(53 367)	(53 367)
Other variations	-	176	5 467	36	5 679	(46 021)	-	(46 021)	(40 342)
Change in profitability	-	-	-	(26 443)	(26 443)	-	-	-	(26 443)
Portion of asset returns	-	-	-	21 538	21 538	-	-	-	21 538
Release for the period	-	10	2 226	15 776	18 012	-	-	-	18 012
YEAR-ON-YEAR VARIATION	198 876	(10 751)	5 677	(11 441)	182 361	(7 660)	-	(7 660)	174 701
Insurance contract assets	68 563	(220)	(6 012)	(45 348)	16 983	(8 239)	-	(8 239)	8 743
Insurance contract liabilities	(468 272)	(31 493)	(6 948)	(71 851)	(578 564)	(75 577)	-	(75 577)	(654 141)
NET BALANCE AS AT 31 DECEMBER 2022	(399 709)	(31 713)	(12 960)	(117 200)	(561 581)	(83 816)	-	(83 816)	(645 397)

Detail and Variation of Reinsurance Contract Liabilities

The objective of this chapter is to provide a reconciliation of the amounts recognized in the Balance Sheet and the Income Statement with respect to reinsurance contracts.

The table below details the liabilities recognized in the Balance Sheet, categorized by segment and measurement model.

(EUR thousand)

		NON-PAA CONTRACTS			
31 DECEMBER 2023	PREMIUM ALLOCATION APPROACH (PAA)	GENERAL MEASUREMENT MODEL	VARIABLE FEE APPROACH	TOTAL	TOTAL
REINSURANCE CONTRACT ASSETS					
LIFE					
Remaining coverage	5 167	261	-	261	5 428
Incurred claims	10 047	495	-	495	10 542
LIFE SUBTOTAL	15 214	756	-	756	15 970
REINSURANCE CONTRACT LIABILITIES					
LIFE					
Remaining coverage	25 529	-	-	-	25 529
Incurred claims	100 382	-	-	-	100 542
LIFE SUBTOTAL	125 912	-	-	-	125 912
NON-LIFE					
Remaining coverage	-	(593)	-	(593)	(593)
Incurred claims	-	(118)	-	(118)	(118)
NON-LIFE SUBTOTAL	-	(711)	-	(711)	(711)
NET TOTAL	141 126	45	-	45	141 171
31 DECEMBER 2022					
LIFE REINSURANCE CONTRACT ASSETS					
Remaining coverage	4 117	86 033	-	86 033	90 149
Incurred claims	4 897	4 962	-	4 962	9 859
LIFE SUBTOTAL	9 014	90 994	-	90 994	100 008
NON-LIFE					
Remaining coverage	31 413	-	-	-	31 413
Incurred claims	107 489	-	-	-	107 489
NON-LIFE SUBTOTAL	138 901	-	-	-	138 901
NET TOTAL	147 915	90 994	-	90 994	238 910

The following tables show the reconciliation between the opening balance on January 1st 2023, and the closing balance on December 31st 2023, of the value of reinsurance contract liabilities, by measurement model.

The first table analyses the movement in reinsurance contract liabilities measured by the PAA model, detailed by Liability for Remaining Coverage and Liability for Incurred Claims. Within the same table, liabilities are further detailed by measurement components: (i) Estimated present value of future cash flows, (ii) Risk adjustment, (iii) Loss component, and (iv) Contractual Service Margin.

	LIABILITY FOR REMAINING COVERAGE					LIABILITY FOR INCURRED CLAIMS			(EUR thousand)
	PRESENT VALUE OF FUTURE CASH FLOWS	LOSS COMPONENT	RISK ADJUSTMENT	CONTRACTUAL SERVICE MARGIN	TOTAL	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	TOTAL	TOTAL
OPENING BALANCE SHEET									
Insurance contract assets	34 726	804	-	-	35 530	108 034	4 351	112 385	147 915
Insurance contract liabilities	-	-	-	-	-	-	-	-	-
NET BALANCE AS AT 31 DECEMBER 2022	34 726	894	-	-	35 530	108 034	4 351	112 385	147 915
Unwinding	-	-	-	-	-	304	147	451	451
Change related to claims incurred during the year	-	-	-	-	-	30 613	739	31 352	31 352
Release of the LIC from previous	-	-	-	-	-	(53 708)	-	(53 708)	(53 708)
Changes in operating assumptions	-	-	-	-	-	19 660	-	19 660	19 660
Variation in the loss component	-	1 124	-	-	1 124	-	-	-	1 124
Discount effect through results	-	-	-	-	-	(1 690)	-	(1 690)	(1 690)
Disc. effect through other comprehensive income	-	-	-	-	-	4 629	-	4 629	4 629
Other variations	-	-	-	-	-	0	(60)	(60)	(60)
Written premiums	137 264	-	-	-	137 264	-	-	-	137 264
Earned premiums	(146 171)	-	-	-	(146 171)	-	-	-	(146 171)
Issued acquisition costs	(22 638)	-	-	-	(22 638)	-	-	-	(22 638)
Earned acquisition costs	25 587	-	-	-	25 587	-	-	-	25 587
Default adjustment	-	-	-	-	-	(401)	-	(401)	(401)
Release for the period	-	-	-	-	-	-	(2 190)	(2 190)	(2 190)
YEAR-ON-YEAR VARIATION	(5 957)	1 124	-	-	(4 833)	(593)	(1 364)	(1 957)	(6 789)
Insurance contract assets	28 769	1 928	-	-	30 697	107 442	2 987	110 429	141 126
Insurance contract liabilities	-	-	-	-	-	-	-	-	-
NET BALANCE AS AT 31 DECEMBER 2023	28 769	1 928	-	-	30 697	107 442	2 987	110 429	141 126

	LIABILITY FOR REMAINING COVERAGE					LIABILITY FOR INCURRED CLAIMS			(EUR thousand)
	PRESENT VALUE OF FUTURE CASH FLOWS	LOSS COMPONENT	RISK ADJUSTMENT	CONTRACTUAL SERVICE MARGIN	TOTAL	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	TOTAL	TOTAL
OPENING BALANCE									
Insurance contract assets	35 162	72	-	-	35 235	98 653	4 068	102 721	137 956
Insurance contract liabilities	-	-	-	-	-	-	-	-	-
NET BALANCE AS AT 1 JANUARY 2022	35 162	72	-	-	35 235	98 653	4 068	102 721	137 956
Unwinding	-	-	-	-	-	(196)	(22)	(218)	(218)
Change related to claims incurred during the year	-	-	-	-	-	33 768	1 357	35 125	35 125
Release of the LIC from previous	-	-	-	-	-	(46 661)	-	(46 661)	(46 661)
Changes in operating assumptions	-	-	-	-	-	34 208	-	34 208	34 208
Variation in the loss component	-	732	-	-	732	-	-	-	732
Discount effect through results	-	-	-	-	-	(706)	-	(706)	(706)
Disc. effect through other comprehensive income	-	-	-	-	-	(11 381)	-	(11 381)	(11 381)
Other variations	-	-	-	-	-	-	653	653	653
Written premiums	39 643	-	-	-	39 643	-	-	-	39 643
Earned premiums	(39 883)	-	-	-	(39 883)	-	-	-	(39 883)
Issued acquisition costs	(6 622)	-	-	-	(6 622)	-	-	-	(6 622)
Earned acquisition costs	6 425	-	-	-	6 425	-	-	-	6 425
Default adjustment	-	-	-	-	-	349	-	349	349
Release for the period	-	-	-	-	-	-	(1 705)	(1 705)	(1 705)
YEAR-ON-YEAR VARIATION	(437)	732	-	-	295	9 381	283	9 664	9 959
Insurance contract assets	34 726	804	-	-	35 530	108 034	4 351	112 385	147 915
Insurance contract liabilities	-	-	-	-	-	-	-	-	-
NET BALANCE AS AT 31 DECEMBER 2022	34 726	804	-	-	35 530	108 034	4 351	112 385	147 915

The following table analyses the movement of reinsurance contract liabilities measured by the General Measurement Model (GMM), detailed by Liability for remaining coverage and Liability for Incurred claims. Within the same table, liabilities are further detailed by measurement components: (i) Estimated present value of future cash flows, (ii) Risk adjustment, (iii) Loss component, and (iv) Contractual Service Margin.

	LIABILITY FOR REMAINING COVERAGE					LIABILITY FOR INCURRED CLAIMS			(EUR thousand)
	PRESENT VALUE OF FUTURE CASH FLOWS	LOSS COMPONENT	RISK ADJUSTMENT	CONTRACTUAL SERVICE MARGIN	TOTAL	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	TOTAL	TOTAL
OPENING BALANCE SHEET									
Insurance contract assets	70 662	-	1 387	13 984	86 033	4 962	-	4 962	90 994
Insurance contract liabilities	-	-	-	-	-	-	-	-	-
NET BALANCE AS AT 31 DECEMBER 2022	70 662	-	1 387	13 984	86 033	4 962	-	4 962	90 994
Unwinding	66	-	43	(58)	52	(0)	-	(0)	52
Release of the LIC from expected cash flows	-	-	-	-	-	(592)	-	(592)	(592)
Release of the LIC from current cash flows	-	-	-	-	-	(96)	-	(96)	(96)
Adjustment based on experience	1 950	-	-	(1 143)	807	(45)	-	(45)	762
Variation related to claims incurred during the year	-	-	-	-	-	637	-	637	637
Release of expected premiums	1 541	-	-	-	1 541	-	-	-	1 541
Release of expected claims and expenses	(637)	-	-	-	(637)	-	-	-	(637)
Changes in operating assumptions	5 003	-	-	-	5 003	-	-	-	5 003
Changes in economic assumptions	(2 286)	-	-	-	(2 286)	-	-	-	(2 286)
Changes in non-financial risks	1	-	-	(6 930)	(6 930)	-	-	-	(6 930)
Loss recovery	26	-	-	-	26	-	-	-	26
Discount effect through other comp. income	-	-	-	-	-	2	-	2	2
Other variations	(80 930)	-	(121)	(2 586)	(83 637)	(4 492)	-	(4 492)	(88 129)
Default adjustment	-	-	-	-	-	1	-	1	1
Release for the period	(0)	-	(80)	(222)	(302)	-	-	-	(302)
YEAR-ON-YEAR VARIATION	(75 267)	-	(158)	(10 939)	(86 364)	(4 585)	-	(4 585)	(90 949)
Insurance contract assets	27	-	-	234	261	495	-	495	756
Insurance contract liabilities	(4 632)	-	1 228	2 811	(593)	(118)	-	(118)	(711)
NET BALANCE AS AT 31 DECEMBER 2023	(4 605)	-	1 228	3 044	(332)	377	-	377	45

	LIABILITY FOR REMAINING COVERAGE					LIABILITY FOR INCURRED CLAIMS			(EUR thousand)
	PRESENT VALUE OF FUTURE CASH FLOWS	LOSS COMPONENT	RISK ADJUSTMENT	CONTRACTUAL SERVICE MARGIN	TOTAL	PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	TOTAL	TOTAL
OPENING BALANCE SHEET									
Insurance contract assets	83 388	1	2 201	20 074	105 664	3 975	-	3 975	109 639
Insurance contract liabilities	-	-	-	-	-	-	-	-	-
NET BALANCE AS AT 1 JANUARY 2022	83 388	1	2 201	20 074	105 664	3 975	-	3 975	109 639
Unwinding	1 512	-	(12)	(116)	1 384	59	-	59	1 443
Release of the LIC from expected cash flows	-	-	-	-	-	(7 590)	-	(7 590)	(7 590)
Release of the LIC from current cash flows	-	-	-	-	-	(3 778)	-	(3 778)	(3 778)
Adjustment based on experience	6 094	-	-	3 569	9 663	(5 266)	-	(5 266)	4 397
Variation related to claims incurred during the year	-	-	-	-	-	12 665	-	12 665	12 665
Release of expected premiums	4 274	-	-	-	4 274	-	-	-	4 274
Release of expected claims and expenses	(19 552)	-	-	-	(19 552)	-	-	-	(19 552)
Changes in operating assumptions	2 609	-	-	-	2 609	-	-	-	2 609
Changes in economic assumptions	(11 538)	-	-	-	(11 538)	-	-	-	(11 538)
Changes in non-financial risks	-	(3)	-	(8 054)	(8 057)	-	-	-	(8 057)
Loss recovery	3 875	3	-	-	3 878	-	-	-	3 878
Discount effect through other comp. income	-	-	-	-	-	(104)	-	(104)	(104)
Other variations	-	-	(650)	-	(650)	4 991	-	4 991	4 341
Default adjustment	-	-	-	-	-	10	-	10	10
Release for the period	-	(1)	(152)	(1 489)	(1 642)	-	-	-	(1 642)
YEAR-ON-YEAR VARIATION	(12 726)	(1)	(814)	(6 090)	(19 631)	987	-	987	(18 644)
Insurance contract assets	70 662	-	1 387	13 984	86 033	4 962	-	4 962	90 994
Insurance contract liabilities	-	-	-	-	-	-	-	-	-
NET BALANCE AS AT 31 DECEMBER 2022	70 662	-	1 387	13 984	86 033	4 962	-	4 962	90 994

Expected release of the Contractual Service Margin

(EUR thousand)

TIME INTERVALS	TIME INTERVALS FOR EXPECTED RELEASE OF THE CONTRACTUAL SERVICE MARGIN									
	UP TO 1 YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 3 YEARS	FROM 3 TO 4 YEARS	FROM 4 TO 5 YEARS	FROM 5 TO 10 YEARS	FROM 10 TO 15 YEARS	FROM 15 TO 20 YEARS	MORE THAN 20 YEARS	TOTAL
INSURANCE CONTRACTS	16 814	15 367	14 083	12 457	6 321	18 046	12 012	7 163	5 687	107 951
Life	16 814	15 367	14 083	12 457	6 321	18 046	12 012	7 163	5 687	107 951
REINSURANCE CONTRACTS	209	203	197	191	184	809	601	391	259	3 044
Life	209	203	197	191	184	809	601	391	259	3 044
	16 605	15 164	13 886	12 266	6 137	17 237	11 411	6 772	5 428	104 907

Expected release of the Contractual Service Margin reported in the balance sheet on December 31st 2023, in the income statement of subsequent years.

The values included in the time intervals reflect solely the application of the anticipated coverage units as of the date and do not consider:

- For insurance contracts with direct participation features measured using the Variable Fee Approach (VFA), the reversal of the discount on the Contractual Service Margin value determined at the current rate and the economic variation in real financial conditions ("real-world assumptions");
- For groups of contracts measured under the General Measurement Model, accumulated interest is determined based on the discount rates identified on the initial recognition date (locked-in rates);
- The contribution of new business to the Contractual Service Margin, i.e., new contracts that will be recognized in subsequent years.

Consequently, it is emphasized that the table above does not represent the expected release of the Contractual Service Margin that will be recognized through the Company's Income Statement in the following years.

NOTE 5 – LIABILITIES FOR INVESTMENT CONTRACTS AND OTHER FINANCIAL LIABILITIES

The detail of the Financial liabilities for investment contracts can be analysed as follows:

(EUR thousand)

	Financial without profit sharing	Unit Linked	Unit Linked Pension Savings	Capitalization Operations Unit Linked	Total
BALANCES AS AT DECEMBER 31ST 2021	15 041	5 743	16 730	116	37 628
Additional liabilities of the period, net of commissions	149	7 498	-	-	7 647
Amounts paid	(2 518)	(350)	(1 242)	-	(4 110)
Technical interest and other income/expenses	(65)	-	(1 806)	-	(1 871)
Other movements	(2)	-	-	-	(2)
BALANCES AS AT DECEMBER 31ST 2022	12 605	12 891	13 681	116	39 292
Additional liabilities of the period, net of commissions	(57)	34 711	5 383	-	40 151
Amounts paid	(2 068)	(2 444)	(2 215)	-	(6 726)
Technical interest and other income/expenses	97	1 832	169	-	2 098
Other movements	4	(530)	839	-	314 75
BALANCES AS AT DECEMBER 31ST 2023	10 696	46 460	17 857	116	128

The values of financial liabilities from Unit Linked contracts, totalling EUR 64,317 thousand (2022: EUR 26,572 thousand), correspond to Level 2 of the valuation method, according to the levels prescribed in IFRS 13, as they are financial instruments valued based on quoted prices (unadjusted) available in official markets with quotations disclosed by providers of transactions prices on liquid markets.

Gains and losses on financial liabilities for investment contracts can be analysed as follows:

(EUR thousand)

	2023			2022		
	GAINS	LOSSES	BALANCE	GAINS	LOSSES	BALANCE
VALUED AT FAIR VALUE THROUGH PROFIT/LOSS	**5 748**	**(5 394)**	**354**	**4 571**	**(3 769)**	**802**
Capitalisation	4 116	(3 017)	1 098	1 351	(552)	799
Pension Saving	1 632	(2 376)	(744)	3 220	(3 217)	3
VALUED AT AMORTISED COST	**2 887**	**(2 112)**	**776**	**2 539**	**(2 545)**	**(6)**
Capitalisation	813	(738)	75	1 212	(1 212)	-
Pension Saving	2 074	(1 373)	701	1 327	(1 333)	(6)
TOTAL	**8 635**	**(7 505)**	**1 130**	**7 110**	**(6 314)**	**796**

The amounts presented in the financial statements also include the values from Note 17, so the analysis should be done in combination with this note.

The detail of the Other financial liabilities can be analysed as follows:

(EUR thousand)

	2023	2022
Other financial liabilities		
Deposits received from reinsurers	11 225	89 616
Subordinated liabilities	-	10 000
Right-of-use assets (IFRS 16)	28 229	20 970
TOTAL	**39 454**	**120 586**

Deposits received from reinsurers represent the value of the collateral used by reinsurers as a result of the acceptance of risks and the receipt of premiums from ceded reinsurance business operations. During 2023, the Company terminated the reinsurance treaty covering financial products with its shareholder, Assicurazioni Generali S.p.A.

Subordinated liabilities correspond to two subordinated loans, each with a fixed term (10 years) and a fixed interest rate, valued at five million euro each, which were subscribed in 2015 by the following Generali Group entities: (i) Generali Horizon and (ii) Participatie Maatschappij Graafschap Holland N.V.. These subordinated loans were fully repaid on December 29th 2023.

Additionally, on December 15th 2021, the Company established an on-demand subordinated loan amounting to EUR 91.5 million, subscribed and not realised by the shareholder Assicurazioni Generali S.p.A., with a fixed term (5 years) and a fixed fee, which, according to IAS 32, does not need to be recorded in the balance sheet as it is a commitment in the form of a line of credit.

The future minimum payments related to non-cancellable operating lease contracts, by maturity, are as follows:

(EUR thousand)

	2023	2022
Up to 1 year	7 452	4 878
From 1 to 5 years	17 336	12 039
More than 5 years	5 959	5 780
TOTAL FUTURE PAYMENTS	**30 747**	**22 697**
Interest expense to be accrued in Financial expenses	(2 518)	(1 727)
TOTAL LIABILITIES - IFRS 16	**28 229**	**20 970**

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

Under this standard, an interest expense related to the variation in financial liabilities amounting to EUR 898 thousand was recognized throughout 2023 (2022: EUR 575 thousand).

NOTE 6 – FINANCIAL INSTRUMENTS

The details of participations and financial instruments are presented as follows:

(EUR thousand)

	2023	2022
Equity	15 467	18 846
Bonds and other fixed-income securities	2 228 320	2 007 375
Other floating-rate securities	34 615	33 574
Other investments	-	9 261
TOTAL PARTICIPATIONS AND FINANCIAL INSTRUMENTS	**2 278 401**	**2 069 056**
Other financial assets (Unit Linked)	45 789	6 824
TOTAL FINANCIAL ASSETS	**2 324 190**	**2 075 880**

Financial assets measured at fair value through profit and loss

The balance of this type of assets is broken down as follows:

(EUR thousand)

	2023	2022
Bonds and other fixed-income securities		
From public issuers	-	-
From other issuers	52 541	22 172
Equity	741	684
Other floating-rate securities	270 483	244 996
Derivatives	-	9 261
TOTAL	**323 766**	**277 113**

This category represents 13.2% (12.7% as at December 31st 2022) of the total investments. In particular, these investments are mainly concentrated in the Non-Life segment, equivalent to 77.8% of the total value (EUR 252 million as at December 31st 2023). This increase compared to December 31st 2022, is primarily due to the increase in the fair value of financial assets, particularly investment fund units.

The derivative values refer to a forward contract sale agreement on Portuguese public debt, established by the Company in June with the shareholder Assicurazioni Generali, S.p.A., which allowed for the balancing of the duration between assets and liabilities and the mitigation of the spread risk concerning the issuer in question.

Financial assets measured at fair value through other comprehensive income

The balance of this type of assets is broken down as follows:

(EUR thousand)

	2023	2022
Bonds and other fixed-income securities		
From public issuers	1 180 546	1 110 480
From other issuers	799 634	664 083
Equity	14 726	18 162
Other floating-rate securities	-	-
TOTAL	**1 994 906**	**1 792 725**

This category represents 81.6% (82% as at December 31st 2022) of the total investments. In particular, these investments are mainly concentrated in the Non-Life segment, equivalent to 69% of the total value (EUR 1,376 million as at December 31st 2023).

The breakdown of the final balance sheet values is as follows:

(EUR thousand)

	Amortised or acquisition cost	Accrued interest	Revaluation reserve	Carrying amount
Bonds and other fixed-income securities				
From public issuers	1 277 709	14 224	(181 454)	1 110 480
From other issuers	724 878	8 778	(69 573)	664 083
Equity	19 934	-	(1 772)	18 162
Other floating-rate securities	-	-	-	-
BALANCE AS AT DECEMBER 31ST 2022	**2 022 521**	**23 003**	**(252 799)**	**1 792 725**
Bonds and other fixed-income securities				
From public issuers	1 262 994	14 729	(97 176)	1 180 546
From other issuers	819 507	10 386	(30 259)	799 634
Equity	18 464	-	(3 738)	14 726
Other floating-rate securities	-	-	-	-
BALANCE AS AT DECEMBER 31ST 2023	**2 100 965**	**25 115**	**(131 173)**	**1 994 906**

Financial assets measured at amortised cost

In addition to the financial instruments described above, the Company also holds other assets net of impairment, as detailed in the table on the following page.

(EUR thousand)

	2023	2022
Term deposits related to direct cash pooling operations	201	201
Other loans	5 000	5 406
Loans to employees	317	434
TOTAL	**5 518**	**6 041**

The breakdown of the final balance sheet values is as follows:

(EUR thousand)

	Acquisition cost	Impairment	Carrying amount
Term deposits related to direct cash pooling operations	201	-	201
Loan - Espírito Santo Financial Portugal, SGPS	15 000	(15 000)	-
Loan - Generali Europe Income Holding, SA	5 406	-	5 406
Loans to employees	434	-	434
BALANCE AS AT DECEMBER 31ST 2022	**21 041**	**(15 000)**	**6 041**
Term deposits related to direct cash pooling operations	201	-	201
Loan - Espírito Santo Financial Portugal, SGPS	15 000	(15 000)	-
Loan – Generali Europe Income Holding, SA	5 000	-	5 000
Loans to employees	317	-	317
BALANCE AS AT DECEMBER 31ST 2023	**20 518**	**(15 000)**	**5 518**

Impairment losses on the Loans heading correspond to the entirety of the treasury loan granted to Espírito Santo Financial Portugal, SGPS, S.A.. In December 2023 and 2022, there were no movements in impairment losses.

Fair value of financial assets and liabilities recorded at amortised cost

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

(EUR thousand)

	2023		2022	
	FAIR VALUE	CARRYING AMTOUNT	FAIR VALUE	CARRYING AMTOUNT
Cash and cash equivalents and demand deposits	92 778	92 778	86 886	86 886
Financial assets measured at amortised cost	5 518	5 518	6 041	6 041
Other receivables from insur. operations and other transactions	102 052	102 052	69 318	69 318
FINANCIAL ASSETS AT AMORTISED COST	**200 348**	**200 348**	**162 245**	**162 245**
Financial liabilities for investment contracts	75 700	75 128	39 862	39 292
Other financial liabilities	39 454	39 454	120 586	120 586
Other payables for insurance operations and other transactions	101 423	101 423	102 677	102 677
FINANCIAL LIABILITIES AT AMORTISED COST	**216 577**	**216 005**	**263 125**	**262 555**

The fair value of financial liabilities for investment contracts is estimated on a contract-by-contract basis using the best estimates of assumptions for projecting future expected cash flows and the risk-free interest rate on the date of issue.

Except for financial assets measured at amortised cost and the aforementioned liabilities, and considering that the remaining assets and liabilities are short-term, the balance at reporting date is considered a reasonable estimate for their fair value.

Regarding the valuation method used, according to the levels prescribed in IFRS 13, all financial instruments recorded at amortised cost are classified as Level 3, except for Cash and cash equivalents and demand deposits, which are classified as Level 1.

Valuation Methodologies

Financial instruments are categorized according to the levels prescribed in IFRS 13, which are described as follows:

- Level 1 - Financial instruments valued according to quotations available (unadjusted) on official markets and quotations disclose by providers of transactions prices on liquid markets.
- Level 2 - Financial instruments valued using internal valuation methodologies, primarily considering parameters and variables observable in the market.
- Level 3 - Financial instruments valued using internal valuation methodologies, considering parameters or variables that are not observable in the market and have a significant impact on the instrument's valuation, and prices provided by third-parties whose parameters used are not observable in the market.

The value of financial instruments stratified by the valuation method used and according to the above-described levels is analysed as follows on the next page.

