

# Solvency and Financial Condition Report 2022

Solvency II Narrative Report

Under the new prudential regime (Solvency II), which entered into force on 1 January 2016, it is established that insurance undertakings must publish and submit to the supervisory authority a Solvency and Financial Condition Report (SFCR).

In this context, considering the provisions of Article 83.º of the Juridic Regime of Access and Exercise of The Insurance and Reinsurance Activity ("RJASR"), approved by law no. paragraph 147/2015, of 9 September, in Article 26 of Regulatory Standard No.º 8/2016-R, of August 16, and the provisions of The Delegated Regulation 2015/35 of October 10, 2014, we present below the report on the solvency and financial situation of Mudum Seguros - Companhia de Seguros, S.A., for the period ended December 31, 2022.

The Management Board is the body responsible for this report, and it was approved at the meeting of the Board of Directors on March 30, 2022.

Lisbon, 30 March 2023

The Board of Directors

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## SYNTHESIS

### Activity and performance

With over 26 years operating in the Portuguese market, Mudum - Companhia de Seguros, S. A. (Mudum Seguros) is part of the Credit Agricole Group, the European leader in bankinsurance activities, and its main mission is to serve the market segment of individuals and small businesses in non-life insurance.

In a global context of strong uncertainty and high volatility in the financial markets due to the post-pandemic situation and the war between Russia and Ukraine, Mudum Seguros achieved solid results. Gross premiums issued grew by 1.9% due to accelerated commercial activity with the novobanco network (the number of new policies issued grew by 15.6%) which allowed overall portfolio growth of 1%.

2022 was also a key and successful year in Mudum's transformation process with the completion of the autonomy project (carve-out with the former GNB Vida), the move to a new head office in downtown Lisbon, and the acceleration of projects related to digital and data mastery to serve customers and the strategy of its main partner, the novobanco Group, and prepare the next stages of the company's strategic development.

In this context, Mudum Seguros maintained a strong financial strength with a combined ratio of 94% and an SCR ratio of 190.7%.

### Governance system

Mudum Seguros has a governance system that is appropriate and adapted to its business lines and management. The Board of Directors defines the company's broad business strategy and oversees its implementation. It ensures compliance with the legal, regulatory and administrative provisions adopted under the Solvency II directive and the implementation of the rules of the Insurance and Pension Funds Supervisory Authority ("ASF"). The Board works closely with the General Steering Committee, which consists of the Chief Executive Officer (CEO) and the two Deputy General Managers (DGA) of the company as well as key function holders. This governance system contributes to achieving Mudum's strategic objectives and ensures that risks are managed regarding their nature, scope and complexity and regular controls are in place to ensure the sound and prudent management of the business.

During 2022 the Company reformed its governance model, having made adjustment to its structure and new hires, as detailed below in part B of this report:

In compliance with Standard no. 4/2022-R, of 26 April, issued by the Insurance and Pension Funds Supervisory Authority ("ASF"), the Company's General Shareholders Meeting approved an amendment to the Articles of Association, creating a Remuneration Committee consisting of three members, elected by the General Shareholders Meeting. This Committee performs the duties referred to in that Regulatory Standard and in the Articles of Association of Mudum Seguros.

Notwithstanding the above, the Company's governance system has maintained its fundamental features.

Despite the above, the Company's system of government maintained its fundamental traits.

### Risk profile

The company's risk profile changed slightly when compared to the previous year, with the Non-Life Subscription (40,0%) and Market (24,4%) risks remaining the greatest risks to which the Company is exposed. The remaining risks showed less significant changes, when compared to the previous year, with the Health Underwriting risk (18,5%), the Counterparty Default risk (10,1%) and the operational risk (6,9%) .



Considered its risk profile, the Solvency II standard formula is adapted to the calculation of Mudum Seguros' capital requirement.

## **Solvency II**

Mudum Seguros continues to have a high stability and resilience. However, in a context of high volatility in the financial markets, there has been a decrease of 38 percentage points of the solvency ratio to 190,7% (229,0% in 2021),

# **A. ACTIVITY AND PERFORMANCE**

## **A.1 ACTIVITIES**

### **A.1.1 Scope**

The Solvency and Financial Condition Report (hereinafter also called SFCR or report) of Mudum – Companhia de Seguros, S.A. (hereinafter also called Mudum Seguros or Companhia) includes all the following information related to the Company's activity.

