GENERALI SEGUROS, S.A.

REPORT AND ACCOUNTS 2024

juntos *avançamos* seguros

together *we move forward,* safely

GENERALI TRANQUILIDADE AÇOREANA LOGO

juntos *avançamos* seguros

together *we move forward,* safely

Generali Seguros, S.A.
Avenida da Liberdade, 242
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Registered with the Commercial Registry Office of Lisbon
TIN: 500 940 231
ASF licence no. 1197
LEI no. 549300CGCHTYQ1Z4V333

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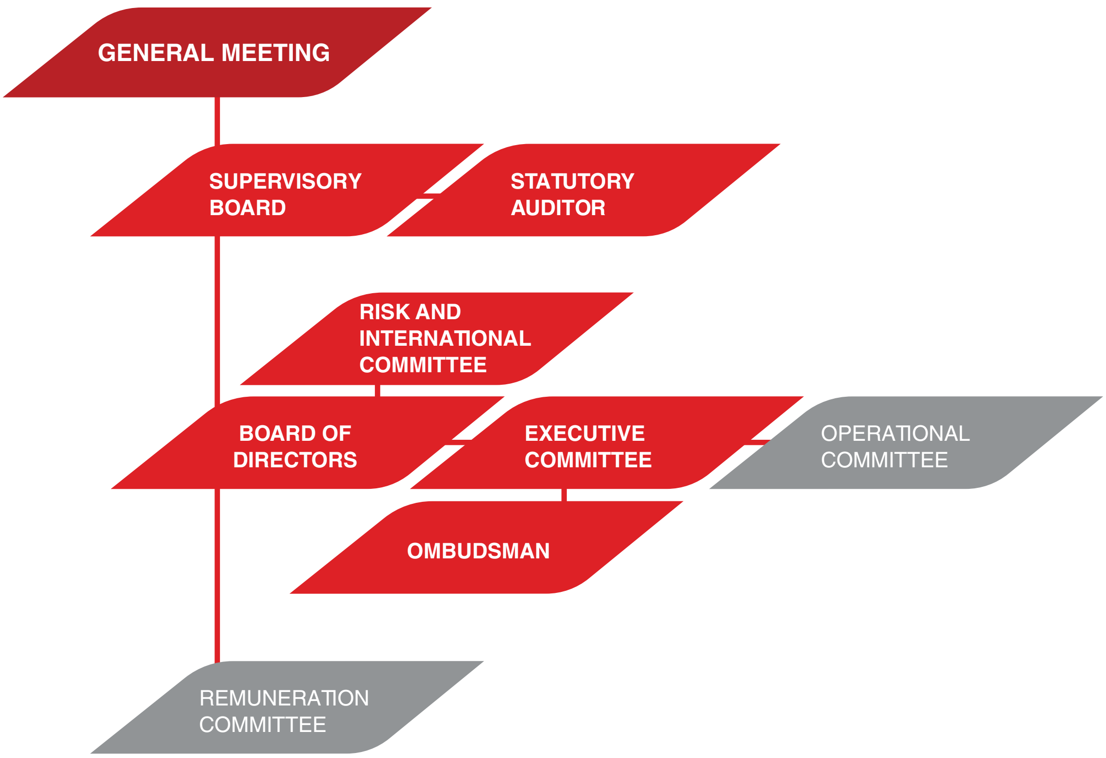
1 Corporate Governance Model

Corporate Governance Model

As of this report and according to the corporate governance model currently in place, Generali Seguros, S.A, hereinafter shortly referred to as 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 company's day-to-day management.

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



2 Governing Bodies

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Governing Bodies

General Meeting

- Sofia Leite Borges as *Chair of the General Meeting*

Board of Directors

- Jaime Anchústegui Melgarejo as *Chair of the Board of Directors*
- João Vieira de Almeida as *Vice-President*
- Pedro Luís Francisco Carvalho as *Chief Executive Officer*
- Riccardo Candoni
- Stefano Flori as *Chief Financial Officer*
- Patrícia Ribeiro Sanina Espírito Santo
- Valentina Sarrocco
- Santiago Villa Ramos

Supervisory Board

- Nelson Manuel Marques Fontan as *Chair of the Supervisory Board*
- Dinora Clara Feijão Margalho Botelho as *member*
- Rita Sofia Felício Arsénio do Sacramento as *member*
- Henrique Paulo Marques de Oliveira Xavier as *alternate member*

Statutory Auditor

- KPMG e Associados, SROC, S.A. as *permanent auditor*, represented by Hugo Jorge Gonçalves Cláudio;
- José Manuel Horta Nova Nunes as *alternate auditor*

The company shall be managed by an executive committee, as appointed by the Board of Directors, which consists of the following members:

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

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Report of the Board of Directors

3.1. Macroeconomic Framework

3.1.1. World Economic Outlook

The onset of 2024 marked a gradual economic recovery worldwide, particularly in the euro area and in the United States of America (USA), after a challenging period of monetary tightening in 2023. The global growth slowdown observed in 2023 was softened by expansionary tax policies implemented in some countries, particularly in the USA, where the infrastructure initiative continued to boost economic operations.

Economic activity in the euro area continued to grow at a moderate pace, with rates ranging from 1.5% to 2%, driven by consumer spending and a rebound in industrial activity. Exports, however, remained fragile due to a slowdown in China's economic activity and the volatility of its currency. North American economy remained resilient, with an estimated 2.2% growth rate, bolstered by a solid labour market and investments in technology and eco-friendly energy sources.

In 2024, the euro area experienced a substantial drop in its inflation rate, nearly reaching the 2% goal set by the European Central Bank (ECB) by the year's end. A decrease in food and energy prices contributed to this downward trend, although pay-related pressures started to surface. In the USA, inflation rate also dropped, despite remaining above the 2% goal established by the Federal Reserve due to factors such as pay raises and specific constraints in certain industries.

In early 2024, the ECB halted its monetary policy tightening cycle, keeping interest rates at a steady level throughout the year to assess the impact of its earlier policy decisions. In the USA, the Federal Reserve lowered interest rates marginally in the second quarter in response to moderate economic growth. Both regions adopted selective tax measures to assist vulnerable sectors, with an emphasis on energy transition and digital innovation.

Government bond yields dropped as central banks halted or rolled back part of their monetary tightening policies. Early in 2024, corporate credit spreads experienced a temporary increase driven by liquidity concerns, having stabilised later. In the USA, the high-yield corporate debt market benefitted from a restored confidence in the balance sheets of companies.

In 2024, stock markets recorded moderate gains driven by solid corporate results and clearer macroeconomic projections. Health and technology emerged as the top sectors in value, while the financial market struggled due to already narrowed interest rate margins.

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3.1.2. Domestic Economic Outlook

In 2024, Portugal experienced an 1.8% increase in economic activity, mainly driven by domestic spending, tourism and public investments, some of which are linked to the *Recovery and Resilience Facility* (RRF). The tourism sector showed some signs of recovery, yet it remained below the pre-pandemic levels due to competition from other travel destinations.

Inflation fell substantially to below 2% by the end of the year, thanks to controls on energy pricing and restrictions on industrial costs. This scenario has led to an increase in households' spending ability.

Unemployment rate fell to an all-time low level of about 5.5%, highlighting a growth in job opportunities in sectors like construction, services and manufacturing. However, challenges remain related to a skilled workforce.

Public finances continued to record significant progress, driven by solid tax revenues and controls on expenditure. Public debt continued its downward trajectory, nearing 95% of the Portuguese gross domestic product (GDP).

Rating agencies have upgraded their positive projections on the Portuguese public debt based on improvements in tax metrics, steady economic growth and the structural reforms included in the RRF. There is a possibility for upgrade in the short term, strengthening Portugal's position as an economy with an investment grade profile.

3.1.3. Insurance Market

Following a two-year downturn, the insurance activity rebounded significantly in 2024. Total premium volume rose 21.2% to EUR 14,318 million, up EUR 2,500 million, compared with the year earlier, driven by a notably favourable trajectory in life insurance.

Life insurance, which accounted for 49% of the total direct insurance underwriting, recorded a premium growth of 34,9% totalling EUR 6,960 million, up EUR 1,801 million compared with the previous year, driven by the positive trajectory of contributions to the Pension Savings Scheme, with a 50% rise, up EUR 633 million compared with the year before, as well as other linked life insurance plans, with a 33.9% rise, up EUR 404 million, and non-linked life insurance plans, with a 28.4% rise, up EUR 765 million.

Non-life insurance rose 10.5% in 2024 compared with the previous year, confirming the positive trend noted in recent years. Non-life insurance premiums rose EUR 699 million to EUR 7,358 million. Most of the larger lines of business experienced solid growth trends, with health continuing its upward trajectory with a 17.5% growth rate, up EUR 237 million, driven by heightened demand for this coverage and a rise in average premium figures.

Motor vehicle grew 9.9% in 2024, up EUR 212 million, compared with the year earlier. Workers' compensation also experienced a positive growth in 2024 with a 9.7% rise, up EUR 110 million, followed closely by fire and other property damage, with a 7.9% growth rate, amounting to EUR 93 million.

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3.2. The Year's Highlights

With more than 70 elections, involving 4,2 billion voters, 2024 emerged as the year with the greatest electoral activity in history. Regardless of the specifics of each election, common trends can be identified, particularly an increasing polarisation, the pervasive influence of social media and a gradual shift from traditional left-right ideological battles to confrontations between pro-establishment and anti-establishment factions. The outcome of certain electoral events may lead to a shift in a nation's governance, challenging the foundational principles that have shaped the Western world and fostering scepticism on a global scale, along with the desire to adopt protectionist measures.

At the same time, after a period of social and economic instability due to the pandemic, armed conflicts and soaring inflation, inflation rates began to level off and fall, yet the uncertainty surrounding the resolution of ongoing conflicts may pose a risk to this downward trend.

The latest estimates from the Bank of Portugal suggest that the country's GDP grew 1.7% in 2024, strongly driven by a 3.9% rise in exports, contrasting with a modest 0.5% growth in investment (gross fixed capital formation). The weight of public debt as a percentage of GDP continues its downward trend, with forecasts suggesting it will reach 95.3%, reflecting a decline of 7 percentage points compared with 2023. Finally, a new budget surplus of 0.6% is projected, although lower than the 1.2% that was recorded in the previous year.

Looking specifically at the insurance market in Portugal, non-life insurance experienced an overall rise of 11% consistent with the year before, with health recording a significant increase of 18%, reflecting a demographic expansion. In 2024, several trends have shaped insurance performance, among which the following are noteworthy: the evolution of the vehicle fleet with a significant increase in the number of electric cars on the roads, a rise in coverage for small and medium-sized enterprises (SMEs) and the volatility of interest rates on the performance of workers' compensation under the IFRS 17 framework.

Generali Seguros grew slightly above the market in non-life insurance, with an 11% rise in premium volume, driving up its market share to 18.7%. Health insurance experienced a 21% rise, securing the third position in the ranking with a 13.5% market share, reflecting an increase of 4 percentage points.

Generali Seguros attained a 23% share in the motor vehicle insurance market and a 27% share in workers' compensation within the field of compulsory insurance, outpacing the average market growth rate in both types of coverage.

Generali Seguros experienced substantial growth in life insurance, with an 81% surge, driven by an innovative product offering and the exploration of new distribution channels, including an agreement with Banco CTT.

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

2024 was a year full of good news about product offering. New and improved products were naturally designed to meet customer needs and deliver excellent service quality, while reflecting the company's strategic policy to provide solutions that embrace its commitment to environmental sustainability, with a focus on green and socially responsible products.

Therefore, some meaningful product improvements were made and new products launched, among which the following are to be highlighted:

Private

- mental health: the services provided within the *AdvanceCare* network include in-person psychiatric, psychologic and psychotherapy visits, up to the limit of the insured capital amount for outpatient care, and unlimited online appointments for these services;
- health insurance: the company established an innovative partnership with the Champalimaud Foundation, providing access to early skin cancer screenings, while also enhancing mental health and nutritional prevention services with new optional covers;
- the green card is now accessible to customers through the app, customer portal and email, contributing to a more straightforward digital experience and aligning with the new law that removes the requirement for a physical version of the green card;
- workers' compensation: increased cover for displaced workers, providing greater protection in the event of occupational accidents and sickness;
- the *LifeStyle* discount is now incorporated in risk life insurance;
- the assortment of financial products available to agents has been improved;
- new savings and investment products were created for Banco CTT (unit-linked);
- a novel collaborative product offering was developed, affecting the motor vehicle, property and third-party liability lines of business, while also enhancing product portfolios with some additional coverage and guarantees by combining the best features of both brands' offerings.

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- the partnership established with the Champalimaud Foundation grants access to the *OncoRisk Programme*, a preventive screening initiative focused on early cancer detection, in addition to increased capital for hospital stays in acute situations;
- mental health: the services provided within the *AdvanceCare* network include in-person psychiatric, psychologic and psychotherapy visits, up to the limit of the insured capital amount for outpatient care, and unlimited online appointments for these services;
- workers' compensation: the company partnered with Merytu to launch a new pop-up employment insurance for self-employed workers;
- workers' compensation claims assistant: new features were incorporated in a tool designed to simplify the daily routines of customers and partners, while enhancing the experience for claimants impacted by occupational accidents, for instance to submit a reimbursement claim form and access expense information;
- corporate multirisk: an in-depth analysis is set to occur alongside the launch of a new modular product scheduled for December;
- life insurance: online appointments of general practice and family medicine, internal medicine, travel advice, psychology and psychiatry were incorporated in some life risk products at agreed-upon prices with no usage limits or waiting periods.

LOGO brand strengthened its position in the direct insurance market by upgrading its digital channels:

- a completely brand-new, modern website was launched, optimised for every device, with a focus on customer needs;
- motor vehicle insurance calculators were upgraded, making it easier to get a quote and underwrite an insurance policy online;
- broadened its product portfolio to include an insurance for bicycles and scooters.

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On a global scale, the company strengthened its commitment to enhancing the customer experience by streamlining and automating processes across the lifespan of its insurance policies:

- the brand strengthened its goal to attain a clearer and simpler language in all points of contact with the customer, having reviewed 100% of all customer interactions at the end of the year, with a focus on the most frequent;
- the brand broadened the range of products eligible for welcome emails to new customers, highlighting the main advantages of LOGO products and services, while also providing information on how to submit a claim or address any other product-related issues;
- the digital life medical questionnaire has been broadened to include a wider variety of products and incorporated into AdvanceCare, where it is also used by nurses during telephone interviews. Customers are now able to complete an online survey about their health history, which is mandatory for underwriting a life and health insurance policy, at their convenience, allowing them to receive their test results more swiftly;
- digital signature has been extended to encompass some insurance policies for underwriting purposes and to facilitate the authorisation of direct debit payments, thus saving time and paper necessary to complete these processes;
- LOGO app has been refreshed, focusing on enhanced performance and increased capacity, while also refining user experience (UX) and user interface (UI), which now include features like the option to log in using biometric data, customise the names of insurance policies (e.g. white car insurance policy, instead of policy no. 123456567), get a quote and manage documents, among others.

Under the principle *If you can't measure it, you can't improve it*, the company continues to run the *Net Promoter Score* (NPS) programme to gauge customer satisfaction levels across active touchpoints and monitor their evolution closely.

This programme is a pivotal tool for the company to deliver enhanced customer experience, making interactions feel more human:

- in 2024, over 1 million surveys, totalling 1,416,045, were sent out, of which 86,754 were answered, and 11,151 phone calls were made;
- 18 departments were involved and nearly 450 cloopers interacted with customers on the phone.

In 2024, based on customer feedback, the company was able not only to identify several improvement opportunities in different touchpoints along customers' journeys, but also to measure the success of specific initiatives that were promoted.

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In 2024, the company enhanced its focus on digitalisation, innovation, service delivery and effective communication with customers and partners, seeking to be a standout player in the market and to reaffirm its status as a true lifetime partner:

- the company closed out the year with nearly 1,8 million green customers, which account for 82% of the total number of customers, thus continuing its upward trajectory with a 10% rise compared with the previous year. LOGO brand alone accounts for 9% of the total number of green customers. These figures reflect high service levels and efficiency in customer communication and innovation;
- the company strengthened its continuous communication strategy by establishing a contact policy that refines interactions with customers across different segments, while also delivering regular and relevant content to each customer through commercial campaigns, prevention actions, and institutional and information initiatives;
- in 2024, the company contacted nearly 94% of its customers, in line with the Generali Group's strategic vision, an initiative aimed at establishing Generali Seguros as a lifetime partner for its customers;
- to leverage digital communication and improve customer experience, the company remained committed to obtaining customer consent for marketing material. By the end of the year, 61% of private customers had given their consent to receiving marketing communications, a rise of 3 percentage points compared with 2023;
- the company maintained its commitment to simplify communication, ensuring it resonates more closely with both customers and employees by using a more approachable and relatable tone.

The devices and technology used by customers and the company's focus on digital tools were decisive to keep commercial dynamics and strengthen the relationship with key business partners.

Therefore, special emphasis was placed on the following initiatives:

- a new brand was launched at a major event and is now present in nearly 800 retail outlets nationwide, supported by the company's own exclusive distribution network and selected multi-brand agents;
- commercial dynamics has been boosted through an incentive programme recognised in the market and the launch of targeted commercial campaigns focused on retail and small and medium-sized entreprises;
- the *Financial T Club* has been strengthened, offering benefits and four exclusive events for the best distribution agents of each commercial department for financial products in life insurance;
- focus has been placed on the sale of strategic products, and the digital transformation of the distribution network has been strengthened through the following initiatives:

    - ***commercial dynamics***
        - strong focus on differentiated marketing campaigns, shorter and more focused on diversity to boost commercial dynamics;
        - a *Commercial Meeting* took place in Lisbon for partners and employees, gathering more than 3,000 people, where the new brand of Generali Tranquilidade was officially launched;
        - strong focus on local events to foster connection.

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- **o** ***digital service and presence***
  - local and in-person training in several commercial areas, aimed at key business partners and also the commercial team as well;
  - Generali Tranquilidade took part in the *Global Advisor Excellence Contest* (GAEC) in Monaco, an event hosted by the Generali Group, bringing along 21 exclusive partners and the commercial team, which excelled in both customer digital service and the promotion of strategic products. One of the agents made it into the Generali Group's Top 10 worldwide;
- **o** ***digital sales***
  - 150,000 leads resulted in 20,000 policies sold, and EUR 11 million in premiums.

In short, in a challenging environment, commercial performance has proven again the company's strong commitment to its partners:

- non-life and life risk revenue rose by 13.6% or 18.7%, when considering the extraordinary growth of life financial products;
- in addition to financial products, the lines of business that significantly outperformed the market were motor vehicle, personal health and multi-risk, where increasing market share is particularly significant.

A partner satisfaction survey, *R-NPS*, revealed a high satisfaction level of 61.8 on a scale of -100 to 100, an increase of 4.2 percentage points compared with 2021.

The strategy set by the Generali Group for 2022-24, *Lifetime Partner 24: Driving Growth*, has laid the groundwork that has enabled Generali Seguros to enhance its financial performance, deliver the best customer experience and generate a positive impact on society and the environment.

Sustainability lies at very heart of the insurance industry, which has long been committed to the protection and safeguard of individuals, assets and businesses. Aiming to create long-term value for every stakeholder: shareholders, investors, customers, employees, suppliers, the environment, local communities and society as a whole; Generali Seguros is committed to the strategy *Lifetime Partner 24: Driving Growth*. This strategy has allowed Generali Seguros not only to enhance its financial results while also providing an exceptional customer experience and contributing positively to both society and the environment.

The year 2024 began with a new chapter of the movement *The Human Safety Net* (THSN), warmly welcoming the new ambassadors. During the reception, the company pointed out their importance for the ongoing success of the movement, highlighting the pivotal role they play in promoting and expanding the initiatives. In a symbolic and inspiring gesture, a flag was passed from the ambassadors of 2023 to their 2024 counterparts, officially marking the beginning of this new journey of solidarity. In February, still within the scope of the THSN, the company held the launch event *Agents Involved for the Community*, where 120 agents were already registered, ready to change the lives of families and the communities they serve.

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As part of the company's commitment to the environmental sustainability, also in February, nearly 2,600 trees were planted on 4,94 acres of land in the Pine Forest of Leiria. This initiative stemmed from a campaign carried out in September 2023, when the company celebrated *Portugal's Sustainability Day* and pledged to plant a tree for every new insurance policy sold. The initiative brought together more than 150 people from different regions of the country, including employees, partners, relatives and friends of all ages, who contributed to the reforestation efforts of the Pine Forest of Leiria with great enthusiasm and a clear sense of mission. The initiative was developed in partnership with Quercus and had the support of monitors from this association and operational assistants from the Institute for Nature and Forest Conservation (ICNF).

In March, the company participated in Earth Hour, an initiative promoted by the Portuguese Nature Association in partnership with the Worldwide Fund for Nature (WWF), by switching off the lights in its facilities in Lisbon and Oporto and also shutting down computers, other electrical devices and digital displays in its stores.

In April, the company launched the *Climate Change Awareness Journey*, a new course on our *We LEARN* training platform. This course aims to increase awareness about climate change, while also addressing the company's efforts to tackle these challenges, expanding on the knowledge gained from the *Sustainability Awareness Journey* course launched the year before. The company strongly believes that climate literacy is a vital component for taking a more active role in the global effort to ensure the planet's sustainability.

LOGO, the direct insurance brand of Generali Seguros, sponsored the *Desconfia* shows that took place in Lisbon and Oporto between May and June. Together with Joana Marques, LOGO made a donation of EUR 20,000 to the Make-a-Wish Portugal Foundation to make the wishes of eight children and young people come true, offering them a chance for joy, strength and hope in their lives.

In June, the company marked the *World Whistleblower Day*, where employees were encouraged to report any violations of misconduct, helping to preserve the integrity, reputation and trust within the organisation, thus reinforcing its commitment to a safe working environment, free from any form of harassment, intimidation, discrimination or retaliation.

Also in June, the company marked the *LGBTQIA+ Pride Month* by implementing multiple initiatives, which featured the creation of resources focused on the pillars of *diversity, equity and inclusion*, as well as a glossary of terms associated with the LGBTQIA+ community. On 22nd and 28th June, the lights on the buildings of the company shone in the colours of the LGBTQIA+'s flag.

By the end of June, the company expressed its appreciation to every team involved in the *Global Challenge*, a global fundraising initiative developed by the THSN. Thanks to the efforts of more than 500 volunteers divided into 35 teams, the company managed to raise a total of EUR 8,722 to assist in organising an extraordinary *Family Day* for SOS Children Villages.

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Between April and June, the company organised workshops for parents at the Family Support and Parental Counselling Centre ((abbreviated as CAFAP in Portuguese) in Oeiras, partnering with SOS Children Villages, as part of THSN's initiatives. These workshops aimed to develop parenting skills and strengthen bonds between parents and children, exploring both practical and emotional topics. Over eight sessions, ten volunteers engaged with the children through activities such as games, play and conversations, while the parents attended the workshops. In addition to the workshops, parents were given the opportunity to attend sessions on child health and nutrition.

In July, employees from Oporto dedicated some of their time to a solidarity initiative, participating in a blood donation at the Blood and Transplantation Centre in Oporto, in collaboration with the Portuguese Blood and Transplantation Institute. Also in the northern part of the country, the company highlighted the support provided by the Northern Commercial Department to several charitable organisations throughout August, namely the Association for the Development of Rio de Moinhos (ADRM) in the Douro coastal area, the Vincentian Organisation of St. Tiago de Cardielos, and the Vincentian Organisation of St. Peter and St. Paul of Serreleis in Minho.

In August, following the outbreak of a fire at a car park in Prior Velho, Generali Tranquilidade stepped up its operations to assist customers who were impacted by the incident, settling 75% of claims in seven days. The company provided custom support to customers and partners by simplifying all fire-related processes.

Throughout the year and especially in the summer, Açoreana took part in the most noteworthy events held on the islands. From supporting music festivals to sports in some major events, the aim was to ensure public safety by delivering the company's insurance offerings and enhancing the brand visibility, while also supporting events, shows and concerts to boost the local economy.

In September, the company launched the podcast *Two Coffees and the Bill – At the Table for Diversity, Equity and Inclusion*, providing a space for employees to discuss matters related to wellbeing, as well as diversity, equity and inclusion. Also in September, the company celebrated *Portugal's Sustainability Day* with multiple initiatives under the banner *Sustainability Days*, featuring the return of the *Planting Trees to Ensure the Future* campaign for its second year. The insurance policies sold were converted into 6,189 trees, as pledged by the company, with one part being planted in November in the Pine Forest of Leiria, while the remaining trees were scheduled for planting in the first quarter of 2025.

In October, the company celebrated the 7th anniversary of *The Human Safety Net* and held the *Family Day* for SOS Children Villages at the Exploratory of the Science Centre of the University of Coimbra, bringing along thirty families from four centres of the SOS Children Villages and giving them the opportunity to explore the world of science through a range of activities. The success of this day was only possible thanks to the generous contributions from the *Global Challenge* donors mentioned earlier.

The onset of the holiday season brought forth the *Charity Christmas Market*, offering a chance for people to buy gifts that served a charitable cause, supporting different social associations. This initiative provided an opportunity to gain some insight into the work of these associations and contribute to different causes that align with the principles of *diversity, equity and inclusion* and social sustainability.

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Also in December, the company held an important debate about cancer prevention in Lisbon, where the newly established Skin Cancer Screening Centre – Generali Tranquilidade | Champalimaud was introduced. This centre, which is fully equipped with cutting-edge technology, makes it possible to map all skin abnormalities and lesions, as well as to identify and prevent oncological hazards. The company donated a new equipment to the Champalimaud Foundation, highlighting the importance of cancer prevention.

As the year drew to a close, *The Human Safety Net* appealed once more to the employees and partners of the company, encouraging them to gather goods for Christmas hampers intended for families supported by CAFAP of SOS Children Villages in Oeiras, Rio Maior, Guarda and Vila Nova de Gaia. In addition to Christmas hampers, some gifts were also given to 194 children from these families, thanks to the efforts of volunteering employees and partners. In the Azores, the employees and partners of Açoreana came together to gather goods for Christmas hampers, which were delivered to 20 families in Rabo de Peixe and São Roque, assisted by Kairós. Finally, the company managed to provide food and hygiene supplies to Mercearia Social Valor Humano, a solidarity project in the civil parish of Santo António de Lisboa.

The company closed out 2024 with the strong belief that every initiative it launched, regardless of its scale, has contributed positively to the community it served. The company upheld its daily commitment to working towards a responsible future, devoting itself to promoting sustainable and positive changes for all individuals. This year was marked by a collective effort and an unwavering dedication, enhancing the company's mission to create a better and more sustainable world for future generations.

In March 2024, the company rebranded as Generali Tranquilidade, and it was crucial to enhance communication to increase market awareness and perception of the new brand.

Benefitting from property and leveraging the legacy and reputation of the brand Tranquilidade, along with an effective media and sponsorship strategy for the year, the brand Generali Tranquilidade achieved impressive results over the past nine months, reaching a total notoriety of 75.8%, as reported by the Marktest *BASEF Insurances* survey.

In 2024, LOGO set itself the ambitious goal of serving its fully digital customers, positioning itself as a dynamic and pioneering brand regarding processes, namely enabling customers to manage their insurance policies on a self-service basis.

Following last year's efforts to align processes and technologies, while optimising campaigns, the focus has now shifted to enhancing the quality of the information available on the website, developing new features for the app and streamlining *GanhaLOGO* telematics app, which is intended for both customers and non-customers alike.

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3.3. Key Variables and Business Indicators

(in thousands of euros)

	2024	2023	VAR 24/23 (%)
BALANCE SHEET			
Investments (a)	2 649 938	2 383 496	11,2
Net Assets	3 554 485	2 847 320	24,8
Equity	413 546	307 488	34,5
Life insurance contract assets	18 126	15 531	16,7
Life insurance contract liabilities	540 862	605 118	-10,6
Non-life insurance contract liabilities	1 759 591	1 598 318	10,1
GAINS AND LOSSES			
Direct Insurance Gross Written Premiums	1 456 355	1 309 731	11,2
Life	*82 674*	*73 732*	*12,1*
Non-life	*1 373 681*	*1 235 999*	*11,1*
Insurance contract revenue	*1 435 574*	*1 305 020*	*10,0*
Life	*97 393*	*99 696*	*-2,3*
Measured under the premium allocation approach	19 687	15 487	27,1
Not measured under the premium allocation approach	77 706	84 209	-7,7
Release of expected value of incurred claims and costs attributable to insurance contracts	*40 186*	*49 082*	*-18,1*
Changes in risk adjustment (non-financial risk) for expired risk	*1 802*	*1 999*	*-9,9*
Release of the contractual service margin for transferred service	*16 314*	*14 219*	*14,7*
Allocation of acquisition costs attributable to insurance contracts	*19 404*	*18 909*	*2,6*
Non-life	*1 338 181*	*1 205 324*	*11,0*
Incurred claims and other costs attributable to insurance contracts	911 559	838 266	8,7
Life	*43 168*	*37 709*	*14,5*
Non-life	*868 391*	*800 557*	*8,5*
Reinsurance contract revenue	383 069	49 881	668,0
Life	*2 852*	*7 751*	*-63,2*
Non-life	*380 217*	*42 130*	*802,5*
Insurance contract expenses	506 562	122 178	314,6
Life	*6 487*	*7 848*	*-17,3*
Non-life	*500 075*	*114 330*	*337,4*
Insurance contract result	44 857	87 015	-48,4
Financial Component of Insurance Contracts	-29 962	-17 014	76,1
Operating Costs	153 302	146 046	5,0
Income	77 835	56 903	36,8
Net income	46 173	72 567	-36,4
INDICATORS			
Direct Insurance Loss ratio - Non-Life	64,9%	66,4%	-1,5 p.p.
Loss ratio net of reinsurance - Non-Life	99,4%	68,5%	30,8 p.p.
Net result/ Gross written premiums	3,2%	5,5%	-2,4 p.p.
Combined Ratio Net of Reinsurance	98,3%	94,4%	3,8 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.

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3.4. Generali Seguros' Underwriting Performance in 2024

3.4.1. Direct Insurance Premiums

Overall direct insurance underwriting totalled EUR 1,456,355 thousand in 2024, a rise of 11.2% compared with the previous year.

