



Caravela – Companhia de Seguros, S.A.

Solvency and Financial Condition Report

31 December 2024



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EXECUTIVE SUMMARY

Within the scope of the Solvency II information requirements established under Articles 51 to 56 in Directive 2009/138/EC from the European Parliament and Council, article 83 of the Legal Framework for Access to Insurance and Reinsurance Business and Articles 290 to 303 of (EU) Commission Delegated Regulation 2015/35, Caravela – Companhia de Seguros, S.A. (hereinafter referred to as Caravela or the Company) hereby presents, the **Solvency and Financial Condition Report** for the year 2024.

All amounts in this report are presented in euros, unless expressly stated otherwise.

Activity and performance

Caravela operates exclusively in the Non-Life line of business, with a focus on the Motor, Fire and Other Damages and Workers' Compensation insurance segments. The Company's portfolio also includes the sale of products in other segments, in particular Health, Personal Accidents, General Liability, Assistance, Assistance, Maritime, Cargo and, following the authorisation given in October 2023 by the Board of Directors of the Insurance and Pension Funds Supervisory Authority (ASF), Suretyship.

In June 2021, Caravela started its activity, for the first time from its registered office in Portugal, with the freedom to provide services regime (FPS) on the territory of the French Republic. The nature of the risks or commitments that the Company covers or assumes within the FPS framework on the territory of the French Republic are those covered by the Fire and Other Damages, General Liability, Personal Accidents and Suretyship lines of business or groups of lines of business.

Given its ambition to expand internationally, during 2023, Caravela also began activity within the FPS framework in the Hellenic Republic (Greece) during February and received authorisation from the supervisory authority to begin activity in the Netherlands in July, both through the Motor line of business.

During 2024, in addition to the start of business activity for the Personal Accident and Suretyship lines of business in France, as mentioned above, the Company also began activities for the Suretyship line of business in Spain.

Caravela closed the 2024 financial year with 187.7 million euros in gross written premiums (GWP) (183.6 million euros in insurance contracts revenue), which represents an increase in production of 27.5 million euros and a growth rate of +17.1 % (26.3 million additional euros, 16.7 %, in insurance contracts revenue), compared to the figure recorded in 2023. This growth reflects the increase in demand for certain lines of business and Caravela's consolidation in the insurance sector, with its market share in the Non-Life segment, including business in Portugal and abroad, growing by 0.14 p.p., from 2.4 % in 2023 to 2.5 % in 2024.

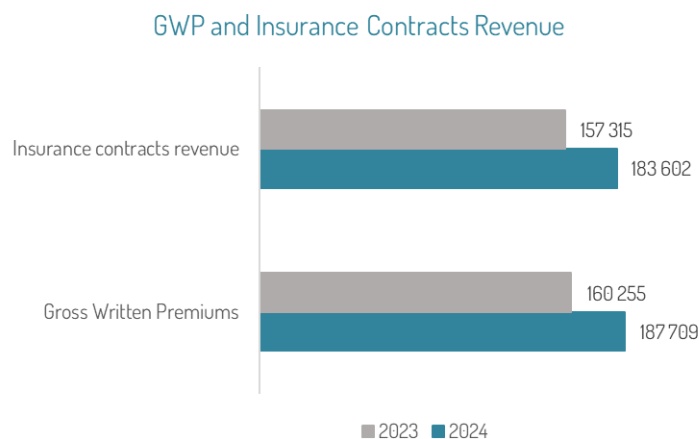


Figure 1: Evolution of Gross Written Premiums and Insurance Contracts Revenue (2023–2024, in thousand euros)

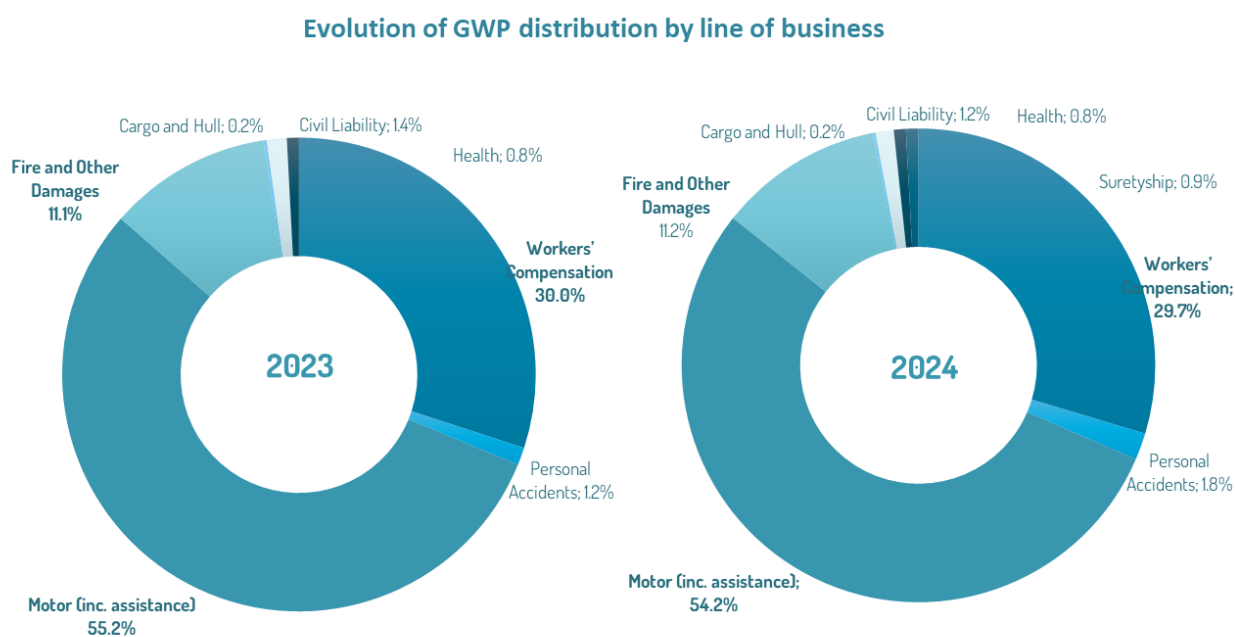


Figure 2: Evolution of GWP distribution by line of business (2023–2024)

In 2024, operations in France, Greece, Spain and the Netherlands together generated 16.4 million euros in gross written premiums, representing 8.7 % of turnover. Compared to 2023, there was an increase of 72.7 %, driven by new operations in Spain and the Netherlands and the business activity from two new lines of business in France.

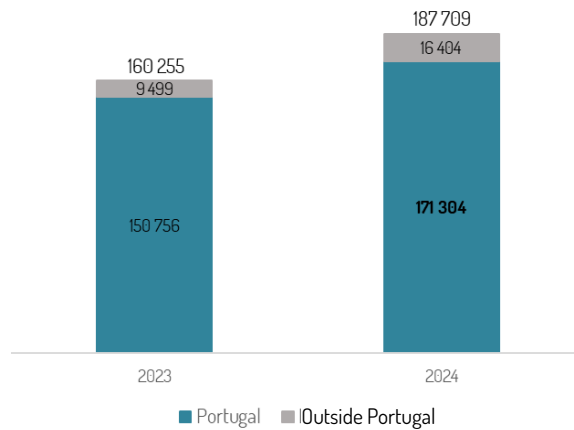


Figure 3: Distribution of GWP between the domestic and international portfolios (2023–2024, in thousand euros)

In 2024, Caravela's Global Claims Ratio stood at¹ 66.5 %, representing an increase of 6.4 p.p. compared to the previous financial year when it had reached 60.1 %. The segments with the greatest weight in terms of costs continued to be the Motor, Accidents and Health segments in 2024, which together account for 82.8 % of total insurance contracts service expense. In relative terms, the Hull segment saw the biggest increase in expenses (188.6 %), followed by the Cargo segment (90.7 %).

Insurance Contracts Service Expense ²	2023	2024	24/23 VAR %
Accidents and Health	23 220 632	32 648 034	40.6 %
Fire and Other Damages	8 287 843	11 329 502	36.7 %
Motor	54 950 318	68 431 048	24.5 %
Hull	18 288	52 774	188.6 %
Cargo	62 212	118 612	90.7 %
General Liability	1 123 444	1 534 071	36.6 %
Suretyship	0	84 425	0.0 %
Assistance	6 869 233	7 941 065	15.6 %
Total	94 531 970	122 139 530	29.2 %

Table 1: Evolution of insurance contracts service expense by line of business (2023–2024)

In the context of growth in the global loss ratio, when the rates by segment are analysed, it can be seen that Assistance coverage continues to have the highest loss ratio in the Company, 86.6 % in 2024 and 84.3 % in 2023, followed by the Motor segment with a ratio of 76.2 % in 2024 versus 70.0 % in 2023. In regard to the segments that incurred the biggest increases in costs, the ones that effectively incur the biggest increases in loss ratio are the following: 203.8 % in the Hull segment and 49.3 % in the Cargo segment, but they remain among the Company's lowest loss ratios (33.4 % and 48.5 % respectively).

¹ Global claims ratio = (Insurance contract expenses for Claims incurred/Insurance contracts revenue)

² Insurance contracts service expense de claims incurred



Loss Ratio	2023	2024	24/23 VAR %
Accidents and Health	45.7 %	53.7 %	17.6 %
Fire and Other Damages	47.8 %	54.0 %	13.0 %
Motor	70.0 %	76.2 %	8.9 %
Hull	11.0 %	33.4 %	203.8 %
Cargo	32.5 %	48.5 %	49.3 %
General Liability	51.7 %	66.9 %	29.2 %
Suretyship	0.0 %	41.4 %	0.0 %
Assistance	84.3 %	86.6 %	2.7 %
Total	60.1 %	66.5 %	10.7 %

Table 2: Evolution of the loss ratio by line of business (2023–2024)

In terms of claims incurred, the overall variation compared to the same period last year was practically nil, at just 0.1 %, where only 55 more claims had been opened in 2024. Despite this, the Workers' Compensation line of business led to the opening of 796 more cases (+9.3 %), and this increase was offset by a reduction in the number of cases opened in lines of business such as Fire and Other Damages, -459 (-11.1 %), Motor, -262 (0.6 %), Personal Accidents, -33 (-2.6 %), Cargo, -12 (-57.1 %) and Hull, - 1 (-9.1 %). The General Liability line of business saw a slight increase of 26 opened cases, with a variation of 2.4 %.

Loss Ratio ³	2023	2024	24/23 VAR %
Accidents	2.4 %	1.7 %	-27.3 %
Workers' Compensation	8.7 %	7.8 %	-10.4 %
Personal Accidents	0.4 %	0.2 %	-37.7 %
Fire and Other Damages	10.7 %	9.7 %	-9.3 %
Motor	14.6 %	14.4 %	-1.4 %
Hull	1.0 %	1.0 %	-3.0 %
Cargo	9.2 %	3.9 %	-57.8 %
General Liability	18.7 %	19.2 %	2.8 %
Suretyship	0.0 %	0.0 %	0.0 %
TOTAL	16.3 %	16.2 %	-0.6 %

Table 3: Evolution of the loss ratio by line of business (2023–2024)

The reinsurance programme approved by Caravela for 2024 in the Portuguese market has undergone changes compared to the previous year, in terms of the Reinsurers involved and the existence of new proportional treaties. In 2024, the Company contracted new reinsurance treaties for the Workers' Compensation and Motor insurance lines of business. In regard to Workers' Compensation with coverage for professional sports, in July 2024 it started a new proportional treaty with a 50 % assignment, along with the non-proportional Excess of Loss, already renewed and carried over from previous financial years. In regard to Motor insurance, a proportional treaty with a 50 % assignment also began in July 2024.

³- Note: Does not include Travel Assistance claims



In 2024, the Suretyship line of business began operating in Portugal, as well as in the Spanish and French markets. Proportional treaties were approved for this line of business, specific to each geographic region.

In regard to the other portfolios operated internationally, in Greece and the Netherlands, the proportional and non-proportional treaties which started in 2023 are maintained, and as such, no changes have been made to them.

As for the proportional treaties covering the Fire and Other Damages, Maritime, Cargo and Engineering lines of business, retention of the share portion and the limit on the surplus negotiated in 2023 were maintained.

The Excess of Loss treaties covering the Motor, Personal Accidents, Workers' Compensation and General Liability lines of business did not undergo any changes in terms of priority or capacity, and the annual aggregate limit in the Motor – Personal Damages treaty was maintained.

Insurance service result, net of reinsurance, was a negative 7 282 000 euros, representing a reduction of 174.1 % (-17 113 000 euros) year-on-year.

The combined ratio net of reinsurance⁴ rose to 92.7 %, an increase of 8.8 p.p. compared to 2023. This variation is the result of growth in both the loss ratio and the operating ratio, by 7.0 p.p. and 1.9 p.p. respectively.

Financial investments, in particular Securities, grew by 31 801 000 euros in 2024, an increase of 20.2 % compared to 2023.

The management of financial assets, in partnership with OFI Asset Management, a provider of investment management services, has been implemented in accordance with the Company's investment policy. As in previous years, it is guided by criteria of prudence, security and liquidity and respects the recommendations from the Insurance and Pension Funds Supervisory Authority (ASF) and the European Insurance and Occupational Pensions Authority (EIOPA).

In regard to the rate of return, the total assets portfolio recorded an average positive return of 3.7 %.

On the date of this report, Caravela has no investments in securitisations.

Total operating costs amounted to 21 077 000 euros, which represents an increase of 16.0 % compared to 2023, due to a general increase in expense items.

The number of employees at the end of the period remained at 149 (70 men and 79 women).

Governance system

As of 31 December 2024, Caravela's share capital, fully subscribed and paid, was 44 388 315.20 euros, represented by 79 056 677 shares, with no par value, dispersed among various shareholders, both individual persons and legal entities.

⁴ Combined ratio = (Insurance contracts service expenses for claims incurred – Reinsurance contracts ceded revenue for claims incurred + Attributable costs – Reinsurance fees)/(Insurance contracts revenue – Ceded Reinsurance Premiums)



The Company's governance model, which ensures the effective segregation of management and supervisory duties, follows the traditional Latin model and is comprised, in accordance with the Company's Articles of Association, of the following governing bodies:

- Shareholders' Meeting;
- Board of Directors;
- Supervisory Board;
- Statutory Auditor/External Auditor;

and also the Remuneration Committee, due to key functions – the Risk Management Function, Compliance Verification Function, the Actuarial Function and the Internal Auditing Function – in addition to a number of committees supporting the Board of Directors.

In accordance with article 11 of the Company's Articles of Association, day-to-day management is carried out by a Board of Directors comprised of seven members, appointed by the Shareholders' Meeting for four-year terms, with re-election permitted.

Therefore, the current Board of Directors, which has a mandate from 2023 to 2026, is comprised of seven directors, one of whom is Chairman, another Vice-Chairman and five Members.

Supervision of management activity is conducted by a Supervisory Board comprised of three full members and one alternate member, with terms of office equal to those from the Board of Directors, who are also re-electable. These members are elected at the Shareholders' Meeting, which also appoints the respective Chairman.

The Statutory Auditor is currently PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., represented by Carlos Manuel Sim Maia.

The Remuneration Committee is comprised of three members – one of whom is the Chairman – appointed at the Shareholders' Meeting and also for four-year terms, with the possibility of re-election.

Risk Profile

The Board of Directors is responsible for establishing the appropriate organisational and operational structure. It is also responsible for ensuring the effectiveness of the risk management system, defining the risk appetite and overall risk tolerance limits, as well as the primary risk management strategies and policies.

Risk assessment is based on the standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Company conducts stress tests or reverse stress tests to quantify their impact on capital requirements.

In view of the risks assumed and in order to provide adequate protection for its policyholders, Caravela has set its capital target at a minimum limit of 125 % of the solvency capital requirement and 110 % as the minimum acceptable capital.

The Solvency Capital Requirement (SCR) as of 31-12-2024 has the following structure:



SCR Composition

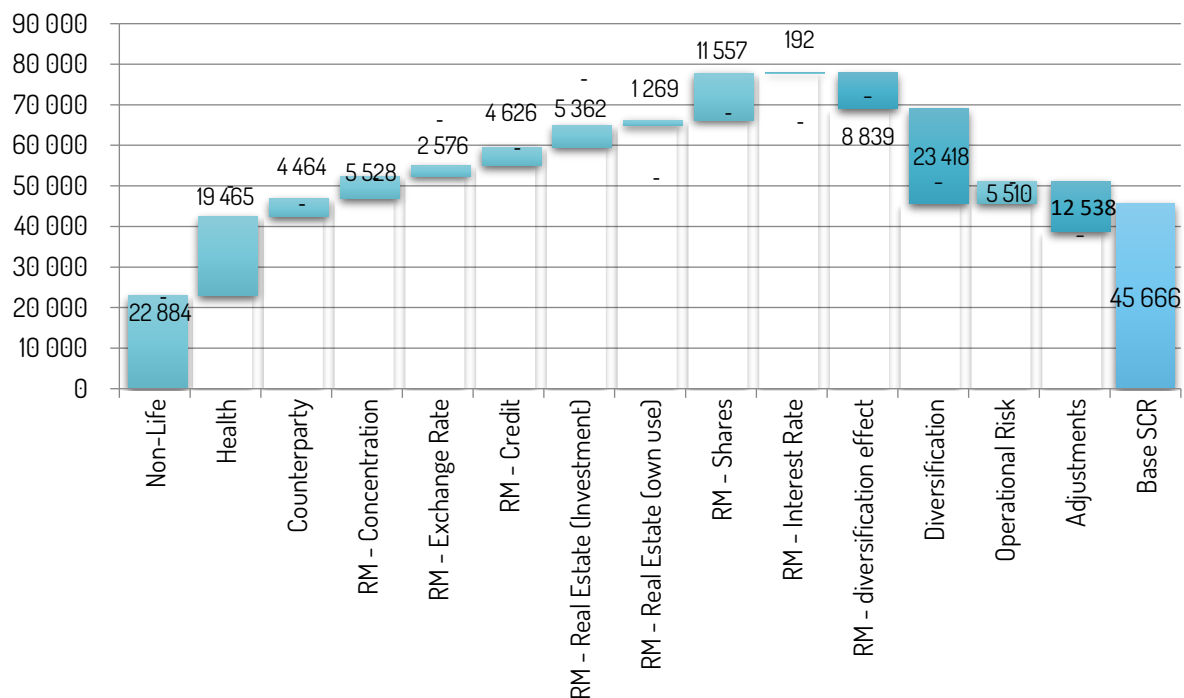


Figure 4: 2024 SCR Composition

Valuation for solvency purposes

In this report, Caravela details the amounts and processes for identifying and valuing assets and liabilities from a Solvency II Balance Sheet perspective, in comparison with the IFRS (Statutory) Balance Sheet, by displaying the variations.

The revalued assets have increased by 15 410 000 euros while liabilities have increased by 23 456 000 euros, generating a negative impact on own funds, totalling a negative variation of 8 046 000 euros in 2024.

The main adjustments to assets refer to the elimination of deferred acquisition costs, which are not recognised under Solvency II, and the revaluation of intangible assets and reinsurance recoverables.

On the liabilities side, the adjustment is essentially due to the revaluation of technical provisions. The impact of these adjustments is also corrected by deferred taxes, at a rate of 24.5 %, and these are presented at their net value as an increase in liabilities.

Capital management

This chapter is presented for the reconciliation of equity capital between IFRS own funds and those eligible under Solvency II.

The structure, amount and quality of own funds are also presented.



Own funds are essentially composed of Tier 1 elements.

The Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR) are fully covered by unrestricted Tier 1 elements, meeting the eligibility criterion, namely that the proportion of this item must be at least 50 % of the SCR and 80 % of the MCR.

As of 31 December 2024, the coverage ratio of the SCR and the MCR are 159.1 % and 327.9 %, respectively.

This chapter details the process for determining the amount of the adjustment in the capacity to absorb deferred tax losses which, as of 31 December 2024, stands at 12 538 000 euros, corresponding to a recovery of losses amounting to 45 980 euros, i.e. 100 % of the expected instantaneous loss.

Not using the adjustment in the capacity to absorb deferred tax losses would set the solvency ratio at 117 %, corresponding to an excess of 8 793 000 euros.

In light of using the long-term and transitional measures, in particular, the volatility adjustment and the deduction from technical provisions, the impacts of their use were calculated by comparing the results obtained with those that would have been obtained if the measures had not been applied. The overall impact of all measures on technical provisions is 2 277 000 euros.

Not applying the transitional measure for technical provisions and the long-term measure for the volatility adjustment would lead to a reduction in the solvency capital requirement of 0.9 % and 1.6 % respectively, for a total impact of -2.5 %. However, the Solvency II ratio, without any measure, would remain at a comfortable level of 155.1 %, translating into an excess of 21 331 000 euros.



A. ACTIVITY AND PERFORMANCE

A.1. ACTIVITY

Caravela – Companhia de Seguros, S.A. is a public limited company registered with the Commercial Registry Office of Lisbon under the sole registration and legal entity number 503 640 549.

Headquartered in Lisbon, at Avenida Marquês de Tomar nº2, since January 2024, Caravela has offices in Faro, Leiria, Lisbon and Porto.

The Company exercises Non-Life insurance and reinsurance business activity, under authorisation no. 1133 granted by the Insurance and Pension Funds Supervisory Authority (ASF) and with the legal identification code (LEI): 635400TDFKL4ZSPVXC31 – Caravela – Companhia de Seguros, S.A..

The Company was incorporated in 1996 under the 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. On 12 November 2014, it was acquired in its entirety by the company AAA, SGPS, S.A..

On 26 June 2017, the 26 600 000 shares owned by the shareholder AAA, SGPS, S.A., representing 100 % of the share capital, were transferred to various shareholders and, additionally, a capital increase was made in the amount of €6 000 101.96.

In 2019, a new capital increase was made for a new shareholder, TPIF Douro Bidco, S.à r.l., a company that is part of the Private Equity Tosca Fund, an English entity whose conglomerate has around 4 billion in assets under management and which now holds a qualified holding of 48 % of Caravela's share capital and voting rights. After this increase, the Company's share capital totalled €44 388 315.20.

Caravela's supervisor is the Supervisory Authority of Insurance and Pension Funds, located in Lisbon, at Avenida da República, no. 76, telephone no. +351 21 790 31 00 and e-mail asf@asf.com.pt.

The external auditor responsible for certifying the quantitative and qualitative information within the scope of the annual Solvency II report is PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. – SROC nº 183, located at Palácio Sottomayor, Av. Fontes Pereira de Melo nº 16, 1050-121 Lisboa, telephone no. +351 21 359 9000.

Caravela operates exclusively in the Non-Life line of business, with a focus on the Motor, Fire and Other Damages and Workers' Compensation insurance segments. The Company's portfolio also includes the marketing of products from other segments, namely Healthcare, Personal Accidents, General Liability, Assistance, Maritime, Cargo and, following the authorisation given in October 2023 by the ASF, Suretyship.