(EUR thousand)

2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	**101 548**	**37 583**	**184 635**	**323 766**
Equity	-	-	741	741
Other floating-rate securities	86 590	-	893	270 483
Bonds and other fixed-income securities				
From public issuers	-	-	-	-
From other issuers	14 958	37 583	-	52 541
Derivatives	-	-	-	-
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**1 934 735**	**24 798**	**35 373**	**1 994 906**
Equity	1 900	-	12 826	14 726
Bonds and other fixed-income securities				
From public issuers	1 155 994	17 409	7 144	1 180 546
From other issuers	776 842	7 389	15 403	799 634
FINANCIAL ASSETS MEASURED AT AMORTISED COST	**-**	**5 000**	**518**	**5 518**
Term deposits related to direct cash pooling operations	-	-	201	201
Loan - Generali Europe Income Holding, SA	-	5 000	-	5 000
Loans to employees	-	-	317	317
TOTAL FINANCIAL ASSETS	**2 036 284**	**67 381**	**220 525**	**2 324 190**

(EUR thousand)

2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	**77 807**	**22 644**	**176 662**	**277 113**
Equity	-	684	-	684
Other floating-rate securities	77 595	-	167 401	244 996
Bonds and other fixed-income securities				
From public issuers	-	-	-	-
From other issuers	212	21 960	-	22 172
Derivatives	-	-	9 261	9 261
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**1 727 456**	**26 148**	**39 120**	**1 792 725**
Equity	2 245	2	15 915	18 162
Bonds and other fixed-income securities	1 084 128	18 809	7 542	1 110 480
From public issuers	641 083	7 337	15 663	664 083
From other issuers				
FINANCIAL ASSETS MEASURED AT	**-**	**5 406**	**635**	**6 041**
AMORTISED COST	-	-	201	201
Term deposits related to direct cash pooling operations	-	5 406	-	5 406
Loan - Generali Europe Income Holding, SA	-	-	434	434
Loans to employees	-	-	-	-
TOTAL FINANCIAL ASSETS	**1 805 263**	**54 199**	**216 417**	**2 075 880**

The value classified as Level 3 in 2023 under the item Other floating-rate securities includes approximately EUR 86 million (2022: EUR 87 million), corresponding to an investment in 1 sub-fund (2022: 1 sub-fund) belonging to a collective investment undertaking, designated as ICAV (Irish Collective Asset-management Vehicle), which is 100% owned by the Company. The determination of the fair value of these assets was based on their net asset value, which, in turn, is determined based on market values or market information available for asset valuation (risk curves, spreads, etc.), as defined by IFRS 13. Additionally, this fund is subject to look-through analysis by the Company as defined by Solvency II requirements.

The reconciliation of Level 3 assets is as follows:

(EUR thousand)

	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT AMORTISED COST	TOTAL
BALANCE AS AT DECEMBER 31ST 2022	**176 662**	**39 120**	**635**	**216 417**
Purchases	18 903	-	-	18 903
Sales	(6 955)	(1 634)	-	(8 588)
Change in fair value through profit or loss	(4 660)	-	-	(4 660)
Change in fair value through other comp. income	-	(2 788)	-	(2 788)
Reclassifications	-	-	-	-
Other variations	684	674	(117)	1 241
BALANCE AS AT DECEMBER 31ST 2023	**184 635**	**35 373**	**518**	**220 525**

The Other floating-rate securities classified at this level include investments in units in closed-end real estate investment funds of EUR 30,342 thousand (2022: EUR 32,811 thousand) and EUR 146,889 thousand in private equity/debt funds (2022: EUR 132,200 thousand), whose fair value results from the disclosure of the Net Asset Value (NAV) of the fund determined by the managing companies. The assets of these funds are the result of a diversified set of assets and liabilities, valued in their respective accounts at fair value using internal methodologies employed by the managing companies.

NOTE 7 – INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The financial data of the Company's subsidiaries and associates can be summarized as follows:

(EUR thousand)

NAME OF COMPANY / HQ	CLASSIFICATION	VALUATION METHOD	SHAREHOLDING INTEREST (%)			INANCIAL DATA							
			DIRECT	VOTING RIGHT	EFFECTIVE	ASSETS		LIABILITIES		EQUITY		NET RESULT	
						2023	2022	2023	2022	2023	2022	2023	2022
TRANQUILIDADE - CORPORAÇÃO ANGOLANA DE SEGUROS, S.A Edifício ESCOM, Rua Marechal Brós Tito, nº 35 15ºD Luanda	Subsidiária	C.Aqui liq imparidade	49.00	49.00	49.00	30 071	48 199	21 133	31 117	8 938	17 082	(1 586)	6 782
TRANQUILIDADE MOÇAMBIQUE COMPANHIA DE SEGUROS, S.A. Av. Armando Tivane, 1212 Caixa Postal 1959, Maputo, Mozambique	Subsidiária	C.Aqui liq imparidade	99.996	99.996	100.00	7 777	7 439	4 828	5 758	2 949	1 681	619	(166.0)
TRANQUILIDADE - CORPORAÇÃO ANGOLANA DE SEGUROS, S.A Av. Armando Tivane, 1212 Caixa Postal 1959, Maputo, Moçambique	Subsidiária	C.Aqui liq imparidade	69.997	69.997	100.00	4 974	7 273	2 026	4 510	2 948	2 763	194	78
TRANQUILIDADE - CORPORAÇÃO ANGOLANA DE SEGUROS, S.A 2nd Floor, Block E Iveagh Court Harcourt Road Dublin D02 YT22, Ireland	Subsidiária	C.Aqui liq imparidade	100.00	100.00	100.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TRANQUILIDADE - CORPORAÇÃO ANGOLANA DE SEGUROS, S.A Av. da Liberdade, 242 1250-149 Lisboa (Portugal)	Subsidiária	C.Aqui liq imparidade	80.00	80.00	80.00	939	754	939	754	0	0	0	0

The 2023 values represent the most recent unaudited financial information received from each subsidiary or associates company, so the final official values may differ.

In 2023 and 2022, there was no variation in the balance of this item. It should be noted that impairment has been recognized for the entire invested amount for the associates in Angola and Mozambique. For Tranquilidade Diversified Income ICAV, the invested amount is EUR 2.

In accordance with IAS 36 and the accounting policy, the Company analysed the impairment of the subsidiaries and associates based on the value in use determined from the business plans approved by the Board of Directors of each entity, or the fair value less costs to sell, where applicable.

In 2021, the Company entered into an agreement for the transfer of the portfolios of the companies Tranquilidade Moçambique Companhia de Seguros, S.A. and Tranquilidade Moçambique Companhia de Seguros Vida, S.A.. The process followed the legal and regulatory approval procedures. In 2022, all approvals were obtained and the full transfer of these portfolios to a local operator was completed effective October 1st 2022, including all assets representing the respective technical provisions. In 2023, it was necessary to extend support to the buyer in assisting with the transferred portfolio. The companies were left with minimal services, having no operational insurance activity.

NOTE 8 – CASH AND CASH EQUIVALENTS AND DEMAND DEPOSITS

The balance of this heading is analysed as follows:

(EUR thousand)

	2023	2022
Cash	11	11
Deposits in Credit Institutions	92 767	86 875
TOTAL	92 778	86 886

NOTE 9 – LAND AND BUILDINGS

As mentioned in Note 3 above, the land and buildings owned by the Company are valued using the cost model for properties for own use, in accordance with the option provided for by IAS 16, and the fair value model for income properties, in accordance with the treatment prescribed by IAS 40. Regardless of the valuation model, regular appraisals are performed on all properties.

The valuations of land and buildings are conducted to obtain the presumed transaction value, usually the market value (fair value), which is the price at which the land or building could be sold at the date of the appraisal in a private contract between an interested and independent seller and buyer, assuming the property is subject to a public offering in the market, the conditions allow for a regular and orderly sale, and there is a reasonable time to negotiate the sale considering the nature of the property.

These valuations are carried out using a combined weighting of the valuation methods “Market Comparison” and “Income”. The respective values lead to changes in fair value for investment properties (income properties) and are used for impairment testing of tangible assets (own use properties).

The “Market Comparison” method is always used and is supported by market evidence, where a market survey is conducted on properties that are comparable to the property being valued, with values based on the analysis of transactions of similar properties. The “Income” method involves determining the value of the land or building based on the ratio between the effective annual rent and an appropriate capitalization rate.

In the case of income properties that are transferred to Non-current Assets Held for Sale and Discontinued Operations under IFRS 5, they are valued according to the amounts described in the presale agreements, less any potential disposal costs.

As prescribed by IFRS 13 - Fair Value, the valuations of land and buildings maximize the use of observable market data. However, since most valuations also consider non-observable data, the fair value of the Company’s land and buildings is classified within Level 3 of the fair value hierarchy defined by IFRS 13.

The Company considers that the own use properties are subject to their highest and best use. Therefore, the valuations performed to determine their fair value are prepared with regard to their current use, as prescribed by IFRS 13 - Fair Value.

Land and buildings are classified as own use properties when the company used them in the operational activities, and as income properties 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, each party will be analysed and valued separately. The appraisers responsible for evaluating the property assets are duly certified for this purpose and are registered with the Portuguese Securities Market Commission ((abbreviated as CMVM in Portuguese).

Fair Value Model

The balances and movements in Income properties for both fiscal years can be analysed as follows:

(EUR thousand)

INVESTMENT PROPERTIES – INCOME PROPERTIES	2023	2022
NET BALANCE AS AT JANUARY 1 ST	**4 341**	**3 020**
Additions by Acquisition	468	-
Transfers of Assets to be discontinued	(3 751)	
Transfers of Own use Properties	-	1 321
Disposals/Sales	-	-
Fair value changes	301	-
NET BALANCE AS AT DECEMBER 31 ST	**8 861**	**4 341**

All investment properties directly held by the Company are intended to generate rental income. Even if for some reason no rent is charged, there are no held exclusively for appreciation purposes.

The analysis of income properties based on their capacity to generate rental income is as follows:

(EUR thousand)

	2023	2022
Properties that generated rental income	5 232	2 996
Properties that did not generate rental income	3 629	1 345
TOTAL	**8 861**	**4 341**

The amounts recognized in profit or loss related to income and costs from income properties are as follows:

(EUR thousand)

	2023	2022
RENTAL INCOME	**233**	**149**
OPERATING COSTS	**34**	**12**
- For properties that generated rental income	11	5
- For properties that did not generate rental income	23	7

Cost Model

The balances and movements in Own use Properties can be analysed as follows:

(EUR thousand)

TANGIBLE ASSETS – OWN USE PROPERTIES	2023	2022
GROSS VALUE	**31 578**	**28 351**
Accumulated Depreciation and Impairment losses	(13 716)	(10 311)
NET BALANCE AS AT DECEMBER 31ST	**17 862**	**18 039**

(EUR thousand)

TANGIBLE ASSETS – OWN USE PROPERTIES	2023	2022
NET BALANCE AS AT JANUARY 1ST	**18 039**	**21 747**
Additions under IFRS 16	3 226	268
Transfers to Investment Properties	-	(1 321)
Depreciation of Properties - IFRS 16	(3 405)	(3 108)
Depreciation of Own Properties	(0)	(11)
Revaluations	-	464
NET BALANCE AS AT DECEMBER 31ST	**17 861**	**18 039**

The Company adopted IFRS 16 - Leases on January 1st 2019, replacing IAS 17 - Leases, which was in effect until December 31st 2018. As a result of this new standard, the Company recognized a right-of-use and a lease liability on the lease date.

The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made before or on the inception date, plus any additional direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or restore the underlying asset or the location where it is installed, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line basis from the start date until the end of the useful life of the right-of-use asset or the end of the lease term. Additionally, the right-of-use is periodically adjusted for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTE 10 - OTHER TANGIBLE FIXED ASSETS AND INVENTORIES

In addition to the properties for own use referred to in Note 9, the Company owns other tangible assets measured under the cost model, which are analysed as follows:

(EUR thousand)

	2023	2022
EQUIPMENT	**21 736**	**16 876**
Office Equipment	2 055	1 941
Machinery and Tools	679	661
IT Hardware	5 230	3 552
Indoor Fixtures and fittings	914	914
Leased Buildings expenses	5 988	5 988
Transport Material	449	282
Right-of-Use Assets (IFRS 16) - Vehicle fleet	6 114	3 231
Other Tangible Assets	307	307
ASSETS UNDER DEVELOPMENT	-	-
ACCUMULATED DEPRECIATION	**(16 277)**	**(14 112)**
Equipment	(13 297)	(11 568)
Right-of-Use Assets (IFRS 16) - Vehicle fleet	(2 980)	(2 544)
IMPAIRMENT	**0**	**0**
NET BOOK VALUE	**5 459**	**2 764**

The Company adopted IFRS 16 - Leases on January 1st 2019, replacing IAS 17 - Leases, which was in effect until December 31st 2018. As a result of this new standard, the Company recognized a right-of-use asset for vehicle fleet and a lease liability on the lease date.

The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments made before or on the inception date, plus any additional direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or restore the underlying asset or the location where it is installed, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line basis from the start date until the end of the useful life of the right-of-use asset or the end of the lease term. Additionally, the right-of-use asset is periodically adjusted for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The movements, regarding the net book value, are analysed as follows on the next page.

(EUR thousand)

	EQUIPMENT	RIGHT-OF-USE ASSETS (IFRS 16)	ASSETS UNDER DEVELOPMENT	TOTAL
BALANCE AS AT JANUARY 1ST 2022	**3 710**	**764**	-	**4 474**
Additions	896	437	-	1 333
Transfers	-	-	-	-
Depreciations	(2 530)	(486)	-	(3 016)
Write-offs/Sales	-	(27)	-	(27)
BALANCE AS AT DECEMBER 31ST 2022	**2 076**	**688**	-	**2 764**
Additions	1 977	2 882	-	4 859
Transfers	-	-	-	-
Depreciations	(1 728)	(436)	-	(2 164)
Write-offs/Sales	-	-	-	-
BALANCE AS AT DECEMBER 31ST 2023	**2 325**	**3 134**	-	**5 459**

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

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

The balance of Non-current Assets Held for Sale and Discontinued Operations is broken down as follows:

(EUR thousand)

	INCOME PROPERTIES	OWN USE PROPERTIES	INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	TOTAL
BALANCE AS AT JANUARY 1ST 2022	**4 911**	-	-	**4 911**
Transfer	-	-	-	-
Changes in fair value	-	-	-	-
Write-offs/Sales	-	-	-	-
BALANCE AS AT DECEMBER 31ST 2022	**4 911**	-	-	**4 911**
Transfer	(3 751)	-	-	(3 751)
Changes in fair value	113	-	-	113
Write-off/Sales	-	-	-	-
BALANCE AS AT DECEMBER 31ST 2023	**1 273**	-	-	**1273**

The values of Buildings correspond to real estate assets for which the Company has an effective intention to sell and whose processes either already took place in 2024 or are expected to take place in 2024, after the conclusion of any permitting processes underway, with the effective realization (Note 9).

In 2021, the Company entered into an agreement to transfer the portfolios of the following companies: Tranquilidade Moçambique Companhia de Seguros, S.A. and Tranquilidade Moçambique Companhia de Seguros Vida, S.A.. The process followed the legal procedures and regulatory approvals.

In 2022, all approvals were obtained and the complete transfer of the referred portfolios to a local operator was effective as of October 1st 2022, along with all assets representing the respective technical provisions. In 2023, it was necessary to extend support to the buyer in assisting the transferred portfolio. The companies remained with minimal services and did not have any insurance operational activity.

NOTE 12 – INTANGIBLE ASSETS

All intangible assets are valued at cost. Except for Goodwill, all estimated useful lives are finite, being 5 years for the development costs of software applications (straight-line amortization) and 3 years for software (straight-line amortization).

As of December 31st 2023, and 2022, the recorded Goodwill corresponds solely to the positive difference between the acquisition cost and the fair value attributable to the respective acquired net assets, in the amount of EUR 65,981 thousand, relating to the acquisition on August 5th 2016 of Açoreana Seguros, S.A..

The Goodwill calculated was essential due to the fair value accounting of the mathematical provisions for Workers' Compensation and Financial Life, through the discounting of estimated cash flows of these liabilities at risk-free curve determined by the European Insurance and Occupational Pensions Authority (EIOPA) with a volatility adjustment, in line with the requirements defined by Solvency II.

In 2023, an impairment test was performed on the Goodwill based on its recoverable amount, which did not indicate any impairment. The recoverable amount is determined based on the higher of the value in use of the assets and the market value less costs to sell, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value, and business risks. The estimate of the recoverable amount was based on the Company's business plan and the respective cash flow projections discounted at a rate of around 9% (2022: 9.8%).

The balances of the Goodwill and Other Intangible Assets are analysed on the following page.

(EUR thousand)

	2023	2022
GOODWILL	**65 981**	**65 981**
OTHER INTANGIBLE ASSETS	**78 691**	**69 893**
Software development costs	53 659	52 465
Software	6 529	6 764
Intangible assets under development	2 248	1 396
Value in force	-	-
Right-of-use assets (IFRS 16) – Software	16 255	9 268
ACCUMULATED DEPRECIATION	**(67 682)**	**(62 900)**
Other intangible assets	(57 339)	(55 293)
Right-of-use assets (IFRS 16) – Software	(10 343)	(7 607)
IMPAIRMENT	**0**	**0**
NET AMOUNT	**76 990**	**72 974**

The movements that occurred can be analysed as follows:

(EUR thousand)

	GOODWILL	OTHER INTANGIBLE ASSETS	SOFTWARE DEVELOPMENT COSTS	SOFTWARE	INTANGIBLE ASSETS UNDER DEVELOPMENT	RIGHT-OF-USE ASSETS (IFRS 16)	TOTAL
BALANCE AS AT JANUARY 1ST 2022	**65 981**	**11 333**	**3 260**	**887**	**399**	**3 041**	**77 314**
Additions	-	3 250	618	324	2 063	245	3 250
Depreciations	-	(5 867)	(1 828)	(362)	-	(1 625)	(5 867)
Impairment	-	1 682	-	-	-	-	1 682
Transfers	-	(29)	1 037	-	(1 066)	-	(29)
BALANCE AS AT DECEMBER 31ST 2022	**65 981**	**6 993**	**3 087**	**849**	**1 396**	**1 661**	**72 974**
ADDITIOns	-	10 237	1 235	39	1 976	6 987	10 237
Depreciations	-	(4 782)	(1 897)	(149)	-	(2 736)	(4 782)
Impairment	-	-	-	-	-	-	-
Transfers	-	(1 439)	(40)	(275)	(1 124)	-	(1 439)
BALANCE AS AT DECEMBER 31ST 2023	**65 981**	**11 009**	**2 385**	**464**	**2 248**	**5 912**	**76 990**

The depreciations of intangible assets are distributed across the items in the income statement as follows:

(EUR thousand)

	2023	2022
DEPRECIATIONS OF INTANGIBLE ASSETS	**4 782**	**5 867**
Claims costs, net of reinsurance		
Amounts paid – Gross amounts	622	763
Net operating expenses and costs		
Acquisition costs	1 626	1 995
Administrative expenses	2 295	2 816
Financial expenses		
Other	239	293

NOTE 13 – OTHER ASSETS, LIABILITIES, ADJUSTMENTS AND PROVISIONS

Assets and Adjustments

The balance of the Receivables from Direct Insurance Operations is broken down as follows:

(EUR thousand)

	2023	2022
GROSS ASSETS	**10 338**	**8 286**
Policyholders		
- Outstanding amounts	2 837	114
- Claims reimbursements	1	2
Insurance intermediaries	5 500	6 537
Co-insurers	2 000	1 633
ADJUSTMENTS	**(1 772)**	**(1 868)**
Outstanding amounts	-	0
Doubtful debts	(1 772)	(1 868)
NET ASSETS	**8 566**	**6 418**

The values receivable related to premiums in collection, net of cancellations and impairment under IFRS 17, are deducted in the liabilities for remaining coverage in the amount of EUR 43.8 million (2022: EUR 26.9 million), as presented in Note 4.

The value of reimbursements, net of impairments, and required for services rendered due to claims occurring during the period of suspension of guarantees and not yet received, are deducted in the liability for incurred claims in the amount of EUR 1,389 thousand (2022: EUR 1,567 thousand), as presented in Note 4.

The balance of the Receivables from reinsurance operations is broken down as follows:

(EUR thousand)

	2023	2022
GROSS ASSETS	**27 192**	**14 860**
Reinsurers	22 005	8 880
Reinsured	5 187	5 980
ADJUSTMENTS	**(5 142)**	**(6 080)**
Doubtful debts	(5 142)	(6 080)
NET ASSETS	**22 050**	**8 780**

As of December 31st 2023, the "Reinsured" includes amounts receivable from Tranquilidade – Corporação Angolana de Seguros, S.A., totalling approximately EUR 4.3 million (2022: EUR 4.8 million), on which adjustments for doubtful debts are recorded in the amount of approximately EUR 4.3 million (2022: EUR 4.8 million) associated with amounts pending reimbursement.

As of December 31st 2023, the "Reinsured" also includes amounts receivable from the 2 associates in Mozambique, totalling approximately EUR 0.7 million (2022: EUR 1.0 million), on which adjustments for doubtful debts are recorded in the amount of approximately EUR 0.5 million (2022: EUR 0.8 million) associated with amounts pending reimbursement.

The balance of the Receivables from Other Operations is broken down as follows:

(EUR thousand)

	2023	2022
GROSS ASSETS	**37 294**	**36 469**
Related entities	8 993	8 796
Advances to suppliers of goods and services	413	902
IFAP	8 312	8 198
FAT	1 685	1 163
Management on account of IDS and Represented entities	10 720	10 401
Guarantees	152	147
Payment plans	2 374	3 132
Rents and other receivables	182	241
Staff	33	174
Customers	352	334
Other receivables	4 077	2 982
ADJUSTMENTS	**(16 190)**	**(17 113)**
Doubtful debts	(16 190)	(17 113)
NET ASSETS	**21 105**	**19 356**

As of December 31st 2023, the "Related Entities" includes receivables from Tranquilidade – Corporação Angolana de Seguros, S.A., amounting to approximately EUR 6.1 million (2022: EUR 6.2 million), on which adjustments for doubtful debts are recorded in the amount of approximately EUR 6.1 million (2022: EUR 6.2 million) associated with amounts pending reimbursement.

As of December 31st 2023, the "Related Entities" heading also includes receivables from the 2 associates in Mozambique, totalling approximately EUR 1.9 million (2022: EUR 1.9 million), on which adjustments for doubtful debts are recorded in the amount of approximately EUR 1.4 million (2022: EUR 1.4 million) associated with amounts pending reimbursement.

The movement in adjustments in Receivables and reflected in Impairment Losses – Others in the income statement can be analysed on the following page.

(EUR thousand)

ADJUSTMENTS FOR RECEIVABLES	2023	2022
BALANCE AS AT JANUARY 1ST	**5 606**	**6 204**
Appropriations	-	-
Reversals	(1 290)	(598)
BALANCE AS AT DECEMBER 31ST	**4 316**	**5 606**

ADJUSTMENTS FOR DOUBTFUL DEBTS	2023	2022
BALANCE AS AT JANUARY 1ST	**25 144**	**24 106**
Appropriations	-	1 038
Reversals	(1 940)	-
BALANCE AS AT DECEMBER 31ST	**23 204**	**25 144**

The breakdown of the assets under accruals and deferrals is as follows:

(EUR thousand)

	2023	2022
ACCRUED INCOME	**552**	**554**
- Profit commission from reinsurance	-	55
- Service rendered	552	499
DEFERRED COSTS	**2 521**	**2 075**
- Insurance	56	95
- Rents	267	265
- Other services	2 199	1 715
TOTAL	**3 073**	**2 630**

The balance of Other assets in 2023, of EUR 19,928 thousand (2022: EUR 22,766 thousand), relates to investment contracts marketed by the Company but whose assets are operationally managed by GNB – Seguros Vida, S.A. (now Gama Life - Companhia de Seguros de Vida, S.A.).

Liabilities and Provisions

The balance of the liabilities of Payables for Direct Insurance Operations is broken down as follows:

(EUR thousand)

	2023	2022
Insurance Intermediaries		
- Commissions payable	957	282
- Current accounts	15 225	13 884
Co-insurers	5 135	3 857
Premiums received in advance	43 436	40 101
TOTAL	**64 753**	**58 124**

The balance of the liabilities of Payables for Reinsurance Operations is broken down as follows:

(EUR thousand)

	2023	2022
Reinsurers	15 548	19 757
Reinsured	189	80
TOTAL	**15 736**	**19 837**

The balance of the liabilities of Payables for Other Operations is broken down as follows:

(EUR thousand)

	2023	2022
Related entities	2	7
Other suppliers of goods and services	1 499	678
IFAP	2 092	994
WC Pensions	1 913	1 755
Other payables	10 246	15 175
TOTAL	**15 753**	**18 609**

The breakdown of the assets under accruals and deferrals is as follows:

(EUR thousand)

	2023	2022
DEFERRED INCOME	**37**	**42**
- Rents	37	42
ACCRUED COSTS	**85 276**	**81 327**
- Staff costs (subsidies, charges, and bonuses)	28 162	27 089
- Acquisition costs (incentives and commissions)	28 036	26 749
- Service Outsourcing	28 981	27 359
- Taxes	98	130
TOTAL	**85 313**	**81 369**

The values for Accrued Staff Costs include restructuring cost estimates amounting to EUR 5,858 thousand (2022: EUR 9,943 thousand).

The balance of the liabilities for Other Provisions and the related movements are detailed on the following page.

(EUR thousand)

	2023	2022
Tax and social security contingencies	428	428
Legal contingencies	966	1 150
Other provisions	2 336	2 299
TOTAL	**3 730**	**3 877**

(EUR thousand)

	2023	2022
BALANCE AS AT JANUARY 1 ST	**3 877**	**1 227**
Appropriations	82	2696
Utilizations of the year	(230)	(45)
BALANCE AS AT DECEMBER 31 ST	**3 730**	**3 877**

NOTE 14 – REVENUES AND EXPENSES RELATED TO INSURANCE AND REINSURANCE CONTRACTS

The tables below provide details on revenues and expenses from insurance and reinsurance contracts.