Direct life insurance premiums amounted to EUR 82,674 thousand, showing an increase of +12.1% (EUR +8,942 thousand) compared to the previous year, with positive variations in the premiums of Risk and Annuities products (+17.0%).

In Non-Life, the volume of premiums reached EUR 1,373,681 thousand, i.e., +11.1% (EUR +137,682 thousand) compared to 2023. All lines of business showed positive rates of change compared to 2023, with the exception of Transports (-4.8%). We would like to highlight the growth seen in Accidents and Health (+14.2%, EUR +71,055 thousand) with a greater contribution from Health (+20.9%, EUR +36,984 thousand) and Workers' Compensation (+10.6%, EUR +32,630 thousand).

In 2024, the Motor insurance production has also registered a very positive growth compared to the previous year (+12.6%, EUR +60,371 thousand).

Fire and Other Damage registered in 2024 an increase in production compared to the previous year (+1.0%, EUR +1,750 thousand), with emphasis on the Multi-Risk insurance which registered an increase of EUR +15,745 thousand, corresponding to a variation of +11.2%.

DIRECT INSURANCE PREMIUMS

(in thousand of euros)

	2024	%	2023	%	VAR 24/23 (%)
LIFE	**82 674**	**5,7**	**73 732**	**5,6**	**12,1**
Risk and annuities	72 253	5,0	61 754	4,7	17,0
Financial	10 421	0,7	11 978	0,9	-13,0
NON-LIFE	**1 373 681**	**94,3**	**1 235 999**	**94,4**	**11,1**
Accidents and Health	570 073	39,1	499 018	38,1	14,2
Fire and Other Damage	168 710	11,6	166 960	12,7	1,0
Motor	538 811	37,0	478 440	36,5	12,6
Transport	4 442	0,3	4 667	0,3	-4,8
Third-party liability	25 766	1,8	25 744	2,0	0,1
Others	65 879	4,5	61 170	4,7	7,7
TOTAL	**1 456 355**	**100,0**	**1 309 731**	**100,0**	**11,2**

Report of the Board of Directors

3.4.2. Claims Incurred and Other Insurance Contract Expenses

The total of incurred claims and other costs attributable to Non-Life insurance contracts in 2024 reached EUR 911,559 thousand, representing a variation of +8.7% compared to 2023.

In 2024, in the Motor insurance, incurred claims increased by 13.6% in respect to the previous year (EUR +45,094 thousand).

In Accidents and Health, incurred claims also increased in 2024, compared to 2023, by 9.5% (EUR +31,818 thousand), particularly in Health (+16.1%, EUR +22,612 thousand) and in Workers' Compensation (+4.0%, EUR +7,466 thousand).

In the Fire and Other Damage insurance, incurred claims decreased by -4.8%, with emphasis on Multi-Risk insurance -7.6% (EUR -7.199 thousand).

INCURRED CLAIMS AND OTHER COSTS ATTRIBUTABLE TO INSURANCE CONTRACTS

(in thousand of euros)

	2024	2023	VAR 24/23 (%)
LIFE	**43 168**	**37 709**	**14,5**
Risk and annuities	40 607	31 225	30,0
Financial	2 561	6 484	-60,5
NON-LIFE	**868 391**	**800 557**	**8,5**
Accidents and Health	367 274	335 456	9,5
Fire and other Damage	103 325	108 518	-4,8
Motor	375 805	330 711	13,6
Transport	2 413	1 816	32,9
Third-party liability	11 729	10 718	9,4
Others	7 845	13 338	-41,2
TOTAL	**911 559**	**838 266**	**8,7**

The Non-Life loss ratio in 2024 (incurred claims and other costs attributable to insurance contracts / gross earned premiums) stood at 64.9%, representing a decrease of 1.5 p.p. over the previous year (66.4%). Two essential factors contributed to this evolution: (i) the contained evolution in frequency and average costs associated with workers' compensation; convergence; and (ii) contained claims in Fire and Other Damage, with no record of outlier claims.

INCURRED CLAIMS AND OTHER COSTS ATTRIBUTABLE TO INSURANCE CONTRACTS / INSURANCE CONTRACT REVENUES

(%)

	2024	2023
Accidents and Health	65,0	67,8
Fire and other Damage	63,5	66,9
Motor	72,6	72,4
Transport	55,0	38,6
Third-party liability	46,3	42,5
Others	12,3	21,6
TOTAL	**64,9**	**66,4**

* Claims costs with costs expressed in % of premiums earned.

Report of the Board of Directors

3.4.3. Insurance Contract Liabilities

Insurance contract liabilities totalled EUR 2,300,453 thousand in 2024, reflecting a 4.4% increase (EUR 97,017 thousand) compared to 2023. This increase was due to: (i) the increase in Non-Life insurance contract liabilities (EUR 161,273 thousand), mainly due to increased liabilities related incurred claims, and (ii) the reduction in Life insurance contract liabilities (EUR -64,256 thousand), as a result of maturities and surrenders that occurred during the year.

INSURANCE CONTRACT LIABILITIES

(in thousands of euros)

	2024	2023	VAR 24/23 (%)
Life insurance contract liabilities	540 862	605 118	-10,6
For remaining coverage	*446 640*	*512 719*	-12,9
For incurred claims	*94 222*	*92 399*	2,0
Non-Life insurance contract liabilities	1 759 591	1 598 318	10,1
For remaining coverage	*268 348*	*227 861*	17,8
For incurred claims	*1 491 243*	*1 370 457*	8,8
TOTAL	**2 300 453**	**2 203 436**	**4,4**

3.4.4. Reinsurance Ceded

The balance of ceded reinsurance amounted to a negative EUR 123,493 thousand in 2024, a significant increase from the negative EUR 72,297 thousand reported in 2023. The balance of non-life reinsurance worsened by EUR 47,658 thousand, mostly due to two factors: (i) the rollout of a *loss portfolio transfer* type of reinsurance contract entered into with Assicurazioni Generali, S.p.A for motor vehicle and third-party liability; and (ii) a change of the *Fire Treaty* structure, which shifted from a proportional model to one based on excess losses. This change and the absence of outlier claims have led to a lower claims recoverability.

CEDED REINSURANCE

(in thousands of euros)

	2024	2023	VAR 24/23 (%)
LIFE	**3 635**	**97**	**3 647,4**
Premiums	19 146	14 648	30,7
Commissions	-1 669	-1 573	6,1
Claims and Variations in Technical Provisions	-13 842	-12 978	6,7
NON-LIFE	**119 858**	**72 200**	**66,0**
Premiums	512 218	121 890	320,2
Commissions	-9 492	-14 037	-32,4
Claims and Variations in Technical Provisions	-382 868	-35 653	973,9
RESULT	**123 493**	**72 297**	**70,8**

3.4.5. Operating Costs

Operating costs totalled EUR 153,302 thousand in 2024, a 5% rise compared with the previous year, (EUR +7,256 thousand).

Staff Costs in the amount of EUR 68,625 thousand increased by 0.9% compared to 2023 (EUR +618 thousand). Third-party Supplies & Services costs also increased by 11.2% compared to 2023 (EUR +5,964 thousand, of which +3.652 thousand is related to restructuring costs).

OPERATING COSTS

(in thousands of euros)

	2024	2023	VAR 24/23 (%)
Staff costs	68 625	68 007	0,9
Supply and outsourcing	59 416	53 452	11,2
Taxes and fees	8 735	8 167	7,0
Depreciations	11 909	10 352	15,0
Others*	4 617	6 068	-23,9
TOTAL	**153 302**	**146 046**	**5,0**

* It includes provisions for risks and charges, supported interest rates, commissions and other investment-related costs.

3.4.6. Staff

In 2024, 69 new permanent employees were recruited, while 56 employees left the company, of which 37 by own initiative or the company's and 17 by mutual agreement.

	2024	2023	VAR 24/23 (%)
TOTAL STAFF AS AT 1ST JANUARY	**1 045**	**1 070**	**-2,3**
Hired	69	61	13,1
Left	56	86	-34,9
- by pre-retirement or retirement	2	8	-75,0
- by own initiative or the company's	37	30	23,3
- by mutual agreement terminations	17	46	-63,0
- Others, namely decease	0	2	-100,0
TOTAL STAFF AS AT 31ST DECEMBER	**1 058**	**1 045**	**1,2**

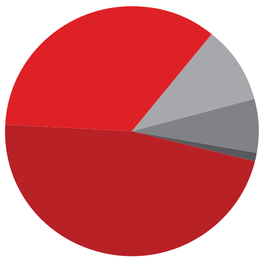
Report of the Board of Directors

3.4.7. – Investments performance

At the end of the year, Generali Seguros' investment portfolio was worth EUR 2,649,938 thousand, reflecting an increase of 11% compared with the year before.

Investment Portfolio 2024

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



* It includes investments in associates and joint ventures, financial assets 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, noncurrent 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.

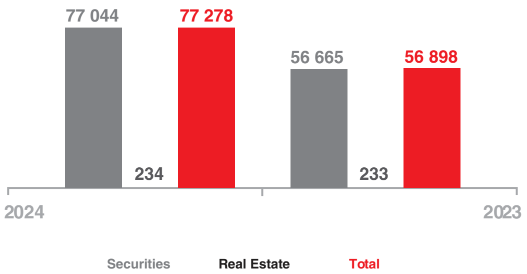
The asset allocation remains conservative, focusing on fixed-yield securities, which now represent 82% of the total portfolio. The bond component (direct investment) has an average Investment Grade rating (A/BBB) and an exposure to sovereign debt totalling EUR 1,236,715 thousand, with a special focus 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.

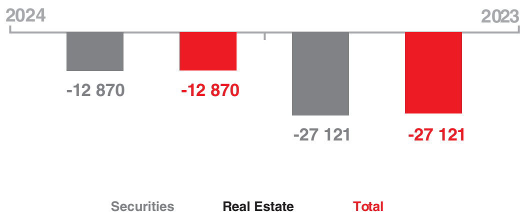
In a bid to improve returns over time, the company increased its investment in public debt from peripheral countries, leading to a decline in investment in Portuguese public debt bonds. Also in corporate debt, the company took advantage of favourable market conditions to increase exposure to high-quality debt (investment grade), yielding greater returns, and, given the company's improved solvency, to leverage that extra margin for investments that require significant capital but yield higher returns (equity, high-yield and subordinated debt).

Report of the Board of Directors

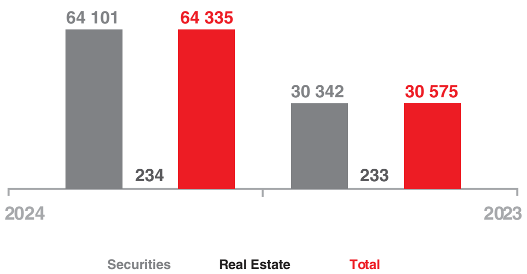
Interests and Dividends
(Values expressed in thousand of euros and from
a management perspective - it does not include UL)



Net Gains in Profit and Loss
(Values expressed in thousand of euros and from
a management perspective - it does not include UL or impairments)



Financial Performance Result
(Values expressed in thousand of euros and from
a management perspective - it does not include UL)



In 2024, the Financial Performance Result of Generali Seguros was positive in the amount of EUR 64,335 thousand, representing an increase of EUR 33,760 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 36% to EUR 77,278 thousand.

The average profitability of the Company's financial assets was of +2.5% (+1.3% in 2023). When including the effect of unrealised gains accounted for into the revaluation reserve, the profitability was of +3.0% (+6.6% in 2023).

Report of the Board of Directors

3.4.8. Equity and Solvency Margin

The company recorded a positive net income of EUR 46,2 million for the year ended 2024, compared with a positive net income of EUR 72,6 million in 2023.

It is worth mentioning that the company's net income for 2024 was adversely impacted, in net terms, by a set of non-recurring events, among which the following are highlighted:

- rollout of a *loss portfolio transfer* type of reinsurance contract in 2024, causing an initial negative impact on the financial results;
- recognition of an expense of EUR 3,7 million for costs incurred in the incorporation process.

By and large, non-recurring events had a significant impact on the company's net income for the year ended 2023, among which the following are noteworthy:

- 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;
- 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.

EQUITY

(in thousand of euros)

	2024	2023	VAR 24/23 (%)
Share Capital	125 500	90 500	38,7
Other Capital Instruments	27 097	27 097	0,0
Revaluation Reserves	-115 661	-127 571	-9,3
Reserve for the financial component of insurance contracts	148 228	163 616	-9,4
Reserve for the financial component of reinsurance contracts	37 869	-5 032	-852,6
Tax reserves	-30 587	-18 485	65,5
Gains and losses from the sale of equity instruments measured at fair value through other comprehensive income	238	176	35,2
Other Reserves	176 016	166 496	5,7
Retained Earnings	-1 327	-61 876	-97,9
Net Result	46 173	72 567	-36,4
TOTAL	**413 546**	**307 488**	**34,5**

Report of the Board of Directors

Equity increased by EUR 106,1 million in 2024 as a result of the evolution of its components in opposite directions. Hence, the following key points are highlighted:

- an increase of EUR 35 million in the company's share capital, bringing the total to EUR 125 million;
- a positive performance recorded in the revaluation reserve, which is net of deferred tax reserve, reflecting a balance of a negative EUR 116 million on 31st December 2024. This valuation stems from the shifts in market interest rates observed in 2024, which, given the type of assets in the company's investment portfolio (essentially fixed income securities, with a fixed rate) have a significant and positive impact on its valuation;
- a positive net result of EUR 46,2 million;
- a EUR 15,4 million decrease in the reserve of the financial component of insurance contracts, resulting from the evaluation of liabilities and the shifts in interest rates, as mentioned earlier.

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 stretches across the organisation and relies on the contribution of its governing bodies and multiple organisational areas to make it operational.

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

The Board of Directors is supported by the current governing structure, which relies on its key players, namely the Supervisory Board, the Executive Committee, the Remuneration Committee, The Risk and Internal Control Committee, the reporting risk function (incorporated within the domain of the chief financial officer function), operations managers (1st line of defence), and the four control functions, namely risk management, compliance, actuary (2nd line of defence) and audit (3rd line of defence).

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

Report of the Board of Directors

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

The company built an internal control framework based on basic and standard requirements to develop and implement effective internal controls across the organisation, namely establishing an appropriate control environment, implementing control activities, awareness raising, and ultimately monitoring and reporting.

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

Risk Management Function

The structure assists the management team in developing risk management strategies, establishing and assessing monitoring tools by providing the necessary information to assess the robustness of the risk management and internal control system as a whole through an appropriate reporting system.

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

The risk management function is responsible for:

- supporting the development of the risk management policy and determining risk tolerance;
- setting the criteria and methodologies for risk assessment, establishing the results of risk assessments and, eventually, submitting them to the Board of Directors and the Executive Committee; and
- controlling the implementation of the risk management policy and business risk as a whole.

Compliance Function

The need to conduct business in compliance with all applicable laws and regulations, and the rules and practices of the Code of Conduct lies at the core of our corporate culture. This has led the company to establish controls for each level to prevent the risk of penalties that are likely to result in a monetary loss or reputational damage, duly identified as compliance risks, arising from a breach of laws, regulations, rules, and organisational norms laid down in the Code of Conduct.

Report of the Board of Directors

The core mission of the compliance function is to assess the adequacy of the organisation and its internal procedures for managing compliance risks, including financial crime risks and personal data protection, among others.

In particular, the compliance function is responsible for:

- identifying the applicable regulatory requirements on an ongoing basis, assessing their impact on processes and procedures, assisting and advising the company's governing bodies and other functions on compliance risks and related matters, especially on product design;
- assessing the relevance and effectiveness of measures adopted within the organisation to mitigate compliance risks and making recommendations aimed at expanding the capacity of the compliance management system;
- overseeing the effective implementation of measures suggested;
- preparing reports for the company's governing bodies and other relevant functions;
- contributing to safeguard the integrity and reputation of the company;
- bolstering corporate awareness on compliance, transparency and responsibility towards the shareholders;
- providing support to operations and business areas to create sustainable competitive advantage by incorporating risk management into day-to-day operations and strategic planning.

The compliance function comprises three core areas: compliance, anti-money laundering (AML), and data protection.

Actuarial Function

According to the provisions laid down in Solvency II, the actuarial function is mainly responsible for:

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

Report of the Board of Directors

Internal Audit Function

The internal audit function serves as an independent and impartial entity established by the Board of Directors to verify and assess the adequacy, effectiveness and efficiency of the internal control system and all other components of the governing system by conducting assessment and advisory activities for the benefit of the Board of Directors, senior management, and other interested parties.

The internal audit function assists the Board of Directors in identifying strategies and establishing guidelines for internal control and risk management, ensuring they remain appropriate and effective over time, while also providing the Board of Directors with comprehensive analyses, assessments, recommendations and information regarding the activities reviewed.

3.4.10. Sustainability Report

According to article 66, clause b), paragraph 7, of the Portuguese Commercial Code, Generali Seguros, S.A. is exempt from preparing the individual *Sustainability Statement*, since the information required is part of the Consolidated Annual Report and Accounts prepared by the Generali Group, whose parent company has its registered office in Trieste, Italy, in Piazza Duca degli Abruzzi, 2, available at www.generali.com/info/download-center/results#2024.

3.5. Proposal for Capital Allocation

Under the terms and for the purposes set forth in article 376, clause b) of the Portuguese Commercial Code, the Board of Directors of Generali Seguros, S.A. proposes a net income of EUR 46,172,659.04 for the year ended 2024 to be allocated as follows:

a) 10% of net income, amounting to EUR 4,617,265.90, to be allocated to legal reserves; and

b) the remaining amount to be recorded in retained earnings.

Report of the Board of Directors

3.6. Goals for 2025

The year 2025 is anticipated to be of significant turbulence, marked by the inauguration of a new American administration, which is likely to influence the global economic and political landscape, affecting not only its interactions with China, but also the relationship with Europe and NAFTA. Despite the West's efforts, China's political relevance, alongside its economic scale, is likely to increase as the U.S. withdraws from the international arena. The recently established agreement with Mercosur represents a strategic effort to diversify and mitigate the potential effects of forthcoming decisions by the new American administration, which are likely to affect economic growth and reignite inflation. The beneficial effects of this agreement are likely to take years to materialise, though.

Looking at the political landscape in Portugal, the 2024 legislative elections, in addition to their unforeseen nature, given that the government in office at the time had secured an absolute majority less than a year and a half ago, resulted in a change in the ruling party, paving the way for the resurgence of political groups that had been sidelined for almost a decade. In this context, two key dynamics are to be closely examined regarding this government's actions: on one hand, the drive and the ability to do things differently following an extended period in opposition, and, on the other hand, the capacity of effectively executing government policies in the absence of a parliamentary majority and amidst a fragmented legislative assembly. Economic indicators suggest that GDP is projected to grow by 2%, representing a slight increase compared with figures recorded in 2024, while inflation is expected to continue its downward trajectory to settle at around 2%, which aligns with the target rate set by the European Union. According to the latest projections from the Bank of Portugal, public debt is likely to fall below 90%, specifically reaching 86.5%, while the budget balance is expected to experience a minor deficit of around 0.1%.

In the insurance industry, three key challenges will emerge as critical in 2025: artificial intelligence, sustainability and regulation. Artificial intelligence will bring about significant shifts in the relationship with customers and partners, with increasing customisation in product offering and enhanced chatbot performance, allowing for continuous quality service. Simultaneously, it will impact internal operations by automating and streamlining IT processes. The demand for enhanced sustainability will imply changes not only in product offering to align with new consumption trends, such as the rise of hybrid and electric cars, but also in underwriting, where the commitment of policyholders will play a more critical role in risk assessment. Finally, regulatory frameworks will impact several areas, particularly in relation to the tax scheme governing national retirement and savings plans in comparison to the European retirement and savings options, such as the Pan-European individual retirement plan.

In this scenario, there is a continued focus on initiatives designed to transform and differentiate the value proposition through innovative products and custom services, while also simplifying and streamlining processes that ensure high-standard service levels and operational efficiency based on digital tools.

In Portugal, Generali Seguros strives to be the first choice for customers, business partners, and employees, establishing itself as a lifetime partner and contributing to fulfil their dreams and projects by offering them a safe and protected future.

3

Report of the Board of Directors

As a result, the company places great emphasis on three main goals for 2025:

1. strengthen the company's market position, with a focus on private customers, including seniors, and small and medium-sized entreprises
2. expand the capacity of the agent network and increase brand penetration in agents' portfolios, while also focusing on the development of new channels and digital tools;
3. change working practices and align the organisation in response by improving management processes and increasing employee engagement.

The achievement of these goals relies on the following hallmarks:

1. Distributors

1.1. Sustainable growth

Focus on profitable growth, supported by an ambitious commercial strategy, and prioritise our primary asset: the protection of over two million valued customers.

1.2. Customer electronics

Focus on sales strategies that prioritise customer guidance and address their needs, developing a digital tool for this purpose and promoting distributor training. Additionally, leverage a significant investment in 5T above-the-line advertising campaigns and in the development of predictive models aimed at analysing customer purchasing behaviour to make commercial approaches more effective.

1.3. Partner segmentation

Apply value proposition associated with a new partner segmentation to attain an effective and custom response based on each group's profile.

1.4. Partner proximity

Invest in local events and enhance relationships with partners and their teams, while also leveraging tools to attract new partnerships.

2. Customers

2.1. Prioritising the customer and rendering customer service more human-like are two key goals that seek to fundamentally reshape the relationship with customers:

- adopt a customer-driven mindset in journey mapping, product and service design to ensure operational optimisation and efficiency, reduce complexity of communications and simplify products and processes;
- make sale, payment, and claims processes more user-friendly, fast and efficient through smart automation;
- provide 24/7 customer support through self-service solutions (purchase, claims, payment, and support), using secure authenticated channels or *WhatsApp* and chatbot;
- enhance a 360-degree customer view, available in all channels.

2.2. Differentiated value proposition

- Increase customer insight and understand their value to offer appropriate and custom products, prices and communications based on predictive data analysis;
- Address customer needs by delivering comprehensive and integrated solutions that encompass information, preventive actions, protective measures, assistance, and support services;
- Identify, value and reward the most valued customers.

2.3. Custom guidance across multiple channels

- Promote a proactive stance to establish a solid advisory relationship with current customers, enhancing their trust and increasing their engagement levels;
- Encourage phygital contact to enhance customer experience across multiple channels and provide guidance on custom and flexible solutions for each customer;
- Improve the active listening skills of the sales network through targeted training programmes aimed at creating new business opportunities.

These are the pathways established to achieve the business growth objectives for 2025 and the years that follow, with a focus on sustainability and compliance with socially and environmentally responsible practices.

3.7. Subsequent Events

On 31st 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 subsidiaries in Portugal and Ireland. The incorporation of the Portuguese subsidiary of Liberty into Generali Seguros, S.A. is scheduled to occur in 2025.

As part of this incorporation process, the company received approval from the Portuguese supervisory authority on 11th February 2025 to proceed with the cross-border spin-off-merger process involving the Portuguese subsidiary of Liberty Seguros. The process is currently pending approval from the Spanish supervisory authority.

3.8. Final Remarks

In a highly challenging year, the Board of Directors wants to express its gratitude to customers, agents, employees, and partners for contributing to the development and growth of the company.

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

A final word to thank the Insurance and Pension Funds Supervisory Authority for helping Generali Seguros bring another chapter of its history to a successful conclusion.

Lisbon, 24th March 2025

Report of the Board of Directors

3

THE BOARD OF DIRECTORS

Jaime Anchústegui Melgarejo
(Chair of the Board of Directors)

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

Pedro Luís Francisco Carvalho
(Chief Executive Officer)

Stefano Flori
(Chief Executive Officer)

Patrícia Ribeiro Sanina Espírito Santo
(Member)

Valentina Sarrocco
(Member)

Santiago Villa Ramos
(Member)

Riccardo Candoni
(Member)

4 Financial Statements

STATEMENT OF FINANCIAL POSITION as at 31th December 2024

(in thousand of euros)

ASSETS	Annex Notes	31st December 2024 Gross value	Impairment, depreciation/ amortisation or adjustments	Net value	31st December 2023
Cash and cash equivalents and bank deposits	8	171 865		171 865	92 778
Investments in subsidiaries, associated companies and joint ventures	7				
Financial assets measured at fair value through profit or loss	6	389 875		389 875	323 766
Financial assets measured at fair value through other comprehensive income	6	2 153 797		2 153 797	1 994 906
Financial assets measured at amortised cost	6	56 434	15 007	41 427	5 518
Hedge derivatives					
Land and Buildings		**47 605**	**14 109**	**33 496**	**26 723**
Own Use Properties	9	38 477	14 109	24 368	17 862
Income Properties	9	9 128		9 128	8 861
Other tangible assets	10	22 890	18 672	4 218	5 459
Inventories					
Goodwill	12	65 981		65 981	65 981
Other intangible assets	12	102 055	64 599	37 455	11 009
Life insurance contract assets	4	18 126		18 126	15 531
Non-life insurance contract assets					
Other assets related to insurance contracts					
Life Reinsurance Contract Assets		**16 354**		**16 354**	**15 970**
for remaining coverage	4	7 083		7 083	5 428
for incurred claims	4	9 271		9 271	10 542
Non-Life Reinsurance Contract Assets		**471 105**		**471 105**	**125 911**
for remaining coverage	4	26 015		26 015	25 529
for incurred claims	4	445 090		445 090	100 382
Other reinsurance contract assets					
Assets related to acquisition costs settled before the recognition of the group of insurance contracts					
Assets for post-employment benefits and other long-term benefits	23	868		868	347
Other Receivables from Insurance Operations and Other Operations		**74 212**	**21 711**	**52 503**	**51 721**
Receivables from direct insurance operations	13	12 581	125	12 456	8 566
Reinsurance receivables	13	21 604	5 298	16 307	22 050
Other operations receivables	13	40 027	16 288	23 740	21 105
Tax assets		**76 584**		**76 584**	**87 426**
Current tax assets	24	11 892		11 892	477
Deferred tax assets	24	64 692		64 692	86 949
Accruals and deferrals	13	4 287		4 287	3 073
Other asset items	13	16 429		16 429	19 928
Non-current assets held for sale and discontinued operations	11	115		115	1 273
TOTAL ASSETS		**3 688 582**	**134 098**	**3 554 485**	**2 847 320**

Lisbon, 24th March 2025

STATEMENT OF FINANCIAL POSITION as at 31th December 2024

(in thousand of euros)

LIABILITIES AND EQUITY	Annex Notes	31st December 2024	31st December 2023
LIABILITIES			
Life insurance contract liabilities		**540 862**	**605 118**
For remaining coverage	4	446 640	512 719
For incurred claims	4	94 222	92 399
Non-life insurance contract liabilities		**1 759 591**	**1 598 318**
For remaining coverage	4	268 348	227 861
For incurred claims	4	1 491 243	1 370 457
Other insurance contract liabilities			
Life reinsurance contract liabilities	4	1 917	711
Non-Life reinsurance contract liabilities			
Other reinsurance contract liabilities			
Financial liabilities from the deposit component of insurance contracts and from contracts of insurance and operations accounted for as investment contracts	5	200 427	75 128
Hedging derivatives			
Other financial liabilities		**386 223**	**39 454**
Subordinated liabilities			
Deposits received from reinsurers	5	335 310	11 225
Others	5	50 913	28 229
Liabilities for post-employment benefits and other long-term benefits	23	1 423	1 236
Other payables from insurance operations and other operations		**128 776**	**96 242**
Payables for direct insurance operations	13	80 131	64 753
Payables for other reinsurance operations	13	30 377	15 736
Payables for other operations	13	18 268	15 753
Tax liabilities		**29 217**	**34 582**
Current tax liabilities	24	29 217	34 582
Deferred tax liabilities			
Accruals and deferrals	13	88 427	85 313
Other provisions	13	4 076	3 730
Other liabilities			
Liabilities of a disposal group classified as held for sale			
TOTAL LIABILITIES		**3 140 939**	**2 539 832**

STATEMENT OF FINANCIAL POSITION as at 31th December 2024

(in thousand of euros)

LIABILITIES AND EQUITY	Annex Notes	31st December 2024	31st December 2023
EQUITY			
Equity	25	125 500	90 500
(Own shares)			
Other equity instruments	25	27 097	27 097
Revaluation reserves		**(115 661)**	**(127 571)**
For adjustments to the fair value of investments in subsidiaries, associated companies and joint ventures	26		
For adjustments to the fair value of equity instruments measured at fair value through other comprehensive income	9 e 26	(5 259)	(4 047)
For adjustments to the fair value of debt instruments measured at fair value through other comprehensive income	26	(114 174)	(127 435)
For revaluation of land and buildings for own use		464	464
For adjustments to the fair value of fair value hedging instruments			
For adjustments of other			
For foreign exchange differences			
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income	26	3 308	3 447
Reserve of the financial component of insurance contracts	26	148 228	163 616
Reserve of the financial component of reinsurance contracts	26	37 869	(5 032)
Tax reserve	26	(30 587)	(18 485)
Gains and losses from the sale of equity instruments measured at fair value through other comprehensive income	26	238	176
Other reserves	26	176 016	166 496
Retained earnings	25	(1 327)	(61 876)
Results of the fiscal year		46 173	72 567
TOTAL EQUITY		**413 546**	**307 488**
TOTAL LIABILITIES AND EQUITY		**3 554 485**	**2 847 320**

Lisbon, 24th March 2025

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

Statement of Profit and Loss at 31th December 2024

(in thousand of euros)