Pursuant to article 235(1) under the legal framework for access and practice of insurance and reinsurance businesses, approved by Law 147/2015 of 9 September, and sections 3.2.1.1. and 3.2.1.2. from the decision on the collaboration of Supervisory Insurance Authorities in the European Economic Zone, (BoS-21-235, of 10 June 2021), Caravela – Companhia de Seguros, S.A. may conduct business under the freedom to provide services in Member States of the European Union from its registered office in Portugal.

In April 2021, Caravela began its activity, for the first time from its registered office in Portugal, with the freedom to provide services regime (FPS) on the territory of the French Republic. The nature of the risks or commitments



that the Company covers or assumes within the FPS framework on the territory of the French Republic are those covered by the Fire and Other Damages, General Liability, Personal Accidents and Suretyship lines of business or groups of lines of business. The last two lines of business referenced were initiated in the second half of 2024.

Given its ambition to expand internationally, during 2023, Caravela also began activity within the FPS framework in the Hellenic Republic (Greece) during February and received authorisation from the supervisory authority to begin activity in the Netherlands in July, both through the Motor line of business.

During 2024, in addition to starting to market the Personal Accident and Suretyship lines of business in France, as mentioned above, the Suretyship line of business was initiated in Spain at the same time.

Until the 2018 financial year, the Company favoured individual or small business risks over large risks, as well as risks with a history of good results over risks for which it is not possible to obtain a history or whose experience has displayed a prior situation of poor results. With the capital increase in 2019, Caravela began a new growth cycle, strengthening the retail segment and launching the segment for larger-sized companies. The expansion of FPS sales through the MGA network has been an area of development in recent years and will continue to be, complementing growth in Portugal.

These pillars have contributed to Caravela's organic growth.

Historically, rigorous analysis and selection in risk underwriting has been a key factor in profitability, as has risk mitigation through reinsurance treaties. Likewise, in specific cases it has resorted to co-insurance, an example of which is the Healthcare line of business. In this case, there is a protocol signed with Médis, which allows the marketing of products in this segment on a co-insurance basis, with Caravela's share 100 % assigned.

A.2. UNDERWRITING PERFORMANCE

A.2.1. INSURANCE CONTRACTS REVENUE/GROSS WRITTEN PREMIUMS

Overall Activity

Throughout its history, Caravela has been committed to a strategy of product diversification, most recently with the marketing of the suretyship line of business in 2024, thereby strengthening the organic and consolidated growth seen in recent years. This growth continues to be sustained in the private customer and small- and medium-sized company segments in addition to the expansion of commercial activity abroad.

Caravela closed the 2024 financial year with 187.7 million euros in gross written premiums (GWP) (183.6 million euros in insurance contracts revenue), which represents an increase in production of 27.5 million euros and a growth rate of +17.1 % (26.3 million additional euros, 16.7 %, in insurance contracts revenue), compared to the figure recorded in 2023. This growth reflects the increase in demand for certain lines of business and Caravela's consolidation in the insurance sector, with its market share in the Non-Life segment, including business in Portugal and abroad, growing by 0.14 p.p., from 2.4 % in 2023 to 2.5 % in 2024.

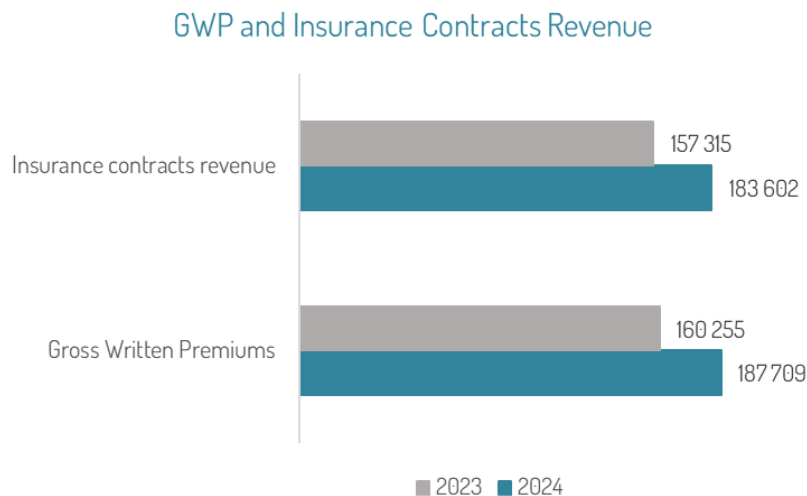


Figure 5: Evolution of Gross Written Premiums and Insurance Contracts Revenue (2023-2024, in thousand euros)

In line with results from the previous year, in 2024 there was growth across practically all lines of business, with the exception of the Hull line of business (-5.2 %), which followed the downward trend of the market. The Accidents and Health segment stands out with overall growth of 18.1 %, representing one of the best production volumes at 60.6 million euros. In particular, the Personal Accidents line of business saw an increase of 79.9 %, contrary to the market trend, mainly due to the start of marketing the personal travel accidents product in France, within the FPS framework, representing a weight of 54.9 % in 2024. The Workers' Compensation and Healthcare lines of business also showed a significant growth, at 15.7 % and 16.6 % respectively, with Workers' Compensation as the line of business that grew the most and contributed the most to the segment in absolute terms.

Also noteworthy was the performance of the Fire and Other Damages line of business with an increase of 17.7 % and the Motor line of business with an increase of 14.9 %, both of which were higher than the market, 7.9 % and 9.9 %, respectively. Business activity within the FPS framework contributed to the growth of the last two lines of business referenced, accounting for 19.7 % in Fire and Other Damages and 9.1 % in Motor.

Although with less significant results, the other lines of business, namely Civil Liability (+6.5 %) and Maritime and Cargo (+17.4 %), showed a positive growth. Lastly, the first year of the Suretyship line of business resulted in a GWP volume of 1 598 000 euros.

In regard to the structure of premiums in the GWP portfolio, Caravela shows the same distribution trend as in the previous year, maintaining the predominance of the Motor and Workers' Compensation lines of business, 54.2 % and 29.7 % respectively, with these two accounting for 83.9 % of premiums in the portfolio.

Upon analysing the number of insurance policies in the portfolio, in 2024 the predominance of weight in the lines of business, Motor and Fire and Other Damages, continues, at 82.9 % and 10.4 % respectively, as these two lines of business amount to 93.3 % of the insurance policies in Caravela's portfolio.

The following graphs provide a very clear overview of the evolution and structure of Caravela's portfolio.



Evolution of GWP distribution by line of business

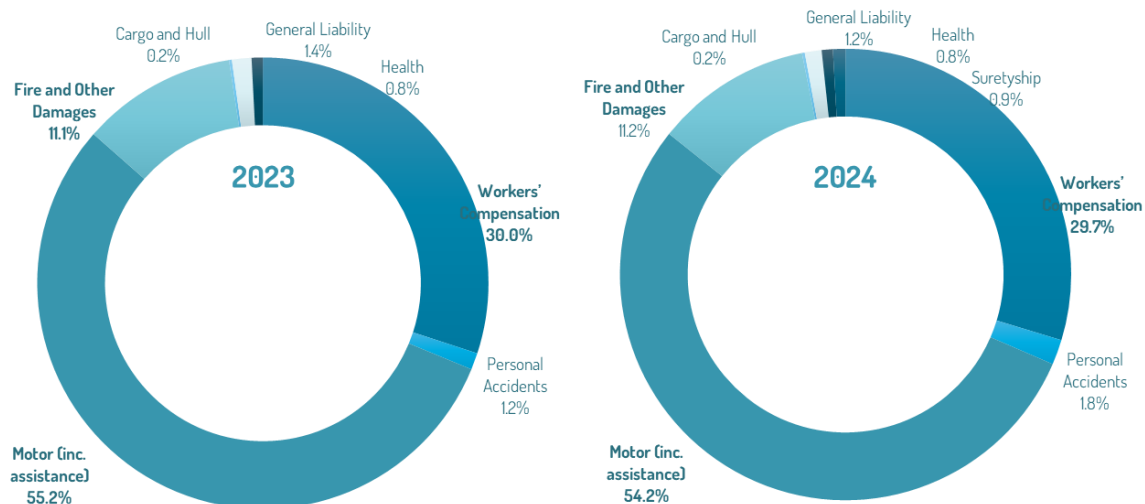


Figure 6: Evolution of GWP distribution by line of business (2023-2024)

Good performance was maintained across all lines of business considered strategic.

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

- Moderate and progressive growth in the current national distribution channels, but also in the digital business;
- The growth of the international operations, selectively, through current partnerships, but also by extending the network to new partners;
- Business profitability through underwriting private client and micro/small company activity, with the application of best practices and risk management;
Consolidation of subscription and distribution models in the medium and small company segment, resulting in a significant attraction of new business in this segment.

International Activity

In 2024, operations in France, Greece, Spain and the Netherlands together generated 16.4 million euros in gross written premiums, representing 8.7 % of turnover. Compared to 2023, there was an increase of 72.7 %, driven by new operations in Spain and the Netherlands and the business activity from two new lines of business in France.

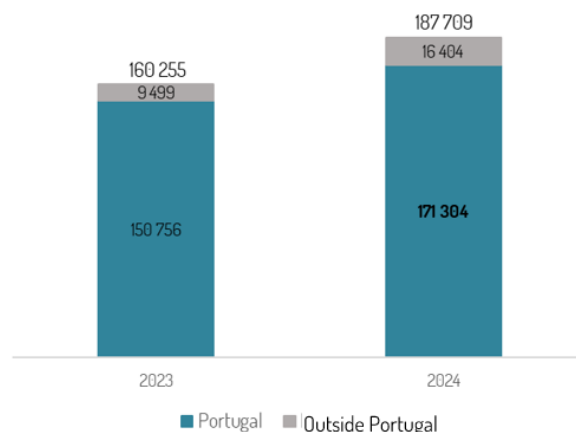


Figure 7: Distribution of GWP between the domestic and international portfolios (2023-2024, in thousand euros)

Operations in France

Operations in France began in 2021, through a partnership with DUNE. Three years of experience have been accumulated, with satisfactory results in the distribution of a product aimed at construction operations. In 2024, the Personal Accidents and Suretyship lines of business began to be marketed.

Gross written premiums for the year amounted to 6 058 000 euros, which exceeds the previous year's premium production by 29.4 %.

Operations in Greece

Caravela began operations in Greece in February 2023, establishing a partnership with BROKINS S.A., already active in the Greek market as a broker and coordinator of insurance agents.

In 2024, gross written premiums amounted to 8 178 000 euros, an increase of 69.7 % compared to the same period last year.

Operations in the Netherlands

The marketing campaign in the Netherlands with the Biesbosch/The Core partnership made its debut in 2024, with marketing of the motor line of business, recording gross premiums of 1 105 000 euros.

Operation in Spain

In the last half of 2024, Caravela started operating in Spain with the business partners Get Involved and Credicand, expanding the marketing of the suretyship line of business, with gross written premiums at around 1 061 000 euros. This operation, with insurance contract revenues at around 144 000 euros, represented 70.8 % of total insurance contract revenues in the suretyship line of business.



A.2.2. INSURANCE CONTRACTS SERVICE EXPENSE

In 2024, Caravela's⁵ Loss Ratio stood at 66.5 %, representing an increase of 6.4 p.p. compared to the previous year when it had reached 60.1 %. The segments with the greatest weight in terms of costs in 2024 continued to be the Motor, Accidents and Health segments, which together account for 82.8 % of total insurance contracts service expense costs. In relative terms, the Hull segment saw the biggest increase in expenses (188.6 %), followed by the Cargo segment (90.7 %).

Insurance Contracts Service Expense ⁶	2023	2024	24/23 VAR %
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Loss Ratio	2023	2024	24/23 VAR %
Accidents and Health	45.7 %	53.7 %	17.6 %
Fire and Other Damages	47.8 %	54.0 %	13.0 %
Motor	70.0 %	76.2 %	8.9 %
Hull	11.0 %	33.4 %	203.8 %
Cargo	32.5 %	48.5 %	49.3 %
General Liability	51.7 %	66.9 %	29.2 %
Suretyship	0.0 %	41.4 %	0.0 %
Assistance	84.3 %	86.6 %	2.7 %
Total	60.1 %	66.5 %	10.7 %

Table 5: Evolution of the loss ratio by line of business (2023-2024)

⁵ Loss ratio = (Insurance contract expenses for claims incurred/Insurance contracts revenue)

⁶ Insurance contracts service expense de claims incurred



In terms of claims incurred, the overall variation compared to the same period last year was practically nil, at just 0.1 %, where only 55 more claims had been opened in 2024. Despite this, the Workers' Compensation line of business led to the opening of 796 more cases (+9.3 %), and this increase was offset by a reduction in the number of cases opened in lines of business such as Fire and Other Damages, -459 (-11.1 %), Motor, -262 (0.6 %), Personal Accidents, -33 (-2.6 %), Cargo, -12 (-57.1 %) and Hull, - 1 (-9.1 %). The General Liability line of business saw a slight increase of 26 opened cases, with a variation of 2.4 %.

In regard to the number of insurance policies in force, there was an increase of around 2.8 % compared to the previous year, while the change in claims was 0.1 %, representing a slight reduction in the overall loss ratio (-0.6 %). Together with the trending number of cases opened by segment, General Liability saw an increase in frequency compared to 2023, up 2.8 %, while the Workers' Compensation segment countered the 9.3 % increase in cases opened, with a 10.4 % drop in the loss ratio compared to the same period in the previous year.

Loss ratio ⁷	2023	2024	24/23 VAR %
Accidents	2.4 %	1.7 %	-27.3 %
Workers' Compensation	8.7 %	7.8 %	-10.4 %
Personal Accidents	0.4 %	0.2 %	-37.7 %
Fire and Other Damages	10.7 %	9.7 %	-9.3 %
Motor	14.6 %	14.4 %	-1.4 %
Hull	1.0 %	1.0 %	-3.0 %
Cargo	9.2 %	3.9 %	-57.8 %
General Liability	18.7 %	19.2 %	2.8 %
Suretyship	0.0 %	0.0 %	0.0 %
TOTAL	16.3 %	16.2 %	-0.6 %

Table 6: Evolution of the loss ratio by line of business (2023-2024)

A.2.3. REINSURANCE

Caravela's reinsurance policy includes Proportional and Non-Proportional Reinsurance Treaties, as well as Facultative Reinsurance and other forms of Reinsurance suitable for protecting accepted risks.

The reinsurance programme approved by Caravela for 2024 in the Portuguese market has undergone changes compared to the previous year, in terms of the Reinsurers involved and the existence of new proportional treaties. In 2024, the Company contracted new reinsurance treaties for the Workers' Compensation and Motor insurance lines of business. In regard to Workers' Compensation with coverage for professional sports, in July 2024 it started a new proportional treaty with a 50 % assignment, along with the non-proportional Excess of Loss, already renewed and carried over from previous financial years. In regard to Motor insurance, a proportional treaty with a 50 % assignment also began in July 2024.

In 2024, the Suretyship line of business began operating in Portugal, as well as in the Spanish and French markets. Proportional treaties were approved for this line of business, specific to each geographic region.

⁷ Does not include Travel Assistance claims



In regard to the other portfolios operated internationally, in Greece and the Netherlands, the proportional and non-proportional treaties which started in 2023 are maintained, and as such, no changes have been made to them.

As for the proportional treaties covering the Fire and Other Damages, Maritime, Cargo and Engineering lines of business, retention of the share portion and the limit on the surplus negotiated in 2023 were maintained.

The Excess of Loss treaties covering the Motor, Personal Accidents, Workers' Compensation and General Liability lines of business did not undergo any changes in terms of priority or capacity, and the annual aggregate limit in the Motor – Personal Damages treaty was maintained.

The reinsurers involved are selected on the basis of their reliability and financial solvency, as well as their provision of services, monitoring and availability.

In this way, for renewal of treaties, the minimum rating required from a reinsurer is “A-”, according to the rating agencies S&P and/or AM Best. The table below shows the range of main reinsurers and their rating as of 31/12/2024:

REINSURANCE 2024	
Reinsurer	S&P Rating
Axis Re	A+
CCR Re	A
DEVK Re	A+
Hannover Re	AA-
Helvetia	A+
Munich Re	AA
National Re	A
Odyssey Re	A+
R+V	A+
Swiss Re	AA-

Table 7: Main reinsurers 2024

In regard to the items that contribute to the Company's ceded reinsurance income, there was significant growth in both assigned premiums (+77.2 %) and commissions (+98.2 %), due to the increase in ceded reinsurance turnover. As a result, reinsurance income worsened slightly, by 43 193 000 euros, also due to the lower weight of assigned claims.

CEDED REINSURANCE	2023	2024	VAR 23/24 (%)
Premiums	(32 269 250)	(57 192 433)	77.2%
Commissions	6 639 457	13 158 984	98.2%
Claims and Variation in Technical Provisions	24 065 870	42 426 334	76.3%
Income	(1 563 923)	(1 607 116)	2.8%

Table 8: Income from ceded reinsurance (2023-2024)



A.2.4. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities in 2024 amounted to 171 506 000 euros, resulting in a variation of 20.0 % (+28 625 000 euros) compared to 2023. This increase was due to the contribution of liabilities for past services, which grew by 21.1 % (26 104 000 euros) compared to the same period last year.

INSURANCE CONTRACT LIABILITIES	2023	2024	VAR 23/24 (%)
Insurance contract liabilities - non-life line of business			
From future services	19 074 292	21 595 767	13.2%
From past services	123 806 795	149 910 608	21.1%
Total	142 881 088	171 506 375	20.0%

Table 9: Insurance contract liabilities (2023-2024)

A.2.5. INSURANCE SERVICE RESULT

Insurance service result, net of reinsurance, was a negative 7 282 000 euros, representing a reduction of 174.1 % (-17 113 000 euros) year-on-year.

This decrease was mainly due to the unfavourable evolution of the Workers' Compensation and Motor lines of business at -4 796 000 euros and -5 051 000 euros, respectively, as a result of the comprehensive review from past services, with the aim of having solid technical reserves. The other lines of business made a positive contribution to income.

A.2.6. COMBINED RATIO

The combined ratio net of reinsurance⁸ saw an increase of 92.7 %, increasing 8.8 p.p. when compared to 2023. This variation is the result of growth in both the loss ratio and the operating ratio, by 7.0 p.p. and 1.9 p.p. respectively.

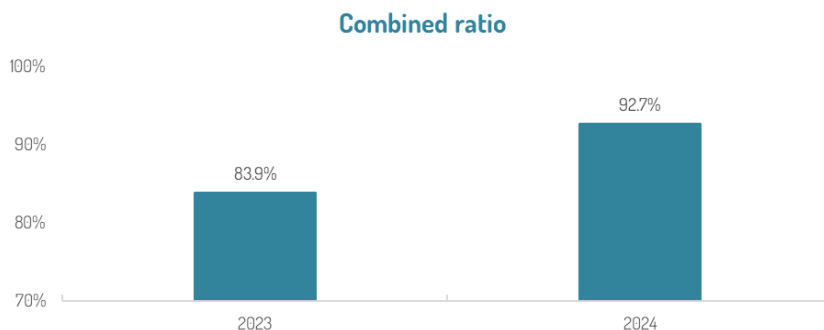


Figure 8: Combined Ratio (2023-2024)

⁸ Combined ratio = (Insurance contracts service expenses for claims incurred - Reinsurance contracts ceded revenue for claims incurred + Attributable costs - Reinsurance fees)/(Insurance contracts revenue - Ceded Reinsurance Premiums)



A.3. INVESTMENT PERFORMANCE

Financial investments in 2024 increased by 31 801 000 euros compared to the same period in the previous year, representing growth of 20.1 %. Securities were the main contributors to this growth, with a greater exposure to Miscellaneous Bonds, which saw an increase of around 24 370 000 euros (+34.4 %).

The management of financial assets, in partnership with OFI Asset Management, a provider of investment management services, has been implemented in accordance with the Company's investment policy. As in previous years, it is guided by criteria of prudence, security and liquidity and respects the recommendations from the Insurance and Pension Funds Supervisory Authority (ASF) and the European Insurance and Occupational Pensions Authority (EIOPA).

The following table summarises the situation as of 31 December 2024:

Asset Portfolio	2023			2024			24/23 VAR [%]
	Amount	% Weight	% Weight	Amount	% Weight	% Weight	
Real Estate Assets							
Public debt ⁹	15 380 031	11.5 %	9.8 %	16 721 509	10.3 %	8.8 %	8.7 %
Miscellaneous Bonds ⁹	70 867 638	53.2 %	45.0 %	95 237 670	58.4 %	50.3 %	34.4 %
Shares and Investment Funds	27 779 980	20.8 %	17.6 %	21 743 772	13.3 %	11.5 %	-21.7 %
Loans and receivables	428 818	0.3 %	0.3 %	970 154	0.6 %	0.5 %	126.2 %
Treasury funds	4 131 492	3.1 %	2.6 %	13 205 624	8.1 %	7.0 %	219.6 %
Term deposits	6 910 048	5.2 %	4.4 %	8 696 460	5.3 %	4.6 %	25.9 %
Demand deposits	7 832 483	5.9 %	5.0 %	6 499 225	4.0 %	3.4 %	-17.0 %
Subtotal	133 330 491	100 %	84.6 %	163 074 414	100 %	86.2 %	22.3 %
Real Estate Assets							
Properties	24 234 210		15.4 %	26 194 764		13.8 %	8.1 %
Subtotal	24 234 210		15.4 %	26 194 764		13.8 %	8.1 %
TOTAL	157 564 701		100.0 %	189 269 178		100.0 %	20.1 %

Table 10: Asset portfolio composition (2023-2024)

Exposure to public debt securities increased by 8.7 % compared to 2023, while exposure to shares and investment funds fell by 6 036 000 euros. Also noteworthy is the investment in real estate with a variation of 8.1 % compared to 2023, due to its revaluation. This exposure is essentially due to compliance with the asset allocation strategy defined in the investment policy.

Liquidity, between Demand Deposits, Term Deposits and Treasury Funds, recorded an overall variation of +50.5 % compared to 2023, essentially due to the increasing investment in Treasury Funds (+219.6 %). However, this variation is in line with risk and capital management parameters.

With the exception of recognising the impairment through ECL (Expected Credit Losses), provided for in IFRS 9, it is worth noting that no impairment has been recorded in recent years on financial assets that do not pass the

⁹ Valuation with accrued interest



SPPI (Solely Payments of Principal and Interest) test, demonstrating the high level of prudence in choosing the investments that comprise Caravela's investment portfolio.

In 2024, financial income showed an increase of 2 293 000 euros (+57.8 %) compared to the same period last year, due essentially to the revaluation of real estate, which accounted for 75.7 % of the capital gains, although the increase in income generated was 140.2 %.

Financial Income	2023	2024	23/24 VAR (%)
Investment income	2 854 800	3 590 229	25.8 %
Profit or loss on investments	1 110 984	2 668 969	140.2 %
TOTAL	3 965 784	6 259 198	57.8 %

Table 11: Financial income (2023-2024)

Regarding the rate of return, the total assets portfolio recorded a positive average return of 3.7 % in 2024, an increase of 0.85 p.p. compared to 2023.

On the date of this report, Caravela has no investments in securitisations.