Revenues and expenses related to insurance contracts

(EUR thousand)

	LIFE		NON-LIFE				
2023	RISK AND ANNUITIES	FINANCIAL	ACCIDENTS AND HEALTH	FIRE AND OTHER DAMAGE	MOTOR	OTHER	TOTAL
Measured under PAA	15 487	-	494 789	162 247	456 656	91 632	1 220 811
Not measured under PAA	76 557	7 652	-	-	-	-	84 209
Release of the expected value of incurred claims and expenses attributable to insurance contracts	43 079	6 003	-	-	-	-	49 082
Changes in the risk adjustment for the expired risk	1 886	113	-	-	-	-	1 999
Release of the contractual service margin	12 820	1 399	-	-	-	-	14 219
Allocation of acquisition costs attributable to insurance contracts	18 772	137	-	-	-	-	18 909
INSURANCE CONTRACT REVENUES	**92 044**	**7 652**	**494 789**	**162 247**	**456 656**	**91 632**	**1 305 020**
Incurred claims and other costs attributable to insurance contracts	31 365	6 344	335 456	108 518	330 711	25 872	838 266
Acquisition costs attributable to insurance contracts	17 924	127	90 920	31 072	81 685	16 255	237 983
Changes related to past services	6 178	3 536	27 038	(10 739)	25 059	3 022	54 094
Changes related to future services	21 349	(6 995)	455	555	-	1	15 365
INSURANCE CONTRACT EXPENSES	**76 816**	**3 012**	**453 869**	**129 406**	**437 455**	**45 150**	**1 145 708**
INSURANCE CONTRACT RESULT	**15 228**	**4 640**	**40 920**	**32 841**	**19 201**	**46 482**	**159 312**

(EUR thousand)

2022	LIFE		NON-LIFE				
	RISK AND ANNUITIES	FINANCIAL	ACCIDENTS AND HEALTH	FIRE AND OTHER DAMAGE	MOTOR	OTHER	TOTAL
Measured under PAA	15 794	-	436 763	154 435	419 653	85 799	1 112 444
Not measured under PAA	57 368	5 583	-	-	-	-	62 951
Release of the expected value of incurred claims and expenses attributable to insurance contracts	36 457	4 365	-	-	-	-	40 822
Changes in the risk adjustment for the expired risk	2 102	134	-	-	-	-	2 236
Release of the contractual service margin	14 865	911	-	-	-	-	15 776
Allocation of acquisition costs attributable to insurance contracts	3 944	173	-	-	-	-	4 117
INSURANCE CONTRACT REVENUES	73 162	5 583	436 763	154 435	419 653	85 799	1 175 395
Incurred claims and other costs attributable to insurance contracts	33 186	3 368	303 577	107 695	292 917	34 529	775 272
Acquisition costs attributable to insurance contracts	8 479	733	81 144	29 375	75 536	15 219	210 486
Changes related to past services	4 902	(10 126)	62 179	17 365	48 489	(561)	122 248
Changes related to future services	12 610	3 749	1 091	150	(2 634)	1	14 967
INSURANCE CONTRACT EXPENSES	59 177	(2 276)	447 991	154 585	414 308	49 188	1 122 973
INSURANCE CONTRACT RESULT	13 985	7 859	(11 228)	(150)	5 345	36 611	52 422

IFRS 17 defines that the cash flows within the boundaries of an insurance contract are those that are directly related to fulfilling the contract, including cash flows for which the entity has discretion as to the amount or term, specifically:

- Claims management costs;
- Costs related to granting in-kind benefits;
- Costs for administration and maintenance of policies;
- Costs for conducting investment activities (investment returns or investment-related services)
- Allocation of fixed and variable overheads.

Revenues and expenses related to reinsurance contracts

(EUR thousand)

2023	LIFE		NON-LIFE				
	RISK AND ANNUITIES	FINANCIAL	ACCIDENTS AND HEALTH	FIRE AND OTHER DAMAGE	MOTOR	OTHER	TOTAL
Claims incurred and other costs attributable to insurance contracts - reinsurers' share	3 175	-	15 060	27 624	3 533	6 734	56 126
Changes relating to past services - reinsurers' share	4 550	-	2 393	(13 596)	4 092	(4 834)	(7 395)
Changes relating to future services - reinsurers' share	26	-	-	1 124	-	-	1 150
Effect of variations in the reinsurer's default risk	-	-	-	-	-	-	-
REINSURANCE CONTRACT REVENUES	7 751	-	17 453	15 152	7 625	1 900	49 881
Measured under PAA- reinsurers' share	6 254	-	23 706	45 482	3 628	41 514	120 584
Not measured under PAA - reinsurers' share	1 594	-	-	-	-	-	1 594
Release of the expected value of incurred claims and costs attributable to insurance contracts - reinsurers' share	1 292	-	-	-	-	-	1 292
Variations in the risk adjustment (non-financial risk) for expired risk - reinsurers' share	80	-	-	-	-	-	80
Release of the contractual service margin - reinsurers' share	222	-	-	-	-	-	222
REINSURANCE CONTRACT EXPENSES	7 848	-	23 706	45 482	3 628	41 514	122 178
REINSURANCE CONTRACT RESULT	(97)	-	(6 253)	(30 330)	3 997	(39 614)	(72 297)

2022	LIFE		NON-LIFE					(EUR thousand)
	RISK AND ANNUITIES	FINANCIAL	ACCIDENTS AND HEALTH	FIRE AND OTHER DAMAGE	MOTOR	OTHER	TOTAL	
Claims incurred and other costs attributable to insurance contracts - reinsurers' share	4 736	113	14 340	25 006	709	12 621	57 525	
Changes relating to past services - reinsurers' share	921	4 097	1 863	12 180	2 445	4 564	26 070	
Changes relating to future services - reinsurers' share	1	3 874	-	732	-	-	4 607	
Effect of variations in the reinsurer's default risk	-	-	-	-	-	-	-	
REINSURANCE CONTRACT REVENUES	5 658	8 084	16 203	37 918	3 154	17 185	88 202	
Measured under PAA- reinsurers' share	6 280	-	20 094	53 444	2 592	34 897	117 307	
Not measured under PAA - reinsurers' share	3 245	1 124	-	-	-	-	4 369	
Release of the expected value of incurred claims and costs attributable to insurance contracts - reinsurers' share	2 147	581	-	-	-	-	2 728	
Variations in the risk adjustment (non-financial risk) for expired risk - reinsurers' share	138	14	-	-	-	-	152	
Release of the contractual service margin - reinsurers' share	960	529	-	-	-	-	1 489	
REINSURANCE CONTRACT EXPENSES	9 525	1 124	20 094	53 444	2 592	34 897	121 676	
REINSURANCE CONTRACT RESULT	(3 867)	6 960	(3 891)	(15 526)	562	(17 712)	(33 474)	

Financial Component Result

The result of the financial component includes the variation in the carrying amount of the group of insurance contracts arising from:

- The time value of money and its changes;
- The effect of financial risk and changes in financial risk; and
- The change in the fair value of the underlying assets that should be considered on the basis of total return, for contracts measured using the Variable Fee Approach (VFA).

2023	LIFE		NON-LIFE					(EUR thousand)
	RISK AND ANNUITIES	FINANCIAL	ACCIDENTS AND HEALTH	FIRE AND OTHER DAMAGE	MOTOR	OTHER	TOTAL	
Unwinding	(1 357)	(2 545)	(3 296)	(451)	(2 114)	(126)	(9 889)	
Effects of Changes in Interest Rates and Other Financial Assumptions	(283)	(256)	-	-	-	-	(539)	
Changes in Fair Value of Underlying Assets for Contracts Measured Using VFA	-	(7 106)	-	-	-	-	(7 106)	
Other	-	17	-	-	-	-	17	
RESULT OF THE FINANCIAL COMPONENT OF INSURANCE CONTRACTS	(1 640)	(9 890)	(3 296)	(451)	(2 114)	(126)	(17 517)	
Unwinding	72	0	115	194	64	58	503	
RESULT OF THE FINANCIAL COMPONENT OF REINSURANCE CONTRACTS	72	0	115	194	64	58	503	
FINANCIAL COMPONENT RESULT	(1 568)	(9 890)	(3 181)	(257)	(2 050)	(68)	(17 014)	

2022	LIFE: RISK AND ANNUITIES	LIFE: FINANCIAL	NON-LIFE: ACCIDENTS AND HEALTH	NON-LIFE: FIRE AND OTHER DAMAGE	NON-LIFE: MOTOR	NON-LIFE: OTHER	TOTAL
Unwinding	(680)	(2 102)	1 538	194	785	164	(101)
Effects of Changes in Interest Rates and Other Financial Assumptions	26	(137)	-	-	-	-	(111)
Changes in Fair Value of Underlying Assets for Contracts Measured Using VFA	-	1 852	-	-	-	-	1 852
Other	14	203	-	-	-	-	217
RESULT OF THE FINANCIAL COMPONENT OF INSURANCE CONTRACTS	(640)	(184)	1 538	194	785	164	1 857
Unwinding	(18)	1 452	(46)	(101)	(9)	(54)	1 224
RESULT OF THE FINANCIAL COMPONENT OF REINSURANCE CONTRACTS	(18)	1 452	(46)	(101)	(9)	(54)	1 224
FINANCIAL COMPONENT RESULT	(658)	1 268	1 492	93	776	110	3 081

(EUR thousand)

NOTE 15 – COMMISSIONS RECEIVED FROM INSURANCE CONTRACTS

Insurance contracts issued by the Company, where only a financial risk is transferred without discretionary participation in the results — namely capitalization products with a fixed-return rate and products in which the investment risk is borne by the policyholder — are classified as investment contracts and accounted for as liabilities. Subscription, management, and redemption commissions for these contracts are recognized 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 accounting policies adopted for the recognition of investment revenues and expenses are explained in Note 3.

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

(EUR thousand)

	2023	2022
INTEREST IN FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	43 517	33 769
Bonds and other fixed-income assets		
From public issuers	22 649	18 232
From other issuers	18 151	15 249
Equity and Other floating-rate securities	-	-
Loans	133	85
Bank deposits	2 584	203

(EUR thousand)

	2023	2022
OTHER INCOME	**13 386**	**10 412**
Bonds and other fixed-income assets		
From public issuers	-	-
From other issuers	282	1 737
Equity and Other floating rate securities	12 857	8 525
Unit Linked	14	1
Real Estate	233	149
TOTAL	**56 903**	**44 181**

The balance of the Investment Expenses is broken down as follows:

(EUR thousand)

	2023	2022
Direct operating expenses	34	12
TOTAL	**34**	**12**

NOTE 17 - NET GAINS ON FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS AND NOT MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

Amounts recorded in Net gains on financial assets and liabilities not measured at fair value through profit and loss, segmented by their respective categories, are as follows:

(EUR thousand)

FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	2023			2022		
	GAINS	LOSSES	BALANCE	GAINS	LOSSES	BALANCE
Bonds and other fixed-income assets						
From public issuers	11	(20 639)	(20 627)	4 319	(18 091)	(13 772)
From other issuers	374	(2 292)	(1 918)	400	(35 860)	(35 460)
Equity and Other floating-rate securities	-	-	-	-	-	-
Financial liabilities at amortised cost	2 843	(3 743)	(900)	2 512	(3 093)	(581)
TOTAL	**3 229**	**(26 674)**	**(23 445)**	**7 231**	**(57 044)**	**(49 813)**

The amounts of financial liabilities managed by third parties relate to the returns generated by assets that are operationally managed by GNB – Seguros Vida, S.A. (now Gama Life – Companhia de Seguros de Vida, S.A.) concerning non-Unit Linked investment contracts traded by the Company.

In addition to the amounts of realized gains and losses on investments, the amounts presented in the financial statements include gains and losses from financial liabilities measured at amortised cost amounting to EUR 776 thousand (2022: EUR -6 thousand), as illustrated in Note 5.

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

(EUR thousand)

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	2023			2022		
	GAINS	LOSSES	BALANCE	GAINS	LOSSES	BALANCE
Bonds and other fixed-income assets						
From public issuers	-	-	-	-	-	-
From other issuers	6	(594)	(588)	353	(10 781)	(10 427)
Equity and Other floating-rate securities	2 643	(2 544)	100	17 109	(21 286)	(4 177)
Derivatives	-	(4 228)	(4 228)	9 261	-	9 261
Unit Linked	2 344	(378)	1 966	23	(690)	(667)
Financial liabilities at fair value	5 072	(4 717)	355	4 571	(3 772)	799
TOTAL	10 066	(12 461)	(2 396)	31 318	(36 529)	(5 212)

The amounts of financial assets managed by third parties relate to the returns generated by assets that are operationally managed by GNB – Seguros Vida, S.A. (now Gama Life – Companhia de Seguros de Vida, S.A.) concerning Unit Linked investment contracts traded by the Company.

The amounts related to derivatives refer to an agreement for the sale of forward contracts on Portuguese public debt, established by the Company with the shareholder Assicurazioni Generali, S.p.A., which made it possible to balance the duration between assets and liabilities and to mitigate the spread risk in relation to the issuer in question.

In addition to the amounts of gains and losses from fair value adjustments on investments, the amounts presented in the financial statements include gains and losses from financial liabilities measured at fair value through profit and loss amounting to EUR 354 thousand (2022: EUR 802 thousand), as illustrated in Note 5.

NOTE 18 - IMPAIRMENT LOSSES (NET OF REVERSALS)

(EUR thousand)

2023	IMPAIRMENT LOSSES			REVERSAL			
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	BALANCE
Bonds and other fixed-income assets							
From public issuers	(89)	-	-	593	-	-	504
From other issuers	(1 164)	-	2	1 387	-	83	308
Other investments	-	-	-	-	-	3 230	3 230
TOTAL	(1 253)	-	2	1 980	-	3 313	4 042

(EUR thousand)

2022	IMPAIRMENT LOSSES			REVERSAL			
	STAGE 1	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	BALANCE
Bonds and other fixed-income assets							
From public issuers	(1 290)	-	-	325	-	-	(965)
From other issuers	(2 551)	-	-	473	-	-	(2 078)
Other investments	-	-	(455)	-	-	-	(455)
TOTAL	(3 841)	-	(455)	798	-	-	(3 498)

The line for other investments corresponds to the doubtful debt adjustments detailed in Notes 4 and 13.

NOTE 19 - GAINS AND LOSSES ON EXCHANGE RATE DIFFERENCES

This item includes the results arising from the exchange rate revaluation of monetary assets and liabilities expressed in foreign currency, in accordance with the accounting policy described in Note 3, except those resulting from financial instruments measured at fair value through profit and loss.

The balance is broken down as follows:

(EUR thousand)

	2023			2022		
	GAINS	LOSSES	NET BALANCE	GAINS	LOSSES	NET BALANCE
Investment Securities	227	(393)	(166)	8 562	(8 917)	(356)
Other	1 062	(1 369)	(307)	1 780	(1 288)	493
TOTAL	1 289	(1 763)	(473)	10 342	(10 205)	137

NOTE 20 – OTHER INCOME AND EXPENSES

This heading is broken down as follows, Other technical income/expenses, net of reinsurance:

(EUR thousand)

	2023	2022
OTHER TECHNICAL INCOME	16 744	14 546
Co-insurance management commissions	129	96
Claims management fees	211	166
Other Technical Income	-	-
Claims handling costs	16 404	14 283
OTHER TECHNICAL EXPENSES	20 907	18 074
Co-insurance management commissions	379	462
Pension Fund other expenses	-	-
Claims handling costs	20 528	17 612
TOTAL	(4 163)	(3 528)

This heading is broken down as follows, Other income/expenses.

(EUR thousand)

	2023	2022
OTHER NON-TECHNICAL INCOME	**11 548**	**10 935**
Tax refunds	7 875	7 696
Other gains	623	1 233
Interest and other financial gains	2 897	1 798
Services rendered	153	209
OTHER NON-TECHNICAL EXPENSES	**2 683**	**5 913**
Donations	481	63
Sponsorship	118	29
Customers gifts	16	13
Fines	4	6
Subscriptions	53	41
Doubtful debt	946	141
Other expenses	945	5 491
Banking services and default interest rate	120	129
TOTAL	**8 865**	**5 022**

NOTE 21 – OTHER COSTS BY FUNCTION AND NATURE

Costs by nature to be allocated are not recognised directly in profit and loss, as they are distributed over the 4 main functions of company, and are reflected and distributed under the following line items:

- Claims Function: Claims costs - Gross amounts paid
- Acquisition Function: Operating costs - Acquisition costs
- Administrative Function: Operating costs - Administrative costs
- Investment Function: Financial costs – Other

The allocation process for expenses by nature follows is based on the following criteria, as appropriate:

- Percentage of time dedicated to each function by cost centre;
- Percentage of use of IT resources;
- Percentage of people allocated to each function.

The analysis of these expenses and their distribution using the classification based on their function is described on the following page.

(EUR thousand)

2023	ATTRIBUTABLE EXPENSES	NON-ATTRIBUTABLE EXPENSES	TOTAL
Staff costs	63 629	4 378	68 007
Service outsourcing	47 551	5 901	53 452
Taxes and fees	8 146	21	8 167
Depreciations and amortisations	10 331	21	10 352
Other provisions	1 083	2	1 085
Interests	1 802	1 065	2 867
Commissions	2 074	8	2 082
Intermediaries' remuneration	193 559	165	193 725
TOTAL	328 176	11 561	339 737

(EUR thousand)

2023	ATTRIBUTABLE EXPENSES	NON-ATTRIBUTABLE EXPENSES	TOTAL
Acquisition costs attributable to insurance contracts	238 301	-	238 301
Incurred claims and other costs attributable to insurance contracts	89 876	-	89 876
Expenses related to contracts and operations accounted for as investment contracts	-	1 522	1 522
Expenses not directly attributable to insurance contracts	-	10 020	10 020
Other expenses not associated with insurance contracts	-	19	19
TOTAL	328 176	11 561	339 737

(EUR thousand)

2022	ATTRIBUTABLE EXPENSES	NON-ATTRIBUTABLE EXPENSES	TOTAL
Staff costs	61 353	7 799	69 152
Service outsourcing	52 668	6 432	59 100
Taxes and fees	7 553	1	7 555
Depreciations and amortisations	9 926	22	9 949
Other provisions	-	-	-
Interests	1 806	331	2 136
Commissions	2 060	9	2 070
Intermediaries' remuneration	174 115	125	174 240
TOTAL	309 483	14 719	324 202

(EUR thousand)

2022	ATTRIBUTABLE EXPENSES	NON-ATTRIBUTABLE EXPENSES	TOTAL
Acquisition costs attributable to insurance contracts	222 371	-	222 371
Incurred claims and other costs attributable to insurance contracts	87 111	-	87 111
Expenses related to contracts and operations accounted for as investment contracts	-	1 665	1 665
Expenses not directly attributable to insurance contracts	-	13 035	13 035
Other expenses not associated with insurance contracts	-	19	19
TOTAL	309 483	14 719	324 202

The amount of Staff Costs is analysed in Note 22.

The breakdown of supplies and service outsourcing is as follows:

(EUR thousand)

	2023	2022
Electricity and Water	187	270
Fuels	715	754
Office supplies, printed materials, and others	50	68
Corporate Gifts	324	564
Office equipment and property maintenance	911	1 686
IT Hardware maintenance	5 297	6 003
Rents	90	1 173
Operational lease of vehicles and other rentals	861	870
Travel and representation expenses	884	603
Telephone communication/s and networks	731	719
Postal services	1 316	1 390
Insurance	354	125
Subscriptions and fees	233	489
Advertising and marketing	6 429	11 612
Cleaning, hygiene, and comfort	413	453
Surveillance and security	220	180
Outsourcing, consulting, and specialized work	14 714	13 572
Software services and developments	15 804	14 457
APS subscription	377	494
Premium collection	1 921	1 702
Intermediaries' training	352	563
Temporary work	294	90
Other services and supplies	975	1 263
TOTAL	**53 452**	**59 100**

The fees invoiced and to be invoiced by KPMG for the 2023 fiscal year, excluding expenses and value-added tax, reaches to EUR 544 thousand, of which EUR 386 thousand relate to Statutory Audits, EUR 159 thousand relate to other reliability assurance services, particularly in the scope of Solvency II, specific procedures for combating money laundering, anti-fraud procedures, remuneration policy, and issuance of reports on the internal control system.

The amount of Taxes and Fees is broken down as follows:

(EUR thousand)

	2023	2022
ASF fee	3 047	2 730
FAT fee	2 399	2 367
Municipal property tax	-	-
Fee for the General Secretariat of the Ministry of Internal Affairs	2 535	2 260
Fee for the Portuguese Green Card Office	165	164
Other taxes, fees, and licences	21	34
TOTAL	**8 167**	**7 555**

Depreciations are broken down as follows:

(EUR thousand)

	2023	2022
Software development costs	1 898	1 828
Software	149	362
Other intangible assets	-	-
IT hardware	1 333	897
Own use Properties	-	11
Other equipment and machinery	202	204
Indoor facilities	93	107
Right-of-use assets (IFRS 16)	6 576	5 219
Other equipment	101	1 321
TOTAL	**10 352**	**9 949**

The amount of Other costs is broken down as follows:

(EUR thousand)

	2023	2022
Other provisions	1 085	-
Loan interest	1 809	1 814
Reinsurers deposit interest	1 058	323
Securities' custody and management and other commissions	2 082	2 069
TOTAL	**6 034**	**4 206**

The amount of Intermediaries' remunerations is broken down as follows:

(EUR thousand)

	2023	2022
Commissions	161 567	142 437
Charges	279	330
Other payments or benefits	31 879	31 473
TOTAL	**193 725**	**174 240**

NOTE 22 – STAFF COSTS

The average number of employees working for the Company by professional category is analysed as follows:

(EUR thousand)

	2023	2022
Directors / Top Management	33	36
Managers / Middle Management	138	141
Coordinators / Operational Management	96	94
Technicians	311	313
Specialists / Operators	466	485
Auxiliaries	1	1
TOTAL	1 045	1 070

The breakdown of staff costs is as follows:

(EUR thousand)

	2023	2022
Remunerations - Governing bodies	1 150	837
Remunerations - Staff	49 179	48 929
Charges on remunerations - Governing bodies	171	115
Charges on remunerations – Staff	11 424	11 341
Defined contribution plans	976	1 443
Post-employment benefits - Defined benefit plans	(243)	(82)
Employment termination benefits	-	2 887
Mandatory insurances	550	533
Social action expenses	3 323	2 045
Training	822	825
Other staff costs	655	280
TOTAL	68 007	69 152

In 2022, the amount of employment termination benefits includes amounts already incurred and amounts still estimated related to the reorganization process approved by the Executive Committee, following the change in the control of the company and merger processes that occurred in 2020.

In 2023, Staff costs include a cost with individual retirement plans of EUR 976 thousand (2022: EUR 1,443 thousand), of which EUR 49 thousand (2022: EUR 49 thousand) regarded to the governing bodies.

In 2023, Staff costs also include a cost of EUR 1,146 thousand (2022: EUR 738 thousand), for share payment plans of which EUR 453 thousand (2022: EUR 435 thousand) relate to the governing bodies.

As of December 31st, 2023 and 2022, there were no credits granted by the Company to the members of the governing bodies.

The remuneration policies for members of the Administration, Supervisory and General Meeting Boards, employees performing Key Functions, and employees in Other Relevant Functions are detailed in the Disclosure of Remuneration Policies at the end of this Annual Report and Accounts.

NOTE 23 - EMPLOYEE BENEFIT OBLIGATIONS

Retirement Pensions and Healthcare Benefits

As mentioned in Note 3, the Company is responsible for providing its employees with supplementary benefits to the Social Security old-age and disability pensions, under the terms established in the Collective Labour Regulatory Instruments (IRCT) applicable to them.

In accordance with the originally applicable Collective Agreement, published in Labour Bulletin No. 32 of August 9th 2008, employees covered by this convention and admitted to the sector until June 22nd 1995, could access a supplementary financial benefit in addition to the retirement pension granted by Social Security.

As mentioned in Note 3, the Company declared the end of the validity and application of this convention at December 31st 2016, specifically concerning the aforementioned defined benefit pension supplementary plans.

There are also plans that include a set of healthcare benefits for active employees, former employees, and pre-retirees up to the normal retirement age.

As also mentioned in Note 3, on December 23rd 2011, a new Insurance Collective Labour Contract was approved, published in BTE No. 2 of January 15th 2012, amending a number of previously defined benefits.

This Collective Agreement was subsequently succeeded and replaced by the Collective Agreement published in Labour Bulletin No. 4 of January 29th 2016, which was latter extended by a ministerial ordinance published in BTE No. 25 of July 8th 2016, extending the application of this convention's regimes to all the employees of the Company not affiliated with the trade unions, except for employees affiliated with SINAPSA – *Sindicato Nacional dos profissionais de Seguros e Afins*.

Of changes resulting from the 2012 Collective Labour Contract, which were maintained in the new Collective Labour Agreement, the following should be highlighted:

(i)Regarding post-employment benefits, employees are now covered by an individual defined contribution retirement plan;

(ii)A permanence bonus equivalent to 50% of the employee's salary, which will be due, provided that the respective conditions for attribution are met, whenever the employee completes one or more multiples of 5 years with the Company.

In relation to the change in the pension plan applicable to employees, where the nature changed from a defined benefit to a defined contribution, and considering that the fully funded value of liabilities for past services related to old-age retirement pensions due to active employees covered by the new convention was converted into individual accounts for these employees, integrating the respective individual retirement plan, the Company proceeded to settle the liability in accordance with IAS 19.

Given that actuarial deviations are recognized in reserves, the Company did not incur any additional impact on the results and reserves due to the effective settlement of the plan.

Meanwhile, on January 15th 2019, the Company signed the first joint Collective Bargaining Agreement (AE) with representatives from various trade unions, including the *Sindicato Nacional dos profissionais de Seguros e Afins* (SINAPSA), SISEP - *Sindicato dos Profissionais de Seguros de Portugal*, and STAS - Sindicato dos Trabalhadores da Atividade Seguradora, which was published in the BTE, No. 5 of February 8th 2019, and replaced the previous IRCT applied in the Company. In the case of the entities incorporated in 2020, the agreement was signed on March 8th 2019, and published in the BTE, No. 13 of April 8th 2019.

The conditions and clauses set forth in this new Collective Agreement amended a number of benefits attributed to the Company's employees, namely:

> (i)Regarding post-employment benefits, employees are covered by a defined contribution plan under which the Company will make annual contributions of 3.25% of the employee's annual base salary. Without prejudice, employees on pre-retirement or retired before January 1st 2019 will continue to be covered by the systems provided for in the collective regulation instruments applicable on the date they pre-retired or retired;
>
> (ii)The annual career bonus equivalent to 10% of the effective monthly salary for each complete year of service (from 3 years onwards). This bonus also provides for the granting of leave days as an alternative to the monetary bonus and/or for age and seniority.

The year 2021 was marked by the simultaneous validity of two IRCT in the Company: in the one hand, the Collective Agreement of the merged Seguradoras Unidas, S.A., and the Collective Agreement of the merged Generali Seguros, S.A. It was therefore imperative to negotiate a single company agreement to regulate the same working relationships and benefits for all employees of the company. In October 2021, a new company agreement (AE) was signed by all parties involved for the next 3 years, and published in the BTE, No. 8 of February 28th 2022.

The actuarial evaluation of retirement pension and healthcare benefits in the Company is carried out an annual basis, the latest one having been conducted with the reference date of December 31st 2023.

The main assumptions considered in the actuarial studies used to determine the updated value of liabilities for pensions and healthcare benefits for employees belonging to the Tranquilidade Group Pension Fund are outlined on the following page.

(EUR thousand)

	2023	2022
FINANCIAL ASSUMPTIONS		
Wage growth rate	2.23%	n.a.
Pension growth rate	0.70%	0.70%
Early Retirement pension growth rate	0.70%	0.70%
Discount Rate	3.35%	4.05%
Probability of transition to pre-retirement	0.95%	0.00%
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 the actuarial studies used to determine the updated value of liabilities for pension and healthcare benefits for employees and former directors of Global Seguros, from the Açoreana Seguros Pension Fund, are as follows:

(EUR thousand)

	2023	2022
FINANCIAL ASSUMPTIONS		
Wage growth rates	2.23%	1.71%
Pension growth rate	0.70%	0.70%
Discount Rate	3.35%	4.05%
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

According to the accounting policy described in Note 3, the discount rate used to estimate the liabilities for retirement pensions and health benefits corresponds to market rates at the reporting date, associated with high-rated company bonds for maturities similar to those of the liabilities.