The Company is supervised by the Insurance and Pension Fund Supervisory Authority, hereinafter also called ASF or Supervisory Authority (contacts: Av. da República, 76, 1600-205 Lisbon, +351 21 790 31 00).

In 2022 and according to the government model adopted, the Company had as supervisory elements a Fiscal Council composed by a president (António Joaquim Andrade Gonçalves) and two effective vowels (José Maria Ribeiro da Cunha and Paulo Ribeiro da Silva).

As effective Statutory Auditor, Price Waterhouse Coopers e Associados – Society of Statutory Auditors, Lda., represented by Aurélio Adriano Rangel Amado, whose contacts are: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisbon, Portugal, Tel. +351 213 599 000, Fax +351 213 599 999, [www.pwc.pt](http://www.pwc.pt), and as substitute Statutory Auditor, Carlos José Figueiredo Rodrigues.

As Responsible Actuary, Milliman, Consultants and Actuaries S.L.U., represented by José Silveiro, whose contact details are: Paseo de la Castellana 93, Planta 11 28046, Madrid, SPAIN.

The Company is 100% owned by Grupo Crédit Agricole Assurances, S.A., based in France.

The Company operates throughout the national territory, with the automotive, personal accident, multi-risk and health products being the main focus, while exploring other lines of business such as Credit Protection or Occupational Accidents.

#### A.1.2 General presentation

Mudum – Companhia de Seguros, S.A. was created on October 1, 1996, with the main goal of serving the private sector in the non-life insurance branches, aiming to promote effective security for the daily risks of its customers and providing for this purpose a range of solutions in the field of personal and patrimonial protection. Regarding the sale of products, this is exclusively made done by the network of branches of novobanco and Novo Banco dos Açores, in a strategy of maximizing synergies and offering a complete service to customers.

Mudum Seguros' rules and government model are intended to ensure responsible governance directed to the creation of value, transparency, and appreciation of customers. The Company governs its activity by 5 fundamental values: customer orientation, demand for excellence, individual initiative, honesty and integrity and team spirit and incorporates in its mission the signature of Grupo Crédit Agricole: "Act every day in the interest of customers and society."

#### A.1.3 Key elements of 2021 and prospects

The year 2022 was marked by a sharp rise in inflationary pressures already felt in 2021 and the respective response of the monetary

authorities, the Russian-Ukrainian conflict and, in China, the still significant impacts of the SARS CoV-2 virus and its containment measures by authorities with cross-border impacts.

In the non-life insurance market, which includes Mudum Seguros, the trend of growth over the last 8 years has been confirmed, with particular emphasis on the "Disease" branch that maintained the strong growth rate in the previous year and almost doubling the value compared to 2015. On the accident side, the overall claims costs of the Non-Life branch group showed a growth, which was certainly not unrelated to the inflation felt in a cross-sectional way, but still lower than that seen in the volume of premiums.

It was in this economic and market context that Mudum Seguros continued its activity, also influenced by the operating framework of its main partner in the distribution and marketing of its products - the new bank - that continued in 2022 the investment and adjustment in its distribution model, redefining its size, geographical presence and changing the way of service to customers, being an integral part of its omnichannel strategy, providing a closer and more adjusted interaction to the various customer segments.

In business, we have seen the growth of the policy portfolio, based not only on the growth of sales volume closer to pre-pandemic levels, but also on the consistency of low cancelation rates compared to the non-life insurance market.

Mudum continued to perform well despite the increase in claims costs and claims rates. Influence was the increase in the accident rate in the automotive industry to levels closer to those of the pre-pandemic (record the abnormally low levels in the last two years) and some signs of increased costs due to inflation. The occurrence of the extraordinary weather events at the end of the year also influenced negatively the overall very positive behavior seen in the Multi-Risk Housing and Commercial insurance by the increase in the number of claims processes and their costs, leading to a growth in claims rates.

