



REPORT & ACCOUNTS

WWW.CARAVELASEGUROS.PT

2022

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MESSAGE FROM THE PRESIDENT OF THE BOARD OF DIRECTORS

The year 2022 began with the expectation of overcoming the difficulties and limitations that marked the years 2020 and 2021 following the COVID-19 Pandemic, but in February there was an event that, despite being included in the geopolitical risk matrices of organisations, everyone had hoped that it would not happen: the outbreak of war in Europe.

The onset of war in Ukraine caused an immediate impact on global macroeconomic developments and consequently caused two issues with a direct impact on insurance activity: the rise in the inflation rate and the rise in interest rates.

If to these two factors we add a rise in the claims frequency rate, arising from the increase in economic activity and mobility, which quickly exceeded the pre-pandemic levels of 2019, we conclude that 2022 was very demanding in terms of the ability to foresee and adapt to a reality with enormous volatility.

One of the most striking examples of 2022 was the strike that the Travel Assistance providers initiated at the start of the summer, following the huge increase in fuel prices, and which led to the insolvency of some of these companies. With a massive increase in mobility, and an increase in the number of breakdowns, a lot of agility and creativity was required to keep the service chain at high standards and with minimal impact on customer service. A word of appreciation to our company M24, who were on the front line during the months of high pressure and reinvented themselves to prevent a disruption in Caravela's service standards.

Another characterising example of the reality of 2022 regarding the pressure on the insurance sector was the rise in interest rates. In the short-term, the impact on the bond portfolio, which is a significant part of the assets, is negative and is reflected in the Revaluation Reserve of investments, which went from +0.145 m€ in 2021 to -5.272 m€ at the end of 2022.

Despite this context, Caravela's activity in 2022 recorded a business volume growth of 12.4%, rising from EUR 116 m in written premiums to EUR 131 m, thus consolidating the 9th position in the ranking of the non-life sector in Portugal.

Net Profit grew 19.2%, from €3.4 m to €4.0 m, despite the aforementioned pressure on claims ratios and financial assets.

In 2022 Caravela consolidated its international expansion project, with a presence in France, through DUNE, and starting the project in Greece, through Brokins. The development of the international area allows the diversification of growth and the search for new sources of income. For 2023 we have a pipeline of more than 15 new opportunities on which we intend to implement between 3 and 5 new projects.

Meanwhile, we have made two new strategic investments that will contribute in the short term to increase Caravela's performance and productivity:

- 1- The entry into the capital of the Your Group, a company specialised in accounting and consultancy services for SMEs, will not only contribute towards affirming this group as a leader in accounting services in Portugal, but will also deepen the synergies between accounting services and risk management that can be transferred to insurance policies.
- 2- The entry into the capital of Instanda, a software company located in London and specialising in solutions for MGA's, will allow us to structure the entire development of international

expansion with an efficient and technologically advanced platform, as well as contribute towards affirming the company as the world leader in support for insurance distribution projects.

The year 2022 was also the year of transition into the IFRS-17 accounting rule, a project that was successfully completed.

For 2023 we face three major challenges:

- a) The ability to continue to be able to refract inflationary tensions in insurance pricing, while keeping a close watch on the impact on costs.
- b) Maintaining growth levels through new business opportunities and strengthening profitability in the existing portfolio.
- c) Dynamic capital management, seeking to accommodate business volume growth through European expansion based on an efficient reinsurance strategy.

We would like to thank all the stakeholders that make up our ecosystem for their support and contribution towards the development of Caravela's activity, with a special focus on the EXIS Group, M24 and Trueclinic, as they were able not only to interpret Caravela's operational model, but also to contribute with innovation and quality of service in order to improve the "Customer Experience".

These achievements are mainly due to Caravela's employees who, with their dedication and commitment, have been able to overcome the obstacles that appear along the way.

A special word to the businessmen of the insurance mediation that we have with us on our journey and who are increasing in number and having a greater involvement with the project.

We thank the Insurance and Pension Funds Supervisory Authority for its collaboration and the suggestions made when monitoring the activity of Caravela.

A final note of appreciation to the shareholders of Caravela - Companhia de Seguros, S.A. for the support they have given to the project, whose major objective is to provide customers with a new experience in insurance, marked by innovation and response to new challenges.

Despite the vicissitudes of 2020 and 2021 with the Covid-19 Pandemic, and a context of war in 2022, Caravela is prepared for this new normal, to conquer new worlds!

Luis Cervantes

SOCIAL BODIES

On the 31st of December 2022, Caravela – Companhia de Seguros, S.A.’s Social Bodies are as follows:

General Meeting

- **President** - Nuno Miguel Marques dos Santos Horta
- **Secretary** - Nuno Miguel Novais Grangeon Cárcomo Lobo

Board of Directors

- **President** - Luís Filipe Sampaio Cervantes
- **Vice-President** - David Angulo Rubio
- **Voting Member** - António Manuel Nestor Ribeiro
- **Voting Member** - Fabrizio Cesario
- **Voting Member** - George Koulouris
- **Voting Member** - Gonçalo Lopes da Costa de Ramos e Costa
- **Voting Member** - José Paulo de Castro Trigo

Fiscal Council

- **President** - Manuel Augusto Lopes de Lemos
- **Voting Member** - Humberto Manuel Martins Carneiro
- **Voting Member** - José Elísio Lopes da Silva Quintas - ROC nº 643
- **Substitute Member** - José António Truta Pinto Rabaça

Statutory Auditors

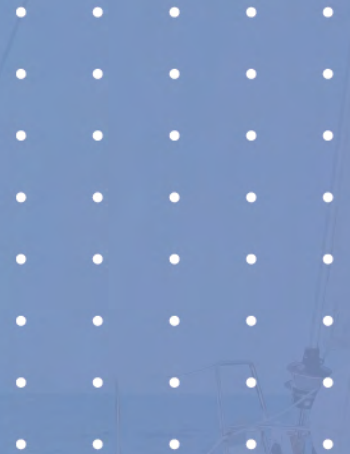
- **Effective** - Mazars & Associados - Sociedade de Revisores Oficiais de Contas, S.A. - SROC nº 51, representada por Pedro Miguel Pires de Jesus - ROC nº 1930
- **Alternate** - Paulo Jorge Damião Pereira - ROC nº 1219



CARAVELA
COMPANHIA DE SEGUROS

REPORT AND ACCOUNTS 2022

Management Report



1. Introduction

From a global point of view, the slowdown of the pandemic crisis due to the development of effective vaccines to combat the effects and proliferation of COVID-19 allowed, at the beginning of 2022, to foresee a significant improvement in the economic outlook for the year.

However, with the beginning of the Russian offensive in Ukraine in February 2022 and the consequent impact on the world economy and its impact on inflationary pressure, 2022 proved to be a challenge for the world economy, the national economy, businesses and households.

The medium-term outlook for the world economy is, however, clearly better, although uneven in the different areas of the globe.

As a result of the uncertainty still being felt, in 2022 the national insurance market presented a direct insurance production volume of about 12 billion euros, having registered a negative variation of 9.5% compared to 2021.

This negative evolution had a strong contribution from the Life line of business, which registered a variation in production volume of -21.8%, compared to 2021.

For the first time, the Life and Non-Life market shares were 50%. The Non-Life market represented 6.0 billion euros of production volume, having grown 7.4% compared to 2021. This was the eighth consecutive year of growth in the Non-Life lines of business.

The Non-Life claims ratio of the market remained stable, from 58.4% in 2021 to 58.5% in November 2022.

Caravela - Companhia de Seguros, S.A. continued its growth path, based on a significant knowledge of the Portuguese insurance market and supported by innovative international partnership projects. This growth is shown in a volume of gross premiums written of EUR 130.8 million at the end of the year, representing a growth of 12.4% compared to 2021.

This growth, along with the effort in technological development and continuous improvement of processes, allowed Caravela to continue to improve its productivity levels, which, in terms of gross premiums written per employee, improved 6.7% compared to 2021.

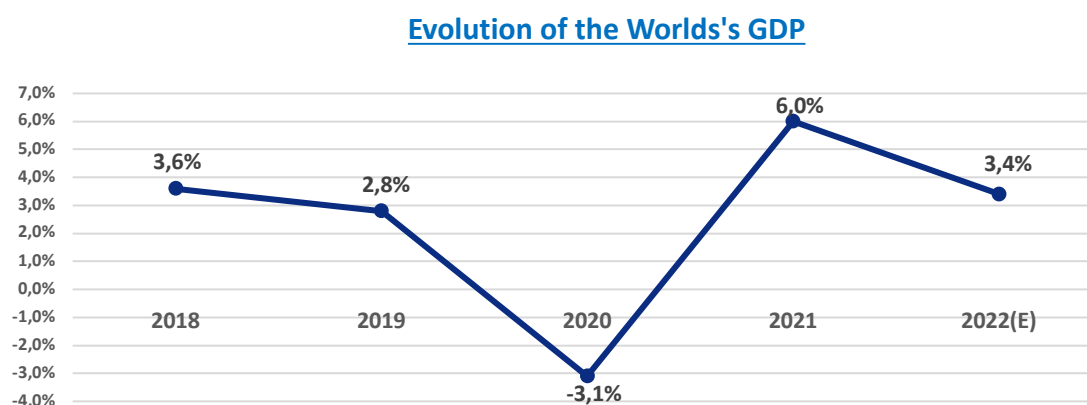
2. Mission

Besides the goal of supporting the construction of a sustainable society, Caravela's mission is to defend fundamental values such as professionalism, integrity, trust, rigour and dedication, based on partnerships with quality mediation and with all its suppliers and collaborators under a banner that fosters the feelings of belonging and sharing, in order to serve the community well in the key area of risk-taking.

3. Macroeconomic Framework

3.1. International Context¹

After the last two years had been marked by the pandemic of COVID-19, the year 2022 was expected to see a recovery of the global economy. However, 2022 was particularly affected by a context of persistent geopolitical uncertainty, high inflation and its growth and restrictive financial conditions. According to International Monetary Fund (IMF) forecasts, world gross domestic product growth is estimated at around 3.4%, a considerable decrease from the 6.0% recorded in 2021.



Over the course of 2022, geopolitical uncertainty has been considerable due to Russia's war against Ukraine and its people, which began earlier in the year. As a consequence of the war, markets for energy products and food commodities have been considerably disrupted and their prices have remained high and unstable. Emerging market economies are the most affected in terms of the uncertainty in food supply security as a result of the war.

Specifying some economies in particular, the following stands out:

- The United States with estimated economic growth at 2.0%, following moderate contraction in the first two quarters of 2022. Underlying domestic demand remained weak. Overall inflation was high by historical standards, peaking as the energy and food indexes moderated;
- In China, GDP growth is estimated at around 3.0%, mainly affected by changes to COVID 19 policies and weakness in the real estate sector. Initially, the economy rebounded in the third quarter of 2022 with the gradual lifting of COVID 19 containment measures following a wave of infections in April and May. However, in December, the Chinese government unpredictably reversed its zero-infection policy with COVID 19 and lifted most of the restrictions associated with the pandemic. In the third quarter, economic growth was sustained by a rebound in consumption and investment due to fiscal incentives;
- Japan's economy recorded an unexpected contraction in the third quarter due to strong imports, while domestic demand remained relatively solid supported by the lifting of pandemic-related containment measures. Despite these developments, GDP growth for this country is projected at 1.4% in 2022, a slight decrease from 2021;

¹ Source:

International Monetary Fund (January 2023) – “World Economic Outlook, January 2023”. Available in <https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023>

European Central Bank (No. 8 January 2023) – “Economic Bulletin”. Available in <https://www.ecb.europa.eu/pub/pdf/ecbu/eb202208.en.pdf>. Economic, financial and monetary developments (pp.3)

- The UK saw its economic activity contract again, a consequence of the significant slowdown in private consumption and investment caused by high consumer price inflation, rising mortgage borrowing costs and tight financial conditions. Economic activity is estimated to grow by 4.1% in 2022;
- Russia's economy is marked by a severe recession in 2022 and currently ongoing. GDP registered a sharp drop when compared with the level registered before the invasion. This recession shows a significant decrease in imports, particularly from countries that have applied sanctions, and in exports, although more moderate. Sanctions had a negative impact on production capacity, international trade and domestic demand in Russia. As for the inflation rate, it was high and is expected to remain so. For 2022, an economic decrease of -2.2% is estimated, which is considerably lower than the 4.7% in 2021.

As for 2023, the world economy is projected to slow down further, with GDP growth at 2.9% in 2023, reflecting a significant decline in growth in developed economies, including the United States and the United Kingdom. However, some emerging market economies are projected to be more resilient to current adverse factors, as they are less exposed to macro-financial vulnerabilities compared to previous cycles of greater constraint. Growth is also expected to be slower in Latin American countries. In Russia, the recession is expected to continue to worsen.

Economic activity in the Euro Zone performed similarly to the global panorama, with economic growth estimated at 3.5% for 2022. The main causes of this contraction in the economy were the energy crisis, high uncertainty, weakening global economic activity and tighter financing conditions.

High and persistent inflation, estimated at 8.8%, and tighter financing conditions have severely affected real household incomes and costs have been rising. Purchasing power in the euro area has been affected by the past deterioration in the terms of trade, as import prices have risen faster than export prices. However, purchasing power is expected to recover somewhat as wages rise, supporting consumption, although unemployment is expected to rise.

Regarding energy, with the consequences of the war in Ukraine, the Eurozone has initiated a plan aimed at reducing demand for Russian gas by replacing it with alternative sources, thus mandatory energy-related production cuts are expected to be avoided over the projection horizon, even if the risks of energy supply disruptions remain high, particularly for the winter of the next few years.

For 2023, experts forecast a short-lived and shallow recession in the euro area at the beginning of the year. The projections indicate weak economic growth of 0.7% in 2023 and 1.6% in 2024, according to IMF projections. However, in the long term, the economy is projected to gradually recover as the scenario caused by the current adverse factors is reversed.

3.2. National Context²

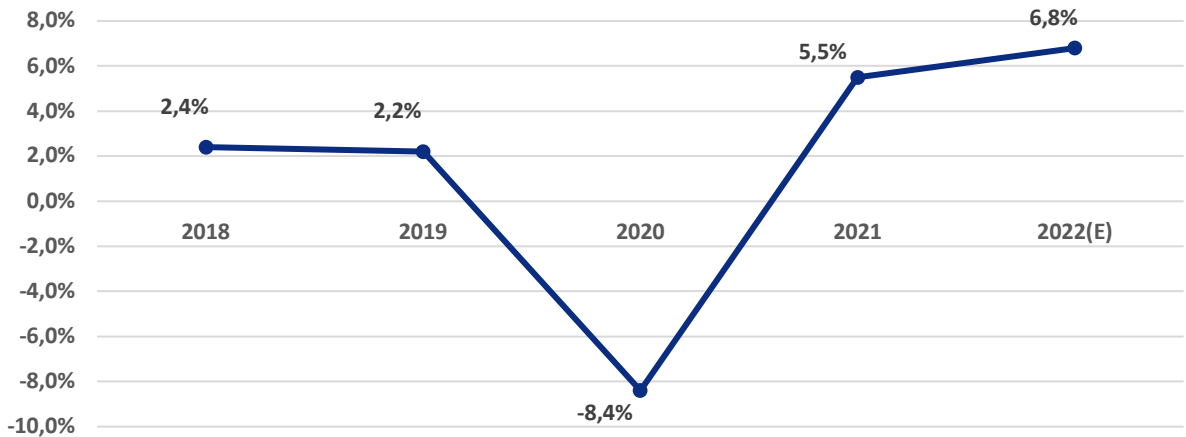
Growth in the Portuguese economy should be 6.8% in 2022, a positive result after the last two years of the pandemic crisis, which saw growth of 5.5% in 2021 and -8.4% in 2020.

² Source:

Bank of Portugal (December 2022) – “Boletim Económico”.

Portuguese Ministry of Finance – “State Budget Reports of 2023”.

GDP evolution in Portugal



In the first quarter of the year, the Portuguese economy recorded an expected recovery, in an attempt to approach pre-pandemic levels. Although external events, marked by adverse and atypical factors, had a negative influence on the growth of most world economies, the Portuguese economy showed a positive performance in the first half of the year, underlining the labour market and the unemployment rate that reached the lowest historical levels of the Euro Zone average. However, the increases in inflation and interest rates, which negatively influence real disposable income, reversed the positive scenario of the first half and there was a slowdown in economic activity. The effects resulting from this economic slowdown were mitigated due to the good performance of the labour market, the resilience of private consumption, and the support measures implemented to support families and companies.

Investment registered slight growth as a result of greater uncertainty, supply constraints and increased financing costs. Exports, especially services, recovered significantly, although they have been decelerating throughout the year.

The 8% increase in private consumption boosted domestic demand, thus making a relevant contribution towards the growth of the national economy. This progress was essentially the effect of the recovery in household consumption of durable goods and non-food current goods and services, both at levels above those recorded in the pre-pandemic era. However, there was a reduction in real disposable household income due to the increase in final consumption expenditure, which was sustained by the partial reduction in savings accumulated in the years of the pandemic. Thus, savings levels showed a downward trend, with the household savings rate falling to 5.9%.

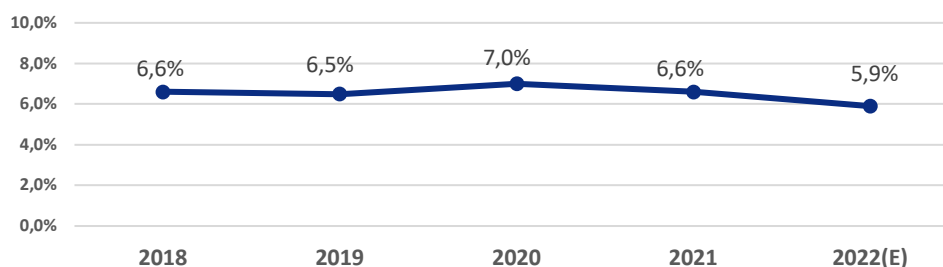
In 2022, the budget deficit levels decreased and are below the euro area average. Regarding public debt as a percentage of GDP, it stood at 115.0% compared to 125.5% in 2021, a continuously downward behaviour, although high. The projections indicate a favourable evolution over the next few years, with this ratio reaching values below 100% over the projection horizon, with a result of 110.8% being forecast in 2023, the "pre-Troika" value.

High and persistent inflation has negatively impacted activity and income, particularly for lower-income households. In Portugal, inflation reached 8.1% in 2022, however it is expected to gradually decrease in the coming years to 5.8% in 2023 and 3.3% in 2024. The sharp rise in inflation

in the Eurozone and its persistence have prompted the Governing Council of the European Central Bank (ECB) to plan the normalisation of monetary policy. The increases in interest rates have been very noticeable in the cost of financing for companies and families, helping to contain inflationary pressures.

Throughout 2022, the behaviour of the labour market was favourable, and an annual growth in employment of 2.3% is expected. The unemployment rate was historically low, having dropped to 5.9%. Despite this positive scenario, the percentage of companies experiencing difficulties in hiring qualified personnel remains quite high in the main sectors of activity. In a scenario where there is a shortage of labour, companies tend to retain workers. The projections for the coming years show a stabilisation of the unemployment rate.

Evolution of the unemployment rate in Portugal



The projections for the Portuguese economy in 2023 point to a period of GDP growth of around 1.5%, a much lower figure than in 2022, although higher than that projected for the euro zone, of around 0.5%. A scenario of marked global uncertainty is expected throughout the first half of the year, in which energy prices will remain high, with an erosion of purchasing power, continued limitations in financial conditions and a decrease in external demand. Due to this scenario, families are expected to be more restrained in their spending. Companies should postpone investment plans, and the export levels should slow down.

From the second half of 2023 onwards, economic activity should grow more rapidly, influenced by the expected easing of tensions in the energy markets, the gradual recovery of real household income, improved external demand and the normalisation of global supply chains.

3.3. Financial System³

For most economies, the fiscal policy remained expansionary in 2022 in order to partially mitigate the negative economic effects resulting from the various adverse factors that occurred. In the euro area, fiscal support measures, aimed at protecting the economy from the impact of high energy prices, were geared towards achieving a more productive economy and the gradual reduction of high public debt.

Regarding interest rates, contrary to what had been predicted, there was a noticeable increase as

³ Source

Bank of Portugal (December 2022) – “Boletim Económico”.

European Central Bank (No. 8 January 2023) – “Economic Bulletin”. Available at <https://www.ecb.europa.eu/pub/pdf/ecbu/eb202208.en.pdf>.

International Monetary Fund (January 2023) – “World Economic Outlook, January 2023”. Available at <https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023>.

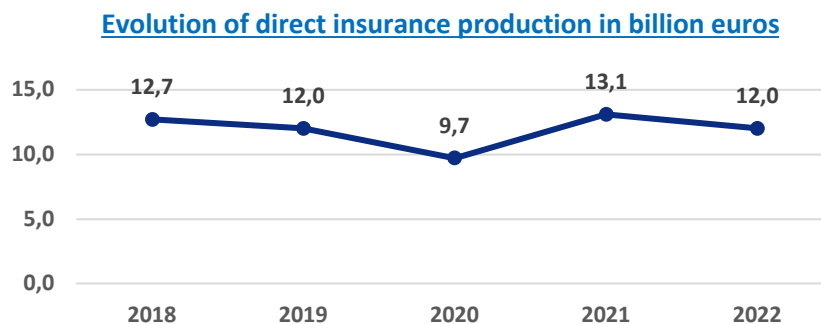
a consequence of the permanent high inflation. According to IMF estimates, inflation stood at 8.8%, well above the target. In the developed economies, inflation reached 7.3%, and is expected to decrease to 4.6% in 2023. In emerging markets and developing economies, inflation reached 9.9% in 2022, close to the global average, and is projected to reach 8.1% in 2023, the pre-pandemic figure being 4.9%. In the case of developing countries, inflation was around 14.2% and is projected to decrease to 8.6% in 2023. In order to reach levels that are sufficiently restrictive to ensure a timely return of inflation to the 2% objective in the medium term, the forecasts of the European Central Bank indicate a continued increase in interest rates, starting in 2022, at a significant and constant rate.

Concerning exchange rate developments, the United States stood out with a strong valuation of the dollar, while the euro depreciated against the dollar and in effective terms. However, the euro has generally strengthened in trade-weighted terms. In this sense, in 2022, the euro-dollar exchange rate was around 1.05.

In 2022, the implicit interest rate on Portuguese public debt remained unchanged compared to 2021, at 1.9%.

3.4 Insurance industry trends and development prospects⁴

In 2022, the scenario in the Portuguese insurance sector was reversed compared to 2021. The volume of direct insurance production was about 12 billion euros, with a negative variation of 9.5% compared to 2021.



This negative evolution had a strong influence in the Life line of business, due to the continued context of low interest rates, particularly in financial products. This line of business registered a variation of -21.8%, compared to the same period of the previous year. The "Life Insurance and Operations Connected to Investment Funds" modality should be underlined, since it was where the greatest fall was registered, of 1.6 billion euros, corresponding to a variation of -34.4% compared to 2021. However, this modality reached 3.1 billion euros of production at the end of the year, representing 25.3% of the total production of 2022.

For the first time, each line of business, Life and Non-Life, represents a 50% market share distribution. In the Non-Life market, the volume of direct insurance production was over 6.0 billion euros having had a positive variation of 7.4%, compared to 2021, a continuous growth for the

⁴ Fonte

APS – Produção de Seguro Direto 2022, Segurdata, a 2022.12

APS – Indicadores de Gestão – Custos com Sinistros, Segurdata, a 2022.11

eighth consecutive year.

The Non-Life claims ratio increased slightly, from 58.4% in 2021 to 58.5% in November 2022.

In the main lines of business of the Non-Life subsector, the following developments were reported:

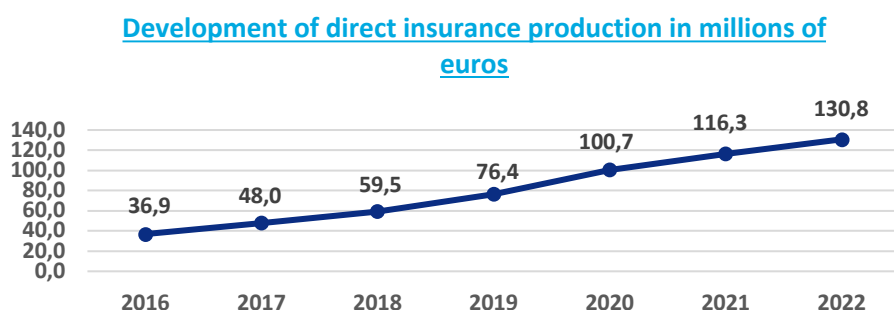
- The Motor line of business registered growth greater than the previous two years, of around 3.6%, with production reaching almost two thousand million euros. There was a negative oscillation in the claims rate, which went from 58.5% to 61.7%;
- The Health line of business maintained the growth trend of recent years, with a production of around 1.2 billion euros, corresponding to a variation of 11.8% compared to 2021. In 2022 this segment represented almost 10% of the total production of direct insurance and 19.1% of the Non-Life line of business. The claims ratio reached 72.8%, compared to 72.0% in 2021;
- The Workers Compensation line of business maintained the growth trend already seen in previous years, with a positive variation of 6.4%, corresponding to a production of more than one billion euros. There was a new improvement in the claims ratio, which stood at 66.0% compared to 68.9% in 2021;
- The Fire and Other Damage line of business performed very similarly to the Workers Compensation, with growth of around +7.4%. In terms of claims ratios, this line of business reached a rate of 43.3% in 2022, on a downward trajectory compared to that seen in 2021, which was 45.6%;
- The Third Party Liability line of business grew by 11.0%, while its claims ratio stood at 31.6%, compared to 36.4% in 2021.

4. Activity of Caravela

4.1. Main Indicators

In recent years Caravela's activity has been characterised by a significant and constant increase of production, a firm and sustained balance of its management indicators and considerable growth of results.

Under the item of profits and losses, gross direct written premiums, net of reversals and cancellations, showed strong growth, of +12.4%, maintaining the trend of recent years and ending 2022 with a total of 130,816 thousand euros:



It should be mentioned that the claims ratio, net of reinsurance, showed an increase of 3.6 p.p. compared to the previous year.

Regarding the balance sheet components, it should be noted that the weight of technical provisions, which now represent 97.9% of the gross direct insurance premiums issued, increased by 13.5% compared to the previous year, as a result of the influence of the Company's growth.

Concerning Equity, there was a slight variation of -2.3% compared to the same period of the previous year. This negative variation essentially results from the negative impact of 6.3 million euros in the Revaluation Reserve due to the evolution of interest rates in 2022.

The net income was 4,049 thousand euros, representing 3.1% of the gross premiums issued, thus continuing the evolution of net income since 2015.

As for the combined ratio, there was a slight increase, reaching 97.9%, with an increase of 2.4%, compared to 2021, due to the pressure on the claims ratio in 2022. It should be noted that despite this slight increase, the operating ratio decreased by 1.38 p.p..

The following table shows the Company's main indicators.

Summary Indicators

(U: thousands euros)

	2022	2021	Δ 22/21%
Balance sheet			
Net assets	206 474	177 203	16,5%
Equity	57 183	58 550	-2,3%
Unearned premiums reserva	24 604	23 543	4,5%
Claims reserves	103 148	76 607	34,6%
Claims reserves net of reinsurance	57 023	45 294	25,9%
Technical reserves	128 121	100 453	27,5%
Profits and Losses			
Gross written premiums	130 816	116 380	12,4%
Earned premiums net of reinsurance	96 394	86 006	12,1%
Claims costs	98 899	76 885	28,6%
Claims costs net of reinsurance	69 070	58 556	18,0%
Operational Costs	32 759	28 724	14,0%
Investment income	1 345	1 659	-18,9%
Net result	4 049	3 396	19,2%
Indicadores			
Gross written premiums / no. Of employees	934	875	6,7%
Claims ratio	76,8%	67,8%	13,3%
Net claims ratio	71,7%	68,1%	5,2%
Net result / Gross written premiums	3,1%	2,9%	6,1%
Claims reserves / Gross written premiums	78,8%	65,8%	19,8%
Technical reserves / Gross written premiums	97,9%	86,3%	13,5%
Net result / Equity	7,1%	5,8%	22,1%
Net result / Share capital	9,1%	7,7%	19,2%
Combined ratio	97,9%	95,6%	2,4%

4.2. Technical Management

4.2.1. Production and Policies

Caravela closed the financial year of 2022 with a Gross Written Premiums (GWP) volume of 130,8 million euros, which represents a production increase of 14,4 million euros and a growth rate of

+12,4%, regarding the amount of 2021.

It should also be noted that the market share, including the activity in Portugal and abroad, rose from 2,0% in 2021 to 2,1% in 2022.

The organic and consolidated growth seen in recent years is based on individuals and small and medium businesses segments, as well as on rigorous and careful risks underwriting, oriented towards the profitability of all business lines

A good performance was achieved by all the lines of business considered to be strategic.

Following the results of the previous year, in 2022 there was a greater slowdown in the growth of the Motor line of business, with a growth rate of 5.0%, below that of Caravela, though above the growth of this line of business in the market, which stood at 3.8%. But, on the other hand, the very positive evolution of the Accidents and Health, Fire and Other Damages and Third-Party Liability lines of business should be noted.

This growth is supported by the continuity of the pre-defined strategy, based on:

- Increasing the cadence of new production;
- Increase in the distribution base;
- Underwriting businesses for individuals and micro and small companies;
- In broadening the target segment to medium and large companies, resulting in the capture of new business within these segments.

The development of Caravela's commercial activity abroad also contributed to the growth of the portfolio, particularly in the Fire and Multirisk line of business.

The following table shows a variation structure of gross written premiums by line of business, where it can be confirmed that, except for the Marine and Transports lines of business, all show positive evolution:

Production Structure and Variation

U: Euro

LINES OF BUSINESS	-		GWP	
	Δ	2022	Δ	2021
Accidents and Health	23,0%	39 095 261	21,8%	31 772 201
Fire and Other Damages	27,8%	14 409 472	29,5%	11 273 602
Motor	5,0%	75 015 686	11,4%	71 428 781
Third Party Liability	25,5%	1 922 425	16,2%	1 532 182
Marine and Transported goods	-0,1%	372 959	-18,1%	373 474
TOTAL	12,4%	130 815 803	15,5%	116 380 240

Regarding the structure of the premiums in portfolio, Caravela presented the same distribution trend seen in the previous year, maintaining the predominance of the weight of the Motor and Accidents and Health lines of business, 58,8% and 27,2% respectively, these two lines of business accounting for 86,0% of the written premiums in portfolio.