The number of participants covered by the defined benefit plan was as follows:

(EUR thousand)

	2023	2022
Active employees	1 024	22
Retired employees	196	215
	1 220	**237**

The Company's liabilities for past services, according to the actuarial studies conducted, as well as the available funds and provisions available to cover them amounted to:

(EUR thousand)

	2023			2022		
	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL
Liabilities as at December 31st	(17 068)	(2 744)	(19 812)	(12 230)	(2 765)	(14 995)
Fund balance as at December 31st	20 159	-	20 159	21 393	-	21 393
BALANCE OF NET ASSETS/ (LIABILITIES) AS AT DECEMBER 31ST	3 091	(2 744)	347	9 163	(2 765)	6 398

In 2023, the Liabilities for post-employment benefits and other long-term benefits includes defined contribution benefits amounting to EUR 1,044 thousand (2022: EUR 1,144 thousand) and liabilities for the permanence bonus of EUR 192 thousand (2022: EUR 114 thousand).

It is also worth noting that, in the past, part of the retirement pension liabilities were transferred from the Fund to the Company through the acquisition of life insurance policies (annuities) from T-Vida, Companhia de Seguros, S.A. (an entity that merged into Seguradoras Unidas on December 30th 2016).

The number of pensioners covered by these policies is 168 (2022: 180), and the total value of the liability amounts to EUR 3,151 thousand (2022: EUR 3,483 thousand).

According to Regulatory Standard No. 5/2007-R, of April 27th 2007, from ASF, insurance companies must ensure at the end of each financial year:

a)The full funding of the current value of the liability for pensions in payment, including pre-retirement and early retirement benefits up to the normal retirement age and beyond that age; and

b)The funding of a minimum level of 95% of the current value of the liability for past services for active staff, excluding pre-retirees or early retirees.

As of December 31st, 2023 and 2022, the Company's pensions liabilities were fully funded. The pension plans in question are non-contributory and independent of social security, and are financed by the Company's pension funds.

The duration of the Company's liabilities is approximately 8 years (Tranquilidade Group Pension Fund) and 7 years (Açoreana Seguros Pension Fund).

The evolution of liabilities for retirement pensions and healthcare benefits can be analysed as follows on the next page.

(EUR thousand)

	2023			2022		
	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL
LIABILITIES AS AT JANUARY 1 ST	12 230	2 765	14 995	16 608	7 203	23 811
Plan amendments	-	-	-	-	-	-
Current service cost	42	-	42	152	-	152
Interest cost	410	115	525	-	38	38
Actuarial (gains) and losses on liabilities	6 416	(8)	6 408	(2 441)	(4 197)	(6 638)
Pensions paid from the fund	(1 667)	-	(1 667)	(2 089)	-	(2 089)
Benefits paid by the Company	-	(128)	(128)	-	(279)	(279)
Curtailment	(363)	-	(363)	-	-	-
LIABILITIES AS AT DECEMBER 31 ST	17 068	2 744	19 812	12 230	2 765	14 995

The evolution of the pension fund amount may be analysed as follows:

(EUR thousand)

	2023			2022		
	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL
FUND BALANCE AS AT JANUARY 1 ST	21 393	-	21 393	25 167	-	25 167
Benefit settlement	-	-	-	-	-	-
Actual return on the fund						
Interest income	808	-	808	196	-	196
Actuarial gains and losses	447	-	447	(1 792)	-	(1 792)
Pensions paid from the fund	(1 667)	-	(1 667)	(2 089)	-	(2 089)
Asset ceiling	-	-	-	-	-	-
Transfers to other pension funds	(822)	-	(822)	(89)	-	(89)
FUND BALANCE AS AT DECEMBER 31 ST	20 159	-	20 159	21 393	-	21 393

The evolution of actuarial deviations recognized in the reserve can be analysed as follows:

(EUR thousand)

	2023			2022		
	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL
DEVIATIONS RECOGNIZED IN RESERVES AS AT JANUARY 1 ST	(11 638)	(4 044)	(15 682)	(10 989)	153	(10 836)
Actuarial (gains) and losses						
- On liabilities	6 416	(8)	6 408	(2 441)	(4 197)	(6 638)
- On plan assets	(447)	-	(447)	1 792	-	1 792
Asset ceiling	-	-	-	-	-	-
DEVIATIONS RECOGNIZED IN RESERVES AS AT DECEMBER 31 ST	(5 669)	(4 052)	(9 721)	(11 638)	(4 044)	(15 682)

The evolution of assets receivable/liabilities payable can be analysed as follows:

(EUR thousand)

	2023			2022		
	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL
(ASSETS)/ LIABILITIES RECEIVABLE OR PLAYABLE AS AT JANUARY 1 ST	(9 163)	2 765	(6 398)	(8 559)	7 203	(1 356)
Plan amendment	-	-	-	-	-	-
Actuarial gains and losses on liabilities	6 416	(8)	6 408	(2 441)	(4 197)	(6 638)
Actuarial gains and losses on funds	(447)	-	(447)	1 792	-	1 792
Expenses for the year:						
- Current service cost	42	-	42	152	-	152
- Net interest cost on the liability coverage balance	(400)	115	(285)	(196)	38	(158)
Contributions made during the year and pensions paid by the Company	-	(128)	(128)	-	(279)	(279)
Asset ceiling	-	-	-	-	-	-
Transfers to other pension funds	461	-	461	89	-	89
(ASSETS)/ LIABILITIES RECEIVABLE OR PLAYABLE AS AT DECEMBER 31 ST	(3 091)	2 744	(347)	(9 163)	2 765	(6 398)

The costs for the period related to retirement pensions and healthcare benefits can be analysed on the next page.

(EUR thousand)

	2023			2022		
	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL	RETIREMENT PENSIONS	HEALTHCARE BENEFITS	TOTAL
Current service cost	42	-	42	152	-	152
Net interest cost on the liability coverage balance	(400)	115	(285)	(196)	(38)	(234)
Plan amendment	-	-	-	-	-	-
COSTS OF THE PERIOD	(358)	115	(243)	(44)	(38)	(82)

The sensitivity analysis and its impacts on the accumulated post-employment benefit obligation, taking into account its main conditioning factors, is as follows:

(EUR thousand)

	2023		2022	
	+25 p.p.	-25 p.p.	+25 p.p.	-25 p.p.
Variation in the discount rate of the liabilities	(294)	303	(194)	200
Variation in pension evolution	130	(409)	242	(236)
Variation in salary evolution	(79)	(204)	44	(43)

Given the coexistence of five funds, the assets of the total pension fund are reported separately, as shown in the following 3 tables. The disclosed asset values, which do not include any Group assets, represent the total assets of the Tranquilidade Group Pension Fund, and can be analysed as follows:

(EUR thousand)

	2023	2022
Equity and other floating-rate securities	1 586	1 017
Fixed-income securities and bond funds	9 292	11 522
Liquidity	1 517	259
Other assets	-	-
	12 395	12 798

As of December 29th 2016, Açoreana Seguros terminated its collective membership no. 2 with the Fundo de Pensões Banif Previdência Empresas, FP, and established the Açoreana Seguros Pension Fund, a closed fund created on December 29th 2016, with retroactive effects from January 1st 2012.

This Fund comprises an Autonomous Asset, exclusively dedicated to the implementation of the three Pension Plans outlined in its constitutive contract (two Defined Benefit Plans and one Defined Contribution Plan). The fund's asset value, which do not include any assets within the Group, can be analysed on the following page.

(EUR thousand)

	2023	2022
Equity and other floating-rate securities	1 765	1 887
Fixed-income securities and bond funds	9 041	11 100
Properties	1 268	1 131
Liquidity	1 842	260
Other assets	851	788
	14 767	**15 166**

The asset values disclosed below represent the total assets of the Generali Pension Fund and can be analysed as follows:

(EUR thousand)

	2023	2022
Equity and other floating-rate securities	505	484
Fixed-income securities and bond funds	8 374	9 179
Liquidity	1 608	311
	10 486	**9 974**

Of the total value of the assets of the funds (Tranquilidade Group Pension Fund, Açoreana Seguros Pension Fund, and Generali Pension Fund), approximately 46% (2022: 43%) pertains to assets covering defined contribution plans. The total value of the assets of the 5 funds, stratified by the valuation method used and in accordance with the levels described in Note 6, is analysed as follows:

(EUR thousand)

	2023	2022
Level 1	35 559	35 763
Level 2	-	-
Level 3	2 090	2 175
	37 649	**37 938**

The reconciliation of Level 3 assets is as follows:

(EUR thousand)

	2023	2022
JANUARY 1ST	**2 175**	**2 454**
Correction – Real Estate	-	-
JANUARY 1ST ADJUSTED	**2 175**	**2 454**
Purchases	71	413
Disposals	(180)	(747)
Fair value change	24	55
DECEMBER 31ST	**2 090**	**2 175**

Level 3 is primarily represented by closed-end property funds, and a fair value change of approximately 10% in these funds would correspond to an estimated loss or gain of EUR 209 thousand (2022: EUR 218 thousand).

NOTE 24 – INCOME TAX

As referred to in Note 3, the Company is subject to the tax system established by the IRC Code - Corporate Income Tax.

The calculation of the current tax for the 2023 fiscal year was based on the nominal tax rate and various municipal tax brackets, approximately 29.9%, which corresponds to the nominal rate approved at reporting date.

The Company has been subject to annual inspections by the Tax Authority, whose latest report refers to the 2019 fiscal year. It is noteworthy that the report on the first nine months of 2020, has also been received for the merged company Generali - Companhia de Seguros, S.A., that is, until the date of the merger. In overall, there has been no significant adjustment to the declarations submitted and inspected.

However, after having inspected the 2015 and 2016 fiscal years, in 2018, the Tax Authority decided to inspect the 2014 fiscal year, which had already been reviewed when the Company requested the maintenance of tax losses in 2015, with a favourable decision from the Tax Authority in the same year.

This inspection of the 2014 fiscal year resulted in divergences, mainly concerning the acceptance of capital losses on the sale of securities, negatively impacting the 2018 results by EUR 24.9 million (EUR 0.5 million due to an insufficient tax estimate and EUR 24.4 million from the reversal of deferred taxes on tax losses), and these discrepancies were challenged in Court by the Company.

In general, regarding IRC (corporate income tax), VAT, IMT (municipal real estate sales tax), and Stamp Duty issues, the Company has submitted legal challenges totalling approximately EUR 30.3 million, related to taxes and interest paid or the non-acceptance of tax losses, mainly concerning IRC for the 2014 fiscal year, amounting to EUR 24.9 million. If the Court rulings are favourable, the respective amounts will be considered income in the fiscal years in which those rulings are known and irrevocable, limited, in IRC cases, to the temporal limitation of tax loss to be carried forward.

The fiscal years not yet inspected are subject to inspection and possible adjustment by the Tax Authorities for a period of four years or longer if the deduction of tax losses is involved, in which case a period equal to the temporal limit for their deduction applies. Given the nature of potential corrections that could be made, it is not possible to quantify them at this time. However, in the opinion of the Company's Board of Directors, it is not foreseeable that any correction related to the above-mentioned fiscal years will be significant for the accompanying financial statements.

The entities merged into the Company presented negative fiscal results in the fiscal years described on the following page.

FISCAL YEAR	INITIAL CARRYFORWARD	CARRYFORWARD USED	CARRYFORWARD ADEQUACY	CARRYFORWARD TO BE USED	LAST YEAR FOR USE
2014	-	-	-	-	n/a
2015	8 446	(8 446)	-	-	n/a
2016	103 442	(25 559)	-	77 882	n/a
2017	-	-	-	-	n/a
2018	7 357	(7 357)	-	-	n/a
2019	23 449	(12 879)	-	10 570	n/a
2020	-	(2 716)	2 716	-	n/a
2022	8 074	-	-	8 074	n/a
TOTAL	**150 767**	**(56 958)**	**2 716**	**96 526**	

(EUR thousand)

The adequacy of the carryforward between fiscal years is caused by inspections carried out, the differences between tax estimates and the final calculations on the Corporate Income Tax Return (Form 22), and due to year changes with the approval of ongoing requests with the Tax Authority.

For the purpose of calculating deferred taxes and determining the base value of temporary differences, the Company conducted a recoverability test of the total tax losses of the 6 merged entities against the business plan approved by management bodies and the expected taxable profits arising therefrom.

With the approval of the 2023 State Budget, two changes to the tax loss carryforward regime were observed. On the one hand, the deduction to be made in each tax period cannot exceed 65% of the respective taxable income (previously 70%). On the other hand, the use of carryforward tax losses no longer has a time limit.

Due to the merger that has taken place, the tax losses of the merged entities, except for those relating to the acquiring entity, are subject to an annual deduction limitation corresponding to the ratio between the respective equity of each one and the last closed period prior to the merger and the total equity of all entities involved in the merger in the same period.

On January 8th 2020, the entire share capital of the Company was acquired by Assicurazioni Generali S.p.A., which received prior approval from the ASF.

Considering this change in ownership of more than 50% of the share capital, the deduction of tax losses provided for in Article 52(8) of the IRC Code is limited. However, this constraint can be avoided if an application is submitted requesting authorization to keep them and the Tax Authority allows their use if it recognizes the economic interest of the operation, in accordance with Article 52(12) of the IRC Code.

Given the above, and considering that the underlying situation also falls within the scope of uncertainty over income tax treatments, it is necessary to determine whether this tax asset should be recognized by applying the requirements of IAS 12 - Income Taxes, and in accordance with the interpretation defined in IFRIC 23 - Uncertainty over Income Tax Treatments, which was applied for fiscal years beginning on or after January 1st 2019.

This interpretation clarified that a tax asset could be recognized if it related to income taxes, applying the probability criterion defined by the standard regarding a favourable outcome for the entity on the matter in question.

Given that the application was submitted in a punctual and timely way to the Tax Authority, and within the deadlines established by law (formal condition), and the recognized economic interest of the operation (material condition) was evident and publicly known, being thoroughly detailed in the application, it was always the Company's understanding that it could recognize the tax asset arising from the tax losses existing as of December 31st 2019, in the amount of EUR 41,424 thousand, as it deemed it probable that the application would be accepted.

In 2022, the Tax Authority approved the application, thus confirming the Company's understanding. Subsequently, considering that the Company had not utilized the tax losses pending approval in the 2020 and 2021 periods, an administrative complaint was submitted to the appreciation of the Tax Authority to recover the excess taxes paid.

In 2023, said administrative process was finalized by the Tax Authority services.

The current tax assets and liabilities carried forward are explained as follows:

(EUR thousand)

	2023		2022	
	CURRENT TAX ASSETS	CURRENT TAX LIABILITIES	CURRENT TAX ASSETS	CURRENT TAX LIABILITIES
Income Tax	361	14 681	33 043	-
Withholding Tax	-	1 695	1	1 499
Value Added Tax	82	356	82	560
Other Taxes and Fees	-	16 767	2 701	16 309
Social Security Contributions	34	1 082	33	977
Local Government Taxes	-	-	-	-
TOTAL	477	34 582	35 860	19 345

The net deferred tax assets and liabilities recognized on the balance sheet can be analysed as follows:

(EUR thousand)

	ASSETS		LIABILITIES		NET	
HEADINGS	2023	2022	2023	2022	2023	2022
Investments (including transitional reg. IFRS 9)	65 807	91 541	-	-	65 807	91 541
Post-employment benefits	4 817	5 387	-	-	4 817	5 387
Non-accepted provisions (incl. trans. reg. IFRS 17)	-	-	(4 659)	(26 183)	(4 659)	(26 183)
Tax losses	20 270	31 661	-	-	20 270	31 661
Properties	571	680	-	-	571	680
Other temporary differences	143	269	-	-	143	269
TOTAL	91 609	129 537	(4 659)	(26 183)	86 949	103 354

In 2023, and due to the merger of Açoreana Seguros, S.A., a deferred tax asset of EUR 19,545 thousand (2022: EUR 19,304 thousand) is recognized, as a result of impairments (assets available for sale) or potential losses (financial assets classified on initial recognition at fair value through profit and loss) associated with the stake in BANIF, S.A.. The recognition of this asset arises from the fact that it is expected that these losses will contribute to the determination of taxable profit when they are effectively realized, in particular through the liquidation of BANIF, S.A., under Article 81(1) of the IRC Code.

As at December 31st 2023, and depending on i) the tax rates effective afte January 1st 2024, and ii) the expectation of conversion into costs and income accepted for tax purposes, as well as the prospect of tax loss or profit in each of the future fiscal years, the Company changed the rate (base rate and surcharges) used in the calculation of deferred taxes from 28.03% to 28.38% (an increase of approximately EUR 1,131 thousand).

During the 2022 fiscal year, the Company incurred Research and Development (R&D) expenses, which it considers may be eligible for consideration in the Business R&D Tax Incentives System II (SIFIDE II), regulated by Decree-Law No. 162/2014 of October 31st 2014, and its subsequent amendments.

Therefore, considering the investments made in this particular area in 2022, the Company prepared an application to SIFIDE II, which was submitted to the competent authorities within the legally stipulated deadline, i.e., by the end of May 2023. As a result of this submission, the Company is awaiting the analysis by the ANI (National Innovation Agency).

During the 2023 fiscal year, the Company incurred expenses with Research and Development (R&D), which it understands may be eligible for consideration under the Business R&D Tax Incentives System II (SIFIDE II), regulated by Decree-Law No. 162/2014 of October 31st 2014, and its subsequent amendments.

Therefore, considering the investments made in 2023 in this particular area, the Company is currently preparing an application to SIFIDE II, to be submitted to the competent authorities by the legally stipulated deadline, i.e., by the end of May 2024.

Consequently, the Company plans to finalize the application process until the submission date of the Corporate Income Tax Return (Form 22) for the 2023 fiscal year. Therefore, the amount of the tax benefit to be requested will be reflected in this return, in the Simplified Business Information/Annual Return (IES) for 2023, as well as in the Annex to the Balance Sheet and Income Statement for 2024.

Current and deferred taxes for the fiscal years were recognized as follows:

(EUR thousand)

2023	REVALUATION RESERVE	GAINS AND LOSSES	RETAINED EARNINGS	TOTAL
CURRENT TAX	(1 908)	(12 647)	-	(14 554)
Corporate Income Tax Estimate	(1 908)	(12 139)	-	(14 046)
Autonomous tax	-	(508)	-	(508)
DEFERRED TAX	(6 730)	(13 206)	3 531	(16 405)
Investments (including transitional regime IFRS 9)	(30 714)	1 449	3 531	(25 734)
Post-employment benefits	(1 183)	613	-	(570)
Non-accepted provisions (incl. transitional regime IFRS 17)	26 790	(5 266)	-	21 524
Tax losses	(1 625)	(9 766)	-	(11 391)
Properties	2	(111)	-	(109)
Other temporary differencest	-	(125)	-	(125)
TOTAL	(8 638)	(25 852)	3 531	(30 959)

(EUR thousand)

2022	REVALUATION RESERVE	GAINS AND LOSSES	RETAINED EARNINGS	TOTAL
CURRENT TAX	-	(650)	-	(650)
Corporate Income Tax Estimate	-	-	-	-
Autonomous tax	-	(650)	-	(650)
DEFERRED TAX	11 314	5 890	-	17 204
Investments (including transitional regime IFRS 9)	91 106	(914)	-	90 192
Post-employment benefits	-	776	-	776
Non-accepted provisions (incl. transitional regime IFRS 17)	(93 927)	18 320	-	(75 607)
Tax losses	14 005	(12 312)	-	1 693
Properties	130	(5)	-	125
Other temporary differencest	-	25	-	25
TOTAL	11 314	5 240	-	16 554

The reconciliation of the effective tax rate can be analysed as follows:

(EUR thousand)

	2023	2022
Results Before Tax	98 419	(5 239)
Theoretical Tax Rate	29,90%	21,0%
TAX CALCULATED BASED ON OFFICIAL RATE	(29 427)	1 100
Impairments and Provisions Not Accepted for Tax Purposes	(4)	(265)
Unrecognized Tax Losses / Non-considered Tax Loss Carryforwards	570	(2)
Other Income and Expenses Excluded from Taxation / RD Tax Rate Difference / Transitional Regime	983	3 415
Autonomous Tax	(508)	(650)
Properties	13	(5)
Tax Refunds	2 354	1 571
Tax Benefits	166	76
Capital Gain Differences Accepted for Tax Purposes	-	-
TAX RECOGNIZED IN PROFIT OR LOSS	(25 852)	5 241
EFFECTIVE TAX RATE	26,3%	22,1%

NOTE 25 - CAPITAL

The values in this note can be seen in the Statement of Changes in Equity.

On December 31st 2020, the share capital amounted to EUR 182 million, represented by 182 million shares with a nominal value of 1 euro each, and EUR 84 million were paid up by its previous sole shareholder, Calm Eagle Holdings S.à r.l.

On that date, the unpaid share capital of EUR 98 million could be paid up within the 5-year period starting on December 30th 2016, ands could be paid up earlier upon reasoned request from the Board of Directors.

In 2016, the previous shareholder undertook various operations to reinforce and return ancillary instalments, with the net value of these movements reflecting a reimbursement of EUR 32.9 million, and as at December 31st 2021, the value of ancillary instalments amounts at EUR 27.1 million, which do not accrue interest and are subject to the repayment conditions determined by the applicable legislation.

On January 8th 2020, the entire share capital of the Company was acquired by Assicurazioni Generali S.p.A., with this acquisition receiving the prior approval from the ASF. The previously mentioned amounts and conditions for paid-up capital, unpaid capital, and ancillary instalments remained in force until 15 December 2021, at which time the following transactions occurred:

a) Partial realisation of unpaid capital in the amount of EUR 6.5 million;

b) Reduction of the remaining unpaid capital amounting to EUR 91.5 million, due to non-payment;

c) Establishment of an unpaid subordinated loan on-demand, of EUR 91.5 million, with a fixed term (5 years) and a fixed fee, which, according to IAS 32, does not require balance sheet recognition as it is a commitment in the form of a credit line.

As at December 31st 2023, the share capital amounts to EUR 90.5 million, represented by 90.5 million shares with a nominal value of 1 euro each, and is fully paid up.

NOTE 26 - RESERVES

Within equity, there are various types of reserves, whose nature and purpose are as follows:

Statutory Reserve

The statutory reserve can only be used to cover accumulated losses or to increase capital. According to Portuguese legislation, the statutory reserve must be credited annually with at least 10% of the annual net profit until it reaches the amount of the share capital.

Revaluation Reserves

Revaluation reserves represent the potential capital gains and losses related to the investment portfolio measured at fair value through other comprehensive income.

The reserve balance equals the total of unrealized gains and losses at the end of the period, which is the difference between the depreciated cost and the fair value of the asset on the balance sheet date. This amount is indirectly obtained by summing the portion of unrealized gains/losses and the Provision for Expected Credit Losses (ECL). The amount of this reserve (i.e., the sum of both parts) corresponds to the realized gains/losses in the event of a potential sale.

Financial Component Reserves

In accordance with IFRS 17.88-89, the Company has elected to disaggregate insurance-related financial income or expenses for the period into other comprehensive income.

Deferred and Current Tax Reserves

Deferred and current taxes recognized in equity arising from the revaluation of available-for-sale investments are subsequently recognized in profit or loss when the gains and losses that gave rise to them are recognized in profit and loss.

Deferred taxes are calculated using the balance sheet liability method, based on temporary differences between the carrying amounts of assets and liabilities and their tax bases, using tax rates approved or substantively approved on the balance sheet date in each jurisdiction, expected to apply when the temporary differences reverse.

Free Reserves

Free reserves result from the decision to allocate positive results obtained during the fiscal year or carried forward, taken by the general meeting.

Actuarial Deviations Reserve

In accordance with IAS 19 - Employee Benefits, the Company recognizes actuarial deviations against its reserves.

As of December 31st 2023, and 2022, reserves can be analyzed as follows:

(EUR thousand)

	2023	2022
Revaluation Reserves for Financial Assets	(127 571)	(243 558)
Financial Component Reserve of Insurance Contracts	163 616	274 340
Financial Component Reserve of Reinsurance Contracts	(5 032)	(10 918)
Tax Reserve	(18 485)	(9 847)
Other Reserves		
- Statutory Reserve	62 147	57 198
- Actuarial Deviations Reserve	9 721	15 682
- Free Reserve	3 843	3 808
- Other Reserves	90 961	89 715
TOTAL	**179 200**	**176 420**

The description of movements for each reserve within equity is detailed in the Statement of Changes in Equity, which is presented at the beginning of the report and accounts, along with the other financial statements.

The revaluation reserves for financial assets, categorized by asset type, are analysed on the following page.

(EUR thousand)

	2023	2022
Revaluation Reserves for Financial Assets		
For Adjustments in the Fair Value of Equity Instruments Measured at Fair Value Through Other Comprehensive Income	(4 047)	(1 772)
For Adjustments in the Fair Value of Debt Instruments Measured at Fair Value Through Other Comprehensive Income	(127 435)	(251 027)
For Revaluation of Land and Buildings for Own Use	464	464
For Adjustments of Other	-	3 146
Provision for Expected Credit Losses on Debt Instruments Measured at Fair Value Through Other Comprehensive Income	3 447	5 631
REVALUATION RESERVES FOR FINANCIAL ASSETS	**(127 572)**	**(243 558)**

NOTE 27 – EARNINGS PER SHARE

The earnings per share in the 2023 fiscal year were as follows:

(EUR thousand)

	2023
Net Income for the Fiscal Year (in EUR thousand)	72 567
Number of Shares (at the end of the fiscal year)	90 500 000
EARNINGS PER SHARE (IN EURO)	**0.80**

NOTE 28 – DIVIDENDS PER SHARE

As at December 31st 2023, the sole shareholder of the Company was Assicurazioni Generali S.p.A., to which no dividends were paid in the fiscal years 2022 and 2023.

NOTE 29 - RELATED PARTIES' TRANSACTIONS

As defined by IAS 24, related parties of the Company include entities under control or significant influence, pension funds, members of the Board of Directors, and the Executive Management Committee.

In addition to the aforementioned members of the governing bodies, related parties also include people close to them (family relationships) and entities controlled by them or over whose management they exert significant influence.

Since January 8th 2020, when Assicurazioni Generali S.p.A. acquired the entire share capital of the Company, this acquisition having received prior approval from the ASF, the related entities of the Company in 2022 and 2023 include all of its subsidiaries and other entities within the Generali Group, to which the current shareholder belongs.