The financial side has not ceased to be influenced by one of the worst years recorded in financial markets in virtually all asset classes,

particularly in the bond segments where the worst performers were recorded. Against this background, the revaluation reserve experienced an unfavorable change because of macroeconomic instability and rising interest rates. On the other hand, in the context of its strategy of reorganizing the asset portfolio with a view to reducing the risk of future volatility, the Company took advantage of some opportunities to realize capital gains, which positively influenced the results.

In view of the different projects for the reorganization, transformation and development of the company, growth in operating expenses and investment has been maintained in line with the forecast.

In this respect, it is important to highlight some relevant projects such as those associated with the Claims Management Transformation Program which, among other objectives, aims to optimize the relationship between processes, tools and people as key elements for the development of relational excellence in customer service. We have also continued projects and investments in technological transformation, providing more and better tools for more collaborative and efficient operation, as well as the development of omnicanality, in alignment with our distribution partner, which also requires the development and implementation of technologies that favor interaction with the customer through digital, remote or face-to-face means. As a result of a new regulatory framework for the future, in 2022 we dedicated efforts and resources to the preparation of systems and processes to respond to the new financial reporting challenge arising from the implementation of IFRS17. Finally, it is also important to underline the change of our Headquarters and facilities, to a new space created with the objectives of providing a more pleasant workplace and adapted to a working organization that allows to respond to the future challenges and interests of our employees.

In the end, the combination of all these factors allowed Mudum Seguros to maintain the development of its business with adequate levels of profitability, maintaining appropriate levels of prudence and capital in the face of the risks assumed.

For 2023 and beyond, we will seek to provide continuity and consistency to what has been developed in the recent past, aligned with the 3 pillars of the Mudum strategic plan: customer, human, social.

Therefore, in order to develop our business being closer and serving customers better, it is essential to continue the implementation of the omnichannel model with our main distributor, the Novobanco group enriched by actions that maximize the productivity and know-how of the operators. In the same way, we will seek to complement and adapt the existing main product offer. At the same time, we will not fail to consolidate our operational model to allow for a widening of distribution channels resulting from external market opportunities.

In parallel, Mudum Seguros will pursue its commitments as an insurer, investor and employer, seeking to keep Socially Responsible Investment standards aligned with CAA Group investment policy and principles and above the market benchmark, natively integrate the "ESG" dimension in the design of offerings and services, implement actions to measure and reduce the carbon footprint at the level of its operation and accelerate promotion initiatives at the level of inclusion and diversity.

In addition to the safety and adaptation requirements of our operating model to meet the regulatory requirements that will be foreseen and present in our actions for the future, we intend to continue the renewal of the operating model of Mudum Seguros. Developing a culture of responsibility, innovation and commitment are key areas of action for the future. To this end, we will capitalize on the new workspaces and accelerate the processes of digital transformation and adaptation of the hybrid working model, implementing a program of continuous improvement for the organization and operation in order to increase its efficiency and agility.

In a changing world, the future will always be challenging. Sustained by technical, economic and financial solidity and with the support of the Crédit Agricole Assurances Group, we will seek to be increasingly prepared to develop our activity and help each person to make the best use of the changes that happen in their lives.