The following table presents a structure of the portfolio and the weight per line of business regarding 2021 and 2022:

Portfolio Structure

U: Euros

<u>LINES OF BUSINESS</u>	<u>PORTFOLIO</u>			
	2022	Share	2021	Share
Workers Compensation	37 285 203	27,2%	29 647 889	25,2%
Personal Accidents	1 207 939	0,9%	931 698	0,8%
Motor	80 656 742	58,8%	74 382 445	63,3%
Fire and Multirisks	14 382 789	10,5%	9 669 613	8,2%
Marine and Transport	294 343	0,2%	268 558	0,2%
Third Party Liability	1 944 325	1,4%	1 637 136	1,4%
Health	1 372 701	1,0%	1 001 542	0,9%
TOTAL	137 144 043	100,0%	117 538 880	100,0%

An analysis of the number of policies in the portfolio for 2022 shows the continued predominance of the Motor, Fire and Multi-risk lines of business, 82.7% and 11.0% respectively, these two lines of business accounting for 93.7% of the policies in Caravela's portfolio.

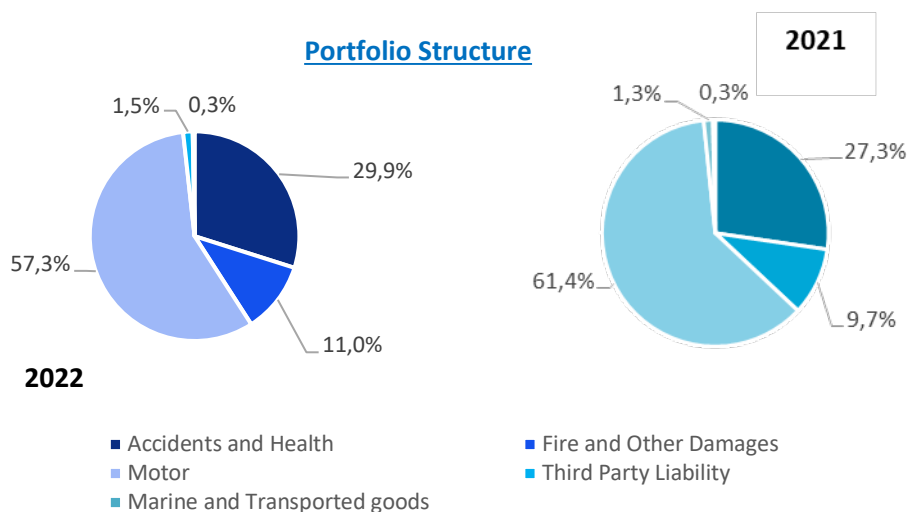
The following table shows the structure and number of policies in force at the year-end of 2021 and 2022:

Portfolio distribution according to the number of policies

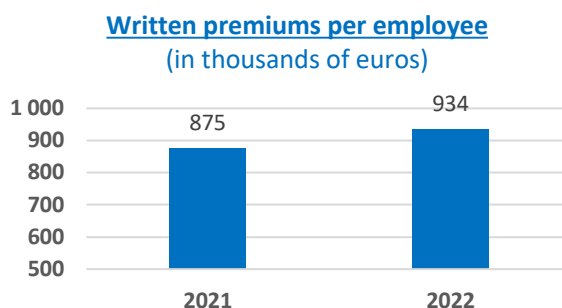
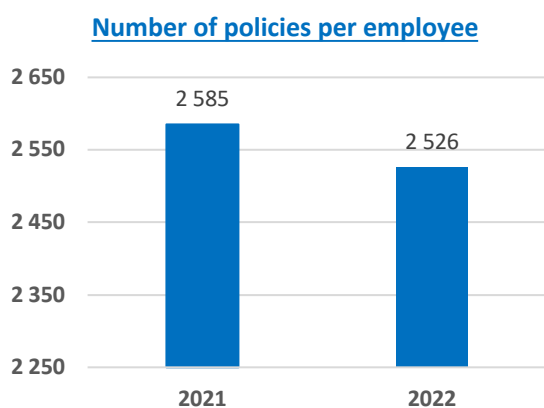
U: Euro

<u>LINES OF BUSINESS</u>	<u>POLICIES IN FORCE</u>			
	2022	Peso	2021	Peso
Workers Compensation	11 447	3,2%	10 303	3,0%
Personal Accidents	2 724	0,8%	2 848	0,8%
Motor	292 454	82,7%	283 823	82,6%
Fire and Multirisks	38 836	11,0%	39 102	11,4%
Marine and Transport	1 303	0,4%	1 322	0,4%
Third Party Liability	5 820	1,6%	5 641	1,6%
Health	1 050	0,3%	779	0,2%
TOTAL	353 634	100,0%	343 818	100,0%

The following figure shows the relative weight of the several lines of business, in the portfolio structure of the Company for the financial years of 2021 and 2022:



This development continues an improvement in performance regarding the analysis of the premium-per-employee ratio:



4.2.2. Claims

In 2022, Caravela's claims ratio, calculated on earned premiums, stood at 76.8%, corresponding to an increase of 13.3 pp, compared to the previous financial year when it had reached 67.8%.

Claims costs were up 28.6 % (+22,014 thousand euros) compared to the 2021 financial year, totalling 98,899 thousand euros, before allocation of other costs.

In absolute terms, it was the Accidents and Health lines of business that contributed most to the increase in claims costs, 9,819 thousand euros (+47.2%).

In the most representative line of business, Motor, the increase stood at 8,754 thousand euros (+17.9%).

In Fire and Other Damages, the variation was the highest in relative terms, 51.8%, resulting from an increase of 3,383 thousand euros in costs.

With less relevance, the increase of 246 thousand euros (+55.2%) in the General Third Party Liability line of business, and the reduction of 188 thousand euros (-73.4%) in the Maritime and Transported Goods line of business.

Claims costs

(U: Euro)

LINES OF BUSINESS	2022	2021	Δ 22/21
Accidents and Health	30 616 933	20 797 255	47,2%
Fire and Other Damages	9 908 336	6 525 974	51,8%
Motor	57 613 335	48 859 188	17,9%
Third Party Liability	692 625	446 411	55,2%
Marine and Transported goods	68 139	256 244	-73,4%
Total	98 899 368	76 885 072	28,6%

For a more detailed analysis, the following table presents the claim rates according to the different groups of lines of business.

Claims ratio

LINES OF BUSINESS	2022	2021	Δ 22/21
Accidents and Health	81,4%	68,2%	19,2%
Fire and Other Damages	74,0%	65,3%	13,3%
Motor	77,4%	69,7%	11,0%
Third Party Liability	37,2%	29,9%	24,6%
Marine and Transported goods	19,0%	68,4%	-72,3%
Total	76,8%	67,8%	13,3%

The financial year of 2022, the year of the return to normality after two years that were strongly conditioned by the measures to fight the pandemic, presented an increase in the number of claims of 13.8% (+6,030 occurrences), with Motor being the line of business that presented the greatest variation in absolute terms, with an increase of 4,234 processes (+12.4%), followed by Accidents and Health, with 1,681 more processes (+30.6%).

In the Fire and Other Damages line of business, the variation compared with the previous year was almost none, with an increase of only 13 cases (+0.4%).

With less significance since they are the least representative lines of business, in General Third Party Liability the number of claims increased by 25.2% in relative terms, 131 occurrences in absolute terms, while in Marine and Transported Goods only 48 claims were registered.

LINES OF BUSINESS	<u>No. of open claims</u>		
	2022	2021	Δ 22/21
Accidents and Health	7 175	5 494	30,6%
Fire and Other Damages	3 561	3 548	0,4%
Motor (*)	38 431	34 197	12,4%
Third Party Liability	651	520	25,2%
Marine and Transported goods	48	77	-37,7%
Total	49 866	43 836	13,8%

(*) excluding road assistance.

In 2022, the increase of policies in force was only 2.9% compared to the previous year, while the oscillation in terms of claims was 13.8%, corresponding to an increase in the frequency rate.

Thus, 2022 closed with an overall claims frequency rate of 14.3%, slightly above that of the previous year when it stood at 13.5%, representing a variation of 5.8 pp.

However, in Motor, the most representative of all the lines of business, the increase of the claims frequency rate was 4.2%.

LINES OF BUSINESS	<u>Claims frequency</u>		
	2022	2021	Δ 22/21
Accidents and health	49,2%	42,6%	15,7%
Fire and other Damages	9,1%	9,4%	-2,6%
Motor	13,3%	12,8%	4,2%
Third Party Liability	11,4%	9,9%	14,8%
Marine and Transports	3,7%	6,2%	-40,9%
Total	14,3%	13,5%	5,8%

(U: thousand Euro)

4.2.3. Reinsurance

In the Company's reinsurance policy there are Proportional and Non-Proportional Reinsurance Treaties, as well as Optional Reinsurance and other modalities of Reinsurance appropriate to the protection of the risks accepted.

The reinsurance programme, approved by Caravela for the year 2022, has undergone a minor

change in its structure when compared to the previous year, regarding the 2021 Reinsurers involved in its treaties, with the entry of a new Reinsurer.

Regarding proportional treaties, which comprehend the Fire and Other Damages, Maritime, Transported Goods and Engineering lines of business, the retained share and surplus limit negotiated in 2021 was kept.

Concerning the Excess of Loss treaties covering Motor, Personal Accident, Workers Compensation and General Third-Party Liability lines of business, no change was made as to their priority or capacity, and the aggregate annual limit in the Motor - Property Damage treaty was maintained.

The involved Reinsurers are selected taking into consideration their reliability and financial solvency, as well as the services they provide, follow-up and availability presented. The Company therefore decided to maintain Nacional Re as leader for almost all contracts, with a 40% stake in most reinsurance treaties.

Thus, for treaty renewals, the minimum rating required of a reinsurer is "A-", according to rating agencies S&P and/or AM Best. The table below shows the breakdown of the main reinsurers, as well as their rating as of 31/12/2022:

REINSURANCE TABLE OF 2022	
Reinsurer	Rating S&P
Nacional Re (Leader)	A
CCR Re	AA
Helvetia	A
Qbe	A+
Hannover Re	AA-
R+V	A+
DEVK	A+
Covea	A+
Odyssey	A-

It should also be noted that, regarding Accepted Reinsurance, Caravela held its policy of non-acceptance of this type of business.

4.3. Financial Management

4.3.1. Financial Investments

Financial Investments, namely Securities, grew by 6,790 thousand euros in 2022, representing a growth of 6% compared to 2021.

The management of financial assets, in partnership with OFI Asset Management, has been carried out in accordance with the Company's investment policy, guided, as in previous years, by criteria of caution, security and liquidity and in compliance with the recommendations of both the EIOPA and the national supervisory authority.

The following table shows a summary of the situation on the 31st of December 2022:

Assets Portfolio

(U: thousand Euro)

ASSETS PORTFOLIO	2022			2021			Var 22/21 %	
	AMOUNT	%	%	AMOUNT	%	%		
1. REPRODUCTIVE INVESTMENTS								
Financial Assets								
Government Bonds	(1)	7 281	7%	6%	11 179	10%	9%	-35%
Other Bonds	(1)	47 292	45%	37%	46 662	43%	39%	1%
Stocks and Investment Funds		18 176	17%	14%	5 446	5%	5%	234%
Granted Loans		429	0%	0%	50	0%	0%	763%
Liquidity	(2)	30 968	30%	24%	44 386	41%	37%	-30%
Sub-total		104 146	100%	82%	107 722	100%	90%	-3%
Other Non-financial assets								
Property		19 671		16%	9 049		8%	117%
Sub-total		19 671		16%	9 049		8%	117%
TOTAL (1)		123 817		98%	116 772		98%	6%
2. OPERATIONAL INVESTMENTS								
Equipment, Furniture and Material		2 674		2%	2 930		2%	-9%
TOTAL (2)		2 674		2%	2 930		2%	-9%
TOTAL (1) + (2)		126 491		100%	119 701		100%	6%

Obs.:

(1) Appreciation with accrued interest

(2) Fixed-term and Demand Deposits with accrued interest and Treasury Funds

Exposure to public debt securities decreased 35% compared to 2021, while exposure to shares and investment funds grew by 12,731 thousand euros. It is also worth noting the investment in real estate, with a variation of 117% compared to 2021. This exposure is essentially due to compliance with the asset allocation strategy defined in the investment policy.

Liquidity, between Demand Deposits, Time Deposits and Cash Funds, registered a variation of 30% compared to 2021, due to the investment recorded in real estate, being, however, aligned with the parameters of risk and capital management.

4.3.2. Results of Financial Investments

(U: thousand Euro)

	2022	2021	VAR 22/21%
Investment Income	1 423	1 133	25,7%
Investment profit and loss	-78	526	-114,9%
FINANCIAL MARGIN	1 345	1 659	-18,9%

The financial results show, in 2022, a decrease, compared to the same period of the previous year, of 314 thousand euros, mainly due to a lower realisation of capital gains, taking into consideration,

however, the increase in generated income of 25.7%.

The fact that no impairment has been recorded over the last seven years in financial assets should be highlighted, demonstrating the great caution in the choice of applications which make up the Caravela investment portfolio.

Regarding the return rate, the total assets portfolio recorded a positive average remuneration of 0.9%.

4.4. Operating Costs

4.4.1. Cost allocation by nature

The total costs by nature to be allocated, reached 16,482 thousand euros, which represents an increase of 14.5%, compared to 2021, due to a generalised increase in the expenditure items.

Costs by nature

Costs by Nature	(U: thousand Euro)		
	2022	2021	VAR 22/21%
Personnel Expenses	7 306	6 731	8,5%
External Services and Supplies	6 240	4 915	27,0%
Taxes and Fees	1 272	1 059	20,1%
Amortisations of the Financial Year	1 368	1 357	0,8%
Risks and Charges Reserves	0	0	-
Interest Incurred	21	26	-20,0%
Commissions	275	308	-10,5%
Total	16 482	14 396	14,5%

4.4.2. Staff

The staff increased by 5.3%, from 133 to 140. The summary of admissions and exits recorded in 2021 and 2022 is presented in the table below.

As in previous years, there was a 6.7% increase in the ratio of direct insurance premiums per permanent employee mainly due to the growth in production.

	2022	2021	VAR 22/21%
<i>Permanent staff at the beginning of the period</i>	133	129	3,1%
<i>Entries</i>	12	10	20,0%
<i>Exits</i>	5	6	-16,7%
Permanent staff at the end of the period	140	133	5,3%

	(U: thousand Euro)		
Gross premiums issued / no. of employees	2022	2021	VAR 22/21%
	934	875	6,7%

The distribution of the Company's staff by age and gender was as follows:

Age distribution by gender in 2022

Age group	Men	Women
Up to 30 years old	11	6
Between 31 and 40 years old	15	13
Between 41 and 50 years old	25	39
Between 51 and 60 years old	16	9
Over 61 years old	5	1
Total	72	68
Average age	44 Years	

4.5. Governance

On January 1st, 2016, the Legal Regime for Access and Exercise of Insurance and Reinsurance Activities (RJASR) came into force, which adopted a new Solvency regime, this date being defined in Law no. 147/2015 of September 9th, which transposed into the internal legal order the Directive 2009/138/EC, of the European Parliament and Council, of November 25th, 2009.

As already stressed in previous years, the entry into force of the Solvency II regime has significantly raised the response requirements in terms of both compliance and disclosure imposed on Insurance Companies. In addition, the requirement to provide accounting, statistical and behavioural information, in accordance with the RJASR, shall remain in view of the Regulatory Standard No. 8/2016-R, of August 16th, as amended by Regulatory Rule no. 10/2020-R of November 3rd.

In the field of Solvency II, during 2022, several actions have been undertaken, of which the following are highlighted:

- Participation in the Workgroup sessions of the “Risk Management and Actuarial Services” of the Technical Committee “Economy and Finance” of the Portuguese Association of Insurers (APS);
- Submission of the QRT – Quantitative Reporting Templates to the Portuguese Supervisory Authority for Insurance and Pension Funds (ASF), the former being defined by EIOPA and managed by the supervisory agencies, regarding the end of year position with the reference date 31st of December 2021 and on a quarterly basis for the last quarter of 2021 and the first three quarters of 2022
- Reporting of the 2021 Supervision Periodic Report to the ASF, which is provided for in article 35 of Directive 2009/138/EC of the European Parliament and of the Council, in article 21 of the RJASR and in articles 304 to 314 of the Delegated Regulation (EU) 2015/35 of the Commission, of the 10th of October 2014, whose structure and content is specified in such regulation;
- Public disclosure of the 2021 Solvency and Financial Condition Report provided for in articles 51 to 56 of Directive 2009/138/EC of the European Parliament and of the Council, Article 83 of the RJASR and Articles 290 to 303 of the Delegated Regulation (EU) 2015/35 of the Commission
- Reporting to the ASF of the ORSA 2022 Report for the five-year period 2022-2026.

4.6. Solvency Margin Estimate

The Company has calculated the Solvency Ratio (SCR) and Minimum Capital Requirement (MCR) for the 31st of December 2022 and the 1st of January 2023 using the transitional and long-term measures authorised by the ASF.

The solvency capital ratio, verified in 2022, had an unfavourable evolution compared to the same period of the previous year, going from 204% to 175%. This ratio was influenced by the increased capital requirement arising from Caravela's organic growth and by the investment strategy with an impact on market risk.

With these figures, the Company comfortably exceeds the capital target and, consequently, the regulatory requirement.

The following table shows the Solvency II eligible own funds and capital requirements, in each of the above-mentioned dates:

<u>Solvency Capital Requirement</u>			
	(U: thousand Euro)		
	31.12.2021	31.12.2022	01.01.2023
Eligible Own Funds	50 928	56 131	56 057
Share Capital	44 388	44 388	44 388
Solvency Capital Requirement	24 936	32 070	32 070
Tax Adjustment	-6 721	-6 721	-6 721
Operating Risk	3 403	3 864	3 864
Base Capital Requirement	28 254	34 927	34 927
Diversification effect	-13 352	-17 375	-17 375
Risk components Total	41 606	52 302	52 302
Market Risk	8 288	13 286	13 286
Counterpart Default Risk	3 478	3 508	3 508
Health Underwriting Risk	10 028	13 271	13 271
Non-life underwriting risk	19 812	22 236	22 236
Solvency Ratio	204,2%	175,0%	174,8%

The following table shows the eligible own funds and capital requirements to calculate the minimum solvency capital (MCR), on the same dates:

Minimum Capital Requirement

(U: thousand Euro)

	31.12.2021	31.12.2022	01.01.2023
Eligible Own Funds	48 874	54 277	54 184
Minimum Capital Requirement	11 221	13 803	13 803
Minimum Capital Ratio	435,6%	393,2%	392,5%

4.7. Share Capital and Results

4.7.1. Share Capital Development

Caravela's share capital, was increased by resolution of the General Meeting of the 9th of July 2019 and consequent authorisation by the ASF on the 17th of December 2019, to €44,388,315.20, the last instalment amounting to €10,000,000.00 having been made in December 2021.

Thus, on December 31st, 2021 the share capital remains €44,388,315.20, fully subscribed, paid up and represented by 79,056,677 shares with no nominal value.

4.7.2. Results of the 2022 Financial Year

The gross profit calculated at the end of 2022 was 4,211,655.95 euros, which after deduction of estimated income tax led to a net profit of 4,048,889.17 euros, representing a 19.2% increase over the figure reported for the previous financial year.

The Board of Directors considers that it is appropriate to propose the following allocation of the calculated amount:

- 404.888,92 euros (10 % of the Net Result) for the Legal Reserve account;
- 3.644.000,25 euros, remaining amount, for the Free Reserves account.

With the approval of the previously proposed application of results, the Company's Equity will amount to 57.182.652,24 euros

5. Evolution to 2023

The current macroeconomic context, mainly at the level of the inflation rate and rising interest rates, places pressure on short-term profitability.

In this sense, the broadening and development of new sources of growth are decisive paths, along with the monitoring of the profitability of the current portfolio.

From the regulatory point of view, the implementation of IFRS17 and the evolution of criteria that are increasingly aligned with the best ESG practices, pose new challenges to stakeholders for 2023.

The main priorities for 2023 are:

- Maintaining a high level of quality in the satisfaction of our customers' needs;
- Developing new business development models, strengthening existing strategic partnerships and broadening the scope of operations to other geographies within the European Union;
- Maintaining the adequacy of the Financial Investments policy to a context of inflation and

- interest rate volatility;
- Continue to deepen the B2B2C digital distribution strategy, in close collaboration with our partners, following the results observed from the MyCaravela model;
 - As social responsibility is an intrinsic goal of the insurance activity, it is Caravela's intention, at a socially challenging time such as the one in which we live, to maintain its commitment to implement guiding principles in the areas of social and environmental well-being, both internally and extending this action to the community, progressively adopting ESG (Environmental, Social and Governance) policies.

6. Final Remarks

The Board of Directors wishes to express its gratitude to all our Clients, Agents and Reinsurers, as well as all our Employees, for their active and constructive participation in the development and life of the Company.

The Board of Directors also wishes to express its appreciation for the work carried out by the Supervisory Board, for its readiness to monitor and offer advice during the year.

The Board of Directors reiterates its gratitude towards the Insurance and Pension Funds Supervisory Authority for all the support received, and also to the Portuguese Insurers Association for the work carried out on behalf of the Portuguese insurance market.

Lastly, concluding this report, the Board of Directors would like to express to the shareholders its gratitude for the support and trust shown in the Company's management team during the year now ended-

Lisbon, on the 13th of February 2023
The Board of Directors,

Luís Cervantes
President

David Angulo
Vice-President

António Nestor Ribeiro
Voting Member

Fabrizio Cesario
Voting Member

George Koulouris
Voting Member

Gonçalo Ramos e Costa
Voting Member

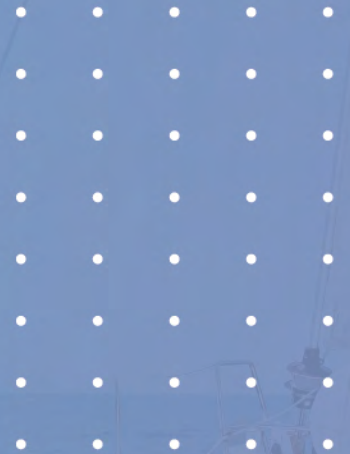
Paulo Trigo
Voting Member



CARAVELA
COMPANHIA DE SEGUROS

REPORT AND ACCOUNTS 2022

Corporate Governance Report



1. Introduction

Caravela - Companhia de Seguros, S.A., prepares its Corporate Governance Report in a clear and transparent manner according to the rules in force, observing the best applicable market practices and recommendations.

2. Shareholding Structure

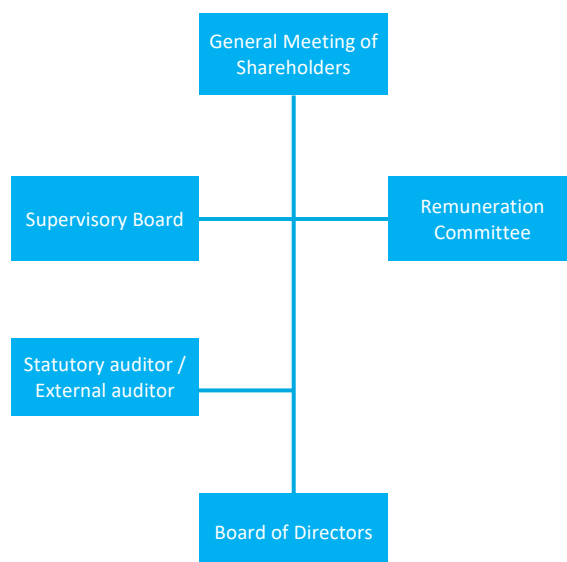
The Company's share capital, fully subscribed and paid up, amounts to 44,388,315.20 euros, represented by 79,056,677 shares with no nominal value, which confer identical rights on all shareholders.

3. Governing Structure

The company's governing model, which ensures the effective segregation of managing and supervisory functions follows the traditional Latin model and is composed of the following governing bodies, in accordance with the Company's Articles of Association:

- General Meeting
- Board of Directors
- Supervisory Board
- Statutory Auditor / External Auditor

The organisational chart below shows this organisational structure:



Also according to article 11 of the Company's Articles of Association, the daily management is ensured by a Board of Directors composed of seven members, appointed by the General Meeting for periods of four years, with a possible re-election.

Thus, the current Board of Directors, which has a mandate from 2019 to 2022, is composed of seven directors, one of whom is President, other one the Vice President and five Voting Members.

The Board of Directors, as the Company's governing body, has the broadest powers to manage and represent the Company.

Under the provisions of article 12 of Caravela's articles of association, it is responsible in particular for:

- The management of the Company, practicing all acts that fall within its corporate purpose;
- The acquisition, encumbrance and disposal of all assets and rights of the Company;
- The conclusion of any financing contracts and the carrying out of other credit operations;
- The definition of the organisation and working methods of the Company;
- The approval of annual plans and their respective budgets;
- The delegation of its powers to one or more of its members and/or proxy holders;
- The creation of advisory councils;
- The execution and observation of the legal provisions, as well as the resolutions of the General Meeting.

The supervision of management acts is exercised by a Supervisory Board composed by three effective members, at least one of whom must have a higher education appropriate to the performance of his duties and an alternate member, with terms of office equal to those of the Board of Directors and are also eligible for re-election.

The remuneration of the members of the corporate bodies is determined by the Remuneration Committee, composed of three members – one of them being the President – designated by the General Meeting and also for four-year periods, with the possibility of re-election.

4. Remuneration of the governing bodies

Remuneration of the members of the administrative bodies and supervisory board is set in accordance with the remuneration policy approved by the Remuneration Committee.

Apart from the fixed remuneration, the members of the board of directors can have a variable remuneration which is granted according to the Company's net results.

The Remuneration Committee shall meet once a year in a plenary session whenever it is necessary to discuss and set the remuneration of the members of the Board of Directors and Supervisory Board.

Remuneration of the Statutory Auditor is established in the service agreement and according to the existing market practices.

5. Composition of Governing Bodies

5.1. General Meeting

The Board of the General Meeting was, on the 31st of December 2022, composed as follows:

- President: Nuno Miguel Marques dos Santos Horta

- Secretary: Nuno Miguel Novais Grangeon Cárcomo Lobo

5.2. Board of Directors

The composition of the Board of Directors was as follows:

- President: Luís Filipe Sampaio Cervantes
- Vice-President: David Angulo Rubio
- Voting member: António Manuel Nestor Ribeiro
- Voting member: Fabrizio Cesario
- Voting member: George Koulouris
- Voting member: Gonçalo Lopes da Costa de Ramos e Costa
- Voting member: José Paulo de Castro Trigo

The professional qualifications of the members of the Board of Directors and their professional activity in recent years are presented below:

Luís Cervantes - President

- Academic qualifications:
 - Holder of an Undergraduate Degree in Economics
 - Post-Graduate Degree in Risk and Derived Products Management
- Activity in the past years:
 - BES Director (1993-2005)
 - Manager of Crediflash (2004-2006)
 - Advisor of the Board of Directors of the insurance company Tranquilidade (2005-2006)
 - Member of the Executive Board of the insurance company AXA Portugal (2006-2010)
 - Member of the Executive Board of the insurance company Seguro Direto Gere (2008)
 - Manager of Sabseg Seguros (2010-2017)
 - Chairman of the Board of Directors of AAA-SGPS, S.A. (November 2016 – June 2017)
 - President of the Board of Directors of Caravela - Companhia de Seguros, S.A. (2017-)

David Angulo - Vice-President

- Academic qualifications:
 - Holder of an Undergraduate Degree in Business Administration
 - Holder of a Master's Degree in Business Administration
- Activity in the past years:
 - Financial Analyst at Gescapital, S.A. (1992-1993)
 - Division Director of Bankinter, S.A. (1993-1996)
 - CFO of Aegon Union Asseguradora (1997-2001)
 - Managing Director of Aegon Union Asseguradora (2001-2005)
 - General Manager for Insurance, Santander UK Bank, plc (2005-2007)
 - President of AVIVA plc, London and Madrid (2007-2014)
 - Executive President of Dunas Capital España, S.S. (2014-)

- Vice-President of the Board of Directors of Caravela - Companhia de Seguros, S.A. (2019)

António Nestor Ribeiro – Voting Member

- Academic qualifications:
 - Holder of an Undergraduate Degree in Computer Systems Engineering
 - Holder of a Master's Degree in Computer Science – Distributed Systems, Computer Architecture and Computer Communications
 - Holds a PhD in Computer Science – Fundamentals of Computing
- Activity in the past years:
 - Assistant Director of the Undergraduate course in Computer Engineering (2008-2010)
 - Member of the Course Committee of the Undergraduate Course in Computer Science (2008-2010)
 - Member of the Pedagogical Council of the Engineering School (2010-2013)
 - Director of the Undergraduate course in Computer Engineering (2010-2013)
 - Assistant Director of the IT Department (2012-2016)
 - Member of the Directing Committee of the IT Department (2010-2016)
 - Assistant Professor of the University of Minho
 - Founding Manager of MobiComp (2008)
 - Co-founder of iMobileMagic (2011-2016)
 - Vice-President of the Board of Directors of Caravela - Companhia de Seguros, S.A. (2017) (2014-2019)
 - Member of the Board of Directors of Caravela - Companhia de Seguros, S.A. (2019-)

Fabrizio Cesario - Voting Member

- Academic qualifications:
 - Holder of an Undergraduate Degree in Economics
 - Holder of a Master's Degree in Business Administration
- Activity in the past years:
 - Financial Analyst of Rothschild Italy (1992-1995)
 - Managing Director/Vice-President of Lehman Brothers Europe (1995-2008)
 - Managing Director of Lazard Capital International Limited (2009-2010)
 - Partner of Anacap Financial Partners LLP, London (2010-2017)
 - Partner of Toscafund Asset Management (2017-)
 - Director of Caravela - Companhia de Seguros, S.A. (2019-)

George Koulouris - Voting Member

- Academic qualifications:
 - Holder of an Undergraduate Degree in Economics
 - Holder of a Master's Degree in Business Administration
- Activity in recent years:
 - Analyst/Associate of UBS, AG London (1999-2002)

- Associate of Credit Suisse, AG London (2003-2005)
- Vice-President of Financial Institutions of Deutsche Bank AG London (2006-2007)
- Supervisor/Head of the M&A Division of Marfin Investment Group Holding, S.A. (2007-2013)
- Partner of Anacap Financial Partners LLP, London (2013-2017)
- Partner of Toscafund Asset Management (2017-)
- Director of Caravela - Companhia de Seguros, S.A. (2019-)

Gonçalo Ramos e Costa - Executive Board Member

- Academic qualifications:
 - Holder of an Undergraduate Degree in Business Administration
- Activity in recent years:
 - Marketing Manager at Lusitânia (1993-1998)
 - Marketing Director at Lusitânia (1998-2001)
 - Managing Director of Moçambique-Companhia de Seguros S.A., based in Maputo (2001-2004)
 - Director of Moçambique-Companhia de Seguros, S.A. (2004-2014)
 - Coordinating Director of the Financial, Administration and Property Management Division of Lusitania (2007-2014)
 - General manager of AAA – SGPS (2014-2017)
 - Director of Caravela - Companhia de Seguros, S.A. (2017-)

Paulo Trigo - Executive Board Member

- Academic qualifications:
 - Holder of an Undergraduate Degree in Civil Engineering
 - Holder of a Post-Graduate Degree in Industrial Safety and Engineering Course in Risk Analysis, Safety and Prevention Technician and Fire Prevention Technician in industrial companies
- Activity in the past years:
 - Director of the Risk Analysis Office in Tranquilidade (1990-1998)
 - Coordinating Director of the North Regional Operating Directorate in Tranquilidade (1998-2005)
 - Coordinating Director of the Large Customers Directorate of Tranquilidade (2005-2014)
 - Managing Director of Caravela - Companhia de Seguros, S.A. (2014-2017)
 - Director of Caravela - Companhia de Seguros, S.A. (2017-)

5.3. Supervisory Board and Statutory Auditor

In accordance with article 413, item 1, paragraph a) of the Portuguese Commercial Companies Code, the supervision of the Company is the responsibility of a Supervisory Board and an Audit Firm, with the competencies foreseen by law.