The members of the governing bodies are as follows: (i) Board of Directors (Jaime Anchústegui Melgarejo, João Vieira de Almeida, Pedro Luís Francisco Carvalho, Riccardo Candoni, and Stefano Flori); (ii) Executive Management Committee (Pedro Luís Francisco Carvalho, Stefano Flori, João Carlos Dores Candeias Barata, Andrea Giovanni Giuseppe Fiorani, Joana Mafalda da Costa de Pina Pereira, and Tiago Miguel Tavares Rodrigues); and (iii) Supervisory Board (Nelson Manuel Marques Fontan, Rita Sofia Felício Arsénio do Sacramento, Dinora Clara Feijão Margalho Botelho, and Henrique Paulo Marques de Oliveira Xavier).

The relationships between related entities cover various business areas, with the most significant operations and services categorized by type of entity as follows:

a) Subsidiaries (reinsurance, claims management, and consulting);
b) Associated undertakings (reinsurance and consulting);
c) Other related entities (reinsurance, health insurance management, life and non-life insurance, consulting, asset management, IT services, and medical services).

The overall amount of assets and liabilities of the Company related to operations carried out with associated and related companies, including technical provisions, is summarized as follows:

(EUR thousand)

	2023				2022			
	ASSETS	LIABILITIES	COSTS	INCOME	ASSETS	LIABILITIES	COSTS	INCOME
Advancecare	-	1 104	13 379	463	-	885	13 716	303
Close To Customers, A.c.e.	-	-	6 283	120	-	-	5 642	120
Esumédica	-	-	128	-	-	-	122	-
Trq Angola	-	-	1 481	943	-	-	1 817	4 024
Trq Moçambique Não Vida	393	-	-	252	467	-	152	846
Trq Moçambique Vida	222	-	-	0	233	-	2	113
Aame Multi-Credit Strategy Fund	86 249	-	-	-	86 528	-	-	-
Aame Trq Loan Origination Fund	-	-	-	-	-	-	94	645
Assicurazioni Generali, S.p.a	80 239	29 363	207 991	172 650	168 340	120 505	102 598	93 457
Generali Operations Service Platform S.r.l.	17	-	-	-	7	-	-	-
Europ Assistance	1 819	4 990	83 184	45 224	-	2 995	31 164	-
Generali España, S.a.	9 345	1 309	21 347	14 907	5 300	1 855	7 340	12 384
Generali European Real Estate Investments S.a.	1 482	-	-	174	502	-	-	1 405
Generali Real Estate Debt Investment Fund Ii	2 257	-	-	72	1 493	-	-	-
Generali Horizon B.v.	-	-	221	-	-	5 000	224	-
Generali Iard S.a.	242	0	23	11	147	-	5	4
Generali Insurance Asset Management S.p.a.	-	970	-	-	-	-	80	-
Grupo Generali España Agrupación De Interés Económico	-	-	-	-	2	-	-	-
Generali Towarzystwo Ubezpieczeń Spółka Akcyjna	6	-	-	-	0	-	-	-
Generali Romania Asigurare Reasigurare S.a.	11	-	-	-	5	-	-	-
Generali Participations Netherlands N.v.	-	-	221	-	-	5 000	224	-
Generali Deutschland Versicherung Ag	163	166	363	197	11	7	264	25
Generali Poisťovňa, A. S.	-	1	-	-	0	-	-	-
Generali Ceska Pojist'ovna A.s	1	25	64	27	10	-	13	1
Generali Europe Income Holding S.a.	16 707	-	-	443	20 000	-	-	498
Generali Real Estate Logistics Fund S.c.s. Sicav-Raif	21 186	-	-	791	20 000	-	-	393
Generali Versicherung Ag (Austria)	2	4	38	11	23	5	1	21
Generali Assurances Générales Sa	360	-	-	-	241	-	-	-
L'equité S.a. Cie D'assurances Et Réass.	183	-	-	-	158	-	-	-
Európai Utazási Biztosító Zrt.	-	1	-	-	7	-	-	-
Genertel S.p.a.	12	-	-	-	12	-	-	-
Generali Business Solutions S.c.p.a.	-	-	-	-	14	-	-	-
Generali Italia S.p.a.	41	3	147	91	-	-	-	-
Generali Ft2 Shared Services S.r.l.	-	105	105	-	-	-	-	-
Generali Zavarovalnica D.d. Ljubljana	0	-	-	-	-	-	-	-
Geb Luxembourg	7 099	2 787	12 304	15 006	-	-	-	-
	228 037	40 828	347 282	251 382	303 501	136 252	163 457	114 239

In 2022 and 2023, no costs were recorded for third-party liability insurance for the functions of the Board of Directors.

In 2023, a cost of EUR 49 thousand (2022: EUR 49 thousand) was recorded for individual retirement plans for members of the Board of Directors.

In 2022 and 2023, no costs were recorded for contract terminations and respective charges relating to members of the Board of Directors.

For information on other employee benefits, refer to Note 22 and the Remuneration Policies.

NOTE 30 – STATEMENT OF CASH FLOWS

The cash flow statement, prepared from an indirect perspective of the origin and application of funds, is presented at the beginning of the report and accounts along with the other financial statements.

NOTE 31 – COMMITMENTS AND CONTINGENCIES

The Company has contracted a set of bank guarantees with financial institutions to cover obligations with public entities in the context of insurance contracts and pledges for enforcement proceedings before courts, which as at December 31st 2023 amounted to a total of EUR 2,122 thousand (2022: EUR 2,988 thousand).

NOTE 32 – NATURE AND EXTENT OF SPECIFIC INSURANCE RISKS

Under the Solvency II regime, the Company has the necessary tools in its structure and procedures to meet Risk Management requirements.

The Risk Management and Internal Control Committee is an integral part of the Company's Governance structure and is primarily responsible for analysing and verifying the compliance of decisions made by the Company with the established strategy and policies established for risk management, internal control system, and Compliance.

This Committee, together with other corporate committees, aims to strengthen the Company's governance and risk management systems, enhancing communication and interaction levels between Management Bodies and control functions, in order to contribute to a constant understanding and management of the main risks inherent to the business.

Supported across various Departments, its main responsibilities include:

- Risk identification/analysis policies (ORSA);
- Internal control – financial and non-financial;
- Compliance and DPO;

- Monitoring of the complaints management function.

As part of its Governance System, the Company has an Internal Regulations System designed to support governance in a solid and effective manner. This system promotes a coherent, homogeneous, and structured approach to internal regulations, introducing clear rules for their drafting, validation, approval, communication, implementation, monitoring, and reporting.

Regarding specific insurance risk, it corresponds to the inherent risk associated with the marketing of insurance contracts, product design and pricing, underwriting process, provisioning of liabilities, and management of claims and reinsurance.

For Life insurance, the risk can be subdivided into biometric risks (Longevity, Mortality, Disability), Expense Risk, Lapse Risk, and Catastrophic Risk. For Non-Life insurance, the risk can be subdivided into Premium Risk, Reserve Risk, Revision Risk, Lapse Risk, and Catastrophic Risk.

For Non-Life insurance classified as Health under Solvency II – Personal Injuries, Health, and Workers' Compensation – the risk is managed as follows:

- Workers' Compensation and Lifetime Assistance pensions are considered health risks evaluated using techniques similar to those of Life insurance, and thus, their risks are subdivided into longevity, expense, and revision risks;
- General claims for Workers' Compensation, Personal Injuries, and Health are treated as Non-Life risks and are subdivided in the same way.

The underwriting, provisioning, and reinsurance processes involve various control mechanisms. The most relevant include:

- Formally defined delegation of competences for the different processes;
- Segregation of functions between areas that analyse risk, develop pricing, provide technical opinions, and issue policies;
- Restricted access to different applications according to user profiles;
- Digitalization of documentation in issuance processes and claims management;
- Procedures for case-by-case conferences, exception reports, and audits;
- Recruitment and training policies suited to the responsibilities and technical complexity of the different functions.

Provision levels are monitored on a monthly basis, with a primary focus on claims provisions, which undergo regular analyses for adequacy, including the implementation evaluation models based on stochastic models.

Any adjustments resulting from changes in provisioning estimates are reflected in current operating results. However, due to the inherently uncertain nature of provisioning for claims, there can be no guarantee that actual losses will not be higher than estimated, and this risk is covered by supplementary solvency capital.

The evolution of the comparison over the last 10 years between the amounts paid for Non-Life branches, net of reimbursements, excluding management costs, gross of reinsurance, and excluding mathematical provisions for Workers' Compensation is as follows.

MOUNTS PAID NET OF REIMBURSEMENTS (ACCUMULATED VALUES)

(EUR thousand)

ELAPSED YEARS	2014	2015	2016	2017	2018	2019	2020	2021	2023	2023
0	288 748	273 554	268 678	277 967	295 992	317 410	291 848	325 900	366 880	414 804
1	411 936	385 561	383 832	450 763	463 960	462 621	422 684	474 520	537 471	
2	439 262	405 567	407 568	476 990	492 150	486 946	445 177	501 016		
3	451 279	418 864	421 915	492 180	505 986	503 408	458 715			
4	457 718	427 267	429 091	502 073	516 684	513 060				
5	464 079	436 042	434 445	511 315	523 432					
6	469 560	443 259	438 459	514 761						
7	474 801	448 057	443 812							
8	476 862	450 213								
9	479 781									

The Company follows a reinsurance policy with the primary goal of protecting against the impact of large claims or catastrophic events, mitigating risk, reducing the need for capital, and safeguarding the interests of its policyholders, insured persons, other insurance beneficiaries, shareholders, and employees.

To achieve this, the Company contracts the most suitable type of reinsurance to mitigate the accepted risks, based on proportional and non-proportional treaties, as outlined in the following tables:

(EUR thousand)

NON-LIFE BRANCHES	TYPE OF REINSURANCE
Assistance	Proportional
Engineering	Proportional & Non-Proportional
Fire and other damage	Proportional
Fire and other damage (Catastrophe Retention Protection)	Non-Proportional
Fire and other damage (Catastrophe Retention Protec. - Top Sub-layer)	Non-Proportional
Fire and other damage (Catastrophe Retention Protection - Sub-layer)	Non-Proportional
Health (serious illnesses)	Proportional
Health (medical costs)	Non-Proportional
Health (2nd opinion)	Proportional
Third-Party Liability - cyber risks General	Proportional
Third-Party Liability Environmental	Non-Proportional
Third-Party Liability	Proportional
Third-Party Liability – healthcare professionals	Proportional
Third-Party Liability - directors (art. 396)	Proportional
Third-Party Liability – credit brokers	Proportional
Marine	Proportional
Marine (retention protection)	Non-Proportional
Motor (third-party liability)	Non-Proportional
Motor (own damages)	Non-Proportional
Personal Injuries	Non-Proportional
Personal Injuries (credit protection)	Proportional
Workers' Compensation	Non-Proportional
Agro	Proportional
GEB – Workers' Compensation, Personal Injuries and Health	Proportional
GC&C – Miscellaneous	ProportionaL

(EUR thousand)

LIFE BRANCHES	TYPE OF REINSURANCE
Life Mortgage Loan	Proportional
Life-Group	Proportional
Life-Individual	Proportional
Life VTCC	Proportional
Life – Healthcare Professionals	Proportional
Vida + Cool	Proportional
Life – Catastrophes	Non-Proportional
Assistance	Proportional
Health	Proportional
Life – Premium Protection	Proportional
Life – Banif Treasury Management	Proportional
Vida + Vencer	Proportional
GEB - Life	Proportional

The sensitivity analysis of insurance risk, taking into account its main determinants, is as follows:

(EUR thousand)

		IMPACT ON THE RESULT BEFORE TAXES	
AREA OF ANALYSIS	SCENARIOS	2023	2022
Expense	Increase of 10% in expenses attributable to (Non-Life) insurance contracts	(30 675)	(28 724)
Expense	Increase of 10% in the present value of future cash flows for Life & Workers' Compensation branches	(5 422)	(8 055)
Longevity	10% decrease in the mortality of Workers' Compensation policyholders	(15 852)	(13 764)
Mortality	10% decrease in the mortality of Life policyholders (only for contracts subject to death risk)	10 048	9 180

NATURE AND EXTENT OF OTHER RISKS

Market Risk

Market risk is typically associated with the risk of loss or the occurrence of adverse changes in the financial situation of the Company, resulting from the level or volatility of market prices of financial instruments. It is also strongly related to the risk of mismatching between assets and liabilities, for which the Company has an ALM policy in place.

These also include risks associated with the use of derivative financial instruments, as well as currency risk, equity risk, property risk, interest rate risk, spread risk, and concentration risk.

The investment policies adopted by the Company, formally documented, are based on prudent levels of risk acceptance and portfolio diversification, considering the evolution of financial markets.

It is also important to note that the Investment Policy of the Company currently in force is proposed by the Investment Committee.

Currency Risk

Currency risk arises from the volatility of exchange rates against the Euro and the sensitivity analysis is described as follows:

(EUR thousand)

AREA OF ANALYSIS	SCENARIOS	IMPACT ON THE RESULT BEFORE TAXES 2023	IMPACT ON THE RESULT BEFORE TAXES 2022
Currency	10% appreciation in the value of all foreign currencies against the euro	(1 034)	(109)

Equity Risk

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

The stockholdings held by the Company—as well as investment funds that are totally or partially made up of these holdings—and the Company's stakes in other companies are exposed to this risk. The sensitivity analysis is described as follows:

(EUR thousand)

AREA OF ANALYSIS	SCENARIOS	IMPACT ON THE RESULT AND REVALUATION RESERVES BEFORE TAXES 2023	IMPACT ON THE RESULT AND REVALUATION RESERVES BEFORE TAXES 2022
Equity	10% decrease in share market prices	(655)	(2 608)

Real Estate Risk

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

(EUR thousand)

AREA OF ANALYSIS	SCENARIOS	IMPACT ON THE RESULT AND REVALUATION RESERVES BEFORE TAXES 2023	IMPACT ON THE RESULT AND REVALUATION RESERVES BEFORE TAXES 2022
Equity	10% decrease in the value of real estate and property funds	(5 239)	(4 227)

Interest Rate Risk

Interest rate risk relates to all assets and liabilities whose value is sensitive to changes in the interest rate term structure or volatility. In terms of risk exposure, this is primarily associated with bonds and bond funds or similar assets.

A rise in interest rates is the scenario that implies a loss of value for the Company:

(EUR thousand)

AREA OF ANALYSIS	SCENARIOS	IMPACT ON REVALUATION RESERVES BEFORE TAXES 2023	2022
Interest Rate	50 b.p. decrease in the interest rate curve - Effect on Assets	(68 471)	69 366
	50 b.p. increase in the interest rate curve - Effect on Assets	68 471	(69 366)

Liabilities are exposed through past service liabilities in the Non-Life branch and future service liabilities in the Life branch under GMM (General Model) and VFA (Variable Fee Approach) measurement models.

(EUR thousand)

AREA OF ANALYSIS	SCENARIOS	IMPACT ON THE FINANCIAL COMPONENT RESERVE 2023	2022
Interest Rate	50 b.p. decrease in the interest rate curve - Effect on Liabilities	67 623	61 030
	50 b.p. increase in the interest rate curve - Effect on Liabilities	(63 731)	(57 143)

Spread Risk

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

(EUR thousand)

	2023				
RATING	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOS	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT AMORTISED COST	TOTAL	%
AAA	-	195 553	-	195 553	10 %
AA	20 216	459 413	-	479 629	24 %
A	-	799 595	-	799 595	39 %
BBB	54	491 264	-	491 317	24 %
Non investment grade	-	17 994	-	17 994	1 %
Not Rated	518	16 362	5 000	21 879	1 %
Unit Linked	31 754	-	-	31 754	2 %
TOTAL	52 541	1 980 181	5 000	2 037 722	100 %

(EUR thousand)

RATING	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOS	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT AMORTISED COST	TOTAL	%
					2022
AAA	-	162 564	-	162 564	9 %
AA	-	387 282	-	387 282	21 %
A	-	400 790	-	400 790	22 %
BBB	55	769 649	-	769 704	43 %
Non investment grade	-	34 751	-	34 751	2 %
Not Rated	21 960	19 542	5 406	46 909	3 %
Unit Linked	157	-	-	157	0 %
TOTAL	22 172	1 774 578	5 406	1 802 156	100 %

These values do not include deposits as they are considered outside the scope of analysis for the risk in question.

Concentration Risk

Concentration risk refers to the additional volatility present in highly concentrated portfolios and to partial or total losses due to issuer default. Its distribution by sectors of activity is analysed as follows:

(EUR thousand)

SECTOR OF ACTIVITY (*)	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOS	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT AMORTISED COST	TOTAL	%
					2023
Basic Resources	-	26 189	-	26 189	1 %
Communications	-	42 157	-	42 157	2 %
Consumables (Cyclical)	-	85 192	-	85 192	4 %
Consumables (Non-Cyclical)	-	97 629	-	97 629	5 %
Energy	-	24 815	-	24 815	1 %
Financial	20 787	414 309	-	435 097	21 %
Public Debt	-	1 146 984	-	1 146 984	56 %
Industrial	-	50 098	-	50 098	2 %
Technology	-	15 197	-	15 197	1 %
Public / Collective Services	-	62 209	-	62 209	3 %
Others	-	15 403	5 000	20 403	1 %
Unit Linked	31 754	-	-	31 754	2 %
	52 541	1 980 181	5 000	2 037 722	100 %

(*) Source: Bloomberg

(EUR thousand)

SECTOR OF ACTIVITY (*)	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOS	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT AMORTISED COST	TOTAL	%
					2022
Basic Resources	-	20 080	-	20 080	1 %
Communications	-	36 176	-	36 176	2 %
Consumables (Cyclical)	-	69 884	-	69 884	4 %
Consumables (Non-Cyclical)	-	81 471	-	81 471	5 %
Energy	-	19 117	-	19 117	1 %
Financial	22 015	342 082	-	364 097	20 %
Public Debt	-	1 092 677	-	1 092 677	61 %
Industrial	-	35 911	-	35 911	2 %
Technology	-	8 864	-	8 864	0 %
Public / Collective Services	-	52 653	-	52 653	3 %
Others	-	15 663	5406	21 070	1 %
Unit Linked	157	-	-	157	0 %
	22 172	1 774 578	5 406	1 802 156	100 %

(*) Source: Bloomberg

The values encompass the headings Investments in affiliated and associated undertakings and joint ventures, Financial assets measured at fair value through profit and loss, Financial assets measured at fair value through other comprehensive income, and Financial assets measured at depreciated cost. From the heading Financial assets measured at fair value through other comprehensive income, property investment funds and any direct or indirect exposure to property risk are excluded, for consistency with the non-inclusion in this analysis of investments in Land and buildings.

These values do not include deposits, as they are considered outside the scope of this risk analysis.

Liquidity Risk

Liquidity risk arises from the possibility that the Company does not hold sufficiently liquid assets to meet the cash flow requirements necessary to fulfil its obligations to policyholders and other creditors as they become due. It is important to note that to mitigate this risk, the Company prepares a monthly cash flow plan, adjusted weekly according to its capital needs/ surpluses.

The analysis of maturity and the estimated cash flows of the assets subject to this type of risk is as follows:

(EUR thousand)

					2023
MATURITY	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOS	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT AMORTISED COST	TOTAL	%
< 1 year	518	203 221	-	203 738	10 %
1 - 5 years	-	563 047	5 000	568 047	28 %
5 - 10 years	-	576 681	-	576 681	28 %
> 10 years	20 216	621 875	-	642 091	32 %
Without Maturity	54	15 357	-	15 410	1 %
Unit Linked	31 754	-	-	31 754	2 %
	52 541	1 980 181	5 000	2 037 722	100 %

(EUR thousand)

					2022
MATURITY	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOS	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT AMORTISED COST	TOTAL	%
< 1 year	-	84 307	-	84 307	5 %
1 - 5 years	510	580 541	5 406	586 457	33 %
5 - 10 years	-	623 697	-	623 697	35 %
> 10 years	21 450	475 052	-	496 502	28 %
Without Maturity	55	10 981	-	11 036	1 %
Unit Linked	157	-	-	157	0 %
	22 172	1 774 578	5 406	1 802 156	100 %

Credit Risk

Credit risk corresponds to potential losses due to default or deterioration in the credit ratings of counterparties that mitigate existing risk, such as reinsurance or derivative contracts, receivables from brokers, as well as other credit exposures not considered under spread risk.

As a control procedure, the development and aging of outstanding premiums are systematically monitored. In the selection of depositary banks and reinsurers, credit ratings are considered, and their evolution is periodically monitored throughout the year.

The distribution of deposit balances is analysed as follows:

(EUR thousand)

RATING	2023 %	2023 AMOUNT	2022 %	2022 AMOUNT
AAA	0%	-	0%	-
AA	0%	-	0%	-
A	96%	89 494	96%	83 267
BBB	1%	1 233	1%	1 105
Non investment grade	2%	1 773	2%	2 168
Not Rated	0%	277	0%	346
TOTAL	100%	92 778	100%	86 886

The distribution of outstanding receivables from reinsurers, without impairment deductions, is analysed as follows:

(EUR thousand)

RATING	2023 %	2023 AMOUNT	2022 %	2022 AMOUNT
AAA	0%	-	0%	-
AA	1%	138	0%	17
A	97%	21 410	94%	8 335
BBB	0%	-	0%	-
BB	0%	19	0%	17
CCC	0%	-	0%	-
Unrated	2%	438	6%	512
TOTAL	100%	22 005	100%	8 880

Operating Risk

Operating risk refers to the risk of material losses resulting from inadequacies or failures in processes, people, or systems, or from external events within the scope of the Company's daily activity and can be subdivided into the following categories:

- Intentional professional misconduct (internal fraud);
- Illicit activities conducted by third parties (external fraud);
- Practices related to human resources and occupational safety;
- Customers, products, and commercial practices;
- External events causing damage to physical assets;
- Business interruption and system failures;
- Risks related to business processes;
- Legal risk.

Strategic Risk

Strategic risk is the risk resulting from strategic decisions. It is defined as the risk of making inappropriate business decisions, implementing decisions ineffectively, or failing to adapt to changes in the operational environment. Typically, strategic risk arises alongside other risks but can also emerge as an individual risk.

Reputational Risk

Reputational risk is the risk that results from possible damage to a company's reputation due to negative public perception (e.g., among customers, business partners, shareholders, or authorities). Similar to strategic risk, reputational risk often arises alongside other risks but can also emerge as a standalone risk.

Intra-Group Risk

This risk involves the dependency of the entity on significant intra-group transactions that could substantially impact the solvency or liquidity position of the Group or one of the entities involved in these transactions. These transactions may relate to:

- Investments;
- Intercompany balances, including loans, receivables, and agreements for centralizing asset or cash management;
- Guarantees and commitments, such as letters of credit;
- Derivative transactions;
- Dividends, coupons, and other interest payments;
- Reinsurance operations;
- Provision of services or cost-sharing agreements;
- Purchase, sale, or lease of assets.

Systemic Risk

Refers to the risk of destabilization of the financial system or market, with consequences affecting asset values, interest rates, exchange rates, and impacting the economy as a whole.

Emerging Risks

Risks that currently exist or may arise, marked by difficult quantification and have the potential for high losses. They are characterized by a high degree of uncertainty, where even basic information needed for a proper assessment of the frequency and severity of a given risk is limited.

Mitigation Measures

Key mitigation measures in place at the Company to address the above-identified risks include:

- The existence and strong dynamization of the Code of Conduct;
- Constant updating of internal regulations and procedural manuals;
- Implementation of fraud prevention and detection policies and procedures;
- Implementation of measures related to facility security;

- Implementation and renewal of measures related to database and information systems access security;
- Definition and implementation of human resource management policies;
- Existence of transversal training programmes, such as Code of Conduct, Compliance, Data Protection, and other specific ones, such as training for employees who interact directly with customers;
- Implementation and documentation of a business continuity plan, as well as procedures to enable the recovery of critical activities;
- Review of business processes, identifying associated risks and controls.

Solvency

In 2015, the Solvency II Directive (Directive 2009/138/EC of the European Parliament and Council of November 25th 2009) regarding the access to and exercise of insurance and reinsurance activities, and its amendments, was transposed into Portuguese legislation through Law No. 147/2015 of September 9th 2015, which set the date of entry into force of the new Solvency II regime to January 1st 2016.

The Company monitors its solvency in accordance with the regime in force. Pursuant to the legislation, the final solvency margin data and more detailed information on Risk Management will be publicly disclosed during April 2024 through the Solvency and Financial Condition Report.

Premiums and Provisions Adequacy

Regarding the adequacy of premiums, the technical bases and actuarial principles and rules used to construct the tariffs for these insurances are analysed annually, verifying in particular, as far as is reasonably foreseeable, the adequacy of the premiums charged to a prudent actuarial basis in order to guarantee the commitments assumed by the Company arising from claims associated with the insurances in question.

In general terms, the Company's provisioning policy is prudential in nature, using actuarially recognized methods and complying with regulatory and legal standards.

NOTE 33 – EVENTS AFTER THE BALANCE SHEET DATE NOT DESCRIBED IN PREVIOUS SECTIONS

As at January 31st 2024, the sole shareholder Assicurazioni Generali, S.p.A. acquired the company Liberty Seguros, Compañía de Seguros y Reaseguros, S.A., based in Spain with branches in Portugal and Ireland. The integration of Liberty's Portuguese branch into Generali Seguros, S.A., is planned to take place during 2025.

NOTE 34 – OTHER INFORMATION

Recently Issued Accounting Standards and Interpretations

The recently issued accounting standards and interpretations that came into effect and were applied by the Company in the preparation of its financial statements are as follows:

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

Following feedback on the need for more guidance to help companies decide what information to disclose regarding accounting policies, the IASB issued amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Making Materiality Judgements on February 12th 2021.

The key amendments to IAS 1 include: i) requiring entities to disclose material information about accounting policies rather than significant accounting policies, ii) clarifying that accounting policies related to immaterial transactions are themselves immaterial and thus do not need to be disclosed, and iii) clarifying that not all accounting policies related to material transactions are, themselves, material to an entity's financial statements.

The IASB also amended IFRS Practice Statement 2 to include additional guidance and two examples on applying materiality to the disclosure of accounting policies. These changes are consistent with the revised definition of materiality:
"Information about accounting policies is material if, when considered together with other information in an entity's financial statements, it is reasonably expected to influence the decisions that primary users of financial statements generally make based on those financial statements."

The Company did not record any impacts resulting from the adoption of this amendment.

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 entities should distinguish between changes in accounting policies and changes in accounting estimates, with a primary focus on the definition and clarifications regarding accounting estimates.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates, specifying that an entity develops an accounting estimate to achieve the objective set by an accounting policy. The effects of changes in such data or measurement techniques are changes in accounting estimates.

The amendments are effective for periods beginning on or after January 1st 2023, and are to be applied prospectively to changes in accounting estimates and changes in accounting policies that occur on or after the start of the first annual reporting period to which the entity applies the changes.

The Company did not record any impacts resulting from the adoption of this amendment.

Amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The IASB issued amendments to IAS 12 - Income Taxes on May 7th 2021.

The amendments require companies to recognize deferred taxes on transactions that, at the time of initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Under certain circumstances, companies are exempt from recognizing deferred taxes when they recognize assets or liabilities for the first time. Previously, there was some uncertainty about whether the exemption applied to transactions such as leases and provisions for dismantling, i.e., transactions under which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply to such transactions and that companies are required to recognize deferred taxes. The objective of the amendments is to reduce diversity in the disclosure of deferred taxes on leases and provisions for dismantling.

The Company did not record any impacts resulting from the adoption of this amendment.

IFRS 17 – Insurance Contracts

On May 18th 2017, the IASB issued a standard that replaced IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to how the performance of insurance contracts is measured and presented, with various impacts also on the financial position.

The impacts of adopting this amendment have been referenced throughout the report.

Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The IASB issued an amendment to the scope of IFRS 17 - Insurance Contracts transition requirements, providing insurers with an option aimed at improving the usefulness of information for investors upon the initial application of the new Standard.

The amendment does not affect any other IFRS 17 requirements.

IFRS 17 and IFRS 9 - Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented in the financial statements when applying IFRS 17 and IFRS 9 for the first time.

The amendment helps insurers avoid these temporary accounting mismatches and, therefore, enhances the usefulness of comparative information for investors.

The impacts of adopting this amendment have been referenced throughout the report.

Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

On May 23rd 2023, the IASB issued International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 to clarify the application of IAS 12 - Income Taxes to income taxes arising from tax laws approved or substantively approved to implement the OECD's Pillar Two model rules.

The amendments introduce:
- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements understand an entity's exposure to Pillar Two income taxes arising from the legislation, especially before its effective date.

The mandatory temporary exception - which must be disclosed if used - applies immediately. The other disclosure requirements apply to annual reporting periods beginning on or after January 1st 2023.

The Company did not record any impacts resulting from the adoption of this amendment.

<u>The Company has decided not to early adopt the following standards and/or interpretations, adopted by the European Union:</u>

Clarification of the Classification Requirements 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 how to classify debt and other liabilities as current or non-current.

The amendments clarify a criWterion in IAS 1 to classify a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments aim to:

a) Specify that an entity's right to defer settlement must exist at the end of the reporting period and be substantive;

b) Clarify that ratios that the company must comply with after the balance sheet date (i.e., future ratios) do not affect the classification of a liability at the balance sheet date. However, when non-current liabilities are subject to future ratios, companies must

disclose information that enables users to understand the risk that these liabilities might be repaid within 12 months after the balance sheet date; and
c) Clarify the requirements for classifying liabilities that an entity will settle, or may settle, by issuing its own equity instruments (e.g., convertible debt).

This amendment is effective for periods beginning on or after January 1st 2024.

The Company does not expect any impacts resulting from the adoption of this amendment.

Lease Liability in a Sale and Leaseback Transaction (Amendments to IFRS 16 - Leases)

In September 2022, the IASB issued amendments to IFRS 16 - Leases, introducing a new accounting model for variable lease payments in a sale and leaseback transaction.

The amendments confirm that:
•At initial recognition, the seller-lessee includes variable lease payments when measuring a lease liability arising from a sale and leaseback transaction;
•After initial recognition, the seller-lessee applies the general requirements to subsequently account for the lease liability so that no gain or loss is recognized in relation to the retained right of use.

A seller-lessee may adopt different approaches that meet the new subsequent measurement requirements.

The amendments are effective for annual periods beginning on or after January 1st 2024, with early application permitted.

According to IAS 8 - Accounting Policies, Changes in Accounting Estimates, and Errors, a seller-lessee must apply the amendments retrospectively to sale and leaseback transactions entered into after the initial application date of IFRS 16. This means identifying and reassessing sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019 and potentially restating those that included variable lease payments.

The Company does not expect any impacts resulting from the adoption of this amendment.

Standards, amendments, and interpretations issued but not yet effective for the Company:

Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures - Supplier Financing Arrangements

On May 25th 2023, the IASB published Supplier Financing Arrangements with amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Disclosures.

The amendments refer to the disclosure requirements related to supplier financing arrangements—also known as supply chain financing, accounts payable financing, or recourse factoring agreements.

The new requirements supplement those already included in IFRS standards and include disclosures regarding:

- Terms and conditions of supplier financing arrangements;
- The amounts of liabilities subject to such arrangements, including the portions for which suppliers have already received payments from financiers and the balance sheet classification of these liabilities;
- The ranges of maturity dates; and
- Information on liquidity risk.

The amendments are effective for annual periods beginning on or after 1 January 2024.
The Company does not expect any impacts resulting from the adoption of this amendment.

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On August 15th 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates) (the amendments).

The amendments clarify how an entity should assess whether a currency is exchangeable and how to determine a spot exchange rate when exchangeability is lacking.

A currency is exchangeable into another currency when a company can exchange that currency for another currency on the measurement date for a specific purpose. When a currency is not exchangeable, the company must estimate a spot exchange rate.

According to the amendments, companies will need to provide new disclosures to help users evaluate the impact of using an estimated exchange rate in the financial statements. These disclosures may include:

- The nature and financial impacts of the currency not being exchangeable;
- The spot exchange rate used;
- The estimation process; and
- The risks to the company due to the fact that the currency is not exchangeable.

The amendments apply to annual reporting periods beginning on or after January 1st 2025. Early application is permitted.

The Company does not expect any impacts resulting from the adoption of this amendment.

9. DISCLOSURE OF REMUNERATION POLICIES

This disclosure encompasses:

- Information regarding the Remuneration Policy of the **Governing Bodies, Supervisory Bodies, and the Board of the General Meeting** ("Members of the Board of Directors, members of the Supervisory Board, Statutory Auditor, and members of the Board of the General Meeting"), **Employees engaged in Key Functions** (in the areas of risk management, internal control, Compliance, and actuarial functions), **Employees with Other Relevant Functions** (members of the Executive Management Committee, Top Management, and first-level management positions), and **Other Employees** (Employees under employment contracts not included in the previous categories);
- Table of remunerations paid during the year 2023 to the members of the Governing Bodies and other employees who effectively manage the company;
- Declaration of compliance, as stipulated in Article 275 of the Delegated Regulation (EU) 2015/35 of the Commission of October 10th 2014, as established in Article 92 of Regulatory Standard No. 4/2022-R of April 26th 2022.

The Remuneration Policy is **reviewed** at least annually, upon proposal by the Remuneration committee, as provided in Article 89(6)(c) of NR 4/2022-R of April 26th 2022, and is approved at the General Meeting, as stipulated in Article 13 of the Company's Articles of Association and Article 79(2) of NR 4/2022-R, after prior approval by the Board of Directors, as provided for in Article 79(1) of NR 4/2022-R, upon proposal by the Remuneration committee.

The Remuneration Policy is transparent and is internally disclosed, particularly through its publication on the Company's internal portal (intranet). Information regarding the Remuneration Policy and the respective Declaration of Compliance according to Article 275 of Delegated Regulation (EU) 2015/35, is also included in the annual financial statements (this document), available on the Company's institutional website (generalitranquilidade.pt), as established in Articles 91 and 92 of NR 4/2022-R, for a minimum period of 5 years.

In addition, the Remuneration Policy is subject to an independent internal evaluation at least annually, conducted by the Remuneration committee, with the objective of verifying compliance with the policy and remuneration practices. Within its tasks, the Remuneration committee ensures the adequate involvement of those responsible for key functions, namely the risk management and compliance functions, as established in Article 89(6)(7) of NR 4/2022-R.

9.1. REMUNERATION POLICY OF GENERALI SEGUROS, S.A.

The Remuneration Policy of the members of the **Governing Bodies, Supervisory Bodies, and the Board of the General Meeting, Employees with Key Functions, Employees holding Relevant Functions, and Other Employees** not included in the previous categories, with a minimum annual review period, was approved for the year 2023.

The Remuneration committee reviewed and preliminarily approved the Remuneration Policy, which was approved by the Board of Directors on 08/11/2023 (Minutes No. 1102) and at the General Meeting held on 27/12/2023 (Minutes No. 90).

TARGET POPULATION

The Remuneration Policy of Generali Seguros applies to the following target population:

A. **Administration and Supervisory Bodies and the Board of the General Meeting** ("Members of the Board of Directors, Members of the Supervisory Board, Statutory Auditor and members of the Board of the General Meeting");

B. **Employees engaged in Key Functions**, i.e., those carrying out activities within the risk management systems, internal control, Compliance, and actuarial functions ("Employees with Key Functions");

C. **Employees effectively managing the company** (members of the Executive Management Committee), Top Management, and first-level management positions, regardless of the area of activity, insofar as they are responsible for a professional activity with a material impact on the Company's risk profile, i.e., all those managing significant risk within the scope of risks included in the risk management system, with a high level of responsibility and influence on the business, and/or participating in high-level decisions regarding the company's management and business strategy ("Employees holding Relevant Functions"); and

D. **Employees bound by an employment contract, with functions not included in the previous categories** ("Other Employees").

The rules defined by the Generali Group Remuneration Internal Policy (GRIP) govern the target population.

PRINCIPLES

The Remuneration Policy adheres to the following principles:

Transversal principles applicable to the Target Population:

a) The Remuneration Policy and its respective practices are established, implemented, and maintained in accordance with the Company's activity, fully observing the provisions of the GRIP;

b) Being consistent with an effective risk management and control strategy;

c) Avoiding excessive risk exposure;

d) Avoiding potential conflicts of interest; and

e) Being consistent with the long-term objectives, values, and interests of the Company;

f) The Remuneration Policy promotes sound and effective risk management and should not encourage risk-taking that exceeds the Company's risk tolerance limits;

g) The Remuneration Policy adheres to the principle of proportionality, being designed to take into account the Company's internal organization, as well as the size, nature, and complexity of the risks inherent to its activity;

h) The Remuneration Policy complies with the limits set forth in the Company's Articles of Association;

i) No person included in the target population may receive remuneration and/or attendance fees for other positions assigned in entities affiliated or associated to the Generali Group, unless there is a specific exception, duly justified, formalized, and authorized by the relevant Governing Bodies;

j) Any salary revision or agreement with professionals who have a fixed remuneration above EUR 250,000 must be communicated to the Group Chief HR & Organization Officer;

k) Variable components, if and when applicable, are governed by the following essential criteria:

(i) A substantial part of the variable remuneration must be deferred when the value of the variable remuneration exceeds 0.03% of GWP;

(ii) The variable component serves as stimulation and an incentive and not as consideration, thus not having a remunerative nature; its attribution is dependent on a set of attribution conditions and, above all, is subject to the Company's discretion;

(iii) The variable component does not create rights, nor can legitimate expectations be created regarding its attribution, amount, and/or effective payment;

(iv) Only the following are eligible for the attribution and payment of the variable component:

• Members of the Target Population who have an active contract with the Company prior to 30 September of the reference year, situations where contracts were signed in the last four months of the reference year being disregarded;

• Members of the Target Population who have a fully active contract with the Company at the payment date (those who do not have an active contract or are in a notice period for termination at the time of evaluation, attribution decision, and/or payment of the variable component will not be eligible).

Specific principles applicable to the members of the administration bodies, in accordance with the Remuneration Policy of the Generali Group:

a) Fixed and variable remuneration should be balanced so that the fixed remuneration represents a sufficiently high proportion of the total remuneration to ensure complete flexibility in the variable component;

b) The total amount of variable remuneration is based on a combination of the evaluation of overall individual performance, company performance, and group performance;

c) A substantial part of the variable remuneration must be deferred: the deferral period must be no less than three years and must be compatible with the nature of the business, its risks, and the activities of the employees concerned;

d) A substantial part of the variable remuneration must be deferred when the amount of the variable remuneration exceeds 0.03% of GWP;

e)Performance evaluation must consider both financial and non-financial criteria;

f) Performance measurement must include downward adjustments (malus and clawback) for exposure to current and future risks, taking the risk profile and cost of capital into consideration;

g) Personal hedging strategies or remuneration and liability insurance (which would undermine the risk alignment effects underlying the calculation of remuneration) are prohibited;

h) A maximum limit is set for all variable components payable;

i) Remuneration decisions must take into account market data/studies;

j) Any compensation agreed upon with members of the Administration Body for cases of dismissal without just cause is not due if the cessation of functions results from inadequate performance by the outgoing member and must not be paid.

Specific principles applicable to Employees with Key Function and Employees holding Relevant Functions:

a)Their remuneration is defined based on the level of responsibilities and functions as signed, ensuring the independence and autonomy required for these roles;

b) Their variable remuneration is independent of the performance of the operational units and areas under their control.

REMUNERATION

Considerations

The Remuneration Policy prioritizes competence and dedication as determining characteristics of good performance. It also aims to align individual contributions with the strategic objectives of Generali Seguros, SA, reinforcing the focus of the remuneration policy on performance-based pay.

The remunerations considered below must adhere to the principles outlined above, namely that no person included in the Target Population may receive remuneration and/or attendance commissions for other positions assigned to them in entities affiliated or associated to the Generali Group, unless a specific exception is justified, formalized, and authorized by the relevant Governing Bodies.

A. Administration and Supervisory Bodies and Board of the General Meeting

• Board of Directors

• Chairman and Vice-Chairman of the Board of Directors

The Chairman and Vice-Chairman of the Board of Directors may receive an annual fixed remuneration (paid over 12 months).

• Executive Directors

The remuneration of executive members of the Board of Directors includes a fixed component of remuneration plus fringe benefits and, possibly, a short-term and/or long-term variable component.

The target remuneration package is defined with the purpose of maintain a competitive level between the median and the upper quartile of the reference market, based on individual positioning linked to performance evaluation and potential strategic impact, according to a segmented approach.

The performance evaluation of the executive members of the Board of Directors is conducted by the Shareholders, in accordance with the Generali Group Remuneration Internal Policy (GRIP), following the model and hierarchical structure defined internally within the Generali Group, and without prejudice to the stated principles. If necessary, the opinion of the supervisory body may be requested.

a) Fixed Component of the Remuneration

The executive members of the Board of Directors receive a monthly fixed remuneration, paid 14 (fourteen) times each full calendar year, whose definition shall be based on the competitive positioning compared to the universe of Portuguese reference companies.

Other monetary components may be added to this component, in line with the practice of the insurance sector.

Whenever the annual total remuneration of the executive members of the Board of Directors includes a fixed component and a variable component, the fixed component of the remuneration must observe the limits annually determined by the General Meeting, and it must represent a sufficiently high share of the total remuneration in order to enable the application of a fully flexible policy on the variable component.

b) Variable Component of the Remuneration

The variable component of the remuneration consists of short-term annual incentive plans – annual bonus (STIs) and long-term incentive plans (LTIs) based on individual and Group performance indicators adjusted to risk, that also integrate sustainability requirements given the risks assumed, based on the goals defined in the Strategic Plan ("Generali 2023-2025") and the Generali Group Strategy on Climate Change.

Generali Seguros, S.A., has implemented the model in line with the GRIP provisions:

I. Allocation Criteria for Short-Term Variable Remuneration - Annual Bonus (STI)

Eligibility for short-term variable remuneration for executive members of the Board of Directors, which is dependent on an evaluation process, follows the terms defined in the GRIP, based on measurable and pre-determined criteria, including financial and non-financial criteria.

Accordingly, the essential principles, cycles, standards, and criteria of the GRIP (particularly its Annex I – Annual Performance Cycle & Group Short Term Incentive System Rules and Guidelines – 2023) are considered to be integrated into this Remuneration Policy and will be applied by Generali Seguros S.A..

In the event that results show a significant deterioration in the performance of Generali Seguros, S.A., in the last fiscal year or when such deterioration is expected in the current fiscal year, necessary and appropriate limitations, including the potential non-payment of any variable component, may be introduced to preserve financial balance and comply with other legally imposed solvency ratios.

II. Allocation Criteria for Long-Term Variable Remuneration

By appointment and approval of the Generali Group, executive directors may be eligible to participate in a long-term deferred variable remuneration programme, which takes the form of multi-year plans approved periodically by the relevant Generali Group bodies.

According to the Remuneration Policy of the Generali Group, the LTI Plan is based on a three-year overall performance period associated with the achievement of objectives and additional deferral periods with lock-up of granted shares. Currently, the rules reflected in Annex III to the GRIP are in effect: Rules of the 2023-2025 Group Long Term Incentive Plan, which considers a performance period of 3 (three) years, starting on January 1st 2023, and ending on December 31st 2025.

Generali Seguros, S.A., applies the rules and procedures provided for in the Plan, observing the following essential principles:

- The competent bodies of the Group have exclusive and total discretion to appoint Beneficiaries and determine the number of Potential Shares to be granted;
- Depending on the relative weight of the Variable Remuneration received (STI+LTI), “First Cluster” and “Second Cluster” Beneficiaries will be defined, based on whether this Variable Remuneration represents, respectively, 70% or more, or up to 70% of the total Remuneration value;
- The grant and vesting regime of Potential Shares and Additional Shares will be defined based on the Beneficiary’s cluster and the tranches, deferrals, and lock-ups defined;
- The granting and delivery of LTI is always conditioned on the Beneficiary maintaining their relationship with Generali Seguros S.A. at the end of the reference period, but also on the evaluation of the Beneficiary’s behavioural integrity and compliance with mechanisms such as thresholds, malus, clawback, and hedging.

III. Nature of the Variable Component | Financial Instruments

Variable remuneration may be awarded in the form of performance bonus, performance award, and/or profit sharing, as expressly determined by the General Meeting.

Notwithstanding the above, the shareholder, at the General Meeting, may decide that the variable component of remuneration, or part of it, be granted through share plans or stock options of the Company or any other Group company.

c) Other Extraordinary Remunerations

When extraordinary payments are made to all employees of the Company related to the successful completion of special projects (company agreements, transactions, etc.), such benefits will also apply to the executive members of the Board of Directors.

d) Conclusion of Contracts

Under this Policy, members of the Board of Directors are prohibited from using any personal hedging strategies or remuneration insurance (hedge) that may alter or undermine the risk alignment effects inherent to the variable remuneration mechanisms.

e) Other Rules – Deferral and Conditions

Notwithstanding specific rules for granting and vesting of Shares under LTI Plans, a substantial part of the variable component, corresponding to 40%, will be subject to deferral for a period of no less than 3 years, in compliance with the provisions of Article 275(2)(c) of the Delegated Regulation and Article 84 of NR 4/2022-R. The Remuneration committee may recommend to the General Meeting that the deferred percentage be higher in cases where the granted variable remuneration is very high or depending on the risk profile of the Company.
All variable remuneration is conditional and conditioned, as its allocation and payment depend on the verification of the following conditions, either at the time of allocation or at the scheduled payment date, without prejudice to more specific rules contained in this Policy, namely in the section “Payments in Case of Termination of Duties”:

1. Maintaining the employment bond with the Company, which is understood as follows:
   (i) In any case of termination of the bond (or notification of termination) by either party

before the payment date – except as provided for in points (iii) and (iv) below – or in the case of suspension of the bond (of the administrative and/or employment mandate) for more than six months during the reference year for reasons not attributable to the Company, the executive member of the Board of Directors loses the position (of allocation and) of receiving any amount of variable remuneration (whether the initial instalment or deferred instalments) that, at that date, has not yet been paid;
(ii) The provision in the previous point applies in the case of suspension of the Administration mandate bond for more than 6 months in a calendar year for reasons not attributable to must Company, where in this case the variable remuneration to be allocated should consider only the proportion of the reference year in which effective functions were performed;
(iii) In the event of termination due to retirement, death, or disability (that grants the right to receive a disability pension), the member of the Board of Directors (or their heirs, as applicable) will remain eligible for allocation and payment of variable remuneration (under the same regime applicable to others), based on the level of achievement of objectives assessed at the termination date (i.e., the last effective day of the employment contract) and in an amount proportional to the time of service provided during the reference year, without prejudice to other criteria and conditions; and
(iv) If the Administration mandate bond is transferred from the Company to another company in the Generali Group and/or if the bond ceases and a new bond within the Generali Group is simultaneously established, the member of the Board of Directors will retain, mutatis mutandis, their eligibility for allocation and payment of variable remuneration (without prejudice to any changes to which they may be subject, regarding the payment regime, if such events lead to a change in role).

2.Verification of Future Performance Criteria, measured based on risk-adjusted criteria that address the risks associated with the activity resulting in its allocation, so that the remuneration may not be granted if the member of the Board of Directors contributes to a significant deterioration in the Company's performance in any year of the deferral period.

The Company also reserves the right not to pay, in whole or in part, the deferred payments if, due to subsequent events, the achievements of the member of the Board of Directors in the reference performance year are found to be inconsistent and not sustainable.

f) Other Benefits

Benefits for the executive members of the Board of Directors may include supplementary pensions, health plans, and other guarantees in the event of death, total permanent disability due to accident or illness, or other benefits practiced in the reference market.

Regarding Pension Plans, executive members of the Board of Directors may benefit from contributions to the Pension Fund under terms and conditions approved by the General Meeting.

Favourable contractual conditions may also be granted, concerning for example the subscription of insurances or other products from the Generali Group or other benefits in line with insurance sector practices and/or group practices for these functions.

Additionally, benefits may be provided for a defined period of time and according to market practices in the case of internal or international mobility, such as housing, child education, and other allowances related to internal and international mobility.

• Non-Executive Members of the Board of Directors

Non-Executive Members of the Board of Directors may receive an annual fixed remuneration under the terms defined by the General Meeting, which, in any case and if payable, will not be dependent on any performance element, and there will be no variable remuneration.

• Supervisory Board

The Supervisory Board, as provided for in Article 25 of the Company's Articles of Association, consists of a Chairman, two designated Members, and an alternate, appointed by the General Meeting of shareholders.

Members of the Supervisory Board are remunerated through the payment of a fixed annual amount (Article 13), paid on a quarterly basis.

• Board of the General Meeting

The Board of the General Meeting, as provided for in Article 15 of the Company's Articles of Association, is composed of a Chairman and a Secretary, elected by the General Meeting.

Members of the Board of the General Meeting may be remunerated through a fixed amount per General Meeting, on the date of its occurrence, if applicable (Article 13).

B. Employees with Key Functions

• General Principles

The Remuneration Policy includes specific provisions for Employees with Key Functions, their compensation being determined according to the level of responsibilities and functions assigned, ensuring the independence and autonomy required for these roles.

The variable remuneration of Employees with Key Functions is independent of the performance of the operational units and areas under their control.

• Specific Principles

The remuneration of Employees with Key Functions includes a fixed part and, potentially, a variable part: (i) based on the achievement of objectives related to their respective functions, regardless of the performance of the areas under their control, ensuring that their remuneration provides adequate rewards considering the importance of their roles and (ii) in accordance with their role in the Company, rather than in relation to the Company's performance or the performance of operational units and areas under their control.

In determining these two components, various factors are considered, particularly:

- The Company's interests from a medium and long-term perspective;
- The specifics of the role performed;
- Salary practices in force in the insurance sector;
- Performance evaluation.

The relevant remuneration of Employees with Key Functions is determined by the Board of Directors or the Remuneration committee.

a) Fixed Component of the Remuneration

The fixed component is established according to the level of the responsibilities and duties assigned. It should be suited to guarantee the independence and autonomy required for these roles.

b) Variable Component

I. Allocation Criteria

Eligibility for the granting of variable remuneration is annual and is determined by a performance assessment process, set by the Company and in line with the GRIP, in particular with Annex II – Incentive Program Rules 2023, according to measurable and predetermined criteria, including non-financial criteria. The balanced scorecard model defined by the Group provides a framework for the establishment of targets and for the final performance assessment of Employees with Key Functions.

The targets must be independent of the performance of the units and operational areas that are subject to control by Employees with Key Functions and exclusively linked to the effectiveness and quality of these controls (specific activities of each Key Function), with reference to targets based on the effectiveness and quality of controls, excluding economic and financial goals, which may, on the contrary, generate conflicts of interest).

The variable remuneration set for each year—whether paid in whole or in part, or not paid due to the absence of necessary conditions—and, in general, participation in the Incentive Programme and any benefits derived from it:

a) Does not constitute a right for Employees with Key Functions, as the criteria for allocation may be altered and/or revoked at any time by the competent body, and is subject to annual approval based on the performance and annual evaluation of Employees with Key Functions;

b) Does not grant Employees with Key Functions any right to receive similar or additional payments or benefits under the same Incentive Programme or any other programme;

c)Does not grant Employees with Key Functions the right to participate in other incentive systems or receive additional remuneration following the termination or potential interruption of the Incentive Programme; and

d) Does not imply any commitment regarding the continuity or duration of any bond, namely the employment relationship, between the Employee with Key Functions and the Company.

II. Deferral of the Variable Component

A substantial portion of the variable component, amounting to 40% of the total, will be subject to deferral for a period of no less than 3 years, in accordance with Article 275(2)(c) of the Delegated Regulation and Article 84 of NR 4/2022-R.

However, if deemed necessary, the Remuneration committee may recommend to the General Meeting the deferral of a higher percentage in cases where the granted variable remuneration is very high or based on the Company's risk profile.

Assuming a 40% deferral of the variable component, the payment allocation will be as follows, subject to the continued verification of conditions until payment:

a) 60% of the gross variable component will be paid as an initial instalment, in a single tranche, in the year of the performance evaluation;

b) The remaining 40% will be paid in deferred instalments according to the following reference schedule:

- For Employees with Key Functions who are part of the Group Management Committee (GMC)/Global Leadership Group (GLG):
- 30% will be paid 1 year after the payment of the initial instalment;
- The remaining 10% will be paid 2 years after the payment of the initial instalment;
- For Employees with Key Functions who are not part of the Group Management Committee (GMC)/Global Leadership Group (GLG):
- The full 40% will be paid 1 year after the payment of the initial instalment.

All variable remuneration is conditional and conditioned, as its payment is dependent on the fulfilment of various conditions, either at the time of allocation or at the foreseeable time for payment, without prejudice to more specific rules outlined in this Policy, particularly in the section "Payments in Case of Termination of Duties":

1. Maintenance of the bond, i.e., of the employment relationship, between the Employee with Key Functions and the Company, which is considered to be verified according to the following:

(i) In the event of termination of the employment relationship (or notice of termination) by either party before the payment date – except as provided for in points (ii) and (iii) below – or if there is a suspension of the employment relationship or work activity for more than six months during the reference year due to reasons not attributable to the Company, the Employees with Key Functions will forfeit the right (to be granted and) to receive any amount of variable remuneration (whether initial or deferred) that has not yet been paid at that time; this also applies if the employment contract or work activity is suspended for more than 6 months in a calendar year for reasons not attributable to the Company;

(ii) In the case of termination due to retirement, death, or disability (entitling the individual to a disability pension), the Employee with Key Functions (or their heirs, as applicable) will remain eligible for the allocation and payment of variable remuneration (under the same conditions as others), based on the level of achievement of objectives as of the termination date (i.e., the last effective day of the employment contract) and in an amount proportional to the time served during the reference year, without prejudice to other criteria and conditions; and

(iii) If the employment relationship is transferred from the Company to another entity within the Generali Group and/or if the employment relationship ceases and a new relationship is established simultaneously within the Generali Group, the Employee with Key Functions will retain eligibility mutatis mutandis for the allocation and payment of variable remuneration (subject to changes in payment terms and/or the balanced scorecard, if such events result in a change of role).