A.4. EVOLUTION OF COSTS AND PERSONNEL

Evolution of Costs

Total operating costs amounted to 21 077 000 euros in 2024, which represents an increase of 16.0 % compared to 2023, due to a general increase in expense items.

The total referenced operating costs do not include the item, Intermediary Remuneration.

Operating Costs	2023	2024	24/23 VAR %
Personnel Expenses	8 263 278	9 047 596	9.5 %
External supplies and services	6 946 297	8 264 208	19.0 %
Taxes	937 478	1 607 016	71.4 %
Amortisations for the Financial Year	1 415 935	1 453 525	2.7 %
Provisions for Risk and Charges	0	0	-
Interest Incurred	268 949	278 151	3.4 %
Commissions	339 380	426 665	25.7 %
Total	18 171 319	21 077 161	16.0 %

Table 12: Evolution of operating costs (2023-2024)

Staff

In 2024, the number of employees at the end of the period remained at 149, with 11 employees leaving and 11 joining during the year.



	2023	2024	24/23 VAR %
<i>Employees at the beginning of the period</i>	140	149	6.4 %
<i>Entries</i>	17	11	-35.3 %
<i>Exits</i>	8	11	37.5 %
Employees at end of period	149	149	0.0 %

U: Thousand euros

Gross Written Premiums per Employee	1 075 540	1 259 790	17.1 %
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Table 13: Changes in staff

As has been the case in previous financial years, it should be noted that the direct ratio of insurance premiums per permanent employee increased by 17.1 %, and is essentially due to the growth in production.

Of these 149 employees, 70 are male and 79 female, with an average age of 45:

Age Group	Male	Female
Up to 30 years old	6	9
From 31 to 40 years old	14	18
From 41 to 50 years old	26	34
From 51 to 60 years old	17	17
More than 61 years	7	1
Total	70	79

Table 14: Distribution of personnel by age group

A.5. ANY ADDITIONAL INFORMATION

Does not apply.



B. GOVERNANCE SYSTEM

B.1. GENERAL INFORMATION ON THE GOVERNANCE SYSTEM

B.1.1. OBJECTIVES

The governance system at Caravela, in line with article 65 of the RJASR, has the following fundamental objectives:

- To permanently ensure the necessary operational bases for sound, prudent and transparent Insurer management, with a view toward safeguarding the interests of all its stakeholders, including all its employees;
- To ensure the monitoring and maintenance of the Company's internal control systems in accordance with the rules established by the ASF;
- To ensure and promote, within the scope of its duties, a fluid, available and collaborative relationship with the ASF and other supervisory bodies that may request information in regard to the Insurer;
- To control monitoring of the Company's risk activities in terms of their operation and their reporting to the Supervisory Authority;
- To monitor the systematic application of factors in the code of conduct for Caravela employees.

B.1.2. GOVERNANCE MODEL STRUCTURE

The Company's governance model, which ensures the effective segregation of management and supervisory duties, follows the traditional Latin model and is comprised, in accordance with the Company's Articles of Association, of the following governing bodies:

Shareholders' Meeting	
Nuno Miguel Marques dos Santos Horta	Chairman
Nuno Miguel Novais Grangeon Cárcamo Lobo	Secretary
Board of Directors	
Luís Filipe Sampaio Cervantes	Chairman
David Angulo Rubio	Vice-Chairman
Fabrizio Cesario	Board Member
Félix Serrano Sanchez Carrillejo	Board Member
George Koulouris	Board Member
Pedro Miguel Ferreira Mata	Board Member
Beatriz da Conceição Macário Aguiar da Rosa Pereira	Board Member
Supervisory Board	
Manuel Augusto Lopes de Lemos	Chairman
José António Truta Pinto Rabaça	Board Member
José Elisio Lopes da Silva Quintas	Board Member



(Continued)

Statutory Auditor	
PRICEWATERHOUSECOOPERS & ASSOCIADOS – Sociedade de Revisores Oficiais de Contas, LDA, SROC no. 183, represented by Carlos Manuel Sim Maia, ROC no. 1138	Current
Carlos José Figueiredo Rodrigues, ROC no. 1737	Alternate

Table 15: Composition of the Company's governing bodies

Furthermore, the governance model is also composed of the Remuneration Committee, due to key functions – the Risk Management Function, Compliance Verification Function, the Actuarial Function and the Internal Audit Function – in addition to a number of committees supporting the Board of Directors.

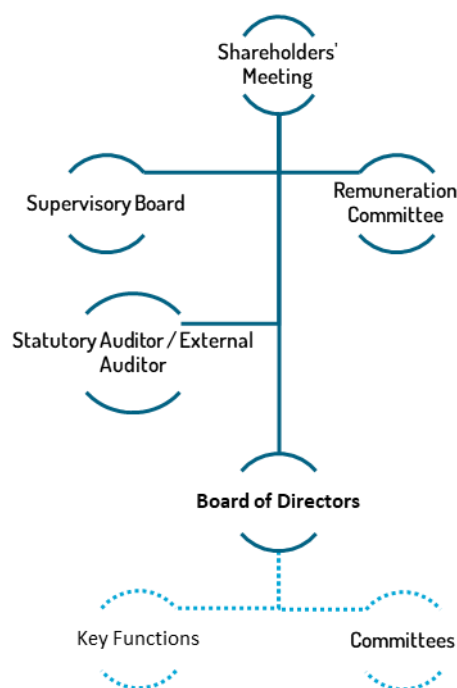


Figure 9: Organisational structure of the Company

Shareholders' Meeting

The Shareholders' Meeting is responsible under the provisions of legislation, specifically, to elect the respective board, the members of the Board of Directors, the members of the Supervisory Body, and to set remuneration for members of the governing bodies.

The Board of the Shareholders' Meeting is comprised of a Chairman and a Secretary, elected for four years and re-electable one or more times.



Board of Directors

In accordance with article 11 of the Company's Articles of Association, day-to-day management is carried out by a Board of Directors comprised of seven members, appointed by the Shareholders' Meeting for four-year terms, with re-election permitted.

Therefore, the current Board of Directors, which has a mandate from 2023 to 2026, is comprised of seven directors, one of whom is Chairman, another Vice-Chairman and five Members.

The Board of Directors, as the Company's governing body, wields the broadest management and representative powers on behalf of the Company.

Under the terms of article 12 of Caravela's articles of association, it is particularly responsible for:

- Company management, exercising all acts that fall within its corporate purpose;
- The acquisition, encumbrance and disposal of all Company assets and rights;
- The conclusion of any financing contracts and the performance of other credit operations;
- Definition of the Company's organisational and work methods;
- The approval of annual plans and respective budgets;
- The delegation of its powers to one or more of its members and/or proxies;
- The creation of advisory boards;
- The implementation of and compliance with legal provisions, as well as the resolutions of the Shareholders' Meeting.

Supervisory Board

Supervision of management activity is conducted by a Supervisory Board comprised of three full members and one alternate member, with terms of office equal to those from the Board of Directors, who are also re-electable. These members are elected at the Shareholders' Meeting, which also appoints the respective Chairman.

Statutory Auditor

Company supervision is also overseen by a Statutory Auditor, with an Auditing Firm appointed as a full member and a Statutory Auditor as an alternate member, both independent, and both elected by the Shareholders' Meeting for four years.

Remuneration Committee

The Remuneration Committee is comprised of three members – one of whom is the Chairman – appointed at the Shareholders' Meeting and also for four-year terms, with the possibility of re-election.

As of 31 December 2024, the Remuneration Committee is comprised of the following members:



- Fabrizio Cesário – Chairman
- Dalila Pinto de Almeida
- Hugo Salgueiro

The members of the Remuneration Committee are not compensated.

The Board of Directors is responsible for defining the level of risk to be assumed, as well as its management, and is assisted in this mission by the key functions provided for in the legal framework for insurance business (RJASR – Law 147/2015 of 9 September) and by the specialised committees, which in terms of corporate governance contribute to the decision-making process.

The key functions established in the Company under the aforementioned legal framework established by Law 147/2015 include:

- Actuarial Function – function responsible for: a) Coordinating the calculation of technical provisions; b) Ensuring the adequacy of methodologies, base models and assumptions used in the calculation of technical provisions; c) Assessing the sufficiency and quality of data used in the calculation of technical provisions; d) Comparing the best estimate amount for technical provisions with the amounts actually observed; e) Informing the management body on the degree of reliability and adequacy of the technical provisions calculation; f) Issuing an opinion on the overall underwriting policy; g) Issuing an opinion on the adequacy of reinsurance agreements; h) Contributing to the effective application of the risk management system, in particular with regard to the risk modelling on which the calculation of the Solvency Capital Requirement and the Minimum Capital Requirement is based, as well as its own risk and solvency assessment.
- Compliance Verification Function – this function establishes a compliance policy and a compliance plan, with the compliance policy defining the responsibilities, authorities and duties to report information on the compliance verification function. The compliance plan establishes the planned activities of the compliance verification function, taking into account all relevant areas of insurance and reinsurance Company activities and their exposure to compliance risk.
- Risk Management Function – the risk management function includes: (a) assisting the management body in the effective operation of the risk management system; (b) monitoring the risk management system; (c) monitoring the overall risk profile of the Company as a whole; (d) providing detailed information on risk exposures and advising the management body on risk management, including strategic issues such as business strategy, mergers and acquisitions and major projects and investments; (e) identifying and assessing emerging risks.
- Internal Audit Function – an objective function independent of the operational functions and responsible for assessing the adequacy and effectiveness of the internal control system and other elements in the governance system, as well as reporting conclusions and recommendations to the Board of Directors, which determines the measures to be adopted in relation to each conclusion and recommendation and ensures that these measures are implemented.



The committees that form part of the corporate governance model include:

- Internal Audit Committee – aims to analyse the implementation of internal audit recommendations approved by the Board of Directors, involve different stakeholders on their formalisation and gather all useful information for the Board of Directors;
- Investment and ALM Committee – focuses on recommending the Asset Allocation strategy, evaluating new investments, as well as monitoring their implementation within its limits of competence, which are set out in the investment policy established by the Board of Directors;
- Compliance Risk and Verification Committee – its mission is to ensure that risks are managed effectively and in accordance with the risk management policy, as well as ensuring compliance with the Company's internal and external regulations;
- Technology & Innovation Committee – aims to monitor the Company's strategic projects as well as technological developments in terms of its architecture and innovation, and procedural innovation at the business level;
- Underwriting & Pricing Committee – aims to monitor the technical development of products, their price development, adjust underwriting rules; approve/review new products, in accordance with the delegation of powers established in the Product Approval Process policy;
- Claims Committee – its mission is to assess the operational developments in claims settlement, relations with providers and customer service;
- Management Committee and Sector Committees – committees for sharing the Company's strategic plan and activity, as well as its strategic projects, with its members and employees in general.

B.1.3. REMUNERATION POLICY

The aim of the Remuneration Policy is to formalise and define the principles and procedures followed by Caravela so that all its employees are remunerated in accordance with the duties they perform and the actual results of their activity, in pursuit of a prudent and responsible risk culture, and ensuring that remuneration is aligned with the Company's strategy and objectives, in compliance with all legal and regulatory frameworks in force, preventing any possible conflicts of interest, which is consistent with the Company's values and long-term interests, in particular with the prospects for sustainable growth and profitability and the protection of the interests of policyholders, insured persons and beneficiaries.

In accordance with constitutional and legal provisions, particularly the Labour Code, Caravela has instituted remuneration policies and practices that aim for equality and parity, and are therefore non-discriminatory, particularly with regard to gender.

The overall remuneration policy takes into account the different contributions made by the various bodies and functions toward the achievement of Caravela's annual and multi-annual objectives; with this in mind, the functions are described and evaluated using specific methodologies and evaluation criteria, which guarantee transparency and impartiality, in line with best market practices in terms of credibility and reliability in aligning objectives and calculating results.



Inspired by and based on principles of balance, proportionality, accountability, transparency and fairness, the Remuneration Policy is established from a perspective of continuity and prudent risk management, including due consideration of sustainability factors; and it necessarily uses as its reference both the national economic situation and Caravela's short- and medium-term strategy, which are determinative and basic vectors for the fair and correct implementation of this policy.

Specifically, in more detail:

- The existing and enacted salary brackets make it possible to guarantee respect for internal fairness in terms of the remuneration policy, and they also serve as a guarantee in regard to fixed remuneration and any variable remuneration;
- Under no circumstances are the people subject to this policy allowed to use personal hedging strategies or remuneration or civil liability insurance that could compromise the effects of alignment with the risks underlying the respective remuneration arrangements;
- Severance payments will always take into account current legislation and regulations, and the respective amount must always be related to the performance demonstrated; likewise, such payments cannot reward situations of failure, but must be made in light of the legal and contractual limitations and constraints that exist at any given time and in any given case.

Among its goals, Caravela pursues the objective of long-term growth, integrating sustainability into its business and acting as a fundamental partner of its stakeholders.

Sustainability commitments are one of the Company's business priorities and are fully integrated into the Remuneration Policy and incentives system linked to the creation of value in the short, medium and long term, as this Policy is established at all times in accordance with the Company's strategic plan, which includes these commitments.

Therefore, measures may be adopted in terms of employees' performance objectives which, depending on the position held, will take into account different degrees of relevance.

1. Legal Framework

Caravela's Remuneration Policy is established in compliance with the general principles and in accordance with the provisions in article 275 of (EU) Commission Delegated Regulation 2015/35 of 10 October (hereinafter the "Delegated Regulation"), in article 78(2) of the Insurance and Pension Funds Supervisory Authority (ASF) Regulatory Standard no. 4/2022, of 26 April and, finally, in article 5, (EU) Regulation 2019/2088 of 27 November on the disclosure of information relating to sustainability in the financial services sector (commonly referred to by the acronym and designation SFDR – Sustainable Finance Disclosure Regulation).

2. Remuneration components

The remuneration of Caravela's employees must include a fixed component and, in some positions, a variable component may also be considered.



In practical terms, the fixed component is the result of the application of the Collective Bargaining Agreements applicable to the insurance sector – specifically the Company Agreement (CA) – as adequate payment for the work performed.

Fixed remuneration is the primary remunerative component. It is a way of guaranteeing the necessary and sufficient remunerative stability for each Caravela employee so that, regardless of factors external to their job or performance, it can be permanently maintained and allocated.

It is based on legal and contractual framework criteria, an assessment of internal fairness and external competitiveness, and the different characteristics and skills associated with and demonstrated by the employee.

Fixed remuneration is composed of various components, which basically take into account three aspects:

- The legal framework to which the Company is bound by the application of AE1, signed on 13 March 2024 and published in the Bulletin of Labour and Employment No. 18 of 15 May 2024;
- Evaluation based on the criteria of internal fairness and the function's external competitiveness;
- The employee's skills, namely professional experience, qualifications, technical skill and potential, effectively reflected in their functional performance.

Caravela has not instituted any variable remuneration practices; however, it has defined the principles to be followed when this is appropriate and desirable for achieving Company objectives. The principles and rules to be considered with regard to variable remuneration are listed below:

- Alignment with the Company's strategic plan;
- Annual definition of objectives and consequent sectoral action plans, defined by management, always aligned with the annual action plan that contributes to Caravela's overall objective;
- Linked to Company results;
- Linked to the result of the employee's performance assessment;
- Taking into account the level of influence on the Company's results, employee percentage of overall remuneration varies according to the duties performed, depending on their greater or lesser complexity, responsibility and autonomy;
- It may, ultimately, be non-existent, taking into account both the individual performance assessment process – which is based on a multi-year framework – and the Company's results;
- Whenever it exists and is deemed necessary, this variable component may be paid with a deferral period which takes into account the time horizon of Caravela's activities and which, in extreme situations, may not be implemented, whenever the employee contributes to a significant deterioration in the Company's performance during any year within the deferral period;
- This deferral will apply to all variable components, regardless of their relation to the employee's short- or long-term performance, and must cover a period of no less than three years, as it is fixed according to the nature of the activity, the risks inherent to it and also the specific activities of the employees covered;



- To this extent, the substantial part of the variable remuneration subject to a deferral period will be determined according to its increasing weight in relation to fixed remuneration, with the percentage deferred increasing significantly according to the hierarchical level or responsibility of the employee concerned; the deferral of 40 % (forty percent) of variable remuneration is considered substantial, without prejudice to Caravela reserving the right to defer higher percentages in cases of very high variable remuneration or according to the Company's risk profile;
- The deferral will not apply to variable remuneration that may be stipulated and awarded to employees in operational areas, provided that the established assumptions are met and the defined requirements are fulfilled;
- Finally, and bearing in mind that variable remuneration can only be paid if there are positive results in the respective financial years, Caravela determines that this remuneration may be subject to downward adjustments, as and when the financial situation so dictates.

3. Remuneration Policy for Management and Supervisory Bodies

When defining the remuneration policy for members of the management and supervisory bodies, the Remuneration Committee, appointed at the Caravela Shareholders' Meeting, takes into account the Company's internal constraints, the remuneration practices of companies in general and the remuneration practices in the financial sector and at other insurance companies.

When considering remuneration for members of the Board of Directors, a distinction must be made between non-executive and executive members:

- Non-executive members are paid a fixed amount, not including any component whose value depends on the Company's performance or value;
- Executive members are paid a fixed amount defined by the Remuneration Committee, in compliance with the limits established by law and by the Company's articles of association; in the event that variable remuneration is instituted, it will follow the principles established in this Policy and also the following specific rules:
 - i. Each year, the Remuneration Committee will set the objectives and indicators applicable to each executive member that will allow them to measure their individual performance, in addition to Caravela's collective performance;
 - ii. In setting these metrics, predetermined and measurable financial criteria will be adopted, which can be adjusted according to risk, as well as non-financial criteria, both aligned with the Company's strategic objectives and in order to promote sustainability;
 - iii. The performance assessment will be made by the Supervisory Board;
 - iv. Variable remuneration will have a maximum weight of 40 % (forty percent) compared to overall remuneration, without deferral;
 - v. If deferred, the variable remuneration may reach 120 % (one hundred and twenty percent).



Pursuant to Law no. 50/2020, of 25 August, Caravela annually discloses information on the remuneration policy for members of the Company's management and supervisory bodies.

There are no other relevant non-pecuniary benefits that should be considered for the purposes of ASF Rules 5/2010-R and 4/2022-R.

The remuneration for members of the Supervisory Board is set by the Remuneration Committee and updated periodically.

4. Remuneration of Top Managers and Key Function Holders

All employees who fall within the definition of top managers and key function holders at the Company (the functions such as risk management, compliance verification, actuarial and internal auditing), as well as other functions that have a significant influence on the Company's risk profile, to be defined by the Board of Directors, advised by the risk management department, must be remunerated according to the pursuit of the objectives associated with their respective functions, regardless of the performance of the departments under their control, and the remuneration must provide a reward appropriate to the importance of carrying out such functions.

The entire global policy for these duties is defined and approved by the Board of Directors, taking into account all the instruments referenced in this document.

5. Assessment

The Performance Assessment is an opportunity to evaluate performance over the past year and to communicate the Company's objectives for the following year(s), discuss its philosophy and try to find the best way to reconcile individual objectives with organisational and business objectives.

Although an assessment process is bound to have an emotional component, the evaluators are expected to strive for the greatest possible objectivity and to establish fairness within the teams, so that the results obtained – which will have an impact on any variable remuneration – are as objective as possible.

The performance assessment process is divided into 7 blocks of analysis:

- Transversal Skills;
- Functional Skills;
- Specific Skills (of Managers);
- Specific Objectives;
- Strengths/Points for Improvement;
- Training Needs;
- Objectives for the following year.

Without prejudice to the necessarily multi-annual reference for the individual performance assessment process for each employee, since performance must always be considered, analysed and assessed from a career



perspective and taking into account the natural development of the employee from a medium- and long-term perspective, this process must take place during the first quarter of each year, so that it effectively complies with the objectives it proposes to achieve.

Likewise, all the criteria used in the performance assessment process are reported to employees on an annual basis; in the case of variable remuneration, the employee's contribution in the year just ended and in the following years will also be reported, in order to achieve the Company's strategic plan and ensure its continuity.

6. Other Benefits

In addition to the fixed and variable remuneration already described, all Caravela employees also receive benefits enshrined in the Collective Labour Regulations or in Caravela's internal regulations, namely:

- Life and Health Insurance, the latter under more favourable conditions and premiums and extended to the employee's household, upon payment;
- More favourable personal insurance conditions and premiums;
- Retirement plans established in the Company Agreement.

7. Competence

Remuneration for top managers and key function holders is approved by the Board of Directors, upon a proposal from the Remuneration Committee.

Remuneration for other Company positions is approved by the Board of Directors, advised by the Human Resources department.

8. Disclosure

The remuneration policy is disclosed to the various departments where the law and regulations in force require it.

9. Remuneration of the Management and Supervisory Bodies and Statutory Auditor in 2024

Basic remuneration for members of the management and supervisory bodies is shown in the following table:



	Remuneration		
	Fixed	Variable	Annual Total
Shareholders' Meeting			
Nuno Miguel Marques dos Santos Horta	1 500	0	1 500
Nuno Miguel Novais Grangeon Cárcomo Lobo	0	0	0
Total	1 500	0	1 500
Board of Directors			
Luis Filipe Sampaio Cervantes	272 119	0	272 119
David Angulo Rubio	55 000	0	55 000
Fabrizio Cesário	0	0	0
Félix Serrano Sánchez Carrillejo	212 964	0	212 964
George Koulouris	0	0	0
Gonçalo Lopes da Costa de Ramos e Costa*	71 378	0	71 378
José Paulo de Castro Trigo**	151 222	0	151 222
Pedro Miguel Ferreira Mata	148 463	0	148 463
Beatriz da Conceição Macário Aguiar da Rosa Pereira	63 906	0	63 906
Total	975 052	0	975 052
Supervisory Board			
Manuel Augusto Lopes de Lemos	24 600	0	24 600
José Elísio Lopes da Silva Quintas	13 400	0	13 400
José António Truta Pinto Rabaça	16 850	0	16 850
Total	54 850	0	54 850
AGGREGATE TOTAL	1 031 402	0	1 031 402

* left office in April 2024, making way for Pedro Mata in May;

** left office in September 2024, making way from Beatriz Pereira in October.

Table 16: Remuneration of the management and supervisory bodies

The Statutory Auditor is compensated in accordance with legally defined conditions based on articles 59 and 60 of Decree-Law 487/99 of 16 November, amended by Decree-Law 224/2008 of 20 November. The fees are proposed by the Statutory Auditor and approved by the Board of Directors, with the opinion of the Supervisory Board. The amounts paid in 2024, including VAT, were as follows:

Description of Fees	2024	
	Fees	Settled
Solvency II		
PWC	30 573	0
Statutory Audit		
PWC	104 012	78 008
Other Services		
PWC	22 072	0
Total	156 658	78 008

Table 17: Statutory Auditor Remuneration



B.1.4. ASSESSMENT OF THE ADEQUACY OF THE GOVERNANCE SYSTEM

Taking into account its current governance system, Caravela concludes that the model is appropriate to the nature, size and complexity of the business and the risks to which the Company is exposed.

Caravela continuously monitors the suitability of its governance system and will proceed to make any necessary changes if said changes are relevant and important.