The members of the Supervisory Board were as follows:

- President: Manuel Augusto Lopes de Lemos
- Member: Humberto Manuel Martins Carneiro
- Member: José Elísio Lopes da Siva Quintas, ROC nº 643
- Alternate: José António Truta Pinto Rabaça

The Audit Firm, as of December 31st, 2021, was Mazars & Associados - Sociedade de Revisores Oficiais de Contas, S.A., represented by:

- Effective: Mazars & Associados, Sociedade de Revisores Oficiais de Contas, S.A., Audit Firm no. 51, represented by Pedro Miguel Pires de Jesus – Statutory Auditor no. 1930
- Alternate: Paulo Jorge Damião Pereira, Statutory Auditor no. 1219

5.4. Remuneration Committee

The Remuneration Committee was composed of the following three members:

- President: Fabrizio Cesario
- Member: George Koulouris
- Member: António Nestor Ribeiro

The members of the Remuneration Committee are not remunerated and have no family links between them.

6. Remuneration earned by the members of the Board of Directors and Supervisory Bodies (pursuant to article 29 of Law no. 28/2009 of September 19th)

The following table shows the basic remuneration of the members of the board of directors and supervisory board:

6.1. Aggregate

U: Euros

	Fixed remuneration	Variable remuneration	Total Annual Remuneration
General Meeting	1 250,00	0,00	1 250,00
Board of Directors	645 176,25	0,00	645 176,25
Supervisory Board	14 400,00	0,00	14 400,00
TOTAL	659 576,25	0,00	659 576,25

6.2. Individual

U: Euros

General Meeting	Fixed remuneration	Variable remuneration	Total Annual Remuneration
Nuno Miguel Marques dos Santos Horta	1 250,00 €	0,00 €	1 250,00 €
TOTAL	1 250,00	0,00	1 250,00

U: Euros

Board of Directors	Fixed remuneration	Variable remuneration	Total Annual Remuneration
Luís Filipe Sampaio Cervantes	211 485,00	0,00	211 485,00
David Angulo Rubio	50 000,00	0,00	50 000,00
Gonçalo Lopes da Costa de R. e Costa	197 935,00	0,00	197 935,00
José Paulo de Castro Trigo	185 756,25	0,00	185 756,25
TOTAL	645 176,25	0,00	645 176,25

U: Euros

Supervisory Board	Fixed remuneration	Variable remuneration	Total Annual Remuneration
Manuel Augusto Lopes de Lemos	7 200,00	0,00	7 200,00
Humberto Manuel Martins Carneiro	3 600,00	0,00	3 600,00
José Elísio Lopes da Silva Quintas	3 600,00	0,00	3 600,00
TOTAL	14 400,00	0,00	14 400,00

7. Remuneration of the Auditor / Statutory Auditor

Remuneration of the Statutory Auditor is in accordance with the conditions set out in articles 59 and 60 of Decree-Law no. 487/99, of November 16th, as amended by Decree-Law no. 224/2008 of November 20th. The fees are proposed by the Statutory Auditor and approved by the Board of Directors, with the Supervisory Board's expert opinion. In 2022, the amounts paid including VAT were:

U: Euro

Description of the fees agreed with the Statutory Auditor	Amount
Solvency II	18 450
Statutory Auditing	61 500
TOTAL	79 950

8. Share of the Members of the Board of Directors and Supervisory Board in the Insurer's Capital (Article 447 of the Commercial Companies Code)

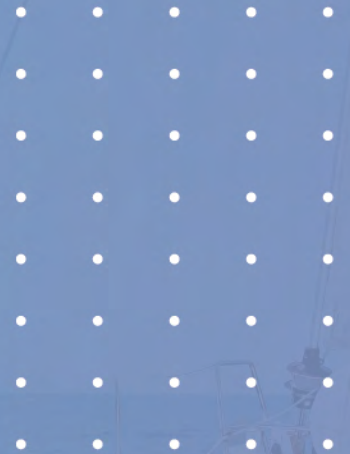
Name	Number of shares held at 31/12/2022
Luís Filipe Sampaio Cervantes (shareholding through Âncoras de Júpiter Unipessoal, Lda.)	3 288 760
António Manuel Nestor Ribeiro (shareholding through Blue Wave S.A.)	1 540 606



CARAVELA
COMPANHIA DE SEGUROS

REPORT AND ACCOUNTS 2022

Employee Remuneration Policy



1. Introduction

The remuneration policy of Caravela - Companhia de Seguros, S.A., is designed to ensure that all its employees are rewarded in accordance with the duties they perform and the actual result of their activity.

The remuneration of Caravela's employees mandatorily includes a fixed component, and in some functions it may also include a variable component.

In practical terms, the fixed component results from the application of the Collective Labour Regulation Instruments applicable to the insurance sector, being adequate for payment of the work performed.

The general remuneration policy takes into account the different contribution of the various corporate bodies and functions towards achieving Caravela's annual or multi-annual objectives.

Under this assumption, the functions are described and assessed through specific assessment methodologies and criteria, which guarantee transparency and impartiality according to the best market practices in terms of credibility and reliability in the alignment of objectives and calculation of results.

The existing ranges ensure respect for internal equity in terms of remuneration policy and also serve as a guarantee for fixed remuneration and any variable remuneration.

The adjustment of the bases of the remuneration policy necessarily takes as a reference both the national economic situation and Caravela's short and medium term strategy, which are determining and fundamental references for a fair and correct implementation of this policy.

2. Legal Framework

This policy is based on compliance with the legislation and regulations in force, among which we highlight the following:

- Regulatory Standard no. 5/2010-R, of 1 April (Disclosure of information on the remuneration policy of insurance companies and pension fund management companies);
- Circular no. 6/2010, of April 1 (Remuneration policy of insurance or reinsurance companies and pension fund management companies);
- Legal Framework for Access and Exercise of Insurance and Reinsurance Activity (RJASR), approved by Law 147/2015;
- EIOPA Guidelines on the governance system of Insurance Companies.

It is also based on a prudent and adequate monitoring, in order to avoid situations of conflict of interest, being consistent with the growth, profitability and productivity policies set by the Company's shareholders.

3. Competence

The remuneration policy for employees must be proposed by the Human Resources Department for subsequent approval by the Board of Directors and is reviewed annually.

4. Disclosure

The remuneration policy is disclosed in the different areas as required by the law and rules in force.

5. Remuneration components

Apart from the fixed remuneration, Caravela's employees can have a variable remuneration, of which the main assumptions are:

- The balance between both remunerations, in order to achieve easy and clear planning of the variable part;
- - Variable remuneration shall result from a system of objectives and performance that will put special focus on Caravela's objectives which must be clear, precise, determinable and achievable.

6. Other benefits

Apart from the above-mentioned elements, Caravela's employees receive the following benefits:

- Workers Compensation Insurance;
- Personal Accidents Insurance;
- Health Insurance;
- Life Insurance;
- Permanence bonus, as defined in the Company Agreement signed and published in 2022;
- Support defined for increased teleworking expenses.



CARAVELA
COMPANHIA DE SEGUROS

REPORT AND ACCOUNTS 2022

Financial Statements

Balance sheet



STATEMENT OF FINANCIAL POSITION (1/2)

U: Euro

Balance Sheet as of 31.12.2022	Financial Year			Previous Financial Year
	Gross Amount	Impairment, depreciations / amortisations or adjustments	Net Amount	
ASSETS				
Cash, cash equivalents and demand deposits	8 771 762,38		8 771 762,38	6 015 600,62
Investments in branches, associates and joint ventures	11 190 510,63		11 190 510,63	5 000,00
Financial assets held for negotiation	0,00		0,00	0,00
Financial assets classified in initial recognition at fair value through profit and loss	0,00		0,00	0,00
Hedging derivatives	0,00		0,00	0,00
Available assets for sale	89 748 784,03	175 258,14	89 573 525,89	104 668 081,01
Loans and accounts to be received	3 278 258,24	0,00	3 278 258,24	2 898 564,78
Deposits with ceding companies	0,00		0,00	0,00
Other deposits	2 849 440,24		2 849 440,24	2 848 864,78
Granted loans	428 818,00		428 818,00	49 700,00
Accounts receivable	0,00		0,00	0,00
Others	0,00		0,00	0,00
Investments to be held until maturity	0,00		0,00	0,00
Land and buildings	19 670 910,40	0,00	19 670 910,40	9 049 484,16
Land and buildings for own use	0,00		0,00	0,00
Investment land and buildings	19 670 910,40		19 670 910,40	9 049 484,16
Other tangible assets	2 673 884,94	1 345 601,46	1 328 283,48	1 684 467,08
Inventory	86 028,71		86 028,71	87 521,26
Goodwill	0,00		0,00	0,00
Other intangible assets	6 676 795,68	3 204 614,50	3 472 181,18	3 438 511,08
Technical reserves of ceded insurance	49 179 768,61	0,00	49 179 768,61	34 016 490,44
Unearned premiums reserve	3 055 519,12		3 055 519,12	2 703 377,90
Mathematical reserve of the life line of business	0,00		0,00	0,00
Claims reserve	46 124 249,49		46 124 249,49	31 313 112,54
Profit sharing reserve	0,00		0,00	0,00
Interest rate commitment reserve	0,00		0,00	0,00
Portfolio stabilisation reserve	0,00		0,00	0,00
Other technical reserves	0,00		0,00	0,00
Assets due to post-employment benefits and other long term bene	0,00		0,00	0,00
Other debtors due to insurance operations and other operations	17 597 379,13	1 125 300,13	16 472 079,00	14 156 669,68
Accounts receivable due to direct insurance operations	12 801 115,54	1 125 300,13	11 675 815,41	12 602 160,03
Accounts receivable due to other reinsurance operations	3 976 753,93	0,00	3 976 753,93	1 033 419,55
Accounts receivable due to other operations	819 509,66	0,00	819 509,66	521 090,10
Tax assets	2 704 898,85	0,00	2 704 898,85	846 774,21
Current tax assets	1 134 942,39		1 134 942,39	804 778,41
Deferred tax assets	1 569 956,46		1 569 956,46	41 995,80
Accruals and deferrals	746 411,90		746 411,90	335 442,19
Other asset elements	0,00		0,00	0,00
units	0,00		0,00	0,00
TOTAL ASSETS	212 325 393,50	5 850 774,23	206 474 619,27	177 202 606,51

Chartered Accountant

Carla Perico

Financial Director

Ludovico Belo

Board of Directors

Luís Cervantes

David Angulo

António Nestor Ribeiro

Fabrizio Cesario

George Koulouris

Gonçalo Ramos e Costa

Paulo Trigo

STATEMENT OF FINANCIAL POSITION (2/2)

U: Euro

Annex notes	Balance Sheet as of 31.12.2022	Financial Year	Previous Financial Year
	LIABILITIES AND EQUITY		
	LIABILITY		
4.1.3	Technical reserves	128 121 059,49	100 453 241,17
3.7.1-4.1.2-4.1.3	Unearned premiums reserve	24 603 667,44	23 543 053,97
	Mathematical reserve of the life line of business	0,00	0,00
3.7.2-4.1.3	Claims reserve	103 147 552,96	76 607 070,88
	For life line of business	0,00	0,00
4.1.3	For workers compensation line of business	56 005 491,34	42 318 685,93
4.1.3	For other lines of business	47 142 061,62	34 288 384,95
	Profit sharing reserve	0,00	0,00
	Interest rate commitments reserve	0,00	0,00
	Portfolio stabilisation reserve	0,00	0,00
3.7.4-4.1.3	Reserve for claims-rate deviations	342 208,40	303 116,32
3.7.3-4.1.3	Unexpired risks reserve	27 630,69	0,00
	Other technical reserves	0,00	0,00
	Financial liabilities of the deposit component of insurance contracts, and insurance contracts and operations considered as investment contracts for accounting purposes	0,00	0,00
3.2.3.	Other financial liabilities	2 421 295,33	1 908 130,29
	Hedging derivatives	0,00	0,00
	Subordinated liabilities	0,00	0,00
3.2.3	Deposits received from reinsurers	1 362 594,69	529 947,07
3.2.3-3.8.6	Other	1 058 700,64	1 378 183,22
3.6-19	Liabilities due to post-employment benefits and other long term benefits	199 115,56	174 400,46
3.9.2	Other creditors due to insurance operations and other operations	12 512 023,98	10 560 690,80
3.9.2	Account payable due to direct insurance operations	6 561 905,35	5 810 825,20
3.9.2	Accounts payable due to other reinsurance operations	5 026 285,25	3 966 639,53
3.9.2	Accounts payable due to other operations	923 833,38	783 226,07
20	Tax liabilities	4 288 145,11	3 992 467,25
20	Current tax liabilities	4 288 145,11	3 950 437,63
20	Deferred tax liabilities	0,00	42 029,62
3.9.3	Accruals and deferrals	1 750 327,56	1 563 341,98
	Other reserves	0,00	0,00
	Other liability elements	0,00	0,00
	Liabilities of a group for disposal classified as held for sale	0,00	0,00
	TOTAL LIABILITIES	149 291 967,03	118 652 271,95
	EQUITY		
21	Capital	44 388 315,20	44 388 315,20
	(Treasury shares)	0,00	0,00
	Other equity instruments	0,00	0,00
22	Revaluation reserves	-6 802 326,17	186 798,33
22	From fair value adjustments of investments in branches, associates and joint ventures	-46 647,67	0,00
	From fair value adjustments of financial assets	-6 755 678,50	186 798,33
	From revaluation of land and buildings for own use	0,00	0,00
	From revaluation of intangible assets	0,00	0,00
	From revaluation of other tangible assets	0,00	0,00
	From fair value adjustments of hedging instruments in cash flow hedges	0,00	0,00
	From fair value adjustments of foreign currency net investments hedging	0,00	0,00
	Form exchange rate differences	0,00	0,00
22	Deferred tax reserve	1 530 523,39	-42 029,62
22	Other reserves	13 879 683,39	10 483 975,59
21	Results brought forward	137 567,26	137 567,26
	Results of the financial year	4 048 889,17	3 395 707,80
	TOTAL EQUITY	57 182 652,24	58 550 334,56
	TOTAL LIABILITIES AND EQUITY	206 474 619,27	177 202 606,51

Chartered Accountant

Carla Perico

Financial Director

Ludovico Belo

Board of Directors

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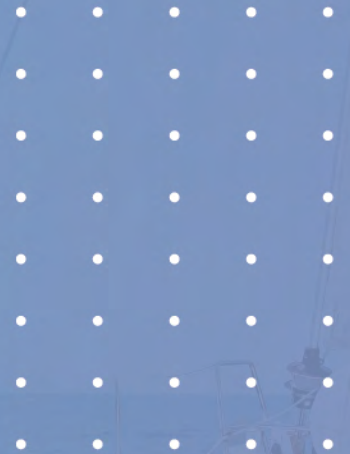
Paulo Trigo



CARAVELA
COMPANHIA DE SEGUROS

REPORT AND ACCOUNTS 2022

Financial
Statements
Profit and Loss account



PROFIT AND LOSS ACCOUNT (1/2)

U: Euro

Annex notes	Profit and loss account as of 31.12.2022	Exercício				Previous Financial Year
		Technical Life	Technical Non-life	Non Technical	Total	
	Premiums earned net of reinsurance		97 017 806,39		97 017 806,39	86 158 692,35
12	Written gross premiums		130 815 802,89		130 815 802,89	116 380 233,56
	Ceded reinsurance premiums		32 769 206,53		32 769 206,53	28 434 625,99
	Unearned premiums reserve (change)		2 004 929,14		2 004 929,14	2 948 975,30
	Unearned premiums reserve, reinsurers share (change)		976 139,17		976 139,17	1 162 060,08
	Commissions on insurance contracts and operations considered as investment contracts or as service contracts for accounting purposes		0,00		0,00	0,00
4.1.1	Claim costs, net of reinsurance		72 518 997,71		72 518 997,71	61 520 208,11
4.1.1	Paid amounts		64 325 384,36		64 325 384,36	52 241 312,98
4.1.1	Gross amounts		76 527 611,48		76 527 611,48	64 105 269,71
4.1.1	Reinsurers share		12 202 227,12		12 202 227,12	11 863 956,73
4.1.1	Claims reserve (change)		8 193 613,35		8 193 613,35	9 278 895,13
4.1.1	Gross amount		25 820 595,32		25 820 595,32	15 744 505,43
4.1.1	Reinsurers share		17 626 981,97		17 626 981,97	6 465 610,30
4.1.3	Other technical reserves, net of reinsurance		66 722,77		66 722,77	36 050,25
	Mathematical reserve of the life line of business, net of reinsurance				0,00	0,00
	Gross amount				0,00	0,00
	Reinsurers share				0,00	0,00
	Profit share, net of reinsurance		0,00		0,00	0,00
12-17	Net amount of operating costs and expenses		22 457 693,90		22 457 693,90	20 823 408,97
12-17	Acquisition costs		25 053 689,98		25 053 689,98	21 732 922,21
12-17	Deferred acquisition costs (change)		-320 317,72		-320 317,72	379 159,93
12-17	Administrative costs		3 966 174,26		3 966 174,26	3 713 508,73
	Commissions and profit sharing in reinsurance results		6 241 852,62		6 241 852,62	5 002 181,89
13	Income		1 423 128,99	0,00	1 423 128,99	1 132 530,87
13	From interest on financial assets not valued at fair value through profit and loss		1 423 128,99	0,00	1 423 128,99	1 132 530,87
	From interest on financial liabilities not valued at fair value through profit and loss		0,00	0,00	0,00	0,00
	Other		0,00	0,00	0,00	0,00
3.9.5	Financial expenditure		290 066,32	0,00	290 066,32	313 286,41
3.9.5	From interest on financial assets not valued at fair value through profit and loss		290 066,32	0,00	290 066,32	313 286,41
	From interest on financial liabilities not valued at fair value through profit and loss		0,00	0,00	0,00	0,00
	Other			0,00	0,00	0,00

Chartered Accountant

Carla Perico

Financial Director

Ludovico Belo

Board of Directors

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David Angulo

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Fabrizio Cesario

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Gonçalo Ramos e Costa

Paulo Trigo

PROFIT AND LOSS ACCOUNT (2/2)

U: Euro

Annex notes	Profit and loss account as of 31.12.2022	Exercício				Previous Financial Year
		Technical Life	Technical Non-life	Non Technical	Total	
14	Net profit on financial assets and liabilities not valued at fair value through profit and loss		-80 016,48	0,00	-80 016,48	469 118,58
14	From available-for-sale assets		-80 016,48	0,00	-80 016,48	469 118,58
	From receivable loans and accounts		0,00	0,00	0,00	0,00
	From investments to be held until maturity		0,00	0,00	0,00	0,00
	From financial liabilities valued at amortised cost		0,00	0,00	0,00	0,00
	From others		0,00	0,00	0,00	0,00
	Net profit from financial assets and liabilities valued at fair value through profit and loss		0,00	0,00	0,00	0,00
	Net profit from financial assets and liabilities held for negotiation		0,00	0,00	0,00	0,00
	Net profit from financial assets and liabilities classified in initial recognition at fair value through profit and loss		0,00	0,00	0,00	0,00
	Exchange rate differences		0,00	0,00	0,00	0,00
	Net profit due to sale of non financial asseys not classified as non-current assets held-for-sale and discontinued operational units		0,00	0,00	0,00	0,00
15	Impairment losses (net from reversal)		-1 546,86	0,00	-1 546,86	-57 038,54
15	From available-for-sale assets		-1 546,86	0,00	-1 546,86	-57 038,54
	From receivable loans and accounts valued at amortised cost		0,00	0,00	0,00	0,00
	From investments to be held until maturity		0,00	0,00	0,00	0,00
	From others		0,00	0,00	0,00	0,00
	Other income/technical expenses, net of reinsurance		0,00	0,00	0,00	0,00
	Other reserves (change)		0,00	0,00	0,00	0,00
3.9.4	Other income/costs		0,00	1 182 670,89	1 182 670,89	-1 584 091,97
	<i>Negative Goodwill</i> immediately recognized in profit and loss		0,00	0,00	0,00	0,00
	Profit and loss from associates and joint ventures accounted for using the equity method		0,00	0,00	0,00	0,00
	Profit and loss from non-current assets (or groups for disposal) classified as held-for-sale		0,00	0,00	0,00	0,00
	PRE TAX NET RESULT		3 028 985,06	1 182 670,89	4 211 655,95	3 540 334,63
20	Income tax for the financial year - Current taxes		0,00	160 204,05	160 204,05	134 007,84
20	Income tax for the financial year - Deferred taxes		0,00	2 562,73	2 562,73	10 618,99
	NET PROFIT OF THE FINANCIAL YEAR		3 028 985,06	1 019 904,11	4 048 889,17	3 395 707,80

Chartered Accountant

Carla Perico

Financial Director

Ludovico Belo

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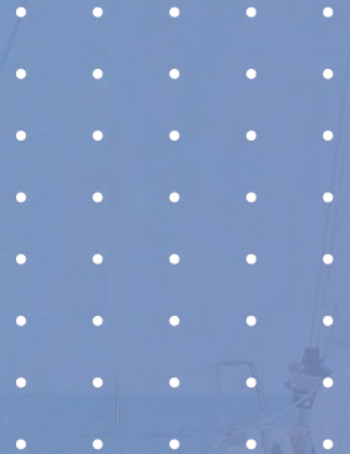


CARAVELA
COMPANHIA DE SEGUROS

REPORT AND ACCOUNTS 2022

Financial Statements

Statement of changes to
equity



STATEMENT OF EQUITY VARIATIONS

U: Euro

STATEMENT OF CHANGES TO EQUITY	Share capital	Revaluation reserve by fair value adjustment of available-for-sale financial assets	Deferred tax reserve	Legal reserve	Other reserves	Results brought forward	Result of financial year	Total
Balance sheet as of 31-12-2021	44 388 315,20	186 798,33	-42 029,62	2 417 514,25	8 066 461,34	137 567,26	3 395 707,80	58 550 334,56
Correction of erros (IAS 8)								0,00
Changes to accounting policies (IAS 8)								0,00
Amended initial balance sheet	44 388 315,20	186 798,33	-42 029,62	2 417 514,25	8 066 461,34	137 567,26	3 395 707,80	58 550 334,56
Capital increases/reductions								0,00
Net profit from fair value adjustments of braches, associates, and joint ventures		-46 647,67						-46 647,67
Net profit from fair value adjustments of available-for sale financial assets		-6 942 476,83						-6 942 476,83
Adjustments due to recognized Deferral Taxes			1 572 553,01					1 572 553,01
Increase in reserves through application of results				339 570,78	3 056 137,02	-3 395 707,80		0,00
Profit/Loss disrtubution								0,00
Other gains/losses recognised directly in equity								0,00
Transfers between equity items not included in ither lines						3 395 707,80	-3 395 707,80	0,00
Total changes to equity	0,00	-6 989 124,50	1 572 553,01	339 570,78	3 056 137,02	0,00	-3 395 707,80	-5 416 571,49
Net result of the period							4 048 889,17	4 048 889,17
Early profit distribution								0,00
Balance sheet as of 31-12-2022	44 388 315,20	-6 802 326,17	1 530 523,39	2 757 085,03	11 122 598,36	137 567,26	4 048 889,17	57 182 652,24

Chartered Accountant

Carla Perico

Financial Director

Ludovico Belo

Board of Directors

Luís Cervantes

David Angulo

António Nestor Ribeiro

Fabrizio Cesario

George Koulouris

Gonçalo Ramos e Costa

Paulo Trigo

STATEMENT OF EQUITY VARIATIONS

U: Euro

Annex Notes	STATEMENT OF CHANGES TO EQUITY	Share capital	Revaluation reserve by fair value adjustment of available-for-sale financial assets	Deferred tax reserve	Legal reserve	Other reserves	Results brought forward	Result of financial year	Total
	Balance Sheet as of 31-12-2020	34 388 315,20	1 639 102,35	-368 792,03	2 021 549,12	4 502 775,18	940 792,89	3 959 651,29	47 083 394,00
	Correction of errors (IAS 8)								0,00
	Changes to accounting policies (IAS 8)								0,00
21	Amended initial balance sheet	34 388 315,20	1 639 102,35	-368 792,03	2 021 549,12	4 502 775,18	940 792,89	3 959 651,29	47 083 394,00
	Capital increases/reductions	10 000 000,00							10 000 000,00
22	Net profit from fair value adjustments of available-for-sale financial assets		-1 452 304,02						-1 452 304,02
22	Adjustments due to recognised deferred taxes			326 762,41			-803 225,63		-476 463,22
22	Increase in reserves through application of results				395 965,13	3 563 686,16	-3 959 651,29		0,00
	Profit/loss distribution								0,00
	Other gains/losses recognised directly in equity								0,00
21	Transfers between equity items not included in other lines						3 959 651,29	-3 959 651,29	0,00
	Total changes to equity	10 000 000,00	-1 452 304,02	326 762,41	395 965,13	3 563 686,16	-803 225,63	-3 959 651,29	8 071 232,76
21	Net result of the period							3 395 707,80	3 395 707,80
	Early profit distribution								0,00
	Balance sheet as of 31-12-2021	44 388 315,20	186 798,33	-42 029,62	2 417 514,25	8 066 461,34	137 567,26	3 395 707,80	58 550 334,56

Chartered Accountant

Carla Perico

Financial Director

Ludovico Belo

Board of Directors

Luís Cervantes

David Angulo

António Nestor Ribeiro

Fabrizio Cesario

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Gonçalo Ramos e Costa

Paulo Trigo

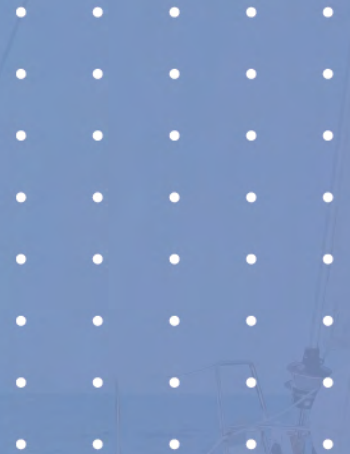


CARAVELA
COMPANHIA DE SEGUROS

REPORT AND ACCOUNTS 2022

Financial Statements

Statement of
comprehensive income



STATEMENT OF COMPREHENSIVE INCOME

U: Euro

<i>Annex notes</i>	<i>Total</i>	<i>Total</i>
	Financial Year	Previous Financial Year
Net profit of the financial year	4 048 889,17	3 395 707,80
Other comprehensive income of the financial year	-8 515 029,84	-1 779 066,43
Available-for-sale financial assets	-6 942 476,83	-1 452 304,02
22 Net profit and loss	-6 942 476,83	-1 452 304,02
Reclassification of profit and loss in the financial year	0,00	0,00
Impairment	0,00	0,00
Disposal	0,00	0,00
22 Taxes	1 572 553,01	326 762,41
Net profit and loss in different exchange rates	0,00	0,00
Post-employment benefits	0,00	0,00
Other movements	0,00	0,00
Total net of tax comprehensive income	-4 466 140,67	1 616 641,37

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CARAVELA
COMPANHIA DE SEGUROS

REPORT AND ACCOUNTS 2022

Financial Statements

Cash flow
Statement



CASH FLOW STATEMENT

U: Euro

	<i>Financial year</i>		<i>Previous financial year</i>	
Operational activities:				
Payments from clients	139 414 112		118 645 546	
Payments to suppliers	-6 106 711		-5 796 061	
Payments to personnel	-5 690 334		-6 711 280	
Pension Funds Contributions	-76 710		-63 482	
Operation generated cash flow	<u>127 540 357</u>	127 540 357	<u>106 074 723</u>	106 074 723
Payment/return regarding income tax	-205 707		-397 173	
Other gains/payments concerning the operational activity:				
Payment of claims	-71 149 207		-61 140 567	
Gains/payments of reinsurance	-11 534 940		-9 396 799	
Gains/payments of co-insurance	164 864		194 998	
Gains/payments of other taxes and fees	-18 435 978		-14 990 072	
Other gains/payments	-9 754 599		-5 330 847	
Cash flow generated before the extraordinary items	<u>16 624 789</u>	16 624 789	<u>15 014 263</u>	15 014 263
Gains regarding extraordinary items			0	
Payments regarding extraordinary items	-5 396	-5 396	-23 109	-23 109
Cash flow from operational activities (1)		<u>16 619 393</u>	<u>-23 109</u>	14 991 154
Investment activities:				
Gains from:				
Financial investments	37 536 520		53 533 486	
Tangible assets	0		0	
Intangible assets	0		0	
Investment subsidies	0		0	
Interest and similar profits	727 015		1 085 039	
Dividends	43 720		283 305	
Other gains regarding the investment activity	5 754 144	44 061 399	<u>57 039</u>	54 958 869
Payments concerning:				
Financial investments	51 315 855		69 218 590	
Tangible assets	155 043		7 645 319	
Intangible assets	887 073		1 933 566	
Other gains regarding the investment activity	5 122 438	57 480 409	<u>213 726</u>	79 011 202
Cash flow from investment activities (2)		<u>-13 419 010</u>	<u>-24 052 333</u>	
Funding activities:				
Gains from:				
Contracted loans	0		0	
Capital increases, supplementary payments and share premiums	0		10 000 000	
Subsidies and donations	0		0	
Sale of own shares	0		0	
Coverage of losses	0		0	
Other gains regarding the funding activity	0	0	<u>0</u>	10 000 000
Payments concerning:				
Contracted loans	0		0	
Amortisation of leasing contracts	62 800		77 499	
Taxes and similar costs	2 360		6 012	
Dividends	0		0	
Reduction of capital and supplementary payments	0		0	
Acquisition of own shares	0		0	
Other payments regarding the funding activity	379 118	444 278	<u>36 911</u>	120 422
Cash flow from funding activities (3)		<u>-444 278</u>	<u>9 879 578</u>	
Cash flow and its equivalents (4)=(1)+(2)+(3)		2 756 105		818 399
Effects of different exchange rates		0		0
Cash flow and its equivalents at the beginning of the financial year		8 864 465		8 046 066
Cash flow and its equivalents at the end of the financial year		<u>11 620 570</u>		<u>8 864 465</u>

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REPORT AND ACCOUNTS 2022

Annex to the financial statements



1. General Information

CARAVELA - COMPANHIA DE SEGUROS, S.A., hereinafter referred to as CARAVELA or Company, is a limited liability company registered under the Corporate Body Number 503 640 549 in the Commercial Registry Office of Lisbon, resulting from the change of the corporate name of Macif Portugal – Companhia de Seguros, S.A. on January 8, 2015, as per registration in the Commercial Registry Office of Lisbon.