STATEMENT OF PROFIT AND LOSS	Annex Notes	31st December 2024 Life Technical	Non-Life Technical	Non-Technical	Total	31st December 2023
Insurance contract revenues	14	97 393	1 338 181		1 435 574	1 305 020
Measured under the premium allocation approach		19 687	1 338 181		**1 357 868**	1 220 811
Not measured under the premium allocation approach		77 706			**77 706**	84 209
Release of the expected value of incurred claims and costs attributable to insurance contracts		40 186			**40 186**	49 082
Variations in the risk adjustment (non-financial risk) for expired risk		1 802			**1 802**	1 999
Release of the contractual service margin		16 314			**16 314**	14 219
Allocation of acquisition costs attributable to insurance contracts		19 404			**19 404**	18 909
Insurance contract expenses	14	72 310	1 194 917		1 267 227	1 145 708
Incurred claims and other costs attributable to insurance contracts		43 167	868 391		**911 558**	838 266
Acquisition costs attributable to insurance contracts		23 419	244 385		**267 804**	237 983
Changes related to past services		5 512	84 889		**90 401**	54 094
Changes related to future services		212	(2 748)		**(2 536)**	15 365
Reinsurance contract revenues	14	2 852	380 217		383 069	49 881
Incurred claims and other costs attributable to insurance contracts – reinsurers' share		4 313	35 707		**40 020**	56 126
Changes related to past services - reinsurers' share		(1 464)	346 438		**344 974**	(7 395)
Changes related to past services - reinsurers' share		3	(1 928)		**(1 925)**	1 150
Impact of changes in the reinsurer's default risk						
Reinsurance contract expenses	14	6 487	500 075		506 562	122 178
Measured under the premium allocation approach - reinsurers' share		5 585	500 075		**505 660**	120 584
Not measured under the premium allocation approach - reinsurers' share		902			**902**	1 594
Release of the expected value of incurred claims and costs attributable to insurance contracts - reinsurers' share		872			**872**	1 292
Variations in the risk adjustment (non-financial risk) for expired risk - reinsurers' share		81			**81**	80
Release of the contractual service margin - reinsurers' share		(51)			**(51)**	222
INSURANCE CONTRACT RESULTS		21 448	23 406		44 854	87 015
Income from the financial component of insurance contracts						
Income from the financial component of reinsurance contracts		241	1 200		**1 441**	503
Losses from the financial component of insurance contracts		13 782	17 621		**31 403**	17 517
Losses from the financial component of reinsurance contracts						
RESULTS OF THE FINANCIAL COMPONENT OF INSURANCE CONTRACTS	14	(13 541)	(16 421)		(29 962)	(17 014)
Commissions from insurance contracts and operations accounted for as investment contracts or service contracts	15	1 151			**1 151**	267
Income	16	17 744	58 737	1 355	**77 836**	56 903
On interest from financial assets not measured at fair value through profit or loss		15 228	38 276	1 327	**54 831**	43 517
On interest from financial liabilities not measured at fair value through profit or loss						
Other income		2 516	20 461	28	**23 005**	13 386

Statement of Profit and Loss at 31th December 2024

(in thousand of euros)

STATEMENT OF PROFIT AND LOSS	Annex Notes	31st December 2024 Life Technical	Non-Life Technical	Non-Technical	Total	31st December 2023
Investment expenses	16		13		**13**	34
On interest from financial assets not measured at fair value through profit and loss						
On interest from financial liabilities not measured at fair value through profit and loss						
Other income	16		13		**13**	34
Net gains on financial assets and liabilities not measured at fair value through profit and loss	17	405	(83)	(1 182)	**(860)**	(23 445)
From financial assets measured at fair value through other comprehensive income		(596)	(83)	(48)	**(727)**	(22 545)
From financial liabilities measured at amortised cost		1 001		(1 134)	**(133)**	(900)
Other						
Net gains on financial assets and liabilities not measured at fair value through profit and loss	17	(3 382)	(11 439)	459	**(14 362)**	(2 396)
Foreign exchange differences	19		405	270	**675**	(473)
Net gains on non-financial assets not classified as non-current assets held for slae and discontinued operations	9		735		**735**	
Impairment losses (net of reversal)	18	(112)	49	1 604	**1 541**	4 042
On financial assets measured at fair value through other comprehensive income		(112)	49	(3)	**(66)**	812
On financial assets measured at mortised cost				(7)	**(7)**	
Other				1 614	**1 614**	3 230
Non-attributable expenses	21	3 055	8 413	22	**11 490**	11 561
Other technical income/expenses, net of reinsurance	20	23	(3 986)		**(3 963)**	(4 163)
Other income/expenses	20			107	**107**	8 865
Negative goodwill recognized immediately in profit or loss						
Gains and losses from associate companies and joint ventures recognised using the equity method						
Gains and losses from non-current assets or disposal groups classified as held for sale	11					113
NET INCOME BEFORE TAXES		**20 681**	**42 977**	**2 591**	**66 249**	**98 420**
Income tax for the fiscal year - current taxes	24			(7 686)	**(7 686)**	(12 647)
Income tax for the fiscal year - deferred taxes	24			(12 390)	**(12 390)**	(13 206)
NET INCOME FOR THE PERIOD		**20 681**	**42 977**	**(17 485)**	**46 173**	**72 567**
Earnings per share (in euros)	**27**				**0,37**	**0,80**

Lisbon, 24th March 2025

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

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Statement of Comprehensive Income

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Statement of Comprehensive Income as at 31st December 2024

(in thousand of euros)

STATEMENT OF COMPREHENSIVE INCOME	2024	2023
Net income for the period	**46 173**	**72 567**
Other comprehensive income for the period	11 972	119 268
Equity instruments measured at fair value through other comprehensive income	(1 150)	(2 140)
Net gains and losses	(1 150)	(2 140)
Debt instruments measured at fair value through other comprehensive income	13 122	121 407
Net gains and losses	13 261	123 592
Reclassification	(139)	(2 184)
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income	(139)	(2 184)
Adjustments to the financial component of insurance contracts	(15 388)	(110 724)
Adjustments to the financial component of reinsurance contracts	42 901	5 886
Taxes	(12 102)	(8 638)
Post-employment benefits	2 263	(4 815)
Other movements	(4 761)	(12 212)
Total comprehensive income for the period	**71 059**	**61 330**

Lisbon, 24th March 2025

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

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Statement of Changes in Equity

Statement of Changes in Equity as at 31st December 2024

	Share capital	Other equity instruments	Revaluation reserves					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	Other reserves		Retained earnings	Results of the fiscal year	TOTAL
		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					Statutory reserve	Other reserves			
BALANCE AS AT 31ST DECEMBER 2023	**90 500**	**27 097**	**(4 047)**	**(127 435)**	**464**	**-**	**3 447**	**163 616**	**(5 032)**	**(18 485)**	**176**	**62 147**	**104 349**	**(61 876)**	**72 567**	**307 488**
Equity increase/decrease	35 000															**35 000**
Net gains from adjustments to the fair value of investments in subsidiaries, associated companies and joint ventures			(1 212)													**(1 212)**
Net gains from adjustments to the fair value of equity instruments measured at fair value through other comprehensive income				13 261												**13 261**
Net gains from adjustments to the fair value of debt instruments measured at fair value through other comprehensive income							(139)									**(139)**
ANet gains from adjustments for revaluation of land and buildings for own use								(15 388)								**(15 388)**
Net gains from adjustments of other									42 901							**42 901**
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income										(12 102)						**(12 102)**
Adjustments related to gains and losses from the sale of equity instruments measured at fair value through other comprehensive income											62					**62**
Other gains/losses recognized directly in equity													2 263	(4 761)		**(2 498)**
Increases in reserves from capital allocation												7 257		65 310	(72 567)	**-**
Total changes in equity	**35 000**	**-**	**(1 212)**	**13 261**	**-**	**-**	**(139)**	**(15 388)**	**42 901**	**(12 102)**	**62**	**7 257**	**2 263**	**60 549**	**(72 567)**	**59 885**
Net income for the year-end															46 173	**46 173**
Balance as at 31st December 2024	**125 500**	**27 097**	**(5 259)**	**(114 174)**	**464**	**-**	**3 308**	**148 228**	**37 869**	**(30 587)**	**238**	**69 404**	**106 612**	**(1 327)**	**46 173**	**413 546**

Lisbon, 24th March 2025

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

Statement of Changes in Equity as at 31st December 2023

	Share capital	Other Equity Instruments	Revaluation reserves					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	Other reserves		Retained earnings	Results of the fiscal year	TOTAL
		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 owner-occupied property	For revaluation of land and buildings for own use	Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income					Statutory reserve	Other reserves			
BALANCE AS AT 31ST 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
Net gains from adjustments to the fair value of investments in subsidiaries, associated companies and joint ventures			(2 275)													**(2 275)**
Net gains from adjustments to the fair value of equity instruments measured at fair value through other comprehensive income				123 592												**123 592**
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 capital allocation												4 949		(4 948)	(1)	**-**
Total changes in equity	-	-	(2 275)	123 592	-	(3 146)	(2 184)	(110 724)	5 886	(8 638)	136	4 949	(4 815)	(14 014)	(1)	(11 236)
Net income for the year-end															72 567	**72 567**
Balance as at 31st December 2023	90 500	27 097	(4 047)	(127 435)	464	-	3 447	163 616	(5 032)	(18 485)	176	62 147	104 349	(61 876)	72 567	307 488

Lisbon, 24th March 2025

THE CERTIFIED ACCOUNTANT

7 Statement of Cash Flows

Statement of Cash Flows as at 31st December 2024

(in thousand of euros)

	2024	2023
Cash flows from operational activities	**314 761**	**145 570**
Net Income for the Period	46 173	72 567
Depreciation and Amortization for the Period	11 909	10 352
Impairment of assets, net of reversals and recoveries	(1 541)	(4 043)
Change in technical provisions of direct insurance	79 033	(8 137)
Change in technical provisions of ceded reinsurance	(301 470)	103 625
Change in investment contract liabilities	125 299	35 836
Change in other provisions	346	(147)
Change in receivables from direct insurance, reinsurance, and others	611	(29 506)
Change in other tax assets and liabilities	(6 626)	58 386
Change in other assets and liabilities	328 494	(92 111)
Change in payables from direct insurance, reinsurance, and others	32 533	(1 252)
Cash flows from investment activities	**(279 469)**	**(146 937)**
Variation in Investments	(321 210)	(186 571)
Dividends Received	22 311	12 989
Interest	49 955	42 209
Acquisitions and disposals of tangible and intangible assets	(24 517)	(15 096)
Acquisitions and disposals of real estate	(6 008)	(468)
Cash flows from financing activities	**43 795**	**7 259**
Change in lease contract liabilities	8 795	7 259
Capital subscription	35 000	-
Net change in cash and cash equivalents and bank deposits	**79 087**	**5 892**
Cash and cash equivalents at the beginning of the period	92 778	86 886
Cash and cash equivalents at the end of the period	171 865	92 778

Lisbon, 24th March 2025

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

8 Notes to the Financial Statements

Notes to the Financial Statements

Note 1 – General Business Information

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

This merger was registered and came into effect on 1st October 2020, following approval by the management and supervisory bodies of the three entities involved and upon prior approval by the Insurance and Pension Funds Supervisory Authority (abbreviated as ASF in Portuguese). The incorporated companies ceased to exist on incorporation as at such date and Seguradoras Unidas, S.A. changed its corporate name to Generali Seguros, S.A. Nevertheless, the company's management bodies decided to preserve the brands Tranquilidade, Açoreana and LOGO for commercial reasons. Given that the three entities were under common control of a single shareholder, Assicurazioni Generali, S.p.A., the merger was conducted based on the book value of assets and liabilities and under tax neutrality.

The incorporating company Seguradoras Unidas, S.A. was an insurance company resulting from a merger by incorporation into Companhia de Seguros Tranquilidade, S.A. of its wholly owned subsidiaries T-Vida, Companhia de Seguros, S.A., Seguros LOGO, S.A. and Açoreana Seguros, S.A. on 30th December 2016 (registry and effective date). On 15th January 2015, the company's total share capital was acquired by Calm Eagle Holdings, S.à r.l., a corporation controlled by Apollo Global Management, LLC's affiliated investment funds under prior approval by the ASF.

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

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

The company runs its business through its offices in Lisbon, Oporto, and Ponta Delgada. Its distribution network in Portugal is divided into 23 commercial zones (20 in mainland Portugal, 2 in the Azores, and 1 in Madeira), which are supported by local offices and a total of 828 physical points of sale scattered across the mainland and islands. In terms of typology, the physical network is divided into 6 company-owned stores located in Lisbon, Oporto and 4 stores in the Azores, plus 822 partner stores operating under the brand names Generali Tranquilidade or Açoreana in the Azores, of which 295 are exclusive partners.

LOGO strengthened its position in the direct insurance market by upgrading its digital channels: (i) a completely brand-new, modern website was launched, optimised for every device and with a focus on its customer needs; (ii) motor vehicle insurance calculators were upgraded, making it easier to get a quote and underwrite an insurance policy online; and (iii) broadened its product portfolio to include an insurance for bicycles and scooters. Today, LOGO has more than 175,000 customers as a result the efforts to incorporate the Genesis portfolio.

Notes to the Financial Statements

Note 2 – Preparation Basis of the Financial Statements and Accounting Policies

PRESENTATION BASIS

The Company's financial statements presented here refer to the financial year ended December 31st 2024, 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 2024, were approved by the Board of Directors on March 24th 2025. These financial statements will be submitted for approval by the General Meeting.

Notes to the Financial Statements

MATERIAL ACCOUNTING STANDARDS AND VALUE-BASED METRICS CRITERIA ADOPTED

Investments in subsidiaries and associates

Subsidiaries

Entities, including investment funds and securitisation vehicles, which are under the control of the company are classified as subsidiaries. The company controls an entity when it is either exposed to, or has rights to, the fluctuations in returns that result from its involvement with that entity, and it can claim those returns it through the power it holds over the relevant activities of that entity (*de facto* control).

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

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 impartment 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 flow techniques, taking into account the marker 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.

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Notes to the Financial Statements

Financial assets

IFRS 9 establishes a framework for classifying financial assets based on the business model under which they are managed and their contractual cash flow characteristics, specifically focusing on *Solely Payments of Principal and Interest* (SPPI).

The business models outlined in IFRS 9 are the following:

- *Hold to collect* with the objective of holding financial assets to maturity in order to collect contractual cash flows;
- *Hold to collect* and sell with the objective of holding financial assets in order to both collect contractual cash flows and sell financial assets;
- *Others* encompasses all cases that are not included in the two previous business models.

The assessment conducted by the company regarding the management of its investment portfolio determined that its primary business model is the hold to collect and sell approach.

In addition to the analysis regarding the business model, the standard requires an analysis of the contractual terms of financial assets. For these assets to be classified at amortised cost or at fair value through other comprehensive income (FVOCI), the cash flows produced by the financial asset have to meet the SPPI criterion. This analysis is particularly relevant for debt securities and loans, and is based on their initial recognition in the financial statements.

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.

Notes to the Financial Statements

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 encompass debt instruments managed under the business model *hold to collect*, whose contractual terms represent solely the payment 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 encompass debt instruments managed under the business model *hold to collect and sell*, whose contractual terms represent solely payment of principal and interest (SPPI test passed).

Additionally, this category includes equity instruments held in portfolios other than those covering products 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 or loss

Financial assets measured at fair value through profit or loss encompass all financial assets managed under the business model *others*, as well as financial assets that fail to satisfy the SPPI criterion, thus being always measured at fair value.

For equity instruments, the standard requires measurement at fair value through profit and loss, except for instruments that are not held for trading purposed, 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 the profit and loss account.

There is also the option, at initial recognition, to classify a financial instrument at fair value through profit or loss, provided that this option eliminates or significantly reduces any accounting mismatches that may arise when measuring assets or liabilities or when recognizing profits or losses associated with these financial instruments.

Notes to the Financial Statements

Impairment

In accordance with the provisions outlined in IFRS 9, the company introduced an impairment model to determine *expected credit losses* (ECL). This model follows the principle that requires assessing the credit risk, that is, the *probability of default* (PD), and the potential loss, namely the *loss given default* (LGD) for each financial instrument classified as bonds, loans or receivables, which are accounted for in financial assets and measured at amortised cost or at fair value through other comprehensive income, in order to determine the relevant expected loss.

The parameters mentioned above should be estimated based on all available information, without undue costs or effort, regarding past events, the current economic situation and future projections, and also considering a range of potential scenarios.

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

- *Stage 1* encompasses debt instruments that, at the reporting date, have not experienced a significant increase in credit risk since their initial recognition, or that are considered to have 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 computed on the gross carrying amount;
- *Stage 2* encompasses debt instruments that have experienced a significant increase in credit risk since their initial recognition, unless they are investment grade at the reporting date, but do not present any evidence of impairment. For these assets, expected credit losses that result from all possible default events over the expected life of the financial instrument, commonly referred to as *lifetime expected credit losses* (lifetime ECL), are recognised in profit or loss. Interest is computed based on the gross carrying amount;
- *Stage 3* includes debt instruments that are impaired. For these instruments, expected credit losses that result from all possible default events over the expected life of the financial instrument are recognised and offset in profit or loss. Interest is computed based on the net carrying amount.

In relation to the investment portfolio and the assessment of expected credit losses, the company has developed two different models, tailored to the unique features of the primary categories of financial assets in its portfolio, specifically:

- bonds and similar instruments ("bonds"); and
- accounts receivable and loans ("other than bonds")

Notes to the Financial Statements

In relation to investments in bonds and similar instruments, the calculation of expected credit losses is based on the assessment of each single position, which is defined as the aggregate of exposures to a specific instrument that share identical characteristics at the time of acquisition.

The positions identified undergo an assessment that quantifies their creditworthiness, considering the relevant industry and country of risk, thus establishing a specific probability of default and consequent loss.

In more detail, the definition of probability of default, which is understood as the inability to meet the expected payment of principal or interest, arises from the quantification of the credit risk (throughout the cycle) of the issuer, expressed through a credit rating. Subsequently, each position is associated with a probability of default related to the issuer's credit risk in a specific economic context (point in time) and a foward-looking default probability based on specific models designed to consider the industry and the characteristics of the country of risk.

This information is used to estimate both the probability of default within twelve months and the probability of default over the lifetime. Subsequently, the same quantitative information, combined with qualitative data and management assessments, is used to establish any significant increase in credit risk.

It is important to note that the methodologies used by the company to quantify the significant increase in credit risk do not explicitly incorporate the so-called low credit risk exemption. However, when classifying assets into *Stage 3*, such a quantification may emerge from the quantitative outcomes of the stage allocation process or a management decision, though it is still subject to final approval by an investment committee.

The probability of default thus identified, combined with a loss given default that is also specified at the individual instrument level, based on the characteristics of the issuer and debt seniority, is then assigned to each individual exposure in the defaulted position to ultimately determine the expected credit loss.

In relation to receivables and loans, referred to as *other than bonds*, a simplified model was established to determine the expected credit loss, based on the age of balances and credit events. A risk-based materiality threshold was established, where if the asset exposure is below 0.5% of the total balance sheet value, the expected credit loss is set at zero, except for assets classified as *Stage 3*, for which the expected credit loss will amount to 100% of the gross asset value. For exposures above 0.5% of the total balance sheet value, the probability of default and the relevant loss given default are determined based on a retrospective analysis of the credit behaviour of this group of assets. This analysis aims to establish the risk classes that are subsequently taken into account in default periods and consequently determine the probability of loss and the loss given default.

Notes to the Financial Statements

Derecognition

A financial asset or, whenever applicable, part of a financial asset or part of a group of similar financial assets is derecognised 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 substantially transferred all risks and benefits of the asset, or (b) the company has neither transferred nor substantially retained 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 the company has neither transferred or retained all the risks and benefits of the asset, nor has transferred control of the asset, the asset is recognised to the extent of company's ongoing involvement with it. In such a scenario, the company also recognises a corresponding liability. The transferred asset and the corresponding liability are measured in a manner that reflects the rights and obligations that the company has retained. The ongoing involvement that takes the form of a collateral over the transferred asset is measured at the lesser of the original book value of the asset and the maximum amount of consideration that the comapny could be required to repay.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortised cost

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

Additionally, it encompasses liabilities, including but not limited to, deposits received from reinsurers, other loans and financial liabilities measured at amortised cost related to investment contracts that do not fall within the scope of IFRS 17.

Notes to the Financial Statements

Derecognition

A financial liability is derecognised when a liability underlying obligation is satisfied, cancelled or expires. When a current financial liability is substituted with another of the same lender under significantly different terms or if the terms of a current liability are substantially modified, this transaction is regarded as a derecognition of the original liability and the recognition of a new one. The difference in their book values is recognised in profit or loss.

Insurance assets and liabilities

The IFRS 17 standard establishes the accounting rules for insurance contracts based on a measurement model that relies on a *building block approach* centred around *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

The IFRS 17 standard outlines three measurement models for groups of 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.

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Variable fee approach (VFA)

The variable fee approach is a mandatory measurement model for insurance contracts with direct participation features. The company classifies as a contract with direct participation features, also referred to as a contract with discretionary participation features, a contract for which:

(i) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying assets;

(ii) the company expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying assets; and

(iii) the company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying assets.

In addition to transferring significant insurance risk to the issuer, a contract with direct participation features includes a significant investment-related service. The underlying assets may include several 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 relies mostly on local legislation and product features.

The company evaluates whether the above conditions have been satisfied based on its expectations at the beginning of the contract and does not plan to reevaluate unless the contract undergoes modifications.

The company applies the VFA to its life insurance portfolio, namely to traditional savings products that fulfil the eligibility criteria described above. For this type of contract, the company uses the exemption from the annual cohort requirement, commonly referred to as the carve-out option, as permitted by Regulatory Standard no. 2023/1803 of the European Commission (EC), of 13th September 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.

Notes to the Financial Statements

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 income and insurance service expenses, gross of reinsurance, will be presented with the result of reinsurance included in the result of insurance contracts. In accordance with IFRS 17, insurance liabilities are subject to discounting. The unwinding of this discount will be a financial expense included in the finance component of insurance and reinsurance contracts.

Scope and Separation of components in an Insurance Contract

In accordance with the standard, IFRS 17 applies to all contracts that meet the definition of an insurance contract, including:

a) insurance contracts, including accepted reinsurance;

b) ceded reinsurance; and

c) investment contracts issued with discretionary participation features, provided 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 agrees to compensate the policyholder for the adverse consequences of a specific uncertain future event.

The company does not highlight significant changes in the classification of insurance contracts resulting from the application of standard IFRS 17. 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 relevant international principle.

Notes to the Financial Statements

Insurance contracts establish a set of rights and obligations that together generate a cash flow. While certain insurance agreements only provide coverage, others may include one or more components that would fall within the scope of a different standard, if they were separate contracts, for instance, some insurance contracts may incorporate:

- investment components, such as pure deposits, as financial instruments for which an entity receives a specific amount of money and undertakes to repay it with interest;
- components of goods and services, for instance, services that are not insurance contract services, such as pension management, risk management services, assets management or custody services; and
- embedded derivatives, for instance, financial derivatives, such as interest rate options or stock index-linked options. In certain cases, specifically defined in IFRS 17, the components mentioned above should be considered separately and measured under other accounting standard.

IFRS 17 requires distinct investment components to be separated from the contract. In fact, the investment component is distinct if, and only if, both of the following criteria are met:

- the investment component and the insurance component are not interrelated. The two components are interrelated if the value of a component varies with the value of the other component and therefore the entity is unable to measure each component without considering the other. The components are also interrelated if the policyholder cannot benefit from a component unless the other is also present; and
- a contract featuring terms equivalent to those of the investment component is sold, or could be sold, separately within the same market or jurisdiction.

If the investment component does not satisfy both of the above conditions, it will be identified as non-distinct and IFRS 17 will be applied to the contract as a whole, without separating its components.

With regard to the service component, the latter is deemed a separate component when the cash flows and associated risks are not closely related to those arising from the primary insurance contract and, therefore, there is no evidence of integration between the service component and the insurance component.

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Aggregation level

IFRS 17 requires an entity to aggregate contracts issued at inception into groups for recognition, measurement, presentation and disclosure. Groups are established at initial recognition and their composition shall not be reassessed subsequently.

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

The assessment of similar risks shall consider prevailing risks in the contracts. If these prevailing risks are similar, then two contracts may be considered to be exposed to similar risks.

The company applies aggregation level criteria established by IFRS 17, assessing groups of contracts based on a range of characteristics that consider the risk underlying the contracts, as well as product features that may affect contract management and profitability.

A non-exhaustive list of segmentation drivers may be represented as follows:

- line of business;
- individual policies versus group policies;
- associated investment fund; and
- contractual features that require different measurement models, for instance, multi-year contract versus annual contracts or contract with participating features versus contract without participation features.

In case of mutualised trading, the definition of mutualised portfolio is usually established based on the specificity level involved in the mutualisation.

As to reinsurance contracts, the company asserts that a portfolio of reinsurance contracts may consist of one or more reinsurance treaties grouped and managed together provided 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.

The contracts of each portfolio shall be divided into the following groups upon their initial recognition:

- group of onerous contracts at initial recognition;
- group of contracts that present, at initial recognition, minimal likelihood of becoming onerous in the future; and
- the remaining contracts included in the portfolio.

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The same group of contracts cannot include contracts issued more than one year apart in the same group. Therefore, each portfolio must be disaggregated into annual cohorts, or cohorts consisting of periods less than one year. The company applies the change introduced during the IFRS 17 endorsement phase, which, in accordance with article 2 of the European Commission Regulation (EU) 2021/2036, allows an entity, when adhering to IFRS 17, the discretion to opt out of the annual cohort requirement set out in paragraph 22 of IFRS 17 for:

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

Initial recognition

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

- the beginning of the coverage period;
- the initial payment due date from a policyholder within the group;
- for a group of onerous contracts, when the group becomes onerous.

As to ceded reinsurance contracts, initial recognition is established:

- at the beginning of the coverage period, except for reinsurance contracts, whose initial recognition is deferred until the date on which the underlying insurance contract is initially recognised;
- on the date on which the entity recognises an onerous group of underlying insurance contracts if the entity entered into a reinsurance contract on or before that date.

Initial recognition of contracts acquired in a transfer of insurance contracts or in a business combination is set 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 linked to ability of an entity to fully reassess a contract. All future premiums and policyholder options should be included in the initial projections if the entity does not have the ability to fully reassess the contract when the premium is paid or the option exercised.

The groups of insurance contracts are assessed on initial recognition by the sum of:

- fulfilment cash flows, which include an estimate of the present value of future cash flows, and risk adjustment for non-financial risks;
- contractual service margin.

Notes to the Financial Statements

Expected future cash flows

Expected future cash flows are the first component of fulfilment cash flows 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 verifiable information available; (ii) reflect the perspective of the entity, provided that estimates of any relevant market variables be consistent with observable market prices for those variables; (iii) be up to date; and (iv) be explicit.

Unless required by any specific regulatory provision, operating assumptions underlying the projections of expected future cash flows typically align with those established under Solvency II. Nevertheless, with regard to the expense perimeter, differences may arise in connection with the IFRS 17 requirement, which determines that only expenses directly linked to insurance and reinsurance contracts should be accounted for when measuring expected future cash flows.

Discount

IFRS 17 requires estimates of expected cash flows to be adjusted to reflect the present value of cash flows and the financial risks associated with those cash flows, provided that such risks have not already been incorporated into 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 riskneutral 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, commonly referred to as an IFRS 17 adjustment

To determine the IFRS 17 adjustment, the average spread of a reference asset portfolio is taken into account, 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, namely:

- the same Solvency II adjustment is applied, specifically the volatility adjustment, to both GMM and PAP business models;
- an adjustment to the specific illiquidity premium is made for the VFA business model and the workers' compensation business line to provide a more accurate economic representation of life insurance and avoid artificial volatility in the balance sheet and the financial statements caused by fluctuations of market spreads. The illiquidity premium of the VFA business model and the workers' compensation business line is based on the following specific features:

  (i) Asset mix, instead of the EIOPA benchmark portfolio considered for Solvency II;

  (ii) a duration ratio associated designed to better reflect the alignment between assets and liabilities.

Notes to the Financial Statements

Risk adjustment

Risk adjustment corresponds to the insurance liability component that captures the uncertainty that the entity bears over the amount and the timing of cash flows arising from non-financial risks. When assessing the risk adjustment, the company takes into consideration the following scope of risks:

- life and non-life similar to life underwriting risks, namely mortality, catastrophic, longevity, lapse, morbidity, and revision;
- non-life insurance underwriting risks, namely reserve risk, premium risk, lapse risk and catastrophe risk;
- expense risk.

The risk adjustment of the company considers risk diversification only at the individual legal entity level, thus not leveraging the potential benefits that could arise from diversifying risks across different legal entities and between life and non-life insurance segments.

In contrast to the Solvency II framework, which applies the cost of capital method to determine the risk margin, IFRS 17 does not specify a particular method for determining the risk adjustment. In this context, the company defines the risk adjustment as the value at risk at the 75th percentile of the probability distribution of the present value of future cash flows, leveraging the methodology and calculation models developed for the Solvency II standard formula to calibrate the underlying shocks, which are consistently applied across the entire cash flow projection.

Contractual service margin

The contractual service margin reflects the estimated unearned profit from a group of insurance contracts that has not yet been recognised in profit or loss at the reporting date, given that they relate to future services yet to be provided.

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

- the impact of a new business;
- the impact of changes in non-financial variables on the performance of future cash flows or variations in experiences during the reporting period related to future services. Non-exhaustive examples of these changes may involve updated operating assumptions or by differences between expected and observed cash flows and related non-distinct investment components (i.e. redemption of savings products);
- the impact of financial variables in future and current cash flows, that is, economic variations, which include:
  - in the GMM measurement model, accrued interest in the contractual service margin. Accrued interest is determined based on discount rates identified on the date of initial recognition 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 contractual service margin determined at current rates, the systematic economic fluctuations resulting from the anticipated realisation of real-world assumptions about risk-free rates during the reporting period and other non-systematic economic variations;

- release of the contractual service margin 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

In accordance with IFRS 17, the calculation of the release of the contractual service margin must align with the pattern of coverage units, which are determined by considering the number of benefits provided to the policyholder and their expected coverage period.

Depending on the type of service provided, the coverage unit and the corresponding quantity of benefits vary according to the product features and the specific coverage type:

- for savings contracts, the coverage units that have been established correspond to the mathematical provision;
- for contracts solely providing insurance services, the coverage units are usually established based on future premiums.

The future coverage units that are used to determine the release of the contractual service margin are usually subject to discounting, as broken down below:

- for the GMM business model, the coverage units are discounted using the *locked in* reference curve for each group of insurance contract;
- for the VFA business model, a ten-year weighted moving average curve is used to mitigate the impact of significant volatility caused by interest rate fluctuations on the contractual service margin disclosures.