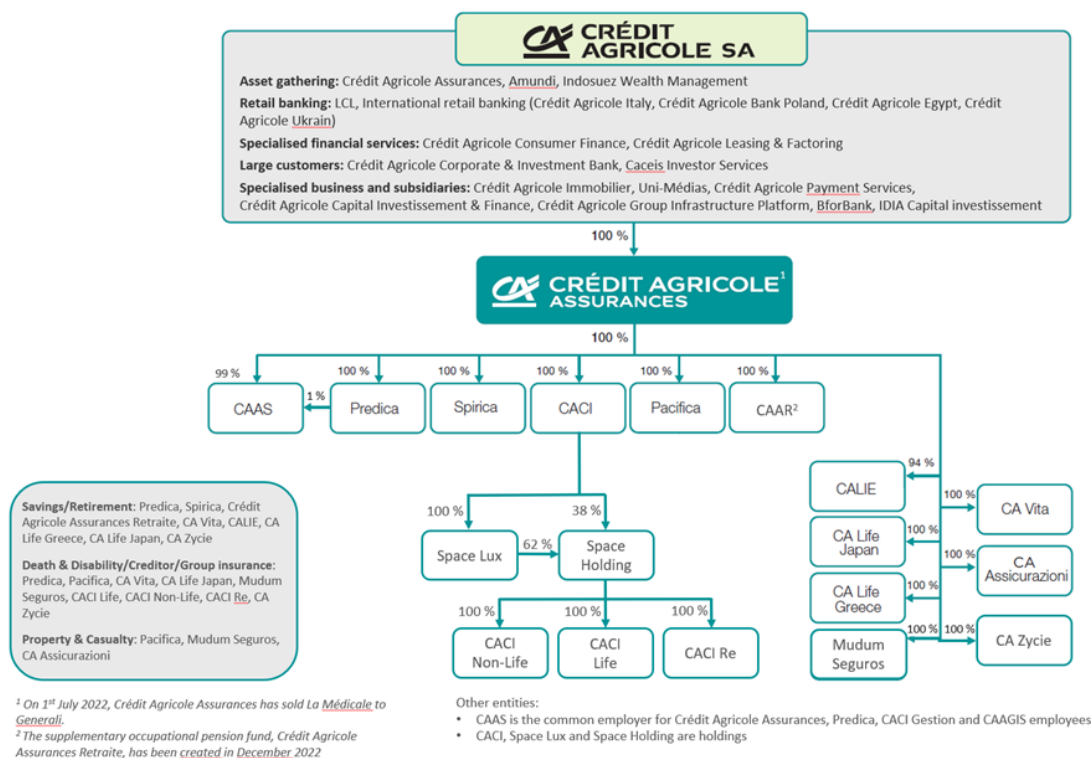
#### A.1.4 Information on the capital structure and its detention

Mudum - Companhia de Seguros, S.A., registered at the Commercial Registry Office of Lisbon and NIPC 503718092 and with headquarters at Street Miguel Bombarda, n.º 4 - 1049-079 Lisbon, was constituted by deed

celebrated on September 12, 1996 (then called Espírito Santo, Companhia de Seguros, S.A.).

With a Share Capital of 15.000.000 euros, represented by 3.000.000 shares with a nominal value of 5.00 euros each, the Company is consolidated in the financial statements of Crédit Agricole Assurances S.A., which holds 100% of the Company's Share Capital.

Grupo Crédit Agricole Assurances, S.A. as sole shareholder and holder of the Company's management control, presents the following composition of capital positions in its subsidiaries:



**Figure 1 - Participation structure of Crédit Agricole SA.**

On February 1, 2022, Crédit Agricole Assurances and Generali signed a sales contract for La Médicale. The completion of this operation shall be subject to the obtaining of authorizations from the competent regulatory and competition authorities.

## A.2 SUBSCRIPTION PERFORMANCE

The commercial activity was developed in 2022, through the networks of novobanco, Novo Banco dos Açores, Banco BEST and Banco Credibom, and 71.178 new policies were sold, representing an increase compared to 2021 of 9.606 policies (+ 15,6%).

The growth of global commercial activity in the current year maintained the positive trend recorded in 2021. In 2022, for the positive, the products of health, Personal accidents and Credit Protection. In reverse, showing a reduction in sales compared to the same period stand out Motor vehicle and Multiple Risks (Fire and other damage to property insurance) products.

Despite the increase in the number of policies sold, in 2022 Mudum Seguros recorded a increase in the policy portfolio in force, reaching an increase of 1,0% (4.263 policies) at the end of the year compared to the existing portfolio in December 2021.

	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
<b>Number os sold policies</b>	71 178	61 572	52 829	15,6%	16,5%
<b>Number in the Portfolio</b>	439 029	434 766	436 100	1,0%	-0,3%

**Table 1** - Evolution of portfolio policies

With a volume of 77.552 thousand euros, gross premiums issued increased by 1,9% compared to 2021 (+1.437 thousand euros), mainly influenced by the increase in Personal Accident Insurance (+ 1.040 thousand euros), highlighting the positive behavior compared to 2021 of credit protection insurance, with an increase of 11,0% (+ 708 thousand euros).