The Company was established in 1996 under the corporate name Euresap - Euresa Portugal Companhia de Seguros, S.A., which was changed in 2001 to Companhia de Seguros Sagres, S.A., and in 2010 to Macif Portugal - Companhia de Seguros, S.A. It was fully acquired by AAA, SGPS, S.A. on November 12, 2014.

On June 26, 2017, 26.600.000 shares were transferred from the Shareholder AAA, SGPS, S.A. - representing 100% of the share capital - to several Shareholders; in addition, the capital was increased by 6,000,101.96 euros, through the issue of 14,509,472 new shares at a unit value of 0.413530 euros.

By decision of the General Meeting held on July 9, 2019, a new capital increase was carried out on December 18, 2019, in the amount of 30,000,000.00 euros, through the issue of 37,947,205 new shares with no nominal value, paid up, in cash, on December 2019 in the amount of 10,000,000.00 euros, on December 2020 the same amount of 10,000,000.00€ and on December 2021 the remaining amount of 10,000,000.00 euros, thus concluding the full payment of Caravela's share capital increase.

The Company's share capital is represented by 79,056,667 nominative shares with no nominal value, in the total amount of 44,388,315.20 euros, 48% held by the Shareholder TPIF Douro BidCo S.à r.l. with 37,947,205 shares, which has been controlling the Company since 2019.

With head office in Lisbon, at Avenida Casal Ribeiro nº 14, Caravela has offices in Oporto, Leiria, and Faro, exercising the activity of insurance and reinsurance of Non-Life lines of business, through authorisation no. 1133 granted by the Insurance and Pension Funds Supervision Authority (ASF).

The Company's direct insurance premium income reached the amount of 130,816 thousand euros, corresponding to an increase of 12.4% compared to the previous year (116,380 thousand euros in 2021), with the Motor line of business continuing to be the most significant, with 68,063 thousand euros of gross premiums written, representing 52.0% of the total volume of premiums (55.6% in 2021), followed by the Workers Compensation line of business with 36,685 thousand euros of gross premiums written, corresponding to 28.0% of the total (25.5% in 2021).

All the figures in this Annex to the Financial Statements are presented in euros, rounded off to the nearest unit and therefore the possible differences identified in some tables are due to this rounding.

The Company's Financial Statements as of the 31st December 2022 have been reviewed by the Board of Directors in a meeting held on the 23rd January 2022.

The Management Report and the Financial Statements will be submitted for approval at the Shareholders' General Meeting to be held on 24 March 2023.

2. Segment Information

The Company's total business comes from insurance contracts regarding the Non-Life line of business entered into in Portugal and in Member States of the European Union. The distribution by business lines as of December 31st, 2022 and 2021 is as follows:

2022 U:Euro								
Item	Accidents and Health	Fire and Other Damage	Motor	Marine and Transports	Transported Goods	Third Party Liability	Miscellaneous	TOTAL
Gross written premiums	39 096 977	14 378 951	68 063 613	151 659	217 676	1 909 160	6 997 767	130 815 803
Reinsurance ceded premiums	11 617 896	11 809 969	9 058 660	102 870	151 865	27 947	0	32 769 207
Gross earned premiums	38 774 076	13 350 327	67 611 073	149 225	204 919	1 857 782	6 863 471	128 810 874
Reinsurance gross earned premiums	11 555 293	10 904 773	9 060 955	104 209	142 538	25 224	76	31 793 067
Investment results	832 269	44 130	158 530	734	205	5 909	12 816	1 054 593
Gross claims costs	32 427 028	10 107 303	52 868 343	-2 065	71 846	729 091	6 146 660	102 348 207
Reinsurers' share in claims costs	12 697 513	11 082 851	6 030 401	-12 757	31 201	0	0	29 829 209
Change in other technical reserves	30 439	657 055	0	-420	3 265	409	-26	690 721
Gross operational costs and expenditure	10 670 582	3 741 758	12 955 255	28 119	45 348	497 687	136 799	28 075 549
Comissions and profit sharing in reinsurance results	1 868 277	3 947 015	343 954	32 648	50 107	-150	0	6 241 853
Technical result	-511 207	3 013 434	-740 594	40 006	23 436	611 132	592 778	3 028 985
Other non-technical income/ expenses								1 182 671
Non-technical result								1 182 671
Result before taxes								4 211 656
Technical Reserves of Direct Insurance	58 386 423	15 370 004	53 219 010	242 241	73 010	1 967 361	4 322 907	133 580 956
2021 U:Euro								
Item	Accidents and Health	Fire and Other Damage	Motor	Marine and Transports	Transported Goods	Third Party Liability	Miscellaneous	TOTAL
Gross written premiums	31 777 141	11 243 946	64 702 116	152 690	217 743	1 515 703	6 770 896	116 380 234
Reinsurance ceded premiums	10 734 916	8 955 224	8 433 209	121 408	162 222	27 646	0	28 434 626
Gross earned premiums	31 499 278	9 958 407	63 566 669	144 246	225 534	1 491 747	6 545 378	113 431 258
Reinsurance gross earned premiums	10 708 648	7 822 494	8 430 949	115 479	167 426	27 646	-76	27 272 566
Investment results	601 879	105 763	570 380	3 302	988	22 025	41 065	1 345 402
Gross claims costs	22 247 377	6 734 982	45 502 131	189 184	71 193	479 009	4 625 899	79 849 775
Reinsurers' share in claims costs	9 575 817	5 036 640	3 449 311	197 002	29 648	41 150	0	18 329 567
Change in other technical reserves	4 335	184 050	0	2 071	-1 821	0	27	188 661
Gross operating costs and expenses	8 692 577	2 971 208	13 340 255	31 228	57 984	371 110	208 616	25 672 980
Comissions and profit sharing in reinsurance results	1 288 642	3 290 582	320 914	48 354	53 481	209	0	5 002 182
Technical result	1 312 679	678 657	633 939	54 941	14 869	677 365	1 751 977	5 124 427
Other non-technical income/ expenses								-1 584 092
Non-technical result								-1 584 092
Result before taxes								3 540 335
Technical Provisions of Direct Insurance	43 900 467	8 922 211	46 626 744	263 292	80 155	1 792 457	3 383 496	104 968 822

3. Basis of preparation of the financial statements and accounting policies

The following summary of new standards and amendments to existing IFRS standards is intended to provide a summary of the main impacts of the amendments published by the IASB and their status as endorsed by the European Union, with reference to December 31, 2022.

Amendments to the rules that became effective on or after January 1, 2022**IAS 16 – ‘Income before start-up’**

This amendment is part of the narrow scope amendments (narrow scope amendments) published by the IASB in May, 2020.

With this amendment, IAS 16 – ‘Tangible fixed assets’ will prohibit the deduction of amounts received as consideration for items sold that resulted from the test production of tangible fixed assets (‘outputs’), at the book value of those assets.

The consideration received for the sale of the outputs obtained during the testing phase of the tangible fixed assets should be recognised in the income statement, in accordance with applicable regulations, as well as directly related costs.

This amendment applies retrospectively, without restating the comparatives.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

IFRS 3 - ‘Reference to the Framework’

This amendment is part of the narrow scope amendments (narrow scope amendments) published by the IASB in May, 2020.

This amendment updates the references to the Framework in the text of IFRS 3 regarding the identification of an asset or a liability within a business combination, without introducing changes to the accounting requirements for recording business combinations.

This amendment also clarifies that in applying the purchase method, liabilities and contingent liabilities must be analysed according to IAS 37 and/or IFRIC 21 and not according to the definition of liabilities in the Framework, and that the contingent assets of the acquired party cannot be recognised in a business combination.

This amendment is of prospective application.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

IAS 37 – ‘Onerous contracts - costs of fulfilling a contract’

This amendment is part of the narrow scope amendments (narrow scope amendments) published by the IASB in May, 2020.

This amendment specifies which costs the entity should consider when assessing whether a contract is onerous. Only expenses directly related to the performance of the contract are accepted, and these may include:

- a) The incremental costs to fulfil the contract such as direct labour and materials; and

b) the allocation of other expenses that relate directly to the performance of the contract, for example the allocation of depreciation costs of a given tangible fixed asset used to perform the contract.

This amendment should be applied to contracts which—at the beginning of the first annual reporting period to which the amendment is applied—still include unfulfilled contractual obligations, without there being a need to restate the comparative. Any impact should be recognised against results brought forward at that date.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

IFRS 16 - “Leases - COVID-19 related rent subsidies after June 30, 2021”

The amendment extends the date of application of the amendment to IFRS 16 – ‘Leases - COVID-19 related rent subsidies’ from June 30, 2021 to June 30, 2022.

The conditions for the application of the practical expedient remain the same:

- i) If the lessee is already applying the 2020 practical expedient, he will have to continue to apply it to all leases with similar characteristics, and on comparable terms;
- ii) If the lessee has not applied the practical expedient to the 2020 eligible rent subsidies, he cannot apply the extension to the 2020 amendment.

This amendment is applied retrospectively with the impacts reflected as an adjustment to the opening balance of results brought forward of the annual reporting period in which the lessee first applies this amendment.

European Union Endorsement Regulation: Regulation (EU) 2021/1421, from August 30.

Effective date: Annual periods beginning on or after April 1, 2021, with earlier adoption permitted, contingent on the adoption of the first amendment to IFRS 16 – “Leases - COVID-19 related rent subsidies”, in 2020.

Annual improvement cycle 2018-2020

IFRS 1 - ‘Subsidiary as a first-time adopter of IFRS’

Subsidiaries that become first-time adopters of IFRS after their parent company, and which choose to measure their assets and liabilities at the carrying amounts expressed in the parent company’s consolidated financial statements, may measure cumulative translation differences for all transactions denominated in foreign currencies at the amounts that would be determined in the parent company’s consolidated financial statements based on the parent company’s date of transition to IFRSs.

This improvement is of prospective application.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

IFRS 9 - 'Derecognition of financial liabilities - costs incurred to be included in the "10 per cent change" test'

This improvement clarifies that when derecognition tests are performed on renegotiated liabilities, the net amount between fees paid and fees received should be determined considering only the fees paid or received between the borrower and the lender, including fees paid or received, by either entity on behalf of the other.

This improvement is of prospective application.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, from June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

IFRS 16 - 'Lease incentives'

The improvement is to amend the illustrative example 13 accompanying IFRS 16 to remove an inconsistency in the accounting treatment of incentives provided by the lessor to the lessee.

This improvement is of prospective application.

European Union Endorsement Regulation: Regulation (EU) No. 2021/1080, from June, 28.

Effective date: Annual periods beginning on or after January 1, 2022.

IAS 41 - 'Taxation and assessment of fair value'

This improvement removes the requirement to exclude tax cash flows from the fair value measurement of biological assets, ensuring consistency with the principles of IFRS 13 – 'Fair Value'.

This improvement is of prospective application.

European Union Endorsement Regulation: Regulation (EU) 2021/1080, form June 28.

Effective date: Annual periods beginning on or after January 1, 2022.

Amendments to standards and new standards, effective on or after January 1st 2023**IAS 1 - 'Disclosure of accounting policies'**

Change to the disclosure requirements of accounting policies that are now based on the definition of 'material' instead of 'significant'.

Information about an accounting policy is considered material if, in its absence, users of the financial statements would be unable to understand other financial information included in the financial statements.

Immaterial information regarding accounting policies need not be disclosed.

IFRS Practice Statement 2, was also amended to clarify how the concept of 'material' applies to the disclosure of accounting policies.

European Union Endorsement Regulation: Regulation (UE) no. 2022/357, from March 2nd.

Effective date: Annual periods beginning on or after January 1, 2023.

IAS 8 - 'Disclosure of accounting estimates'

Introduction of the definition of accounting estimate and how it is distinguished from changes in accounting policies.

Accounting estimates are now defined as monetary amounts that are subject to measurement uncertainty used to achieve the objective(s) of an accounting policy.

European Union Endorsement Regulation (UE) no. 2022/357, from March 2nd.

Effective date: Annual periods beginning on or after January 1, 2023.

IFRS 17 - 'Insurance contracts'

IFRS 17 replaces IFRS 4 - "Insurance Contracts", the standard that has been in force on an interim basis since 2004. IFRS 17 is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary profit-sharing features if they are also issuers of insurance contracts. IFRS 17 does not apply to policyholders.

Under IFRS 17 insurance contract issuers need to assess whether the policyholder may benefit from a particular service as part of a claim or whether that service is independent of the claim/risk event, and to separate out the non-insurance component, which should be dealt with under other standards (e.g. IFRS 15 or IFRS 9).

Under IFRS 17, entities must identify the portfolios of insurance contracts at initial recognition and divide them, as a minimum, into the following groups: i) contracts that are onerous at initial recognition; ii) contracts that do not have a significant possibility of subsequently becoming onerous; and iii) remaining contracts in the portfolio. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty related to insurance contracts.

IFRS 17 provides that an entity recognises income as it provides insurance services (rather than when it receives premiums) and 3 | Amendments to Standards and New Standards effective on or after 1 January 2023 provides information about the insurance contract earnings that the entity expects to recognise in the future.

IFRS 17 establishes three measurement methods for accounting for different types of insurance contracts: i) the General measurement model ("GMM"); ii) the Premium Allocation Approach ("PAA"); and iii) the Variable Fee Approach ("VFA").

When applying IFRS 17, entities shall disclose qualitative and quantitative information about: a) the amounts recognised in its financial statements relating to insurance contracts; b) the significant assumptions and changes in assumptions used in applying IFRS 17; and c) the nature and extent of risks arising from insurance contracts.

IFRS 17 is applied retrospectively with exemptions provided for the transition date.

Regulation of Endorsement by the European Union Regulation (EU) No. 2021/2036, of November 19th.

Effective date: Annual periods beginning on or after January 1, 2023.

IAS 12 - ‘Deferred tax related to assets and liabilities associated with a single transaction’

IAS 12 now requires entities to record deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences.

The subject transactions relate to the registration of:

- i) Assets under right of use and lease liabilities;
- ii) Provisions for dismantling, restoration, or similar liabilities with corresponding amounts recognised as part of the cost of the related asset when, at the date of initial recognition, they are not relevant for tax purposes.

These temporary differences are not within the scope of the exemption of initial recognition of deferred taxes.

The cumulative effect of the initial application of this amendment is recognised as an adjustment to the opening balance of results brought forward (or other component of equity, as appropriate) of the earliest comparative period presented.

European Union Endorsement Regulation (UE) No. 2022/1392, from August 11th.

Effective date: Annual periods beginning on or after January 1, 2023.

IFRS 17 - ‘Initial application of IFRS 17 and IFRS 9 - comparative information’

This change applies only to insurance companies in their transition to IFRS 17, allowing the adoption of an ‘overlay’ in the classification of a financial asset for which the insurer does not apply retrospectively, under IFRS 9. The amendment aims to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, regarding the comparative information that must be presented on initial application of IFRS 17, and is expected:

- i) Its individual application for each financial asset;
- ii) The presentation of comparative information as if the classification and measurement requirements of IFRS 9 had been applied to the financial asset, however without the requirement to apply the impairment requirements of IFRS 9;
- iii) The obligation to use reasonable and supportable information available at the transition date to determine how the insurer expects that financial asset to be classified under IFRS 9.

European Union Endorsement Regulation (UE) No. 2022/1491, from September 8th

Effective date: Annual periods beginning on or after January 1, 2023.

Amendments to standards published by IASB not yet endorsed by the EU

IAS 1 - 'Non-current liabilities with covenants'

This amendment clarifies that liabilities are classified as current or non-current balances depending on the right that an entity has to defer their payment beyond 12 months after the financial reporting date.

If an entity expects, and has the right at the reporting date, to refinance or roll over a negotiated liability under a line of credit for at least twelve months after the reporting period, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

However, if the entity does not have the discretionary right to refinance or roll over (for example, there is no agreement to refinance), the entity should classify the liability as a current liability.

The amendment to IAS 1 clarifies that the covenants that an entity is obliged to comply with on or before the reporting date affect the classification of a liability as current or non-current, even if their verification by the creditor only occurs after the reporting date (e.g. when the covenant is based on the position of financial position on the reporting date).

When an entity classifies the liabilities resulting from financing contracts as non-current and those liabilities are subject to covenants, the disclosure of information that allow investors to evaluate the risk of these liabilities becoming repayable within 12 months is required, such as

- (a) the accounting value of the liabilities.
- (b) the nature of the covenants and the dates on which they are to be met; and
- (c) facts and circumstances indicating that the entity may have difficulties in complying with the covenants by the due dates.

This amendment is applied retrospectively.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after January 1st, 2024.

IFRS 16 - 'Lease liabilities in sale and leaseback transactions'

This amendment to the leases standard introduces guidelines on the subsequent assessment of lease liabilities, related to sale and leaseback transactions that qualify as "sale" in accordance with the principles of IFRS 15 Revenue from Contracts with Customers, having greater significance when some or all of the lease payments are variable lease payments that do not depend on an index or rate.

When subsequently assessing lease liabilities, seller-lessees should determine the 'lease payments' and 'revised lease payments' so that they will not recognise gains/(losses) on the right-of-use they retain.

This amendment is applied retrospectively.

European Union Endorsement Regulation Pending endorsement.

Effective date Annual periods beginning on or after January 1st 2024.

Basis of preparation of the financial statements

Caravela's Financial Statements as at December 31st, 2022 have been prepared in accordance with the provisions of the Plan of Accounts for Insurance Companies (PCES), approved by Regulatory Standard no. 10/2016-R, of September 15, from the Supervisory Authority for Insurance and Pension Funds (ASF).

The figures in the Balance Sheets accounts and Profit and Loss Account for the years 2022 and 2021 are comparable to each other, and the Financial Statements are prepared in accordance with International Financial Reporting Standards (IAS/IFRS) adopted by the European Union, with the exception of IFRS 4 - Insurance Contracts, in which only the principles of classification of the type of insurance contracts were adopted.

Income and expenses are recognised in the financial year to which they refer, regardless of the date in which they were paid or received, in accordance with the accrual accounting principle. The Financial Statements have been prepared in accordance with the historical cost principle, except for available-for-sale financial assets and investment properties, which are registered at fair market value.

Given the fact that direct insurance premiums are recognised as income at the time of issue or renewal of the corresponding policy, and claims are registered upon their reporting, certain accruals are undertaken in accordance with the accounting policies specified below, that have been applied consistently for the periods indicated.

3.1. Cash and cash equivalents and demand deposit

In the Cash Flow Statement, the amounts registered in the Balance Sheet, which include cash value and cash equivalents available in banks, are easily convertible into cash.

3.2. Financial instruments**3.2.1. Available-for-sale financial assets**

Caravela classifies its financial assets at the time of their initial recognition and according to their purpose, particularly in 'Available-for-sale financial assets'. The Company intends to hold these assets indefinitely and not classified them as held-to-maturity investments.

Such assets are initially recognized at fair value, including transaction costs, and subsequent changes in fair value are recognized in the Revaluation Reserve in equity.

The fair value corresponds to the value at which these assets can be traded under normal conditions of active markets.

In accordance with IFRS 13, financial assets can be valued at fair value according to one of the following levels:

- Level 1 - Fair value determined directly with reference to an active official market.

- Level 2 - Fair value determined using valuation techniques based on observable prices in current markets for the same financial instrument.
- Level 3 - Fair value determined using valuation techniques that are not based on observable prices in tradable current markets for the same financial instrument.

The Company's financial assets are spread across Levels 1 and 3.

At the time of disposal or recognition of impairment, changes in fair value are registered in costs or income for the financial year against shareholders' equity.

The Company adopts the criteria of recognition of impairment whenever there is a continuous devaluation of more than 180 days or a devaluation of significant value, when above 30% of the respective price, in the case of capital instruments.

In debt instruments, impairment is recognized when there is a significant financial difficulty of the issuer, becoming probable bankruptcy proceedings or a breach of contract due to default in interest or capital payments.

Impairment losses on equity instruments cannot be reversed, and thus any potential gains arising after the recognition of impairment losses are registered in the Revaluation Reserve. When potential losses are subsequently calculated, impairment is considered, which shall be taken into account in the income statement.

Interest on debt instruments is recognized in the income for the year and is specialized according to the time elapsed up to the end of the year, being calculated by the effective rate method and registered in Income, where dividends from equity instruments are also recognised when the Company's right to receive them is known.

3.2.2. Loans and Accounts receivable

It comprises unquoted financial assets in an active market, including fixed-term deposits in credit institutions, allocated to insurance contracts, initially recognized by their fair value which correspond to their nominal value, and the loans granted.

The balance of the item Other Deposits and Loans Granted on December 31st, 2022, by maturity, is as follows:

U:Euro

Other Deposits and Loans Granted	Start	Expiry Date	Term (days)	Amount*
Term Deposit:				
Millennium BCP	19.11.2022	19.11.2023	365	598 618
Banco Carregosa	19.01.2022	19.01.2023	365	245 632
Bankinter	26.12.2022	25.06.2023	180	2 000 000
Bankinter	28.04.2022	27.04.2023	365	5 190
				2 849 440
Loans Granted:				
Supplementary Capital Contributions COLMENA				49 700
Supplementary Instalments of the Group YOUR FINANCE				354 118
				403 818
				3 253 258

* - Includes accrued interest

3.2.3. Financial liabilities

The Company classifies an instrument as a financial liability when there is a contractual obligation to settle it.

Financial liabilities consist of deposits received from reinsurers and operating lease transactions in accordance with IFRS 16, which came into effect on 01.01.2019.

These liabilities are derecognised when they are settled or extinguished, and had the following breakdown, by year:

	<i>U:Euro</i>	
	2022	2021
Deposits received from Reinsurers		
Premiums	0	0
Claims	1 362 595	529 947
	1 362 595	529 947
Operating Lease (IFRS 16)		
Transport Equipment	191 900	161 662
Leased Buildings	866 801	1 216 521
	1 058 701	1 378 183
Total Balance	2 421 295	1 908 130

3.3. Land and Buildings

3.3.1. Investment properties

During the current financial year the Company acquired a building located at Rua Ernesto Melo Antunes, nº 7 a 7C, nº 8 a 8F, nº 10 a 10B and nº 14 a 14B, in Amadora, made up of fifty eight independent units, for the total purchase price of 10,374,309 euros.

The Company now owns three properties, comprising seventy-seven units, classified as income properties, valued in accordance with IAS 40, and for this reason are not depreciated.

3.4. Other tangible and intangible assets

At the time of the initial recognition of these assets, Caravela capitalizes the purchase value and the expenses incurred which are required so that assets shall be placed in service, in accordance with IAS 16.

Tangible assets useful life varies according to the expected time to achieve future economic benefits. These assets are gradually depreciated during those periods.

Costs incurred in the acquisition of intangible goods (software), as well as the expenses of their implementation, are also capitalised and depreciated on a straight-line basis over the expected useful life of three years, and for a period of six years for acquisitions occurring from 2015 onwards.

Software maintenance costs, when incurred, are directly recognised in Results as financial year costs.

Such goods are reversed at the time of disposal or when they cease to produce economic benefits, and profit or loss are directly recognised in the Income statement.

The Company verified a possible impairment loss of this type of goods, according to the terms of IAS 36 and IAS 38 and concluded that this group of goods is duly valued to the date of the financial year closure, continuing to provide the expected economic benefits.

3.5. Profit Tax

The Company is subject to Corporate Income Tax at the rate of 21% plus 1.5% of Local Tax, current tax calculated based on taxable income for the financial year and after deduction of tax losses calculated in previous financial years and subject to such deduction.

To the accumulated rate of 22.5% of Corporate Income Tax an additional 3% charge is added corresponding to the state tax, under the terms of Law 66-B/2012, of December 31, which is the percentage that corresponds to the bracket of taxable income of Caravela (over 1,500,000.00 euros and under 7,500,000.00 euros).

As taxable profit usually differs from the accounting result, deferred taxes with effect on payable or recoverable tax in subsequent years and which correspond temporary taxable differences or deductible between the balance sheet values and tax base are calculated. Such deferred taxes are usually calculated at the rate in force on the balance sheet date.

The deferred tax in the Company corresponds to net gains and impairment of available-for-sale financial assets.

3.6. Employee Benefits

Defined Benefit Pension Plan

In this Pension Plan there is only one retired former administrator who receives a retirement pension.

Further information is disclosed in note 19.

Defined Contribution Pension Plan

The financing vehicle of this Plan is 'Zurich Life Open Pension Plan for Companies' of Zurich Vida, S.A. (Fund No. 287), which covers all the Company's employees in a homogeneous manner since the 2019 financial year.

This Fund is now constituted under the terms of the Company Agreement and, as a result, the employees who were not included in this Plan have been covered by it since January 1, 2019.

Additional information is also disclosed in note 19.

Service Award

According to clause 42 of ACT 2016, published in the Bulletin of Work and Employment no. 4, of January 29, verified the requirements mentioned in clause no. 42 of ACT 2016, whenever the employee, completes one or more multiples of five years of service in the Company, is entitled to receive a single premium corresponding to 50% of his monthly salary, in monetary expression, or in kind (granting of days of leave with pay).

3.7. Technical Reserves for Direct Insurance and Ceded Reinsurance

The following paragraphs describe the Technical Provisions of the Non-Life:

3.7.1. Direct Insurance Unearned Premiums Reserve

The reserve for unearned premiums is based on the assessment of premiums written before the end of the financial year that expire after that date. It is intended to cover the risks undertaken by the Company from the end of the financial year until the expiry of the corresponding insurance contracts, reaching a total of 30,063,564 euros before deducting deferred acquisition costs (in 2021 the amount of this reserve was 28,058,634 euros).

The reserve is calculated by using the *pro-rata temporis* method applied to each premium written for each existing contract and for all lines of business, deducted from acquisition costs also attributable to subsequent years in the same proportion as the premiums.

3.7.2. Direct Insurance Claims Reserve

The claims reserve corresponds to the estimated amount of claims charges resulting from insurance contracts, whether declared or not on the closing date, and which are outstanding, including estimated liability for claims incurred during the period but not reported (IBNR), or already reported but insufficiently reserved (IBNER). It also includes administrative costs to be incurred with future settlement of claims in management or not yet reported.

These reserves are reviewed on a regular basis as the Company's liabilities are settled to maintain an adequate provisioning level or to be compatible with existing liabilities.

Its estimated amount in the financial year was 103,147,553 euros, compared to 76,607,071 euros in 2021; this amount includes 593,960 euros (478,630 euros in 2021) of future expenses reserve with occurred claims management.

3.7.3. Unexpired Risks Reserve

Unexpired Risks Reserve corresponds to the necessary amount to cover possible compensation and charges likely to arise after the end of the financial year, which exceed the amount of unearned and future premiums on existing contracts at the date of the financial statements.

The amount of the said reserve is equal to the product of the gross written premiums total attributable to future financial years (unearned premiums) and unpaid premiums on existing contracts, by the total of claims, expenses, and yield ratios, subtracting investments ratio, deducted from a unit and the unexpired risks reserve is created and/or uplifted whenever the total of the ratio exceeds '1'.

The Company recorded €27,631 of reserve for unexpired risks in the financial year (in 2021 the value of this provision was nil).

3.7.4. Equalisation Reserve

This reserve is set up to address the risk of Earthquakes in insurance lines of business where, due to their nature, high disturbances are expected: Fire, Multi-Risk, Housing, and Commercial and Associative Activities.

It is calculated by applying a risk factor, defined by the Supervisory Authority for Insurance and Pension Funds, for each seismic area, to the capital retained by the Company.

The amount recorded for this reserve at the end of 2022 was €342,208, which compares with €303,116 in 2021.

3.7.5. Mathematical Reserve

Mathematical reserves determine the current value of the Company's future liabilities, which are calculated based on actuarial methods, under the laws in force.

3.7.6. Technical Reserves of Ceded Reinsurance

It comprises the Reserves for Claims and Unearned Premiums Reserve, determined by applying the criteria described above for direct insurance, considering the types of treaty reinsurance and the conditions therein expressed, such as yielding percentages and other clauses, and corresponds to the reinsurers share of responsibility in the total responsibilities of the Company.

3.8. Adjustments and Accruals

3.8.1. Adjustments for Receipts to be Collected

The purpose of the adjustments carried out was reduce the total amount of the premiums to be collected to the estimated realisable value.

Receipts issued but not collected at the end of the year are included within the item 'Accounts Receivable from Direct Insurance Operations' and the adjustment amount is shown to be deducted from the assets of the balance sheet.

The payment scheme for insurance premiums provided for in the Legal Framework for Insurance Contract approved by DL no. 72/2008 of April 16, amended by Law no. 147/2015, of September 9, determines that the non-payment of the initial premium on the due date, or the initial fraction, implies the automatic termination of the contract with effect from the date of its conclusion. It further determines that the non-payment in subsequent annuities precludes the renewal of such contracts, with the result that these premiums are written off when they have not been collected.

The year 2022 was a year of recovery from the high amount of adjustments to accounts receivable in the year 2021 due to the Covid-19 pandemic. This recovery allowed recording a decrease of 1,193,034 euros in the amount of adjustments of receipts pending collection. The amount of adjustments of receipts pending collection assessed in the 2022 financial year was 1,034,688 euros (2,227,722 euros in 2021), equivalent to 0.8% of gross premiums issued net of reversals and cancellations (1.9% in 2021).