Insurance acquisition cash flows

Insurance acquisition cash flows (IACF) are generally recognised under IFRS 17 based on the costs that are incurred when insurance contracts are initially recognised. Any insurance acquisition cash flows paid in advance, specifically before the beginning of the coverage period, or paid unconditionally to distribution channels that incorporate a probability of renewal are deemed to fall outside the contract boundaries and subsequently recognised as an asset. When applying the simplified measurement model, specifically the premium allocation approach, insurance acquisition cash flows incurred after the beginning of the coverage period are not recognised as expenses, if paragraph 59, clause a), of IFRS 17 applies.

The IACF asset is systematically allocated to the group of insurance contracts to which it belongs. Consequently, the value of the allocated IACF asset is recognised as part of:

- *fulfilment cash flows* and reduces the contractual service margin for the group of contracts measured under the general measurement model and the variable fee approach;
- the liability for future service liabilities resulting from contracts measured under the premium allocation approach.

Notes to the Financial Statements

When applying the general measurement model and the variable fee approach, the amortisation of the IACF asset follows the same pattern of coverage units used to release the contractual service margin. If, however, the IACF asset relates to insurance contracts accounted for under the premium allocation approach, the asset amortisation follows the release of liability for future services.

For groups of contracts to be recognised either for future renewal or for contracts experiencing a delay in the initiation of coverage, if the expected net inflow, including risk adjustment, does not exceed the IACF asset, an impairment of the asset shall be recognised and reported in profit or loss. On each reporting date, if an impairment reversal is identified based on the result of an impairment test, the IACF asset shall be increased and a gain is recognised in profit or loss.

Insurance financial expenses and revenue

The company applies the option of disaggregation to its current portfolio of issued insurance contracts and ceded reinsurance contracts, recognising any fluctuation in discount rates in other comprehensive income. This accounting policy is consistently implemented at the portfolio level for both issued insurance contracts and ceded reinsurance contracts.

Foreign currency operations

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

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

Notes to the Financial Statements

Tangible assets

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

Subsequent costs with tangible assets are capitalised only if it is probable that future economic benefits will revert for the company. All repair and maintenance expenses are recognised as costs under the accrual basis of accounting. Land is not depreciated.

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

Asset type	Number of years
Owner-occupied properties	50
IT hardware	3 to 4
Furniture and materials	8
Indoor fixtures and fittings	10
Machines and tools	4 to 8
Transport material	4 to 6
Other equipment	10
Right-of-use property	13
Right-of-use car fleet	4

The expected lifespan of assets is revised at the date of each reporting period and further adjusted, where appropriate, in accordance with the projected pattern of consumption regarding the future economic benefits that are expected to arise from the continued use of the asset.

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

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

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Investment properties

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

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

Any subsequent related costs are capitalised whenever 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 of such assets and they are available for immediate sale and their sale is highly probable.

All non-current assets are measured in accordance with all applicable IFRS before being classified as non-current assets held for sale. After 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, which is determined based on the expected selling price obtained through regular evaluations made by the company.

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

Intangible assets

Costs incurred in the acquisition of software are capitalised, as well as any additional expenses incurred by the company that are essential for its implementation. These costs are amortised on straight-line basis over the expected useful life of these assets, which usually averages about three years.
Any costs directly related to IT applications developed by the company, which are expected to generate prospective financial benefits for the organisation beyond one reporting year, are recognised and recorded as intangible assets. These costs are amortised on a straight-line basis over the expected useful life of these assets, which, for the most part, does not exceed five years.

The intangible asset linked to the distribution agreement through a banking channel is amortised over the term of the contract, which is established for a period of twenty-five years.

Any other expenses associated with IT services are recognised as costs when incurred. When there is evidence that an asset may be impaired, IAS 36 requires the 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 an asset's value in use and its 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 recognised in the income statement.

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Goodwill

Goodwill arising from a business acquisition is defined as the difference between the acquisition cost and the total or proportional fair value of the assets, liabilities, and contingent liabilities associated with that business, depending on the option taken.

Negative goodwill arising from an acquisition is recorded directly in the income statement of the period in which the business combination occurs.

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

Leases (IFRS 16)

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

(i) the contract involves the use of an identifiable asset, which may be implicit or explicit and must be physically distinct or represent substantially all the capability of the physically distinct asset. If the supplier has a substantive right to substitute the asset throughout the period of use, then the asset is not identifiable;

(ii) the company has the right to obtain substantially all the economic benefits from using the asset over the period of use; and

(iii) the company has the right to determine the use of the asset. The company has the ability to determine the use of the asset when it has the most relevant decision-making rights to change how and for what purpose the asset is used. Occasionally, when the site where the relevant 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 it predetermines how and for what purpose the asset will be used throughout the period of use.

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

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As a lessee

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

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

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

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

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

When a lease liability is remeasured in this manner, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company classifies 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.

Notes to the Financial Statements

Short-term leases and leases of low-value assets

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

Subleases

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

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

Cash and cash equivalents

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

The statement of cash flows is prepared using the indirect method.

Employee benefits

Payroll liabilities are recognised under the standards set forth in IAS 19 – *Employee Benefits*.

Notes to the Financial Statements

Post-retirement benefit plan

The company takes on responsibility for providing its employees with a set of benefits in addition to old-age and disability pensions emerging from the Social Security System under the terms set forth in the applicable Collective Labour Regulation Instruments (abbreviated as IRCT in Portuguese).

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

Labour relations within the company were originally governed by the Collective Agreement, published on the Labour Bulletin no. 32 of 29th August 2008, which set out that any employee admitted to the insurance sector before 22nd June 1995 under this agreement would be entitled to receive an additional monetary pension benefit funded by the Social Security System.

The company announced, consistent with other insurance companies facing similar circumstances, that the Collective Agreement would no longer be in effect and would cease to apply as of 31st December 2016, with special regard to supplementary defined-benefit pension plans.

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

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

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

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

(ii) a loyalty bonus awarded to employees who stayed in the company for one or more multiples of five years, equal to 50% of their base wages and paid once the appropriate award conditions were met.

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

Notes to the Financial Statements

Meanwhile, on 15th January 2019, the company entered into the first Collective Bargaining Agreement with the representatives of the trade unions in the insurance sector, namely: SINAPSA, National Union of Insurance Workers and Related; SISEP, Portuguese Union of Insurance Workers; and STAS, Union of Workers of the Insurance Business; which was published on the Labour Bulletin no. 5 of 8th February 2019, having superseded any prior Collective Labour Regulation Instruments applied in the company. In the specific case of the entities incorporated in 2020, the agreement was entered into on 8th March 2019 and published on the Labour Bulletin no. 13 of 8th April 2019.

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

(i) regarding post-employment benefits, employees are still covered by a defined-contribution plan, under which the company will make a 3.60% contribution of an employee's annual base pay on a yearly basis, without prejudice to any employees in pre-retirement or retired before 1st January 2019, who are still covered by the pension schemes laid down in the Collective Labour Regulation Instruments applicable at the time of their early retirement or retirement;

(ii) the annual career bonus amounts to 10% of an employee's monthly base pay for each complete year of service following a three-year period. This bonus also allows for the option of an additional leave for a length of days as an alternative to the monetary bonus and/or based on age and seniority.

In 2021, the coexistence of two collective labour regulation instruments within the company, namely the Collective Bargaining Agreement of the merged Seguradoras Unidas, S.A., and the Collective Labour Agreement of the merged Generali Seguros, S.A. made it imperative to negotiate a single company agreement that would govern labour relations and benefits for all employees. In mid-October 2021, a new company agreement was signed by the parties involved for the next three years, which would become effective at the beginning of 2022, after being published on the Labour Bulletin no. 8 of 28th February 2022.

<u>Defined-benefit plan</u>

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

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

The company determines the interest income or expense of the pension plan by multiplying the net pension asset or liability (liabilities deducted from the fair value of the fund assets) by the discount rate used for determining the pension liabilities mentioned earlier. On this basis, the net interest income or expense includes the interest cost associated with the pension liabilities and the estimated return on the fund assets, both measured based on the discount rate used for calculating the liabilities

Notes to the Financial Statements

Remeasurement gains or losses, namely (i) actuarial gains or losses resulting from discrepancies between the actuarial assumptions used and the values effectively measured (experience gains or losses) and from changes in actuarial assumptions, and (ii) gains or losses resulting from the difference between the estimated returns on pension fund assets and the values obtained, are recognised against equity under other reserves in other comprehensive income.

The company recognises in its statement of profit and loss a total net amount that includes (i) expenses for current services, (ii) net pension interest income or expense, (iii) the effect of early retirements, (iv) expenses for past services and (v) the effects of any settlement or curtailment occurred over the reporting period. The net pension income or expense is recognised in personnel expenses. The expenses associated with early retirements represent an increase in pension liabilities resulting from retirements occurring before an employee reaches retirement age.

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

At each reporting date, the company assesses the recoverability of any surplus funds for each individual plan, based on prospective future contributions that may be required.

Defined-contribution plan

For defined-contribution plans, which encompass most employees, any liabilities related to employee benefits are recognised as an expense in the period they become payable.

As of 31st December 2024, and without prejudice to any employee under the defined-benefit plan, the company has three defined-contribution plans in place based on the origin of the employer prior to the merger, namely Tranquilidade, Açoreana or Generali, making annual contributions based on each employee's base pay. These plans are intended for any active employee admitted to the company before 22nd June 1995, as well as for any employee who meets the criteria outlined in the new Collective Labour Agreement. The company has also established a defined-contribution plan for the chief executive officer.

Loyalty bonus

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

This benefit was applied to any employee under the 2016 Collective Labour Agreement, whose monetary loyalty bonus was due over the year of 2019, having been established a transitional scheme in 2019, which set out the payment of an amount equal to 50% of the employee's current pay or the option for a paid leave for a length of days.

Actuarial deviations are recognised in the income statement when incurred.

Career bonus

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

Actuarial deviations are recognised in the income statement when incurred.

Share-based payments

Employees and executive directors of the company may qualify for supplementary compensation through share-based payments, wherein they render services as consideration for equity instruments (equity-settled transactions).

The company is under no obligation to settle these transactions with its own equity instruments, as they are to be settled with shares from the shareholder Assicurazioni Generali, S.p.A. The costs of the share benefit are measured at the fair value of equity instruments on the grant date and are expensed at each reporting date over the vesting period, considering the best estimate of the number of equity instruments to be granted.

Notes to the Financial Statements

Health benefits

Additionally, the company granted a healthcare benefit to:

(i) any former employee who had left the company by mutual agreement. This healthcare benefit takes the form of a health insurance plan with a 25% discount on the premium rate in effect at the policy start date. The plan is fee-free for the employee and any family member included in the health insurance of the company's health insurance plan, provided such employee is the policyholder at the contract termination date;

(ii) any active and pre-retired employee up to retirement age, establishing a minimum level of medical coverage for both inpatient and outpatient services, including relevant capital sums, deductibles, and copayments. The minimum protections outlined in the current Collective Bargaining Agreement do not affect the availability or application of any more advantageous or comprehensive scheme to which employees may have access.

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

Short-term benefits

Other short-term benefits, such as copaid school expenses for an employee's child, life insurance, discounts in other types of insurance and variable pay when applicable, are recognised as expenses in the period to which they relate.

Income taxes

The company is subject to Corporate Income Tax (IRC) and Municipal Surcharge, with an aggregate rate amounts to 22,5% for the reporting periods of 2024 and 2023, plus the respective State Surcharge, computed under the terms of the Law no. 66-B/2012 of 31st December, which corresponds to the application of an additional rate of 3% on the portion of taxable income above EUR 1,500,000 and below EUR 7,500,000, 5% on the portion of taxable income above EUR 7,500,000 and below EUR 35,000,000, and 9% on the portion of taxable income above EUR 35,000,000.

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

Deferred taxes recognised in equity resulting 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 are subsequently recognised in profit or loss when the gains and losses that gave rise to them are recognised in profit or loss.

Notes to the Financial Statements

Current taxes are calculated based on the taxable income for the fiscal year, which may differ from the accounting result due to adjustments to the tax base arising from non-deductible expenses or income that is not relevant for tax purposes, or that will be recognised in subsequent reporting periods, as well as value adjustments intended for determining taxable capital gains.

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

Deferred tax liabilities are usually recognised for all taxable temporary differences, while deferred tax assets are only recognised up to the amount where it is likely that future taxable income will be sufficient to use the related deductible tax differences or carry forward tax losses.

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

The most relevant situations that lead to temporary differences at the corporate level are related to (i) the transitional scheme established in Law no. 82 – A/ 2023 of 29th December, which results from the adoption of the accounting standard IFRS 17 – Insurance Contracts, (ii) the financial effect of insurance and reinsurance contracts, (iii) the assessment of financial assets measured at fair value through reserves and (iv) provisions and impairments provisionally not accepted for tax purposes.

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

The approval of the 2023 *Portuguese State Budget* brought about two changes to the tax loss deduction scheme. If, on one hand, deduction of carried forward tax losses has been reduced to 65% of the taxable income for each tax year (formerly 70%). On the other hand, tax losses can be carried forward with no time limit.

Following the approval of the 2025 *Portuguese State Budget*, the nominal corporate taxable income rate was reduced from 21% to 20%, a change that was taken into consideration when determining the deferred tax rate.

Within the scope of application of IFRS 9 and IFRS 17 standards from 1st January 2023, Law no. 82 – A/2023 of 29th December established a transitional scheme for tax purposes that enables the deferral of both positive and negative equity variations resulting from the first application of said accounting standards for a ten-year period. It is important to note that the law referred to earlier also produced tax effects starting on 1st January 2023.

Notes to the Financial Statements

Provisions and contingent liabilities

A provision is recognised when there is a current obligation, whether legal or constructive, arising from past events, where future resource expenditure is likely to occur and can be reliably estimated. The provision amount corresponds to the best estimate of the amount payable to settle the liability at the balance sheet date.

If future resource expenditure is unlikely, then it is a contingent liability. Contingent liabilities are subject to disclosure unless the possibility of its realization is remote.

The item *other provisions* is meant to address tax contingencies and other issues arising from the company's business activity.

Earnings per share

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

Offsetting financial instruments

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

Reporting by operating segments

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

An operating business segment is an identifiable component of the company that is intended to provide a sole product or service or a bundle of correlated products or services within a specific economic environment and that is subject to risks and benefits that are distinguishable from others, which operate in a different economic environment.

Notes to the Financial Statements

Note 3 – Key estimates and judgements used in the preparation the financial statements

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

The company assesses its key accounting estimates and judgments in accordance with established accounting standards, as detailed below, to provide greater clarity on their application and impact on the financial information that is reported and disclosed.

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

The analysis of the alternatives described below is meant only to provide insight into the financial statements and is not intended to suggest that other alternatives or estimates are more appropriate.

Fair value of financial instruments and expected loss of financial assets

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

Certain assumptions or judgments may be required to estimate fair value when using these methodologies.

Consequently, different methodologies or different assumptions or judgments when applying a certain model are likely to generate financial results that differ from those previously reported.

Following the adoption of IFRS 9, new assumptions were established to determine the expected losses of financial assets, as described in the note *Material Accounting Standards and Value-Based Metrics Criteria Adopted*, under the heading *Financial Assets*.

Notes to the Financial Statements

Income taxes and deferred taxes

The process of determining income taxes requires certain interpretations and estimates. Other interpretations and estimates could result in a different amount of income taxes, current and deferred, recognised in the reporting period.

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

Therefore, corrections to tax base are likely to occur, mainly driven by differing interpretations of tax laws. Nonetheless, the Board of Directors firmly believes that there will be no significant corrections to the income taxes reported in the financial statements.

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

Any changes to this estimate may affect the calculation of the recoverable amount of deferred tax assets.

Goodwill impairment

The recoverable amount of goodwill recognised in the company's assets is reviewed yearly with reference to the end of the period or whenever there is evidence of impairment.

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

In the absence of an available market value, the recoverable value is calculated using a discount rate that takes into consideration the risk associated with the unit being tested. Judgement is required to determine future cash flows and the discount rate.

Future cash flows are determined based on the business plan approved by the management body. Any changes to this plan may affect the calculation of the company's recoverable amount.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

Technical bases for determining Liability for remaining coverage

With reference to 31st December 2024, the mortality tables used in the valuation of products are listed below and have remained unchanged compared to 2023:

PRODUCTS	Gender	
	Female	Male
Financial	36% GKF95	28% GKM95
Individual risk (under commercialization)	20% GKM95	
Individual risk (run-off)	25% GKM95	
Group risk - Without PR	20% GKM95	
Group risk - With PR	42,5% GKM95	
Mortgage credit risk (being marketed)	25% GKM95	
Mortgage credit risk (run-off)	45% GKM95	

With reference to 31st December 2024, the mortality table considered in evaluating annuity products was 100% of PERMP/PERFP 2000 (2023: 100% of PERMP/PERFP 2000).

The table provided below details the discount curve applied to each group of contracts:

THE IFRS 17 DISCOUNT CURVE

Maturity (years)	Group of contracts measured under the VFA model		Group of contracts measured under the PAA model (workers' Compensation)		Group of contracts measured under the GMM model (excluding workers' Compensation)	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
1	2,69%	3,59%	2,99%	3,90%	2,47%	3,56%
2	2,54%	2,92%	2,84%	3,23%	2,32%	2,89%
3	2,54%	2,67%	2,84%	2,98%	2,32%	2,64%
4	2,57%	2,58%	2,87%	2,89%	2,35%	2,55%
5	2,59%	2,55%	2,89%	2,86%	2,37%	2,52%
6	2,62%	2,55%	2,92%	2,86%	2,40%	2,52%
7	2,65%	2,56%	2,95%	2,87%	2,43%	2,53%
8	2,67%	2,58%	2,97%	2,89%	2,45%	2,55%
9	2,69%	2,60%	2,99%	2,91%	2,47%	2,57%
10	2,72%	2,62%	3,02%	2,93%	2,50%	2,59%
15	2,78%	2,70%	3,08%	3,01%	2,56%	2,67%
20	2,71%	2,64%	3,01%	2,95%	2,49%	2,61%
25	2,72%	2,66%	3,00%	2,95%	2,51%	2,63%
30	2,76%	2,73%	3,01%	2,98%	2,58%	2,70%
35	2,81%	2,80%	3,04%	3,03%	2,65%	2,77%
40	2,86%	2,86%	3,06%	3,07%	2,71%	2,84%
45	2,90%	2,92%	3,08%	3,10%	2,77%	2,90%
50	2,94%	2,97%	3,10%	3,13%	2,82%	2,94%

Notes to the Financial Statements

Technical bases for determining the liability for incurred claims

Liability for incurred claims corresponds to the estimated compensation value to be paid for claims incurred, including the estimated liability for claims incurred, but not yet reported (IBNR), and the direct and indirect costs to be incurred with the future settlement of claims that are currently being processed and IBNR claims.

The company estimates its liability for incurred claims, both reported and not reported, based on past experience, available information and application of actuarial methodologies.

In workers' compensation, liabilities are modelled using actuarial techniques that are commonly applied in life insurance. These liabilities are determined based on actuarial methodologies that comply with the relevant legislation currently in force.

These liabilities encompass claims incurred until 31st December 2024, which involve the payment of pensions previously approved by the Labour Court or under a prior settlement agreement, and an estimated pension liability for claims reported until 31st December 2024, which are pending a final agreement or court ruling.

Liabilities for incurred claims involving lifetime assistance payments related to workers' compensation are determined using actuarial assumptions with reference to the relevant actuarial methodologies under the applicable labour laws. Additionally, a provision is also established to cover pension liabilities for claims incurred related to potential permanent disabilities of claimants undergoing treatment (lifelong assistance) until 31st December 2024 or claims 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 (2023: INE 2018-2020) and 100% of the INE mortality table for the female population during the 2018-2020 period is applied for women (2023: INE 2018-2020), with management charges of 2.5% (2023: 2.5%). For Reimbursable Pensions, the TD 88/90 mortality table (2023: TD 88/90) is applied with an interest rate of 5.25% (2023: 5.25%) and management charges of 0% (2023: 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 for direct insurance, as detailed above, considering the contractual ceding percentages.

Notes to the Financial Statements

BREAKDOWN 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 recognised in the balance sheet, broken down by segment and measurement model.

(in thousand of euros)

31ST DECEMBER 2024	Premium allocation approach (PAA)	Non-PAA Contracts			Total
		General measurement model	Variable fee approach	Total	
Insurance contract assets					
Life					
Remaining coverage	-	24 679	-	**24 679**	**24 679**
Incurred claims	-	(6 553)	-	**(6 553)**	**(6 553)**
Life subtotal	**-**	**18 126**	**-**	**18 126**	**18 126**
Insurance contract liablities					
Life					
Remaining coverage	335	227 939	218 365	**446 304**	**446 639**
Incurred claims	16 236	51 846	26 141	**77 987**	**94 223**
Life subtotal	**16 571**	**279 785**	**244 506**	**524 291**	**540 862**
Non-life					
Remaining coverage	268 348	-	-	-	**268 348**
Incurred claims	1 491 243	-	-	-	**1 491 243**
Non-life subtotal	**1 759 591**	**-**	**-**	**-**	**1 759 591**
Net total	**1 776 162**	**261 659**	**244 506**	**506 165**	**2 282 327**

Notes to the Financial Statements

(in thousand of euros)

31ST DECEMBER 2023	Premium allocation approach (PAA)	Contracts not under the PAA model			Total
		General measurement model	Variable fee approach	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 liablities					
Life					
Remaining coverage	972	252 516	259 230	**511 746**	**512 718**
Incurred claims	14 466	52 513	25 421	**77 934**	**92 400**
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	-	-	-	**1 370 457**
Non-life subtotal	**1 598 318**	**-**	**-**	**-**	**1 598 318**
Net total	**1 613 756**	**289 498**	**284 651**	**574 149**	**2 187 905**

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 31,1 million (2023: EUR 43,8 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 1,604 thousand (2023: EUR 1,389 thousand).

(in thousand of euros)

	2024	2023
Policyholders	31 093	43 760
- premiums under collection	40 001	53 257
- premiums refunds	(4 752)	(5 181)
- impairment	(4 156)	(4 316)
Claims reimbursements	1 604	1 389
Total	**32 697**	**45 149**

Notes to the Financial Statements

In the following tables, a reconciliation is provided between the opening balance as of January 1st 2024, and the closing balance as of December 31st 2024, 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.

(in thousand of euros)

INSURANCE CONTRACTS MEASURED UNDER THE PAA MODEL	Liability for remaining coverage			Liability for incurred claims			Total
	Present value of future cash flows	Loss component	Total	Present value of future cash flows	Risk adjustement	Total	
Opening balance							
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 31st December 2022	**223 170**	**5 663**	**228 833**	**1 354 205**	**30 718**	**1 384 923**	**1 613 756**
Insurance contract income	**(1 357 868)**	**-**	**(1 357 868)**	**-**	**-**	**-**	**(1 357 868)**
Incurred claims and other expenses attributable to insurance contracts	-	-	**-**	879 211	-	**879 211**	**879 211**
Changes related to past services	-	-	**-**	81 151	5 147	**86 298**	**86 298**
Losses and reversal of losses on onerous contracts	-	(2 748)	**(2 748)**	-	-	**-**	**(2 748)**
Acquisition costs attributable to insurance contracts	247 476	-	**247 476**	-	-	**-**	**247 476**
Total insurance contract expenditure	**247 476**	**(2 748)**	**244 728**	**960 362**	**5 147**	**965 509**	**1 210 237**
Insurance contract result	**(1 110 392)**	**(2 748)**	**(1 113 140)**	**960 362**	**5 147**	**965 509**	**(147 631)**
Recognised in profit or loss	-	-	**-**	16 694	1 121	**17 815**	**17 815**
Recognised in other comprehensive income	-	-	**-**	18 659	-	**18 659**	**18 659**
Insurance finance component result	**-**	**-**	**-**	**35 353**	**1 121**	**36 474**	**36 474**
Insurance investment component	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Premiums received	1 407 484	-	**1 407 484**	-	-	**-**	**1 407 484**
Insurance acquisition cash flows	(254 518)	-	**(254 518)**	-	-	**-**	**(254 518)**
Claims paid and other cash outflows	-	-	**-**	(879 272)	-	**(879 272)**	**(879 272)**
Other movements	24	-	**24**	(154)	(1)	**(155)**	**(131)**
Total cash flows	**1 152 990**	**-**	**1 152 990**	**(879 426)**	**(1)**	**(879 427)**	**273 563**
Net balance as at 31st December 2023	**265 768**	**2 915**	**268 683**	**1 470 494**	**36 985**	**1 507 479**	**1 776 162**
Insurance contract assets	-	-	**-**	-	-	**-**	**-**
Insurance contract liabilities	265 768	2 915	**268 683**	1 470 494	36 985	**1 507 479**	**1 776 162**
Net balance as at 31st December 2023	**265 768**	**2 915**	**268 683**	**1 470 494**	**36 985**	**1 507 479**	**1 776 162**

Notes to the Financial Statements

(in thousand of euros)

INSURANCE CONTRACTS MEASURED UNDER THE PAA MODEL	Liability for remaining coverage			Liability for incurred claims			Total
	Present value of future cash flows	Loss component	Total	Present value of future cash flows	Risk adjustement	Total	
Opening balance							
Insurance contract assets	-	-	**-**	-	-	**-**	**-**
Insurance contract liabilities	211 912	4 652	**216 564**	1 211 023	28 827	**1 239 850**	**1 456 414**
Net balance as at 31st December 2022	**211 912**	**4 652**	**216 564**	**1 211 023**	**28 827**	**1 239 850**	**1 456 414**
Insurance contract income	**(1 220 811)**	**-**	**(1 220 811)**	**-**	**-**	**-**	**(1 220 811)**
Incurred claims and other expenses attributable to insurance contracts	-	-	**-**	809 606	-	**809 606**	**809 606**
Changes related to past services	-	-	**-**	45 769	871	**46 640**	**46 640**
Losses and reversal of losses on onerous contracts	-	1 011	**1 011**	-	-	**-**	**1 011**
Acquisition costs attributable to insurance contracts	222 572	-	**222 572**	-	-	**-**	**222 572**
Total insurance contract expenditure	**222 572**	**1 011**	**223 583**	**855 375**	**871**	**856 246**	**1 079 829**
Insurance contract result	**(998 239)**	**1 011**	**(997 228)**	**855 375**	**871**	**856 246**	**(140 982)**
Recognised in profit or loss	-	-	**-**	4 975	1 020	**5 995**	**5 995**
Recognised in other comprehensive income	-	-	**-**	90 039	-	**90 039**	**90 039**
Insurance finance component result	**-**	**-**	**-**	**95 014**	**1 020**	**96 034**	**96 034**
Insurance investment component	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Premiums received	1 236 572	-	**1 236 572**	-	-	**-**	**1 236 572**
Insurance acquisition cash flows	(226 344)	-	**(226 344)**	-	-	**-**	**(226 344)**
Claims paid and other cash outflows	-	-	**-**	(809 589)	-	**(809 589)**	**(809 589)**
Other movements	(731)	-	**(731)**	2 382	-	**2 382**	**1 651**
Total cash flows	**1 009 497**	**-**	**1 009 497**	**(807 207)**	**-**	**(807 207)**	**202 290**
Net balance as at 31st December 2023	**223 170**	**5 663**	**228 833**	**1 354 205**	**30 718**	**1 384 923**	**1 613 756**
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 31st December 2023	**223 170**	**5 663**	**228 833**	**1 354 205**	**30 718**	**1 384 923**	**1 613 756**

Notes to the Financial Statements

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.

(in thousand of euros)

INSURANCE CONTRACTS NOT MEASURED UNDER THE PAA MODEL	Liability for remaining coverage			Liability for incurred claims		Total
	Present value of future cash flows	Loss component	Total	Present value of future cash flows	Total	
Opening balance						
Insurance contract assets	24 440	(2 160)	**22 280**	(6 748)	**(6 748)**	**15 532**
Insurance contract liabilities	473 050	38 697	**511 747**	77 934	**77 934**	**589 681**
Net balance as at 31st December 2022	**448 610**	**40 857**	**489 467**	**84 682**	**84 682**	**574 149**
Insurance contract income	**(77 705)**	**-**	**(77 705)**	**-**	**-**	**(77 705)**
Incurred claims and other expenses attributable to insurance contracts	-	-	**-**	32 347	**32 347**	**32 347**
Changes related to past services	-	-	**-**	4 103	**4 103**	**4 103**
Losses and reversal of losses on onerous contracts	4 950	(4 738)	**212**	-	**-**	**212**
Acquisition costs attributable to insurance contracts	20 328	-	**20 328**	-	**-**	**20 328**
Total insurance contract expenditure	**25 278**	**(4 738)**	**20 540**	**36 450**	**36 450**	**56 990**
Insurance contract result	**(52 427)**	**(4 738)**	**(57 165)**	**36 450**	**36 450**	**(20 715)**
Recognised in profit or loss	12 504	585	**13 089**	499	**499**	**13 588**
Recognised in other comprehensive income	3 098	-	**3 098**	262	**262**	**3 360**
Insurance finance component result	**15 602**	**585**	**16 187**	**761**	**761**	**16 948**
Insurance investment component	**(75 798)**	**-**	**(75 798)**	**75 798**	**75 798**	**-**
Premiums received	62 637	-	**62 637**	-	**-**	**62 637**
Insurance acquisition cash flows	(13 717)	-	**(13 717)**	-	**-**	**(13 717)**
Claims paid and other cash outflows	-	-	**-**	(113 117)	**(113 117)**	**(113 117)**
Other movements	14	-	**14**	(34)	**(34)**	**(20)**
Total cash flows	**48 934**	**-**	**48 934**	**(113 151)**	**(113 151)**	**(64 217)**
Net balance as at 31st December 2023	**384 921**	**36 704**	**421 625**	**84 540**	**84 540**	**506 165**
Insurance contract assets	26 548	(1 869)	**24 679**	(6 553)	**(6 553)**	**18 126**
Insurance contract liabilities	411 469	34 835	**446 304**	77 987	**77 987**	**524 291**
Net balance as at 31st December 2023	**384 921**	**36 704**	**421 625**	**84 540**	**84 540**	**506 165**

Notes to the Financial Statements

(in thousand of euros)

INSURANCE CONTRACTS NOT MEASURED UNDER THE PAA MODEL	Liability for remaining coverage			Liability for incurred claims		Total
	Present value of future cash flows	Loss component	Total	Present value of future cash flows	Total	
Opening balance						
Insurance contract assets	17 225	(242)	**16 983**	(8 239)	**(8 239)**	**8 744**
Insurance contract liabilities	546 340	32 224	**578 564**	75 577	**75 577**	**654 141**
Net balance as at 31st December 2022	**529 115**	**32 466**	**561 581**	**83 816**	**83 816**	**645 397**
Insurance contract income	**(84 209)**	**-**	**(84 209)**	**-**	**-**	**(84 209)**
Incurred claims and other expenses attributable to insurance contracts	-	-	**-**	28 660	**28 660**	**28 660**
Changes related to past services	-	-	**-**	7 454	**7 454**	**7 454**
Losses and reversal of losses on onerous contracts	6 182	8 172	**14 354**	-	**-**	**14 354**
Acquisition costs attributable to insurance contracts	15 411	-	**15 411**	-	**-**	**15 411**
Total insurance contract expenditure	**21 593**	**8 172**	**29 765**	**36 114**	**36 114**	**65 879**
Insurance contract result	**(62 616)**	**8 172**	**(54 444)**	**36 114**	**36 114**	**(18 330)**
Recognised in profit or loss	10 718	220	**10 938**	585	**585**	**11 523**
Recognised in other comprehensive income	20 685	-	**20 685**	-	**-**	**20 685**
Insurance finance component result	**31 403**	**220**	**31 623**	**585**	**585**	**32 208**
Insurance investment component	**(95 925)**	**-**	**(95 925)**	**95 925**	**95 925**	**-**
Premiums received	58 585	-	**58 585**	-	**-**	**58 585**
Insurance acquisition cash flows	(11 957)	-	**(11 957)**	-	**-**	**(11 957)**
Claims paid and other cash outflows	-	-	**-**	(131 941)	**(131 941)**	**(131 941)**
Other movements	5	(1)	**4**	183	**183**	**187**
Total cash flows	**46 633**	**(1)**	**46 632**	**(131 758)**	**(131 758)**	**(85 126)**
Net balance as at 31st December 2023	**448 610**	**40 857**	**489 467**	**84 682**	**84 682**	**574 149**
Insurance contract assets	24 440	(2 160)	**22 280**	(6 748)	**(6 748)**	**15 532**
Insurance contract liabilities	473 050	38 697	**511 747**	77 934	**77 934**	**589 681**
Net balance as at 31st December 2023	**448 610**	**40 857**	**489 467**	**84 682**	**84 682**	**574 149**

Notes to the Financial Statements

The tables below outline changes in liability classified by measurement component, specifically (i) the estimate of the present value of future cash flows, (ii) risk adjustments, (iii) loss component, and (iv) contractual service margin for insurance contracts not measured under the premium allocation approach.