2. Verification of future performance criteria, measured based on risk-adjusted criteria that address the risks associated with the activity for which it is awarded. This means that it may not be paid if the Employee with Key Functions contributes to a significant deterioration in the Company's performance during any year of the deferral period.

3. The Company also reserves the right to withhold, in whole or in part, the deferred payments if, due to subsequent events, the achievements of the Employee with Key Functions in the reference performance year are found to be inconsistent and not sustainable.

III.Nature of the Variable Component | Financial Instruments

Variable remuneration may be awarded in the form of performance bonus, according to the factors identified above or other criteria specifically provided for by the Board of Directors, or even in the form of profit-sharing bonuses that may be proposed by the Board of Directors and subject to deliberation by the Company's General Meeting.

Without prejudice to the above, Shareholders, in the General Meeting, may determine that the variable component of remuneration, or a part thereof, be granted through share plans or stock options to acquire shares of the Company or any other company within the Group.

c) Other Benefits

In addition to fixed and variable remuneration, Employees with Key Functions may also receive, where applicable, the following benefits, as defined in the applicable Collective Labour Regulatory Instrument (IRCT) of the Company or the Company's own regulations for all employees:

- Health Insurance;
- Life Insurance;
- Individual Retirement Plans, in case of retirement due to old age or disability;
- Other benefits/components in accordance with the Company's policy approved at the time and market practices.

According to the policies in effect at any given time within the Company, and at its sole and exclusive discretion, Employees with Key Functions may be granted additional benefits (fringe benefits). The type and amount, both specific and general, of fringe benefits may vary depending on the beneficiary population cluster. These benefits may include supplementary pensions and health plans, as well as other guarantees in case of death or total permanent disability due to accident or illness, or other benefits practiced in the relevant market. Favourable contractual conditions may also be granted, for example, regarding the subscription of insurances or other products from the Generali Group.

d) Evaluation Criteria

The performance evaluation of Employees with Key Functions is carried out by the Human Resource & Organization Department, in accordance with the specific guidelines and evaluation model outlined in the GRIP, through a cascading process for this type of employees.

C. Employees holding Relevant Functions

The remuneration of Employees holding Relevant Functions is composed of a fixed component of remuneration supplemented by fringe benefits and, possibly, a variable component.

The target remuneration package is defined with the purpose of maintaining, on average, a competitive level between the median and upper quartile of the reference market, based on individual positioning linked to the individual's performance evaluation and to the potential and strategic impact, according to a segmented approach.

Whenever the total annual remuneration includes a fixed component and a variable component, the fixed component of the remuneration must observe the limits set annually by the competent body, and it should represent a sufficiently high proportion of the total remuneration to allow for the application of a fully flexible policy regarding the variable component.

a) Fixed Component of the Remuneration

Employees holding Relevant Functions receive a monthly fixed remuneration, paid 14 (fourteen) times in each complete calendar year, the definition of which will be based on competitive positioning within the universe of Portuguese reference companies.

b) Variable Component of the Remuneration

The variable component of the remuneration consists of annual incentive plans (STIs) and, where appropriate, deferred incentive plans (LTIs) based on individual and Group performance indicators adjusted to risk, that also integrate sustainability requirements given the risks assumed, based on the goals defined in the Strategic Plan ("Generali 2023-2025") and the Generali Group Strategy on Climate Change.

Generali Seguros S.A. has adopted the model following the GRIP provisions:

I. Allocation Criteria for Short-Term Variable Remuneration (STI)

Eligibility for short-term variable remuneration of Employees holding Relevant Functions is annual and is based on an individual and/or collective performance evaluation process defined by the Company and in line with the GRIP, particularly with Annex II – Incentive Program Rules 2023, based on measurable and pre-determined criteria, including financial and non-financial criteria.

The balanced scorecard model defined by the Group provides a framework for setting goals and for the final performance evaluation of Employees holding Relevant Functions. The rules and indicators of this model are defined in an internally developed instrument.

The variable remuneration fixed for each year – whether paid in whole or in part, or not paid due to the necessary conditions not being meet – and generally participation in the Incentive Programme and any benefits derived therefrom:

a)Does not constitute a right of the Employees holding Relevant Functions, the criteria fo r its allocation being subject to change and/or revocation at any time by the Board of Directors, and is subject to annual approval by the Board of Directors based on the performance and annual evaluation of the Employees holding Relevant Functions. Additionally, variable remuneration may only be granted if it is sustainable in light of the Company's overall financial situation and if justified in light of the employees' performance and the structural unit of which they are part;

b) Does not entitle Employees holding Relevant Functions to receive payments or benefits similar or additional to those provided under the same Incentive Programme or any other programme;

c) Does not entitle Employees holding Relevant Functions to participate in other incentive systems or receive other remuneration after the termination or potential interruption of the Incentive Programme; and

d) Does not constitute an implicit commitment regarding the continuity or duration of any bond, specifically the employment relationship, between the Employee holding Relevant Functions and the Company.

II.Allocation Criteria for Long-Term Variable Remuneration (LTI)

By appointment and approval of the Generali Group, Employees holding Relevant Functions may be eligible to participate in a long-term deferred variable remuneration programme. As defined in the GRIP, LTI plans are multi-year plans based on a global performance period of three years associated with the achievement of goals and additional deferral periods involving the lock-up of granted shares. Currently, the rules reflected in Annex III to the GRIP: Rules of the 2023-2025 Group Long Term Incentive Plan are in force, which includes the performance period of 3 (three) years, starting on 1 January 2023, and ending on 31 December 2025.

The Company applies the rules and procedures provided for in the Plan, observing the following essential principles:

•The competent bodies of the Group have exclusive and total discretion in selecting the Beneficiaries and determining the number of Potential Shares to be allocated;

•Depending on the relative weight of the Variable Remuneration earned (STI+LTI), "First Cluster" and "Second Cluster" Beneficiaries will be defined, based on whether that Variable Remuneration represents, respectively, 70% or more, or up to 70%, of the total Remuneration;

•The grant and vesting regime of Potential Shares and Additional Shares will be defined based on the Beneficiary's cluster and the defined tranches, deferrals, and lock-ups;

•The allocation and delivery of LTI is always conditioned on the Beneficiary's continued relationship with the Company at the end of the reference period, but also on the assessment of the Beneficiary's behavioural integrity.

Employees holding Relevant Functions may also be eligible for other local programmes defined and approved by the Company's Executive Management Committee.

III. Deferral of the Variable Component

A substantial portion of the variable component, amounting to 40% of the total, will be subject to deferral for a period of no less than 3 years, in accordance with Article 275(2)(c) of the Delegated Regulation and Article 84 of NR 4/2022-R. However, if deemed necessary, the Remuneration committee may recommend to the General Meeting the deferral of a higher percentage in cases where the granted variable remuneration is very high or based on the Company's risk profile.

Assuming a 40% deferral of the variable component, the payment allocation will be as follows, subject to the continued verification of conditions until payment:

a) 60% of the gross variable component will be paid as an initial instalment, in a single tranche, in the year of the performance evaluation;

b) The remaining 40% will be paid in deferred instalments according to the following reference schedule:

•For Employees holding Relevant Functions who are part of the Group Management Committee (GMC)/Global Leadership Group (GLG):

•30% will be paid 1 year after the payment of the initial instalment;

• The remaining 10% will be paid 2 years after the payment of the initial instalment;

•For Employees holding Relevant Functions who are not part of the Group Management Committee (GMC)/Global Leadership Group (GLG):

•The full 40% will be paid 1 year after the payment of the initial instalment.

All variable remuneration is conditional and conditioned, as its payment is dependent on the fulfilment of various conditions, either at the time of allocation or at the foreseeable time for payment, without prejudice to more specific rules outlined in this Policy, namely in the section "Payments in Case of Termination of Duties":

1.Maintenance of the bond, i.e., of the employment relationship, between the Employee holding Relevant Functions and the Company, which is considered to be verified according to the following:

(i) In the event of termination of the employment relationship (or notice of termination) by either party before the payment date – except as provided for in points (ii) and (iii) below – or if there is a suspension of the employment relationship or work activity for more than six months during the reference year due to reasons not attributable to the Company, the Employee holding Relevant Functions will forfeit the right (to be granted and) to receive any amount of variable remuneration (whether initial or deferred) that has not yet been paid at that time; this also applies if the employment contract or work activity is suspended for more than 6 months in a calendar year for reasons not attributable to the Company;

(ii) In the case of termination due to retirement, death, or disability (entitling the individual to a disability pension), the Employee holding Relevant Functions (or their heirs, as applicable) will remain eligible for the allocation and payment of variable remuneration (under the same conditions as others), based on the level of achievement of objectives as of the termination date (i.e., the last effective day of the employment contract) and in an amount proportional to the time served during the reference year, without prejudice to other criteria and conditions; and

(iii) If the employment relationship is transferred from the Company to another entity within the Generali Group and/or if the employment relationship ceases and a new relationship is established simultaneously within the Generali Group, the Employee holding Relevant Functions will retain eligibility mutatis mutandis for the allocation and payment of variable remuneration (subject to changes in payment terms and/or the balanced scorecard, if such events result in a change of role).

2.Verification of future performance criteria, measured based on risk-adjusted criteria that address the risks associated with the activity for which it is awarded. This means that it may not be paid if the Employee holding Relevant Functions contributes to a significant deterioration in the Company's performance during any year of the deferral period.

3.The Company reserves the right to withhold, in whole or in part, the deferred payments if, due to subsequent events, the achievements of the Employee holding Relevant Functions in the reference performance year are found to be inconsistent and not sustainable.

IV. Nature of the Variable Component | Financial Instruments

Variable remuneration may be awarded in the form of performance bonuses or even in the form of profit-sharing bonuses that may be proposed by the Board of Directors and subject to deliberation by the Company's General Meeting.

Without prejudice to the above, Shareholders, in the General Meeting, may determine that the variable component of remuneration, or a part thereof, be granted through share plans or stock options to acquire shares of the Company or any other company within the Group.

c) Other Benefits

In addition to fixed and variable remuneration, Employees holding Relevant Functions may also receive, where applicable, the following benefits, as defined in the applicable Collective Labour Regulatory Instrument (IRCT) of the Company or the Company's own regulations for all employees:

- Health Insurance;

- Life Insurance;
- Individual Retirement Plans, in case of retirement due to old age or disability;

Other benefits/components in accordance with the Company's policy approved at the time and market practices.

According to the policies in effect at any given time within the Company, and at its sole and exclusive discretion, Employees holding Relevant Functions may be granted additional benefits (fringe benefits). The type and amount, both specific and general, of fringe benefits may vary depending on the beneficiary population cluster. These benefits may include supplementary pensions and health plans, as well as other guarantees in case of death or total permanent disability due to accident or illness, or other benefits practiced in the relevant market. Favourable contractual conditions may also be granted, for example, regarding the subscription of insurances or other products from the Generali Group.

d) Evaluation Criteria

The performance evaluation of Employees holding Relevant Functions is carried out by the Human Resource & Organization Department, in accordance with the specific guidelines and evaluation model outlined in the GRIP, through a cascading process for this type of employees.

• Other Employees (with functions not previously covered)

The remuneration of almost all Other Employees is also composed of a fixed component of remuneration supplemented by fringe benefits and, possibly, a variable component.

a) Fixed Component of the Remuneration

The target remuneration package is defined with the purpose of maintaining a competitive level between the median and upper quartile of the reference market, based on individual positioning linked to the individual's performance evaluation and to the potential and strategic impact, according to a segmented approach.

b)Variable Component of the Remuneration

The variable component of the remuneration consists of annual incentive plans (STIs) and, where appropriate, deferred plans (LTIs) if designated and approved by the Generali Group, applying the rules and procedures outlined in the respective plan. Employees may also be eligible for other local programmes defined and approved by the Executive Management Committee of the Company.

The short-term variable remuneration (STI) of Other Employees is based on an individual and/or collective performance evaluation process defined by the Company, based on measurable and pre-determined criteria, including both financial and non-financial criteria, the assessment of performance of Other Employees being conducted by the Human Resource & Organization Department, in accordance with the specific guidelines and evaluation model outlined in the GRIP, implemented in a cascading process.

The variable remuneration fixed for each year and, generally, participation in the Incentive Programme and any benefits derived therefrom:

a) Does not constitute a right of the Employees, the criteria for its allocation being subject to change and/or revocation at any time by the competent body, based on the performance and annual evaluation of the Employees. Additionally, variable remuneration may only be granted if it is sustainable in light of the Company's overall financial situation and if justified in light of the employees' performance and the structural unit of which they are part;

b) Does not entitle Employees to receive payments or benefits similar or additional to those provided under the same Incentive Programme or any other programme;

c) Does not entitle Employees to participate in other incentive systems or receive other remuneration after the termination or potential interruption of the Incentive Programme; and

d) Does not constitute an implicit commitment regarding the continuity or duration of any bond.

All variable remuneration is conditional and conditioned, as its payment is dependent on the fulfilment of various conditions, either at the time of allocation or at the foreseeable time for payment, without prejudice to more specific rules outlined in this Policy, particularly in the section "Payments in Case of Termination of Duties":

1.Maintenance of the bond, i.e., of the employment relationship, between the Employee and the Company, which is considered to be verified according to the following:

(i) In the event of termination of the employment relationship (or notice of termination) by either party before the payment date – except as provided for in points (i) and (ii) below – or if there is a suspension of the employment relationship or work activity for more than six months during the reference year due to reasons not attributable to the Company, the Employee will forfeit the right (to be granted and) to receive any amount of variable remuneration that has not yet been attributed and/or paid; this also applies if the employment contract or work activity is suspended for more than 6 months in a calendar year for reasons not attributable to the Company;

(ii) In the case of termination due to retirement, death, or disability (entitling the individual to a disability pension), the Employee (or their heirs, as applicable) will remain eligible for the allocation and payment of variable remuneration (under the same conditions as others), based on the level of achievement of objectives as of the termination date (i.e., the last effective day of the employment contract) and in an amount proportional to the time served during the reference year, without prejudice to other criteria and conditions; and

(iii) If the employment relationship is transferred from the Company to another entity within the Generali Group and/or if the employment relationship ceases and a new relationship is established simultaneously within the Generali Group, the Employee will retain eligibility mutatis mutandis for the allocation and payment of variable remuneration (subject to changes in payment terms and/or the balanced scorecard, if such events result in a change of role).

2.Verification of future performance criteria, measured based on risk-adjusted criteria that address the risks associated with the activity for which it is awarded. This means that it may not be paid if the Employee contributes to a significant deterioration in the Company's performance during any year of the deferral period.

3.The Company also reserves the right to withhold, in whole or in part, the deferred payments if, due to subsequent events, the achievements of the Employee in the reference performance year are found to be inconsistent and not sustainable.

Considering the country's risk level, the current remuneration structure, the maximum values considered, and the defined risk tolerance levels, it has not been deemed necessary to date to defer any part of the variable remuneration component.

c) Other Benefits

Additional benefits are a supplementary component of the remuneration package. The type and overall value of the additional benefits vary depending on the category, functions, and responsibilities of the beneficiaries. Additional benefits include retirement pension supplements, life insurance, health insurance, or other benefits, favourable contractual conditions, and sick leave supplements, which may be governed by laws, individual contracts, or Collective Labour Regulatory Instruments (IRCT) within the Company.

Other additional benefits may be granted for a defined period, according to market practices, in cases of internal or international mobility, such as housing, educational expenses, and other allowances.

d) Evaluation Criteria

The balanced scorecard model defined by the Group provides a framework for setting goals and for the final performance evaluation of the relevant functions. The rules and indicators of this model are defined in an internally developed instrument.

The performance evaluation of Employees is carried out by the Human Resource & Organization Department, in accordance with the specific guidelines and evaluation model outlined in the Remuneration Policy of the Generali Group, through a cascading process.

• Payments in Case of Termination of Duties

Regarding potential allocations and payments in the event of termination of duties, the rules of the GRIP apply, with the specificities mentioned above concerning each Target Population group, and also in accordance with the following rules:

(i) In what concerns the members of the Board of Directors, in addition to the provisions of the GRIP and this Remuneration Policy – namely with regard to deferred payments of variable remuneration, regardless of their type, nature, or amount – the following will be observed:

a) Variable Component of the Remuneration

• In the case of termination of the mandate at its end date, due to non-renewal/non-reappointment, and without any just cause, the member of the Board of Directors will receive the deferred amounts of the variable component attributed up to that date (or corresponding portions), on the dates when the payment of those portions is processed in accordance with the rules defined above, subject to the applicable adjustments and conditions.

• In the case of resignation, termination of the mandate for just cause, as well as in the case of expiry (for any reason, including the loss of professionalism, honourability, and independence requirements, or due to situations of impediment or incompatibility) and, in any case, for any other fact and/or cause not attributable to the Company, the member of the Board of Directors will not receive any deferred amounts of the variable component.

• In the case of early termination of the mandate by the Company's initiative, before the end date and without just cause, in the absence of a pre-agreed arrangement between the member of the Board of Directors and the Company, the Remuneration committee has the discretion to decide on the payment, in whole or in part, of the variable component amounts attributed up to that date (or corresponding portions), on the dates defined for their respective processing, in accordance with the rules defined above, being however subjected to the applicable adjustments and conditions.

• No rights or amounts are considered or can be claimed by the member of the Board of Directors as variable component:

  • corresponding to the period of duties in the reference year in which the mandate terminates, total or proportional; and/or

  • relating to the previous year, if and to the extent that the evaluation, allocation, and/or payment process is not yet concluded on the effective date of the termination of duties.

b) Compensation and Other Amounts

• In the case of termination of the mandate at its end date, due to non-renewal/non-reappointment, as well as in the case of resignation, termination of the mandate for just cause, or in the case of expiry (for any reason, including the loss of professionalism, honourability, and independence requirements, or due to situations of impediment or incompatibility) and, in any case, for any other fact and/or cause not attributable to the Company, no payment of any amount will be made, regardless of the existence or not of any pre-agreed arrangement between the member of the Board of Directors and the Company, and appropriate legal instruments will be implemented in each case.

• In the case of early termination of the mandate, before the end date and without just cause, in the absence of a pre-agreed arrangement between the member of the Board of Directors and the Company, an amount corresponding, at most, to the fixed remuneration due for the remaining period of the mandate will be paid as compensation, in accordance with applicable legal provisions and provided that the conditions for such payment are met.

• In the case of early termination of the mandate by mutual agreement, with effect before the respective end date, the compensation to be paid to the member of the Board of Directors will be defined based on the circumstances and grounds of the termination (with specific reference to the performance achieved, the risks assumed, and the effective operational results of the Company, for which, in particular, no amount will be paid in the case of gross negligence and intent), in any case up to the maximum limit provided for in the case of early termination of duties without just cause, as mentioned in the previous point.

In the event that their mandate ends following a public takeover bid or due to any other event and/or cause beyond the Company's control, the remuneration due, if any, will be determined according to applicable legislation and the guidance of the new shareholding structure.

(ii) Regarding the remaining Target Population, in addition to the provisions of the GRIP and this Remuneration Policy – namely concerning the deferred payments of variable remuneration, regardless of their type, nature, or amount – the following local regulations must be observed, *in casu*, the applicable legal and regulatory framework in Portugal, particularly observing the following:

c) Variable Component of the Remuneration

• In the case of termination of the employment relationship by the employee's initiative or for reasons attributable to the employee, as well as in the case of dismissal for just cause, the employee will not receive any deferred amounts of the variable component;

• In the case of termination of the employment relationship by unilateral decision of the Company, except if based on just cause, the employee will not receive any deferred amounts of the variable component.

• No rights or amounts are considered or can be claimed by the employee as a variable component:

  • corresponding to the period of duties in the reference year in which the termination of the mandate occurs, total or proportional; and/or

  • relating to the previous year, if and to the extent that the evaluation, allocation, and/or payment process is not yet concluded on the effective date of the termination of duties.

d) Compensation and Other Amounts

• In the case of unilateral dismissal, by the initiative of either party, the mandatory provisions under the law and the applicable contract necessarily apply – subject to any future regulatory changes.

• In the case of termination of the employment contract by mutual agreement, in the absence of an applicable legal provision for calculating compensation, the legal compensation criteria for collective dismissal situations are used as a reference.

No agreement between the parties may exceed the provisions on this matter in the GRIP; a compensation defined based on the circumstances and reasons for the termination of the contract may be agreed upon (taking into account, among other aspects, the performance achieved, the risks assumed, and the effective operational results of the Company, for which, in particular, no amount may be paid in case of intent or gross negligence), within a maximum amount calculated based on the formula in the GRIP and always with the overall maximum limit of 24 months of recurring remuneration (which includes, as calculation components, the fixed remuneration and the average annual variable remuneration of the last three years), including the consideration of any non-compete commitments assumed.

9.2. TABLE OF REMUNERATIONS PAID DURING 2023 TO THER MEMBERS OF THE GOVERNING BODIES AND OTHER EMPLOYEES WHO EFFECTIVELY MANAGE GENERALI SEGUROS, S.A.

		REMUNERATION		(EUR thousand)
	Nº	FIXED	VARIABLE	TOTAL
Board of Directors	5	636	664	1 300
Supervisory Board	3	35	-	35
TOTAL REMUNERATIONS OF GOVERNING BODIES	**8**	**671**	**664**	**1 335**
OTHER EMPLOYEES WHO EFFECTIVELY MANAGE THE COMPANY	**56**	**4 185**	**1 445**	**5 630**

In 2023, a cost of EUR 453 thousand was recorded for share payment plans related to members of the Board of Directors.

Also during 2023, a contribution of EUR 49 thousand was made to the Pension Fund for the executive members of the Board of Directors.

No costs associated with contract terminations and related charges were recorded for members of the Board of Directors in 2023.

9.3 DECLARATION OF COMPLIANCE

Compliance with Article 275 of the Commission Delegated Regulation (EU) 2015/35 of October 10th 2014 (principles to be cumulatively met by insurance and reinsurance companies), in accordance with Article 92 of NR 4/2022-R.

RECOMMENDATIONS	DEGREE OF COMPLIANCE	REMARKS
Provisions of the Commission Delegated Regulation (EU) 2015/35, the insurance and reinsurance companies cumulatively comply with the following principles:		
With regard to article 258(l):		
(a) The remuneration policy and remuneration practices are established, implemented, and maintained in accordance with the company's activities and risk management strategy, its risk profile, objectives, risk management practices, and the long-term interests and performance of the company as a whole. It must include measures to avoid conflicts of interest.	**Compliant**	
(b) The remuneration policy promotes sound and effective risk management and must not encourage the taking of risks that exceed the company's risk tolerance limits.	**Compliant**	
(c) The remuneration policy applies to the company as a whole and contains specific provisions that take into account the tasks and performance of the management, administration or supervisory body, the persons who effectively manage the company or perform other key functions, and other categories of staff whose professional activities have a material impact on the company's risk profile.	**Compliant**	
(d) The management, administration or supervisory body that sets the general principles of the remuneration policy applicable to categories of staff whose professional activities materially affect the company's risk profile is responsible for overseeing its implementation.	**Compliant**	
(e) In what concerns remuneration, governance must be clear, transparent, and effective, including the oversight of the remuneration policy.	**Compliant**	

(f) An independent remuneration committee should be established if appropriate given the importance of the insurance or reinsurance company in terms of size and internal organization, to periodically support the management, administration or supervisory body in monitoring the definition of the remuneration policy and remuneration practices, their implementation, and their operation	**Compliant**	
(g) The remuneration policy must be disclosed to each member of the company's staff.	**Compliant**	
Regarding specific provisions of 1-C,paragraph c:		
(a) When remuneration systems include fixed and variable components, these components must be balanced so that the fixed or guaranteed component represents a sufficiently high proportion of the total remuneration in order to avoid excessive dependence by workers on variable components and to allow the company to have a fully flexible bonus policy, including the possibility of not paying any variable component of the remuneration.	**Compliant**	
(b) When variable remuneration is performance-dependent, the total amount of variable remuneration is based on a combination of the assessment of individual performance, the business unit concerned, as well as the overall results of the company or group to which the company belongs.	**Compliant**	
(c) The payment of a substantial part of the variable component of the remuneration, regardless of the form in which it is paid, must include a flexible and deferred component that takes into account the nature and time horizon of the company's activities: the deferral period must be at least three years and should be appropriately set based on the nature of the activity, its risks, and the activities of the employees concerned.	**Compliant**	The rules reflected in Annex III to the GRIP are currently in force: Rules of the 2023-2025 Group Long Term Incentive Plan, which considers the performance period of 3 (three) years, starting on 1 January 2023, and ending on 31 December 2025. The principle of deferral is being complied with in full.
(d) Financial and non-financial criteria must be taken into account when assessing individual performance.	**Compliant**	
(e) The measurement of performance, as a basis for variable remuneration, must include a downward-revised adjustment in the event of exposure to current and future risks, taking into account the company's risk profile and the cost of capital.	**Compliant**	

(f) Employment termination payments must be linked to demonstrated performance over the entire period of activity and should be designed not to reward failure.	**Compliant**
(g) Persons subject to the remuneration policy undertake not to use any personal hedging strategies or remuneration insurance that could undermine the effects of aligning with the underlying risks of their remuneration arrangements.	**Compliant**
(h) Persons subject to the remuneration policy undertake not to use any personal hedging strategies or remuneration insurance that could undermine the effects of aligning with the underlying risks of their remuneration arrangements.	**Compliant**

10. STATUTARY AUDITORS' REPORT

KPMG

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CERTIFICAÇÃO LEGAL DAS CONTAS

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião

Auditámos as demonstrações financeiras anexas da **Generali Seguros, S.A.** (a Entidade), que compreendem a demonstração da posição financeira em 31 de dezembro de 2023 (que evidencia um total de 2.847.320 milhares de euros e um total de capital próprio de 307.488 milhares de euros, incluindo um resultado líquido de 72.567 milhares de euros), a demonstração dos resultados, a demonstração do rendimento integral, a demonstração de variações no capital próprio e a demonstração dos fluxos de caixa relativas ao ano findo naquela data, e as notas às demonstrações financeiras, incluindo informações materiais sobre a política contabilística.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira da **Generali Seguros, S.A.** em 31 de dezembro de 2023 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com os princípios contabilísticos geralmente aceites em Portugal para o Setor Segurador, estabelecidos pela Autoridade de Supervisão de Seguros e Fundos de Pensões.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes da Entidade nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.