3.8.2. Adjustments for Doubtful Credits

The overall balance of the items 'Insurance intermediaries' and 'Other debtors' decreased by 43,223 euros during the financial year, and therefore the overall amount of adjustments at the date of the Financial Statements is 90,612 euros (133,835 euros in 2021).

3.8.3. Deferred acquisition costs

Acquisition costs that are directly or indirectly related to the sale of insurance contracts are capitalised and deferred during the contract's validity.

At the end of the financial year, said costs totalled 5,459,896 euros (in 2021 they were 4,515,580 euros).

3.8.4. Agents and Brokers Commissions

These are represented by the amount contractually allocated to the agents and brokers, by the raising and collection of insurance premiums, and registered as a cost when processing premiums receipts.

This item includes the accrual of commercial incentive commissions payable to intermediaries in the first quarter of the following year, after the final calculation of results by intermediary, which is made at the beginning of the following year, and provided that the commercial production, claims, and collection targets set out in the protocols with the intermediaries are met.

The amount of production incentive commissions for 2022—payable to the agents and brokers within the first quarter of 2023—of 705,641 euros was recognised in the financial year.

3.8.5. Liabilities for holiday pay and holiday subsidy

Liabilities for holiday pay and holiday subsidy are included in the item 'Accruals and Deferrals' of the liability, corresponding to two months of remuneration and their charges, based on the year values plus planned increases. They are intended to recognise legal responsibilities at the end of the financial year, which are settled subsequently for services rendered by employees until December 31st, 2022.

3.8.6. Leases

The Company classifies lease agreements as finance leases or operating leases according to the underlying asset and the right of control over that asset.

Operations are classified as finance leases when the risks and rewards incidental to ownership of an asset have been transferred to the lessee, the financial charges being recognised in the income statement in the period to which they relate, and the amount of depreciation deducted from liabilities, all other lease transactions being considered as operating leases.

Caravela has concluded the following financial leasing contracts:

- two contracts in January 2018 with Banco BPI, relating to transport equipment (vehicles)—for a period of sixty months—at a variable interest rate of 1.375%;
- a contract in October 2019 with the rental company Mercedes-Benz Financial Services for the acquisition of a car—for a period of sixty months—at a variable interest rate of 3.8404%;
- a contract in January 2020 with Banco BPI, relating to transport equipment (one vehicle)—for a period of sixty months—at a variable interest rate of 1.43%.

Payments made under these leasing contracts are recorded by the Company in third party accounts, the amounts relating to the reimbursement of capital, and in costs the interest for the period to which they relate.

The aforementioned assets shall be subject to depreciation and the depreciation policy used is consistent with other depreciable assets held by the Company. The recognised depreciation is calculated in accordance with IAS 16.

With the entry into force of IFRS 16-Locations on January 1, 2019, the Company has the right to use an underlying asset against a liability for future payments associated with the use of that asset. IFRS 16 does not cover leasing contracts with a duration of less than 12 months or underlying assets with a value of less than USD \$5,000.

In the initial measurement the liability is recognized at the beginning of the operating lease contract at the present value of future payments, and the right to use the asset is measured at cost, at the same value as the liability.

In subsequent estimates the liability is measured using the effective interest rate method and the right of use (asset) depreciation is recognized.

The following tables reflect the impacts of the adoption of IFRS 16-Leases on the Company's accounts on the transition on 31.12.2022:

U: Euro

	Right of Use 31-12-2021	Financial Liabilities 31-12-2021	New Leases 2022	Depreciation year	Interest expenses	Amortisation Financial Liabilities	Right of Use 31-12-2022	Financial Liability 31-12-2022
Real Estate	1 178 398	1 216 521	21 270	375 874	10 610	370 990	836 021	866 801
Vehicles	158 741	161 662	139 724	108 663	6 745	109 487	189 802	191 900
	1 337 139	1 378 183	160 995	484 536	17 355	480 477	1 025 822	1 058 701

3.9. Breakdown of Other items in the Financial Statements

3.9.1. Other debtors by insurance operations

On December 31, 2022 and 2021 this item presented the following breakdown:

U:Euro

	2022	2021
Accounts receivable from direct insurance operations:		
Receipts to be collected:		
- Workers Compensation	1 811 379	2 462 865
- Fire and other damage	1 183 352	1 167 667
- Motor	3 063 457	5 013 498
- Other lines of business	617 155	1 024 240
	6 675 342	9 668 270
Claims Reimbursements:		
- Workers Compensation	637 497	543 669
- Fire and other damage	16 840	7 550
- Motor	3 586 161	2 984 459
- Other lines of business	111 937	118 862
	4 352 435	3 654 541
Agents and Brokers:		
- Current Accounts	1 709 547	1 515 964
- Receivable Comissions	49 333	66 030
	1 758 880	1 581 994
Coinsusers:		
- Current accounts	14 186	8 984
- Other balance	273	8 498
	14 458	17 482
Other:		
- Other balance	0	58
	0	58
Adjustments for receipts to be collected	-1 034 688	-2 227 722
Adjustments for doubtful credits	-90 612	-92 462
	-1 125 300	-2 320 184
	11 675 815	12 602 160
Accounts receivable from ceded reinsurance operations:		
Current accounts	3 976 754	1 033 420
Adjustments for doubtful credits	0	0
	3 976 754	1 033 420
Accounts receivable from other operations:		
Personnel	12 016	32 303
Workers Compensation Fund	7 170	5 292
Other sundry debtors	800 323	524 868
Adjustments for doubtful credits	0	-41 373
	819 509,66	521 090
Balance	16 472 079	14 156 670

On December 31, 2022, and 2021, receipts to be collected presented the following seniority:

	<i>U:Euro</i>	
	2022	2021
Up to 30 days	4 204 368	3 660 565
From 31 to 90 days	1 372 195	2 428 444
From 91 to 180 days	486 998	1 965 058
From 181 to 360 days	488 827	1 153 737
More than 360 days	122 953	460 466
Total	6 675 342	9 668 270

Receipts in collection for more than 30 days relate to business placed in co-insurance and insurance contracts entered into with public bodies and municipalities, which by their nature have special payment deadlines, as well as the effect of the Covid-19 pandemic, mentioned in note 3.8.1.

3.9.2. Other debtors by insurance operations

This item registered the following amounts as at December 31, 2022 and 2021:

	<i>U:Euro</i>	
	2022	2021
Accounts payable for direct insurance operations:		
Agents and Brokers:		
- Current accounts	813 366	745 040
- Payable comissions	127 431	493 283
	940 797	1 238 323
Coinsurers:		
- Current accounts	52 836	69 034
- Other balance	91	2 028
	52 927	71 062
Policyholders:		
- Insurance Reversals	422 659	476 993
- Premiums received in advance	5 145 522	4 002 455
	5 568 181	4 479 448
Others (claims reimbursements):	0	21 992
	6 561 905	5 810 825
Accounts receivable for ceded reinsurance operations:		
Current accounts	5 026 285	3 966 640
Accounts payable for other operations:		
Personnel	267	197
Suppliers	500 543	737 712
Other sundry debtors	423 024	45 317
	923 833	783 226
Balance	12 512 024	10 560 691

3.9.3. Accruals and deferrals

Accruals and deferrals in assets and liabilities on the 31st of December 2022 and 2021 were as follows:

	<i>U:Euro</i>	
	2022	2021
Deferred Expenses:		
Insurance	82 784	70 256
Rentals and Leases	53 047	14 540
IT Services	169 825	182 966
Other expenses	154 084	67 681
Total balance	459 741	335 442

	<i>U:Euro</i>	
	2022	2021
Income accruals:		
Rentals and Leases	255 921	0
Other	30 750	0
Total balance	286 671	0

	<i>U:Euro</i>	
	2022	2021
Expenditure accruals:		
Payable interest	0	0
Remuneration payable to personnel (holidays and allowance)	706 080	671 806
Charges on payable remuneration	173 800	166 309
Bonuses to be paid to personnel	0	0
Payable commissions	720 426	592 399
Other accruals	99 883	93 393
Total balance	1 700 189	1 523 907

	<i>U:Euro</i>	
	2022	2021
Deferred Income:		
Rentals and Leases	50 139	39 435
Total balance	50 139	39 435

The item 'Commissions payable', with an amount of 592,399 euros, regards intermediate commissions of 705,641 euros and 14,785 euros of investment banking commissions payable in 2023.

The item 'Other accruals', in the amount of 99,883 euros, includes the accruals of the year, supplies and external services.

3.9.4. Other income/expenditure/adjustments

The breakdown of other income, other expenditure and other adjustments on December 31, 2022 and 2021 is detailed on the following table:

U:Euro

	2022	2021
Income and non-current gains		
Debt recovery (previous years)	0	10 193
Others	10 235	26 649
Gains on Tangible Assets	21 657	0
	31 892	36 841
Income and financial gains		
Others	19 050	19 566
	19 050	19 566
Other non-technical income		
Others	1 304	216
	1 304	216
Expenses and non-current losses		
Donations	-2 811	-5 500
Patronage	-25 000	0
Fines and penalties	-534	-3 253
Various contributions	-2 372	-5 662
Others		
Tenant rentals (Covid-19)	0	-15 050
Powerful Caravel	-28 342	-73 077
Miscellaneous	-173	-30 898
	-59 233	-133 441
Expenses and financial losses		
Interest incurred	0	0
Others	-5 226	-7 134
	-5 226	-7 135
Adjustments		
for receipts to be collected	1 193 034	-1 515 671
for other debtors	1 850	15 531
	1 194 884	-1 500 141
	1 182 671	-1 584 092

3.9.5. Financial expenditure

The breakdown in the 2022 and 2021 financial years was as follows:

LINES OF BUSINESS/ LINES OF BUSINESS GROUPS	2022			2021		
	Technical Account	Non-technical Account	Total	Technical Account	Non-technical Account	Total
Investment expenses:						
Allocated costs	290 066		290 066	313 286		313 286
Other investment expenses	0		0	0		0
Total	290 066	0	290 066	313 286	0	313 286

4. Nature and extent of items and risks arising from insurance contracts and reinsurance assets

4.1. Amounts disclosed in the financial statements resulting from insurance contracts

4.1.1. Claims reserve

- a) The amount of Claims Reserve as of December 31, 2022, resulted from deterministic and stochastic methods related to the statistical treatment of runoff triangles which corresponds to the net compensation of reimbursements collected, with no costs allocated to the management of claims and gross reinsurance.
- b) Reserves amounts were obtained according to the following procedures:
 - Without deflating the amounts of compensations already paid, i.e. without placing their 2022 costs;
 - Not considering the discounted value of future payments, nor its growth due to inflation.
- c) In small lines of business, provisioning is carried out on a case-by-case basis based on the information contained in the claim and expert reports.
- d) In the Workers Compensation line of business, there is a mathematical reserve that registers the Company's liability for claims occurring up to December 31, 2022, and involves pension payments already approved by the Labour Court or with a conciliation agreement already done. Said reserve also registers the estimation of liabilities with presumed incapacities resulting from claims that are awaiting agreement or decision.

In accordance with the principle of prudence used by the Company, the TV 88/90 life table continued to be used to calculate the Mathematical Reserve, with a technical interest rate of 2.50% (2.15% in 2021) and 3% of management charges.

The remission of Pensions for Workers Compensation is calculated by the TD 88/90 life table, with a technical interest rate of 5.25%, according to the Ordinance No. 11/2000, of January 13, including 1% of management charges.

The IBNR reserve, pensions only, is calculated according to the number of pensions of the injured persons, excluding death pensions, since such claims are known immediately.
- e) In addition, the Lifetime Assistance Reserve is calculated according to the TV 88/90 life table with 3% of charges and the technical interest rate of 2.50% (2.15% in 2021), with a growth rate of 2% added to average lifetime costs against future inflation.
- f) Balance sheet claims reserve is increased from the claims reserve management expenses, where deterministic models are applied to run off triangles of paid amounts with claims management expenses. Costs allocation by year of occurrence and year of payment is made through the number of claims under management in the year.
- g) The amount of the total unreported claims reserve (IBNR) was estimated according to the number of claims incurred each year and, according thereto, a deterministic model is applied to estimate the total number of expected claims, per year of occurrence and thus obtaining the claims that will be reported in referring to years of occurrence already elapsed.

Based on these numbers of expected IBNR situations and the total estimated cost of claims per year of occurrence, the amount of the desirable IBNR reserve is found.
- h) The case-by-case amount of the claims reserve declared in the financial year has been increased to cope with any unforeseen shortcomings (IBNER).

The development of the direct insurance claims reserve related to claims occurring in financial years prior to 2022 and its readjustments in the year ended as at December 31, 2022 can be found in the Appendix 2 of this report.

The breakdown of the claims reserve (not including management costs) for the years 2022 and 2021 is shown below:

U:Euro

LINES OF BUSINESS/ LINES OF BUSINESS GROUPS	2022			2021		
	Declared	Undeclared	Total Balance	Declared	Undeclared	Total Balance
Workers Compensation:						
- Mathematical Reserve	11 911 177	33 189 810	45 100 988	11 319 773	22 788 058	34 107 831
- Lifetime Assistance Reserve	751 613	107 159	858 772	634 657	43 215	677 873
- Other Benefits Reserve	9 049 862	625 917	9 675 779	6 815 373	439 708	7 255 081
	21 712 652	33 922 886	55 635 539	18 769 804	23 270 981	42 040 785
Other Insurance:						
Personal Accidents and Passengers	598 672	41 608	640 280	165 144	27 433	192 577
Health	0	0	0	0	0	0
Fire and Other Dmgage	4 656 218	4 948 655	9 604 873	1 936 965	2 288 305	4 225 269
Motor	31 036 454	2 328 350	33 364 804	25 089 757	2 148 382	27 238 139
Marine, Aviation and Transports	169 907	818	170 725	192 390	1 815	194 206
Transported Goods	20 070	5 435	25 504	36 309	8 958	45 267
Third Party Liability	1 095 717	364 983	1 460 700	992 835	353 309	1 346 144
Credit and Guarantee	0	0	0	0	0	0
Miscellaneous:						
- Legal Protection	18 723	1 098	19 821	7 971	232	8 203
- Assistance	1 628 217	3 131	1 631 348	835 740	2 110	837 850
	39 223 977	7 694 077	46 918 055	29 257 112	4 830 543	34 087 656
Total	60 936 629	41 616 964	102 553 593	48 026 916	28 101 525	76 128 440

Liabilities do not include the costs charged to the claims management and are not deducted from the reimbursements issued.

The assigned reinsurance claims reserve and the respective annual change in profit and loss account is analysed as follows:

U:Euro

LINES OF BUSINESS/ LINES OF BUSINESS GROUPS	Balance Sheet Statement		Gains and Losses Changes	
	2022	2021	2022	2021
Accidents and Health	31 902 349	23 747 351	8 154 999	5 546 208
Fire and Other Damage	8 351 691	3 570 292	4 781 400	1 773 550
Motor:				
Third party liability	4 534 902	2 397 776	2 137 126	132 863
Other Coverage	946 618	1 173 181	-226 562	-898 400
Marine and Transports	113 953	135 944	-21 991	88 630
Transported Goods	17 853	31 687	-13 834	-13 767
Third Party Liability	256 882	256 882	0	26 298
Miscellaneous	0	0	0	0
Total	46 124 249	31 313 113	14 811 137	6 655 382

The costs of direct insurance claims, reported as of December 31, 2022, are detailed in Appendix 3.

Costs with net claims for reinsurance can be analysed, as shown in the following table, as of December 31, 2022 and 2021:

U:Euro

LINES OF BUSINESS/ LINES OF BUSINESS GROUPS	2022			2021		
	Paid Claims	Reserve Changes	Overall cost	Paid Claims	Reserve Changes	Overall Cost
Direct Insurance:						
Workers Compensation	17 758 662	13 592 978	31 351 640	13 224 683	8 901 076	22 125 759
Personal Accidents and Passengers	622 329	453 059	1 075 389	295 134	-173 517	121 617
Health	0	0	0	0	0	0
Fire and Other Damage	4 736 765	5 370 538	10 107 303	4 777 041	1 957 941	6 734 982
Motor	47 344 254	5 524 089	52 868 343	40 558 666	4 943 465	45 502 131
Marine, Aviation and Transports	17 810	-19 875	-2 065	59 067	130 117	189 184
Transported Goods	85 602	-13 756	71 846	84 562	-13 369	71 193
Third Party Liability	623 442	105 648	729 091	565 602	-86 593	479 009
Credit and Guarantee	0	0	0	0	0	0
Miscellaneous:						
- Legal Protection	29 729	11 617	41 347	26 179	2 333	28 511
- Assistance	5 309 017	796 297	6 105 314	4 514 336	83 052	4 597 388
	76 527 612	25 820 595	102 348 207	64 105 270	15 744 505	79 849 775
Ceded Reinsurance:						
Workers Compensation	-4 542 261	-8 156 342	-12 698 603	-3 968 391	-5 614 960,55	-9 583 352
Personal Accidents and Passengers	-253	1 343	1 090	-61 217	68 752,45	7 535
Health	0	0	0	0	0	0
Fire and Other Damage	-3 469 459	-7 613 391	-11 082 851	-3 507 188	-1 529 452	-5 036 640
Motor	-4 119 838	-1 910 564	-6 030 401	-4 214 847	765 537	-3 449 311
Marine, Aviation and Transports	-12 009	24 766	12 757	-40 877	-156 125	-197 002
Transported Goods	-58 407	27 206	-31 201	-56 583	26 935	-29 648
Third Party Liability	0	0	0	-14 853	-26 298	-41 150
Credit and Guarantee	0	0	0	0	0	0
Miscellaneous:						
- Legal Protection	0	0	0	0	0	0
- Assistance	0	0	0	0	0	0
	-12 202 227	-17 626 982	-29 829 209	-11 863 957	-6 465 610	-18 329 567
Net Total	64 325 384	8 193 613	72 518 998	52 241 313	9 278 895	61 520 208

Claims costs are stated net of received/issued reimbursements and include charged claims management costs.

4.1.2. Unearned premiums reserve

The breakdown of unearned premiums reserve of direct insurance and ceded reinsurance is as follows:

Direct insurance:				
LINES OF BUSINESS/ LINES OF BUSINESS GROUPS	Calculated Amount	Deferred acquisition costs	U:Euro	
			Balance value 2022	Balance value 2021
Accidents and Health	1 709 410	439 928	1 269 482	1 030 186
Fire and Other Damages	5 402 679	1 440 799	3 961 881	3 546 915
Motor:				
Third party Liability	12 024 319	1 895 787	10 128 532	9 838 097
Other Coverages	7 652 315	1 284 477	6 367 839	6 416 063
Marine and Transports	71 466	10 697	60 769	58 458
Transported Goods	47 110	8 245	38 865	29 786
Third Party Liability	484 526	102 348	382 178	326 456
Miscellaneous	2 671 738	277 615	2 394 122	2 297 092
Direct Insurance Total	30 063 564	5 459 896	24 603 667	23 543 054

Ceded reinsurance:

U:Euro

LINES OF BUSINESS/LINES OF BUSINESS GROUPS	Calculated Amount	Deferred acquisition costs	Balance value 2022	Balance value 2021
Accidents and Health	91 237	7 372	83 865	83 865
Fire and Other Damages	3 453 046	896 379	2 556 667	2 556 667
Motor:				
Third party Liability	5 441	0	5 441	5 441
Other Coverages	10 493	0	10 493	10 493
Marine and Transports	48 041	16 648	31 393	31 393
Transported Goods	23 797	8 328	15 469	15 469
Third Party Liability	0	0	0	0
Miscellaneous	76	27	49	49
Total Ceded Reinsurance	3 632 131	928 753	2 703 378	2 703 378

4.1.3. Total Technical Reserves

In the following tables, the development of technical reserves of direct insurance and ceded reinsurance of the Company can be verified during the years under review.

U: Euro

Technical Reserves of Direct Insurance	Calculated Amount	Deferred acquisition costs	Balance 2022	Balance 2021	Change
Unearned premiums reserve					
Accidents and Health	1 709 410	439 928	1 269 482	1 030 186	
Fire and other Damage	5 402 679	1 440 799	3 961 881	3 546 915	
Motor:					
Third party Liability	12 024 319	1 895 787	10 128 532	9 838 097	
Other Coverage	7 652 315	1 284 477	6 367 839	6 416 063	
Marine and Transports	71 466	10 697	60 769	58 458	
Transported Goods	47 110	8 245	38 865	29 786	
Third Party Liability	484 526	102 348	382 178	326 456	
Miscellaneous	2 671 738	277 615	2 394 122	2 297 092	
Subtotal	30 063 564	5 459 896	24 603 667	23 543 054	1 060 613
Equalisation Reserve			342 208	303 116	39 092
Claims Reserve					
Accidents and Health:					
Mathematical Reserve			45 100 988	34 107 831	
Lifetime Assistance			858 772	677 873	
Other Services			10 689 623	7 728 254	
Fire and other Damage			9 625 116	4 245 039	
Motor:					
Third Party Liability			27 350 556	21 994 210	
Other Coverage			6 191 820	5 408 439	
Marine and Transports			170 774	194 260	
Transported Goods			25 900	45 802	
Third Party Liability			1 482 835	1 359 309	
Miscellaneous			1 651 169	846 053	
Subtotal	0	0	103 147 553	76 607 071	26 540 482
Unexpired Risks Reserve					
Accidents and Health			27 631	0	
Fire and other Damage			0	0	
Motor:					
Third Party Liability			0	0	
Other Coverage			0	0	
Marine and Transports			0	0	
Transported Goods			0	0	
Third Party Liability			0	0	
Miscellaneous			0	0	
Subtotal	0	0	27 631	0	27 631
Total	30 063 564	5 459 896	128 121 059	100 453 241	27 667 818

U:Euro

Technical Reserves of Ceded Reinsurance	2022	2021
Unearned premiums reserve	3 055 519	2 703 378
Claims reserve:		
Reported claims	31 490 540	21 258 529
Unreported claims (ibnr)	14 633 710	10 054 584
	46 124 249	31 313 113
Total of technical reserves of ceded reinsurance	49 179 769	34 016 490

4.2. Nature and Extent of Specific Insurance Risks

The specific insurance risk corresponds to the risk inherent in the trading of insurance contracts, associated to product design and their pricing, to the underwriting process, liabilities provisioning, and claims and reinsurance management.

In Non-Life insurance, the specific risk of insurance includes, among others, premiums, reserves, and catastrophic risks.

The underwriting, provisioning, and reinsurance processes are duly documented with respect to the main activities, risks and controls.

In summary, the most important control mechanisms are:

- ⇒ Delegation of Competencies formally defined for different processes;
- ⇒ Segregation of functions between the areas that carry out risk analyses and calculate tariffs;
- ⇒ Limited access to different applications according to their user profile;
- ⇒ Documentation scanning in issuing processes and claims management;
- ⇒ Procedures of case-by-case cross-checks.

The level of claims reserve is monitored monthly, with quarterly reviews to all claims processes, being implemented stochastic assessment models to fill insufficient reserves.

Caravela practices a policy of ceded reinsurance based on proportional and non-proportional treaties. The reinsurance structure in 2022 consists of proportional treaties (Share and Surplus) and non-proportional treaties (Excess of Losses and Catastrophic Coverage), as shown in the following table:

Line of Business	Type of Reinsurance
Workers Compensation	Excess of loss (XL) and Proporcional
Personal Accidents	Excess of loss (XL) and Proporcional
Health	Fronting
IDD	Share
IDD and Engineering (Natural Hazards)	Excess of loss (XL)
Engeneering	Share
Harvests	Share
Motor	Excess of loss (XL) and Proporcional
Marine and Transports	Share
Transported Goods	Share
Report and Accounts - General	Excess of loss (XL)

4.3. Nature and Extent of Market, Credit, Liquidity and Operating Risks

Market Risk

Market risk consists of risk of loss or adverse movements in the value of assets related to changes in the market prices of financial instruments.

This risk includes exchange rate, stock, real estate, interest, spread, and concentration risks.

The Investment policy defines the guiding principles for prudent investment management as well as monitoring and reporting activities.

In order to assure an adequate risk management, portfolio exposure limits were set out based on 6 specific criteria:

- Asset class;
- Type of issuer (legal form);
- Rating level;
- Activity sector;
- Geographical area;
- Concentration by issuer.

Exchange rate risk

Exchange rate risk is caused by the volatility of exchange rates against the Euro. The exposure to this risk, which was non-existent in 2021, had a strong increase due to the acquisition of a strategic stake in pounds (GBP). The capital requirement is as follows:

Scenarios	U: Euro Capital Requirement	
	2022	2021
Schock of 25% in exposure to foreign currency	1 256 254	0

Stock Risk

Stock risk results from the instability of stock market prices, with equity securities being exposed to such risk, particularly investments funds totally or partially composed of said titles. The sensitivity analysis is described as follows:

Scenários	U:Euro	
	Capital Requirement	
	2022	2021
Shock in Shares Type I	0	0
Shock in Shares Type II	3 350 510	3 238 278

Real Estate Risk

Real estate risk results from the instability of real estate price market. In 2022, this risk had a relevant variation, as far as the capital requirement is concerned, since the assets exposed suffered a change, so the capital requirement is described as follows:

Scenários	U:Euro	
	Capital Requirement	
	2022	2021
Shock of 25% in property and real estate fund values	4 917 728	2 262 371

Interest rate Risk

Interest rate risk arises from changes in the temporal structure or the instability of interest rates. Assets (Bonds and Fixed-term Deposits) and liability (technical reserves, especially the mathematical reserve of Workers Compensation) are exposed to interest rate risk.

The capital scenario is described in the following table:

Assets	U:Euro	
	Effect on assets	
	2022	2021
Downward shock on the risk free interest rate curve	3 146 929	57 802
Upward shock on the risk free interest rate curve	-3 414 168	-2 865 541

Liabilities	U:Euro	
	Effect on liabilities	
	2022	2021
Downward shock on the risk free interest rate curve	3 173 237	493 277
Upward shock on the risk free interest rate curve	-3 262 976	-2 621 482

	Δ NAV Down	26 308	435 475
	Δ NAV Up	151 192	244 059
	Mktint	151 192	435 475

Spread Risk

The spread risk consists of unexpected losses caused by the depreciation of credit quality or default of a business partner, reflecting the instability of credit spreads along the risk-free of interest rates curve. The securities exposed to this risk are mainly corporate bonds and fixed-term deposits.

Assets with direct exposure to spread risk have the following profile:

U:Euro

Rating	2022			2021		
	% exposure	Period	Capital requirement	% exposure	Period	Capital requirement
AAA	5%	4,3	89 057	2%	2,8	18 603
AA	20%	3,8	378 563	21%	5,0	490 847
A	46%	3,6	1 064 265	39%	3,4	1 042 362
BBB	28%	2,5	875 480	39%	2,7	1 316 108
BB	0%	0,0	0	0%	0,0	0
B	0%	0,0	0	0%	0,0	0
CCC or lower	0%	0,0	0	0%	0,0	0
Unrated	1%	10,0	70 651	1%	0,0	8 844
Total	100%	3,5	2 478 015	100%	3,4	2 876 764

Concentration Risk

Concentration risk refers to additional instability in a very concentrated portfolio. Portfolio distribution per activity sector can be analysed as follows:

U:Euro

Activity Sector	2022			2021		
	%	Exposure	Impairment	%	Exposure	Impairment
Communications	1%	1 813 493	0	1%	2 283 610	0
Consumption - Periodical	5%	9 992 138	0	5%	9 957 160	0
Consumption - Non-periodical	4%	6 467 902	0	2%	3 674 192	0
Financial	12%	22 836 154	0	9%	18 225 105	0
Funds	19%	34 506 428	0	24%	46 333 305	0
Governments	5%	9 363 857	0	7%	13 776 983	0
Services	7%	12 547 794	0	4%	7 379 329	0
Other	2%	3 665 088	0	2%	3 093 097	0
Total	55%	101 192 855	0	54%	104 722 781	0

The 10 largest securities, by issuer group, comprise:

U:Euro

Issuer Group	2022			
	Type of Asset	Rating	Exposure	Percentage
Public Debt Spain	OBG	A	2 558 640	2,1%
Banco Bankinter	CPZ	BBB	2 005 357	1,6%
Public Debt Belgium	OBG	AA	1 774 668	1,4%
Public Debt Portugal	OBG	BBB	1 754 370	1,4%
Credit Agricole Sa	OBG	A	1 298 847	1,0%
Bpce Groupe	OBG	AAA	1 109 583	0,9%
Public Debt Ireland	OBG	AA	1 045 708	0,8%
Ibm - International Business Machines Company	OBG	A	967 977	0,8%
Banque Federative Du Credit Mutuel	OBG	AA	965 214	0,8%
Merck Financial Services Gmbh	OBG	A	963 123	0,8%
Total			14 443 487	12%
Total investment portfolio			123 817 307	100%

U:Euro

Issuer Group	2021			
	Type of Asset	Rating	Exposure	Percentage
Public Debt Portugal	OBG	BBB	4 241 949	3,6%
Public Debt Spain	OBG	A	3 031 988	2,6%
Public Debt Belgium	OBG	AA	2 159 068	1,8%
Banco Bankinter	CPZ	BBB	2 005 190	1,7%
Credit Agricole Sa	OBG	A	1 482 902	1,3%
Public Debt Ireland	OBG	A	1 248 385	1,1%
Bp Capital Markets Plc	OBG	A	1 141 003	1,0%
Agence Française Développement	OBG	AA	1 096 870	0,9%
Schlumberger Finance Bv	OBG	A	1 052 211	0,9%
Wells Fargo & Company	OBG	BBB	1 043 086	0,9%
Total			18 502 652	16%
Total Investment portfolio			116 771 722	100%

Liquidity Risk

Liquidity risk arises from the possibility of the Company not holding assets with enough liquidity to meet the obligations to policyholders and other creditors as they mature.

For risk mitigation purposes, it should be noted that the Company has a monthly liquidity plan which is reviewed weekly and analysed daily.

The liquidity plan also aims at the financial investment of surplus capital, particularly in short and medium-term deposits to the safeguard of advanced mobilisation.

Whenever there are strong outflows, the Financial Management together with Investment Management, foresees liquidity needs.

Credit Risk

Credit risk consists of the risk of loss due to default or deterioration of counterparty credit levels which is mitigating existing risk, such as reinsurance contracts, receivable amounts by intermediaries, as well as other credit exposures that have not been considered in the spread risk.

The Company has control procedures to mitigate such risk regarding clients and agents, particularly the systematic monitoring the amounts and seniority of receivable receipts.

As far as reinsurers are concerned, they are carefully selected not only due to their economic and financial strength, but also to their technical capacity. An analysis is performed periodically to the development of the reinsurers' ratings.