(in thousand of euros)

INSURANCE CONTRACTS NOT MEASURED UNDER THE PAA MODEL	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Opening balance				
Insurance contract assets	67 265	(6 384)	(45 350)	**15 531**
Insurance contract liabilities	520 776	6 303	62 601	**589 680**
Net balance as at 31st December 2023	**453 511**	**12 687**	**107 951**	**574 149**
Contractual Service Margin recognized in the income statement	-	-	(16 314)	**(16 314)**
Changes in risk adjustment for expired non-financial risks	-	(1 802)	-	**(1 802)**
Changes related to experience adjustments	4 992	-	-	**4 992**
Total changes related to current services	**4 992**	**(1 802)**	**(16 314)**	**(13 124)**
Changes in estimates that adjust the contractual service margin	13 005	(219)	(12 786)	**-**
Losses and reversal of losses on onerous contracts	290	(79)	-	**211**
Effects of contracts initially recognized in the year	(16 030)	1 544	14 486	**-**
Total changes related to future services	**(2 735)**	**1 246**	**1 700**	**211**
Adjustments to the liability for claims that have occurred	(7 802)	-	-	**(7 802)**
Total changes related to past services	**(7 802)**	**-**	**-**	**(7 802)**
Insurance services result	**(5 545)**	**(556)**	**(14 614)**	**(20 715)**
Recognised in the income statement	9 793	471	3 324	**13 588**
Recognised in other comprehensive income	3 360	-	-	**3 360**
Insurance finance component result	**13 153**	**471**	**3 324**	**16 948**
Premiums received	62 654	-	-	**62 654**
Insurance acquisition cash flows	(13 717)	-	-	**(13 717)**
Claims paid and other cash outflows	(113 117)	-	-	**(113 117)**
Other movements	42	(79)	-	**(37)**
Total cash flows	**(64 138)**	**(79)**	**-**	**(64 217)**
Net balance as at 31st December 2024	**396 981**	**12 523**	**96 661**	**506 165**
Insurance contract assets	66 491	(6 031)	(42 334)	**18 126**
Insurance contract liabilities	463 472	6 492	54 327	**524 291**
Net balance as at 31st December 2024	**396 981**	**12 523**	**96 661**	**506 165**

Notes to the Financial Statements

(in thousand of euros)

INSURANCE CONTRACTS NOT MEASURED UNDER THE PAA MODEL	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Opening balance				
Insurance contract assets	60 104	(6 012)	(45 348)	**8 744**
Insurance contract liabilities	575 342	6 948	71 851	**654 141**
Net balance as at 31st December 2022	**515 238**	**12 960**	**117 199**	**645 397**
Contractual Service Margin recognized in the income statement	-	-	(14 219)	**(14 219)**
Changes in risk adjustment for expired non-financial risks	-	(1 999)	-	**(1 999)**
Changes related to experience adjustments	(5 199)	-	-	**(5 199)**
Total changes related to current services	**(5 199)**	**(1 999)**	**(14 219)**	**(21 417)**
Changes in estimates that adjust the contractual service margin	53 198	(3 951)	(49 247)	**-**
Losses and reversal of losses on onerous contracts	12 833	1 521	-	**14 354**
Effects of contracts initially recognized in the year	(54 693)	3 659	51 034	**-**
Total changes related to future services	**11 338**	**1 229**	**1 787**	**14 354**
Adjustments to the liability for claims that have occurred	(11 267)	-	-	**(11 267)**
Total changes related to past services	**(11 267)**	**-**	**-**	**(11 267)**
Insurance services result	**(5 128)**	**(770)**	**(12 432)**	**(18 330)**
Recognised in the income statement	7 842	497	3 184	**11 523**
Recognised in other comprehensive income	20 685	-	-	**20 685**
Insurance finance component result	**28 527**	**497**	**3 184**	**32 208**
Premiums received	58 576	-	-	**58 576**
Insurance acquisition cash flows	(9 427)	-	-	**(9 427)**
Claims paid and other cash outflows	(134 428)	-	-	**(134 428)**
Other movements	153	-	-	**153**
Total cash flows	**(85 126)**	**-**	**-**	**(85 126)**
Net balance as at 31st December 2023	**453 511**	**12 687**	**107 951**	**574 149**
Insurance contract assets	67 265	(6 384)	(45 350)	**15 531**
Insurance contract liabilities	520 776	6 303	62 601	**589 680**
Net balance as at 31st December 2023	**453 511**	**12 687**	**107 951**	**574 149**

Notes to the Financial Statements

The tables below outline the movements in the contractual service margin based on the transition approach for the years ended on 31st December 2024 and 2023, respectively.

(in thousand of euros)

CONTRACTUAL SERVICE MARGIN	Fair value approach	Modified retrospective approach	Other contracts	Total
Contractual service margin as at 31st December 2023	**17 170**	**39 699**	**51 082**	**107 951**
Contractual Service Margin recognized in the income statement	(1 701)	(4 514)	(10 099)	**(16 314)**
Total changes related to current services	**(1 701)**	**(4 514)**	**(10 099)**	**(16 314)**
Changes in estimates that adjust the contractual service margin	(311)	(1 299)	(11 176)	**(12 786)**
Effects of contracts initially recognized in the year	-	-	14 486	**14 486**
Total changes related to future services	**(311)**	**(1 299)**	**3 310**	**1 700**
Insurance services result	**(2 012)**	**(5 813)**	**(6 789)**	**(14 614)**
Recognised in the income statement	13	1 349	1 962	**3 324**
Recognised in other comprehensive income	-	-	-	**-**
Insurance finance component result	**13**	**1 349**	**1 962**	**3 324**
Other movements	**-**	**-**	**-**	**-**
Contractual service margin as at 31st December 2024	**15 171**	**35 235**	**46 255**	**96 661**

(in thousand of euros)

CONTRACTUAL SERVICE MARGIN	Fair value approach	Modified retrospective approach	Other contracts	Total
Contractual service margin as at 31st December 2022	**19 944**	**43 731**	**53 524**	**117 199**
Contractual Service Margin recognized in the income statement	(1 834)	(3 789)	(8 596)	**(14 219)**
Total changes related to current services	**(1 834)**	**(3 789)**	**(8 596)**	**(14 219)**
Changes in estimates that adjust the contractual service margin	(908)	(1 718)	(46 621)	**(49 247)**
Effects of contracts initially recognized in the year	-	-	51 034	**51 034**
Total changes related to future services	**(908)**	**(1 718)**	**4 413**	**1 787**
Insurance services result	**(2 742)**	**(5 507)**	**(4 183)**	**(12 432)**
Recognised in income statement	(32)	1 475	1 741	**3 184**
Recognised in other comprehensive income	-	-	-	**-**
Insurance finance component result	**(32)**	**1 475**	**1 741**	**3 184**
Other movements	**-**	**-**	**-**	**-**
Contractual service margin as at 31st December 2023	**17 170**	**39 699**	**51 082**	**107 951**

Notes to the Financial Statements

BREAKDOWN AND VARIATION OF REINSURANCE CONTRACTS 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.

It is worth noting that the contractual service margin for reinsurance contracts on the transition date followed the full retrospective approach, with no new contracts after this date.

(in thousand of euros)

31ST DECEMBER 2024	Premium allocation approach (PAA)	Contracts not under the PAA model		Total
		General measurement model	Total	
Reinsurance contract assets				
Life				
Remaining coverage	6 297	786	**786**	**7 083**
Incurred claims	8 659	612	**612**	**9 271**
Life subtotal	**14 956**	**1 398**	**1 398**	**16 354**
Reinsurance contract liabilities				
Life				
Remaining coverage	-	1 840	**1 840**	**1 840**
Incurred claims	-	77	**77**	**77**
Life subtotal	**-**	**1 917**	**1 917**	**1 917**
Non-life				
Remaining coverage	26 015	-	**-**	**26 015**
Incurred claims	445 090	-	**-**	**445 090**
Non-life subtotal	**471 105**	**-**	**-**	**471 105**
Net total	**486 061**	**(519)**	**(519)**	**485 542**

(in thousand of euros)

31ST DECEMBER 2023	Premium allocation approach (PAA)	Contracts not under the PAA model		Total
		General measurement model	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	-	593	**593**	**593**
Incurred claims	-	118	**118**	**118**
Life subtotal	**-**	**711**	**711**	**711**
Non-life				
Remaining coverage	25 529	-	**-**	**25 529**
Incurred claims	100 382	-	**-**	**100 382**
Non-life subtotal	**125 911**	**-**	**-**	**125 911**
Net total	**141 125**	**45**	**45**	**141 170**

Notes to the Financial Statements

The first table presents liability movements associated with reinsurance contracts, measured under the premium allocation approach and detailed by Liability for Remaining Coverage and Liability for Incurred Claims.

(in thousand of euros)

REINSURANCE CONTRACTS MEASURED UNDER THE PAA MODEL	Liability for remaining coverage			Liability for incured claims			Total
	Present value of future cash flows	Loss recovery	Total	Present value of future cash flows	Risk adjustment	Total	
Opening balance							
Reinsurance contract assets	28 769	1 928	**30 697**	107 441	2 987	**110 428**	**141 125**
Reinsurance contract liabilities	-	-	**-**	-	-	**-**	**-**
Net balance as at 31st December 2023	**28 769**	**1 928**	**30 697**	**107 441**	**2 987**	**110 428**	**141 125**
Reinsurance contract expenses	**(505 660)**	**-**	**(505 660)**	**-**	**-**	**-**	**(505 660)**
Incurred claims and other expenses attributable to reinsurance contracts	-	-	**-**	39 554	-	**39 554**	**39 554**
Changes related to past incurred claims	-	-	**-**	327 544	17 271	**344 815**	**344 815**
Losses and reversal of losses on onerous contracts	-	(1 928)	**(1 928)**	-	-	**-**	**(1 928)**
Effect of changes in the reinsurer's default risk	-	-	**-**	-	-	**-**	**-**
Total insurance contract income	**-**	**(1 928)**	**(1 928)**	**367 098**	**17 271**	**384 369**	**382 441**
Reinsurance contract result	**(505 660)**	**(1 928)**	**(507 588)**	**367 098**	**17 271**	**384 369**	**(123 219)**
Recognised in the income statement	-	-	**-**	1 280	107	**1 387**	**1 387**
Recognised in other comprehensive income	-	-	**-**	(2 882)	-	**(2 882)**	**(2 882)**
Insurance finance component	**-**	**-**	**-**	**(1 602)**	**107**	**(1 495)**	**(1 495)**
Insurance investment component	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Premiums paid and other reinsurance contract expenses	531 958	-	**531 958**	-	-	**-**	**531 958**
Reinsurance acquisition cash flows	(22 698)	-	**(22 698)**	-	-	**-**	**(22 698)**
Claims received	-	-	**-**	(39 553)	-	**(39 553)**	**(39 553)**
Other movements	(57)	-	**(57)**	-	-	**-**	**(57)**
Total cash flows	**509 203**	**-**	**509 203**	**(39 553)**	**-**	**(39 553)**	**469 650**
Net balance as at 31st December 2024	**32 312**	**-**	**32 312**	**433 384**	**20 365**	**453 749**	**486 061**
Reinsurance contract assets	32 312	-	**32 312**	433 384	20 365	**453 749**	**486 061**
Reinsurance contract liabilities	-	-	**-**	-	-	**-**	**-**
Net balance as at 31st December 2024	**32 312**	**-**	**32 312**	**433 384**	**20 365**	**453 749**	**486 061**

Notes to the Financial Statements

(in thousand of euros)

REINSURANCE CONTRACTS MEASURED UNDER THE PAA MODEL	Liability for remaining coverage			Liability for incured claims			Total
	Present value of future cash flows	Loss recovery	Total	Present value of future cash flows	Risk adjustment	Total	
Opening balance							
Reinsurance contract assets	34 726	804	**35 530**	108 035	4 351	**112 386**	**147 916**
Reinsurance contract liabilities	-	-	**-**	-	-	**-**	**-**
Net balance as at 31st December 2022	**34 726**	**804**	**35 530**	**108 035**	**4 351**	**112 386**	**147 916**
Reinsurance contract expenses	**(120 584)**	**-**	**(120 584)**	**-**	**-**	**-**	**(120 584)**
Incurred claims and other expenses attributable to reinsurance contracts	-	-	**-**	55 438	-	**55 438**	**55 438**
Changes related to incurred claims	-	-	**-**	(5 352)	(1 511)	**(6 863)**	**(6 863)**
Losses and reversal of losses on onerous contracts	-	1 124	**1 124**	-	-	**-**	**1 124**
Effect of changes in the reinsurer's default risk	-	-	**-**	-	-	**-**	**-**
Total insurance contract income	**-**	**1 124**	**1 124**	**50 086**	**(1 511)**	**48 575**	**49 699**
Reinsurance contract result	**(120 584)**	**1 124**	**(119 460)**	**50 086**	**(1 511)**	**48 575**	**(70 885)**
Recognised in the income statement	-	-	**-**	304	147	**451**	**451**
Recognised in other comprehensive income	-	-	**-**	4 629	-	**4 629**	**4 629**
Insurance finance component	**-**	**-**	**-**	**4 933**	**147**	**5 080**	**5 080**
Insurance investment component	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Premiums paid and other reinsurance contract expenses	137 264	-	**137 264**	-	-	**-**	**137 264**
Reinsurance acquisition cash flows	(22 638)	-	**(22 638)**	-	-	**-**	**(22 638)**
Claims received	-	-	**-**	(55 612)	-	**(55 612)**	**(55 612)**
Other movements	1	-	**1**	(1)	-	**(1)**	**-**
Total cash flows	**114 627**	**-**	**114 627**	**(55 613)**	**-**	**(55 613)**	**59 014**
Net balance as at 31st December 2023	**28 769**	**1 928**	**30 697**	**107 441**	**2 987**	**110 428**	**141 125**
Reinsurance contract assets	28 769	1 928	**30 697**	107 441	2 987	**110 428**	**141 125**
Reinsurance contract liabilities	-	-	**-**	-	-	**-**	**-**
Net balance as at 31st December 2023	**28 769**	**1 928**	**30 697**	**107 441**	**2 987**	**110 428**	**141 125**

Notes to the Financial Statements

The table below analyses liability movements associated with reinsurance contracts, measured under the general measurement model and detailed by Liability for Remaining Coverage and Liability for Incurred Claims.

(in thousand of euros)

REINSURANCE CONTRACTS NOT MEASURED UNDER THE PAA MODEL	Liability for remaining coverage			Liability for past services		Total
	Present value of future cash flows	Loss recovery	Total	Present value of future cash flows	Total	
Opening balance						
Reinsurance contract assets	234	27	**261**	495	**495**	**756**
Reinsurance contract liabilities	593	-	**593**	118	**118**	**711**
Net balance as at 31st December 2023	**359**	**(27)**	**332**	**(377)**	**(377)**	**(45)**
Reinsurance contract expenses	**(902)**	**-**	**(902)**	**-**	**-**	**(902)**
Incurred claims and other expenses attributable to reinsurance contracts	-	-	**-**	466	**466**	**466**
Changes related to incurred claims	-	-	**-**	159	**159**	**159**
Losses and reversal of losses on onerous contracts	2	1	**3**	-	**-**	**3**
Effect of changes in the reinsurer's default risk	-	-	**-**	-	**-**	**-**
Total insurance contract income	**2**	**1**	**3**	**625**	**625**	**628**
Reinsurance contract result	**(900)**	**1**	**(899)**	**625**	**625**	**(274)**
Recognised in the income statement	54	-	**54**	-	**-**	**54**
Recognised in other comprehensive income	(623)	-	**(623)**	-	**-**	**(623)**
Insurance finance component	**(569)**	**-**	**(569)**	**-**	**-**	**(569)**
Insurance investment component	**-**	**-**	**-**	**-**	**-**	**-**
Premiums paid and other reinsurance contract expenses	(746)	-	**(746)**	-	**-**	**(746)**
Reinsurance acquisition cash flows	6	-	**6**	-	**-**	**6**
Claims received	-	-	**-**	466	**466**	**466**
Other movements	(6)	-	**(6)**	1	**1**	**(5)**
Total cash flows	**(746)**	**-**	**(746)**	**467**	**467**	**(279)**
Net balance as at 31st December 2024	**1 082**	**(28)**	**1 054**	**(535)**	**(535)**	**519**
Reinsurance contract assets	758	28	**786**	612	**612**	**1 398**
Reinsurance contract liabilities	1 840	-	**1 840**	77	**77**	**1 917**
Net balance as at 31st December 2024	**1 082**	**(28)**	**1 054**	**(535)**	**(535)**	**519**

Notes to the Financial Statements

(in thousand of euros)

REINSURANCE CONTRACTS NOT MEASURED UNDER THE PAA MODEL	Liability for remaining coverage			Liability for past services		Total
	Present value of future cash flows	Loss recovery	Total	Present value of future cash flows	Total	
Opening balance						
Reinsurance contract assets	2 417	1	2 418	907	907	3 325
Reinsurance contract liabilities	-	-	-	-	-	-
Net balance as at 31st December 2022	(2 417)	(1)	(2 418)	(907)	(907)	(3 325)
Reinsurance contract expenses	(1 594)	-	(1 594)	-	-	(1 594)
Incurred claims and other expenses attributable to reinsurance contracts	-	-	-	688	688	688
Changes related to incurred claims	-	-	-	(532)	(532)	(532)
Losses and reversal of losses on onerous contracts	-	26	26	-	-	26
Effect of changes in the reinsurer's default risk	-	-	-	-	-	-
Total insurance contract income	-	26	26	156	156	182
Reinsurance contract result	(1 594)	26	(1 568)	156	156	(1 412)
Recognised in the income statement	52	-	52	-	-	52
Recognised in other comprehensive income	(2 284)	-	(2 284)	-	-	(2 284)
Insurance finance component	(2 232)	-	(2 232)	-	-	(2 232)
Insurance investment component	-	-	-	-	-	-
Premiums paid and other reinsurance contract expenses	(814)	-	(814)	-	-	(814)
Reinsurance acquisition cash flows	(239)	-	(239)	-	-	(239)
Claims received	-	-	-	688	688	688
Other movements	3	-	3	(2)	(2)	1
Total cash flows	(1 050)	-	(1 050)	686	686	(364)
Net balance as at 31st December 2023	359	(27)	332	(377)	(377)	(45)
Reinsurance contract assets	234	27	261	495	495	756
Reinsurance contract liabilities	593	-	593	118	118	711
Net balance as at 31st December 2023	359	(27)	332	(377)	(377)	(45)

Notes to the Financial Statements

The tables below outline changes in liability classified by measurement component, specifically (i) the estimate of the present value of future cash flows, (ii) risk adjustments, (iii) loss component, and (iv) contractual service margin for reinsurance contracts measured under the general measurement model.

(in thousand of euros)

REINSURANCE CONTRACTS NOT MEASURED UNDER THE PAA MODEL	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Opening balance				
Reinsurance contract assets	522	-	234	**756**
Reinsurance contract liabilities	4 750	(1 228)	(2 811)	**711**
Net balance as at 31st December 2023	**4 228**	**(1 228)**	**(3 045)**	**(45)**
Contractual Service Margin recognized in the income statement	-	-	51	**51**
Changes in risk adjustment for expired non-financial risks	-	(81)	-	**(81)**
Changes related to experience adjustments	(403)	-	-	**(403)**
Total changes related to current services	**(403)**	**(81)**	**51**	**(433)**
Changes in estimates that adjust the contractual service margin	2 742	138	(2 880)	**-**
Total changes related to future services	**2 742**	**138**	**(2 880)**	**-**
Adjustments to the liability for claims that have occurred	159	-	-	**159**
Total changes related to past services	**159**	**-**	**-**	**159**
Insurance contract result	**2 498**	**57**	**(2 829)**	**(274)**
Recognised in the income statement	25	44	(14)	**55**
Recognised in other comprehensive income	(624)	-	-	**(624)**
Insurance finance component result	**(599)**	**44**	**(14)**	**(569)**
Premiums paid and other reinsurance contract expenses	(746)	-	-	**(746)**
Reinsurance acquisition cash flows	6	-	-	**6**
Claims received	466	-	-	**466**
Other movements	(5)	-	-	**(5)**
Total cash flows	**(279)**	**-**	**-**	**(279)**
Net balance as at 31st December 2024	**2 050**	**(1 329)**	**(202)**	**519**
Reinsurance contract assets	640	-	758	**1 398**
Reinsurance contract liabilities	2 690	(1 329)	556	**1 917**
Net balance as at 31st December 2024	**2 050**	**(1 329)**	**(202)**	**519**

Notes to the Financial Statements

(in thousand of euros)

REINSURANCE CONTRACTS NOT MEASURED UNDER THE PAA MODEL	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Opening balance				
Reinsurance contract assets	(9 362)	1 289	11 398	**3 325**
Reinsurance contract liabilities	-	-	-	**-**
Net balance as at 31st December 2022	**9 362**	**(1 289)**	**(11 398)**	**(3 325)**
Contractual Service Margin recognized in the income statement	-	-	(222)	**(222)**
Changes in risk adjustment for expired non-financial risks	-	(80)	-	**(80)**
Changes related to experience adjustments	(578)	-	-	**(578)**
Total changes related to current services	**(578)**	**(80)**	**(222)**	**(880)**
Changes in estimates that adjust the contractual service margin	8 097	(24)	(8 073)	**-**
Total changes related to future services	**8 097**	**(24)**	**(8 073)**	**-**
Adjustments to the liability for claims that have occurred	(532)	-	-	**(532)**
Total changes related to past services	**(532)**	**-**	**-**	**(532)**
Insurance contract result	**6 987**	**(104)**	**(8 295)**	**(1 412)**
Recognised in the income statement	65	43	(58)	**50**
Recognised in other comprehensive income	(2 282)	-	-	**(2 282)**
Insurance finance component result	**(2 217)**	**43**	**(58)**	**(2 232)**
Premiums paid and other reinsurance contract expenses	(814)	-	-	**(814)**
Reinsurance acquisition cash flows	(225)	-	-	**(225)**
Claims received	688	-	-	**688**
Other movements	(13)	-	-	**(13)**
Total cash flows	**(364)**	**-**	**-**	**(364)**
Net balance as at 31st December 2023	**4 228**	**(1 228)**	**(3 045)**	**(45)**
Reinsurance contract assets	522	-	234	**756**
Reinsurance contract liabilities	4 750	(1 228)	(2 811)	**711**
Net balance as at 31st December 2023	**4 228**	**(1 228)**	**(3 045)**	**(45)**

Notes to the Financial Statements

EXPECTED RELEASE OF THE CONTRACTUAL SERVICE MARGIN

TIME INTERVALS FOR EXPECTED RELEASE OF THE CONTRACTUAL SERVICE MARGIN

(in thousand of euros)

Time intervals	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	Over 20 years	Total
Insurance contracts										
Life	14 656	13 433	12 331	11 192	6 922	16 878	10 732	6 088	4 429	**96 661**
	14 656	**13 433**	**12 331**	**11 192**	**6 922**	**16 878**	**10 732**	**6 088**	**4 429**	**96 661**
Reinsurane contracts										
Life	9	10	11	11	12	37	55	36	21	**202**
	9	**10**	**11**	**11**	**12**	**37**	**55**	**36**	**21**	**202**
	14 647	13 423	12 320	11 181	6 910	16 841	10 677	6 052	4 408	96 459

The expected release of the contractual service margin reported in the balance sheet as of 31st December 2024, 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.

Notes to the Financial Statements

Note 5 – Liabilities for investment contracts and other financial liabilities

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

(in thousand of euros)

	Financial without profit-sharing	Unit-Linked	Unit-Linked Pension Savings Plan	*Unit-Linked Capitalisation Operations*	Total
Balances as at 31st December 2022	**12 605**	**12 891**	**13 681**	**116**	**39 292**
Additional liabilities for the years ended, 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
Balance as at 31st December 2023	**10 696**	**46 460**	**17 857**	**116**	**75 128**
Additional liabilities for the years ended, net of commissions	41 389	69 025	18 223	-	128 637
Amounts paid	(2 710)	(3 143)	(1 997)	-	(7 850)
Technical interest and other income/expenses	66	3 950	1 211	-	5 227
Other movements	32	(912)	164	-	(716)
Balances as at 31st December 2024	**49 473**	**115 380**	**35 458**	**116**	**200 427**

The values of financial liabilities from Unit Linked contracts, totalling EUR 150,839 thousand (2023: EUR 64,317 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:

(in thousand of euros)

	2024			2023		
	Gains	Losses	Balance	Gains	Losses	Balance
Valued at fair value through profit/loss	**1 563**	**(7 185)**	**(5 622)**	**5 748**	**(5 394)**	**354**
Capitalisation	-	(5 109)	(5 109)	4 116	(3 017)	1 098
Pension saving	1 563	(2 076)	(513)	1 632	(2 376)	(744)
Valued at amortised cost	**3 954**	**(2 954)**	**1 000**	**2 887**	**(2 112)**	**776**
Capitalisation	739	(691)	48	813	(738)	75
Pension saving	3 215	(2 263)	952	2 074	(1 373)	701
Total	**5 517**	**(10 139)**	**(4 622)**	**8 635**	**(7 505)**	**1 130**

Notes to the Financial Statements

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

The analysis of the item *other financial liabilities* can be broken down as follows:

(in thousand of euros)

	2024	2023
Other financial liabilities		
Deposits received from reinsurers	335 311	11 225
Lease liability and others	50 913	28 229
Total	**386 223**	**39 454**

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. In 2024, the company implemented a *loss portfolio transfer* type of reinsurance contract entered into with shareholder Assicurazioni Generali, S.p.A.

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.

In 2024, the company entered into a bancassurance distribution agreement, having recorded a financial liability related to future commitments.

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

(in thousand of euros)

	2024	2023
Up to 1 year	9 601	7 452
From 1 year to 5 years	20 988	17 336
Over 5 years	10 936	5 959
Total future payments	**41 525**	**30 747**
Interest expense to be accrued in Financial expenses	(4 501)	(2 518)
Total lease liability	**37 024**	**28 229**

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 1.134 thousand was recognized throughout 2023 (2023: EUR 898 thousand).

Notes to the Financial Statements

Note 6 – Financial instruments

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

(in thousand of euros)

	2024	2023
Equity	46 766	15 467
Bonds and other fixed-income securities	2 376 447	2 228 186
Other floating-rate securities	36 830	34 748
Total participations and financial instruments	**2 460 043**	**2 278 401**
Other financial assets (Unit Linked)	125 056	45 789
Total financial assets	**2 585 099**	**2 324 190**

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance of this asset class is broken down as follows:

(in thousand of euros)

	2024	2023
Bonds and other fixed-income securities		
From other issuers	113 967	52 541
Equity	783	741
Other floating-rate securities	275 125	270 483
Total	**389 875**	**323 766**

This category represents 14.0% (13.2% as at 31st December 2023) of the total investments. In particular, these investments are mainly concentrated in the Non-Life segment, equivalent to 61.1% of the total value (EUR 238 million as at 31st December 2024). This increase compared to 31st December 2023, is primarily due to the significant increase in investments associated with unit-linked products.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The balance of this asset class is broken down as follows:

(in thousand of euros)

	2024	2023
Bonds and other fixed-income securities		
From other issuers	1 205 672	1 180 546
From other issuers	902 142	799 634
Equity	45 983	14 726
Total	**2 153 797**	**1 994 906**

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Notes to the Financial Statements

This category represents 77.2% (81.6% as at 31st December 2023) of the total investments. In particular, these investments are mainly concentrated in the Non-Life segment, equivalent to 71% of the total value (EUR 1,534 million as at 31st December 2024).

In 2024, the company acquired an 8.71% stake in the capital of Banco CTT.