B.2. QUALIFICATION AND SUITABILITY REQUIREMENTS

The policy for selecting and assessing the suitability of those responsible for key functions at Caravela is designed to comply with the provisions of articles 65 to 71 of the RJASR and to ensure that the Company adopts the highest standards of governance required by higher authorities.

This policy is established in a specific document, one that is an integral part of Caravela's current governance system and has the following structure:

1. Scope;
2. Compliance Verification and Risk Committee;
3. Policy for the selection and suitability of members of Management and Supervisory bodies;
4. Selection and suitability policy for other key function holders;
5. Assessment of aptitude and suitability;
6. Ongoing training plan for members of Management and Supervisory bodies and other key function holders;
7. Specific prevention of conflicts of interest;
8. Accumulation of positions;
9. Biodiversity policy;
10. Review of the selection and assessment policy;
11. Annexes.

In the selection and suitability of members of the Management and Supervisory body, the technical ability, availability and diversity of the Management and Supervisory body are described, with reference to the collective aptitudes, and with reference to the individual aptitudes, suitability, experience and professional qualifications, independence and availability.

In the selection and suitability of key function holders, the Board of Directors proactively makes the best efforts to identify possible candidates, as well as to prepare the respective succession process in a timely manner, and is assisted in this process by the Compliance Verification and Risk Committee, which will identify the people who, in its opinion, present the most suitable profile for the position.



When assessing and selecting candidates for key function holders, particular attention is paid to compliance with the requirements of suitability, professional qualifications, independence and availability established in Caravela's remuneration policy, which is established in a separate document.

In addition to the aforementioned requirements, the assessment process places particular value on: 1) the candidate's demonstration of high ethical principles, moral values and behaviour compatible with the standards required of Insurers (namely diligence, neutrality, loyalty, discretion and conscientious respect for the interests entrusted to them), 2) their culture of sensitivity to risk, as well as 3) their ability to exercise considered and constructive critical judgments and not be influenced by third parties in relation to the situations at hand.

With an aim to provide continuous training, the Company has the necessary and reasonable resources as well as the time to ensure the acquisition, maintenance and enhancement of the knowledge and skills required for the full performance of the duties assigned to the Management and Supervisory bodies and key function holders.

The members of the Management and Supervisory bodies, as well as key function holders, must avoid any situation likely to cause conflicts of interest. For this purpose, a conflict of interest is considered to exist whenever private or personal interests may influence, or appear to influence, the impartial and objective performance of the duties assigned. Private or personal interest means any potential benefit for oneself, one's family and associates, or one's circle of friends and acquaintances;

B.3. RISK MANAGEMENT SYSTEM

The risk management system, at an operational level, is centralised in Risk Management, a body independent of the operational departments that comprise the business areas, consistently incorporating the concepts of systemic risk into the Company's strategy and decisions with effects on its results.

Risk Management is defined as an autonomous structure that has value judgments based on best management practices, ensuring an independent status while observing the guidelines issued by the Management body, strict compliance with the regulations established by the supervisory body on risk management and the implementation of necessary methodologies for the judicious identification, measurement and mitigation of systemic or individually relevant risks, in particular, through:

- a) Formalising the operational risk management model, ensuring that it is in line with the regulatory requirements in the context of the RJASR;
- b) Maintaining updated conceptual management models by risk class, thereby ensuring compliance with the precautionary strategic guidelines approved by the management body;
- c) Creating risk control and mitigation programmes, ensuring that their realisation cannot jeopardize the Company's financial stability and solvency;
- d) Preparing contingency plans for potential adverse scenarios in order to prevent significant losses that could jeopardize the Company's solidity;
- e) Monitoring any need to reinforce material solvency resources and any unfavourable deviations in Caravela's risk profile, taking into account the levels and requirements defined under the RJASR;



- f) Defining tolerance levels to be respected for each risk, with their periodic review;
- g) Creating and monitoring automatic warning indicators to enable timely detection of any adverse deviations in terms of risks;
- h) Developing methodologies and policies to ensure risk management and internal control, in accordance with the model in force, with a view toward adapting them to the level of exposure and organisational structure that Caravela adopts at any given time;
- i) Standardising procedures applicable to the entire Caravela structure, through the various committees created, liaising with the statutory auditor and external auditor on certification of the internal control system;
- j) Training the risk managers appointed in the respective operational areas;
- k) Supporting the identification, management and control of new risks arising from the Company's various activities;
- l) Periodic updating of documentation on internal control processes;
- m) Researching and implementing measures to ensure the safety of the human and material capital that comprise the Company's operational structure;
- n) Supporting the development of ongoing training and awareness programmes for employees, according to their duties, regarding operational risks and the best practices for mitigating them;
- o) Defining the procedures and information necessary for Caravela to be prepared to address external sectoral or extra-sectoral, national or international risk events;
- p) Supporting the Board of Directors and the various departments in preparing documents aimed at formalising the main risk management and internal control strategies and processes.

B.3.1. OWN RISK AND SOLVENCY ASSESSMENT

The ORSA Policy ¹⁰(Own Risk and Solvency Assessment) has the following main objectives:

- i. Define the general principles to be adopted in the own risk and solvency assessment exercise;
- ii. Define an ORSA process that allows for the development and adoption of an appropriate methodology;
- iii. Define the structure of the ORSA report for internal use and to be submitted to the regulator;
- iv. Establish the governance and reporting mechanisms associated with implementation and ORSA policy.

In order to conduct the prospective solvency assessment of risks and capital, Caravela has defined an ORSA process that, comprised of four distinct phases, establishes the order in which the various activities must be performed, ensuring that all the necessary analyses for the process are prepared and implemented.

ORSA¹⁰ - Own Risk and Solvency Assessment

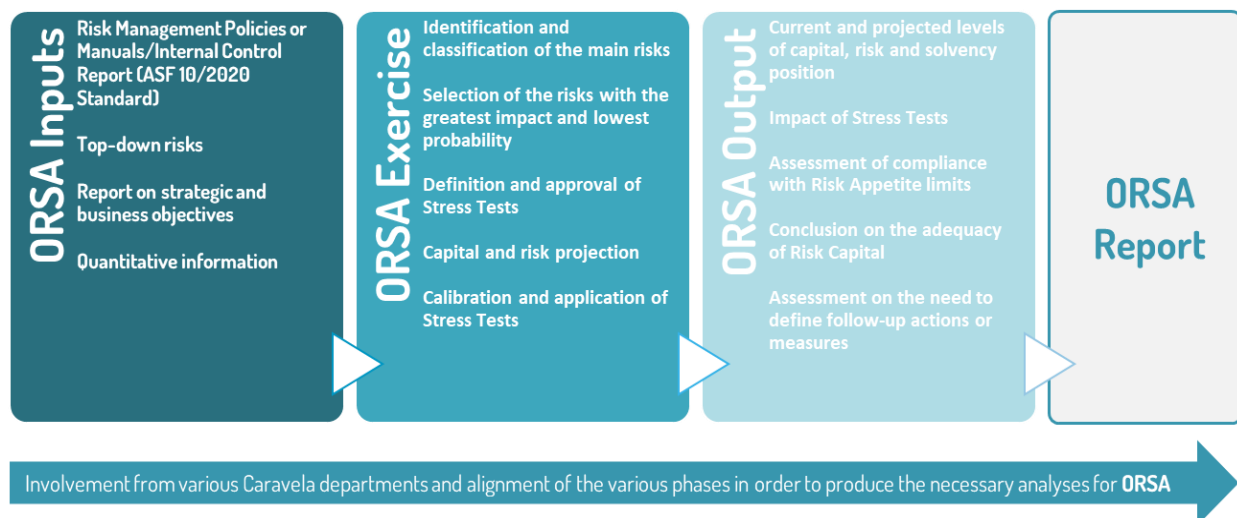


Figure 10: Phases of the ORSA Process

The ORSA report is submitted to the Supervisor at least once a year, and within two weeks of conclusion of the ORSA process, which occurs with the approval of Management. The report must be composed of the procedures, analyses and results from the ORSA process according to the following reporting flow:

- i. Preparation of the Report by the Prudential Supervision Office, together with other Departments where necessary;
- ii. Preparation of the Management Statement;
- iii. Assessment by the Compliance Verification and Risk Committee;
- iv. Approval by the Board of Directors;
- v. Submission to the Supervisor and provision to internal and relevant Stakeholders.

Moreover, the Board of Directors must decide, in accordance with the parameters defined in the policy, on the need to create a Non-Regular ORSA. If this is done, and although it is a shorter exercise, it must also follow the defined reporting flow.

In the ORSA governance chapter, which covers the functions associated with the ORSA process and report, we highlight the Caravela personnel responsible for the different stages.

1. Management

Management's main responsibilities include approving the ORSA Process and Report and submitting it to the Supervisor and internal Stakeholders. However, it is also responsible for:

- i. Approving the assumptions, inputs and methodologies used for the multi-annual projection of risks and capital within the scope of the ORSA;
- ii. Approving the stress tests or sensitivity analyses conducted;
- iii. Analysing and validating the results from the risk and capital projection and the application of stress tests or sensitivity analyses;
- iv. Approving recovery and follow-up measures and actions, if proposed;



- v. Ensuring the link between the ORSA results and the strategy and process for defining the annual budget;
- vi. Deciding on the need to create a Non-Regular ORSA;
- vii. Approving the ORSA Process and the ORSA Report.

2. Compliance Verification and Risk Committee

The main responsibility of this Committee is to assess the ORSA Process and Report. Additionally, it is also responsible for:

- i. Assessing the assumptions, inputs and methodologies used for the multi-year projection of risk and capital under the ORSA;
- ii. Assessing the stress tests or sensitivity analyses to be applied;
- iii. Analysing and validating the results from the risk and capital projection and the application of stress tests or sensitivity analyses;
- iv. Analysing and validating the proposed recovery and control measures and actions;
- v. Promoting alignment between the ORSA results, the risk appetite, and strategy and budget definition process;
- vi. Providing its opinion on the need to create a Non-Regular ORSA;
- vii. Validating the ORSA Process and the ORSA Report.

3. Finance Department

The Finance Department concentrates the operational responsibilities related to the ORSA Process and the preparation of the ORSA Report. It also has the following responsibilities:

- i. Propose the assumptions and methodologies to be used in the multi-annual risk and capital projection and collect the different inputs;
- ii. Prepare the strategic plan in accordance with the approved assumptions and methodologies (those resulting from (i) with possible changes), based on inputs from Risk Management and constant interaction;
- iii. Conduct stress tests and sensitivity analyses;
- iv. Perform ORSA calculations and analyse and prepare the results for discussion and validation;
- v. Propose follow-up and recovery actions and measures, whenever appropriate and necessary;
- vi. Analyse the triggers defined and propose the creation of a Non-Regular ORSA;
- vii. Develop the ORSA report.

4. Other Departments

Whenever necessary, other departments will be called upon to intervene in the ORSA process. Their main responsibilities are to collect and prepare inputs, as well as making them available in terms of:

- i. Information on the business and strategy;
- ii. Identification and assessment of the main risks to which Caravela is exposed;
- iii. Multi-annual budget, accounting information or investment details.



They must also prepare and make available any other additional information deemed necessary.

B.4. INTERNAL CONTROL SYSTEM

The mission of Caravela's internal control system is to create procedures that guarantee the reliability of relevant information and adequate risk prevention and monitoring, in addition to verifying compliance with the defined operating procedures.

In the design of the internal control system, principles based on the following basic assumptions were adopted:

- a) The culture of control promoted internally by the organisation is a determining factor in the awareness and conduct of its employees;
- b) All employees are responsible for internal control;
- c) Internal control is a dynamic process that must be integrated into business processes and their support;
- d) The definition of policies and procedures helps to ensure that objectives are met, reducing operational risks and waste of resources;
- e) The internal control system must be supported by a permanent monitoring process.

The mission of Caravela's internal control policy is to:

- a) Create a formal environment of permanent vigilance over existing internal controls in all physical locations where Caravela's services are located;
- b) Transmit to employees a culture that makes them aware of the need for effective and efficient internal control mechanisms;
- c) Provide the management and supervisory bodies with a guarantee of the integrity of internal controls.

Internal control is an integral part of corporate risk management and is a permanent process designed to ensure that the Company's objectives are achieved without any problematic deviations, based on the following pillars:

- a) Strategic: refers to the highest-level guidelines established by the Board of Directors in line with Caravela's mission;
- b) Operational: efficient use of available resources;
- c) Communication: ensuring the reliability, clarity and trustworthiness of management reports and financial reports;
- d) Conformity: compliance with current legislation and regulations.

In regard to the culture of control and supervision, Caravela takes the following methodology into account:

The Board of Directors approves and periodically reviews the Insurer's main business strategies and policies, based on its perception of the risks to be faced; it establishes the degree of acceptable risk exposure and ensures that the top managers take the necessary measures to identify, measure and control these risks, constantly assessing the integrity of the existing controls.

In regard to risk identification and assessment:



Caravela follows a prudent management policy for framing the various risks defined in legislation, by which it is subject to specific reports and periodic reviews.

Compliance

The Compliance department is responsible for:

- a) Automating and keeping updated the list of legal and regulatory obligations, as well as the guidelines relating to Caravela's code of conduct;
- b) Monitoring compliance with the established internal rules and processes;
- c) Assessing the verification of compliance risk in relation to the use of personal databases held by Caravela, proposing the measures and actions it deems appropriate with a view toward the judicious use of these elements;
- d) Participating in projects involving the implementation of legal procedures or requirements and those relating to the definition of governance principles applicable to Company activities;
- e) Promoting the necessary controls to prevent money laundering and terrorist financing.

B.5. INTERNAL AUDIT FUNCTION

The Internal Audit Department reports functionally to the Board of Directors and its mission is to assess the results, effectiveness and suitability of risk management and the internal control and governance processes inherent to Company activity so that the interests of shareholders, policyholders, insured persons, beneficiaries, employees and other entities directly interested in the Company's proper performance and solvency are not jeopardized.

It is also responsible for providing quality services in the various areas where it operates, according to criteria of productivity, promptness and effectiveness, in accordance with the strategies, guidelines and policies issued by the Board of Directors.

Under the terms of the RJASR, the Internal Audit Department is a body that is independent of operational functions and must focus mainly on specific insurance, credit, market, liquidity, operational, reputational and strategic risks.

Within the scope of its specific duties, in particular, it is responsible for:

- a) Analysing operational and business processes, assessing their compliance with applicable internal and external regulatory texts;
- b) Collaborating with all of Caravela's bodies to support correct compliance with the policies defined above;
- c) Ensuring and promoting, within the scope of its duties, candid and fluid relations with supervisory bodies, as well as responding to requests from other public and private institutions;
- d) Participating in the definition, dissemination and implementation of regulatory texts, with a view toward preventing incidents that could interrupt the normal operational continuity of the Company.



Autonomy:

- a) The Internal Audit Department is granted the autonomy and freedom to access documentary records, physical facilities and contact Caravela employees relevant to the performance of their duties;
- b) Employees in the Internal Audit Department respect the impact and ownership of the information they receive and do not disclose it without proper authorisation, except in cases of legal or professional obligation;
- c) All employees of the Internal Audit Department must meet the standards of competence and suitability (fit & proper) required for the performance of their duties.

Independence:

All internal audit activities must remain free from interference from any personnel within the organisation, so as to maintain the independence and impartiality that are essential for reaching conclusions.

Scope of Intervention:

The scope of intervention for the Internal Audit Department covers the analysis and evaluation of general efficiency in governance, the individual or aggregate results of risk management, the internal control system and the quality of performance in the execution of functional responsibilities assigned individually to achieve the established objectives and targets.

B.6. ACTUARIAL FUNCTION

Actuarial management is responsible for the actuarial function and its main objectives are:

- a) Preparing technical-actuarial studies and analyses for the Company's various business areas, previously approved by the Board of Directors;
- b) Researching and implementing new techniques and methodologies for the development of studies in its area of involvement;
- c) Striving toward the consistency and reliability of information gathered to prepare the studies and analyses that are entrusted to it;
- d) Ensuring, on a regular basis, the correct assessment of technical provisions, informing the Board of Directors on their adequacy and sufficiency, predicting possible deviations and proposing measures to correct any dysfunctions upstream of the results found, namely in terms of underwriting and/or reinsurance agreements;
- e) Collaborating with the different departments involved in preparing timely responses to requests for information from external entities;
- f) Collaborating in the preparation and supply of statistics and maps for the ASF and the Portuguese Insurers Association (APS), which involve the technical skills of actuaries;
- g) Developing rates for new products, whenever requested to do so, using sensitivity analyses;



- h) Within the scope of the RJASR, developing techniques that allow for, among other things, determination of the best estimate and the risk margin in the value of technical provisions, calculating future cash flows, economic capital, stress testing scenarios and assessing the impact of reinsurance;
- i) Ensuring the preparation of technical-actuarial studies and analyses requested by the heads of the technical departments and the Board of Directors;
- j) Ensuring the sufficiency, quality and reliability of the data used to calculate technical provisions.

B.7. SUBCONTRACTING

Caravela makes use of outsourcing services by contracting other entities to provide certain services or auxiliary processes in order to support the provision of services that are part of the business.

The purpose of this Subcontracting Policy is to comply with legal requirements aimed at reinforcing best corporate governance practices, specifically in regard to outsourcing, with the aim of safeguarding the interests of policyholders, insured persons and beneficiaries, ensuring that service providers comply with the same legal requirements applicable to insurance companies. To this end, the policy defines the principles, rules and process to be followed in the event of subcontracting.

When applying these guidelines, specific elements such as materiality and legal requirements must be taken into account.

Moreover, it is important to distinguish between the outsourcing/subcontracting of fundamental or important functions and the outsourcing/subcontracting of non-fundamental or less important functions, with different contracting requirements and procedures.

The Outsourcing/Subcontracting Policy does not constitute an outsourcing strategy for the Company and does not determine which activities should be outsourced/subcontracted. The decision on the outsourcing strategy, as well as the activities that should be outsourced, is the sole responsibility of the Board of Directors and should be based on the business strategy, economic assumptions and respect for the Company's ethical principles and fundamental values.

The Company's Board of Directors is responsible for the proper control of business processes, whether they are outsourced or not. Part of this control consists of (continuous) risk assessments, and appropriate monitoring measures and activities.

Generally speaking, all outsourcing/subcontracting contracts require a detailed analysis prior to contracting, including a business case and risk assessment, careful and prudent selection of the provider, the existence of a written contract, among other requirements, in order to ensure compliance with the legal obligations arising in particular from art. 274, (EU) Commission Delegated Regulation 2015/35 of 10 October 2014.

Based on the aforementioned, the functions considered fundamental or important that have been subcontracted, all of which are located in Portugal, are listed below:

- Assistance and clinical control of claimants;
- Travel assistance, management of legal protection coverage, management of transport and rental vehicles;



- Contact management.

B.8. ANY ADDITIONAL INFORMATION

B.8.1. CODE OF CONDUCT

Caravela has created its own Code of Conduct, published on the Company's website, which establishes the guidelines for individual behaviour and ethical principles in the professional field, and is an integral part of Caravela's Governance System.

B.8.2. CHIEF ACTUARY

Pursuant to the regulation in force, the chief actuary is responsible for certifying the quantitative information that the entities must report to the ASF for supervisory purposes, in regard to the adequacy of the applicable legal, regulatory and technical provisions in the calculation of technical provisions under Solvency II, the amounts recoverable from reinsurance contracts and entities with the specific purpose of securitising insurance risks and the components of the solvency capital requirement related to these items.

Due to the incompatibility of the Actuarial functions and Chief Actuary, Caravela opted to outsource the latter, a function which is provided by an actuary duly certified for the purpose by the ASF.

B.8.3. REVIEW OF THE GOVERNANCE SYSTEM

Under the terms and within the scope of article 41 of the Solvency II Directive, the governance system will be reviewed within the scope of risk management functions, after being discussed and assessed by the Compliance Verification and Risk Committee on a tri-annual basis and will be submitted in a report to the Board of Directors with any recommendations deemed necessary and appropriate for its improvement.

After receiving the report on the governance system, the Board of Directors will either approve the recommendations presented, or give reasons for refusing them, identifying alternative solutions if weaknesses or deprecations have been detected in some of the concepts that form an integral part of it, in relation to the applicable regulations.



C. RISK PROFILE

Risk-taking is intrinsic to the activity of any insurance company. As such, Caravela's risk assessment assumes that it is aware of characteristics in its risk profile, specifically in terms of its material risks and the amount of risk it is willing to accept in order to achieve its strategic and business objectives. To this end, and in order to ensure a consistent approach to identifying, assessing and monitoring risks, Caravela presents its objectives and risk appetite limits, as well as the main risks to which it is exposed in the 2024 financial year.

Caravela understands the concept of Risk Appetite as the level of unexpected losses it is willing to accept in order to achieve its strategic objectives. As part of its Risk Appetite Methodology, and as mentioned above, the Company has defined Risk Appetite objectives and limits that must be met both in the base scenario and in Stress Test scenarios.

Based on the defined risk strategy and objectives, Caravela has established two quantitative risk appetite metrics involving the Company's capital and profitability dimensions.

Capital Metric (Solvency)

The Solvency metric aims to ensure that the Company has an adequate level of capital to deal with current and emerging risks, thereby allowing adequate protection for its policyholders. For this metric, made tangible through the Solvency Margin, Caravela has defined the following limits:

	Risk Appetite Dimension	Limit	Type of Limit
Solvency	Capital target	125 %	Strict
	Minimum Acceptable Capital	110 %	Strict

Table 18: Risk Appetite Limit – Solvency Metric

Income Metric (ROE)

The Income metric aims to ensure that Caravela does not take risks that could significantly jeopardise the profitability of the business. For this metric, made tangible through Return On Equity¹¹ (ROE), Caravela has defined the following limits:

	Risk Appetite Dimension	Minimum limit	Type of Limit
Income	Current profitability target	10 %	Flexible
	Minimum acceptable profitability	0 %	Flexible

Table 19: Risk Appetite Limits – Income Metric

¹¹ Return on Equity (equity capital)



C.1. SPECIFIC INSURANCE RISK

Specific insurance risk corresponds to the risk inherent in the marketing of insurance contracts, associated with the design of products and their rates, the underwriting process and the provision of liabilities in addition to the management of claims and reinsurance.

In Non-Life insurance, the specific insurance risk includes, among others, premium risk, provision risk and catastrophic risk.

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

In brief terms, the most important control mechanisms are:

- Delegation of authorities formally defined for the different processes;
- Segregation of duties between the departments that conduct risk analysis, prepare rates, issue technical opinions and proceed with the issuance of insurance policies;
- Limited access to the different applications according to the respective user profile;
- Digital documentation for issuance and claims handling processes;
- Case-by-case checking procedures.

The level of provisions for claims is monitored on a monthly basis, and quarterly reviews are performed on all claim processes, with stochastic evaluation models being implemented in order to provide for any shortfall in provisions.