KPMG & Associados –Sociedade de Revisores Oficiais de Contas, S.A., sociedade anónima portuguesa e membro da rede global KPMG, composta por firmas membro independentes associadas com a KPMG International Limited, uma sociedade inglesa de responsabilidade limitada por garantia.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. Capital Social: 3.916.000 Euros - Pessoa Colectiva N.º PT 502 161 078 - Inscrito na O.R.O.C. N.º 189 - Inscrito na C.M.V.M. N.º 20161489 Matriculada na Conservatória do registo Comercial de Lisboa sob o N.º PT 502 161 078

10. STATUTARY AUDITORS' REPORT

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Transição para IFRS 17 e IFRS 9

Avaliação dos impactos resultantes da transição para a Norma Internacional de Relato Financeiro 17 – Contratos de Seguro ("IFRS 17") e para a Norma Internacional de Relato Financeiro 9 – Instrumentos Financeiros ("IFRS 9").

Os impactos na transição, fruto da adoção da IFRS 17 e IFRS 9, são os apresentados na Nota 2 Impactos da transição para novas normas contabilísticas.

O Risco

No exercício iniciado em 1 de janeiro de 2023 a Entidade aplicou pela primeira vez as IFRS 17 e IFRS 9. Em resultado da adoção das referidas IFRS, com referência a 1 de janeiro de 2022 (data da transição) foi preparada informação comparativa e os saldos comparativos a 31 de dezembro de 2022 foram reexpressos.

A adoção da IFRS 9 requereu a avaliação do modelo de negócio no qual os ativos financeiros são geridos, tendo também em consideração a natureza dos fluxos de caixa desses ativos, nomeadamente se são ou não representados por *solely payments of principal and interest*, com a consequente classificação nas categorias de mensuração previstas na IFRS 9.

A adoção da IFRS 17 requereu a observação dos métodos de transição, para a mensuração das responsabilidades por serviços futuros, nomeadamente a aplicação retrospetiva completa, retrospetiva modificada ou justo valor, para cada grupo de contratos, assim como a aplicação de modelos de mensuração IFRS 17, tendo em consideração as características dos grupos de contratos (Modelo geral de mensuração, Abordagem da comissão variável ou Abordagem de imputação dos prémios). Este processo requer o uso de complexos modelos atuariais, assim como de pressupostos, julgamentos significativos, que individualmente ou em conjunto quando não aplicados adequadamente ou não determinados apropriadamente, podem resultar em impactos significativos na mensuração da margem de serviço contratual, ou componente de perda, na transição.

Por estas razões a transição é considerada uma matéria relevante de auditoria.

A nossa resposta ao risco identificado

Os nossos procedimentos de auditoria, com a colaboração dos nossos especialistas em matérias atuariais , incluíram, entre outros aspetos, os que de seguida descrevemos:

- Avaliámos a reexpressão dos saldos em 1 de janeiro de 2022 e 31 de dezembro de 2022;
- Avaliámos a coerência entre o modelo de negócio e a respetiva categoria de mensuração IFRS 9, tendo em consideração as características dos fluxos de caixa dos ativos financeiros;
- Avaliámos a aplicação dos métodos de transição IFRS 17, assim como a resultante mensuração da margem de serviço contratual, ou componente de perda, na transição;
- Avaliámos a aplicação dos modelos de mensuração IFRS 17, tendo em consideração as características dos grupos de contratos;
- Avaliámos os métodos e pressupostos considerados na transição, por forma a aferir da adequação das mensurações em conformidade com a IFRS 17 (inclui a margem de serviço contratual, ou componente de perda, na transição);
- Avaliámos a qualidade da informação usada na transição para a IFRS 17 e IFRS 9; e,
- Avaliámos a adequação das respetivas divulgações nas demonstrações financeiras, de acordo com o normativo contabilístico aplicável.

10. STATUTARY AUDITORS' REPORT

KPMG

Mensuração de instrumentos financeiros

Em 31 de dezembro de 2023, as carteiras de ativos financeiros mensurados ao justo valor através de ganhos e perdas, ativos financeiros mensurados ao justo valor através de reservas e ativos financeiros mensurados ao custo amortizado, totalizam 323.766 milhares de euros e 1.994.906 milhares de euros, respetivamente, conforme nota 6 às demonstrações financeiras, representando cerca de 11,4% e 70,1% do ativo, respetivamente.

O Risco

A classificação dos instrumentos financeiros nas diferentes carteiras existentes nas normas financeiras aplicáveis (IFRS 9) determina os critérios a serem aplicados na sua valorização posterior, de acordo com a respetiva política contabilística descrita na nota 2 – Ativos financeiros anexa às demonstrações financeiras.

A mensuração dos ativos financeiros ao justo valor é efetuada de acordo com a respetiva política contabilística descrita na nota 2 – Ativos financeiros anexa às demonstrações financeiras. No que respeita aos ativos financeiros mensurados ao justo valor através de ganhos e perdas e ativos financeiros mensurados ao justo valor através de reservas, as variações de justo valor são inscritas em resultado líquido do exercício ou rendimento integral, respetivamente.

O justo valor para a maioria dos ativos financeiros acima referidos que compõem a respetiva carteira de ativos financeiros é determinado diretamente com referência a um mercado oficial ativo ou através de *price providers*. Conforme referido na nota 3 – Principais estimativas e julgamentos utilizados na elaboração das demonstrações financeiras, as avaliações são obtidas através de preços de mercado ou de metodologias de avaliação os quais requerem a utilização de determinados pressupostos ou julgamento no estabelecimento de estimativas de justo valor.

A nossa resposta ao risco identificado

Os nossos procedimentos de auditoria incluíram, entre outros aspetos, os que de seguida descrevemos:

- Avaliámos o desenho e a implementação dos controlos relevantes efetuados pela Entidade ao nível da mensuração da carteira de ativos financeiros;
- Testámos a valorização da carteira de ativos financeiros, com vista a aferir da razoabilidade do justo valor reconhecido pela Entidade, tendo em consideração fontes de preços externas e análise dos principais pressupostos considerados na valorização de unidades de participação; e,
- Avaliámos a adequação das respetivas divulgações nas demonstrações financeiras, de acordo com o normativo contabilístico aplicável.

10. STATUTARY AUDITORS' REPORT

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Avaliação dos ativos e passivos de contratos de seguro vida por serviços futuros não mensurados pela abordagem de imputação dos prémios

Em 31 de dezembro de 2023, os ativos e passivos decorrentes de contratos de seguro vida por serviços futuros não mensurados pela abordagem de imputação dos prémios, conforme nota 4 às demonstrações financeiras, são no montante de 22.279 milhares de euros e 511.746 milhares de euros, respetivamente.

O Risco

A avaliação das responsabilidades decorrentes de contratos de seguro por serviços futuros, não mensurados pela abordagem de imputação dos prémios, inclui: (i) a determinação do valor atual dos fluxos de caixa futuros relativos ao serviço dos portfolios dos contratos em gestão; (ii) a determinação do ajustamento de risco não financeiro; e (iii) a determinação da margem de serviço contratual ou, quando existente, a componente de perda.

A estimação da responsabilidade por serviços futuros requer o uso de complexos modelos atuariais, assim como de pressupostos, julgamentos significativos, que individualmente ou em conjunto quando não aplicados adequadamente ou não determinados apropriadamente, podem resultar em impactos significativos que distorção a sua melhor estimativa.

Por estas razões esta estimativa é considerada uma matéria relevante de auditoria.

A nossa resposta ao risco identificado

Os nossos procedimentos de auditoria, com a colaboração dos nossos especialistas em matérias atuariais, incluíram, entre outros aspetos, os que de seguida descrevemos:

- Avaliámos o desenho e a implementação dos controlos relevantes efetuados pela Entidade ao nível da sua mensuração destas responsabilidades;
- Avaliámos os métodos e pressupostos considerados na estimação destas responsabilidades, por forma a aferir da sua adequação;
- Avaliámos a qualidade da informação usada na mensuração das responsabilidades;
- Analisámos os desenvolvimentos das responsabilidades reconhecidas, face ao período transato, por forma a aferir da adequação do processo de estimação;
- Avaliámos a adequação da determinação das unidades de cobertura, assim como os movimentos na margem de serviço contratual; e
- Avaliámos a adequação das respetivas divulgações nas demonstrações financeiras, de acordo com o normativo contabilístico aplicável.

10. STATUTARY AUDITORS' REPORT

Avaliação dos ativos e passivos de contratos de seguro não vida por serviços passados mensurados pela abordagem de imputação dos prémios

Em 31 de dezembro de 2023, as responsabilidades decorrentes de contratos de seguro não vida por serviços passados mensurados pela abordagem de imputação dos prémios, conforme nota 4 às demonstrações financeiras, são no montante de 1.370.457 milhares de euros.

O Risco

A avaliação das responsabilidades decorrentes de contratos de seguro por serviços passados, mensurados pela abordagem de imputação dos prémios, é relativa aos sinistros ocorridos até à data de reporte (estimativa da responsabilidade com os sinistros em gestão, assim como dos sinistros não reportados – IBNR).

Esta avaliação inclui: (i) a determinação do valor atual dos fluxos de caixa futuros relativos às responsabilidades a liquidar resultantes de sinistros (elevado grau de incerteza); e (ii) a determinação do ajustamento de risco não financeiro.

A estimação desta responsabilidade requer o uso de complexos modelos atuariais, assim como de pressupostos, julgamentos significativos, que individualmente ou em conjunto quando não aplicados adequadamente ou não determinados apropriadamente, podem resultar em impactos significativos que distorção a sua melhor estimativa. Estes aspetos assumem maior relevância quando se trata da avaliação de responsabilidades de longa duração, tais como as decorrentes de sinistros do ramo de Acidentes de trabalho, que resultam em responsabilidades com pensões ou assistência vitalícia.

Por estas razões esta estimativa é considerada uma matéria relevante de auditoria.

A nossa resposta ao risco identificado

Os nossos procedimentos de auditoria, com a colaboração dos nossos especialistas em matérias atuariais, incluíram, entre outros aspetos, os que de seguida descrevemos:

- Avaliámos o desenho e a implementação dos controlos relevantes efetuados pela Entidade ao nível da sua mensuração destas responsabilidades;
- Avaliámos os métodos e pressupostos considerados na estimação destas responsabilidades, por forma a aferir da sua adequação;
- Avaliámos a qualidade da informação usada na mensuração das responsabilidades;
- Para uma amostra estimámos os fluxos de caixa futuros relativos às responsabilidades por serviços passados, tendo por base a nossa experiência, por forma a avaliar da adequação das responsabilidades reconhecidas;
- Analisámos os desenvolvimentos nas responsabilidades reconhecidas, face ao período transato, por forma a aferir da adequação do processo de estimação; e
- Avaliámos a adequação das respetivas divulgações nas demonstrações financeiras, de acordo com o normativo contabilístico aplicável.

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Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela:

- preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com os princípios contabilísticos geralmente aceites em Portugal para o Setor Segurador, estabelecidos pela Autoridade de Supervisão de Seguros e Fundos de Pensões;
- elaboração do relatório de gestão e demonstração não financeira, nos termos legais e regulamentares aplicáveis;
- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorções materiais devido a fraude ou a erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e,
- avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade;

10. STATUTARY AUDITORS' REPORT

KPMG

- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades;
- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e os acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- comunicamos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificada durante a auditoria;
- das matérias que comunicamos aos encarregados da governação, incluindo o órgão de fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública; e,
- declaramos ao órgão de fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos-lhe todos os relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, quais as medidas tomadas para eliminar as ameaças ou quais as salvaguardas aplicadas.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento ao artigo 451.º, n.º 3, al. e) do Código das Sociedades Comerciais, somos de parecer que o relatório de gestão foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor, a informação nele constante é concordante com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e a apreciação sobre a Entidade, não identificámos incorreções materiais.

Sobre a demonstração não financeira

Dando cumprimento ao artigo 451.º, n.º 6, do Código das Sociedades Comerciais, informamos que a Entidade irá preparar um relatório separado do relatório de gestão que inclui a demonstração não financeira, conforme previsto no artigo 66.º-B do Código das Sociedades Comerciais, o qual deverá ser publicado no seu sítio na Internet no prazo legal.

10. STATUTARY AUDITORS' REPORT

KPMG

Sobre os elementos adicionais previstos no artigo 10.º do Regulamento (UE) n.º 537/2014

Dando cumprimento ao artigo 10.º do Regulamento (UE) n.º 537/2014 do Parlamento Europeu e do Conselho, de 16 de abril de 2014, e para além das matérias relevantes de auditoria acima indicadas, relatamos ainda o seguinte:

- Fomos nomeados auditores da Entidade pela primeira vez na assembleia geral de acionistas realizada em 9 de dezembro de 2016 para o ano de 2016. A última recondução ocorreu na assembleia geral de acionistas realizada em 23 de março de 2022 para o triénio de 2022 a 2024.
- O órgão de gestão confirmou-nos que não tem conhecimento da ocorrência de qualquer fraude ou suspeita de fraude com efeito material nas demonstrações financeiras. No planeamento e execução da nossa auditoria de acordo com as ISA mantivemos o ceticismo profissional e concebemos procedimentos de auditoria para responder à possibilidade de distorção material das demonstrações financeiras devido a fraude. Em resultado do nosso trabalho não identificámos qualquer distorção material nas demonstrações financeiras devido a fraude.
- Confirmamos que a opinião de auditoria que emitimos é consistente com o relatório adicional que preparámos e entregámos ao órgão de fiscalização da Entidade em 22 de abril de 2024.
- Declaramos que não prestámos quaisquer serviços proibidos nos termos do artigo 5.º do Regulamento (UE) n.º 537/2014 do Parlamento Europeu e do Conselho, de 16 de abril de 2014, e que mantivemos a nossa independência face à Entidade durante a realização da auditoria.

22 de abril de 2024

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(n.º 189 e registada na CMVM com o n.º 20161489)
representada por
Hugo Jorge Gonçalves Cláudio
(ROC n.º 1597 e registado na CMVM com o n.º 20161207)

10. STATUTARY AUDITORS' REPORT

KPMG

Avaliação dos ativos e passivos de contratos de seguro não vida por serviços passados mensurados pela abordagem de imputação dos prémios

Em 31 de dezembro de 2023, as responsabilidades decorrentes de contratos de seguro não vida por serviços passados mensurados pela abordagem de imputação dos prémios, conforme nota 4 às demonstrações financeiras, são no montante de 1.370.457 milhares de euros.

O Risco

A avaliação das responsabilidades decorrentes de contratos de seguro por serviços passados, mensurados pela abordagem de imputação dos prémios, é relativa aos sinistros ocorridos até à data de reporte (estimativa da responsabilidade com os sinistros em gestão, assim como dos sinistros não reportados – IBNR).

Esta avaliação inclui: (i) a determinação do valor atual dos fluxos de caixa futuros relativos às responsabilidades a liquidar resultantes de sinistros (elevado grau de incerteza); e (ii) a determinação do ajustamento de risco não financeiro.

A estimação desta responsabilidade requer o uso de complexos modelos atuariais, assim como de pressupostos, julgamentos significativos, que individualmente ou em conjunto quando não aplicados adequadamente ou não determinados apropriadamente, podem resultar em impactos significativos que distorção a sua melhor estimativa. Estes aspetos assumem maior relevância quando se trata da avaliação de responsabilidades de longa duração, tais como as decorrentes de sinistros do ramo de Acidentes de trabalho, que resultam em responsabilidades com pensões ou assistência vitalícia.

Por estas razões esta estimativa é considerada uma matéria relevante de auditoria.

A nossa resposta ao risco identificado

Os nossos procedimentos de auditoria, com a colaboração dos nossos especialistas em matérias atuariais, incluíram, entre outros aspetos, os que de seguida descrevemos:

- Avaliámos o desenho e a implementação dos controlos relevantes efetuados pela Entidade ao nível da sua mensuração destas responsabilidades;
- Avaliámos os métodos e pressupostos considerados na estimação destas responsabilidades, por forma a aferir da sua adequação;
- Avaliámos a qualidade da informação usada na mensuração das responsabilidades;
- Para uma amostra estimámos os fluxos de caixa futuros relativos às responsabilidades por serviços passados, tendo por base a nossa experiência, por forma a avaliar da adequação das responsabilidades reconhecidas;
- Analisámos os desenvolvimentos nas responsabilidades reconhecidas, face ao período transato, por forma a aferir da adequação do processo de estimação; e
- Avaliámos a adequação das respetivas divulgações nas demonstrações financeiras, de acordo com o normativo contabilístico aplicável.

11. REPORT AND OPINION OF THE SUPERVISORY BOARD

RELATÓRIO E PARECER DO CONSELHO FISCAL RELATIVO AO EXERCÍCIO DE 2023

Aos Senhores Acionistas da

Generali Seguros, S.A.

Em conformidade com as disposições legais e estatutárias aplicáveis e do mandato que nos foi conferido, submete-se à apreciação da Assembleia Geral dos Acionistas da Generali Seguros, S.A. ("Companhia") o nosso Relatório e Parecer sobre a atividade desenvolvida e os documentos de prestação de contas da Companhia relativos ao exercício findo em 31 de dezembro de 2023, que são da responsabilidade do Conselho de Administração.

1. Durante o ano de 2023, o Conselho Fiscal acompanhou a atividade da Generali Seguros, mantendo reuniões regulares com a Companhia, nas quais foi acompanhando a evolução trimestral da sua situação económico-financeira, bem como outros temas considerados de particular relevância dos quais se destacam i) a análise do Relatório sobre a solvência e situação financeira, no âmbito do regime Solvência II, e o Relatório ORSA, ii) a análise do relatório relativo à prevenção do branqueamento de capitais e financiamento do terrorismo e da prevenção, deteção e reporte de situações de fraude, bem como a evolução do sistema de controlo interno de prevenção do branqueamento de capitais e financiamento do terrorismo e respetivas medidas de remediação reportadas durante o ano de 2023, iii) a análise do relatório de avaliação da política de remunerações, iv) a apreciação do Relatório de Sustentabilidade, das iniciativas e do plano de ação para preparar a Companhia para as futuras obrigações de reporte nesta matéria, v) a análise do plano estratégico de segurança de IT e de questões relacionadas com os planos de ação de segurança informática e cibersegurança, e vi) sempre que aplicável, os correspondentes Relatórios emitidos pelo Revisor Oficial de Contas. Em todas as matérias foram auscultados os responsáveis dos respetivos departamentos.

Foram obtidos do Conselho de Administração e dos diversos serviços da Sociedade as informações e os esclarecimentos solicitados, bem como, as atas das reuniões daquele órgão societário, através das quais também acompanhámos a atividade da Companhia.

No âmbito das nossas funções examinámos as demonstrações financeiras reportadas a 31 de dezembro de 2023, as quais compreendem a demonstração da posição financeira, a demonstração de resultados, as demonstrações do rendimento integral, de variação de capitais próprios e dos fluxos de caixa, bem como o respetivo anexo e procedemos à análise do Relatório de Gestão do exercício de 2023, preparado pelo Conselho de Administração, e da proposta de aplicação de resultados nele incluída.

2. Acompanhámos com a periodicidade e extensão que considerámos adequada a regularidade dos registos contabilísticos e adequação das políticas contabilísticas e dos

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Data: 2024-04-22

11. REPORT AND OPINION OF THE SUPERVISORY BOARD

critérios valorimétricos adotados e o cumprimento das normas legais e estatutárias aplicáveis. Reunimos com a KPMG & Associados – SROC, S.A. ("KPMG"), Sociedade de Revisores Oficiais de Contas da Companhia, para analisar o plano de auditoria bem como para monitorizar os trabalhos desenvolvidos e as suas principais conclusões e, tendo em conta o Relatório Adicional ao Conselho Fiscal emitido, com referência ao fecho de contas de 31 de dezembro de 2023, foram analisadas as áreas consideradas como de maior importância para a emissão da sua opinião constante na Certificação Legal de Contas, emitida na modalidade de opinião sem reservas e sem ênfases, bem como a identificação das questões mais relevantes para a condução dos trabalhos desenvolvidos. Com base nas conclusões do trabalho realizado pela KPMG, o Conselho Fiscal constatou que algumas das recomendações feitas em anos anteriores relativas à melhoria do sistema de controlo interno foram implementadas, existindo outras, transitadas e novas, que ainda necessitam de melhoria, sugerindo-se que a Administração mantenha o foco nesse trabalho.

3. Na análise ao Relatório de Gestão, o Conselho Fiscal apreciou as linhas gerais da estratégia que o Conselho de Administração pretende que a Companhia prossiga em 2024 para consolidar e expandir a sua posição no mercado segurador em Portugal, designadamente através de: (i) fortalecimento da posição no mercado, com foco nos segmentos de Particulares, incluindo os Séniores e Pequenas e Médias Empresas, (ii) aumento da capacitação da rede de agentes e consequente aumento do peso da Generali Seguros, S.A. nas suas carteiras, além da aposta no desenvolvimento de novos canais e de novas ferramentas digitais, e (iii) transformação da forma de trabalhar da organização no sentido de melhoria dos processos de gestão e envolvimento dos colaboradores.

Ainda no âmbito da análise deste documento, importa referir que o Conselho Fiscal prestou atenção à informação relativa à monitorização da margem de solvência, de acordo com o Regime de Solvência II, devendo acompanhar nas próximas semanas a divulgação dos correspondentes dados definitivos através do Relatório sobre a solvência e a situação financeira, reportado ao ano de 2023. Igualmente o Conselho Fiscal irá continuar a dar atenção à preparação do Relatório relativo à informação não financeira que, de acordo com as disposições legais aplicáveis, será apresentado em separado e publicado dentro do prazo legal.

4. Relativamente à análise que efetuou às Demonstrações Financeiras da Generali Seguros, S.A., o Conselho Fiscal destaca os seguintes pontos:

a) A quota de mercado da Generali Seguros, S.A. em seguros Não-Vida situou-se em 18,6 % (acréscimo de 0,2% vs 2022) e em seguros Vida situou-se em 2,3% (acréscimo de 1% face a 2022), tendo-se assistido ao aumento da base de clientes, ultrapassando a meta dos 2.000 milhões de clientes particulares e empresas (acréscimo de 4,6% vs 2022);
b) A demonstração da posição financeira da Generali Seguros, S.A. em 31 de dezembro de 2023 apresenta um Ativo líquido de 2.847,3 milhões de euros,

11. REPORT AND OPINION OF THE SUPERVISORY BOARD

representando um aumento de 4,7% face ao comparativo reexpresso de 2.719,0[1] milhões de euros do ano anterior, afetado em particular pelo início da descida das taxas de juro, sobretudo no último trimestre de 2023 que, em virtude da aplicação do justo valor na valorização dos ativos, na sua maioria títulos de rendimento fixo com taxa fixa, produziu uma variação positiva no Ativo.

c) O valor do Capital Próprio aumentou para 307,5 milhões de euros, o que representa um acréscimo de 24,9% relativamente ao comparativo reexpresso de 246,2[1] milhões de euros do ano anterior, para o qual contribuiu a variação positiva na reserva de reavaliação em resultado da aplicação do justo valor na avaliação dos ativos, tal como detalhado no ponto anterior, mas que foi parcialmente compensada pela variação negativa da Reserva de componente financeira, no montante de 110,7 milhões, em virtude do impacto da avaliação dos passivos, da evolução das taxas de juro.

d) No Passivo, o total de passivos de contratos de seguros (Vida e Não vida) ascendeu a 2.203,4 milhões de euros, refletindo um acréscimo de 4,4% vs face ao comparativo reexpresso de 2.110,5[1] milhões de euros do ano anterior, em resultado, principalmente, do aumento da responsabilidade relativa a serviços passados no ramo não vida (+152,5 milhões de euros), parcialmente compensado pela redução dos passivos dos contratos de seguros do ramo vida, em virtude dos vencimentos e resgates ocorridos durante o ano de 2023.

e) O Resultado Líquido positivo do exercício atingiu 72,6 milhões de euros, refletindo um acréscimo face ao comparativo reexpreso de 1[1] milhar de euros em 2022;

f) No ano de 2023 o resultado da atividade financeira da Generali Seguros, S.A. foi de 30.575 milhares de euros, mais 28.587 milhares do que o ano anterior (1.988 milhares de euros), tendo registado uma rentabilidade média dos ativos financeiros de +1,31% vs +0,1% em 2022 e mantido a concentração de ativos em títulos de rendimento fixo, os quais representam agora 84% do total da carteira (76% em 2022) e em fundos de investimento diversificados com especial foco em fundos geridos pelo grupo ou parceiros do grupo Generali.

5. Como evento subsequente à data de referência das Demonstrações Financeiras de 2023 refere-se que nos primeiros meses de 2024 se verifica ainda grande incerteza relativamente à evolução da guerra na Europa e no Médio Oriente, o que gera enormes incertezas no plano político e económico, para as quais não é possível a esta data prever os impactos, até porque a duração da mesma poderá aumentar ou atenuar os mesmos. Por outro lado, assiste-se a um certo aliviar das pressões inflacionistas em virtude das medidas do BCE de subida das taxas de juro e consequente desaceleração da economia, em todo o caso, não é neste momento possível verificar quaisquer fatores que coloquem em risco os níveis de solvência e as exigências regulamentares aplicáveis à Companhia.

[1] 2022 Proforma, constante no Relatório de Contas de 2023: comparativo reexpresso decorrente da adoção das novas normas contabilísticas IFRS9 e IFRS17

11. REPORT AND OPINION OF THE SUPERVISORY BOARD

6. Face ao exposto, e tendo em consideração o trabalho realizado, somos de parecer que as Demonstrações Financeiras relativas ao exercício de 2023, o Relatório de Gestão e a proposta de aplicação de resultados, no valor de 72.566.583,51 euros, expressa no ponto 3.5 do Relatório de Gestão, sejam aprovadas pela Assembleia Geral da Generali Seguros, S.A.

Finalmente manifestamos ao Conselho de Administração, aos Serviços da Companhia e à KPMG & Associados – Sociedade de Revisores Oficiais de Contas S.A. o nosso maior apreço pela colaboração prestada ao Conselho Fiscal.

Lisboa, 22 de abril de 2024

NELSON MANUEL MARQUES FONTAN
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Date: 2024.04.22 09:28:05 +01'00'

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Nelson Manuel Marques Fontan - Presidente

Assinado por: **RITA SOFIA FELÍCIO ARSÉNIO DO SACRAMENTO**
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CARTÃO DE CIDADÃO

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Rita Sofia Felício Arsénio do Sacramento – Vogal

Assinado por: Dinora Clara Feijão Margalho Botelho

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Dinora Clara Feijão Margalho Botelho – Vogal

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