The overall increase of 1,9% in gross premiums issued by the Company followed the growth trend of the non-life insurance market, which stood at 7,4%. As a result, in 2022 Mudum Seguros slightly reduced its overall market share in non-life insurance, standing at 1,3%, going down to 13<sup>th</sup> (12<sup>th</sup> in 2021) in the ranking of non-life insurers.

The following table shows the disaggregated business performance by class:

(Unit: thousands of euros)

2022	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle (RC + OR)	Fire and other damage to property insurance	Total
Prémios brutos Emitidos	25 675	10 369	617	15 103	25 788	77 552
Prémios Adquiridos	25 503	9 268	612	15 278	25 624	76 286
Custos com sinistros	19 212	735	230	8 510	11 973	40 660
Provisões Técnicas (Variação)	1 723	0	- 12	- 1 046	- 312	353
Despesas Brutas	6 435	4 179	125	5 803	10 789	27 331
Resseguro Cedido	- 289	- 1 355	- 146	- 1 792	- 1 623	- 5 205

2021	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle (RC + OR)	Fire and other damage to property insurance	Total
Prémios brutos Emitidos	24 878	9 329	544	15 765	25 599	76 115
Prémios Adquiridos	24 891	8 480	530	15 947	25 582	75 431
Custos com sinistros	18 437	849	119	6 475	10 820	36 701
Provisões Técnicas (Variação)	- 1 601	0	74	- 328	- 297	- 2 152
Despesas Brutas	5 922	3 508	110	4 590	9 897	24 028
Resseguro Cedido	- 258	- 1 245	- 167	- 2 069	- 1 520	- 5 258

**Table 2** - Performance by business class

### A.3 INVESTMENTS PERFORMANCE

The total value of financial assets (including bank deposits) totaled 102.378 thousand euros at the end of 2022 (EUR 121.231 thousand in 2021), consisting mostly of bonds. Total Investments decreased by 15,6% compared to 2021 (-0,5% in 2021 compared to 2020).

				(Unit: thousands of euros)	
	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
<b>INVESTMENTS</b>	<b>102 378</b>	<b>121 231</b>	<b>121 847</b>	<b>- 15,6%</b>	<b>- 0,5%</b>
Cash and cash equivalents	2 198	3 313	2 793	- 33,7%	18,6%
Financial assets at fair value through profit and loss	6 843	8 917	7 001	- 23,3%	27,4%
Financial assets at fair value through other comprehensive income (OCI)	90 159	99 956	101 121	- 9,8%	- 1,2%
Financial assets at amortised cost	3 178	9 045	10 932	- 64,9%	- 17,3%

**Table 3** - Evolution of investments by asset class

Financial assets at fair value through profit and loss consist entirely of securities investment funds, mainly equities and a real estate.

In 2022 there was an increase in gross incomes, in the amount of 665 thousand euros, or +53,4% compared to 2021 as a result not only of the



increase in income resulting from the increase in interest rates, which allowed investments to be made with higher returns, but also to a large extent of the net gains made in Securities Investment Funds, made before the fall in the stock markets. In fact, net gains in assets and liabilities increase by 473 thousand euros or 89,2% compared to 2021, from Securities investment funds. Gross income from financial expenses grew by 99 thousand euros or 12.8% compared to 2021 as a result of the increase in interest rates which enabled investments/reinvestments to be made with much higher returns than in the previous year. Already the reversal of impairment losses (provision for planned credit losses in instruments valued at fair value through reserves) also added 33 thousand euros to the result of financial activity.