The final balance sheet values are broken down as follows:

(in thousand of euros)

	Amortised or acquisition cost	Accrued interest	Fair value reserve	Carrying amount
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
Balance as at 31st December 2023	**2 100 965**	**25 115**	**(131 173)**	**1 994 906**
Bonds and other fixed-income securities				
From public issuers	1 289 940	15 135	(99 403)	1 205 672
From other issuers	900 778	12 795	(11 431)	902 142
Equity	50 933	-	(4 950)	45 983
Balance as at 31st December 2024	**2 241 651**	**27 930**	**(115 784)**	**2 153 797**

FINANCIAL ASSETS MEASURED AT AMORTISED COST

In addition to the financial instruments mentioned earlier, the company also holds other assets that are net of impairment, as outlined below:

(in thousand of euros)

	2024	2023
Term deposits related to direct cash pooling operations	201	201
Other loans	40 992	5 000
Loans to employees	234	317
Total	**41 427**	**5 518**

Notes to the Financial Statements

The final balance sheet values are broken down as follows:

(in thousand of euros)

	Acquisition cost	Impairment	Carrying amount
Term deposits related to direct cash pooling operations			
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 31st December 2023	**20 518**	**(15 000)**	**5 518**
Term deposits related to direct cash pooling operationss	201	-	201
Loan - Espírito Santo Financial Portugal, SGPS	15 000	(15 000)	-
Loan - Generali Europe Income Holding, SA	5 000	-	5 000
Loan - Assicurazioni Generali S.p.A.	35 999	(7)	35 992
Loans to employees	234	-	234
Balance as at 31st December 2024	**56 434**	**(15 007)**	**41 427**

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 2024 and 2023, 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 broken down as follows:

(in thousand of euros)

	2024		2023	
	Fair value	Carrying amount	Fair value	Carrying amount
Cash and cash equivalents and demand deposits	171 865	171 865	92 778	92 778
Financial assets measured at amortised cost	41 427	41 427	5 518	5 518
Other receivables from insur. operations and other transactions	52 503	52 503	51 721	51 721
FINANCIAL ASSETS AT AMORTISED COST	**265 794**	**265 794**	**150 017**	**150 017**
Financial liabilities for investment contracts	200 116	200 427	75 700	75 128
Other financial liabilities	386 223	386 223	39 454	39 454
Other payables for insurance operations and other transactions	128 776	128 776	96 242	96 242
FINANCIAL LIABILITIES AT AMORTISED COST	**715 116**	**715 426**	**211 395**	**210 823**

Notes to the Financial Statements

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 lows 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 onliquid 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:

(in thousand of euros)

	2024			Total
	Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss	**135 468**	**64 972**	**189 434**	**389 875**
Equity	-	-	783	**783**
Other floating-rate securities	86 474	-	188 651	**275 125**
Bonds and other fixed-income securities				
From public issuers	48 994	64 972	-	**113 967**
Financial assets measured at fair value through other comprehensive income	**2 063 115**	**37 684**	**52 998**	**2 153 797**
Equity	9 369	56	36 559	**45 983**
Bonds and other fixed-income securities				
From public issuers	1 202 061	3 610	-	**1 205 672**
From other issuers	851 685	34 018	16 439	**902 142**
Financial assets measured at amortised cost	**-**	**40 992**	**435**	**41 427**
Term deposits related to direct cash pooling operations	-	-	201	**201**
Other loans	-	40 992	-	**40 992**
Loans to employees	-	-	234	**234**
Total Financial Assets	**2 198 583**	**143 648**	**242 868**	**2 585 099**

Notes to the Financial Statements

(in thousand of euros)

	Level 1	Level 2	2023 Level 3	Total
Financial assets measured at fair value through profit or loss	**101 548**	**37 583**	**184 635**	**323 766**
Equity	-	-	741	741
Other floating-rate securities	86 590	-	183 893	270 483
Bonds and other fixed-income securities				
From public issuers	14 958	37 583	-	52 541
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**

The value classified as Level 3 in 2024 under the item Other floating-rate securities includes approximately EUR 73 million (2023: EUR 86 million), corresponding to an investment in 1 sub-fund (2023: 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:

(in thousand of euros)

	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	Total
Balance as at 31st December 2022	**176 662**	**39 120**	**635**	**216 417**
Purchases	18 903	-	-	18 903
Sales	(6 955)	(1 634)	-	(8 589)
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	-	-	(117)	(117)
Other variations	684	674		1 358
Balance as at 31st December 2023	**184 635**	**35 373**	**518**	**220 525**
Purchases	24 878	25 172	-	50 050
Sales	(6 619)	(901)	-	(7 520)
Change in fair value through profit or loss	(13 460)	0	-	(13 460)
Change in fair value through other comp. income	-	551	-	551
Reclassifications	-	(6 603)	-	(6 603)
Other variations	-	(594)	(83)	(675)
Balance as at 31st December 2024	**189 434**	**52 998**	**435**	**242 867**

The Other floating-rate securities classified at this level include investments in units in closed end real estate investment funds of EUR 30,274 thousand (2023: EUR 30,342 thousand) and EUR 144,948 thousand in private equity/debt funds (2023: EUR 146,889 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.

Notes to the Financial Statements

Note 7 – Investments in subsidiaries and associates

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

(in thousands of euros)

NAME OF COMPANY / HQ	Classification	Valuation method	Shareholding interest (%)			Financial data							
			Direct	Voting right	Effective	Assets		Liabilities		Equity		Net Result	
						2024	2023	2024	2023	2024	2023	2024	2023
Tranquilidade - Corporação Angolana de Seguros, S.A Edificio ESCOM, Rua Marechal Brós Tito, nº 35 15ºD, Luanda, Angola	Subsidiary	Acquisition cost net impairment	49,00	49,00	49,00	30 497	30 071	17 819	21 133	12 678	8 938	1 489	(1 586)
Tranquilidade Moçambique Companhia de Seguros, S.A. Av. Armando Tivane, 1212 Caixa Postal 1959, Maputo, Moçambique	Subsidiary	Acquisition cost net impairment	99,996	99,996	100,00	4 058	7 777	1 679	4 828	2 379	2 949	24	619,0
Tranquilidade Moçambique Companhia de Seguros Vida, S.A. Av. Armando Tivane, 1212 Caixa Postal 1959, Maputo, Moçambique	Subsidiary	Acquisition cost net impairment	69,997	69,997	100,00	4 911	4 974	1 458	2 026	3 453	2 948	117	194
TRANQUILIDADE DIVERSIFIED INCOME ICAV 2nd Floor, Block E Iveagh Court Harcourt Road Dublin D02 YT22 Ireland	Subsidiary	Acquisition cost net impairment	100,00	100,00	100,00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Close to Customers, ACE Av. da Liberdade, 242 1250-149 Lisboa, Portugal	Subsidiary	Acquisition cost net impairment	80,00	80,00	80,00	1 112	939	957	939	155	0	0	0

The 2024 values represent the most recent unaudited financial information received from each subsidiary or associates company, so the final official values may differ.

In 2024 and 2023, 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 1st October 2022, including all assets representing the respective technical provisions.

Notes to the Financial Statements

Note 8 – Cash and cash equivalents and demand deposits

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

(in thousand of euros)

	2024	2023
Cash	8	11
Deposits with credit institutions	171 857	92 767
Total	**171 865**	**92 778**

This item records balances with a maturity of less than three months, as described in note 2 above.

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.

Notes to the Financial Statements

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 accounting entries recorded under the item *Investment property* for the years ended 2024 and 2023 can be analysed as follows:

(in thousand of euros)

INVESTMENT PROPERTIES – INCOME PROPERTIES	2024	2023
Net balance as at 1st January	**8 861**	**4 341**
Additions through aquisition	-	468
Transfers to assets to be discontinued	-	3 751
Disposals/Sales	(468)	-
Changes in fair value	735	301
Net balance as at 31st December	**9 128**	**8 861**

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.

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

(in thousand of euros)

	2024	2023
Property that has generated rental income	5 634	5 232
Property that has not generated rental income	3 494	3 629
Total	**9 128**	**8 861**

Notes to the Financial Statements

The amounts recognised in profit or loss related to income and costs with investment properties are as follows:

(in thousand of euros)

	2024	2023
Rental income	**240**	**233**
Operating costs	**13**	**34**
- property that has generated rental income	7	11
- property that has not generated rental income	6	23

Cost model

The balances and movements in Own use Properties for the years ended 2024 and 2023 can be analysed as follows:

(in thousand of euros)

TANGIBLE ASSETS - OWN USE PROPERTIES	2024	2023
Gross amount	**38 477**	**31 578**
Accumulated depreciation and impairment losses	(14 109)	(13 716)
Net balance as at 31st December	**24 368**	**17 862**

(in thousand of euros)

TANGIBLE ASSETS - OWN USE PROPERTIES	2024	2023
Net balance as at 1st January	**17 862**	**18 039**
Additions	10 068	3 226
Depreciation of Properties	(3 562)	(3 405)
Net balance as at 31st December	**24 368**	**17 862**

Right-of-use property are recorded under the heading *tangible assets – own use properties.* A liability is recorded against this asset, as described in note 5.

Notes to the Financial Statements

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:

(in thousand of euros)

	2024	2023
Equipment	**22 890**	**21 736**
Office equipment	2 201	2 055
Machinery and tools	712	679
IT Hardware	6 204	5 230
Indoor Fixtures and fittings	914	914
Leased buildings expenses	5 988	5 988
Transport material	450	449
Right-of-use assets - Vehicle fleet	6 114	6 114
Other tangible assets	308	307
Assetd Under Development	**-**	**-**
Accumulated Depreciations	**(18 672)**	**(16 277)**
Equipment	(14 743)	(13 297)
Right-of-use assets - Vehicle fleet	(3 929)	(2 980)
Impairments	**-**	**-**
	4 218	**5 459**

Right-of-use transport equipment is recorded under the item *other tangible fixed assets*. A liability is recorded against this asset, as described in *note 5*.

The net balance of the accounting entries recorded under this item is analysed as follows:

(in thousand of euros)

	Equipment	Right-of-use assets	Assets under development	Total
Balance as at 1st January 2023	**2 076**	**688**	**-**	**2 764**
Additions	1 977	2 882	-	4 859
Depreciations for the period	(1 728)	(436)	-	(2 164)
Balance as at 31st December 2023	**2 325**	**3 134**	**-**	**5 459**
Additions	1 165	-	-	1 165
Depreciations for the period	(1 457)	(949)	-	(2 407)
Write-offs/Sales	-	-	-	-
Balance as at 31st December 2024	**2 033**	**2 184**	**-**	**4 218**

Notes to the Financial Statements

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 of such assets and they are available for immediate sale and their sale is highly probable.

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

(in thousand of euros)

	Income property	Own use properties	Investments in subsidiaries, associate companies and joint ventures	Total
Balance as at 1st January 2023	**4 911**	**-**	**-**	**4 911**
Transfers	(3 751)	-	-	(3 751)
Changes in fair value	113	-	-	113
Balance as at 31st December 2023	**1 273**	**-**	**-**	**1 273**
Additions	1 165	-	-	1 165
Write-offs/Sales	(1 273)	-	-	(1 273)
Balance as at 31st December 2024	**115**	**-**	**-**	**115**

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 2025 or are expected to take place in 2025, after the conclusion of any permitting processes underway, with the effective realization (Note 9).

Investments in subsidiaries, associates and joint ventures are related to the assets described in *note 7*.

Note 12 - Intangible Assets

All intangible assets are measured using the cost model. Except for goodwill and the asset associated with the distribution agreement, all estimated useful lives are finite, being five years for software development expenses (linear amortisation) and three years for software (linear amortisation).

The intangible asset associated with the distribution agreement through the banking channel is amortised over the duration of the contract, which is established at twenty-five years.

The goodwill recorded on 31st December 2024 and 2023 corresponds to the positive difference between the acquisition cost and the fair value of the net assets acquired, amounting to EUR 65,981 thousand, related to the acquisition of Açoreana Seguros, S.A. on 5th August 2016.

Notes to the Financial Statements

The goodwill was determined based on the fair value of the mathematical provisions for workers' compensation and life financial products by discounting the estimated cash flows of these liabilities to the risk-free curve set by the European Insurance and Occupational Pensions Authority (EIOPA), with a volatility adjustment, in accordance with the Solvency II requirements.

In 2024, the goodwill was tested for impairment based on its recoverable amount and no evidence of impairment was identified. The recoverable amount is determined based on the higher of an asset's value in use and its market value, less costs to sell, and it is calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value and business risks. The estimated recoverable amount was based on the company's business plan and cash-flow projections discounted at a 9% rate (2021: 9%).

The balance of the items under the heading *Goodwill and Other intangible assets* is analysed as follows:

(in thousand of euros)

	2024	2023
Goodwill	**65 981**	**65 981**
Other intangible assets	**102 055**	**78 691**
Other intangible assets	78 174	60 188
Right-of-use assets - Software	14 177	16 255
Intangible assets under development	9 704	2 248
Accumulated depreciation	**(64 599)**	**(67 682)**
Other intangible assets	(58 986)	(57 339)
Right-of-use assets - *Software*	(5 613)	(10 343)
Impairments	-	-
	103 436	**76 990**

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

(in thousand of euros)

	Goodwill	Other intangible assets	*Right-of-use assets - Software*	Intangible assets under development	Total
Balance as at 1st December 2023	**65 981**	**3 936**	**1 661**	**1 396**	**72 974**
Additions	-	1 274	6 987	1 976	10 237
Depreciations for the period	-	(2 046)	(2 736)	-	(4 782)
Transfers	-	(315)	-	(1 124)	(1 439)
Balance as at 31st December 2023	**65 981**	**2 849**	**5 912**	**2 248**	**76 990**
Additions	-	16 928	6 944	8 654	32 526
Depreciations for the period	-	(1 647)	(4 293)	-	(5 940)
Transfers	-	1 058	-	(1 198)	(140)
Balance as at 31st December 2024	**65 981**	**19 188**	**8 563**	**9 704**	**103 436**

Notes to the Financial Statements

The amortisation of intangible assets is apportioned across different items of the income statement in the following manner:

(in thousand of euros)

	2024	2023
Depreciations of intangible assets	**5 940**	**4 782**
Claims costs, net of reinsurance		
Amounts paid - Gross amounts	320	272
Net operating costs and expenses		
Acquisiton costs	4 310	3 389
Administrative expenses	1 160	1 021
Financial expenses		
Others	151	100

Note 13 – Other Assets, Liabilities, Adjustments and Provisions

Assets and adjustments

The balance recorded under the heading *accounts receivable for direct insurance operations* is broken down as follows:

(in thousand of euros)

	2024	2023
Gross assets	**12 581**	**10 338**
Policy holders		
- outstanding amounts	2 062	2 837
- claims reimbursement	-	1
Insurance intermediaries	7 611	5 500
Co-insurers	2 908	2 000
Adjustments	**(125)**	**(1 772)**
Outstanding amounts	-	-
Doubtful loans	(125)	(1 772)
Net assets	**12 456**	**8 566**

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 31.1 million (2023: EUR 43.8 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 1,604 thousand (2023: EUR 1,389 thousand), as presented in Note 4.

Notes to the Financial Statements

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

(in thousand of euros)

	2024	2023
Gross assets	**21 604**	**27 192**
Reinsurers	16 266	22 005
Reinsured	5 339	5 187
Adjustments	**(5 298)**	**(5 142)**
Doubtful loans	(5 298)	(5 142)
Net assets	**16 307**	**22 050**

As at 31st December 2024, the heading reinsured included receivables from Tranquilidade, Corporação Angolana de Seguros, S.A. in the amount of approximately EUR 4,4 million (2023: EUR 4,3 million), on which adjustments for doubtful debts are recorded in the amount equal to the total outstanding amount.

As at 31st December 2024, the item reinsured still included receivables from two subsidiaries in Mozambique worth about EUR 0.7 million (2023: EUR 0.7 thousand), on which adjustments for doubtful debts are recorded in the amount equal to the total outstanding amount.

The balance of the heading *accounts receivable for other operations* is broken down as follows:

(in thousand of euros)

	2024	2023
Gross assets	**40 027**	**37 294**
Related entities	9 318	8 993
Advances to suppliers of goods and services	455	413
IFAP	6 655	8 312
FAT	2 079	1 685
Management on account of IDS and Represented entities	13 343	10 720
Guarantees	168	152
Payment plans	1 962	2 374
Rents and other receivables	169	182
Staff	15	33
Costumers	370	352
Other receivables	5 492	4 077
Adjustments	**(16 288)**	**(16 190)**
Doubtful debts	(16 288)	(16 190)
Net assets	**23 740**	**21 105**

Notes to the Financial Statements

As at 31st December 2024, the heading related entities included receivables from Tranquilidade, Corporação Angolana de Seguros, S.A. in the total amount of EUR 6,2 million (2023: EUR 6,1 million), on which adjustments for doubtful debts are recorded in the amount equal to the total outstanding amount.

As at 31st December 2024, the heading related entities included receivables from two subsidiaries in Mozambique in the total amount of EUR 1,9 million (2023: EUR 1,9 million), on which adjustments for doubtful debts are recorded in the amount equal to the total outstanding amount.

The movement in adjustments in Receivables and reflected in Impairment Losses – Others in the income statement can be analysed as follows:

(in thousand of euros)

ADJUSTMENT OF DOUBTFUL DEBTS	2024	2023
Balance as at 1st January	**23 103**	**25 061**
Appropriations	-	-
Reverseals	(1 394)	(1 958)
Balance as at 31st December	**21 711**	**23 103**

The asset balance of the item *accruals and deferrals* is detailed as follows:

(in thousand of euros)

	2024	2023
Accrued income	**1 077**	**552**
- Profit commission from reinsurance	-	-
- Service rendered	158	552
- Other services	918	-
Deferred costs	**3 210**	**2 521**
- Insurance	55	56
- Rents	301	267
- Other services	2 855	2 199
Total	**4 287**	**3 073**

As at 31st December 2024, the asset balance of the item other assets amounted to EUR 16,429 thousand (2023: EUR 19,928 thousand) and relates to investment contracts marketed by the company, but whose assets were operationally managed by the former GNB, Seguros Vida, S.A. (currently Gama Life, Companhia de Seguros de Vida, S.A.).

Notes to the Financial Statements

Liabilities and provisions

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

(in thousand of euros)

	2024	2023
Insurance intermediaries		
- Commissions payable	209	957
- Current accounts	15 102	15 225
Co-insurers	7 881	5 135
Premiums received in advance	56 939	43 436
Total	**80 131**	**64 753**

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

(in thousand of euros)

	2024	2023
Reinsurers	30 058	15 548
Reinsured	319	189
Total	**30 377**	**15 736**

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

(in thousand of euros)

	2024	2023
Related entities	1	2
Other suppliers of goods and services	2 043	1 499
IFAP	2 658	2 092
WC pensions	1 667	1 913
Other payables	11 899	10 246
Total	**18 268**	**15 753**

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

(in thousand of euros)

	2024	2023
Deferred income	**38**	**37**
- Rents	38	37
Accrued costs	**88 390**	**85 276**
- Staff costs (subsidies, charges, and bonuses)	34 116	28 162
- Acquisition costs (incentives and commissions)	31 642	28 036
- Service outsourcing	22 563	28 981
- Taxes	68	98
Total	**88 427**	**85 313**

Notes to the Financial Statements

Accrued staff costs include estimates of restructuring costs amounting to EUR 4,481 thousand (2023: EUR 5,858 thousand).

The balance of the liabilities for Other Provisions and the related movements are detailed as follows:

(in thousand of euros)

	2024	2023
Tax and social security contingencies	1 290	428
Legal contingencies	966	966
Other provisions	1 820	2 336
Total	**4 076**	**3 730**

(in thousand of euros)

	2024	2023
Balance as at 1st January	**3 730**	**3 877**
Appropriations	2 428	82
Use for the year	(2 082)	(230)
Balance as at 31st December	**4 076**	**3 730**

Note 14 – Revenue and expenses related to insurance and reinsurance contracts

Revenue and expenses related to insurance and reinsurance contracts are detailed in the tables below:

REVENUE AND EXPENSES RELATED TO INSURANCE

(in thousand of euros)

	2024						Total
	Life		Non-life				
	Risk and Annuities	Financial	Accident and health	Fire and other damage	Motor	Others	
Measured under the PAA	19 687	-	564 710	162 656	517 522	93 293	1 357 868
Not measured under the PAA	72 343	5 362	-	-	-	-	77 705
Release of the expected value of incurred claims and expenses attributable to insurance contracts	37 416	2 770	-	-	-	-	40 186
Changes in the risk adjustment for the expired risk	1 724	78	-	-	-	-	1 802
Release of the contractual service margin	13 906	2 408	-	-	-	-	16 314
Allocation of acquisition costs attributable to insurance contracts	19 298	106	-	-	-	-	19 404
Insurance contract revenues	**92 030**	**5 362**	**564 710**	**162 656**	**517 522**	**93 293**	**1 435 573**
Incurred claims and other costs attributable to insurance contracts	40 638	2 529	367 274	103 325	375 805	21 987	911 558
Acquisition costs related to insurance contracts	23 311	108	102 454	33 447	92 022	16 462	267 804
Changes related to past services	(877)	6 389	49 196	(13 495)	46 139	3 049	90 401
Changes related to future services	911	(699)	(1 849)	(900)	-	1	(2 536)
Insurance contract expenses	**63 983**	**8 327**	**517 075**	**122 377**	**513 966**	**41 499**	**1 267 227**
Insurance contract result	**28 047**	**(2 965)**	**47 635**	**40 279**	**3 556**	**51 794**	**168 346**

Notes to the Financial Statements

(in thousand of euros)

	2023						Total
	Life		Non-life				
	Risk and Annuities	Financial	Accident and health	Fire and other damage	Motor	Others	
Measured under the PAA	15 487	-	494 789	162 247	456 656	91 632	**1 220 811**
Not measured under the 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 revenuess	**92 044**	**7 652**	**494 789**	**162 247**	**456 656**	**91 632**	**1 305 020**
Claims incurred and other insurance contract expenses	31 365	6 344	335 456	108 518	330 711	25 872	**838 266**
Acquisition costs related to insurance contracts	17 924	127	90 920	31 072	81 685	16 255	**237 983**
Changes in past services	6 178	3 536	27 038	(10 739)	25 059	3 022	**54 094**
Changes in 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**

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-relate services)
- Allocation of fixed and variable overheads.

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Notes to the Financial Statements

REVENUE AND EXPENSES RELATED TO REINSURANCE CONTRACTS

(in thousand of euros)

	2024						Total
	Life		Non-life				
	Risk and annuities	Financial	Accident and health	Fire and other damage	Motor	Others	
Claims incurred and other costs attributable to insurance contracts - reinsurers' share	4 313	-	18 629	13 680	1 820	1 578	**40 020**
Changes relating to past services - reinsurers' share	(1 464)	-	(168)	(9 725)	324 265	32 066	**344 974**
Changes relating to future services - reinsurers' share	3	-	-	(1 928)	-	-	**(1 925)**
Effect of variations in the reinsurer's default risk	-	-	-	-	-	-	**-**
Reinsurance contract revennues	**2 852**	**-**	**18 461**	**2 027**	**326 085**	**33 644**	**383 069**
Measured under PAA- reinsurers' share	5 585	-	25 421	43 070	352 599	78 985	**505 660**
Not measured under the premium allocation approach - reinsurers	902	-	-	-	-	-	**902**
Release of the expected value of claims incurred and other reinsurance contract expenses - reinsurers	872	-	-	-	-	-	**872**
Changes in risk adjustment (non-financial risk) through expired risk - reinsurers	81	-	-	-	-	-	**81**
Release of the contractual service margin through transferred service - reinsurers	(51)	-	-	-	-	-	**(51)**
Reinsurance contract expenses	**6 487**	**-**	**25 421**	**43 070**	**352 599**	**78 985**	**506 562**
Reinsurance contract result	**(3 635)**	**-**	**(6 960)**	**(41 043)**	**(26 514)**	**(45 341)**	**(123 493)**

(in thousand of euros)

	2023						Total
	Life		Non-life				
	Risk and annuities	Financial	Accident and health	Fire and other damage	Motor	Others	
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 revennues	**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 the premium allocation approach - reinsurers	1 594	-	-	-	-	-	**1 594**
Release of the expected value of claims incurred and other reinsurance contract expenses - reinsurers	1 292	-	-	-	-	-	**1 292**
Changes in risk adjustment (non-financial risk) through expired risk - reinsurers	80	-	-	-	-	-	**80**
Release of the contractual service margin through transferred service - reinsurers	222	-	-	-	-	-	**222**
Reinsurance contract expenses	**7 848**	**-**	**23 706**	**45 482**	**3 628**	**41 514**	**122 178**
Reinsurance contract result	**(97)**	**-**	**(6 254)**	**(30 330)**	**3 997**	**(39 613)**	**(72 297)**

Notes to the Financial Statements

FINANCE COMPONENT RESULT

The finance component result includes changes in the carrying amount of the group of insurance contracts resulting from:

- the impact of the time value of money and its changes;
- the impact of financial risk and its fluctuations;
- the adjustments in the fair value of the underlying assets that should be considered based on the overall return for contracts measured under the variable fee approach.

(in thousand of euros)

	2024						Total
	Life		Non-life				
	Risk and annuities	Financial	Accident and health	Fire and other damage	Motor	Others	
Unwinding	(1 414)	(2 582)	(9 137)	(1 390)	(6 468)	(626)	**(21 617)**
Effects of Changes in Interest Rates and Other Financial Assumptions	25	(2 681)	-	-	-	-	**(2 656)**
Changes in Fair Value of Underlying Assets for Contracts Measured Using VFA	-	(7 144)	-	-	-	-	**(7 144)**
Other	-	14	-	-	-	-	**14**
Result of the financial component of insurance contracts	**(1 389)**	**(12 393)**	**(9 137)**	**(1 390)**	**(6 468)**	**(626)**	**(31 403)**
Unwinding	241	-	269	457	337	137	**1 441**
Result of the financial component of reinsurance contracts	**241**	**-**	**269**	**457**	**337**	**137**	**1 441**
Financial component result	**(1 148)**	**(12 393)**	**(8 868)**	**(933)**	**(6 131)**	**(489)**	**(29 962)**

(in thousand of euros)

	2023						Total
	Life		Non-life				
	Risk and annuities	Financial	Accident and health	Fire and other damage	Motor vehicle	Others	
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	-	115	194	64	58	**503**
Result of the financial component of reinsurance contracts	**72**	**-**	**115**	**194**	**64**	**58 -**	**503**
Financial component result	**(1 568)**	**(9 890)**	**(3 181)**	**(257)**	**(2 050)**	**(68) -**	**(17 014)**

Notes to the Financial Statements

Note 15 – Commissions received from insurance contracts

Insurance contracts issued by the company, which involve the transfer of financial risk without discretionary participation in results, namely fixed-rate capitalisation products, and those where the investment risk is borne by the policyholder are classified as investment contracts and accounted for as a liability and their underwriting, management and redemption fees recognised 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 revenue and expenses arising from investments are addressed in *note 3*.

The balance recorded under the heading *income* is analysed by type of asset as follows

(in thousand of euros)

	2024	2023
Interest on financial assets not measured at fair value through profit or loss	**54 831**	**43 517**
Bonds and other fixed-income securities		
From public issuers	26 585	22 649
From other issuers	23 833	18 152
Loans	1 023	133
Bank deposits	3 389	2 584
Other income	**23 005**	**13 386**
Bonds and other fixed-income securities		
From other issuers	1 429	286
Bonds and other floating-rate securities	21 236	12 857
Unit Linked	61	10
Bank deposits	39	0
Real estate	240	233
Total	**77 836**	**56 903**

The balance recorded under the heading investment expenses is broken down as follows:

(in thousand of euros)

	2024	2023
Direct operating expenses	13	34
Total	**13**	**34**

Notes to the Financial Statements

Note 17 - Net gains on financial assets and liabilities measured at fair value through profit or loss and not measured at fair value through profit or 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:

(in thousand of euros)

FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	2024			2023		
	Gains	Losses	Balance	Gains	Losses	Balance
Bonds and other fixed-income assets						
From public issuers	139	(517)	(377)	11	(20 639)	(20 628)
From other issuers	1 013	(1 364)	(351)	374	(2 292)	(1 918)
Financial liabilities at amortised cost	3 935	(4 067)	(132)	2 843	(3 743)	(900)
Total	**5 087**	**(5 947)**	**(860)**	**3 229**	**(26 674)**	**(23 445)**

The amounts recorded under the heading financial liabilities managed by third parties reflect the income generated by assets that are operationally managed by the former GNB, Seguros Vida, S.A. (currently Gama Life, Companhia de Seguros Vida, S.A.) regarding non-unit-linked investment contracts traded by the company.

In addition to realised gains and losses on investments, the amounts reported in the financial statements include the gains and losses on financial liabilities measured at amortised cost in the amount of EUR 1 thousand (2023: – EUR 776 thousand), as provided in note 5 above.

Gains and losses resulting from adjustments to the fair value of investments can be analysed as follows:

(in thousand of euros)

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	2024			2023		
	Gains	Losses	Balance	Gains	Losses	Balance
Bonds and other fixed-income securities						
By other issuers	55	(148)	(93)	6	(594)	(588)
Bonds and other floating-rate securities	3 398	(15 061)	(11 664)	2 643	(2 544)	99
Derivatives	2 586	(3 376)	(790)	-	(4 228)	(4 228)
Unit Linked	8 332	(4 972)	3 359	2 344	(378)	1 966
Financial liabilities at fair value	450	(5 624)	(5 174)	5 072	(4 717)	355
Total	**14 820**	**(29 182)**	**(14 362)**	**10 065**	**(12 461)**	**(2 396)**

Notes to the Financial Statements

The amounts recorded under the heading *financial assets managed by third parties* reflect the income generated by assets that are operationally managed by the former GNB, Seguros Vida, S.A. (currently Gama Life, Companhia de Seguros Vida, S.A.) regarding unit-linked investment contracts traded by the company.

The amounts relating to derivatives refer to a forward contract agreement for selling Portuguese public debt, which the company entered into with its shareholder Assicurazioni Generali, S.p.A.. This agreement enabled the company to balance the durations of its assets and liabilities and mitigate the spread risk associated with the issuer.