Caravela has a ceded reinsurance policy based on proportional and non-proportional treaties. The reinsurance structure in 2024 consists of proportional treaties (Share and Surplus) and non-proportional treaties (Excess of Loss and Catastrophic Coverage), as shown in the table below:

Line of business	Type of Reinsurance
Workers' Compensation	Excess of Loss (XL) and Proportional
Personal Accidents	Excess of Loss (XL) and Proportional
Health	<i>Fronting</i>
IOD	Quota-share
IOD & Engineering (Natural Catastrophes)	Excess of Loss (XL)
Engineering	Quota-share
Yields	Quota-share
Motor	Excess of Loss (XL) and Proportional
Hull	Quota-share
Cargo	Quota-share
CL - General	Excess of Loss (XL)
Suretyship	Proportional

Table 20: Reinsurance structure



C.1.1. Underwriting Risk (Non-Life)

The exposure to Non-Life Underwriting Risk, compared to the previous year's report, fell by 19.1 % reaching an amount of 22 884 000 euros in 2024.

A more detailed analysis shows that the sub-risk contributing most to this decrease is Premium and Reserve risk, which accounts for approximately 99 %. The decrease in this risk accompanies the fall in both the premium volume measure (-23.4 %) and the reserve volume measure at (-3.6 %), reflecting the entry into force of new reinsurance treaties mentioned in point A.2.3.

The Lapse risk, although down 48.0 %, proves to be immaterial, corresponding to around 1 %, and the Capital Requirement for Catastrophic risk increased slightly.

The results obtained for each sub-risk that comprises the Underwriting Risk (Non-Life) can be seen in the following table:

SCR	2023	2024
(thousand euros)		
Non-Life Underwriting Risk	28 288	22 884
Premium and Reserve Risk	28 065	22 595
Lapse Risk	312	162
Catastrophic Risk	837	1 060
<i>Diversification effect</i>	<i>-926</i>	<i>-934</i>

Table 21: Non-Life Underwriting Risk SCR

C.1.1. Underwriting Risk (Health)

Exposure to Health Underwriting Risk grew by 7.0 % compared to 2023, reaching around 19 465 000 euros in 2024.

With a more detailed analysis of the Health SRC, it can be concluded that the Health Non-Similar to Life Techniques (NSLT) component, comprised of Premium and Reserve risk, is the one with the greatest weight, recording an increase of 4.2 %. This increase is explained both by the growth in production in the Workers' Compensation line of business and by the increase in provisioning in 2024.

The Health Similar to Life Techniques (SLT) risk is comprised of Longevity, Expense and Revision risks, with an overall increase of 60.9 %, as a result of the increase in the portfolio and consequent increase in provisioning. All these risks are calculated by applying a shock to the Best Estimate with Health Similar to Life Techniques subjected to each one of the risks.

Lastly, there was a 105.3 % increase in Catastrophic Health Risk, reflecting the increase in concentration risk due to a new insurance policy with a greater number of people exposed to the risk.

The results obtained by the Company for the sub-risks in the Health Underwriting Risk category can be seen in the following table:



SCR	2023	2024
(thousand euros)		
Health Underwriting Risk	18 192	19 465
Health NSLT Risk	17 426	18 153
Premium and Reserve Risk	17 426	18 153
Health SLT Risk	1 277	2 056
Longevity Risk	544	844
Expense Risk	286	90
Revision Risk	841	1 624
CAT Health Risk	351	721
<i>Diversification effect</i>	<i>-862</i>	<i>-1 465</i>

Table 22: Non-Life Underwriting Risk SCR

C.2. MARKET RISK

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

This risk includes the exchange rate, equity, property risk, interest rate, spread and concentration risks.

The investment policy defines guiding principles for the prudent management of investments as well as their control and reporting activities.

To ensure prudent and appropriate risk management, portfolio exposure limits have been established, which are based on 6 specific criteria:

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

Asset allocation is characterised as conservative and debt securities must have a high credit rating, above BBB, on the date of acquisition. Rating downgrades are assessed on a case-by-case basis at a specific meeting, and a decision is made to retain or sell the asset.

The Investment Policy values Socially Responsible Investments (SRI)¹², resulting in a score of 3.06/5 on 31 December 2024 (3.01/5 on 31 December 2023).

¹² Socially Responsible Investments (SRI), also known as ethical investments, are distinguished from other investments by the fact that they include environmental, social and corporate governance variables in their investment options.



Market risk is monitored within the scope of the Compliance Verification and Risk Committee, by assessing the KRIs developed for this purpose under the responsibility of the risk management department and by assessing the reports prepared by the management entity.

The reports include analyses of the asset structure – allocation strategy by type of asset, the credit risk of issuers, diversification by issuer, geographical area and sector of activity and are complemented by verification of the limits stipulated in the investment policy, through a sensitivity analysis of the bond and equity portfolio.

Investment in derivatives and similar products, repurchase operations and securities lending is only permitted with the express authorisation of the Board of Directors, and there is currently no investment in these products.

Market risk is assessed in a Solvency II environment, in the quarterly calculation of the regulatory capital requirement.

Interest rate risk arises from changes in the time structure or volatility of interest rates. Assets – bonds and term deposits and liabilities – and technical provisions, mainly the mathematical provision for Workers' Compensation, are exposed to interest rate risk, despite the adoption for this line of business, in 2024, of an interest rate structure of a reference portfolio, which includes real estate. Exposure to interest rate risk is measured according to the difference between assets and liabilities for each time period. In 2024, unlike the same period last year, the interest rate risk derives from a scenario of falling rates, resulting in a reduction in the capital requirement associated with this sub-risk.

The equity risk stems from the volatility of stock market prices, with securities that represent the capital exposed to this risk, specifically, investment funds wholly or partially composed of these securities. This risk increased slightly in 2024 due to revaluations and the reallocation of assets, which are ancillary contributions to this risk.

Property risk arises from the volatility of real estate market prices. In 2024, this risk saw a significant variation in the capital requirement, following more recent valuations of both the new Caravela office in Lisbon and other properties held in the portfolio, resulting in a 9.5 % increase and a capital requirement of 6 631 000 euros.

Spread risk consists of the risk of unexpected losses caused by the depreciation of credit quality or default of a business partner, reflecting the volatility of credit spreads along the risk-free interest rate curve. The securities exposed to this risk are mainly corporate bonds and term deposits. The spread risk on debt issuers and the banks where term deposits are placed increased by 45.2 %, explained by the increase in the bonds and other debt securities item. It should be noted that the assets exposed had a variation of 36.4 % and the average rating of the asset portfolio, compared to the previous year, remained at A.

Foreign exchange risk is caused by the volatility of exchange rates against the Euro. In 2024, the investment in F2X Groupe Limited shares, in Pounds Sterling (GBP), acquired in 2022, was maintained and there was an increase in its value which resulted in a 20.6 % increase in the capital requirement, reaching 2 576 000 euros.

Concentration risk refers to the additional volatility that exists in highly concentrated portfolios. Exposure to concentration risk, measured according to the concentration of issuer groups in the portfolio, fell by 16.4 %, with a capital requirement of 5 528 000 euros. This decrease is explained by the sale of Caravela's strategic stake in the YOUR group.

The 6.7 % increase in exposure to Market Risk is explained by the increase in the investment portfolio (+20.1 %).



The results obtained by the Company for the sub-risks in the Health Underwriting Risk category can be seen in the following table:

SCR	2023	2024
(thousand euros)		
Market risk	20 877	22 271
Interest Rate Risk	711	192
<i>Upward shock</i>	<i>711</i>	<i>-301</i>
<i>Downward shock</i>	<i>-495</i>	<i>192</i>
Equity Risk	11 665	11 557
Property Risk	6 059	6 631
Spread Risk	3 186	4 626
Currency Risk	2136	2 576
Concentration Risk	6 609	5 528
<i>Diversification effect</i>	<i>-9 489</i>	<i>-8 839</i>

Table 23: Market Risk SCR

C.3. CREDIT RISK¹³

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

The Company has a control procedure for mitigating this risk in relation to customers and agents, namely the systematic monitoring of the evolution of amounts and the maturity of outstanding receipts. This procedure is guaranteed by the Finance Department and assessed by the Compliance Verification and Risk Committee.

In regard to reinsurers, they are carefully selected not only on the basis of their economic and financial soundness, but also their technical capacity. An analysis of the evolution of reinsurer ratings is done periodically.

Exposure to Counterparty Default Risk underwent growth of 16.0 % in 2024, which reflects similar increases in both type I counterparty default risk and type II counterparty default risk. The increase in the Company's exposure to reinsurers as a result of the new contracts referenced in section A.2.3 of this document has contributed to the type I counterparty default risk, while the increase in the type II counterparty default risk reflects the increase in production.

The results obtained by the Company for the sub-risks in the Counterparty Default Risk category can be seen in the following table:

¹³ Type I – reinsurance and co-insurance contracts and demand deposits

Type II – amounts receivable from intermediaries, policyholders and third parties



SCR	2023	2024
(thousand euros)		
Counterparty Default Risk	3 849	4 464
Counterparty Default Risk Type I	2 318	2 588
Counterparty Default Risk Type II	1 791	2 182

Table 24: Counterparty Default Risk SCR

C.4. LIQUIDITY RISK

Liquidity risk arises from the possibility of the Company not holding assets with sufficient liquidity to meet its obligations towards policyholders and other creditors as they become due.

In order to mitigate this risk, the Company has a monthly treasury plan, which is reviewed weekly and analysed daily.

The treasury plan also aims to invest surplus capital, namely in short- and medium-term deposits, with the safeguard of early withdrawal, thereby guaranteeing Caravela's funding needs in due time.

Whenever there are strong outflows, the Finance Department, in conjunction with investment management, makes provision for the need for liquidity.

The investment portfolio held on 31 December 2024, according to its liquidity, presents the following behaviour:

- Externally managed investment portfolio, in partnership with OFI Asset Management, a provider of investment management services: more than 90 % with convertibility periods from 2 to 7 days;
- Internally managed investment portfolio: composed of minor liquid assets (investment funds, real estate, among others), representing only 31 % of the portfolio, with convertibility periods of more than 7 days.

C.5. OPERATIONAL RISK

Operational risk corresponds to the risk of significant losses resulting from inadequate or failed processes, people or systems, or external events.

The next point, which deals with the internal control system, encompasses operational risks with a higher degree of granularity.

The aim of operational risk management is to identify and understand the risks faced by the Company and monitor them in accordance with defined tolerances.

The methodological approach used follows the following 3 stages:

1) Identification and classification of risks

The identification of risks is performed by interviewing those responsible for the Company's main areas.



In these interviews, the main top-down risks in the area will be identified and categorised in accordance with the guidelines issued by the ASF.

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

2) Evaluation of controls and their effectiveness

This assessment is of great importance for correctly identifying the inherent and residual risk in each one of the respective risks, which is fundamental for defining the mitigation actions/additional controls to be implemented.

To calculate the impact and probability (inherent and residual), it is necessary to resort to a number of methods such as: internal loss data; external loss data; experience and intuition of the risk owners.

3) Identification of KRIs and action plans

The Key Risk Indicator (KRI) is related to a specific risk and serves as a warning for any change in the probability and impact of the risk event occurring.

Once the Company's main top-down risks have been identified and classified, the risks that will be subject to stress tests are identified as part of the own risk and solvency assessment process.

These should reflect high impact and medium/low probability risks so that budget variables can be used to test their impact.

The quantification of operational risk is obtained through two components, insurance contracts revenue and technical provisions, which may not exceed 30 % of the Basic Solvency Capital Requirement.

As in the same period last year, operational risk is obtained through the perspective of premiums, as can be seen in the following table:

SCR	2023	2024
(thousand euros)		
Operational Risk	4 791	5 510
Basic capital requirement	4 791	5 510
Based on earned premiums	4 791	5 510
Based on technical provisions	3 165	3 948

Table 25: Operational Risk SCR

C.6. OTHER MATERIAL RISKS

As already mentioned, and within the scope of the Company's risk management, Caravela has a top-down process for identifying and assessing the main risks to which it is exposed. Among these risks, identified by the different Company departments, low-probability, high-impact risks are selected, i.e. risks that could jeopardize the achievement of its core objectives.



The risks selected and presented below represent extreme, but plausible risks which are not covered by Solvency II Pillar I risks, or which, despite being covered by this pillar, have an impact beyond the one represented by the standard formula.

Risk	Description
Market Risk / Specific Insurance Risk	Interest rates rise by 100 b.p.
Strategic Risk / Specific Insurance Risk	Degradation of the Technical Portfolio
Specific Insurance Risk	Increase in the loss ratio, in Motor and Workers' Compensation line of business, until the minimum required capital level is reached
Climate Risk	Existence of an extreme weather event

Table 26: Caravela's main risks

To test the impact of these events, the following Stress Tests and Reverse Stress Tests were conducted:

Stress Tests

- **Rise in interest rates**

The aim of this Stress Test is to quantify the impact of the interest rate structure falling by 100 b.p. in 2024 and remaining at that level for the rest of the study period, 2025 to 2028.

The results obtained show, on the one hand, a drop in own funds and, on the other, an increase in the Solvency Capital Requirement throughout the analysis period. After the Stress Test, it can be seen that the drop in interest rates currently represents an unfavourable scenario between 2024 and 2028 in the ORSA 2024. However, the limit set for the Capital Objective will not be breached during the period under analysis.

- **Degradation of the technical portfolio**

The technical portfolio degradation stress scenario is intended to assess the impact of degradation of the technical portfolio caused by the underwriting of new production by brokers and intermediaries in Portugal during 2024, on average 10 % below the rate currently in force at the Company for the various products.

The impact of this decrease results in a reduction in both Own Funds and the Solvency Capital Requirement for every year during the Multi-annual Budget period, with a drop in the Solvency Ratio to between 161 % and 210 %. Even with this impact, the Solvency Ratio remains above the Capital Objective.

- **Climate Risk**

The relevance of climate change in risk assessment and management has been gaining ground in the insurance sector, given the greater frequency of extreme weather events in recent years. In order to include an assessment of the impact of events caused by climate change, this Stress Test assumed a climatic event with an impact on the Motor, Fire and Other Damages, Workers' Compensation and Personal Accidents portfolios.

As a result, the Solvency Ratio fell by 4.5 p.p. in 2024, 6.0 p.p. in 2025, 4.3 p.p. in 2026, 3.7 p.p. in 2027 and 3.4 p.p. in 2028. Even with this impact, the Solvency Ratio remains above the Capital Objective.



Reverse Stress Tests

The Reverse Stress Tests are particularly useful in assessing the level of resilience in the Company's balance sheet and solvency position. The main strategic risks identified were the evolution of loss ratios in the 2 main insurance lines of business in operation, Motor and Workers' Compensation, and an evolution of this risk was simulated until it reached the point of non-compliance with the minimum capital requirement (100 %).

The results of this stress scenario indicate that, in 2024, each additional percentage point in the loss ratio corresponds to a decrease in the Solvency Ratio of 4.0 p.p. In fact, recovery of this impact on the Solvency Ratio is significant, at 41.5 p.p. and reaching a recovery of 76.8 p.p. in 2028. The economic recovery is sufficient to comply with the Minimum Acceptable Capital established in the Risk Appetite policy in the first year after the shock.

C.7. ANY ADDITIONAL INFORMATION

Does not apply.



D. VALUATION FOR SOLVENCY PURPOSES

Determining available capital is key to determining the Solvency ratio.

Available capital is determined on the basis of the economic balance sheet, i.e. the balance sheet with assets and liabilities at fair value.

The Solvency II Directive (2009/138/EC of the European Parliament and Council) established principles complemented by Level 2 measures (Delegated Acts and Technical Specifications) and Level 3 measures (Guidelines).

Article 75 in the Solvency II Directive on the valuation of assets and liabilities states that:

1. *Member States shall ensure that, unless otherwise stated, insurance and reinsurance undertakings value assets and liabilities as follows:*

- a) *Assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction;*
- b) *Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.*

When valuing liabilities under point (b), no adjustment to take account of the own credit standing of the insurance or reinsurance undertaking shall be made.

2. *The Commission shall adopt implementing measures to set out the methods and assumptions to be used in the valuation of assets and liabilities as laid down in paragraph 1.*

Those measures, designed to amend non-essential elements of this Directive by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 301(3).

Reconciliation between the IFRS balance sheet and the Solvency II balance sheet is detailed below:

	IFRS balance sheet	Adjustments	Solvency II balance sheet
Assets			
Goodwill	0	0	
Deferred acquisition costs	6 769 095	-6 769 095	
Intangible assets	3 027 889	-3 027 889	0
Deferred tax assets	5 236 181	2 637 372	7 873 553
Tangible fixed assets for own use	6 228 899	107 735	6 336 635
Investments (other than assets held under index-linked contracts and participation units)	177 053 021	0	177 053 021
Real estate (other than for own use)	21 448 000	0	21 448 000
Interests in related companies, including shareholdings	532 769	0	532 769
Shares and other equity securities	10 306 060	0	10 306 060
Bonds	111 959 165	0	111 959 165
Collective Investment Organisations	24 110 567	0	24 110 567
Derivatives	0	0	0
Deposits other than cash equivalents	8 696 460	0	8 696 460



<i>(Continued)</i>			
Loans and mortgages	970 154	0	970 154
Amounts recoverable from reinsurance contracts	68 715 702	12 106 594	80 822 296
Deposits with assignors	0	0	0
Receivables	12 675 268	10 415 932	23 091 200
Cash and cash equivalents	6 499 225	0	6 499 225
Any other assets not included elsewhere	6 644 401	-60 954	6 583 447
Total assets	293 819 835	15 409 696	309 229 531
Liabilities			
Technical provisions — non-life	122 717 623	5 106 451	127 824 074
Technical provisions — life (excluding index-linked contracts and participation units)	55 557 847	16 766 614	72 324 461
Other technical provisions	0	0	
Liabilities for pension benefits	289 718	0	289 718
Deposits from reinsurers	2 584 410	0	2 584 410
Deferred tax liabilities	3 394 844	26 395	3 421 240
Financial liabilities other than debts to credit institutions	580 310	0	580 310
Amounts payable	36 239 241	1 556 308	37 795 549
Subordinated liabilities	0	0	0
Any other liabilities not included elsewhere	2 950 597	0	2 950 597
Total liabilities	224 314 589	23 455 768	247 770 357
Surplus of assets over liabilities	69 505 245	-8 046 072	61 459 174

Table 27: Balance sheet adjustments

D.1. ASSETS

Caravela adopts the IFRS accepted by the European Commission, which is generally considered to be a good approximation of the concept of fair value. However, as the IFRS have different valuation methods, there are certain items that do not reflect fair value, and changes will have to be made to these.

D.1.1. Hierarchy of Valuation Principles

The Company uses the following hierarchy in its asset valuation principles:

- Market prices, quoted in active markets for the same or similar assets;
- When this is not possible, market prices for similar assets with adjustments to reflect the differences;
- When there are no active market values, mark-to-model techniques are used;
- As an alternative to the three previous principles, the Company considers as much observable market information as possible and reduces the Company's specific inputs as much as possible in order to conduct the valuation.



D.1.2. Valuation and adjustments by asset category

The valuation of the main IFRS and Solvency II balance sheet items and their conversion adjustments are presented in the following sections.

Deferred acquisition costs

The value of deferred acquisition costs allows an insurance contract's acquisition costs to become linear over its validity period.

For solvency purposes, the value of deferred acquisition costs is not considered an asset and is therefore written off on the balance sheet, generating an impact of -6 769 000 euros.

Deferred tax assets

Deferred tax assets (DTA) correspond to the tax amounts to be recovered in future periods relating to temporary differences on the balance sheet date and are valued under IFRS in accordance with IAS 12.

Under Solvency II, the same principle is used, as the difference is justified by the deferred tax adjustments made when converting the IFRS balance sheet to the Solvency II balance sheet.

Goodwill and intangible assets

Under IFRS, goodwill is valued in accordance with IFRS 3 and intangible assets in accordance with IAS 38.

Under Solvency II, goodwill is not valued and intangible assets, as long as it is not demonstrated that they can be sold separately and it is not shown that value exists for the same or a similar asset that has been derived from market prices verified in an active market, as was the case with Caravela, are set at zero, with this adjustment amounting to -3 028 000 euros.

Tangible fixed assets for own use

Under IFRS, property for own use and equipment are valued in accordance with IAS 16.

Under Solvency II, the property used as Caravela's registered office is valued at fair value and records an adjustment of 108 000 euros, as a result of a valuation of the property in 2024.

The other tangible fixed assets recognised in the balance sheet are valued at historical acquisition cost minus implicit wear and tear, but we consider that, given the immateriality of the amount in question, there is no justification for applying the revaluation model (Net value of amortisation and liabilities on 31-12-2024 at 794 000 euros).



Leases

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

Lease contracts are classified as finance leases if all the risks and rewards incidental to ownership are transferred substantially through them, and as (iii) operating leases when this transfer does not occur.

In a finance lease, on the effective date, the lessor must recognise the assets held under a finance lease in its statement of financial position, as a receivable for an amount equal to the net investment in the lease.

These assets are subject to depreciation, and the depreciation policy for these leased assets is consistent with that of other depreciable assets that the Company owns, with the depreciation recognised calculated in accordance with IAS 16.

As a result of its activity, the Company only has contracts that qualify as operating leases.

Under Solvency II, the fair value model is considered appropriate and no adjustment is made to this asset.

Investments – Real estate (other than for own use)

Under IFRS, investment properties are valued in accordance with IAS 40.

Under Solvency II, the fair value model is considered appropriate and no adjustment is made to this asset.

Investments – Bonds

Bonds in the portfolio are valued in accordance with IFRS 9 and classified under Financial assets at fair value through reserves.

Under Solvency II, these assets are valued according to criterion i. in section D.1.1., consistent with the IFRS rule, so no adjustment is recorded.

Investments – Collective investment undertakings

The investment funds held are valued in accordance with IFRS 9 and classified under Financial assets at fair value through profit and loss.

Under Solvency II, these assets are valued according to criterion iii. in section D.1.1., consistent with the IFRS rule, so no adjustment is made.

Investments – Deposits other than cash equivalents

Term deposits held are valued in accordance with IFRS 9 and classified under Financial assets valued at fair value at amortised cost.

Under Solvency II, these assets are valued according to criterion ii. in section D.1.1., based on the discounted cash flow method, consistent with the IFRS rule, so no adjustment is made.



Reinsurance recoverables

The valuation and adjustments of this asset are detailed in section D.2.9 of this report, within the scope of the valuation of Technical Provisions.

Receivables

The amounts receivable are valued according to criterion ii. in section D.1.1., based on the discounted cash flow method, consistent with the IFRS rule, so no adjustment is recorded.

Cash and cash equivalents

The valuation of this asset is based on the level i. method in section D.1.1., consistent with the IFRS rule, so no adjustment is recorded.

Any other assets not included elsewhere

In this assets class, we highlight inventories which, under IFRS, are recorded upon recognition at acquisition cost, and are subsequently, upon use, fully written off against expenses, while under Solvency II they are not valued, explaining the impact of -61 000 euros.

D.2. TECHNICAL PROVISIONS

D.2.1. Principles and assumptions

The assumptions and methodologies for calculating economically based technical provisions follow the provisions of (EU) Commission Delegated Regulation 2015/35 of 10 October 2014, corresponding to the sum of the best estimate and the risk margin.