Operating Risk

Operating risk is the risk of significant losses resulting from inadequacy or failures in processes, people or systems, or external events.

The following point, which refers to the internal control system, includes the operating risks with highest granularity.

The operational risk management aims to identify and know the risks that the Company faces and to monitor them in accordance with the tolerances set.

The methodological approach used follows three stages:

⇒ Identification and classification of risks

The identification of the risks is carried out through interviews with the officials in charge for the Company's main areas.

In these interviews the main top-down risks of the area will be identified and categorised according to ASF guidelines.

In addition to the risk category and subcategory, the Company defines the risk to which it is exposed, as well as the causes and consequences.

⇒ Control's assessment and its effectiveness

This assessment is very important for the correct identification of inherent and residual risks of each risk, being crucial to identify mitigation actions/additional controls to be carried out.

In order to calculate the impact and probability (inherent and residual), it is necessary to resort to a set of methods such as: data on internal losses; data on external losses; experience and intuition of risk owners.

⇒ KRI⁵ identification and action plans

KRI is related to a specific risk and is used as an alert for a possible change in probability and impact of a risk occurring.

After identifying and classifying the main top-down risks of the Company, the risks that will be subject to stress tests in the scope of the prospective self-assessment process are identified.

Such risks should reflect high impact and medium/low probability risks to ensure the use of budget variables to test their impact.

Internal control system

The internal control system comprises a set of means, behaviours, procedures, and actions adapted to its own characteristics and is intended to provide a reasonable assurance in achieving the Company's goals.

The main expected effects of an effective internal control system and operational management risk are:

- ⇒ Identify potential events that are likely to affect the achievement of the Company's goals, ensure treatment in case of risk occurrence, and anticipate actions to be taken;
- ⇒ Define a control system proportional to the risks that the organisation is willing to accept to increase its value;
- ⇒ Allow management to make clear decisions.

The Company follows the COSO Report⁶ definition and matrices.

The Company understands 'internal control' as a means of:

- ⇒ Controlling its processes;
- ⇒ Improving its activities;
- ⇒ Enhancing its competitiveness.

⁵ Key Risk Indicator

⁶ Committee Of Sponsoring Organisation of the Treaty Commission

Internal control must be done by all: Anyone active in the organisation must manage their risks and controls in the field of their activity.

From this perspective, the risks identified for each of the Company's activities (Macro processes) are formalised through a risk mapping.

- ⇒ Each compilation includes the Company's activities in processes and sub-processes;
- ⇒ For each sub-process, risk events are identified;
- ⇒ For each risk event a control objective is associated;
- ⇒ For each control objective, one or more examples of control activities are described in order to clarify the understanding of the control objective, if necessary.

For each control objective, officers must:

- ⇒ Describe the implemented control to provide a reasonable assurance regarding occurrence (frequency) and severity (cost) of the identified risk event;
- ⇒ And self-assess the effectiveness of the control through a questionnaire.

Self-assessment of the internal control system takes place in different stages:

- ⇒ Self-assessment campaign;
- ⇒ Description of control activities;
- ⇒ Self-assessment of control activities;
- ⇒ Action plans, if necessary;
- ⇒ Independent testing;
- ⇒ Test of effectiveness of controls (design and operational);
- ⇒ Recommendation, if necessary.

4.4. Impairment losses recognised and reversed regarding reinsurance assets

There were no impairment losses this financial year.

4.5. Qualitative information regarding premiums and reserves adequacy

Analysis to claims ratio and portfolio profitability are periodically performed, segmented by several variables as well as other actuarial studies to assess adequacy of the tariffs applied.

The aggregate ratio (division of all costs in the Technical Account by the total revenue detailed herein) is calculated for each line of business. Tariff's adequacy or inadequacy is measured to whether this ratio is lower or higher than 100%, completing the criterion by analysing the Unexpired Risks Reserve structure.

Tariff sensitivity analyses are also carried out as well as comparative studies with market practices. The adequacy analysis of technical reserves is carried out periodically through deterministic and stochastic methods, in addition to regular audits, namely case-by-case analysis of claim processes.

4.6. Qualitative and quantitative information on claims and expenses ratios, combined claims and expenses ratios, and operating ratio (resulting from the consideration of income from investments in different segments), calculated without reduction of ceded reinsurance

The claims reserve at the end of the financial year is 103,147,553 euros, compared to 76,607,071 euros in 2021.

The Company's overall claims ratio in 2022, calculated on the gross premiums written and before cost allocation, was 75.6% (66.1% in 2021) and 78.2% after cost allocation (68.6% in 2021)..

Claims ratio (per lines of business)	2022	2021
Workers Compensation	85,5%	74,7%
Personal Accidents	86,5%	11,2%
Health	0,0%	0,0%
Accidents/ Health	82,9%	70,0%
Fire / Other Damage	70,3%	59,9%
Motor	77,7%	70,3%
Other lines of business	74,9%	62,0%
Claims Ratio (1)	78,2%	68,6%

(1) - Including costs allocated to claims

The combined ratio (including reinsurance) shows the following composition as at December 31, 2022 and 2021:

Results analysis	2022	2021
Operational costs and expenditure / earned premiums	22,7%	24,0%
Claims costs/ earned premiums	75,2%	71,5%
Combined Ratio	97,9%	95,6%

4.7. Recoverable amounts in respect of amounts paid for claims arising from the acquisition of rights of the insured concerning third parties (subrogation) or obtaining legal ownership of insured goods (salvage)

The amount related to claims reimbursements on the last days of the years 2022 and 2021 was as follows:

Type of Reimbursement	U:Euro	
	Recoverable amount in 2022	Recoverable amount in 2021
Inventories/ Salvage	0	0
Other Policyholders/ Claims Reimbursement	4 352 435	3 632 549
Other Debtors/Creditors/Claims Reimbursements	0	0

The Company believes that the reimbursement amount is recoverable, and therefore concluded that there was no impairment in this financial year and no loss was registered.

5. Financial instruments (does not include investment contracts)

The Inventory of Holdings and Financial Instruments as at December 31, 2022 is presented in Appendix 1, of which the following summary is presented:

U: Euro

Financial Instrument	Balance value
Bonds and other fixed-income securities	
from public issuers	8 605 657
from other issuers	45 967 574
Equity holdings in subsidiaries, associates and other companies	11 190 511
Shares	493 867
Other variable-income securities	34 506 428
Total	100 764 037

Initial recognition and subsequent measurement

All financial instruments held by Caravela are open to negotiation in stock markets or on regulated markets, and are measured at fair value, except for the Prodis Thema Fund and Lehman securities which are measured by 0.00€ and 10.00€, respectively, as for these assets, impairments were recognized for default by issuers in 2010 and 2011.

At the time of purchase, available-for-sale financial assets are recognised at fair value (purchase price) added to the trading costs.

In subsequent assessments such assets are also registered at fair value and their corresponding changes are recognised in equity, within 'revaluation reserves for adjustments of fair value in available-for-sale financial assets'.

During the financial year of 2022, the Company recognised a negative change in equity amounting to -6,989,125 euros (in 2021, the change was negative amounting to -1.452.304 euros) in the fair value of investment portfolios, which is registered in the revaluation reserve.

Segmentation by categories

The Company's investment policy, specified in item 4 is in accordance with the rules and limitations established by the Supervisory Authority for Insurance and Pension Funds and the prudential diversification of investments is taken into consideration, ensuring its suitability to the responsibilities of Caravela in order to improve the risk/profitability interface.

The strategy and criteria for the management of investments is established annually by the Management and the implementation and performance are monitored monthly, in order to constantly adjust the investment portfolio to the specified goals.

During 2022, the undertaken activities adjusted the portfolio of financial assets to the strengthened prudential structure, in compliance with the previously outlined goal.

Financial instruments by category are composed as follows:

U:Euro

Financial Instrument	Fair Value 2022	%	Fair Value 2021	%
Holdings in subsidiaries and partners	11 190 511	10%	5000	0%
Shares, participation units and investment funds	35 000 295	32%	46 827 172	43%
Fixed-income securities	54 573 231	50%	55 813 342	52%
Variable income securities	0	0%	2 027 567	2%
Derivative instruments	0	0%	0	0%
Deposits with credit institutions	8 771 762	8%	3 054 157	3%
Other loans	428 818	0%	49 700	0%
Total	109 964 617	100%	107 776 938	100%

During this financial year the Company invested in two holdings in the amount of 5,524,882 euros and 5,665,629 euros, which, due to the synergies they bring in their type of business, were classified as strategic.

In accordance with the established rules, Caravela's financial assets continued to be mostly invested in the Euro Zone, as can be seen in the table below:

U:Euro

Securities portfolio	Fair Value 2022	%	Fair Value 2021	%
Eurozone	79 614 674	79%	89 854 938	86%
Portugal	13 367 316	13%	9 676 019	9%
Germany	4 908 393	5%	4 112 744	4%
Austria	743 562	1%	898 632	1%
Belgium	1 774 668	2%	2 159 068	2%
Spain	5 405 980	5%	5 566 983	5%
France	45 584 521	45%	57 985 767	55%
Ireland	1 045 708	1%	1 248 385	1%
Italy	595 278	1%	614 928	1%
Luxembourg	394 986	0%	811 314	1%
The Netherlands	4 372 623	4%	4 967 907	5%
Norway	545 840	1%	616 130	1%
Sweden	875 799	1%	1 197 061	1%
Outside Eurozone	21 578 181	21%	14 867 843	14%
Total	101 192 855	100%	104 722 781	100%

The following tables indicate the liquidity risk in which the Company may incur for not having access to all its financial assets at the time of fulfilling the commitments arising from insurance contracts, during the last 2 years and regarding investments in the bond market:

U:Euro

Financial Asset	Maturity as of 31.12.2022					Total
	< 6 months	< 1 year	< 3 year	< 5 years	> 5 years	
Public Debt	0	358 752	142 876	0	6 779 508	7 281 136
Fixed-rate bonds	1 015 858	3 569 524	11 016 030	20 104 375	11 586 309	47 292 095
Floating-rate bonds	0	0	0	0	0	0
Total	1 015 858	3 928 276	11 158 906	20 104 375	18 365 817	54 573 231

U:Euro

Financial Asset	Maturity as of 31.12.2021					Total
	< 6 months	< 1 year	< 3 year	< 5 years	> 5 years	
Public debt	307 481	2 027 567	387 452	160 153	8 296 978	11 179 631
Fixed-rate bonds	1 823 238	3 576 968	11 031 747	10 684 219	19 545 106	46 661 278
Floating-rate bonds	0	0	0	0	0	0
Total	2 130 718	5 604 535	11 419 199	10 844 372	27 842 085	57 840 909

The following table reveals the credit quality of the bond issuers, in accordance with the ratings outlined by external entities at the time of this analysis:

U:Euro

Bond rating	2022	%	2021	%
AAA	2 331 471	4%	1 024 297	2%
AA +	1 295 343	2%	898 632	2%
AA	4 095 857	8%	4 551 467	8%
AA -	9 423 748	17%	8 430 106	15%
A +	7 452 109	14%	6 590 434	11%
A	5 290 053	10%	5 640 202	10%
A -	11 456 770	21%	11 301 083	20%
BBB +	7 960 326	15%	8 126 378	14%
BBB	3 400 873	6%	8 787 491	15%
BB	0	0%	0	0%
BB +	0	0%	0	0%
BBB -	1 866 671	3%	2 490 810	4%
BB -	0	0%	0	0%
B +	0	0%	0	0%
CC	0	0%	0	0%
CCC	0	0%	0	0%
Unquoted	10	0%	10	0%
Total	54 573 231	100%	57 840 909	100%

The Company did not carry out any transactions in derivative contracts nor did it use repurchase transactions or stock lending during the year.

The Company followed the same criteria to recognise impairment of securities, mentioned in note 3.2.1., during this financial year, having been recorded as follows:

- For **equity instruments** the Company considers a continued devaluation when such devaluation lasts for over 180 days, or a devaluation of significant value when it surpasses 30% in its corresponding quoted value at the date of the balance sheet;
- For **debt instruments** the Company recognises impairment when there is significant financial difficulty of the issuer, increasing the likelihood of a bankruptcy proceeding or a breach of contract due to noncompliance with the interest or capital payments.

At the close of the financial year 2022, the segregation by the respective categories in 2022 and 2021 was as follows:

2022

U:Euro

Financial Asset	Acquisition Amount	Fair value	Reversal in Revaluation Res.	Accum. Impairment (Net of Reversal)
Public debt				0
Fixed-rate bonds	92 451	10	0	-92 441
Floating-rate bonds				0
Shares				0
Units of Investment Funds	699 937		-617 119	-82 818
Total	792 387	10	-617 119	-175 258

2021

U:Euro

Financial Asset	Acquisition Amount	Fair Value	Reversal in Revaluation Res.	Accum. Impairment (Net of Reversal)
Public debt				0
Fixed-rate bonds	92 451	10	0	-92 441
Floating-rate bonds				0
Shares				0
Units of Investment Funds	699 937		-615 572	-84 364
Total	792 387	10	-615 572	-176 805

The financial assets available for sale had the composition described on the following page at the end of each of the years in comparison:

2022
U: Euro

Financial Asset	Acquisition cost	Interest receivable	Amount before impairment	Accrued impairment	Net amount	Currency differences	Fair value reserve	Balance value *
Equity holdings in subsidiaries, associates and other companies								
Of Associates								
Of national issuers	5 524 882	0	5 524 882		5 524 882		0	5 524 882
Of foreign issuers	5 025 016	0	5 025 016		5 025 016	687 260	-46 648	5 665 629
	10 549 898	0	10 549 898		10 549 898	687 260	-46 648	11 190 511
Debt instruments								
Of public debt								
Of national issuers	2 236 679	3 232	2 239 911		2 239 911		-485 541	1 754 370
Of foreign issuers								
Spain	2 250 574	12 770	2 263 343		2 263 343		-300 515	1 962 829
Belgium	2 101 680	9 468	2 111 148		2 111 148		-336 480	1 774 668
Ireland	1 199 932	12 567	1 212 499		1 212 499		-166 791	1 045 708
Austria	900 276	432	900 708		900 708		-157 146	743 562
Of other public issuers								
Of national issuers	0	0	0		0		0	0,00
Of foreign issuers	1 476 599	14 416	1 491 015		1 491 015		-166 494	1 324 521
Of other issuers								
Of national issuers	99 989	1 556	101 545		101 545		-179	101 366
Of foreign issuers	50 602 975	265 196	50 868 170	-92 441	50 775 730		-4 909 522	45 866 208
	60 868 704	319 636	61 188 340	-92 441	61 095 899	0	-6 522 668	54 573 231
Equity instruments								
Of national issuers	3 671	0	3 671		3 671			3 671
Of foreign issuers	490 196	0	490 196		490 196		0	490 196
	493 867	0	493 867	0	493 867	0	0	493 867
Other instruments								
Share units								
Of residents	5 467 620	0	5 467 620		5 467 620		-208 762	5 258 859
Of non-residents	29 354 636	0	29 354 636	-82 818	29 271 818	0	-24 249	29 247 570
	34 822 256	0	34 822 256	-82 818	34 739 439	0	-233 010	34 506 428
Total	106 734 725	319 636	107 054 361	-175 258	106 879 103	687 260	-6 802 326	100 764 037

* - Includes interest receivable

Financial Assets available-for-Sale valued at Fair Value

2021
U: Euro

Financial Asset	Acquisition cost	Interest receivable	Amount before impairment	Accrued impairment	Net amount	Currency differences	Fair value reserve	Balance value *
Debt instruments								
Of public debt								
Of national issuers	4 259 991	4 799	4 264 790		4 264 790		-22 841	4 241 948,99
Of foreign issuers								
Spain	2 276 204	12 770	2 288 973		2 288 973		35 143	2 324 116,65
France			0		0		0	0,00
Germany	300 313	7 151	307 464		307 464		17	307 480,68
Belgium	2 117 323	9 468	2 126 791		2 126 791		32 277	2 159 068,49
Ireland	1 215 043	12 567	1 227 610		1 227 610		20 775	1 248 384,74
Austria	900 319	432	900 751		900 751		-2 119	898 631,51
Of other public issuers								
Of national issuers	0	0	0		0		0	0
Of foreign issuers	1 704 907	15 410	1 720 317		1 720 317		8 710	1 729 027
Of other issuers								
Of national issuers	99 956	1 556	101 513		101 513		2 614	104 126
Of foreign issuers	44 445 989	203 562	44 649 551	-92 441	44 557 111		271 014	44 828 124
	57 320 045	267 715	57 587 760	-92 441	57 495 319	0	345 590	57 840 909
Equity instruments								
Of national issuers	3 671	0	3 671		3 671			3 671
Of foreign issuers	490 196	0	490 196		490 196		0	490 196
	493 867	0	493 867	0	493 867	0	0	493 867
Other instruments								
Units								
Of residents	5 044 620	0	5 044 620		5 044 620		-92 797	4 951 823
Of non-residents	41 531 841	0	41 531 841	-84 364	41 447 476	0	-65 994	41 381 482
	46 576 461	0	46 576 461	-84 364	46 492 096	0	-158 791	46 333 305
Total	104 390 373	267 715	104 658 088	-176 805	104 481 283	0	186 798	104 668 081

* - Includes interest receivable

6. Cash and cash equivalents and demand deposit

Cash and demand deposits amounts registered in the balance sheet are in euro currency and are meant for short-term treasury payments.

All cash balance and its equivalents, as well as demand deposits in credit institutions, are available for use of the Company.

On December 31st, 2022 and 2021, the balance sheet item presents the following composition:

	<i>U:Euro</i>	
	2022	2021
Cash and equivalents		
Head Office	200	200
Other Offices	600	600
	800	800
Demand deposits	8 770 962	6 014 801
	8 771 762	6 015 601

The reconciliation of the amounts calculated in the Cash Flow Statement with the equivalent items reported in the Balance Sheet presents the following structure:

	<i>U:Euro</i>	
	2022	2021
Cash	800	800
Bank deposits available on demand	8 770 962	6 014 801
Other bank deposits available on demand	2 848 808	2 848 865
Cash and cash equivalents at the end of the year - Cah Flow Statement	11 620 570	8 864 465

7. Land and Buildings

As described in note 3.3.1, the Company owns the following income property, valued at fair value, in accordance with IAS 40:

	2022 <i>U: Euro</i>					
Real Estate	Acquisition Year	Acquisition Value	Sale Year	Sale Amount	Revaluation Year	Net Balance Amount
Of Income						
Campo Vinha Braga	2016	1 231 882			2021	1 234 000
Armazéns Tejo (includes acquisition expenses)	2021	7 817 602				7 817 602
Villa Park (includes acquisition expenses)	2022	10 374 309				10 374 309
Total		19 423 793				19 425 910

8. Other fixed tangible assets (except lands and buildings)

Tangible assets are valued at their historical purchase cost deducted from accumulated depreciations.

Repair and maintenance costs are not capitalised, and are directly recognised in results, when incurred.

Depreciations were calculated through the straight-line method based on annual rates accepted for tax purposes and which reflect the estimated useful life of the assets.

The movements registered in 2022 and 2021 were the following:

2022
U: Euro

ITEMS	Opening Balance		Increases		Transfers and Write-offs	Disposals	Depreciations of the Financial Year		Closing Balance (net amount)
	Gross Amount	Depreciations	Acquisitions	Revaluations			Uplift	Settlements	
Tangible Assets									
Administration equipment	247 592	247 592	10 130	0	3 028	0	10 130	3 028	0
Machines and tools	243 533	233 386	2 441	0	0	0	6 581	0	6 007
IT equipment	635 628	467 531	164 921	0	0	123 000	82 384	81 994	209 627
Indoor facilities	2 989	2 162	0	0	0	0	413	0	413
Transportation equipment	338 923	222 657	0	0	0	0	71 566	0	44 700
Hospital equipment	0	0	0	0	0	0	0	0	0
Other equipment	123 740	71 749	4 195	0	0	0	14 472	0	41 714
Operational lease	2 285 494	948 355	160 995	0	0	0	484 536	12 225	1 025 822
TOTAL	3 877 899	2 193 432	342 681	0	3 028	123 000	670 082	97 246	1 328 283

2021

ITEMS	Opening Balance		Increases		Transfers and Write-offs	Disposals	Depreciations of the Financial Year		Closing Balance (net amount)
	Gross Amount	Depreciations	Acquisitions	Revaluations			Uplift	Settlements	
Tangible Assets									
Administration equipment	247 592	247 592	0	0	0	0	0	0	0
Machines and tools	235 439	224 042	8 094	0	0	0	9 344	0	10 147
IT equipment	608 045	385 293	27 583	0	0	0	82 238	0	168 097
Indoor facilities	2 989	1 749	0	0	0	0	413	0	826
Transportation equipment	338 923	151 090	0	0	0	0	71 567	0	116 266
Hospital equipment	0	0	0	0	0	0	0	0	0
Other equipment	107 041	57 365	17 460	0	762	0	15 145	762	51 991
Operational lease	2 177 311	476 591	108 184	0	0	0	471 764	0	1 337 139
TOTAL	3 717 340	1 543 723	161 321	0	762	0	650 471	762	1 684 467

Caravela accepted the early termination of the leasing contract no. 6PBQTD5N, foreseen for 30.09.2023, entered into with IBM DEUTSCHLAND KREDITBANK GMBH - Branch in Portugal, as this entity ceased its activity in Portugal in 2022 and brought to Caravela's appreciation the early termination of the contract with a 10% discount proposal with the acquisition of the IT equipment, on this date.

Thus, the amount of 123,000 euros corresponds to the early termination of the contract which originated an accounting gain of 21,657 euros.

9. Allocation of investments and other assets

The Company has allocated its investments and other assets solely to insurance contracts in the years 2022 and 2021 as follows:

2022

U:Euro

INVESTMENTS AND OTHER ASSETS	Total
Cash and equivalents	8 771 762
Land and buildings	19 425 910
Invest. In subsidiaries, associated companies, and joint ventures	11 190 511
Financial assets held-for-trading	
Financial assets classified in initial recognition at fair value through profit and loss	
Hedging derivatives	
Financial assets available-for-sale	100 764 037
Loans and accounts receivable	2 849 440
Held-to-maturity investments	
Other tangible assets	1 328 283
Other intangible assets	3 438 511
TOTAL	147 768 455

2021

U:Euro

INVESTMENTS AND OTHER ASSETS	Total
Cash and equivalents	6 015 601
Land and buildings	9 049 484
Invest. In subsidiaries, associated companies, and joint ventures	5 000
Financial assets held-for-trading	
Financial assets classified in initial recognition at fair value through profit and loss	
Hedging derivatives	
Financial assets available-for-sale	104 668 081
Loans and accounts receivable	2 898 565
Held-to-maturity investments	
Other tangible assets	1 684 467
Other intangible assets	3 438 511
TOTAL	127 759 708

10. Tangible Assets

This item comprises software investment, which is amortised over 3 years through the straight-line method, as well as 10-year concession rights of the national trademarks 'Netagentes', 'Protegemos o Seu Futuro', 'Caravela Seguros', and 'Caravela', in the total amount of 4,414 euros, included in the item of other intangible assets.

For software purchases occurring since the financial year of 2015, the use of the amortisation method for a maximum period of useful life of 6 years was established.

These assets are valued at net purchase cost of the accumulated amortisations and within the limits of current rates, wherefore the costs incurred with the subsequent maintenance of the software are recognised in results and are therefore not capitalised.

The movements registered in 2022 and 2021 were the following:

2022
U:Euro

ITEMS	Opening Balance		Increases		Transfers and write-offs	Disposals	Amortisations of the Financial Year		Closing Balance (net amount)
	Gross amount	Amortisations	Acquisitions	Revaluations			Uplift	Settlements	
Intangible Assets									
Development expenses	937 755	625 136	0	0	0	0	312 619	0	0
Expenses with IT applications	3 391 997	1 879 216	149 559	0	0	0	384 478	0	1 277 863
Intangible assets under constructi	1 611 471	0	830 850	0	249 252	0	0	0	2 193 070
Others	4 414	2 775	0	0	0	0	391	0	1 248
TOTAL	5 945 638	2 507 127	980 409	0	249 252	0	697 487	0	3 472 181

2021
U:Euro

ITEMS	Opening Balance		Increases		Transfers and write-offs	Disposals	Amortisations of the Financial Year		Closing Balance (net amount)
	Gross amount	Amortisations	Acquisitions	Revaluations			Uplift	Settlements	
Intangible Assets									
Development expenses	937755	312582	0	0	0	0	312 554	0	312 619
Expenses with IT applications	2 476 997	1 498 059	915 000	0	0	0	381 157	0	1 512 782
Intangible assets under constructi	682 406	0	1 877 540	0	948 475	0	0	0	1 611 471
Others	4 414	2 384	0	0	0	0	391	0	1 639
TOTAL	4 101 573	1 813 025	2 792 540	0	948 475	0	694 102	0	3 438 511

The item 'intangible assets in progress', amounting to 2,193,070 euros, refers to payments made to date, in connection with the development of new computer applications, namely:

- Webservices Availability Project amounting to 33,948 euros;
- Electronic Invoicing of Public Entities for the amount of 13,505 euros;
- IFRS 17 Implementation Project amounting to 2,145,617 euros, with start of development in 2020 and expected completion date in 2023.

The development projects within the scope of the automation of collections (Payments Management module), Product evolution, implementation of the Reinsurance module to replace manual movements to be integrated directly in the accounts, Application support, among others, once implemented in this financial year, ceased to be part of the intangible assets in progress, having been transferred to the Company's assets, included in the items of tangible fixed assets and intangible assets, for the total amount of 249,252 euros.

11. Other reserves and adjustments to asset accounts

Breakdown of adjustment accounts and other reserves by the corresponding sub-accounts

U:Euro

Items	Opening balance	Increase	Decrease	Closing Balance
<u>Adjustments for receipts to be collected</u>				
Other policyholders				
- Workers compensation	457 473	151 518	383 790	225 201
- Personal accidents and passengers	67 727	36 137	84 292	19 572
- Fire and other damages	77 503	3 734	55 742	25 495
- Motor	1 419 004	14 221	771 356	661 869
- Marine and transports	3 180	745	2 764	1 162
- Transported goods	4 091	5 185	2 769	6 508
- Third party liability	4 598	4 486	3 759	5 325
- Legal protection	7 410	41	4 034	3 416
- Assistance	186 737	1 207	101 804	86 140
Subtotal	2 227 722	217 275	1 410 309	1 034 688
<u>Adjustment of doubtful credit</u>				
Agents and brokers	92 462	0	1 850	90 612
Other debtors	41 373	0	41 373	0
Subtotal	133 835	0	43 223	90 612
Total	2 361 557	217 275	1 453 532	1 125 300

12. Insurance contract premiums

The structure of premiums recognised in the financial year resulting from insurance contracts, and other values, is shown in Annex 4.

Earned premiums net of reinsurance are analysed as follows:

U:Euro

	2022	2021	Change 2022/2021
Gross written premiums	130 815 803	116 380 234	12,4%
Ceded reinsurance premiums	-32 769 207	-28 434 626	
Change in the gross unearned premiums reserve	-2 004 929	-2 948 975	
Change in the reinsurance unearned premiums reserve	976 139	1 162 060	
Earned premiums net of reinsurance	97 017 806	86 158 692	12,6%

13. Investment income/revenue

Income from shares is accounted for in the item 'Investment income' upon the receipt of granted dividends.

Interest from bonds and other fixed-income securities are also recognised in the items regarding 'investment income', being accrued at the end of the financial year based on the nominal value and the interest rate applicable to the corresponding period (accrued interest).

Income recognised during the year and the previous year, by investment category, were the following:

U:Euro

Investment Category	Income in 2022	%	Income in 2021	%
Holdings in subsidiaries and associated companies	0	0%	0	0%
Financial assets available for sale:				
Shares and other variable-income securities	69 590	5%	287 845	25%
Fixed income securities (bonds)	404 608	28%	358 609	32%
Land and buildings (of income)	848 262	60%	479 656	42%
Loans granted	100 000	7%	5 959	0%
Fixed-term deposits in credit institutions	669	0%	463	0%
Demand deposits in credit institutions	0	0%	0	0%
Total income	1 423 129	100%	1 132 531	100%

14. Investment profit and loss

The result from profit and loss recognised in the financial year and the previous financial year were the following:

2022

U:Euro

Investment Category	Investment Gains	Investment Losses	Net Total
Shares and other variable-income securities	2 118	-87 438	-85 320
Fixed income securities (bonds)	7 714	-2 410	5 304
Total	9 831	-89 848	-80 016

2021

U:Euro

Investment Category	Investment Gains	Investment Losses	Net Total
Shares and other variable-income securities	48 804	-61 570	-12 766
Fixed income securities (bonds)	485 456	-3 572	481 884
Total	534 260	-65 141	469 119

15. Profit and loss from fair value adjustments in investments

During the financial year, the Company recognised a reversal of impairment in the amount of 1.547 euros, as a result of the payment made by Prodis Thema Fund.

16. Profit and loss in exchange differences

No profit/loss of value has been recognised in 2022 as the Company's financial investments that are not denominated in "euro" currency are classified at fair value through equity.

17. Miscellaneous expenses by function and nature

In 2022 and 2021, the Company sustained the following operating costs and expenses for the purchase of insurance contracts:

U:Euro

Operational Costs and Expenditure	Agents and Brokers commissions		Allocation		Total		Var.Total 2022/2021	
	2022	2021	2022	2021	2022	2021	Valor	%
Acquisition costs	14 884 072	12 890 275	10 169 618	8 842 648	25 053 690	21 732 922	3 320 768	15,28%
Administration expenses	1 392 765	1 438 524	2 573 409	2 274 984	3 966 174	3 713 509	252 666	6,80%
Change in deferred acquisition costs	-944 316	226 549			-944 316	226 549	-1 170 865	-516,83%
Total	15 332 521	14 555 348	12 743 027	11 117 632	28 075 549	25 672 980	2 402 569	9,36%

Expenses are initially registered by nature and are later allocated to the claims, acquisition, administrative, and investment functions, in accordance with the chart of accounts and the allocation criteria in force at the Company, specifically according to the number of claims, the amount of gross premiums concerning the new production registered in the year, the gross written premiums net of cancellations and returned premiums, and to the costs with investments associated with technical reserves, as well as the people associated with each function.