In addition to gains and losses resulting from adjustments to the fair value of investments, the amounts reported in the financial statements include the gains and losses on financial liabilities measured at fair value through profit or loss in the negative amount of EUR 5,622 thousand (2023: EUR 354 thousand), as provided in *note 5* above.

Note 18 – Impairment losses, net of reversal

The amounts recorded under the heading net income from financial assets and liabilities not measured at fair value through profit and loss, broken down by category, are as follows:

(in thousand of euros)

	Impairment losses			Reversal			Balance
2024	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Bonds and other fixed-income assets							
From public issuers	(245)	-	-	67	-	-	(178)
From other issuers	(574)	-	-	687	-	-	113
Other investments	-	-	2 507	-	-	(901)	1 606
Total	**(819)**	**-**	**2 507**	**754**	**-**	**(901)**	**1 541**

(in thousand of euros)

	Impairment losses			Reversal			Balance
2023	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
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**

The item *other investments* reflects the adjustments for doubtful debts as outlined in notes 4 and 13.

Notes to the Financial Statements

Note 19 - Gains and Losses on Exchange Rate Differences

This heading encompasses the results arising from the revaluation of monetary assets and liabilities denominated in a foreign currency in accordance with the accounting policy described in *note 3* above, with the exception of those resulting from financial instruments measured at fair value through profit or loss.

The balance is broken down as follows:

(in thousand of euros)

	2024			2023		
	Gains	Losses	Balance	Gains	Losses	Balance
Investment securities	421	(17)	405	227	(393)	(166)
Others	1 356	(1 086)	270	1 062	(1 369)	(307)
Total	**1 777**	**(1 102)**	**675**	**1 289**	**(1 763)**	**(473)**

Note 20 – Other Income and Expenses

The balance under the heading *Other income and technical expenses*, net of reinsurance, is broken down as follows:

(in thousand of euros)

	2024	2023
Other technical income	**18 580**	**16 744**
Co-insurance management commissions	132	129
Claims management fees	216	211
Claims handling costs	18 231	16 404
Other technical expenses	**22 542**	**20 907**
Co-insurance management commissions	468	379
Claims handling costs	22 074	20 528
Total	**(3 963)**	**(4 163)**

Notes to the Financial Statements

The balance under the heading *Other income and Expenses* is broken down as follows:

(in thousand of euros)

	2024	2023
Other non-technical income	**3 702**	**11 548**
Tax refund	23	7 875
Interest and other financial gains	165	2 897
Services rendered	105	153
Other gains	3 409	623
Other non-technical expenses	**3 596**	**2 683**
Donations	69	481
Sponsorship	27	118
Customer gifts	10	16
Fines	3	4
Subscriptions	177	53
Doubtful debt	737	946
Banking services and default interest rate	115	120
Other expenses	2 459	945
Total	**107**	**8 865**

The headings *other income* and *other expenses* reflect the allocation and application of non-technical provisions mentioned in *note 13* above.

Note 21 - Other Costs by Function or 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.

Notes to the Financial Statements

The analysis of these expenses and their allocation, classified according to their function, are broken down as follows:

(in thousand of euros)

2024	Attributable expenses					Non-Attributable expenses	Total
	Claims	Acquisition	Administrative	Investment	Total		
Staff costs	12 679	21 670	28 914	1 194	64 457	4 168	68 625
Service outsourcing	5 822	20 201	26 902	1 578	54 503	4 913	59 416
Taxes and fees	-	6 174	2 496	5	8 674	61	8 735
Depreciations and amortisations	1 649	3 591	6 084	458	11 783	126	11 909
Other provisions	-	-	(1 083)	-	(1 083)	(2)	(1 085)
Interests	-	-	-	1 186	1 186	1 296	2 482
Comissions	-	-	-	3 194	3 194	12	3 206
Intermediaries' remuneration	-	216 600	3 957	-	220 556	916	221 472
Total	20 150	268 236	67 270	7 615	363 270	11 490	374 761

(in thousand of euros)

2024	Attributable expenses	Non-Attributable expenses	Total
Acquisition costs attributable to insurance contracts	268 236	-	268 236
Incurred claims and other costs attributable to insurance contracts	95 034	-	95 034
Expenses related to contracts and operations accounted for as investment contracts	-	2 415	2 415
Expenses not directly attributable to insurance contracts	-	9 053	9 053
Other expenses not associated with insurance contracts	-	22	22
Total	363 270	11 490	374 761

(in thousand of euros)

2023	Attributable expenses					Non-Attributable expenses	Total
	Claims	Acquisition	Administrative	Investment	Total		
Staff costs	13 090	23 061	26 340	1 139	63 629	4 378	68 007
Service outsourcing	6 215	19 753	21 234	349	47 551	5 901	53 452
Taxes and fees	-	5 726	2 413	8	8 146	21	8 167
Depreciations and amortisations	-	-	10 331	-	10 331	21	10 352
Other provisions	-	-	1 083	-	1 083	2	1 085
Interests	-	-	-	1 802	1 802	1 065	2 867
Comissions	-	-	-	2 074	2 074	8	2 082
Intermediaries' remuneration	-	189 761	3 798	-	193 559	165	193 725
Total	19 305	238 301	65 198	5 372	328 176	11 561	339 737

(in thousand of euros)

2023	Related 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

The amount of Staff Costs is analysed in Note 22.

Notes to the Financial Statements

The breakdown of supplies and service outsourcing is as follows:

(in thousand of euros)

	2024	2023
Electricity and water	257	187
Fuels	739	715
Office supplies, printed materials, and others	47	50
Corporate gifts	350	325
Office equipment and property maintenance	2 530	911
IT hardware maintenance	4 107	5 297
Rents	192	90
Operational lease of vehicles and other rentals	823	861
Travel and representation expenses	1 047	884
Telephone communications and networks	732	731
Postal services	1 168	1 317
Insurance	383	354
Subscriptions and fees	363	233
Advertising and marketing	8 185	6 429
Cleaning, hygiene and comfort	456	413
Surveillance and security	201	220
Outsourcing, consulting and specialised work	17 855	14 714
Software services and developments	15 985	15 804
APS subscription	608	377
Premium collection	1 908	1 921
Intermediaries' training	321	352
Temporary work	316	294
Other services and supplies	843	975
Total	**59 416**	**53 452**

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:

(in thousand of euros)

	2024	2023
ASF fee	3 425	3 047
FAT fee	2 487	2 399
Fee for the General Secretariat of the Ministry of Internal Affairs	2 640	2 535
Fee for the Portuguese Green Card Office	170	165
Other taxes, fees and licences	14	21
Total	**8 735**	**8 167**

Notes to the Financial Statements

Depreciations are broken down as follows:

(in thousand of euros)

	2024	2023
Software development costs	1 512	1 898
Software	135	149
IT hardware	1 146	1 333
Other equipment and machinery	199	202
Indoor facilities	50	93
Right-of-use assets (IFRS 16)	8 804	6 576
Other equipment	63	101
Total	**11 909**	**10 352**

The amount of Other costs is broken down as follows:

(in thousand of euros)

	2024	2023
Other provisions	(1 085)	1 085
Loan interest	1 190	1 809
Reinsurers deposit interest	1 292	1 058
Securities' custody and management and other commissions	3 206	2 082
Total	**4 603**	**6 034**

The amount reported under the heading *Mediation fees* is broken down as follows:

(in thousand of euros)

	2024	2023
Commissions	182 010	161 567
Charges	426	279
Other payments or benefits	39 036	31 879
Total	**221 472**	**193 725**

Notes to the Financial Statements

Note 22 – Staff Costs

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

(in thousand of euros)

	2024	2023
Directors/Top-management	37	33
Managers/Middle management	141	138
Coordinators/Operational management	110	96
Technicians	308	311
Specialists/Operators	453	466
Ancilliary staff	1	1
Total	**1 050**	**1 045**

The breakdown of staff costs is as follows:

(in thousand of euros)

	2024	2023
Remunerations - Governing bodies	1 298	1 150
Remunerations - Staff	51 085	49 179
Charges on remuneratios - Governing bodies	162	171
Charges on remunerations - Staff	10 471	11 424
Defined contribution plans	920	976
Post-employment benefits - Defined benefit plans	273	(243)
Employment termination benefits	116	-
Mandatory insurances	540	550
Social action expenses	2 367	3 323
Training	683	822
Other staff costs	710	655
Total	**68 625**	**68 007**

In 2024, the amounts recorded under the heading benefits provided upon termination of employment encompass amounts paid and estimated arising from the reorganisation process approved by the Executive Committee, following the change in control of the company and the merger that took place in 2020.

In 2024, personnel-related expenses included the cost of individual pension plans amounting to EUR 920 thousand (2023: EUR 976 thousand), with EUR 51,8 thousand allocated to the company's governing bodies (2023: EUR 49 thousand).

In 2024, personnel-related expenses also included a cost of EUR 1,146 thousand (2023: EUR 1,146 thousand) arising from share-based payments, with EUR 453 thousand (2023: EUR 453 thousand) allocated to the company's governing bodies.

As at 31st December 2024 and 2023, no loans were granted by the company to the members of its governing bodies.

Remuneration policies and incentive schemes of the members of the Board of Directors, the Supervisory Board, and the Board of the General Meeting, and employees with key functions and other relevant functions are disclosed in the company's *Remuneration Policy Disclosure* at the end of this annual report.

Notes to the Financial Statements

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, National Union of Insurance Workers and Related.

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.

Notes to the Financial Statements

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 2024.

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.

	2024	2023
Financial assumptions		
Wage growth rate	2,23%	2,23%
Pension growth rate	0,70%	0,70%
Early Retirement pension growth rate	0,70%	0,70%
Discount rate	3,35%	3,35%
Probability of transition to pre-retirement	0,60%	0,95%
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*

Notes to the Financial Statements

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:

	2024	2023
Financial assumptions		
Wage growth rate	2,23%	2,23%
Pension growth rate	0,70%	0,70%
Discount rate	3,35%	3,35%
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:

	2024	2023
Active employees	987	1 024
Retired employees	192	196
	1 179	**1 220**

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:

(in thousands of euros)

	2024			2023		
	Retirement Pensions	Healthcare Benefits	Total	Retirement Pensions	Health Benefits	Total
Liabilities as at 31st December	(14 375)	(4 322)	(18 697)	(17 068)	(2 744)	(19 812)
Balance Fund balance as at 31st December	19 565	-	19 565	20 159	-	20 159
Balance of Net Assets/(Liabilities) as at 31st December	**5 190**	**(4 322)**	**868**	**3 091**	**(2 744)**	**347**

Notes to the Financial Statements

In 2024, the Liabilities for post-employment benefits and other long-term benefits includes defined contribution benefits amounting to EUR 1,157 thousand (2023: EUR 1,044 thousand) and liabilities for the permanence bonus of EUR 266 thousand (2023: EUR 192 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 157 (2023: 168), and the total value of the liability amounts to EUR 2,842 thousand (2023: EUR 3,151 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;

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, 2024 and 2023, 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:

(in thousands of euros)

	2024			2023		
	Retirement Pensions	Healthcare Benefits	Total	Retirement Pensions	Healthcare Benefits	Total
Liabilities as at 1st January	**17 068**	**2 744**	**19 812**	**12 230**	**2 765**	**14 995**
Plan amendments Current service cost	251	6	257	42	-	42
Interest cost	572	91	663	410	115	525
Actuarial (gains) and losses on liabilities	(1 942)	1 654	(288)	6 416	(8)	6 408
Pensions paid by the fund	(1 574)	-	(1 574)	(1 667)	-	(1 667)
Benefits paid by the company	-	(173)	(173)	-	(128)	(128)
Curtailment	-	-	-	(363)	-	(363)
Liabilities as at 31st December	**14 375**	**4 322**	**18 697**	**17 068**	**2 744**	**19 812**

Notes to the Financial Statements

The evolution of *pension funds* amount may analysed as follows:

(in thousands of euros)

	2024			2023		
	Retirement Pensions	Health Benefits	Total	Retirement Pensions	Health Benefits	Total
Fund balance as at 1st January	**20 159**	**-**	**20 159**	**21 393**	**-**	**21 393**
Benefit settlement						
Actual return on the fund						
Interest income	647	-	647	808	-	808
Actuarial gains and losses	451	-	451	447	-	447
Pensions paid from the fund	(1 574)	-	(1 574)	(1 667)	-	(1 667)
Transfers to other pension funds	(118)	-	(118)	(822)	-	(822)
Balance of the fund as at 31st December	**19 565**	**-**	**19 565**	**20 159**	**-**	**20 159**

The evolution of *actuarial deviations recognised in reserves* can be analysed as follows:

(in thousands of euros)

	2024			2023		
	Retirement Pensions	Healthcare Benefits	Total	Retirement Pensions	Healthcare Benefits	Total
Deviations recognised in reserves as at 1st January	**(5 669)**	**(4 052)**	**(9 721)**	**(11 638)**	**(4 044)**	**(15 682)**
Actuarial (gains) and losses						
- on liabilities	(1 942)	1 654	(288)	6 416	(8)	6 408
- on the plan assets	(451)	-	(451)	(447)	-	(447)
Deviations recognised in reserves as at 31st December	**(8 062)**	**(2 398)**	**(10 460)**	**(5 669)**	**(4 052)**	**(9 721)**

The evolution of *actuarial deviations recognised in reserves* can be analysed as follows:

(in thousands of euros)

	2024			2023		
	Retirement Pensions	Healthcare Benefits	Total	Retirement Pensions	Healthcare Benefits	Total
(Asset) / Liabilities receivable or payable as at 1st January	**(3 091)**	**2 744**	**(347)**	**(9 163)**	**2 765**	**(6 398)**
Actuarial gains and losses on liabilities	(1 942)	1 654	(288)	6 416	(8)	6 408
Actuarial gains and losses of funds	(451)	-	(451)	(447)	-	(447)
Expenses for the year:						
- Current service cost	251	6	257	42	-	42
- Net interest cost on the balance of liability coverage	(75)	91	16	(400)	115	(285)
Contributions made during the year and pensions paid by the Company	-	(173)	(173)	-	(128)	(128)
Transfers to other pension funds	118	-	118	461	-	461
(Asset) / Liabilities receivable or payable as at 31st December	**(5 190)**	**4 322**	**(868)**	**(3 091)**	**2 744**	**(347)**

Notes to the Financial Statements

The costs for the period related to retirement pensions and healthcare benefits can be analysed as follows:

(in thousands of euros)

	2024			2023		
	Retirement Pensions	Health Benefits	Total	Retirement Pensions	Health Benefits	Total
Current service cost	251	6	257	42	-	42
Net interest cost on the liability coverage balance	(75)	91	16	(400)	115	(285)
Plan amendment	-	-	-	-	-	-
Costs of the period	**176**	**97**	**273**	**(358)**	**115**	**(243)**

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

(in thousands of euros)

	2024		2023	
	+25 p.p.	-25 p.p.	+25 p.p.	-25 p.p.
Variation in the discount rate of the liabilities	(406)	427	(294)	303
Variation in pension evolution	233	(228)	130	(409)
Variation in salary evolution	43	(42)	(79)	(204)

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:

(in thousand of euros)

	2024	2023
Equity and other floating-rate securities	1 534	1 586
Fixed-income securities and bond funds	8 962	9 292
Liquidity	1 659	1 517
	12 155	**12 395**

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 as follows:

(in thousand of euros)

	2024	2023
Equity and other floating-rate securities	1 657	1 765
Fixed-income securities and bond funds	8 586	9 041
Properties	1 255	1 268
Liquidity	1 840	1 842
Other assets	784	851
	14 122	**14 767**

Notes to the Financial Statements

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

(in thousand of euros)

	2024	2023
Equity and other floating-rate securities	500	505
Fixed-income securities and bond funds	8 468	8 374
Liquidity	1 505	1 608
	10 473	10 486

Of the total value of the assets of the funds (Tranquilidade Group Pension Fund, Açoreana Seguros Pension Fund, and Generali Pension Fund), approximately 46% (2023: 46%) 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:

(in thousand of euros)

	2024	2023
Level 1	34 734	35 559
Level 2	-	-
Level 3	2 016	2 090
	36 750	37 649

The reconciliation of level-3 assets is as follows:

(in thousand of euros)

	2024	2023
January 1st	2 090	2 175
Correction – Real Estate	3	-
January 1st adjusted	2 093	2 175
Purchases	-	71
Disposals	(8)	(180)
Fair value change	(69)	24
December 31st	2 016	2 090

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 202 thousand (2023: EUR 209 thousand).

Notes to the Financial Statements

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 2024 fiscal year was based on the nominal tax rate and various municipal tax brackets, approximately 29,1% (2023: 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 2022 fiscal year. The amounts related to the adjustments arising from the Tax Authority's interpretation were, as a precaution, duly provisioned in 2024.

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 29.5 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.

Notes to the Financial Statements

The entities merged into the Company presented negative fiscal results in the fiscal years described below:

(in thousands of euros)

Fiscal year	Initial carryforward	Carryforward used	Carryforward adequacy	Carryforward to be used	Last year for use
2016	77 882	(13 366)	-	64 516	n/a
2019	10 570	(10 570)	-	-	n/a
2022	8 074	(8 074)	-	-	n/a
Total	**96 526**	**(32 009)**	**-**	**64 516**	

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.

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.

With the approval of the 2025 State Budget, the nominal corporate income tax rate changed from 21% to 20%, a fact that was taken into account in determining the deferred tax rate.

Notes to the Financial Statements

Current tax assets and liabilities are explained as follows:

(in thousands of euros)

	2024		2023	
	Current tax assets	Current tax liabilities	Current tax assets	Current tax liabilities
Income tax	11 775	8 087	361	14 681
Withholding tax	-	1 450	-	1 695
Value added tax	82	991	82	356
Other taxes and levies	-	17 618	-	16 767
Social security contributions	36	1 070	34	1 082
Total	**11 892**	**29 217**	**477**	**34 582**

The net tax assets and liabilities recognised at net value in the balance sheet can be analysed as follows:

(in thousands of euros)

	Asset		Liability		Net	
Headings	2024	2023	2024	2023	2024	2023
Investments (includes transitional scheme IFRS 9)	64 722	65 807	-	-	64 722	65 807
Post-employment benefits	4 529	4 817	-	-	4 529	4 817
Non-accepted provisions (incl. trans. reg. IFRS 17)	-	-	(15 786)	(4 659)	(15 786)	(4 659)
Tax losses	12 903	20 270	-	-	12 903	20 270
Properties	-	571	(1 785)	-	(1 785)	571
Other temporary differences	110	143	-	-	110	143
Total	**82 264**	**91 609**	**(17 571)**	**(4 659)**	**64 692**	**86 949**

Notes to the Financial Statements

In 2024, and due to the merger of Açoreana Seguros, S.A., a deferred tax asset of EUR 19,159 thousand (2023: EUR 19,545 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 2024, and depending on i) the tax rates effective after 1 January 2025, 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 28,38% to 27,82%.

Generali incurred Research and Development (R&D) expenses that may be eligible for tax benefits under the Business R&D Tax Incentives System II (SIFIDE II), regulated by Decree-Law No. 162/2014 of 31 October.

With respect to the 2022 financial year, the Company submitted an application to the National Innovation Agency, S.A. (ANI) in order to obtain confirmation that the activities carried out effectively corresponded to R&D activities. A total amount of eligible R&D expenses of EUR 2,493,691.34 was submitted, comprising Personnel Expenses allocated to R&D (EUR 1,380,365.76), Operating Expenses (EUR 547,695.72) and Expenses related to Contracted R&D Activities (EUR 565,629.86), corresponding to a tax credit of EUR 2,057,295.36. In this regard, ANI notified the Company, on 4 September 2024, its final decision concerning this application, having certified the full amount of the tax credit requested.

With respect to the 2023 financial year, the Company submitted an application to ANI in order to obtain confirmation that the activities carried out effectively corresponded to R&D activities. A total amount of eligible R&D expenses of EUR 2,354,811.79 was submitted, comprising Personnel Expenses allocated to R&D (EUR 1,512,152.09), Operating Expenses (EUR 604,272.96) and Expenses related to Contracted R&D Activities (EUR 238,386.74), corresponding to a tax credit of EUR 1,319,296.89. However, ANI has not yet issued its final decision regarding this application.

Lastly, with respect to the 2024 financial year, the Company is likewise preparing an application to the aforementioned incentive scheme; however, neither the amount of R&D expenditure incurred nor the estimate of the corresponding tax benefit has yet been determined. Nevertheless, the Company expects to finalise the application process by the date of submission of the Corporate Income Tax Return (Form 22) for the 2024 financial year. Accordingly, the amount of the tax benefit to be claimed should be reflected in that return and subsequently reported in the Notes to the Balance Sheet and Income Statement for 2025.

Notes to the Financial Statements

Current and deferred taxes are recognised in the reporting periods as follows:

(in thousands of euros)

2024	Revaluation reserve	Gains and losses	Retained earnings	Total
Current tax	**(401)**	**(7 686)**	**-**	**(8 087)**
Income tax estimate	(401)	(6 934)	-	(7 335)
Autonomous tax	-	(752)	-	(752)
Deferred tax	**(11 702)**	**(12 390)**	**1 835**	**(22 257)**
Investments (including transitional regime IFRS 9)	(3 717)	2 631	-	(1 086)
Post-employment benefits	23	(311)	-	(288)
Non-accepted provisions (incl. transitional regime IFRS 17)	(7 057)	(5 905)	1 835	(11 127)
Tax losses	(691)	(6 676)	-	(7 367)
Properties	(261)	(2 095)	-	(2 356)
Other temporary differencest	-	(34)	-	(34)
Total	**(12 103)**	**(20 076)**	**1 835**	**(30 344)**

(in thousands of euros)

2023	Fair value reserve	Profit or loss	Changes in equity	Total
Current tax	**(1 908)**	**(12 647)**	**-**	**(14 554)**
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)**

Notes to the Financial Statements

The reconciliation of the effective tax rate can be analysed as follows:

(in thousands of euros)

	2024	2023
Results Before Tax	66 249	98 419
Theoretical Tax Rate	29,1%	29,9%
Tax calculated based on official rate	**(19 278)**	**(29 427)**
Impairments and Provisions Not Accepted for Tax Purposes	(352)	(4)
Unrecognized Tax Losses / Non-considered Tax Loss Carryforwards	(475)	570
Other Income and Expenses Excluded from Taxation / RD Tax Rate Difference / Transitional Regime	(81)	983
Autonomous tax	(752)	(508)
Properties	672	13
Tax Refunds	57	2 354
Tax benefits	133	166
Tax recognised in profit or loss	**(20 076)**	**(25 852)**
Effective tax rate	**30,3%**	**26,3%**

Note 25 - Capital

The amounts provided under this note are all available in the statement of changes in equity.

Capital

As at 31st December 2023, the company's share capital amounted to EUR 90,5 million, represented by 90,5 million shares with a nominal value of EUR 1 each, and was fully paid up.

As at 20th December 2024, the company's sole shareholder undertook a capital increase of EUR 35 million.

Thus, on 31st December 2024, the company's share capital amounted to EUR 125,5 million, represented by EUR 125 million shares with a nominal value of EUR 1 each and was fully paid up.

Other capital instruments

As at 31st December 2024, the company presents a total of EUR 21,1 million related to additional capital contributions.

These additional contributions do not bear interest, nor do they have a defined repayment plan. Additionally, they are subject to the principle of capital preservation, thus classified as an equity component as established in IAS 32.

Notes to the Financial Statements

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 insurancerelated 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.

Notes to the Financial Statements

Actuarial deviations reserve

In accordance with IAS 19 - Employee Benefits, the Company recognizes actuarial deviations against its reserves.

As of 31st December 2024 and 2023, reserves could be analysed as follows:

(in thousand of euros)

	2024	2023
Revaluation Reserves for Financial Assets	(115 661)	(127 571)
Financial Component Reserve of Insurance Contracts	148 228	163 616
Financial Component Reserve of Reinsurance Contracts	37 869	(5 032)
Tax Reserve	(30 587)	(18 485)
Other Reserves		
- Statutory Reserve	69 403	62 147
- Actuarial Deviations Reserve	10 460	9 721
- Free Reserve	4 152	3 843
- Other Reserves	92 239	90 962
Total	**216 102**	**179 201**

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.

Revaluation reserves for financial assets

The revaluation reserves for financial assets, categorized by asset type, are analysed as follows:

(in thousand of euros)

	2024	2023
Revaluation Reserves for Financial Assets		
For Adjustments in the Fair Value of Equity Instruments Measured at Fair Value Through Other Comprehensive Income	(5 259)	(4 047)
For Adjustments in the Fair Value of Debt Instruments Measured at Fair Value Through Other Comprehensive Income	(114 174)	(127 435)
For Revaluation of Land and Buildings for Own Use	464	464
Provision for Expected Credit Losses on Debt Instruments Measured at Fair Value Through Other Comprehensive Income	3 308	3 447
Revaluation reserves for financial assets	**(115 661)**	**(127 572)**

Notes to the Financial Statements

Note 27 – Earnings per Share

Earnings per share in the year ended 2024 were the following:

(in thousand of euros)

	2024
Net income for the year ended (in thousand of euros)	46 173
Number of shares (year-end)	125 500 000
Earnings per share (in euros)	**0,37**

Note 28 – Dividends per Share

As at 31st December 2024 and 2023, Assicurazioni Generali was the sole shareholder of the company and did not receive any dividends for the years ended 2024 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 2023 and 2024 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, Stefano Flori, Patrícia Ribeiro Sanina Espírito Santo, Valentina Sarrocco e Santiago Villa Ramos); (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).

Notes to the Financial Statements

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 withassociated and related companies, including technical provisions, is summarized as follows:

(in thousands of euros)

	2024				2023			
	Asset	Liability	Costs	Profits	Asset	Liability	Costs	Profits
ADVANCECARE	-	-	13 256	536	-	1 104	13 379	463
CLOSE TO CUSTOMERS, A.C.E.	154	-	7 034	120	-	-	6 283	120
ESUMÉDICA	-	-	108	-	-	-	128	-
TRQ ANGOLA	-	-	1 119	1 014	-	-	1 481	943
TRQ MOÇAMBIQUE NÃO VIDA	579	-	-	65	393	-	-	252
TRQ MOÇAMBIQUE VIDA	589	-	-	128	222	-	-	-
AAME MULTI-CREDIT STRATEGY FUND	72 683	-	-	-	86 249	-	-	-
ASSICURAZIONI GENERALI, S.P.A	464 156	415 332	600 098	530 298	87 338	32 150	220 295	187 655
OTHER ENTITIES THAT INCORPORATE THE GENERALI GROUP	67 059	11 136	77 121	27 741	53 835	7 575	108 149	61 948
	605 220	426 468	698 735	559 903	228 037	40 828	349 716	251 382

In 2024 and 2023, no costs were recorded for third-party liability insurance for the functions of the Board of Directors.

In 2024 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.

Notes to the Financial Statements

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 31st December 2024 amounted to a total of EUR 1,513 thousand (2023: EUR 2,122 thousand).

On 17th December 2024, the Supreme Court of Justice delivered its decision 16/2024 of 22nd May, creating consistent case law, to establish a cohesive interpretation of clause a), paragraph 5 of the General Instructions of the Portuguese Disability Chart on Occupational Accidents and Diseases, approved in the appendix to Decree-Law no. 352/2007 of 23rd October.

According to this decision, the bonus factor 1.5 mentioned in the Portuguese Disability Chart, is applicable to all claimants aged 50 or over, whether they were already that age at the time of the accident or at later date, provided that they had not benefited from the bonus factor before. Claimants may request a disability review to claim a deterioration based on age and benefit from the bonus even in the absence of a disability review and if a deterioration occurs due to a different cause.

This new understanding may bring about a surge in liabilities, given that it was not considered when establishing the assumptions for determining liabilities for occupational accidents. At this point, the company confirms that it does not have sufficient information to assess the potential increase in liabilities resulting from this decision, nor does it expect these liabilities to have a significant impact on its financial statements for the reporting year 2024.

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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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.