				(Unit: thousands of euros)	
	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
<b>Financial Activity</b>	<b>1 910</b>	<b>1 735</b>	<b>1 310</b>	<b>10,0%</b>	<b>32,4%</b>
Financial income gross os investment costs	873	831	919	5,1%	-9,5%
Government Bonds	161	100	94	60,4%	6,7%
Others debt securities	693	617	749	12,3%	-17,6%
Equity securities	18	57	38	-68,0%	50,2%
Real Estate related Securities	2	57	38	-97,0%	50,2%
Cash and cash equivalents	0	0	0	541,5%	-
Net gains and losses	1003	964	313	4,1%	207,6%
Government Bonds	-44	0	0	0,0%	0,0%
Others debt securities	-825	96	153	-958,5%	-37,4%
Equity securities	1871	434	80	331,3%	442,6%
Real Estate related Securities	0	434	80	-100,0%	442,6%
Cash and cash equivalents	0	0	0	-	-
Expected credit losses	-33	59	-79	-156,2%	175,7%

**Table 4** - Evolution of net financial activity

The expenses allocated to the investment function amounted to 293 thousand euros in 2022 (281 thousand euros in 2021).

In addition to the rubrics recorded in the profit and all account, the Company recorded a negative change in equity of 13.844 thousand euros before taxes in 2022. For this variation, contributed: on the one hand,

the losses in market value of the bond portfolio as a result of the increase in bond market yield rates (11.195 thousand euros) and, on the other hand, the decrease of 2.656 thousand euros in the adjustment for the overlap approach due to sales made in assets at fair value through profit and loss.

(Unit: thousands of euros)			
	2022	2021	2020
<b>Other Equity Items</b>	<b>-10 209</b>	<b>3 635</b>	<b>4 349</b>
Fair value reserve of financial at fair value through OCI	-9684	1511	3252
Government Bonds	-1793	463	725
Others debt securities	-7891	1048	2527
Fair value reserve from ECL of securities at fair value through OCI	54	47	41
Overlay approach	-580	2077	1056

**Table 5** - Evolution of fair value reserve by asset class

It should be noted that with the adoption of IFRS 9, the Company opted for the application of the overlap approach described in paragraph 35B of IFRS 4 by designating as eligible assets for this approach the Securities Investment Funds. This approach ended on 31 December 2022 and in 2023 these assets will be accounted for at fair value through profit or loss.

Finally, as regards investments, it should be noted that on 31 December 2022, as well as throughout the reference period, Mudum Seguros had no investments in securitizations or similar.

## A.4 PERFORMANCE OF OTHER ACTIVITIES

Nothing to mention.

## A.5 ADDITIONAL INFORMATION

Nothing to mention.

## **B. GOVERNMENT SYSTEM**

### **B.1 GENERAL INFORMATION ON THE GOVERNANCE SYSTEM**

#### **B.1.1 Government Structure - Attribution of Responsibilities and Functions**

The corporate governance model introduced in 2019 remained unchanged, in which the day-to-day management and organization of Mudum Seguros were delegated to a Chief Executive Officer who is assisted by two Deputy CEOs. Thus, the desideratum of respect for good corporate governance practices and the provisions of various laws and regulations is maintained.

Mudum Seguros applies responsible governance, guided by concrete objectives, creating value for its shareholders, enhancing the value of its employees, providing products and services that add value for customers and are perceived by them, and based on a commitment to social and environmental responsibility.

Transparency and loyalty in the relationships with all those with whom it relates are of central importance for the consolidation of its business, as well as the adoption and full respect of the good rules in force in the market in which it operates, namely through the adoption of internal anti-corruption measures and demanding conduct guidelines.

The intervention of the areas of Risk Management, Internal Control and Compliance was also maintained as essential, as was the full functioning of the various existing committees as aids in the decision-making support process, assessing and monitoring risks and ensuring compliance with the

legal duties to which Mudum Seguros is bound and, where necessary, proposing mitigation measures for the risks identified.

- **General Assembly**

The Shareholders' General Assembly, which meets at least once a year, has as its main responsibilities to elect the governing bodies, decide on the Management Report, the accounts for the year and the application of results. The Board of the General Assembly is composed of a President and a Secretary. The members of the Board are elected for four-year periods, reelection being permitted.

- **Board of Directors**

The Company is managed by a Board of Directors made up of a minimum of five and a maximum of seven Directors appointed for four years, with reelection permitted.

The General Assembly appoints the Chairman of the Board of Directors, from among the members elected to this body.

The Board of Directors delegates the day-to-day management of the Company to a Chief Executive Officer (CEO), who within the scope of this function is assisted by two Deputy CEOs who participate in decisions, jointly with the CEO, that have an impact on the management and organization of the Company, being considered as persons who effectively direct the company.