Technical Provisions are determined separately within the following apportioned areas:

- Provision for Claims;
- Provision for Premiums, assuming future premiums:
 - Unearned premiums (UEP);
 - Premiums due that have not yet been processed, type I and II;
 - Future premiums from contracts which comply with the rules established through the so-called contract boundary. In the case of Caravela, this has not been applied as of this date.
- Mathematical Provisions for Workers' Compensation (WC) and Lifetime Assistance (LA).

The best estimate of the Provision for Claims and Premiums was calculated by using the interest rate curve provided through EIOPA, with the Volatility Adjustment.



The figures in this assessment are gross of reinsurance, unless otherwise stated.

D.2.2. Procedures

D.2.2.1. Calculation of the best estimate of the provision for claims

It is understood that the best estimate of the provisions for claims corresponds to the mathematical expectation of the expected indemnities over time, as well as the costs of claims handling.

Calculation algorithms

To determine the cash flows from indemnities other than WC pensions and LA indemnities, it was assumed that the best estimate corresponds to the discounted values of the amounts estimated using the actuarial methods indicated above. For claims management expenses, the best estimate was obtained using the Chain Ladder model, with average link ratios, on indemnities paid at current costs.

The TV 88/90 mortality chart was used to define the values of the cash flows inherent to Workers' Compensation pensions and Lifetime Assistance costs.

D.2.2.2. Calculation of the best estimate of the provision for premiums

The valuation of the provision for premiums took into account premiums relating to Unearned Premiums (UEP), demandable premiums not yet processed, type I and II, as the latter is assumed to be net of Caravela cancellation rates, where the average cancellation rate for the years (2022 to 2024) by line of business was taken into account, and future premiums relating to multi-year contracts which comply with the rules established in the contract boundary (currently with no premiums to consider).

The best estimate of the provision for premiums is the difference between the cash flows relating to claims and the estimated future premiums.

The estimated claim costs result from applying the average combined ratio of the last 2 years to future premiums, including investment costs. The way they are broken down by year of payment is the result of applying the model used in the projection of indemnities.

In the particular case of WC, it is important to point out the difficulty encountered in properly assessing cash flows, due to the impossibility of separating the premiums for pension and LA coverage from other expenses.

As a result, it was not possible to obtain a combined ratio inherent only to pensions and LA and another to the remaining indemnities, so the expected payment amounts were obtained on the basis of the aggregate combined ratio and their projection was made according to the percentages obtained from the model considered, based on WC indemnities other than Pensions and LA.



D.2.3. Risk Margin

The risk margin is determined by applying the Cost of Capital method, at a rate of 6 %. The simplification indicated in article 58(a), (EU) Commission Delegated Regulation 2015/35 of 10 October 2014 was used, which corresponds to approximating the SCR(t) for each future year using the principle of proportionality, not applying the volatility adjustment or the transitional measures for technical provisions.

D.2.4. Comparison between IFRS and Solvency II technical provisions

The following table reconciles the technical provisions calculated on the basis of IFRS 17 and Solvency II:

	IFRS 17	Adjustment	Real Estate Investment Companies
Technical Provisions – Non-life	171 506 375	29 387 634	200 894 008
Liability Motor Insurance	58 031 668	9 448 212	67 479 879
Best Estimate			64 010 835
Risk margin			3 469 045
Other Insurance from the Motor line of business	12 861 119	-903 045	11 958 074
Best Estimate			11 343 327
Risk margin			614 748
Hull	290 467	-31 724	258 742
Best Estimate			245 441
Risk margin			13 302
Fire and other damages	22 957 968	2 242 423	25 200 391
Best Estimate			23 904 875
Risk margin			1 295 516
General Liability	2 002 856	12 635	2 015 491
Best Estimate			1 911 877
Risk margin			103 614
Assistance + Legal Protection	4 439 328	107 031	4 546 359
Best Estimate			4 312 637
Risk margin			233 722
Credit and Suretyship	1 069 438	-2 926 542	-1 857 104
Best Estimate			-1 861 477
Risk margin			4 374
Medical expenses	-100 103	437 828	337 725
Best Estimate			320 363
Risk margin			17 362
Income Protection	1 555 946	430 802	1 986 748
Best Estimate			1 884 612
Risk margin			102 136
Workers' Compensation	68 397 687	20 570 014	88 967 702
Best Estimate			84 393 998
Risk margin			4 573 703

Table 28: IFRS 17 balance sheet provisions vs. Solvency II provisions



The adjustments result from the fact that Solvency II technical provisions are calculated using different methodologies when compared to IFRS. The differences are explained as follows:

- Use of a risk-free interest rate curve, with volatility adjustment, to discount future cash flows under Solvency II and under IFRS 17 use of two curves: (i) for the Non-Life portfolio excluding Workers' Compensation - risk-free interest rate curve published by EIOPA, including illiquidity premium; (ii) for Workers' Compensation liability - interest rate curve derived from a reference portfolio, which includes securities and real estate assets, in accordance with the precepts of IFRS 17;
- Different methods to determine the best estimate in the provision for premiums;
- Different methods for the risk margin.

D.2.5. Level of uncertainty

The best estimate of the provisions for claims is calculated by using various deterministic and stochastic methodologies, applying the best market practices. However, there is an associated level of uncertainty which may result from factors external to the Company, such as legal changes not reflected in the models used, or from significant changes over time in the assumptions made.

The calculation of provisions for claims is made using specific software, applying various actuarial models, following the assumptions and methodologies defined in (EU) Commission Delegated Regulation 2015/35 of 10 October 2014, without using simplifications, thereby reducing the level of uncertainty.

Various actuarial methods were applied in the calculations made on 31-12-2024: Chain-Ladder model, Bornhuetter-Ferguson and Loss Ratio, as the best estimate, depending on the line of business under analysis.

An analysis of the assumptions used to calculate the best estimate reveals uncertainty in the following:

- In the interest rate curve applied, especially in the Workers' Compensation line of business, in the calculation of discounted cash flows with pensions, as they are long term;
- In the history of loss ratio filed with the Company, when analysing the frequency of loss ratio, average cost, serious claims, etc., these may not accurately reflect the future.

The reliability of the statistical models used can be confirmed by comparing, by line of business, the evolution of the best estimate of the provision for claims existing in 2023 versus 2024.



Line of business	Best Estimate – Provision for Claims 2023	Cash flows 2024	Best Estimate in 2024 – Provision for Claims 2023 and earlier	Change in Best Estimate – Provision for Claims
Workers' Compensation	69 680 337	15 124 904	58 716 419	4 160 986
Pensions	56 582 576	7 252 820	54 390 574	5 060 819
Other expenses	13 097 761	7 872 084	4 325 845	-899 833
Income Protection	871 767	533 370	139 452	-198 945
CL Motor	35 835 826	21 221 756	21 471 741	6 857 671
Motor – Other Types of Coverage	6 105 111	5 864 062	443 612	202 563
Fire and Other Damages	13 571 036	7 028 035	12 228 542	5 685 541
General Liability	1 546 734	736 577	702 377	-107 780
Hull	286 318	14 528	143 600	-128 190
Medical Expenses	23 385	225 341	14 087	216 043
Assistance + Legal Protection	1 500 411	1 541 715	347 287	388 591
Credit and Suretyship	0	0	0	0
	129 420 924	52 290 288	94 207 117	17 076 480

Table 29: Variation of the Best Estimate

D.2.6. Amounts recoverable from reinsurance contracts

In the assessment of the financial statements, for proportional reinsurance, the provisions for claims are estimated as a percentage of the direct insurance provisions, depending on the share, while in non-proportional reinsurance the provisions for claims are estimated on a case-by-case basis and correspond to the amount that exceeds the capital surplus.

In both cases, the IBNR for reinsurance is calculated based on the average assignment rate observed in the case-by-case provision, and this rate is applied to the direct insurance IBNR.

Reinsurance recoverables were calculated by taking into account the interest rate term structure, provided by EIOPA, with the Volatility Adjustment, and are calculated separately between provisions for premiums and provisions for claims.

The best estimate of receivables, both from claims and from premiums, was adjusted by taking into account the expected value of losses due to counterparty default. This adjustment for counterparty default was determined using the calculation simplification indicated in Article 61, (EU) Commission Delegated Regulation 2015/35 of 10 October 2014:

- It assesses counterparty risk on the basis of a deterministic average value of cash flows rather than a pure cash flow analysis;
- Allows counterparties to be grouped by rating type, and assesses group risk as opposed to individual assessment;
- Uses a deterministic probability of default applied to the entire exposure as opposed to a rate that varies over time;



- It is based on a single, static estimate of the recovery rate in the event of default as opposed to a random variation.

D.2.6.1. Provision for claims recoverable from reinsurance

The cash flows relating to claims provisions include the estimated payments relating to the claims considered in Caravela's direct insurance claims provision.

The best estimate of reinsurance recoverables corresponds to the discounted amounts estimated by the actuarial model used to calculate the best estimate for the direct insurance provision, applying the average assignment percentages per claim year:

Line of business	Balance Sheet Provision	Best Estimate – Provision for Claims
Workers' Compensation	22 587 174	31 250 862
Pensions	19 954 594	28 549 981
Other expenses	2 632 580	2 700 881
Income Protection	532 161	521 631
CL Motor	17 702 671	17 837 155
Motor – Other Types of Coverage	2 761 890	2 771 308
Fire and Other Damages	17 019 142	17 102 893
General Liability	195 816	197 728
Hull	140 260	140 646
Medical Expenses	240 881	236 352
Assistance + Legal Protection	0	0
Credit and Suretyship	64 355	64 550
	61 244 350	70 123 125

Table 30: Best Estimate vs. IFRS 17 Balance Sheet Provisions

D.2.6.2. Provision for reinsurance recoverables premiums

The cash flows relating to the provision for reinsurance premiums result from the cash flows included in the determination of the provision for direct insurance premiums, applying the average assignment percentage to future premiums and claims.

To calculate future ceded reinsurance premiums, the ratio of ceded reinsurance premiums to direct earned premiums, according to Company history, was determined by line of business; this ratio was applied to the future premiums used in the best estimate of the provision for gross reinsurance premiums.

Likewise, to obtain the costs of ceded reinsurance claims, the ratio of ceded reinsurance claim expenses to direct insurance claim expenses was calculated by line of business, in accordance with Company history, and this ratio was applied to the claim expenses used in the best estimate of the provision for gross reinsurance premiums.



Line of business	Balance Sheet Provision	Best Estimate – Provision for Premiums
Workers' Compensation	53 784	1 744 937
Income Protection	20 040	4 339
CL Motor	1 354 454	5 241 206
Motor – Other Types of Coverage	370 756	986 292
Fire and Other Damages	3 133 214	4 156 937
General Liability	0	13 026
Hull	59 378	29 662
Medical Expenses	53 206	75 785
Assistance + Legal Protection	0	0
Credit and Suretyship	888 390	-1 553 014
	5 933 220	10 699 171

Table 31: Best Estimate vs. IFRS 17 Balance Sheet Provisions

D.2.7. Impact of excluding the volatility adjustment and the transition measure from technical provisions

Caravela uses the volatility adjustment measure and the transition measure for technical provisions, approved by the ASF on 1 September 2016. The following table illustrates the impact on technical provisions when these measures are not applied:

	Amount with Long-Term Guarantees and transitional measures	Impact of Long-Term Guarantees (GLP) and transitional measures				
		No transitional measures on technical provisions	Impact of transitional measures on technical provisions	No volatility adjustment and no other transitional measures	Impact of setting the volatility adjustment to zero	Impact from all GLP and transitional measures
Technical Provisions	200 148 535	200 894 008	745 474	202 972 027	2 078 019	2 823 492

Table 32: Impact of different adjustments to technical provisions

Caravela does not use the transitional interest rate measure nor the long-term congruency adjustment measurement.

D.3. OTHER LIABILITIES

The valuation of liabilities other than technical provisions, accounting and Solvency II provisions, and their conversion adjustments, are detailed by category below.



Liabilities for pension benefits

Defined Pension Benefit Plan

This plan is associated with the share of financing liabilities covered by the provisions of the 2008 CBA, and which is independent of the public Social Security system, covering unionised workers admitted to activity up to 22 June 1995 and who did not then sign up to any other proposed solutions.

The pension to be awarded was defined in accordance with the 2008 CBA, and this benefit was guaranteed to workers who retired from the insurance business.

This plan now covers only one participant who retired due to age, with the three remaining active employees who were part of this plan being transferred to the Defined Contribution Pension Plan.

With the transfer of the working population from this Defined Benefit Plan to the Defined Contribution Plan, the Company's liabilities associated with this plan were extinguished.

Defined Contribution Plan

This is a plan associated with the share of financing of the Individual Retirement Plan (IRP) which began on 1 January 2012.

The funding vehicle allocated to this Plan is the "Zurich Vida Empresas Open Pension Plan" from Zurich Vida, S.A. (Fund no. 287), which applies equally to all Company employees.

Contributions to this plan correspond to the percentages indicated in Annex V of the Company Agreement, applied to the employee's annual basic salary, with the contribution in 2024 amounting to 104 907 euros.

Length-of-service bonus

According to clause 42 of the 2016 ACT, published in the Bulletin of Labour and Employment no. 4, of 29 January, if the requirements mentioned in that clause are met, whenever an employee completes one or more multiples of five years of service with the Company, they are entitled to receive a one-time bonus corresponding to 50 % of their monthly salary, either in cash or in kind (granting of paid leave days).

Deposits from reinsurers

The valuation of these liabilities follows the hierarchy described in point D.1.1 and is subject to the same valuation as the cash and cash equivalents asset category.

Deferred tax liabilities

Deferred tax liabilities (DTL) correspond to the tax amounts to be recovered in future periods relating to temporary differences on the balance sheet date and are valued under IFRS in accordance with IAS 12.

Under Solvency II, the same principle is used, as the difference is justified by the deferred tax adjustments made when converting the IFRS balance sheet to the Solvency II balance sheet.



Therefore, the DTA position in the Solvency II balance sheet is adjusted mainly by the write-off of deferred acquisition costs and intangible assets, corrected by a higher revaluation of technical provisions net of reinsurance.

According to the delegated regulation, the position of deferred taxes, assets and liabilities must be presented at net value in the balance sheet. The DTA result assumes the net readjustments of assets and liabilities, amounting to 2 611 000 euros.

Amounts payable

The valuation of these liabilities follows the hierarchy described in point D.1.1 and is subject to the same valuation as the asset category receivables.

The remaining liability items are valued according to similar principles and no adjustments exist between the statutory financial position and the Solvency II balance sheet.

Any other liabilities not included elsewhere

These liabilities are comprised of amounts relating to accrued expenses and their valuation follows the hierarchy described in point D.1.1.

D.4. ALTERNATIVE VALUATION METHODS

The valuation methods for assets and liabilities used by the Company as of 31 December 2024 are described in the previous sub-chapters.

D.5. ANY ADDITIONAL INFORMATION

Does not apply.



E. CAPITAL MANAGEMENT

E.1. OWN FUNDS

In accordance with Solvency II regulatory requirements, Own Funds are classified into different levels taking into account principles such as Permanent Availability and Subordination and are subject to eligibility conditions.

The reconciliation between IFRS own funds and those eligible under Solvency II is shown in the following table:

Own Funds	IFRS balance sheet	Adjustments gross of tax	Adjustments net of tax	Solvency II balance sheet
Capital in ordinary shares	44 388 315	0		44 388 315
Issue premiums account related to capital in ordinary shares	0	0		0
Own Shares	0	0		0
Other capital instruments	0	0		0
Reserves	25 116 930	0		25 116 930
Other items in the reconciliation reserve	0	-10 657 048	-8 046 072	-8 046 072
Adjustments to assets	0	12 772 324	9 643 105	9 643 105
Adjustments to liabilities	0	23 429 372	17 689 176	17 689 176
Total of basic own funds after deductions	69 505 246	-10 657 048	-8 046 072	61 459 174

Table 33: Reconciliation of own funds

The analysis made of the Company's own funds gives the following breakdown by capital level:

Available Capital (thousand euros)	2023	2024
Own Funds	60 179	61 459
Level 1 unrestricted	57 685	57 007
Level 1 restricted	0	0
Level 2	0	0
Level 3	2 493	4 452

Table 34: Composition of capital available

Caravela's own funds are essentially composed of Level 1 elements, which are entirely represented by unrestricted elements and total 44 388 000 euros in share capital and 12 619 000 euros of reconciliation reserve.



The essential items in the reconciliation reserve are structured as follows:

Reconciliation reserve (thousand euros)	2023	2024
Surplus of assets over liabilities	60 179	61 459
Own shares (held directly and indirectly)	0	0
Dividends, distributions and foreseeable charges	0	0
Other elements of basic own funds	46 882	48 841
Adjustments for restricted own fund elements in relation to matching adjustment portfolios and ring-fenced funds	0	0
Reconciliation reserve	13 297	12 619

Table 35: Reconciliation reserve

The Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR) are fully covered by unrestricted Tier 1 elements, meeting the eligibility criterion, namely that the proportion of this item must be at least 50 % of the SCR and 80 % of the MCR. The limit for Level 1 elements with restrictions of 20 % in relation to the total Level 1 does not apply as no own funds exist with this classification. The Company also complies with the limit for Level 3 items, which must not exceed 15 % of the SCR.

The eligible capital to cover the solvency capital requirement and the minimum capital requirement is summarised in the following table:

Eligible Capital (Thousand euros)	2023	2024
Solvency	60 179	61 459
Minimum	57 685	57 007

Table 36: Eligible capital

E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E.2.1. CAPITAL REQUIREMENTS

Caravela's Solvency Capital Requirement and Minimum Capital Requirement are as follows, with the requirements as of 1 January 2024 indicated for information purposes, as they include a further amortisation of the transitional measure relating to technical provisions:

Solvency Capital (Thousand euros)	2023	2024
Solvency Capital Ratio	148.0 %	159.1 %
Own Funds	60 179	61 459
Solvency Capital Requirement	40 670	38 638
Adjustment	-11 566	-12 538
Operational Risk	4 791	5 510



<i>(Continued)</i>		
Basic Solvency Capital Requirement	47 445	45 666
Diversification effect	-23 760	-23 418
Sum of risk components	71 206	69 084
Market Risk	20 877	22 271
Counterparty risk	3 849	4 464
Health risk	18 192	19 465
Non-life risk	28 288	22 884

Table 37: Solvency capital

Minimum Capital (Thousand euros)	2023	2024
Minimum Capital Ratio	328.2 %	327.9 %
Own Funds	57 685	57 007
Minimum Capital Requirement	17 576	17 387

Table 38: Minimum Capital

In order to obtain the capital requirement, we advise that Caravela does not use simplified calculations nor does it use Company-specific parameters, applying the standard formula both to obtain the solvency capital requirement and the minimum capital requirement.

The forward-looking assessment of risk and capital is one of the main components of the ORSA, making it possible to draw conclusions as to the Company's future solvency in relation to the strategy defined and reflected in the multi-annual budget. For Caravela, it is the main element of capital management, as it allows the Company's resilience under adverse conditions to be tested over a 5-year time horizon through stress tests and sensitivity analyses.

E.2.2. ADJUSTMENTS

With the primary aim of identifying the variation caused in deferred tax assets and liabilities, the Company carried out an impact analysis of a possible loss corresponding to the basic solvency capital requirement, plus the capital requirement for operational risk, allocating the instantaneous loss to its origins and constructing the economic balance sheet after a shock, as provided for in guideline 7 from document EIOPA-BoS-14/177 on the loss-absorbing capacity of technical provisions and deferred taxes.

As mentioned, the adjustment for the loss-absorbing capacity of deferred taxes should only recognise the estimated increase in deferred tax assets to the extent that the Company is able to bear the amount calculated by a valuation that demonstrates that it is probable that future taxable profits will exist in sufficient amounts, after experiencing such an instantaneous loss.

In order to test the recoverability of deferred tax assets, Caravela considered the 2024-2028 business plan that supported the ORSA 2024 exercise approved by the Risk Management and Compliance Verification Committee on 10 January 2024.

This exercise was based on projections of future results, namely:



- The outlook for the future evolution of production;
- The main operating indicators on which the estimated profits are based;
- The Company's possible need for recapitalisation.

The projection of the post-shock business plan was prepared by taking into account the following principles:

- a) It is assumed that the shocks, risk events, had occurred during the year in which the instantaneous loss is calculated, in this case 2024;
- b) All losses related to the shocks were fully recognised in 2024, with no losses related to this event expected in the following years;
- c) The strategic repositioning of Caravela after the instantaneous loss would be driven in the following years by implementing several specific actions:
 - I. Investment Policy Revision;
 - II. Reinforcement of internal control measures; and
 - III. Recovery of Company profitability.
- d) It is considered that with these measures, given the Company's recent ability to attract new business in the retail segment without damaging the profitability of the portfolio, no setback in the current organic growth plan would exist, as detailed in the 2024–2028 business plan, for this segment;
- e) In view of the recent activation in the corporate segment and the ambition to expand activity through the freedom to provide services in different countries, these two segments would be strongly impacted in their growth over the years of the business plan;
- f) In redefining the Post-shock Profit and Loss Account, losses were allocated as follows:
 - I. The item Direct insurance and reinsurance claims costs – amount of Non-Life underwriting risk; amount of Health underwriting risk; and amount of interest rate risk (shock to liabilities);
 - II. The item, Profit and Loss on Investments – amount of market risk, minus the share of interest rate risk on liabilities;
 - III. The item, Other Costs – amount of counterparty risk; and amount of operational risk.

Based on this new business plan, the tax result was projected, assuming the following assumptions:

- a) No significant differences exist in the criteria for depreciation or revaluation of assets, so the tax result arising from these adjustments is similar to the accounting result;
- b) Benefit expenses and benefit payments do not differ significantly, so the tax result from these adjustments is similar to the accounting result;
- c) Tax benefits arising from sponsorship expenses, APS contributions and *Gabinete Cartas Verdes* contributions develop in the same proportion as Gross Written Premiums;
- d) Based on the history, the other possible tax corrections to be added or deducted are considered immaterial;



- e) Temporary differences arising from different accounting criteria between IFRS accounts and tax accounts are not deducted during the recovery test period as they have no recovery period (e.g. impairments);
- f) The temporary loss, corresponding to the value of Market Risk with the exception of concentration risk, will be deducted in the five years following the shock if it has an impact on Net Income Before Income Taxes; if so, this loss is recognised in Capital, as had occurred this year, and no adjustment will be made to taxable income;
- g) The temporary differences resulting from the transitional measures are deducted from the yearly Net Income Before Income Taxes of the Balance Sheet.

After determining the taxable income, the taxable profit was deducted using tax losses with a FIFO rationale¹⁴, whether of IFRS origin or Solvency II origin.

Taking into account the current tax rules, the maximum deduction corresponding to 65 % of taxable income would amount to 45 980 000 euros.

The sum of the instantaneous loss and the IFRS tax losses to be deducted from taxable income totals 35 627 000 euros.