Costs and expenses by nature allocated to the different functions during the financial years 2022 and 2021 were the following:

*2022
U:Euro*

Costs and expenses by nature to be allocated	Allocated to claims costs		Allocated to acquisition costs	Allocated to administration expenses	Allocated to investment expenses	Total allocated
Personnel expenses	7 306 278	1 249 373	4 792 918	1 212 842	51 144	7 306 278
External services and supplies	6 239 836	1 305 272	3 904 793	988 103	41 667	6 239 836
Taxes and fees	1 272 206	640 761	499 672	126 441	5 332	1 272 206
Depreciations and amortisations of the financial year	1 367 570	233 854	897 126	227 017	9 573	1 367 570
Other reserves	0	0	0	0	0	0
Interest charges	20 696	3 539	13 577	3 436	145	20 696
Comissions	275 347	16 040	61 532	15 571	182 206	275 347
Total	16 481 933	3 448 839	10 169 618	2 573 409	290 066	16 481 933
		21%	62%	16%	2%	100%

2021
U:Euro

Costs and expenses by nature to be allocated	Allocated to claims costs	Allocated to acquisition costs	Allocated to administration expenses	Allocated to investment expenses	Total allocated	
Personnel expenses	6 731 247	1 151 043	4 395 504	1 130 850	53 850	6 731 247
External services and supplies	4 915 047	1 075 405	3 024 471	778 118	37 053	4 915 047
Taxes and fees	1 059 035	484 262	452 746	116 480	5 547	1 059 035
Depreciations and amortisations of the financial year	1 356 774	232 008	885 973	227 938	10 854	1 356 774
Other reserves	0	0	0	0	0	0
Interest charges	25 883	4 426	16 901	4 348	207	25 883
Comissions	307 636	17 559	67 052	17 251	205 775	307 636
Total	14 395 622	2 964 704	8 842 648	2 274 984	313 286	14 395 622
		21%	61%	16%	2%	100%

The change between 2022 and 2021 within the item 'External services and supplies' was as follows:

U:Euro

Item	2022	%	2021	%	2022/ 2021
Electricity	25 313	0,4%	23 693	0,5%	6,8%
Fuel	138 788	2,2%	88 794	1,8%	56,3%
Water	3 681	0,1%	2 659	0,1%	38,4%
Printed matter	43 641	0,7%	24 838	0,5%	75,7%
Office supplies	21 641	0,3%	16 551	0,3%	30,8%
Technical books and documents	1 726	0,0%	4 059	0,1%	-57,5%
Gift items	120 746	1,9%	67 323	1,4%	79,4%
Maintenance and repair	93 922	1,5%	112 423	2,3%	-16,5%
Rents and leasing	190 360	3,1%	136 974	2,8%	39,0%
Representation expenses	67 650	1,1%	44 790	0,9%	51,0%
Communication	940 754	15,1%	832 697	16,9%	13,0%
Travel and accomodation	129 067	2,1%	93 813	1,9%	37,6%
Insurances	96 873	1,6%	82 052	1,7%	18,1%
Independent work expenses	296 757	4,8%	212 008	4,3%	40,0%
Publicity and advertising	496 099	8,0%	508 619	10,3%	-2,5%
Cleaning, hygiene and comfort	36 730	0,6%	32 426	0,7%	13,3%
Litigation and notary	776	0,0%	797	0,0%	-2,6%
Surveillance and safety	25 570	0,4%	0	0,0%	100,0%
Specialized work	2 932 112	47,0%	2 113 359	43,0%	38,7%
Levies (of the activity)	112 508	1,8%	96 902	2,0%	16,1%
Workplace meals	5 528	0,1%	3 102	0,1%	78,2%
Premium collection expenses	313 667	5,0%	300 653	6,1%	4,3%
Other services and supplies	145 927	2,3%	116 513	2,4%	25,2%
Total	6 239 836	100%	4 915 047	100%	27,0%

Some service supply items registered a more significant change, namely:

- The increase of 56.3% in fuels and 75.7% in printed matter is essentially due to inflation during the year;
- In gift items, the 79.4% variation is the result of offers to the mediation network;
- Rents and leases increased by 39% mainly due to new contracts for IT equipment;

- The increase in representation expenses and travel and accommodation expenses by 51% and 37.6%, respectively, results from the resumption of activity as a consequence of the ending of the restrictions related to Covid-19;
- Expenses with independent work increased by 40% resulting from the greater use of legal advisory services during 2022;
- The ongoing IT and digital platforms development projects justify the 38.7% increase in specialised work in the year.

18. Personnel expenses

Average number of employees by professional categories

According to the Company Agreement (CA), the average number of employees, by professional category, working for Caravela during the financial year of 2022 was 139—compared to 128 in 2021—the absolute number being 140 on December 31st, 2022, six more employees than in 2021, which were 133.

ANNUAL AVERAGE		ANNUAL TOTAL	
COMPANY AGREEMENT		COMPANY AGREEMENT	
Director	1	Director	1
Technical Manager	13	Technical Manager	11
Sales Manager	4	Sales Manager	5
Operational Manager	3	Operational Manager	3
Technician	19	Technician	20
Operational Coordinator	25	Operational Coordinator	25
Operational Specialist	71	Operational Specialist	70
General Assistant	1	General Assistant	1
Operational Assistant	2	Operational Assistant	4
ANNUAL AVERAGE	139	ANNUAL TOTAL	140

Personnel expenses regarding the financial year

Personnel costs amounted to 7,306,278 euros in the financial year, which represent an increase of 8.5% when compared to the 6,731,247 euros in 2021 and which account for 42,252 euros registered in the financial year corresponding to the payment of the service award, as agreed in note 3.6.

It is worth highlighting the additional contribution in the financial year carried out for the Individual Retirement Plan (P.I.R.) in the amount of 79,826 euros, which had been of 76,237 euros in 2021, in accordance with the following note.

These expenses were as follows at December 31st, 2022 and 2021:

U:Euro

Accounts	Item	2022	2021	2022/2021
	Personnel expenses			
6800	Remuneration of governing bodies	660 826	675 906	-2,23%
6801	Personnel remuneration	4 761 081	4 451 665	6,95%
6802	Charges on remunerations	1 279 005	1 205 418	6,10%
6803	Post-employment benefits	79 826	76 237	4,71%
6804	Other long-term benefits to employees	42 252	19 745	113,99%
6806	Compulsory insurances	166 642	155 484	7,18%
6807	Social welfare expenses	96 476	88 967	8,44%
6808	Other personnel expenses	220 170	57 826	280,74%
	TOTAL	7 306 278	6 731 247	8,54%

To complement of the Policy concerning the Remuneration of Governing Bodies and Supervisory Board, there were no further retirement pension obligations to former members of the mentioned bodies, apart from a former manager who is covered by the 'Zurich Life Open Pension Plan for Companies / Defined Benefit Pension Plan' mentioned in the following note.

19. Obligations concerning employee benefits

Defined Benefit Pension Plan

A plan associated with the funding quota of responsibilities falling within the scope of the 2008 Collective Labour Contract, which is independent from the public Social Security system, covering employees from labour unions admitted in the activity until June 22, 1995, and that have not joined other proposed solutions.

Pensions to be granted are determined in accordance with the provisions of the 2008 Collective Labour Contract, wherefore this benefit is granted to employees who retire within the insurance activity.

This plan now covers only one participant (a former director, who retired on the grounds of old age), as shown in the following table:

RETIRED POPULATION	
Number of beneficiaries	1
Average age	76
Average annual benefit/ pension (€)	3.763

Defined Contribution Pension Plan (PIR)

Plan associated with the funding quota of the Individual Retirement Plan (PIR) beginning on January 1, 2012.

The contributions to this plan are the percentages given in Annex V of the Company Agreement, applied on the basis of the annual base salary of the employee, and the contribution in the year 2022 was 79,826 euros.

The amount of the contributions is ensured at the benefit settlement date.

The Company's liabilities are recognized as a cost of the financial year when due.

ASSUMPTIONS	
Mortality Table	TV8890
Technical Rate	2,5%
Charge	0,9%

WORKING POPULATION	
Number of participants	105
Average age	46,4
Average annual wage (€)	20 369
Average seniority (years)	17,3

RESULTS		<i>U:Euro</i>
Liabilities value as of 31.12.2022	402 699	
Total value of contributions (PIR)	402 699	
Fund value as of 31.12.2022	418 402	
Funding ratio	103,90%	

20. Income tax

Current Tax

The Corporate Income Tax is determined based on reverse charge statements of the Company, prepared in accordance with the tax regulations in force, being subject to inspection and potential adjustment by the Tax Authority during the period of five years.

Caravela submitted on 31.05.2022 its application for the tax incentive system for research and business development (SIFIDE) for the financial year 2021, whose assessment by the National Innovation Agency (ANI), in the exercise of its powers, approved the classification of the expenses submitted as relating to R&D activities, thus leading to a favourable and final decision of full acceptance of the application, benefiting from a tax credit of 1. 562,500, having part of this tax benefit of 419,717 euros been deducted in the 2021 Corporate Income Tax Form 22, leaving the amount of 1,142,783 euros available for tax deduction in 2022.

Deferred tax

Deferred taxes were calculated based on the temporary differences between some asset and liability values and the corresponding tax base.

The current and deferred tax assets and liabilities recognised as of December 31st, 2022, and 2021 are presented below:

U: Euro

	2022	2021
Current tax assets		
Income tax (deliveries on account)	673 435	478 699
Income tax (withholdings by third parties)	155 998	126 165
Value Added Tax (in favour of the Company)	0	0
Stamp duty (processed)	75 478	98 783
Withholding Tax	226	133
Rate for the Portuguese National Authority for Civil Protection (proces	161	0
Rate for the Workers Compensation Fund (processed)	151 606	65 911
Rate for the Institute for the Financing of Agriculture and Fisheries	32 276	0
Rate for the Motor Guarantee Fund (processed)	0	0
Social Security Contributions (in favour of the Company)	45 761	35 087
	1 134 942	804 778
Current tax liabilities		
Income tax payable	-160 204	-134 008
Withholding tax	-133 486	-122 795
Value added tax	-11 870	-38 854
Stamp duty	-1 006 953	-1 166 255
Rate for the Portuguese National Authority for Civil Protection	-68 501	-73 618
Rate for the Portuguese National Institute for Medical Emergency	-282 631	-327 157
Rate for the Workers Compensation Fund	-1 936 207	-1 453 879
Rate for the Insurance Institute of Portugal	-156 994	-136 419
Rate for the Motor Guarantee Fund	-316 292	-313 252
Green Cards	-26 963	-31 831
Social Security contributions	-136 201	-129 027
Government agency payments	-51 843	-23 343
	-4 288 145	-3 950 438
Deferred tax assets		
From temporary differences		
Available-for-sale assets	1 569 956	41 996
From tax losses	0	0
	1 569 956	41 996
Deferred tax liabilities		
From temporary differences		
Available-for-sale assets	0	42 030
	0	42 030
Total	-1 583 246	-3 061 634

Pursuant to article 21 of Decree-law no. 441/1991 and of Decree-law no. 534/1980, the Company is up to date with their Social Security and Tax Authority payments.

21. Capital

The Subscribed share capital of Caravela on December 31st, 2022 amounted to 44,388,315 euros, and is represented by 79,056,677 registered shares with no par value, and is distributed among various shareholders, individuals and companies.

On December 31st, 2022 and December 31st, 2021, the composition of the subscribed social capital was as follows:

Shareholders	Last beneficiary	No. of shares 2022	% of share capital 2022	No. of shares 2021	No. of shares 2021
MONSEUL UNIPessoal, LDA	Francisco Miguel Cubelo Faria Vasconcelos Machado	2 156 279	2,73%	2 156 279	2,73%
ANCORAS DE JUPITER UNIPessoal LDA	Luís Filipe Sampaio Cervantes	3 288 760	4,16%	3 288 760	4,16%
SUSTENTÁVELEXITO UNIPessoal, LDA	Fernando José Lopes Araújo	2 156 279	2,73%	2 156 279	2,73%
INTERNATIONAL TRADE WINDS HOLDING, LTD	Mário Nuno dos Santos Ferreira	5 533 967	7,00%	5 533 967	7,00%
VIOLAS SGPS, SA	Manuel Soares de Oliveira Violas Rita Celeste Soares Violas e Sá	5 533 967	7,00%	5 533 967	7,00%
NELSON QUINTAS PATRIMÓNIO, LDA	Jorge Nelson Ferreira de Aguiar Quintas António Jorge Pereira Martins	5 533 967	7,00%	5 533 967	7,00%
TLCI 2 - SOLUÇÕES INTEGRADAS DE TELECOMUNICAÇÕES, SA	João Pedro de Freitas Pereira Martins Guilherme Pereira Martins	1 233 286	1,56%	1 233 286	1,56%
IBG - HOLDING, LTD	Isabel Maria Araújo Rodrigues de Sá António Miguel Gouveia de Brito Pinheiro Pereira	3 288 760	4,16%	3 288 760	4,16%
GOL HEALTH, LDA	Carlos Manuel Ribeiro de Sousa Carlos Alberto Fernandes Barbosa João Manuel Varandas Fernandes	1 233 285	1,56%	1 233 285	1,56%
DAXA PARTICIPAÇÕES, SGPS, UNIPessoal, LDA	António Ferreira da Silva	2 055 475	2,60%	2 055 475	2,60%
Manuel Salgueiro Rodrigues	Manuel Salgueiro Rodrigues	822 190	1,04%	822 190	1,04%
IMPACTO MAGNÉTICO UNIPessoal, LDA	Inácio da Silva Sousa	1 233 257	1,56%	1 233 257	1,56%
BLUE WAVE SGPS, SA	António Manuel Nestor Ribeiro	1 541 606	1,95%	1 541 606	1,95%
FEMACOSA, UNIPessoal, LDA	Fernando Manuel Fernandes da Costa Santos	1 541 606	1,95%	1 541 606	1,95%
DIVAD, LDA	Maria Filomena de Brito Vargas Lopes David Mário Henrique de Almeida Santos David	411 095	0,52%	411 095	0,52%
Gilberto Almeida Romeiro	Gilberto Almeida Romeiro	770 803	0,98%	770 803	0,98%
GOBGEST, LDA	Jorge Filipe Araújo Pontes	411 095	0,52%	411 095	0,52%
José António Carvalho Pereira	José António Carvalho Pereira	308 321	0,39%	308 321	0,39%
TCO INVESTIMENTOS - SGPS LDA	Carlos Alberto da Cunha Oliveira	205 547	0,26%	205 547	0,26%
Francisco José Pereira Gonçalves	Francisco José Pereira Gonçalves	411 095	0,52%	411 095	0,52%
Luís Afonso Cortez Rodrigues Queiró	Luís Afonso Cortez Rodrigues Queiró	205 547	0,26%	205 547	0,26%
TPIF Douro Bidco S.A.R.L.	Martin Brian Hughes	37 947 205	48,00%	37 947 205	48,00%
IMOMINIUS - Soc. Imobiliária, S.A.	José Manuel Capa Pereira	1 233 285	1,56%	1 233 285	1,56%
Total		79 056 677	100%	79 056 677	100%

The composition of Caravela's equity at the end of the financial years of 2022 and 2021 can be analysed in the following table:

	<i>U: Euro</i>	
Equity	2022	2021
Share Capital	44 388 315	44 388 315
Revaluation reserves	-6 802 326	186 798
Deferred tax reserve	1 530 523	-42 030
Other reserves		
Reserva Legal	2 757 085	2 417 514
Free reserves	11 122 598	8 066 461
Results brought forward	137 567	137 567
Result of the Financial Year	4 048 889	3 395 708
	57 182 652	58 550 335

In the following tables we analyse the item “Results brought forward”:

2022
U: Euro

Results brought forward	Debit	Credit
Balance as of 31-12-2021		137 567
Net result for the financial year of 2021		3 395 708
Transfer to Legal Reserve	339 571	
Transfer to Free Reserves	3 056 137	
	3 395 708	3 533 275
Balance on 31-12-2022		137 567

2021
U: Euro

Results brought forward	Debit	Credit
Balance as of 31-12-2020		940 793
Net result for the financial year of 2020		3 959 651
Transfer to Legal Reserve	395 965	
Transfer to Free Reserves	3 563 686	
Reversal Deferred Tax Assets - Tax Losses 2014	803 226	
	4 762 877	4 900 444
Balance on 31-12-2021		137 567

22. Reserves

Movements of the several reserves registered in equity, in 2022, are presented in the following Statement of Changes to Equity:

Revaluation reserve

The revaluation/fair value reserve is intended to register adjustments in the fair value of available-for-sale financial assets, net of impairment recognised in the financial year and/or previous financial years, not being relevant to profit and loss until the disposal of assets, whereby the corresponding balance is recognised in results or directly in equity.

The revaluation reserve at the end of the financial years 2022 and 2021 was as follows:

2022
U: Euro

STATEMENT OF CHANGES TO EQUITY	Share Capital	Revaluation reserve by fair value adjustm. of available-for-sale financial assets	Revaluation reserve by revaluation of own use land and buildings	Deferred tax reserve	Legal reserve	Other reserves	Results brought forward	Result of the financial year	Total
Balance Sheet as of 31-12-2021	44 388 315	186 798	0	-42 030	2 417 514	8 066 461	137 567	3 395 708	58 550 335
Capital increases/decreases									0
Net gains through fair value adjustments of subsidiaries, associates and joint ventures		-46 648							-46 648
Net profit from fair value adjustments of available-for-sale financial assets		-6 942 477							-6 942 477
Adjustments for recognition of deferred taxes				1 572 553					1 572 553
Increases in reserves through application of results					339 571	3 056 137	-3 395 708		0
Profit distribution									0
Other gains/losses recognised directly in equity									0
Transfers between equity items not included in other lines							3 395 708	-3 395 708	0
Total changes to equity	0	-6 989 125	0	1 572 553	339 571	3 056 137	0	-3 395 708	-5 416 571
Net result of the period								4 048 889	4 048 889
Balance Sheet as of 31-12-2022	44 388 315	-6 802 326	0	1 530 523	2 757 085	11 122 598	137 567	4 048 889	57 182 652

2022
U: Euro

	Acquisition value/amortised cost	Impairment (net of reversal)	Fair value (net of depreciation)	Revaluation reserve
Equity holdings in subsidiaries, assoc. and other companies	11 190 511	0	11 143 863	-46 648
Available-for-sale assets	89 573 526	-175 258	82 642 590	-6 755 679
				-6 802 326

2021
U: Euro

	Acquisition value/amortised cost	Impairment (net of reversal)	Fair value (net of depreciation)	Revaluation reserve
Available-for-sale assets	104 668 081	-176 805	104 678 074	186 798
				186 798

Legal Reserves

In accordance with article 62 of Law no. 145/2015 of September 9, a percentage of not less than ten percent of annual net profits is transferred to this account until it equals the share capital.

It is only to be used in share capital increases or for the coverage of losses and cannot be distributed.

The balance of this item increased by 339,571 euros in the financial year, corresponding to 10% of the net profit from the previous financial year, which was transferred to Legal Reserve.

Free Reserves

These reserves result from the excess of positive results which are not necessary for the legal reserve or for the coverage of carried-over losses.

Its balance increased 3,056,137 euros in the financial year, which corresponds to the remaining amount after the allocation of the Legal Reserve.

Deferred tax reserve

Deferred taxes are recognised directly in results when they relate temporary differences between asset and liability book values and the corresponding tax bases, unless they are related to equity items, in which case they are recognised directly in equity.

The variation in this reserve at the close of 2022 and 2021 is analysed below:

2022				
<i>U: Euro</i>				
	Opening Balance	Increases	Decreases	Final Balance
Available-for-sale assets	-42 030	0	1 572 553	1 530 523
	-42 030	0	1 572 553	1 530 523

2021				
<i>U: Euro</i>				
	Opening Balance	Increases	Decreases	Final Balance
Available-for-sale assets	-368 792	0	326 762	-42 030
	-368 792	0	326 762	-42 030

23. Transactions between related parties

During the financial year of 2022, Mazars & Associados, Sociedade de Revisores Oficiais de Contas, S.A., invoiced the following fees:

<i>U: Euro</i>	
Description of MAZARS' Fees	Amount
Solvency II	18 450
Statutory Auditing	61 500
TOTAL	79 950

24. Cash Flow Statement

The statement was prepared by the direct method and is presented in the Annual Report and Accounts, along with the remaining Financial Statements.

25. Commitments

Caravela holds operating and financial lease contracts regarding transportation and IT equipment.

The detail as of December 31st, 2022, by years of maturity of the operating lease contracts, is shown in the table below:

End of the Contract	No. of Vehicles	Maximum amount payable (€)
2023	7	14 949
2024	9	81 776
2025	4	61 170
2026	4	91 360
Total	24	249 254

The details as of December 31st, 2022, regarding financial lease contracts are as follows:

End of the Contract	No. of Vehicles	Contract No.	U: Euro	
			Amount payable Interest	Amount payable Capital
2023	1	1860027000	30	13 599
2023	1	1860023400	30	13 563
2024	1	141337	1 869	24 798
2025	1	2060004900	833	41 544
Total			2 761	93 504

26. Provisions and Contingent Liabilities

The Company did not consider it necessary to set up provisions for future payments, as it does not consider it likely that this will happen.

There are no contingent liabilities to be disclosed as of the Financial Statements date.

27. Events after the Balance Sheet date not described in previous items

There were no significant events to be registered after the Balance Sheet date.

Lisboan, on the 17th of February 2023

Chartered Accountant

Carla Perico

Financial Director

Ludovico Belo

Board of Directors

Luís Cervantes

David Angulo

António Nestor Ribeiro

Fabrizio Cesario

George Koulouris

Gonçalo Ramos e Costa

Paulo Trigo

ANNEX 1 - INVENTORY OF HOLDINGS AND FINANCIAL INSTRUMENTS AS OF 31 OF DECEMBER 2022

U: Euro

IDENTIFICATION OF SECURITIES		Quantity	Nominal value amount	% of nominal value	Average acquisition price	Total acquisition amount	Amount in the Balance Sheet	
Code	Designation						Unit *	Total *
1 - SUBSIDIARIES, ASSOCIATES, JOINT VENTURES								
1.1 - National securities								
1.1.1 - Equity holdings in subsidiaries								
1.1.2 - Equity holdings in associates								
	YOUR FINANCE	5 524 882	5 524 882	100,00%	1,00	5 524 882	1,00	5 524 882
1.1.2 - Equity Interests in Joint Ventures								
	subtotal	5 524 882	5 524 882			5 524 882		5 524 882
1.2 - Foreign Securities								
1.2.1 - Equity holdings in subsidiaries								
1.2.2 - Equity holdings in associates								
	F2X Group Limited	1 618 122	5 712 276	100,00%	1,00	5 712 276	0,99	5 665 629
1.2.2 - Equity Interests in Joint Ventures								
	subtotal	1 618 122	5 712 276			5 712 276		5 665 629
	total	7 143 004	11 237 158			11 237 158		11 190 511
2 - OTHERS								
2.1 - National Securities								
2.1.1 - Equity Instruments and Investment Units								
2.1.1.1 - Shares								
	MOBILITY 24	3 571	3 571	100,00%	1,00	3 571	1,00	3 571
	COLMENA, Unip. Lda	100	100	100,00%	1,00	100	1,00	100
	subtotal	3 671	3 671			3 671		3 671
2.1.1.2 - Equity securities								
	subtotal	0				0,00		0,00
2.1.1.3 - Investment fund units								
PTAPPAIM0000	EAST WEST VC - FUNDO CAP.RISCO	992	978 992	100,00%	1,00	978 992	0,96	932 847
PTCRVRI00009	CAPITAL CRIATIVO IV	10	488 628	100,00%	1,00	488 628	0,97	464 650
PTCRVAIM0016	CAPITAL CRIATIVO V	10	500 000	100,00%	1,00	500 000	0,97	474 548
PTCRVOIM0010	FCR C2 R&D GROWTH VI	20	500 000	100,00%	1,00	500 000	1,00	484 935
PTGWTDIM0008	GROWTH INOV, FCR	1 500	1 500 000	100,00%	1,00	1 500 000	0,97	1 476 429
PTIDCKIM0009	INDICO BLUE FUND - FUNDO CAP. RISCO	1 500 000	1 500 000	100,00%	1,00	1 500 000	1,00	1 425 450
	subtotal	1 502 532	5 467 620			5 467 620		5 258 859
2.1.2 - Debt securities								
2.1.2.1 - Of public debt								
PTOTEAOE0021	PORTUGAL GOVT 4.95% /25-10-2023	220	220 000	122,67%	1,23	269 863	1026,99	225 937
PTOTEEOE0033	ETAT PORTUGAL 0,3%/ 17-10-2031	2 000	2 000 000	100,56%	1,01	2 011 100	764,22	1 528 433
	subtotal	2 220	2 220 000			2 280 963		1 754 370
2.1.2.2 - From other public issuers								
	sub-total	0				0,00		0,00
2.1.2.3 - From other issuers								
PTBSSJOM0014	BRISA 2%/ 22-03-2023	100	100 000	99,77%	1,00	99 774	1,01	101 366
	subtotal	100	100 000			99 774		101 366
	total	1 504 855	7 791 291			7 852 028		7 118 266
2.2 - Foreign Securities								
2.2.1 - Equity Instruments and Investment Units								
2.2.1.1 - Shares								
	CA Life	451	450 759	100,00%	1,00	490 196	1,09	490 196
	subtotal	451	450 759			490 196		490 196
2.2.1.2 - Equity securities								
	subtotal	0				0,00		0,00
2.2.1.3 - Investment fund units								
IE0030487957	PRODIS THEMA FUND	4 382	4 382		19,25	84 364	0	0
FR0007045109	FEDERAL SUPPORT MONET ESG SI	1 225	1 225		10 478,94	12 836 635	10 478,11	12 835 685
ES0119348011	DUNAS CLEAN ENERGY I. CLASE B	12 500	100	126,81%	12 500,00	1 250 000	98,65	1 233 107
FR0011381227	OFI RS MONETAIRE IC	152	152		99 902,52	15 185 183	99 860,38	15 178 778
	subtotal	18 259	5 859			29 356 182		29 247 569
2.2.1.4 - Others								
	subtotal	0				0,00		0,00
2.2.2 - Debt securities								
2.2.2.1 - of public debt								
XS2024602240	AUTOBAHN SCHNELL 0.1%/ 09-07-2029	900	900 000	100,05%	1,00	900 423	826,18	743 562
BE0000347568	ETAT BELGIQUE 0.9%/ 22-06-2029	2 000	2 000 000	107,83%	1,08	2 156 500	887,33	1 774 668
ES0000012888	ETAT ESPAGNE 1.4%/ 30-07-2028	2 000	2 000 000	109,43%	1,09	2 188 520	915,01	1 830 014
ES00000123X3	ETAT ESPAGNE 4.4%/ 31/10/2023	130	130 000	126,81%	1,27	164 853	1 021,65	132 815
IE008H3S0895	ETAT IRLANDE 1.1%/ 15-05-2029	1 000	1 000 000	108,61%	1,09	1 086 090	902,83	902 832
IE0084TV0044	ETAT IRLANDE 5.4%/ 13-03-2025	130	130 000	142,40%	1,42	185 120	1 099,05	142 876
	subtotal	6 160	6 160 000			6 681 506		5 526 786
2.2.2.2 - From other public issuers								
FR0013183167	ILE DE FRANCE 0.5%/ 14-06-2025	200	200 000	97,54%	0,98	195 086	939,94	187 988
FR0011512193	ILE DE FRANCE 2.25%/ 10-06-2023	200	200 000	110,91%	1,11	221 810	1 010,30	202 060
ES0000101818	MADRID 2.146%/ 34-04-2027	350	350 000	115,19%	1,15	403 179,00	967,60	338 662
ES0000106619	PAYS BASQUE 1.450%/ 30-04-2028	650	650 000	111,41%	1,11	724 132,50	916,63	595 811
	subtotal	1 400	1 400 000			1 544 208		1 324 521