(in thousands of euros)

	Amounts paid, net of reimbursements (cumulative amounts)									
	Years of occurrence									
Years elapsed	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
0	273 554	268 678	277 967	295 992	317 410	291 848	325 900	366 880	414 804	466 164
1	385 561	383 832	450 763	463 960	462 621	422 684	474 520	537 471	600 759	
2	405 567	407 568	476 990	492 150	486 946	445 177	501 016	560 504		
3	418 864	421 915	492 180	505 986	503 408	458 715	513 051			
4	427 267	429 091	502 073	516 684	513 060	465 408				
5	436 042	434 445	511 315	523 432	520 184					
6	443 259	438 459	514 761	530 047						
7	448 057	443 812	517 847							
8	450 213	448 997								
9	452 645									

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:

Non-Life Insurance	Type of reinsurance
Assistance	Proportional
Engineering	Proportional and Not Proportional
Fire and other damage (Catastrophe Retention Protection)	Not Proportional
Fire and other damage (Catastrophe Retention Protec. - Top Sub-layer)	Not Proportional
Fire and other damage (Catastrophe Retention Protection - Sub-layer)	Not Proportional
Health (serious illnesses)	Proportional
Health (medical costs)	Not Proportional
Health (2nd opinion)	Proportional
Third-Party Liability - cyber risks General	Proportional
Third-Party Liability	Not Proportional
Third-Party Liability Environmental	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)	Not Proportional
Motor (third-party liability)	Not Proportional
Motor (own damages)	Not Proportional
Personal Injuries	Not Proportional
Personal Injuries (credit protection)	Proportional
Workers' compensation	Not Proportional
GEB – Workers' Compensation, Personal Injuries and Health	Proportional
GC&C – Miscellaneous	Proportional
VESTA - "Motor TPLL & GTPL - Loss portfolio transfer"	Proportional

Life Insurance	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	Not Proportional
Assistance	Proportional
Health	Proportional
Life – Premium Protection	Proportional
Life – Banif Treasury Management	Proportional
Vida + Vencer	Proportional
GEB - Life	Proportional

Notes to the Financial Statements

The sensitivity analysis of insurance risk, taking into account its main determinants, is as follows:

(in thousand of euros)

Analysis area	Scenarios	Impact on profit before tax 2024	2023
Expenses	Increase of 10% in expenses attributable to (Non-Life) insurance contracts	(33 899)	(30 675)
Expenses	Increase of 10% in the present value of future cash flows for Life & Workers' Compensation branches	(9 496)	(5 422)
Longevity	10% decrease in the mortality of Workers' Compensation policyholders	(16 960)	(13 674)
Mortality	10% decrease in the mortality of Life policyholders (only for contracts subject to death risk)	10 344	10 048

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 2024	2023
Currency	10% appreciation in the value of all foreign currencies against the euro	(1 852)	(1 034)

Notes to the Financial Statements

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 2024	2023
Equity	10% decrease in share market prices	(15 127)	(655)

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 2024	2023
Equity	10% decrease in the value of real estate and property funds	(8 067)	(5 239)

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 Revaluation Reserves Before Taxes 2024	2023
Interest Rate	50 b.p. decrease of the interest rate curve – Effect on Assets	(59 970)	(68 471)
	50 b.p. increase of the interest rate curve – Effect on Assets	59 970	68 471

Notes to the Financial Statements

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 2024	Impact on the Financial Component Reserve 2023
Interest rate	50 b.p. decrease of the interest rate curve – Effect on Liabilities	68 099	67 623
	50 b.p. increase of the interest rate curve – Effect on Liabilities	(63 315)	(63 731)

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)

Rating	2024				
	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	%
AAA	-	171 433	-	**171 433**	8%
AA	4 855	448 337	-	**453 193**	20%
A	85	931 648	-	**931 734**	41%
BBB	-	506 859	35 841	**542 700**	24%
Non-investment grade	-	18 190	-	**18 190**	1%
Not Rated	20 931	31 346	5 151	**57 428**	3%
Unit-Linked	88 096	-	-	**88 096**	4%
Total	**113 967**	**2 107 814**	**40 992**	**2 262 773**	**100%**

Notes to the Financial Statements

(EUR thousand)

Rating	2023				
	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	%
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%**

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 (*)	2024				
	Financial assets measured at fair value through profit and loss	Financial assets measured at fair value through reserves	Financial assets measured at amortised cost	Total	%
Basic resources	-	43 914	-	**43 914**	2%
Communications	-	59 896	-	**59 896**	3%
Consumables (Cyclical)	-	79 956	-	**79 956**	4%
Consumables (Non-Cyclical)	-	127 468	151	**127 619**	6%
Energy	-	29 203	-	**29 203**	1%
Financial	7 833	464 742	35 841	**508 415**	22%
Public debt	18 038	1 129 012	-	**1 147 050**	51%
Industrial	-	79 660	-	**79 660**	4%
Technology	-	12 533	-	**12 533**	1%
Public/Collective services	-	78 013	-	**78 013**	3%
Others	-	3 417	5 000	**8 417**	0%
Unit Linked	88 096	-	-	**88 096**	4%
	113 967	**2 107 814**	**40 992**	**2 262 773**	**100%**

(*) Source: Bloomberg

Notes to the Financial Statements

(EUR thousand)

Sector of Activity (*)	2023				
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through reserves	Financial assets measured at amortised cost	Total	%
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

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.

Notes to the Financial Statements

The analysis of maturity and the estimated cash flows of the assets subject to this type of risk is as follows:

(EUR thousand)

	2024				
Maturity	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	%
< 1 year	-	119 141	-	**119 141**	5%
1 - 5 years	85	661 528	40 841	**702 454**	31%
5 - 10 years	5 072	704 356	-	**709 428**	31%
> 10 years	20 714	622 789	151	**643 654**	28%
Without Maturity	-	-	-	**-**	0%
Unit Linked	88 096	-	-	**88 096**	4%
	113 967	2 107 814	40 992	2 262 773	100%

(EUR thousand)

	2023				
Maturity	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	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%

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.

Notes to the Financial Statements

The distribution of deposit balances is analysed as follows:

(EUR thousand)

	2024		2023	
RATING	%	amount	%	amount
A	96%	165 539	96%	89 495
BBB	0%	664	1%	1 234
Non investment grade	3%	5 458	2%	1 773
Not Rated	0%	204	0%	277
Total	100%	171 865	100%	92 778

The distribution of outstanding receivables from reinsurers, without impairment deductions, is analysed as follows:

(EUR thousand)

	2024		2023	
RATING	%	amount	%	amount
A	5%	816	1%	138
BBB	95%	15 386	97%	21 410
Non-investment grade	0%	-	0%	19
Not Rated	0%	63	2%	438
Total	100%	16 266	100%	22 005

Operational 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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

Note 33 – events occurring after the balance sheet date not mentioned in prior sections

On 31st 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 subsidiaries in Portugal and Ireland. The incorporation of the Portuguese subsidiary of Liberty into Generali Seguros, S.A. is scheduled to occur in 2025.

As part of this incorporation process, the company received approval from the Portuguese supervisory authority on 11th February 2025 to proceed with the cross-border spin-off-merger process involving the Portuguese subsidiary of Liberty Seguros. The process is currently pending approval from the Spanish supervisory authority.

Note 34 – Other information

Recently issued pronouncements already adopted by the Company in the preparation of the financial statements are the following:

Clarification requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)

IASB issued on 23 January 2020 narrow-scope amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.

This amendment is effective for periods starting on 1 January 2024. The Company did not record any impacts resulting from the adoption of this amendment.

Lease liability in a sale-and-leaseback (amendments to IFRS 16 – Leases)

The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction.

The amendments confirm the following (i) on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction and, (ii) after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

Under IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Company did not record any impacts resulting from the adoption of this amendment.

Notes to the Financial Statements

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures.

The amendments relate to disclosure requirements in connection with supplier financing arrangements - also known as supply chain financing, financing of trade payables or reverse factoring arrangements.

The new requirements supplement those already included in IFRS standards and include disclosures about (i) terms and conditions of supplier financing arrangements; (ii) the amounts of the liabilities that are the subject of such agreements, for which part of them the suppliers have already received payments from the financiers, and under which item these liabilities are shown in the balance sheet; (iii) the ranges of due dates; and (iv) information on liquidity risk.

The Company did not record any impacts resulting from the adoption of this amendment.

The Company decided to opt for not having an early application of the following standards endorsed by EU:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On 15 August 2023, the IASB or Board issued Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates.

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include: (i) the nature and financial impacts of the currency not being exchangeable; (ii) the spot exchange rate used; (iii) the estimation process; and (iv) risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Company does not expect any impacts resulting from the adoption of this amendment.

Notes to the Financial Statements

Recently Issued pronouncements that are not yet effective for the Company (not endorsed by the European Union)

IFRS 18 Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB issued the new Standard, IFRS 18 Presentation and Disclosure in Financial Statements.

The main changes introduced by this Standard are:

- Promotes a more structured income statement. In particular, it introduces a newly defined ‘operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories based on a company's main business activities, namely: Operating, Investing and Financing.
- Requirement to companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or on a mixed basis.
- Requirement to some of the ‘non-GAAP' measures the Company uses to be reported in the financial statements. It defines MPMs as a subtotal of income and expenses that:
    - is used in public communications outside the financial statements; and
    - communicates management's view of financial performance.
- For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under IFRS Accounting Standards.
- Introduction of enhanced guidance on how companies group information in the financial statements. This includes guidance on whether material information is included in the primary financial statements or is further disaggregated in the notes.

The standard applies for annual reporting periods beginning on or after 1 January 2027 and applies retrospectively. Earlier application is permitted.

The Company is currently evaluating the impacts that the standard will have on its financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On 9 May 2024, the IASB issued the new Standard, IFRS 19 Subsidiaries without Public Accountability: Disclosures, which permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements.

A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date: (i) it does not have public accountability; and, (ii) its parent produces consolidated financial statements under IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted.

The standard applies for annual reporting periods beginning on or after 1 January 2027 and applies retrospectively. Earlier application is permitted.

The standard is not applicable to the Company.

Notes to the Financial Statements

Amendments to the classification and measurement of financial instruments

On 30 May 2024, the International Accounting Standards Board (the IASB or Board) issued amendments to the classification and measurement requirements in IFRS 9 Financial Instruments. The amendments will address diversity in accounting practice by making the requirements more understandable and consistent.

These amendments aim to:

- Clarify the classification of financial assets with environmental, social, and corporate governance (ESG) and similar features, as ESG-linked features in loans could affect whether the loans are measured at amortised cost or fair value. To resolve any potential diversity in practice, the amendments clarify how the contractual cash flows on such loans should be assessed.
- Clarify the date on which a financial asset or financial liability is derecognised when the settlement of liabilities is made through electronic payment systems. There is an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.
- Enhance the description of the term 'non-recourse', under the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets. The presence of non-recourse features does not necessarily preclude the financial asset from meeting the SPPI criterion, but the features do need to be carefully considered.
- Clarify that a contractually linked instrument must feature a waterfall payment structure that creates concentration of credit risk by allocating losses disproportionately between different tranches. The underlying pool can include financial instruments not in the scope of IFRS 9 classification and measurement (e.g., lease receivables), but must have cash flows that are equivalent to SPPI.

The IASB has also introduced additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The Company is currently evaluating the impacts that these amendments will have on its financial statements.

<u>Annual improvements</u>

On 18 July 2024, the IASB issued narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. The amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards.

Notes to the Financial Statements

The IASB amended:

- IFRS 1 First-time Adoption of International Financial Reporting Standards, to clarify some aspects related to hedge accounting by a first-time adopter.
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7 to clarify: (i) the application guidance on Gain or loss on derecognition, and (ii) some Implementation Guidance paragraphs, namely Introduction, Fair value (disclosure of deferred difference between fair value and transaction price) and Credit risk disclosures.
- IFRS 9 Financial Instruments to: (i) require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15, and (ii) clarify that when a lease liability is derecognised, the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases. The amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.
- IFRS 10 Consolidated Financial Statements, clarifying the Determination of a 'de facto agent'.
- IAS 7 Statement of Cash Flows, minor change on the paraph related to Investments in subsidiaries, associates, and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.

The Company does not expect any impacts in the financial statements from these amendments.

Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity

On 18 December 2024 the International Accounting Standards Board (IASB) issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs).

The amendments are effective for annual periods beginning on or after 1 January 2026, however it is not applicable to the Company.

9 Remuneration Policy Disclosure

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 2024 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 elements and information contained herein do not prejudice the full reading of the Remuneration Policy in force, which has been duly disclosed.

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.

Disclosure of Remuneration Policies

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 2024.

The Remuneration committee reviewed and preliminarily approved the Remuneration Policy, which was approved by the Board of Directors on 22/10/2024 (Minute No. 1116) and at the General Meeting held on 28/10/2024 (Minutes No. 93).

Under its internal regulation system (GIRS), the Generali Group establishes a remuneration policy that is consistently applied to all its business units and complies with the regulatory standards set forth by the European Union relevant to the industry.

In accordance with remuneration policy the Generali Group and its incorporation into GIRS, the company qualifies as a group legal entity (GLE), as it is part of the Generali Group and is subject to its policies and guidelines that are included in GIRS.

In view of this quality, this remuneration policy aims to implement the principles outlined for the year 2024, namely:

- consistent application of key principles across the Generali Group regarding the remuneration provided to the target population;
- consistent implementation of the requirements applicable to the target population based on relevance, functions and impact on the local structure and taking into account local and specific regulatory provisions;
- adjustment to market local practices;
- key principles and rules related to sustainability; and
- development of specific requirements applicable to employees with key functions, employees with relevant functions, as well as employees involved in distribution.

It is known that, nowadays, employee satisfaction and motivation extend beyond the different components of remuneration, specifically the dichotomy between fixed and variable components, thus competing with other factors related to the availability of tools, support and resources necessary to carry out the work and attain the goals, in addition to a positive view on leadership and the goals of both the company, in particular, and the Generali Group, as a whole.

Disclosure of Remuneration Policies

For this purpose, the company establishes its own human resources policies designed to enhance employee satisfaction and productivity, with a direct impact on the workplace environment, team performance and talent retention. In this scenario, the company governs the execution of specific measures designed to reflect the increasing importance it places on the well-being, social or personal needs of its employees, promoting a culture of communication and feedback, providing amenities, and revising the distribution of rewards and other benefits.

It is worth noting that this remuneration policy reflects the company's evaluation of the current risks associated with sustainability, consistent with the ESG criteria and goals outlined in its sustainability policy.

The core principle of the remuneration policy relies on a governance framework that facilitates the effective implementation of best practices in this field, incorporating environmental and social issues proportional to the type of activities associated with performance goals, particularly those that are critical for determining the variable pay component.

In fact, it is acknowledged that the remuneration policy is a central tool for aligning interests, which is why it is essential that it reflects the objectives of sustainable investment and activities, ensuring that fair remuneration conditions are established to attract, retain and motivate the employees it targets.

The company, especially regarding the definition of the remuneration policy as established in this document, takes into consideration the risks, criteria and obligations associated with sustainability, which are specifically reflected in the following elements:

- the criteria and procedures for assessing performance levels that are used to determine the variable pay component already incorporate the necessary adjustments, considering the different types of current and future ESG risks, among other aspects;
- the remuneration policy establishes a specific scheme for the variable pay component, encompassing deferral rules and an ex post adjustment mechanism and/or the use of a formula that associates the variable pay component with the results of the reporting year rather than with results that have been adjusted for risk;
- the company is committed to encouraging an internal culture that promotes personal and professional growth across different levels and groups, thereby fostering innovation and entrepreneurial skills, as well as enhancing respect for diversity and the inclusion of every individual;
- a workplace environment that respects and encourages the balance between personal life and career responsibilities; and
- financial inclusion is encouraged through clear and transparent communication, literacy and access to financial services.

This remuneration policy also ensures that the agreements entered into with service providers, regardless of their legal nature, do not encourage the acceptance of excessive risks in alignment with the Generali Group's risk management strategy and the established risk tolerance levels.

Disclosure of Remuneration Policies

9.1.1 Target population

The remuneration policy of Generali Seguros addresses the company's target population as broken down below:

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'smanagement 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.

9.1.2 Principles

The Remuneration Policy adheres to the following principles:

1. 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, avoiding excessive exposure to risk, while also discouraging the assumption of risks that exceed the company's risk tolerance levels;

c) Avoiding potential conflicts of interest;

d) Being consistent with the long-term objectives, values, and interests of the Company;

Disclosure of Remuneration Policies

e) 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;

f) 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;

g) Any salary revision or agreement with professionals who have a fixed remuneration above EUR 300,000 must be communicated to the Group Chief HR & Organization Officer;

h) 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. The deferral period shall be appropriate to the business nature, its risks, and the activities undertaken in the relevant position;
- (i) financial and non-financial criteria were taken into consideration when assessing performance levels;
- (ii) consider risk alignment effects underlying the calculation of the remuneration;
- (iii) anticipate that the measurement of performance levels may be adjusted downward, through mechanisms known as malus and clawback, in response to current and future risk exposures, considering the risk profile and capital cost;
- (iv) prohibit personal hedging strategies or remuneration or liability insurance,
- (v) the variable pay component has the nature of an incentive, aimed at retaining rather than serving as a form of remuneration and it lacks any retributive features. The variable pay component is allocated based on a set of conditions and is subject to the company's discretion;
- j) 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;
- k) The variable component does not create rights, nor can legitimate expectations be created regarding its attribution, amount, and/or effective payment;
- (i) the variable pay component does not provide any person within the specified population the right to participate in other incentive schemes or to receive additional remuneration following the termination or possible interruption of a specific programme or plan or its equivalent;
- (ii) the variable pay component does not serve as an implicit commitment regarding the ongoing nature or length of any relationship, specifically a statutory or employment relationship with the company;

Disclosure of Remuneration Policies

(iii) 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).

(iv) The award and delivery of the variable pay component depend on clearly defined rules for instances of duty termination.

l) ensure that the long-term incentive (LTI) scheme and its implementation follow the rules outlined in the Appendix III of the remuneration policy of the Generali Group, Rules of the 2024-2026 Group Long-Term Incentive Plan. which outlines a three-year performance period, beginning on 1st January 2024 and ending on 31st December 2026 and is primarily based on the following elements:

(i) Under the provisions outlined in the remuneration policy of the Generali Group, the long-term incentive plan is structured around an overall three-year performance period, which is tightly connected to goal achievement, and additional deferral periods that are intended to effectively block the shares granted, which may result in an allocation structure with an overall duration of six or seven years, depending on the relevant circumstances;

(ii) The company applies the rules and procedures established in the long-term incentive plan of the Generali Group, adhering to the following key principles:

- long-term incentives are awarded based on financial results, shareholder returns, cash flow and the solvency ratios of the Generali Group;
- the relevant bodies of the Generali Group have the sole and absolute discretion to select the beneficiaries and decide on the number of potential shares to be assigned;
- multiple clusters beneficiary clusters shall be established subject to the relative weight of the variable pay component granted (STI + LTI), provided it accounts for 70% or more of total remuneration;
- the structure for granting and vesting potential shares and additional shares shall be established based on the beneficiary's cluster, along with the tranches, deferrals and lock-ups established;
- long-term incentives are structured contingent upon the employee's continued relationship with the company at the end of the reference period, as well as an evaluation of the beneficiary's ethical behaviour and compliance with established thresholds, including malus, clawback and hedging mechanisms.

Disclosure of Remuneration Policies

2. Specific principles applicable to the members of the administration bodies, in accordance with the Remuneration Policy of the Generali Group:

In addition to the rules and principles outlined in paragraph 1 for this group of the target population, the remuneration policy, its rules and methodology…

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 when the amount ofthe variable remuneration exceeds 0.03% of GWP. The deferral period shall be appropriate to the business nature, its risks, and the activities undertaken in the position;

d) A maximum limit is set for all variable components payable;

e) Remuneration decisions must take into account market data/studies.

3. Specific principles applicable to Employees with Key Function and Employees holding Relevant Functions:

In addition to the rules and principles outlined in paragraph 1 for these groups of the target population, the remuneration policy, its rules and methodology…

f) Their remuneration is defined based on the level of responsibilities and functions as signed, ensuring the independence and autonomy required for these roles;

g) Their variable remuneration is independent of the performance of the operational units and areas under their control;

h) consider that a substantial portion of the variable pay component should be deferred for no less than a three-year period when its value exceeds 0.03% of the gross written premium. The deferral period shall be appropriate to the business nature, its risks, and the activities undertaken in the position

Disclosure of Remuneration Policies

9.1.3 Remuneration

9.1.3.1. 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..

Disclosure of Remuneration Policies

It is important to highlight that a substantial portion of the variable pay shall be deferred for a minimum of a three-year period when the value of the variable pay component exceeds 0.03% of the gross written premium. The deferral period shall be established in accordance with the business nature, its risks, and the activities undertaken in the position.

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 nonfinancial 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 – 2024) 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 2024-2026 Group Long-Term Incentive Plan, which considers a performance period of 3 (three) years, starting on January 1st 2024, and ending on 31st December 2026, with the fundamental rules and principles summarised in chapter 5 of this remuneration policy.

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.

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.

Disclosure of Remuneration Policies

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.

The General Meeting is responsible for determining and awarding these outstanding benefits to the executive members of the Board of Directors.

c) **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..

d) **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.

It should be noted that a substantial portion of the variable pay component should be deferred for no less than a three-year period when the value of the variable pay component exceeds 0.03% of the gross written premium. The deferral period shall be appropriate to the business nature, its risks, and the activities undertaken in the position;

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:

1. maintenance of the legal relationship with company as provided in chapter 9.1.4 – *payment upon termination of duties* included in this remuneration policy;
2. Verification of *F*uture 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;
3. the company holds the right to not deliver, either in full or in part, the deferred payments, if, as a result of unforeseen events, the executive director's achievements are deemed be inconsistent or short-lived in the specified performance year.

Disclosure of Remuneration Policies

e) **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 disabilitydue to accident or illness, or other benefits practiced in the reference market.

Regarding Pension Plans, executive members of the Board of Directors may benefit fromcontributions 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.

Non-executive members of the Board of Directors are not eligible to receive any variable pay.

9.1.3.2. 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.

9.1.3.3. 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).

Disclosure of Remuneration Policies

9.1.3.4. 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 consists of a fixed and possibly a variable pay component, which is established:

(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;

(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.

(iii) in line with the best practices in the insurance market, which have been adopted by entities with comparable market share, operational scale and performance levels similar to those of the company.

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.

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.

Disclosure of Remuneration Policies

a) **Variable Component**

i. Allocation Criteria

The participation of employees with key functions for the variable component plan depends on their acknowledged consent.

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 2024, 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 balanced scorecard model established by the Generali Group provides a framework for setting targets and assessing the performance of employees holding 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. The variable pay component and its incorporation in the incentive programme and any resulting benefits shall comply with the general principles set forth in chapter 9.1.2 described above, in particular paragraphs 1 and 3.

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.

Disclosure of Remuneration Policies

It is emphasized that a substantial portion of the variable component must be deferred when the value of the variable component exceeds 0.03% of gross written premiums, and the deferral period must not be less than three years, being set in a manner consistent with the nature of the business, its risks, and the duties performed in the role.

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:

1. Maintenance of the bond, i.e., of the employment relationship, between the Employee with Key Functions and the Company as provided in chapter 9.1.4 – payment upon termination of duties included in this remuneration policy;
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.

Disclosure of Remuneration Policies

iii. Nature of the Variable Component | Financial Instruments

The variable component set for each year—whether paid in full or in part, or not paid due to the non-fulfilment of the necessary conditions—and any benefit arising therefrom shall comply with the general principles defined in Chapter 9.1.2 above, in particular Points 1 and 2 thereof.

The variable component may be granted, in whole or in part, in the form of a performance bonus and/or profit-sharing, through share plans or share option plans of the Company or any other Group company, under the precise terms and conditions that may be expressly determined by the General Meeting.

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.

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9.1.3.5. 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, 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 resulting benefits shall comply with the general principles set forth in chapter 9.1.2 described above, specifically in paragraphs 1 and 3.

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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.

The award and delivery of long-term incentives are subject to the principles, rules and procedures that are currently in place for the Generali Group and are further reflected in Annex III of the remuneration policy of the Generali Group, Rules of 2024-2026 Group Long-Term Incentive Plan. This plan incorporates a three-year performance period, beginning on 1st January 2024 and ending on 31st December 2026, with the fundamental rules and principles summarised in chapter 9.1.2 of this remuneration policy.

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.

It is worth noting that a substantial portion of the variable pay component shall be deferred for no less than a three-year period, when the value of the variable pay component exceeds 0.03% of the gross written premium. The deferral period shall be appropriate to the business nature, its risks, and the activities undertaken in the position.

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
b) tranche, in the year of the performance evaluation;
c) The remaining 40% will be paid in deferred instalments according to the following reference schedule:

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- 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:

1. Maintenance of the bond, i.e., of the employment relationship, between the Employee holding Relevant Functions and the Company as provided in chapter 9.1.4 – *payment upon termination of duties* included in this remuneration policy;
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**

The variable component set for each year—whether awarded in full or in part, or not awarded due to the non-fulfilment of the necessary conditions—and any benefit arising therefrom shall comply with the general principles defined in Chapter 9.1.2 above, in particular Points 1 and 2 thereof.

The variable component may be granted, in whole or in part, in the form of a performance bonus and/or profit-sharing, through share plans or share option plans of the Company or any other Group company, under the precise terms and conditions that may be expressly determined by the General Meeting.

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.

9.1.3.6. 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.

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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 pay component set for each year, and, in general, its incorporation in the incentive programme and any resulting benefits shall comply with the general principles set forth in chapter 9.1.2 described above, specifically in paragraph 1.

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:

1. Maintenance of the bond, i.e., of the employment relationship, between the Employee and the Company as provided in chapter 9.1.4 – *payment upon termination of duties* included in this remuneration policy;
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;
4. 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.

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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.

e) **Specific provisions for employees with functions involved in insurance distribution**

Under the terms set forth in Law no. 7/2019 of 16th January and applicable regulations, the remuneration and commercial targets for employees directly involved in insurance distribution shall be established in a way that does not conflict with their responsibility to act in the best interest of the customer. This includes refraining from implementing remuneration schemes, sales targets or other incentives that could encourage the recommendation of specific insurance products that may not serve the customer's actual needs.

The system of objectives and incentives, abbreviated as SOI, applies to all distribution employees, and its definition, rules and implementation process are shaped by the following criteria:

(i) the SOI shall be structured in a way that it does not encourage employees to suggest or recommend a particular insurance product or service to a customer, even if they have the option to suggest a more suitable alternative;

(ii) the SOI shall not be based solely and mainly on quantitative commercial criteria, but shall also take into account appropriate qualitative criteria, in particular those reflecting compliance with internal standards and procedures, applicable regulations, the quality of services rendered to customers and their overall satisfaction;

(iii) the SOI shall ensure that there is a balance between the value of the incentives paid or received and the value of the products and services rendered;

(iv) it should be clearly stated, within the terms of the award and delivery of the SOI, whether the incentive is entirely or mainly delivered at the moment of executing or underwriting the insurance contract, acquiring the product or instrument, completing a commercial transaction or whether it is intended to be provided consistently throughout the entire duration of the agreement;

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(v) a suitable process shall be established for refunding the incentive if the product is redeemed at an early stage or if the customer's interests are compromised;

(vi) it is important to regulate the existence of any type of variable or conditional level, as well as any other type of value accelerator that is triggered by the achievement of sales targets based on volume or value;

(vii) it is essential to establish a clear and comprehensive set of regulations to govern the process of awarding and delivering the SOI, following the termination of the distribution employee's functions.

Considering the specific features of this incentive system, it is advisable for the company to establish a targeted and autonomous regulatory framework to govern it, expressly identifying the positions and functions that may benefit from the SOI within its organisational structure.

9.1.4 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**

(i) If the principal-agent relationship is terminated or notice of termination is given by either party prior to the delivery date of the variable pay component, except in the cases detailed in paragraphs (ii) and (iii) below, or if the principal-agent relationship and/or employment relationship is suspended for more than six months during the reference year for reasons not attributable to the company, the executive director shall not be entitled to any rights or amounts associated with the variable pay component:

- corresponding to the tie of service during the reference year, in which the term of office ends, either fully or proportionally; and/or
- relating to the previous year, provided that the assessment, award and/or payment processes have not been completed by the time the employment relationship is terminated.

More specifically, the following aspects shall be taken into account:

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- In the case of termination of the mandate at its end date, due to non-renewal/ nonreappointment, 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 and loses the right to the allocation and delivery of any amount of the variable component (whether the initial instalment or the deferred instalments) that, as of that date, has not yet been delivered.
- The provision outlined in the previous paragraph shall apply in instances where the principal-agent relationship is suspended for more than six months in a single calendar year for reasons not attributable to the company. In this case, should the variable pay component be granted, it shall only account for the time period within the reference year during which the director was actually in office;
- 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.

(ii) In the event of termination due to retirement, death or disability, which determines the right to receive a disability pension, the executive director or its heirs, as applicable, shall remain eligible for the variable pay component, under the same regime applicable to others, based on the degree of goals achieved at the end date (i.e. the last effective day of the employment contract) and proportional to the time of service provided during the reference year, without prejudice to other criteria and conditions;

(iii) Should the principal-agent relationship be transferred from the company to another organisation within the Generali Group and/or the principal-agent relationship be ended and a new relationship simultaneously established within the group, the executive director shall remain eligible for the award and delivery of the variable pay component, with necessary adjustments, while remaining subject to any changes in the delivery scheme that may result from a shift in function.

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b) **Compensation and Other Amounts**

- Except in the cases identified in the following points for members of the Board of Directors, in the event of the termination of a member's mandate, for whatever reason or in whatever context, no amount shall be payable, irrespective of the existence or non-existence of any pre-established agreement between the member and the Company, and the appropriate legal instruments shall be implemented in each case;
- In the case of termination of the mandate at its end date, due to non-renewal/nonreappointment, 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.

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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:

a) **Variable Component of the Remuneration**

(i) In any instance where the legal relationship is terminated or notice of termination is given by either party prior to the delivery date of the variable pay component, except for the cases mentioned in paragraphs (ii), (iii) and (iv) below, or in the case where the employment relationship or job activity is suspended for more than six months during the reference year for reasons not attributable to the company:

- the employee shall lose his/her entitlement to the variable pay component and shall not receive any amount of the variable pay component that has not yet been granted and/or delivered by that date;
- the employee shall not claim any rights or amounts as a variable pay component for the period of service in the financial year of reference in which the employment contract is terminated, whether fully or proportionally. This also applies to any amounts related to the prior year, but only if, and to the extent that, the processes for assessment, award and/or payment have not been completed by the time the termination of the employment relationship takes effect.

(ii) Should the company choose to unilaterally terminate the employment contract within the scope of a collective redundancy or job extinction process:

- The employee is entitled to receive the amounts of the variable pay component that have already been granted and deferred for delivery, unless a reduction or a non-delivery provision in this policy comes into effect.
- Nevertheless, the employee shall not claim any rights or amounts as a variable pay component for the period of service in the financial year of reference in which the employment contract is terminated, whether fully or proportionally. This also applies to any amounts related to the prior year, but only if, and to the extent that, the processes for assessment, award and/or payment have not been completed by the time the termination of the employment relationship takes effect.

(iii) In the event of termination due to retirement, death or disability, which determines the right to receive a disability pension, the employees or its heirs, as applicable, shall remain eligible for the variable pay component, under the same regime applicable to others, based on the degree of goals achieved at the end date (i.e. the last effective day of the employment contract) and proportional to the time of service provided during the reference year, without prejudice to other criteria and conditions;

(iv) Should the employment relationship be transferred from the company to another organisation within the Generali Group and/or the employment relationship be ended and a new relationship simultaneously established within the group, the employee shall remain eligible for the award and delivery of the variable pay component, with necessary adjustments, while remaining subject to any changes in the delivery scheme and/or the balanced scorecard that may result from a shift in function.

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b) **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.

(EUR thousands)

		Remuneration		Total
	No.	Fixed	Variable	
Board of directors	8	668	807	1 475
Supervisory board	3	38	-	38
Total remuneration of the governing bodies	11	705	807	1 512
Other employees who effectively manage the company	**37**	**3 914**	**1 728**	**5 642**

In 2024, a cost of EUR 459 thousand was recorded for share payment plans related to members of the Board of Directors.

During 2024, a contribution of EUR 51,8 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 2024.

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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) TThe 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**	

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RECOMMENDATIONS	Degree of Compliance	Remarks
(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**	

juntos *avançamos* seguros

together *we move forward,* safely

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