Therefore, the capacity to recover the assumed instantaneous loss would be 100.0 %, i.e. applying the average Solvency II tax rate for 2024 of 24.5 %, we obtain a Deferred Tax Adjustment of 12 538 000 euros.

Not using the adjustment in the capacity to absorb deferred tax losses would set the solvency ratio at 117 %, corresponding to an excess of 8 793 000 euros.

E.2.3. IMPACT OF TRANSITIONAL AND LONG-TERM MEASURES

Caravela uses the volatility adjustment measure and the transition measure for technical provisions, approved by the ASF on 1 September 2016. The following table illustrates the financial impact when these measures are not applied:

¹⁴ FIFO – First In First Out, i.e., use in chronological order from the oldest to the most recent



	Amount with Long-Term Guarantees and transitional measures	Impact of Long-Term Guarantees (GLP) and transitional measures				
		No transitional measures on technical provisions	Impact of transitional measures on technical provisions	No volatility adjustment and no other transitional measures	Impact of setting the volatility adjustment to zero	Impact from all GLP and transitional measures
Basic own funds	61 459 174	60 896 341	-562 833	60 065 238	-831 104	-1 393 936
Own funds eligible to meet the Solvency Capital Requirement	61 459 174	60 896 341	-562 833	60 065 238	-831 104	-1 393 936
Solvency Capital Requirement	38 637 737	38 638 040	303	38 734 624	96 584	96 886
Own funds eligible to meet the Minimum Capital Requirement	57 006 860	56 261 387	-745 474	55 160 587	-1 100 799	-1 846 273
Minimum Capital Requirement	17 386 982	17 387 118	136	17 430 581	43 463	43 599

Table 39: Financial impact of different adjustments.

Not applying the transitional measure for technical provisions and the long-term measure for the volatility adjustment would lead to a reduction in the solvency capital requirement of 0.9 % and 1.6 % respectively, for a total impact of -2.5 %. However, the Solvency II ratio, without any measure, would remain at a comfortable level of 155.1 %, translating into an excess of 21 331 000 euros.

E.3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE TO CALCULATE THE SOLVENCY CAPITAL REQUIREMENT

Caravela does not use the duration-based equity risk sub-module to calculate the Solvency Capital Requirement.

E.4. DIFFERENCES BETWEEN STANDARD FORMULA AND ANY INTERNAL MODEL USED

Caravela uses the standard formula because it considers that it provides a consistent interpretation and sufficient transparency regarding the level of risk to which it is subject.

E.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

As of 31 December 2024, Caravela maintains adequate coverage of the solvency capital requirements and, for this reason, it is not necessary to consider adopting any type of corrective measures for this purpose.

E.6. ANY ADDITIONAL INFORMATION

No other relevant additional information to provide.



Lisbon, 8 April 2025

Financing Department

Executive Members of the
Board of Directors

Ludovico Belo

Luís Cervantes

Félix Serrano

Pedro Mata

Beatriz Pereira



ANNEXES

1. QUANTITATIVE MODELS

S.02.01.02 – Balance Sheet

	Solvency II Amount
ASSETS	
Intangible assets	0.00
Deferred Tax Assets	7 873 553.29
Surplus pension benefits	0.00
Real estate, facilities and equipment for own use	6 336 634.87
Investments (other than assets held under index-linked contracts and participation units)	177 053 020.98
Real estate (other than for own use)	21 447 999.95
Interests in related companies, including shareholdings	532 769.12
Own funds securities	10 306 060.46
Shares — listed on the stock exchange	0.00
Shares — not listed on the stock exchange	10 306 060.46
Bonds	111 959 164.66
Public debt bonds	22 982 836.64
Corporate bonds	88 976 328.02
Structured debt securities	0.00
Collateralised debt securities	0.00
Collective investment organisations	24 110 566.92
Derivatives	0.00
Non-cash deposits	8 696 459.87
Other investments	0.00
Assets held under index-linked contracts and participation units	0.00
Loans and mortgages	970 154.00
Loans on insurance policies	0.00
Loans and mortgages to individuals	0.00
Other loans and mortgages	970 154.00
Amounts recoverable from reinsurance contracts in the following lines of business:	80 822 295.69
Non-life and accidents and health with technical bases similar to those from the non-life line of business	52 272 314.29
Non-life, excluding accidents and health insurance	46 988 388.29
Accidents and health with technical bases similar to those from the non-life line of business	5 283 926.00
Life and accidents and health with similar technical bases as those from the life line of business, excluding accidents and health as well as index-linked contracts and participation units	28 549 981.40
Accidents and health with technical bases similar to those from the life line of business	28 549 981.40
Life, excluding accidents and health insurance as well as index-linked contracts and participation units	0.00
Life, index-linked and participation units	0.00
Deposits with assignors	0.00
Receivables from insurance operations and intermediaries	14 285 302.33
Receivables from reinsurance operations	5 457 856.96
Receivables (from commercial operations, not insurance)	3 348 040.75
Own shares (directly held)	0.00
Amounts due in respect of own funds or initial funds raised, but not yet paid in	0.00
Cash and cash equivalents	6 499 224.79
Any other assets not included in other balance sheet items	6 583 447.14
TOTAL ASSETS	309 229 530.80



(Continued)

LIABILITIES	
Technical provisions — non-life	127 824 073.72
Technical provisions — non-life (excluding accidents and health)	109 579 312.89
TP calculated as a whole	0.00
Best Estimate	103 844 993.47
Risk margin	5 734 319.42
Technical provisions — accidents and health (with technical bases similar to those from the non-life line of business)	18 244 760.83
TP calculated as a whole	0.00
Best Estimate	17 303 949.03
Risk margin	940 811.80
Technical provisions — life (excluding index-linked insurances and participation units)	72 324 460.98
Technical provisions — accidents and health (with technical bases similar to those from the life line of business)	72 324 460.98
TP calculated as a whole	0.00
Best Estimate	68 572 071.61
Risk margin	3 752 389.36
Technical provisions — life (excluding accidents and health insurance as well as index-linked contracts and participation units)	0.00
TP calculated as a whole	0.00
Best Estimate	0.00
Risk margin	0.00
Technical provisions — index-linked contracts and participation units	0.00
TP calculated as a whole	0.00
Best Estimate	0.00
Risk margin	0.00
Contingent liabilities	0.00
Provisions other than technical provisions	0.00
Pension benefit obligations	289 717.92
Deposits from reinsurers	2 584 410.05
Deferred tax liabilities	3 421 239.63
Derivatives	0.00
Debts to credit institutions	0.00
Financial liabilities other than debts to credit institutions	580 309.58
Amounts payable from insurance operations and intermediaries	11 161 935.00
Amounts payable for reinsurance operations	22 795 698.85
Amounts payable (from commercial operations, not from insurance)	3 837 914.68
Subordinated liabilities	0.00
Subordinated liabilities not classified in basic own funds (BOF)	0.00
Subordinated liabilities classified in basic own funds (BOF)	0.00
Any other liabilities not included elsewhere on the balance sheet	2 950 596.50
TOTAL LIABILITIES	247 770 356.91
SURPLUS OF ASSETS OVER LIABILITIES	61 459 173.89

S.05.01.02 - Non-Life Premiums, Claims and Expenses/Line of Business

	Line of business: Non-life insurance and reinsurance liabilities (direct insurance and proportional reinsurance accepted)												Non-proportional reinsurance accepted				TOTAL
	Insurance medical expenses	Insurance income protection	Insurance workers' compensation	Insurance CL Motor	Other insurances for motor vehicles	Insurance maritime, aviation and transport	Insurance fire and other damages	Insurance General Liability	Insurance credit and suretyship	Insurance legal protection	Assistance	Miscellaneous financial losses	Accidents and health	Accidents	Maritime, aviation, transport	Real Estate	
Written premiums																	
Gross value - Direct activity	1528754.04	3415269.45	55680369.73	58743600.46	33683691.44	401835.52	20991204.61	2309727.10	1598299.47	370481.18	8985406.59	0.00	0.00	0.00	0.00	0.00	187708639.59
Gross value - Proportional reinsurance accepted																	
Gross value - Non-proportional reinsurance accepted																	
Reinsurer share	1527579.92	1589480.42	8485482.63	19078831.32	9189044.85	280084.49	17408471.87	30605.11	163181.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	57752762.10
Net	1174.12	1825789.03	47194887.10	39664769.14	24494646.59	121751.03	3582732.74	2279121.99	1435117.98	370481.18	8985406.59	0.00	0.00	0.00	0.00	0.00	129955877.49
Earned premiums																	
Gross value - Direct activity	1527580.02	3766977.39	55608835.83	56299945.34	33380399.53	402404.69	20971580.08	2292484.14	203976.93	364650.54	8849991.01	0.00	0.00	0.00	0.00	0.00	183668825.50
Gross value - Proportional reinsurance accepted																	
Gross value - Non-proportional reinsurance accepted																	
Reinsurer share	1527579.92	1589480.42	8485482.63	19078831.32	9189044.85	280084.49	17408471.87	30605.11	163181.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	57752762.10
Net	0.10	2177496.97	47123353.20	37221114.02	24191354.68	122320.20	3563108.21	2261879.03	40795.44	364650.54	8849991.01	0.00	0.00	0.00	0.00	0.00	125916063.40
Claims incurred																	
Gross value - Direct activity	1700670.90	2090239.30	20931496.99	56736228.28	21146226.46	36677.58	17187027.72	1330949.20	84425.23	69900.09	7625426.01	0.00	0.00	0.00	0.00	0.00	128939267.76
Gross value - Proportional reinsurance accepted																	
Gross value - Non-proportional reinsurance accepted																	
Reinsurer share	1700579.69	438314.91	2077310.47	18254805.79	5258452.60	58607.88	14087335.04	101262.20	67508.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42044177.05
Net	91.21	1651924.39	18854186.52	38481422.49	15887773.86	-21930.30	3099692.68	1229687.00	16916.76	69900.09	7625426.01	0.00	0.00	0.00	0.00	0.00	86895090.71
Changes in other technical provisions																	
Gross value - Direct activity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross value - Proportional reinsurance accepted																	
Gross value - Non-proportional reinsurance accepted																	
Reinsurer share																	
Net	181541.81	412907.76	689465.94	4234964.05	2357545.87	85542.94	4976939.54	1340.22	218735.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13158983.72
Expenses incurred	-105027.87	575832.30	16092517.25	10521135.53	4822833.38	671.99	679900.69	667279.28	-70970.19	15738.09	444478.65	0.00	0.00	0.00	0.00	0.00	33644389.11
Other expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33644389.11

[a] [SR2017/2190 - positive if the change is negative (reduction in other technical provisions leading to a profit) or negative if the change is positive (increase in other technical provisions leading to a loss)]



S.05.01.02 – Non-Life Premiums, Claims and Expenses STL/Line of Business

	Line of business: Life insurance liabilities						Life reinsurance liabilities		TOTAL
	Accidents and health insurance	Profit-sharing insurance	Index-linked insurance and participation units	Other life insurance	Annuities arising from non-life insurance contracts related to accidents and health insurance liabilities	Annuities arising from non-life insurance contracts relating to insurance liabilities other than accidents and health	Accidents and health reinsurance	Reinsurance from life line of business	
Written premiums									
Gross amount					0.00				0.00
Reinsurer share					0.00				0.00
Net					0.00				0.00
Earned premiums									
Gross amount					0.00				0.00
Reinsurer share					0.00				0.00
Net					0.00				0.00
Claims incurred									
Gross amount					19 992 630.14				19 992 630.14
Reinsurer share					0.00				0.00
Net					19 992 630.14				19 992 630.14
Expenses incurred					0.00				0.00
Other expenses									0.00
Total expenses									0.00



S.12.01.02 – Non-Life Technical Provisions SLT

	Profit-sharing insurance	Index-linked insurance and participation units		Other life insurance		Annuities arising from non-life insurance contracts relating to insurance liabilities other than accidents and health	Assumed reinsurance	Total (Life other than accidents and health, including participation units-linked contracts)	Health insurance (direct insurance)		Annuities arising from non-life insurance contracts related to accidents and health insurance liabilities	Insurance From health insurance (assumed reinsurance)	TOTAL (Health insurance with a technical basis similar to life insurance)
		Contracts no options or guarantees	Contracts with options or guarantees	Contracts no options or guarantees	Contracts with options or guarantees				Contracts no options or guarantees	Contracts with options or guarantees			
Technical provisions calculated as a whole													
Total Amounts recoverable from reinsurance contracts/special purpose vehicles and Finite Reinsurance after adjustment for expected losses due to counterparty default associated with technical provisions calculated as a whole													
Technical provisions calculated as the sum of Best Estimate and Risk Margin													
Best Estimate													
Gross Best Estimate											69 239 109.11		69 239 109.11
Total recoverable amount from reinsurance contracts/special purpose vehicles and Finite Reinsurance after adjustment for expected counterparty default losses											28 652 245.53		28 652 245.53
Best estimate minus recoverable amount of reinsurance contracts/special purpose vehicles and finite reinsurance – total											28 549 981.40		28 549 981.40
											3 752 389.36		3 752 389.36
Amount of transitional measures in technical provisions ^(a)													
Technical provisions calculated as a whole													0.00
Best estimate											-667 037.50		-667 037.50
Risk Margin													0.00
TECHNICAL PROVISIONS - TOTAL											72 324 460.98		72 324 460.98

(a) [SR 2017/2190 - negative value when reducing technical provisions]

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Caravela – Companhia de Seguros, S.A.



S.17.01.02 - Non-Life Technical Provisions

	Direct insurance and proportional reinsurance accepted												Non-proportional reinsurance accepted				TOTAL NON-LIFE LIABILITIES
	Insurance medical expenses	Insurance income protection	Insurance workers' compensation	Insurance CL Motor	Other insurances for motor vehicles	Maritime, aviation and transport insurance	Insurance fire and other damages	Insurance General Liability	Insurance credit and suretyship	Insurance legal protection	Assistance	Miscellaneous financial losses	Accidents and health reinsurance non-proportional	Accident reinsurance non-proportional	Non-proportional maritime, aviation and transport reinsurance	Non-proportional property damage reinsurance	
Technical provisions calculated as a whole																	
Total Amounts recoverable from reinsurance contracts/special purpose vehicles and Finite Reinsurance after adjustment for expected losses due to counterparty default associated with technical provisions calculated as a whole																	
Technical provisions calculated as the sum of Best Estimate and Risk Margin																	
Best Estimate																	
Provisions for premiums																	
Gross amount	78 496.97	192 073.00	864 862.37	16 684 907.85	4 363 400.04	44 821.05	4 441 563.54	290 521.10	-1 942 179.25	94 813.19	2 344 294.81	0.00	0.00	0.00	0.00	0.00	27 457 574.67
Total Recoverable amount from reinsurance contracts/special purpose vehicles and Finite Reinsurance after adjustment for expected counterparty default losses	75 785.19	4 339.42	1 744 936.93	5 241 205.76	986 291.85	29 661.99	4 156 937.31	13 026.04	-1 553 013.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10 699 170.85
Net value of best estimate of the provisions for premiums	2 711.78	187 733.59	-880 074.56	11 443 702.09	3 377 108.19	15 159.06	284 626.23	277 495.07	-389 165.42	94 813.19	2 344 294.81	0.00	0.00	0.00	0.00	0.00	16 758 404.02
Provisions for claims																	
Gross amount	241 866.28	1 692 539.10	14 290 026.80	47 325 926.72	6 979 926.77	200 619.67	19 463 311.42	1 621 356.18	80 701.76	12 292.53	1 861 236.82	0.00	0.00	0.00	0.00	0.00	93 769 804.04
Total Recoverable amount from reinsurance contracts/special purpose vehicles and Finite Reinsurance after adjustment for expected counterparty default losses	236 352.11	521 631.35	2 700 880.99	17 837 154.61	2 771 307.91	140 645.61	17 102 892.94	197 727.94	64 550.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41 573 143.63
Net value of best estimate of the provisions for claims	5 514.17	1 170 907.75	11 589 145.81	29 488 772.11	4 208 618.87	59 974.06	2 360 418.49	1 423 628.24	16 151.58	12 292.53	1 861 236.82	0.00	0.00	0.00	0.00	0.00	52 196 660.41
Total best estimate – gross value	###	1 884 612.11	15 154 889.17	64 010 834.57	11 343 326.82	245 440.72	23 904 874.96	19 118 777.28	-1 861 477.50	107 105.72	4 205 531.62	0.00	0.00	0.00	0.00	0.00	121 227 378.72
Total best estimate – net value	8 225.95	1 358 641.33	10 709 071.25	40 932 474.19	7 585 727.05	75 133.12	2 645 044.71	1 701 123.31	-373 013.84	107 105.72	4 205 531.62	0.00	0.00	0.00	0.00	0.00	68 955 064.43
Risk Margin	17 361.97	102 135.90	821 313.93	3 469 044.85	614 747.64	13 301.57	1 295 516.36	103 613.52	4 373.60	5 952.39	227 768.49	0.00	0.00	0.00	0.00	0.00	6 675 131.22
Amount of transitional measures in technical provisions																	
Provisões técnicas calculadas como um todo																	
Best estimate	0.00	0.00	-55 915.50	0.00	0.00	-7 222.75	0.00	-15 297.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-78 436.22
Risk Margin																	
TECHNICAL PROVISIONS - TOTAL																	
Technical Provisions - Total	337 725.23	1 986 748.00	15 920 287.60	67 479 879.42	11 958 074.46	251 519.54	25 200 391.32	2 000 192.84	-1 857 103.90	113 058.11	4 433 301.11	0.00	0.00	0.00	0.00	0.00	127 824 073.72
Recoverable amount from reinsurance contracts/special purpose vehicles and Finite Reinsurance after adjustment for expected losses due to counterparty default – total	312 137.30	525 970.77	4 445 817.92	23 078 360.38	3 757 599.76	170 307.60	21 259 830.25	210 753.97	-1 488 463.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	52 272 314.29
Technical provisions minus recoverable amounts from reinsurance contracts/special purpose vehicles and Finite Reinsurance – total	25 587.92	1 460 777.23	11 474 469.68	44 401 519.04	8 200 474.69	81 211.94	3 940 561.07	1 789 438.87	-368 640.24	113 058.11	4 433 301.11	0.00	0.00	0.00	0.00	0.00	75 551 759.44

2024 Solvency and Financial Condition Report
Caravela – Companhia de Seguros, S.A.



S.19.01.21 – Non-Life Triangles

Accident year/ Subscription year	Accident year
-------------------------------------	---------------

Gross value of claims paid (non-cumulative)

(absolute amount)

Development year	0	1	2	3	4	5	6	7	8	9	10&+	Current year	Sum of years (cumulative)
Year occurred													
Previous											1 077 314.25	1 077 314.25	306 094 627.48
N-9	7 785 589.01	3 803 710.83	895 485.94	998 977.46	164 992.90	494 115.24	161 066.14	10 449.75	22 483.79	23 542.59		23 542.59	14 360 413.65
N-8	9 334 839.75	3 727 634.57	888 621.89	363 084.86	1 150 543.74	60 001.36	307 310.25	590 383.34	120 169.76			120 169.76	16 542 589.52
N-7	12 493 064.26	7 380 482.37	981 667.08	522 258.55	834 744.52	247 214.43	788 189.35	360 221.33				360 221.33	23 607 841.89
N-6	16 387 422.34	8 383 797.31	1 082 297.45	767 591.79	1 046 135.60	380 874.32	99 814.62					99 814.62	28 147 933.43
N-5	21 588 021.13	11 683 237.45	1 468 289.57	1 134 967.61	915 757.87	596 371.70						596 371.70	37 386 645.33
N-4	23 198 131.65	14 487 190.71	1 520 592.93	839 661.92	1 017 040.23							1 017 040.23	41 062 617.44
N-3	30 307 011.60	16 242 011.40	1 578 271.82	1 769 363.42								1 769 363.42	49 896 658.24
N-2	35 895 842.29	23 246 778.09	3 738 187.74									3 738 187.74	62 880 808.12
N-1	42 984 686.16	29 207 802.84										29 207 802.84	72 192 489.00
N	47 251 167.03											47 251 167.03	47 251 167.03
TOTAL												85 260 995.51	699 423 791.13

Gross non-discounted value of the best estimate in the provisions for claims

(absolute amount)

Development year	0	1	2	3	4	5	6	7	8	9	10&+	End of year (discounted data)
Year occurred												
Previous											300 700.11	300 700.11
N-9	0.00	2 660 867.07	1 896 058.00	819 752.89	344 048.98	540 508.99	776 366.73	353 180.30	82 094.73	371 968.42		371 968.42
N-8	10 746 890.38	3 554 671.82	1 958 360.15	1 195 853.18	662 512.33	703 501.01	430 276.34	113 659.94	1 893 514.84			1 893 514.84
N-7	12 866 053.59	3 569 338.68	1 941 984.98	1 008 439.64	1 216 244.17	715 038.62	612 403.30	913 803.03				913 803.03
N-6	11 693 538.26	2 710 391.74	1 908 766.47	1 993 244.55	2 686 615.43	1 234 789.65	2 792 361.48					2 792 361.48
N-5	12 926 055.53	4 323 537.16	3 387 351.90	2 758 413.65	2 920 718.09	2 118 899.76						2 118 899.76
N-4	17 364 699.30	5 305 756.83	3 501 922.29	4 065 903.19	2 688 265.42							2 688 265.42
N-3	28 312 881.77	7 424 825.63	7 940 408.55	5 977 208.96								5 977 208.96
N-2	38 833 115.72	13 581 630.00	10 750 775.21									10 750 775.21
N-1	44 304 005.50	15 038 312.93										15 038 312.93
N	53 690 402.33											53 690 402.33
TOTAL												96 536 212.49

S.22.01.21 - Impact of long-term guarantees and transitional measures

	Amount with long-term guarantees and transitional measures	Impact of transitional measures on technical provisions	Impact of transitional measures at the interest rate level	Impact of volatility adjustment set to zero	Impact of the congruency adjustment set to zero
Technical provisions	200 148 534.70	745 473.72	0.00	2 078 018.50	0.00
Basic own funds	61 459 173.90	-562 832.65	0.00	-831 103.62	0.00
Own funds eligible to meet the Solvency Capital Requirement	61 459 173.90	-562 832.65	0.00	-831 103.62	0.00
Solvency Capital Requirement	38 637 737.42	302.76	0.00	96 583.55	0.00
Own funds eligible to meet the Minimum Capital Requirement	57 006 860.24	-745 473.72	0.00	-1 100 799.49	0.00
Minimum capital requirement	17 386 981.84	136.24	0.00	43 462.60	0.00