IDENTIFICATION OF SECURITIES		Quantity	Nominal value amount	% of nominal value	Average acquisition price	Total acquisition amount	Amount in the Balance Sheet	
Code	Designation						Unit *	Total *
2.2.2.3 - Of other issuers								
XS1136406342	3M 1.5%/ 09-11-2026	1 000	1 000 000	102,58%	1,03	1 025 770	942,04	942 037
XS2180510732	ABN AMRO BANK 1.250%/ 28-05-2025	500	500 000	99,68%	1,00	498 400	793,16	396 578
XS2555178644	ADIDAS 3%/ 21-11-2025	500	500 000	99,90%	1,00	499 505	992,19	496 094
ES0200002022	ADIF AV 0.8%/ 05-07-2023	200	200 000	99,74%	1,00	199 488	994,02	198 805
ES0200002048	ADIF AV 0.950%/ 30-04-2027	200	200 000	99,85%	1,00	199 692	908,38	181 675
FR0013302197	ADP 1%/ 13-12-2027	700	700 000	106,68%	1,07	746 782	880,29	616 205
XS1529854793	AEGON 1%/ 08-12-2023	200	200 000	100,45%	1,00	200 900	985,53	197 106
FR0013431137	AFD 0.25%/ 29-06-2029	600	600 000	100,63%	1,01	603 780	821,77	493 060
XS0745896000	AFD 3.75%/ 15-02-2027	400	400 000	126,57%	1,27	506 272	1 049,87	419 950
FR0014001L05	AGENCE FRANCE LOCALE 0%/ 20-03-2031	1 000	1 000 000	96,38%	0,96	963 840	758,20	758 200
FR0013505559	AIR LIQUIDE FIN 1%/ 02-04-2025	300	300 000	99,89%	1,00	299 679	959,88	287 964
DE000A1954V6	ALLIANZ FIN II 0.875%/ 06-12-2027	900	900 000	105,84%	1,06	952 560	890,80	801 719
XS1878191052	AMADEUS IT 0.875%/ 18-09-2023	400	400 000	99,90%	1,00	399 592	986,39	394 557
XS2389757944	ANZ NOVA ZELÂNDIA 0.2%/23-09-2027	1 000	1 000 000	99,74%	1,00	997 380	836,54	836 542
FR0013251170	ASF 1.125%/20-04-2026	100	100 000	99,71%	1,00	99 711	934,06	93 406
XS1907118894	AT AND T 1.05%/ 05-09-2023	300	300 000	99,75%	1,00	299 250	989,87	296 960
XS2180007549	AT T 1.6%/19-05-2028	400	400 000	107,75%	1,08	430 992	897,21	358 883
XS1079726334	BANK OF AMERICA 2.375%/ 19-06-2024	100	100 000	109,03%	1,09	109 030	1 000,89	100 089
FR0014009A50	BFCM 1% /23/05/2025	500	500 000	99,93%	1,00	499 660	947,78	473 891
FR001400CMY0	BFCM 3.125%/ 14-09-2027	500	500 000	99,70%	1,00	498 520	982,65	491 323
XS1589881785	BMW FIN 0.875%/ 03-04-2025	150	150 000	99,48%	0,99	149 217	957,22	143 583
XS1910245676	BMW FIN 1% 14-11-2024	200	200 000	99,28%	0,99	198 568	963,19	192 638
XS1419646317	BNP 1.5%/ 25-05-2028	900	900 000	109,53%	1,10	985 770	907,34	816 607
FR0014006CS9	BOUYGUES 0.5%/ 02-11-2030	1 000	1 000 000	99,77%	1,00	997 730	791,31	791 308
XS1114473579	BP CAPITAL MARKETS PLC 2.213%/ 25-09-2026	200	200 000	110,35%	1,10	220 700	956,48	191 296
XS1851277969	BP CAPITAL MARKETS 0.9%/ 03-07-24	500	500 000	100,35%	1,00	501 760	964,86	482 432
FR0013204476	BPCE 0.375%/ 05-10-2023	100	100 000	96,10%	0,96	96 102	983,69	98 369
FR0013455540	BPCE 0.5%/ 24-02-2027	400	400 000	99,07%	0,99	396 284	869,15	347 659
FR0013403862	BPCE SFH 0.625%/ 22-09-2027	300	300 000	101,74%	1,02	305 220	883,71	265 114
FR0014000G27	BPCE SFH 3.125%/ 24-01-2028	500	500 000	99,56%	1,00	497 810	993,62	496 811
FR0013244415	BPIFRANCE 0.75%/ 25-11-2024	400	400 000	102,90%	1,03	411 600	956,34	382 536
FR0013256369	BPIFRANCE 1%/ 25-05-2027	300	300 000	103,17%	1,03	309 504	915,33	274 598
FR0014000Z13	CADES 2.875%/ 25-05-2027	700	700 000	99,51%	1,00	696 570	988,94	692 261
XS1401331753	CARREFOUR 0.75%/ 26-04-2024	100	100 000	99,21%	0,99	99 214	971,62	97 162
FR00140009D26	CARREFOUR 1.875%/ 30-10-2026	300	300 000	99,94%	1,00	299 817	936,43	280 930
FR001400DXH0	CFF 3.125% 18-05-2027	700	700 000	99,76%	1,00	698 348	993,58	695 507
XS1197833053	COCA COLA 1.125%/ 09-03-2027	1 000	1 000 000	98,82%	0,99	988 220	823,02	823 017
FR0014005114	CREDIT AGRICOLE 0.5%/ 21-09-2029	800	800 000	99,77%	1,00	798 176	810,28	648 227
FR0011625482	CREDIT AGRICOLE 3.15%/ 23-12-2023	400	400 000	114,65%	1,15	458 600	999,50	399 800
FR0011659366	CREDIT AGRICOLE SA 3.030 / 21-02-2024	250	250 000	114,12%	1,14	285 300	1 003,28	250 821
FR0013510476	CRH 0.125%/ 30/04/2027	1 000	1 000 000	90,30%	0,90	902 960	874,04	874 039
DE000A194DD9	DAIMLER FIN 0.875%/ 09-04-2024	300	300 000	99,52%	1,00	298 554	977,98	293 393
XS2391406530	DEUTSCHBAHNFIN 0,35%/ 29-09-2031	600	600 000	99,85%	1,00	599 118	759,99	455 995
XS1309518998	DEUTSCHE BAHN FIN 1.25% /23-10-2025	100	100 000	99,00%	0,99	98 996	957,86	95 786
XS2526860965	EAST JAPAN RAILWAY 2.614%/ 08-09-2025	500	500 000	100,00%	1,00	500 000	980,46	490 232
XS2009152591	EASYJET 0.875%/ 11-06-2025	300	300 000	98,45%	0,98	295 347	916,77	275 030
XS1505884723	EASYJET 1.125%/ 18-10-2023	100	100 000	99,38%	0,99	99 384	982,48	98 248
XS1558083652	EDP FINANCE 1.875%/ 29-09-2023	100	100 000	99,66%	1,00	99 657	997,98	99 798
XS1222590488	EDP FINANCE 2%/ 22-04-2025	200	200 000	103,98%	1,04	207 950	977,76	195 553
XS2390400716	ENEL FIN INTL 0.375%/ 28-05-2029	500	500 000	99,90%	1,00	499 510	796,73	398 365
XS1684269332	ENI 1%/ 14-03-2025	100	100 000	99,67%	1,00	99 671	955,50	95 550
XS2463505581	EON 0.875%/ 08-01-2025	100	100 000	99,88%	1,00	99 880	958,44	95 844
XS1515222385	EQUINOR 0.75%/ 09-11-2026	300	300 000	104,47%	1,04	313 419	909,57	272 871
XS1396767854	GAS NATURAL FIN 1.25%/ 19-04-2026	300	300 000	100,90%	1,01	302 700	924,67	277 400
XS1147605791	GLAXOSMITHKLINE CAPITAL 1.375% /02-12-2024	200	200 000	104,35%	1,04	208 700	969,19	193 838
XS1147605791	GLAXOSMITHKLINE CAPITAL 3% /28-11-2027	500	500 000	99,93%	1,00	499 635	980,81	490 406
FR0013444304	HSBC FRANCE 0.1%/ 03-09-2027	300	300 000	99,85%	1,00	299 547	854,13	256 238
XS1485597329	HSBC HLDG 0.875%/ 06-09-2024	200	200 000	98,20%	0,98	196 400	961,68	192 336
XS2486589596	HSBC HLDG 3.019%/ 15-06-2027	700	700 000	100,00%	1,00	700 000	969,36	678 552
XS2442764747	IBM 0.875% 09-02-2030	500	500 000	99,20%	0,99	496 015	828,79	414 396
XS1375955678	IBM 1.75% 07-03-2028	600	600 000	113,11%	1,13	678 660	922,64	553 581
FR0013320058	ICADE 1.625%/ 28-02-2028	500	500 000	107,88%	1,08	539 395	845,12	422 562

IDENTIFICATION OF SECURITIES		Quantity	Nominal value amount	% of nominal value	Average acquisition price	Total acquisition amount	Amount in the Balance Sheet	
Code	Designation						Unit *	Total *
XS1882544627	ING GROUP 1%/ 20/09/2023	200	200 000	99,32%	0,99	198 647	988,79	197 759
XS2483607474	ING GROUP 2.125%/ 23-05-2026	600	600 000	99,93%	1,00	599 568	964,92	578 955
XS1319817323	INTL FLAVOR FRAGRANCES 1.75%/ 14-03-2024	100	100 000	99,82%	1,00	99 822	991,70	99 170
XS1578294081	ITALGAS 1.125%/ 14-03-2024	100	100 000	99,71%	1,00	99 706	977,00	97 700
XS1683495136	JOHN DEERE CASH MANAG. 0.5%/ 15-09-2023	400	400 000	99,86%	1,00	399 434	987,47	394 986
XS1402921412	JP MORGAN 1.5%/ 29-10-2026	600	600 000	105,00%	1,05	629 986	927,49	556 493
FR0013121753	KLEPIERRE 1.875%/19-02-2026	700	700 000	106,59%	1,07	746 109	947,38	663 167
FR0012758985	LA POSTE 1.125%/04-06-2025	200	200 000	101,75%	1,02	203 500	950,37	190 075
FR0013286846	LEGRAND 0.5%/ 09-10-2023	200	200 000	99,47%	0,99	198 942	984,24	196 847
FR0013266830	LEGRAND 0.75%/ 06-07-2024	200	200 000	99,59%	1,00	199 186	970,86	194 172
XS0257022714	LEHMAN 0% /12-06-2013	100	100 000	92,45%	0,92	92 451	0,10	10
XS2393236000	MCDONALD S 0.25%/04-10-2028	400	400 000	99,33%	0,99	397 320	826,40	330 561
XS1403264374	MCDONALDS 1%/ 15-11-2023	300	300 000	100,94%	1,01	302 822	988,56	296 568
XS2535307743	MEDTRONIC GLOBAL 2.625%/ 15-10-2025	500	500 000	99,65%	1,00	498 260	981,26	490 632
XS2491029208	MERCK FIN SERV 1.875%/ 15-06-2026	1 000	1 000 000	99,83%	1,00	998 250	963,12	963 123
XS1398336351	MERLIN PROP.2.225%/ 25-04-2023	400	400 000	105,16%	1,05	420 630	1 012,24	404 896
XS1675764945	MITSUBISHI UFJ FIN GR 0.872%/ 07-09-2024	400	400 000	100,00%	1,00	400 000	958,95	383 579
XS2241387096	MIZUHO FIN 0.693%/ 07-10-2030	600	600 000	100,31%	1,00	601 852	771,61	462 968
XS2446386356	MORGAN STANLEY 2.103%/ 08-05-2026	300	300 000	100,00%	1,00	300 000	966,96	290 087
XS1685481332	NATIONAL AUSTRALIA BK 0.625%/ 18-09-2024	800	800 000	99,50%	1,00	796 024	959,38	767 505
XS2148372696	NESTLÉ FIN INTL 1.125%/ 01/04/2026	700	700 000	96,86%	0,97	678 028	955,55	668 882
XS1574158082	PFIZER 1%/ 06-03-2027	900	900 000	93,41%	0,93	840 654	925,62	833 057
XS2149368529	PHILIPS 1.375%/ 30-03-2025	200	200 000	99,55%	1,00	199 100	962,90	192 579
XS1900752814	PROCTER AND GAMBLE 1.2%/ 30-10-2028	900	900 000	108,76%	1,09	978 840	896,54	806 885
XS1382784509	RABOBANK 1.250%/ 23-03-2026	100	100 000	103,67%	1,04	103 672	948,69	94 869
FR0013183431	RATP 0.375% 15-06-2024	500	500 000	100,55%	1,01	502 740	962,94	481 472
FR0013241361	RCI BANQUE 1.375% 08-03-2024	40	40 000	99,78%	1,00	39 910	985,03	39 401
FR0013393774	RCI BANQUE 2%/ 11-07-2024	200	200 000	99,63%	1,00	199 260	982,98	196 596
FR0012199065	RESEAU DE TRANSPORT 1.625%/ 08-10-2024	200	200 000	106,20%	1,06	212 400	974,64	194 928
XS2153459123	ROYAL SCHIPHOL 2%/ 06-04-2029	900	900 000	111,85%	1,12	1 006 650	905,94	815 346
FR0013214137	SAGESSE 0.625%/ 20-10-2028	100	100 000	98,65%	0,99	98 650	861,33	86 133
FR0013053329	SANEF 1.875% /16-03-2026	100	100 000	102,12%	1,02	102 120	944,90	94 490
FR0013505104	SANOFI 1%/01-04-2025	200	200 000	99,72%	1,00	199 446	964,21	192 841
XS1956025651	SANTANDER CONS FIN 1%/ 27-02-2024	100	100 000	99,56%	1,00	99 555	981,61	98 161
XS2166754957	SCHLUMBERGER FINANCE 1.375% 28-10-2026	1 000	1 000 000	105,83%	1,06	1 058 346	925,31	925 311
XS2526839258	SIEMENS FIN NV 2,5%/ 08-09-2027	200	200 000	99,91%	1,00	199 824	968,21	193 642
XS2433211310	SNAM 0.75%/ 19-11-2023	250	250 000	99,44%	0,99	248 588	819,49	204 872
XS1318709497	SNAM 1.375%/ 19-11-2023	200	200 000	103,41%	1,03	206 820	985,78	197 156
XS0867612466	SOCIETE GENERALE 4%/ 07-06-2023	300	300 000	114,95%	1,15	344 850	1 025,08	307 525
FR0014000ZM5	SOCIETE GENERALE 4%/ 16-11-2027	500	500 000	99,82%	1,00	499 110	1 005,03	502 516
XS2404629235	SVENSKA HANDELSBANKEN 0.125% 03-11-26	1 000	1 000 000	99,75%	1,00	997 510	875,80	875 799
FR0013016631	TDF INFRASTRUCTURE 2.875%/ 19-10-2022	600	600 000	99,62%	1,00	597 696	760,24	456 143
XS2001737324	TELENOR 0.75%/ 31-05-2026	300	300 000	99,82%	1,00	299 451	909,90	272 969
XS0903136736	TELSTRA CORP 2.5%/ 15-09-2023	500	500 000	111,39%	1,11	556 930	1 005,13	502 564
FR0013311347	THALES 0.75%/ 23-01-2025	800	800 000	101,89%	1,02	815 104	948,03	758 422
XS2338955805	TOYOTA MOTOR CR 0.125%/05-11-2027	1 000	1 000 000	99,86%	1,00	998 640	848,59	848 592
FR0013332988	UNIBAIL-RODAMCO 1.125%/ 15-09-2025	300	300 000	99,77%	1,00	299 313	924,30	277 289
XS1401196958	UNIBAIL-RODAMCO 1.125%/ 28-04-2027	600	600 000	105,53%	1,06	633 162	871,91	523 148
FR0013367620	VINCI 1%/ 26-09-2025	200	200 000	99,48%	0,99	198 954	944,13	188 826
FR0013282571	VIVENDI 0.875%/ 18-09-2024	400	400 000	99,37%	0,99	397 468	955,29	382 117
XS1972548231	VOLKSWAGEN FIN SVCS 1.5%/ 01-10-2024	200	200 000	99,54%	1,00	199 076	961,44	192 288
XS1642590480	VOLKSWAGEN LEASING 1.375%/ 20-01-2025	600	600 000	101,89%	1,02	611 357	959,20	575 518
XS1130067140	WELLS FARGO 1.125%/ 29-10-2021	1 000	1 000 000	105,54%	1,06	1 055 400	900,89	900 886
	subtotal	50 190	50 190 000			51 121 943		45 866 208
		60 070	60 070 000			61 728 394		54 573 231
2.3 - Trading derivatives								
	subtotal	0				0,00		0,00
2.4 - Hedge derivatives								
	subtotal	0				0,00		0,00
	total	73 282				108 283 222		100 764 037
3 - OVERALL TOTAL		73 282				108 283 222		100 764 037

* Includes the value of accrued interest

ANNEX 2 - EVOLUTION OF THE PROVISION FOR CLAIMS IN RESPECT OF CLAIMS INCURRED IN PREVIOUS FINANCIAL YEARS AND THEIR ADJUSTMENTS

U:Euro

LINES OF BUSINESS/LINES OF BUSINESS GROUPS	Claims reserve on 31/12/2021	Costs with claims * amount paid in the financial year	Claims reserve * on 31/12/2022	Readjustments
	(1)	(2)	(3)	(3)+(2)-(1)
LIFE	0	0	0	0
NON-LIFE				
ACCIDENTS AND HEALTH	42 513 958	9 550 224	44 427 546	11 463 811
FIRE AND OTHER DAMAGES	4 245 039	1 600 526	2 405 747	-238 766
MOTOR				
-THIRD PARTY LIABILITY	21 994 210	13 784 478	10 860 665	2 650 933
-OTHER COVERAGES	5 408 439	4 797 802	336 293	-274 344
MARINE, AVIATION AND TRANSPORTS	240 062	67 641	162 607	-9 815
THIRD PARTY LIABILITY	1 359 309	313 812	945 840	-99 657
CREDIT AND GUARANTEE	0	0	0	0
LEGAL PROTECTION	8 203	28 847	4 507	25 151
ASSISTANCE	837 850	711 037	149 215	22 402
MISCELLANEOUS	500	0	500	0
TOTAL	76 607 571	30 854 366	59 292 918	13 539 714
OVERALL TOTAL	76 607 571	30 854 366	59 292 918	13 539 714

NOTES

Claims incurred in 2021 and previous years

ANNEX 3 - BREAKDOWN OF CLAIMS COSTS

U:Euro

LINES OF BUSINESS/LINES OF BUSINESS GROUPS	Paid amounts - payment by installments	Paid amounts - imputed claims management costs	Changes in the claims reserve	Claims costs (4)=(1)+(2)+(3)
	(1)	(2)	(3)	
DIRECT INSURANCE				
ACCIDENTS AND HEALTH	16 567 551	1 813 441	14 046 037	32 427 028
FIRE AND OTHER DAMAGES	4 535 007	201 759	5 370 538	10 107 303
MOTOR				
- THIRD PARTY LIABILITY	29 669 059	1 005 016	4 909 490	35 583 565
- OTHER COVERAGE	16 280 663	389 517	614 599	17 284 779
MARINE, AVIATION AND TRANSPORTS	100 770	2 642	-33 631	69 781
THIRD PARTY LIABILITY	586 977	36 465	105 648	729 091
CREDIT AND GUARANTEE	0	0	0	0
LEGAL PROTECTION	29 729	0	11 617	41 347
ASSISTANCE	5 309 017	0	796 297	6 105 314
MISCELLANEOUS	0	0	0	0
TOTAL	73 078 772	3 448 839	25 820 595	102 348 207
ACCEPTED REINSURANCE	0	0	0	0
OVERALL TOTAL	73 078 772	3 448 839	25 820 595	102 348 207

ANNEX 4 - BREAKDOWN OF SOME VALUES ACCORDING TO LINES OF BUSINESS

U:Euro

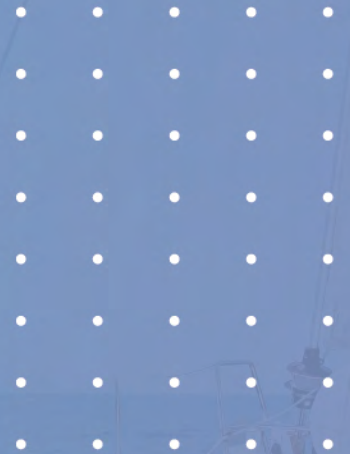
Lines of Business	Written gross premiums	Earned gross premiums	Gross costs with claims *	Gross operational costs and expenditure *	Reinsurance balance
NON-LIFE DIRECT INSURANCE					
Accidents and Health	39 096 977	38 774 076	32 427 028	10 670 582	3 007 689
Fire and Other Damages	14 378 951	13 350 327	10 107 303	3 741 758	3 507 131
Motor:					
Third party liability	40 120 700	39 691 203	35 583 565	7 578 376	124 731
Other Coverages	27 942 913	27 919 870	17 284 779	5 376 879	-2 811 330
Marine and Transportes	151 659	149 225	-2 065	28 119	-83 898
Transported Goods	217 676	204 919	71 846	45 348	-64 494
Third Party Liability	1 909 160	1 857 782	729 091	497 687	-25 782
Legal Protection	267 911	262 626	41 347	5 164	0
Assistance	6 729 856	6 600 845	6 105 314	131 635	-50
TOTAL	130 815 803	128 810 874	102 348 207	28 075 549	3 653 996



CARAVELA
COMPANHIA DE SEGUROS

REPORT AND ACCOUNTS 2022

Report and opinion of the Supervisory Board



REPORT AND OPINION OF THE SUPERVISORY BODY

Dear Shareholders of CARAVELA
Companhia de Seguros, S.A.

1. REPORT

In compliance with the legal and statutory provisions, the Supervisory Board of CARAVELA - Companhia de Seguros, SA, presents its report on performed supervisory action, as well as its opinion on the Management Report and Accounts for the financial year 2022 and the proposal for the appropriation of profits presented by the Company's Board of Directors.

During the financial year, the Supervisory Board monitored the Company's management and the evolution of its activity, and was very pleased to acknowledge the development of its activity. It also observed the Company's good performance during the current financial year.

The Supervisory Board held regular meetings with the frequency and extent deemed appropriate - These meetings, taking into consideration that the pandemic situation caused by the SARSCoV2 coronavirus continues, were held by video conference. Taking into account the matters under analysis, these meetings were attended by those responsible for the financial area and the Board of Directors. We were also in contact with the Statutory Auditor, who kept us informed of the nature and conclusions of the performed audits. In performing these duties, the Supervisory Board always obtained from the Board of Directors, from the various departments of the Company and from the Statutory Auditor all the information and explanations it required, namely for the proper understanding and evaluation of the evolution of the businesses, of the performance and financial position, as well as of the risk management and internal control systems.

It also monitored the process of preparation and disclosure of financial information, as well as the review of the Company's financial statements, having received all requested information and clarification from the Chartered Accountant. Additionally, as part of its duties, the Statutory Audit Board examined the balance sheet, the income statements by nature, the cash flow statements and other documents relating to the financial year that ended on 31 December 2022 and the corresponding financial statements, which were prepared in accordance with the applicable accounting and legal standards.

It also appraised the management report issued by the Board of Directors, the legal certification of the accounts and the audit report on the accounts issued by the statutory auditor, with which the Supervisory Board agrees.

The Supervisory Board expresses its appreciation for the cooperation received from the Board of Directors, the company's departments and the Statutory Auditor.

2. OPINION

Following the statements above, the Supervisory Board is of the opinion that the conditions are met for the Shareholders' General Meeting to approve:

- a) the Management Report and the other financial statements for the financial year that ended on 31 December 2022, as presented by the Board of Directors;
- b) the proposal for the allocation of profits presented by the Board of Directors.

3. STATEMENT OF RESPONSIBILITY

In compliance with paragraph 6 of article 420 of the Code of Commercial Companies, and paragraph c) of paragraph 1 of article 245 of the Code of Real Estate Values, the members of the Supervisory Board declare that, to the best of their knowledge, the annual accounts and other accounting documents required by law were drawn up in accordance with the applicable accounting standards, giving a true and fair view of the company's assets and liabilities, financial position and results.

They also state that, to the best of their knowledge, the Management Report faithfully portrays the evolution of the business, performance and position of the Company, and that the said report contains a mention of the risks and uncertainties of the activity.

Lisbon, the 23rd of March 2023

The Supervisory Board

Chairman: *[Signature of Manuel Augusto Lopes de Lemos]*

Member: *[Signature of Humberto Manuel Martins Carneiro]*

Member: *[Signature of José Elísio Lopes da Silva Quintas]*



REPORT AND ACCOUNTS 2022

Legal certification of the accounts





LEGAL CERTIFICATION OF ACCOUNTS

Report on the audit of the financial statements

Opinion

We have audited the attached financial statements of Caravela - Companhia de Seguros, S.A. (the "Company"), which comprise the statement of financial position as of December 31, 2022 (reflecting total assets of 206 474 619 euros and total equity of 57 182 652 euros, including a net profit of 4 048 889 euros), the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ending at that date, and the notes to the financial statements that include a summary of significant accounting policies.

In our opinion, the attached financial statements fairly present, in all material respects, the financial position of Caravela - Companhia de Seguros, S.A. as of December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in Portugal for the insurance sector established by the Insurance and Pension Funds Supervisory Authority.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other standards and technical and ethical guidelines of the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent from the Company in accordance with the law and have fulfilled the other ethical requirements under the code of ethics of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional consideration, were most significant in our audit of the financial statements of the current year. These matters were considered in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Mazars & Associados - Sociedade de Revisores Oficiais de Contas, S.A.

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Registration no 51 at OROC – Registered in the City Hall of Lisbon under the no. 20161394 – Corporate Taxpayer no. 502
107 251 – Share Capital 186.580,00 € - Commercial Registry Office of Lisbon

Technical Provisions

Description of the relevant audit matter	Audit approach and response
<p>As disclosed in Notes 3.7, 4.1, 4.2, 4.5 and 4.6 of the Notes to the financial statements, the assessment by the Management Body on Provisions for the settlement of future claims, involves complex and subjective judgements on future events, internal and external to the Company, where small alterations in the assumptions considered may result in relevant impacts on the valuation of these responsibilities.</p>	<p>In order to respond to the identified risks, among the audit procedures performed we highlight the following:</p>
<p>The technical provisions shown in the Statement of Financial Position (in the global amount of 128,121 thousand Euro), represent approximately 86% of the Company's total liabilities, as at 31 December 2022.</p>	<p>- The identification, assessment and testing of the effectiveness of key controls related to the registration of policies and the claims reporting and registration process, as well as the assessment of the design and implementation of controls associated with the recognition and control of technical provisions;</p>
<p>The Provision for claims, (which includes the Provision for benefits, IBNR, IBNER and the Cost of Claims Management) represents the estimated cost of the total outstanding obligations of the insurer resulting from claims occurring on a date prior to the closing date of the financial year. This is a complex area and subject to professional judgement as a result of the uncertainty inherent in calculating the estimate of claims provisions. Both stochastic and deterministic statistical methods are used in the calculation of these provisions, both of which present a degree of complexity with numerous hypotheses subject to validation/revision. Specifically in what concerns the line of business of worker's compensation, Portuguese regulations regulate mortality tables and discount rates. However, these may not be the most appropriate for the Company's portfolio, and therefore require detailed revision.</p>	<p>- The execution of substantial procedures by carrying out tests in order to validate the consistency of the level of provisions recorded. For this purpose we identified and reviewed the main assumptions used by the Company in assessing the adequacy of insurance liabilities; and;</p>
<p>One of the most significant uncertainties concerns the calculation of costs to be incurred with serious</p>	<p>- Review of the methodologies used, including the triangles of claims paid and incurred and the average cost per claim, validating critical judgment points such as frequency of occurrence, development factors, incorporation of trend improvements in the projection of provisions, and benchmarking of key criteria in the estimates against sector knowledge.</p> <p>Finally, we have assessed whether the disclosures made by the Company in the Notes to the financial statements with regard to technical provisions comply with the requirements of the accounting standards in force.</p>

claims involving personal injury (arising from the Motor line of business) and determination of the current value of the annuities that may be defined, as well as possible insufficiency of the provisions to cover risks associated with future claims.

Valuation of financial instruments, land and buildings and investments in subsidiaries, associates and joint ventures

Description of the relevant audit matter	Audit approach and response
<p>As disclosed in Notes 3.2, 3.3 and 5 of the Notes to the financial statements ("Financial Instruments", "Land and Buildings" and "Investments in Subsidiaries, Associates and Joint Ventures"), the valuation methodologies for financial instruments and land and buildings require the use of assumptions and judgments in determining their fair value.</p> <p>The financial instruments, land and buildings and investments in subsidiaries, associates and joint ventures presented in the Statement of financial position as available-for-sale assets, land and buildings and investments in subsidiaries, associates and joint ventures, in the aggregate amount of 120,610 thousand Euro, represent 58% of the Company's total assets, as at 31 December 2022.</p> <p>Thus, this matter was considered a relevant audit matter in view of the materiality of the amounts involved and the degree of judgment underlying the selection of the measurement basis for each nature of investments, which may result in variations in the amounts recorded in the financial statements.</p>	<p>In order to respond to the identified risks, amongst the audit procedures carried out we highlight the following:</p> <ul style="list-style-type: none"> - Identification, understanding and evaluation of the key controls implemented in the Company, in relation to the measurement of financial instruments; - Verification of prices from external sources for positions held by the Company and their comparison with the prices used, analysing any significant differences, and - Review of the models and main assumptions (where applicable) and of the appropriate supports for the valuation adopted by the Company, regarding positions with less than net liquidity, and on a sample basis, . <p>Regarding land and buildings, among the performed audit procedures, we highlight the following:</p> <ul style="list-style-type: none"> - Analysis of the acquisition documentation of the new building acquired in the year 2022; - Verification of the correct accounting record resulting from the valuation, against the amount presented by the expert assessor in his last valuation report;

- Analysis of the valuation reports, carried out by an independent expert (where applicable), in order to understand its objectivity, approach and results; and

- Critical analysis of the significant assumptions, areas of judgement and also of their reasonableness with market conditions.

Regarding investments in subsidiaries, associates and joint ventures, of the audit procedures carried out, we highlight the following:

- Analysis of the relevant supporting documentation to the acquisition operations of the new participations carried out in 2022; and

- Verification of the correct accounting record of the acquisitions made.

Finally, we assessed whether the disclosures made by the Company, in the Notes to the financial statements, in respect of Financial Instruments, Land and Buildings and investments in subsidiaries, associates and joint ventures, comply with the requirements of the accounting standards in force.

Responsibilities of management and supervisory body for the financial statements

The management body is responsible for;

- preparing the financial statements that provide a true and fair view of the financial position, the financial performance and the cash flows of the Company in accordance with the accounting principles generally accepted in Portugal for the insurance sector established by the Insurance and Pension Funds Supervisory Authority

- preparation of the management report in accordance with the applicable legal and regulatory terms;

- creation and maintenance of an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement due to fraud or error
- adoption of accounting policies and criteria that are appropriate in the circumstances; and
- evaluation of the Company's ability to continue operating, disclosing, as applicable, the matters that may cast significant doubt on the continuity of its activities.

The supervisory body is responsible for overseeing the preparation and disclosure of the Company's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism during the audit and also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control;
- acquire an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our report to the related disclosures included in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease operations;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that allows fair presentation;

- communicate with those charged with governance, including the Statutory Audit Board, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control identified during the audit;

- from the matters we have communicated to those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the current year's financial statements and are the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure; and

- declare to the supervisory body that we have complied with relevant ethical requirements regarding independence and communicate to it all relationships and other matters that may be perceived as threats to our independence and, where applicable, the steps taken to eliminate those threats or the safeguards applied.

Our responsibility also includes verifying that the information included in the management report is consistent with the financial statements.

Report on other legal and regulatory requirements

On the management report

In compliance with article 451, no. 3, al. e) of the Companies Code, in our opinion, the management report was prepared in accordance with the applicable legal and regulatory requirements in force, the information contained therein is consistent with the audited financial statements and, taking into account our knowledge and assessment of the Company, we have not identified any material misstatements.

On the additional elements provided for in Article 10 of Regulation (EU) No. 537/2014

In compliance with Article 10 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, and in addition to the relevant audit matters set out above, we also report the following:

- We were appointed as auditors of the Company for the first time at the general meeting of shareholders held on 31 March 2014 for a term of office from 2013 to 2016, which was

renewed on 20 October 2017 for the four-year term 2017-2020. On July 9, 2019 we were appointed for a new term of office comprising 2019-2022, express authorisation having been obtained from the Insurance and Pension Funds Supervisory Authority;

- The management body has confirmed to us that it is not aware of the occurrence of any fraud or suspected fraud with a material effect on the financial statements. In planning and performing our audit in accordance with ISAs we maintained professional scepticism and designed audit procedures to respond to the possibility of material misstatement of the financial statements due to fraud. As a result of our work we have not identified any material misstatement in the financial statements due to fraud;

- We confirm that our audit opinion is consistent with the additional report that we prepared and delivered to the Company's supervisory body on 22 March 2023; and

- We declare that we have not provided any services that are prohibited under article 77, number 8, of the Bylaws of the Portuguese Institute of Statutory Auditors and that we maintained our independence from the Company during the course of the audit.

Lisbon, on the 22nd of March 2023

[Signature]

Mazars & Associados, Sociedade de Revisores Oficiais de Contas, S.A.

Represented by Pedro Miguel Pires de Jesus (Chartered Accountant no. 1930 and registered at the CMVM under no. 20190019)