S.23.01.01.01 – Own Funds

	TOTAL	Level 1 - unrestricted	Level 1 - with restrictions	Level 2	Level 3
Basic own funds before deduction for shareholdings in other financial sectors as provided in article 68, Delegated Regulation 2015/35					
Capital in ordinary shares (without deduction of own shares)	44 388 315.20	44 388 315.20		0.00	
Issue premiums account related to capital in ordinary shares	0.00	0.00		0.00	
Initial funds, member contributions or equivalent basic own funds for mutual funds and mutual-type companies	0.00	0.00		0.00	
Subordinated accounts from mutual members	0.00		0.00	0.00	0.00
Surplus funds	0.00	0.00			
Preferential shares	0.00		0.00	0.00	0.00
Issue premiums account relating to preferential shares	0.00		0.00	0.00	0.00
Reconciliation reserve	12 618 545.03	12 618 545.03			
Subordinated liabilities	0.00		0.00	0.00	0.00
Amount equal to the net value of deferred tax assets	4 452 313.66				4 452 313.66
Other items from own funds approved by the supervisory authority as basic own funds, not specified above	0.00	0.00	0.00	0.00	0.00
Own funds from financial statements that should not be considered in the reconciliation reserve and do not meet the criteria to be classified as own funds pursuant to Solvency II					
Own funds from financial statements that should not be considered in the reconciliation reserve and do not meet the criteria to be classified as own funds pursuant to Solvency II	0.00				
Deductions					
Deductions for shareholdings in financial institutions and credit institutions	0.00	0.00	0.00	0.00	0.00
TOTAL OF BASIC OWN FUNDS AFTER DEDUCTIONS	61 459 173.89	57 006 860.23	0.00	0.00	4 452 313.66
Additional own funds					
Unpaid and uncalled ordinary share capital, callable on demand	0.00			0.00	
Initial unpaid and uncalled funds, member contributions or equivalent basic own funds for mutuals and mutual-type companies, callable on demand	0.00			0.00	
Unpaid and uncalled preferential shares, callable on demand	0.00			0.00	0.00
A legally binding commitment to subscribe and pay subordinated liabilities upon request	0.00			0.00	0.00
Letters of credit and guarantees pursuant to article 96(2), Directive 2009/138/EC	0.00			0.00	
Letters of credit and guarantees not covered by article 96(2), Directive 2009/138/EC	0.00			0.00	0.00
Supplementary member contributions pursuant to article 96(3), first paragraph of Directive 2009/138/EC	0.00			0.00	
Supplementary member contributions – not covered by article 96(3), first paragraph of Directive 2009/138/EC	0.00			0.00	0.00
Other additional own funds	0.00			0.00	0.00
TOTAL ADDITIONAL OWN FUNDS	0.00			0.00	0.00
Own funds available and eligible					
Total own funds available to cover the SCR	61 459 173.89	57 006 860.23	0.00	0.00	4 452 313.66
Total own funds available to cover the MCR	57 006 860.23	57 006 860.23	0.00	0.00	0.00
Total own funds eligible to cover the SCR	61 459 173.89	57 006 860.23	0.00	0.00	4 452 313.66
Total own funds eligible to cover the MCR	57 006 860.23	57 006 860.23	0.00	0.00	0.00
SCR	38 637 737.42				
MCR	17 386 981.84				
Ratio of own funds eligible for the SCR	159.07%				
Ratio of own funds eligible for the MCR	327.87%				



S.23.01.01.02 – Revaluation reserves

	TOTAL
Reconciliation reserve	
Surplus of assets over liabilities	61 459 173.89
Own shares (held directly and indirectly)	0.00
Expected dividends, distributions and charges	0.00
Other elements of basic own funds	48 840 628.86
Adjustments for restricted own fund elements in relation to matching adjustment portfolios and ring-fenced funds	0.00
Reconciliation reserve	12 618 545.03
Expected Profits	
Expected profits included in future premiums (EPIFP) – Life line of business	0.00
Expected profits included in future premiums (EPIFP) – Non-Life line of business	1 228 091.29
Total Expected Profits included in future premiums (EPIFP)	1 228 091.29



S.25.01.21 – Solvency Capital Requirement

	Gross solvency capital requirement	Company Specific Parameter (CSP)	Simplifications
Market risk	22 271 086.52		0.00
Counterparty default risk	4 463 924.89		
Life insurance specific risk	0.00	0.00	0.00
Accidents and health specific risk	19 465 140.19	0.00	0.00
Non-life insurance specific risk	22 883 617.13	0.00	0.00
Diversification	-23 418 022.34		
Intangible asset risk	0.00		
Basic Solvency Capital Requirement	45 665 746.39		

Operational risk	5 510 064.77
Loss-absorbing capacity of technical provisions	0.00
Loss-absorbing capacity of deferred taxes	-12 538 073.73
	0.00
Capital requirement for activities performed under article 4, Directive 2003/41/EC	
Solvency capital requirement excluding capital increases	38 637 737.42
Capital increases already decided	0.00
SOLVENCY CAPITAL REQUIREMENT	38 637 737.42
Other information on the SCR	

Capital requirement for the duration-based equity risk sub-module

Total amount of the Notional Solvency Capital Requirement for the remaining part

Total amount of the Notional Solvency Capital Requirement for special purpose ring-fenced funds

Total amount of the Notional Solvency Capital Requirement for matching portfolios

Diversification effects due to Notional SCR aggregation of ring-fenced funds for article 304 purposes



S.28.01.01 – Minimum capital requirement – Life and non-life insurance and reinsurance activities only

Component of the linear formula relating to non-life insurance and reinsurance liabilities

S.28.01.01.01

RCM _{NV} Result		18 506 363.51
S.28.01.01.02		
	Net value (from reinsurance contracts/special purpose vehicles) from the best estimate and TP calculated as a whole	Net value (from reinsurance contracts) from written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	8 225.95	72 225.04
Income protection insurance and proportional reinsurance	1 358 641.33	2 991 129.02
Workers' compensation insurance and proportional reinsurance	10 709 071.25	51 111 869.72
Motor insurance and proportional reinsurance — civil liability	40 932 474.19	43 856 796.15
Motor insurance and proportional reinsurance — other lines of business	7 585 727.05	27 162 928.40
Maritime, aviation and transport insurance and proportional reinsurance	75 133.12	179 125.66
Fire and other property damage insurance and proportional reinsurance	2 645 044.71	5 351 405.31
General liability insurance and proportional reinsurance	1 701 123.31	2 286 860.48
Credit and suretyship insurance and proportional reinsurance	0.00	1 196 309.62
Legal expenses insurance and proportional reinsurance	107 105.72	370 481.18
Assistance and proportional reinsurance	4 205 531.62	8 985 406.59
Miscellaneous financial loss insurance and proportional reinsurance	0.00	0.00
Non-proportional accidents and health reinsurance	0.00	0.00
Non-proportional accident reinsurance	0.00	0.00
Non-proportional maritime, aviation and transport reinsurance	0.00	0.00
Non-proportional property damage reinsurance	0.00	0.00

Component of the linear formula relating to life insurance and reinsurance liabilities

S.28.01.01.03

Resultado de RCM _V		854 471.68
S.28.01.01.04		
	Net value (from reinsurance contracts/special purpose vehicles) of the best estimate and TP calculated as a whole	Net value (from reinsurance contracts/special purpose vehicles) of the total capital at risk
Profit-sharing liabilities — guaranteed benefits	0.00	
Profit-sharing liabilities — future discretionary benefits	0.00	
Index-linked and participation units-linked insurance liabilities	0.00	
Other life and accidents and health (re)insurance liabilities	40 689 127.71	
Total capital at risk for all life (re)insurance liabilities		0.00



Calculation of overall RCM

S.28.01.01.05

Linear MCR	19 360 835.20
SCR	38 637 737.42
Upper limit for MCR	17 386 981.84
Lower limit for MCR	9 659 434.36
Combined MCR	17 386 981.84
Absolute lower limit for MCR	4 000 000.00
MINIMUM CAPITAL REQUIREMENT (MCR)	17 386 981.84



CARAVELA
COMPANHIA DE SEGUROS

Caravela – Companhia de Seguros, S.A.

Certification of the Chief Actuary

31 December 2024

Actuarial Certification Report

Caravela - Companhia de Seguros, S.A.

31/12/2024



ACTUARIADO

April 2025

Actuarial Certification Report

Introduction

The purpose of this report is to certify the section within the solvency and financial condition report of Caravela - Companhia de Seguros SA, and the section of information to be provided to the ASF for supervisory purposes, which is the responsibility of the Chief Actuary under the terms of Regulatory Standard no. 2/2017- R, of 24 March with a reference date of 31 December 2024.

The most relevant results on the Insurer's solvency and financial condition reported on 31/12/2024 are as follows:

	Best Estimate	Risk Margin	Technical Provisions
Non-Life (Excluding Accidents and Health)	103 844 993.47	5 734 319.42	109 579 312.89
NSTV Accidents and Health	17 303 949.03	940 811.80	18 244 760.83
STV Accidents and Health	68 572 071.61	3 752 389.36	72 324 460.98
Total	189 721 014.12	10 427 520.59	200 148 534.70

Table 1: Technical Provisions

	Reinsurance Recoverables
Non-Life (Excluding Accidents and Health)	46 988 388.29
NSTV Accidents and Health	5 283 926.00
STV Accidents and Health	28 549 981.40
Total	80 822 295.69

Table 2: Reinsurance Recoverables

Own funds	61 459 174
Eligible SCR	61 459 174
Eligible MCR	57 006 860
SCR	38 637 737
MCR	17 386 982
Solvency Ratio	159.07 %

Table 3: Own Funds and Solvency Ratio

0.1 Scope

This certification covers verification of compliance with the applicable legal, regulatory and technical provisions for calculating the following elements disclosed in the report on solvency and financial condition:

- Technical provisions, including application of the volatility adjustment, matching adjustments and transitional arrangements provided for in articles 24 and 25, Law No. 147/2015 of 9 September;
- Amounts recoverable from reinsurance contracts and from entities with the specific purpose of securitising insurance risks;
- Specific risk modules for life insurance, specific risk modules for non-life insurance, specific risk modules for accidents and health insurance and the adjustment for the loss-absorbing capacity of technical provisions in the solvency capital requirement.

0.2 Responsibilities

This report was prepared in accordance with the provisions of Regulatory Standard no. 2/2017-R, of 24 March, in accordance with the duties assigned to the Chief Actuary.

The Insurer's Board of Directors is responsible for approving the solvency and financial condition report.

Our responsibility is to express an independent actuarial opinion on the elements referenced in point 0.1.

Our conclusions are based on the information provided by the Insurer.

0.3 Opinion

In our opinion, in regard to the adequacy of the legal, regulatory and technical provisions applicable to the calculation of technical provisions, the amounts recoverable from reinsurance contracts and the components of the solvency capital requirement related to these items, the information provided to the ASF presents accurately and appropriately, in all material respects, the position of the Insurer as of 31 December 2024.

Lisbon, 11 April 2025

[Signature: *Carmen Pereira Oliveira*]

Carmen Oliveira

Actuary in Charge



ACTUARIADO

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CARAVELA
COMPANHIA DE SEGUROS

Caravela – Companhia de Seguros, S.A.

Statutory Auditor Certification

31 December 2024

Caravela - Companhia de Seguros, S.A.

Report from the Statutory Auditor in regard to the annual report on solvency and financial condition pursuant to article 3(1)(a), Regulatory Standard No. 2/2017-R, of 24 March, from the Insurance and Pension Funds Supervisory Authority

31 December 2024

Report from the Statutory Auditor in regard to the annual report on solvency and financial condition pursuant to article 3(1)(a), Regulatory Standard No. 2/2017-R, of 24 March, from the Insurance and Pension Funds Supervisory Authority

To the Board of Directors at Caravela - Companhia de Seguros, S.A.

Introduction

Pursuant to article 3(1)(a), Regulatory Standard no. 2/2017-R, of 24 March, from the Insurance and Pension Funds Supervisory Authority (ASF) (Regulatory Standard), we have been hired by the Board of Directors at Caravela - Companhia de Seguros, S.A. (Entity) to conduct a reasonable assurance assessment for the annual report on solvency and financial condition (Report) provided for in article 26(a), ASF Regulatory Standard No. 4/2023-R of 11 July, including the quantitative information to be disclosed in conjunction with that Report, as established in article 3, (EU) Commission Enforcement Regulation No. 2023/895, 4 April 2023 (Quantitative Information) from the Entity, with reference to 31 December 2024.

Our report includes an account of the following matters:

- A. Reporting on the adjustments between the statutory statement of financial position and the balance sheet for the purposes of solvency, classification, availability and eligibility of own funds as well as the calculation of the Solvency Capital Requirement and Minimum Capital Requirement;
 - B. Reporting on the implementation and effective application of the governance system; and
 - C. Reporting on other information disclosed in the solvency and financial condition report, including the Quantitative information jointly disclosed.
- A. Reporting on the adjustments between the statutory statement of financial position and the balance sheet for the purposes of solvency, classification, availability and eligibility of own funds as well as the calculation of the Solvency Capital Requirement and Minimum Capital Requirement***

Responsibilities of the Board of Directors

It is the responsibility of the Entity's Board of Directors to calculate the adjustments between its statutory statement of financial position and the balance sheet for solvency purposes, to classify and assess the availability and eligibility of own funds and to calculate the Solvency Capital Requirement and the Minimum Capital Requirement submitted to the ASF, in accordance with (EU) Commission Delegated Regulation No. 2015/35, of 10 October 2014, which supplements Directive 2009/138/EC from the European Parliament and Council, of 25 November 2009 in regard to the access and pursuit of Insurance and Reinsurance business activity, as currently amended (Delegated Regulation).

Responsibilities of the Statutory Auditor

Our responsibility, as defined in article 4(1)(a) under the Regulatory Standard, is to issue a professional and independent reasonable assurance report on the adjustments between the statutory statement of financial position and the balance sheet for the purposes of solvency, classification, availability and eligibility of own funds as well as the calculation of the Solvency Capital Requirement and the Minimum Capital Requirement, based on the procedures performed and specified below.

Our work was conducted in accordance with the International Standard on Assurance Assessments Other than Audits or Reviews of Historical Financial Information - (ISAE) 3000 (Revised), issued by the International Auditing and Assurance Standards' Board from the International Federation of Accountants and we comply with the other standards and technical guidelines from the Portuguese Institute of Statutory Auditors (OROC), which require that we plan and perform our work in order to obtain reasonable assurance on whether the adjustments between the statutory statement of financial position and the balance sheet for the purposes of solvency, classification, availability and eligibility of own funds as well as the calculation of the Solvency Capital Requirement and the Minimum Capital Requirement are free from material misstatement, are complete and reliable and, in all material respects, are presented in accordance with applicable legal and regulatory requirements.

To this end, the work referenced consisted of the following procedures:

- a) Review the reconciliation of basic information used to calculate the balance sheet adjustments for solvency purposes with the Entity's information systems and the respective statutory statement of financial position as of 31 December 2024, which has been legally audited, and on which an unqualified Statutory Audit Report was issued, dated 21 March 2025;
- b) review of subsequent events that occurred between the Statutory Audit Report date and the date of this report;
- c) an understanding of the criteria adopted;
- d) recalculation of the adjustments made by the Entity between the statutory statement of financial position and the balance sheet for solvency purposes, except for those referenced in the following paragraph, which are excluded from the scope of our work;
- e) review, on a sample basis, the correct classification, availability and eligibility of own funds in accordance with the requirements of the Delegated Regulation;
- f) Review the reconciliation of basic information used to calculate the solvency capital and minimum capital requirements as of 31 December 2024, with the balance sheet for solvency purposes, the accounting records and other information held in the Entity's systems with reference to the same date;

- g) review, on a sample basis, the correct classification and characterisation of assets in accordance with the requirements of the Delegated Regulation;
- h) review of calculations for solvency capital and minimum capital requirements as of 31 December 2024, carried out by the Entity; and
- i) reading the documentation prepared by the Entity to comply with the requirements of the Delegated Regulation.

As provided for in article 3(2) from the Regulatory Standard, the work performed did not include the verification that the adjustments made to the technical provisions and the amounts recoverable from reinsurance contracts comply with the applicable legal, regulatory and technical provisions, nor did it include verifying the calculation of the capital requirements which, as defined in Article 7 from the Regulatory Standard, are included within the scope of certification issued by the Entity's Chief Actuary.

In regard to the adjustments made by the Entity to deferred taxes as a result of the aforementioned adjustments, the work performed only comprised the valuation of impacts on deferred taxes, based on the aforementioned adjustments.

The procedures carried out depend on our professional judgment, including the procedures relating to assessments on the risk of material misstatement in the information under analysis, resulting from fraud or error. In assessing the risk, we took into account the internal control relevant to the preparation and presentation of this information, in order to plan and perform the procedures considered appropriate in the circumstances.

We consider that the procedures performed provide an acceptable basis for expressing our conclusion.

Quality and independence

We apply the International Quality Management Standard ISQM 1, which requires the design, implementation and maintenance of a comprehensive quality management system that includes policies and procedures on the compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and ethics requirements from the code of ethics (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the OROC code of ethics.

Conclusion

Our conclusion has been formed on the basis of the material and subject to the terms described in this report.

Based on the work performed, it is our opinion that the adjustments between the statutory statement of financial position and the balance sheet for the purposes of solvency, classification, availability and eligibility of own funds as well as the calculation of the Solvency Capital Requirement and the Minimum Capital Requirement, indicated in the Report with reference to 31 December 2024, are free from material misstatement, are complete and reliable and, in all material respects, are presented in accordance with applicable legal and regulatory requirements.

B. Reporting on the implementation and effective application of the governance system

Responsibilities of the Board of Directors

It is the responsibility of the Entity's Board of Directors to:

- Prepare the Report and information to be provided to the ASF for supervisory purposes, under the terms required by ASF Regulatory Standard No. 4/2023-R, of 11 July; and
- Define, approve, periodically review and document the main policies, strategies and processes that define and regulate how the Entity is directed, managed and controlled, including the risk management and internal control systems (Governance System), which must be described in Chapter B of the Report, taking into account the provisions in article 294 of the Delegated Regulation.

Responsibilities of the Statutory Auditor

Our responsibility, as defined in article 4(1)(b) from the Delegated Regulation, is to issue a professional and independent limited assurance report on the implementation and effective application of the governance system, based on the procedures performed and specified below.

Our work was performed in accordance with the International Standard on Assurance Assessments Other than Audits or Reviews of Historical Financial Information - (ISAE) 3000 (Revised), issued by the International Auditing and Assurance Standards' Board from the International Federation of Accountants and we complied with the other standards and technical guidelines from the Portuguese Institute of Statutory Auditors (OROC), which require that we plan and perform our work with the objective of obtaining limited assurance that nothing has come to our attention that causes us to believe that the content of the chapter entitled, "Governance System" in the Report does not reflect, in all material respects, the description of the implementation and effective application of the Entity's Governance System as of 31 December 2024.

To this end, the work referenced consisted of the following procedures:

- a) An assessment of the information contained in the Report on the Entity's governance system in regard to the following main aspects: general information; qualification and suitability requirements; risk management system including own risk and solvency assessment; internal control system; internal audit function; actuarial function; subcontracting and any additional information; and

- b) reading and assessing the documentation that supports the main policies, strategies and processes described in the Report, which regulate the way the Entity is directed, managed and controlled, and obtaining corroborative evidence on their implementation.

The procedures performed depend on our knowledge of compliance with the requirements established by the Regulatory Standard, the Delegated Regulation and other circumstances related to the work, as well as on the consideration of areas where it is probable that material misstatements may arise.

The procedures implemented in a limited assurance assessment are different in nature, timing and extent, and are more limited than those made in a reasonable assurance assessment. Consequently, the level of assurance obtained in a limited assurance assessment is substantially lower than the assurance that could have been obtained if a reasonable assurance assessment had been made.

We consider that the procedures performed provide an acceptable basis for expressing our conclusion.

Quality and independence

We apply the International Quality Management Standard ISQM 1, which requires the design, implementation and maintenance of a comprehensive quality management system that includes policies and procedures on the compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and ethics requirements from the code of ethics (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the OROC code of ethics.

Conclusion

Our conclusion has been formed on the basis of the material and subject to the terms described in this report.

Based on the work performed, nothing has come to our attention that causes us to believe that the content of the chapter entitled, "Governance System" in the Report does not reflect, in all material respects, the description of the implementation and effective application of the Entity's Governance System as of 31 December 2024.

Miscellaneous

Taking into account the normal dynamics of any internal control system, the conclusions presented regarding the Entity's governance system should not be used to make any projections for future periods, as there may be changes in the processes and controls analysed and in their degree of effectiveness. On the other hand, given the inherent limitations of the internal control system, irregularities, fraud or errors may occur without being detected.

Our conclusion is not modified in relation to these matters.

C. *Reporting on the other information disclosed in the solvency and financial condition report, including the Quantitative information jointly disclosed*

Responsibilities of the Board of Directors

It is the responsibility of the Entity's Board of Directors to prepare the Report and the information to be provided to the ASF for supervisory purposes, as required by ASF Regulatory Standard No. 4/2023-R of 11 July, including the quantitative information to be disclosed in conjunction with that Report, as established in article 3, (EU) Commission Enforcement Regulation No. 2023/895 of 4 April 2023.

Responsibilities of the Statutory Auditor

Our responsibility, as established in article 4(1)(c) from the Regulation, is to issue a professional and independent limited assurance report on whether the other information disclosed in the Report, including the Quantitative Information disclosed in conjunction therewith, is consistent with the information examined and with the knowledge obtained from performing our work based on the procedures used and specified below.

Our work was performed in accordance with the International Standard on Assurance Assessments Other than Audits or Reviews of Historical Financial Information - (ISAE) 3000 (Revised), issued by the International Auditing and Assurance Standards' Board from the International Federation of Accountants and we have complied with the other standards and technical guidelines from the Portuguese Institute of Statutory Auditors (OROC), which require that we plan and perform our work with the objective of obtaining limited assurance that nothing has come to our attention that causes us to believe that the remaining information disclosed in the Report, including the quantitative information jointly disclosed, is not free, in all material respects, from misstatements in relation to the information examined and the knowledge obtained during the performance of our work.

To this end, our work consisted of reading the Report in its entirety and assessing whether its contents were consistent with the information examined, as described in the previous sections of our report.

The procedures performed depend on our knowledge of compliance with the requirements established by the Regulatory Standard, the Delegated Regulation and other circumstances related to the work, as well as on the consideration of areas where it is probable that material misstatements may arise.

The procedures implemented in a limited assurance assessment are different in nature, timing and extent, and are more limited than those made in a reasonable assurance assessment. Consequently, the level of assurance obtained in a limited assurance assessment is substantially lower than the assurance that could have been obtained if a reasonable assurance assessment had been made.

We consider that the procedures performed provide an acceptable basis for expressing our conclusion.

Quality and independence

We apply the International Quality Management Standard ISQM 1, which requires the design, implementation and maintenance of a comprehensive quality management system that includes policies and procedures on the compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and ethics requirements from the code of ethics (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the OROC code of ethics.

Conclusion

Our conclusion has been formed on the basis of the material and subject to the terms described in this report.

Based on the work performed, nothing has come to our attention that causes us to believe that the remaining information disclosed in the Report, including the quantitative information jointly disclosed, is not free, in all material respects, from distortions in relation to the information examined and the knowledge obtained during our work.

11 April 2025

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
Represented by:

[Illegible signature]

Carlos Manuel Sim Maia, Statutory Auditor no. 1138
Registered with the CMVM under no. 20160750