The Board of Directors meets at least once every three months. The Board cannot deliberate unless a majority of its members are present or represented, and decisions are voted in favor by a majority of the members present or represented.

The following matters must necessarily be discussed and approved by resolution of the Company's Board of Directors:

- o Approval or modification of the Internal Regulations of the Board of Directors and the Chief Executive Officer (CEO);

- o Approval of contracts with third parties whose amounts/liabilities exceed the Company's total annual expenses by 10% (excluding commission and profit-sharing expenses);
- o Granting of financing, deposits, or provision of guarantees in excess of one million euros;
- o Acquisition, taxation, or disposal of real estate worth more than 5 million euros, provided that the real estate is used in the day-to-day management of the company;
- o Requesting financing or creating liabilities above ten million euros (per transaction);
- o Licensing or granting rights over the Company's intellectual or industrial property;
- o Expansion or reduction of the company's activity or change in the company's object;
- o Approval of the Company's Balance Sheet and Accounts and all legal documents of accountability of the Company;
- o Approval of proposed application of results.

- **Chief Executive Officer (CEO) and General Steering Committee**

In accordance with the Articles of Association approved at the General Meeting of June 23, 2021, and the Rules of Procedure of the Board of Directors approved on February 17, 2021, the Board of Directors delegates the day-to-day management and organization of the Company to the Chief Executive Officer (CEO).

The Chief Executive Officer is thus responsible for the overall management of all the Company's activities, its organization in accordance with applicable laws and regulations, the general supervision of the Company and coordination of relations with the Company's distributors and insurance operations as well as relations with shareholders, public and supervisory authorities in coordination with the Chairman of the Board of Directors.

However, taking into consideration good corporate governance practices and the provisions of various laws and regulations, the Company must ensure that at least two people effectively direct the company ("four-eyes principle").

This means that no important decision for the company's activity should be implemented without the intervention of at least two people who effectively manage the company.

As such, the position of Deputy CEO has been created, whose appointees to this position will participate in decision-making with the CEO in the day-to-day management of the Company and, as such, are persons who actually run the company. Two Deputy CEOs are currently appointed.

Reporting to the CEO, the Deputy General Manager is responsible for assisting the CEO in the day-to-day management of the company and in its organization, coordinating the areas of intervention assigned to him by the CEO, thus ensuring that on all areas and activities of the company, all decisions relevant to the company's activity are taken with the intervention of at least two people who effectively run the company.

In this context, the General Management Committee (CDG) was also created, which consists of the CEO and Deputy CEOs. This Committee meets at least twice a month and whenever convened by one of its members and its scope of action is to evaluate and monitor the company's activity and make decisions with a view to the day-to-day management of the activities.

- **Fiscal Council**

The supervisory function of Mudum Seguros is attributed to the Supervisory Board, consisting of a President, two effective members and one alternate member.

The chairman of the Fiscal Council will be appointed by the General Shareholders' Meeting.

The members of the Fiscal Council are elected for a four-year term, with reelection permitted.

- **Statutory Auditor**

External supervision of the Company is ensured by the Statutory Auditor and External Auditor of Mudum Seguros, Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., as well as by the supervisory authority to which Mudum Seguros is subject, the Insurance and Pension Funds Supervisory Authority.

At the proposal of the Supervisory Board, the General Meeting appointed a Statutory Auditor to examine the Company's accounts. The Statutory Auditor is elected for a period of four years, reelection being permitted.

- **Remuneration Committee**

By resolution approved at the General Meeting held on 7 December 2022, the Articles of Association of Mudum Seguros were amended in accordance with the provisions of ASF Rule 4/2022-R of 26 April, with the appointment of a Remuneration Committee made up of three members, the largest of whom is considered independent, in accordance with applicable regulations.

The Remuneration Committee exercises the powers defined in the applicable legal and regulatory rules, as established in Article Twenty-Second of the Articles of Association of Mudum Seguros.

- **Secretary of the Company**

The Secretary is appointed by the Board of Directors and the duration of his duties coincides with the term of office of the Board of Directors that appoints him.

- **Functional Organization**

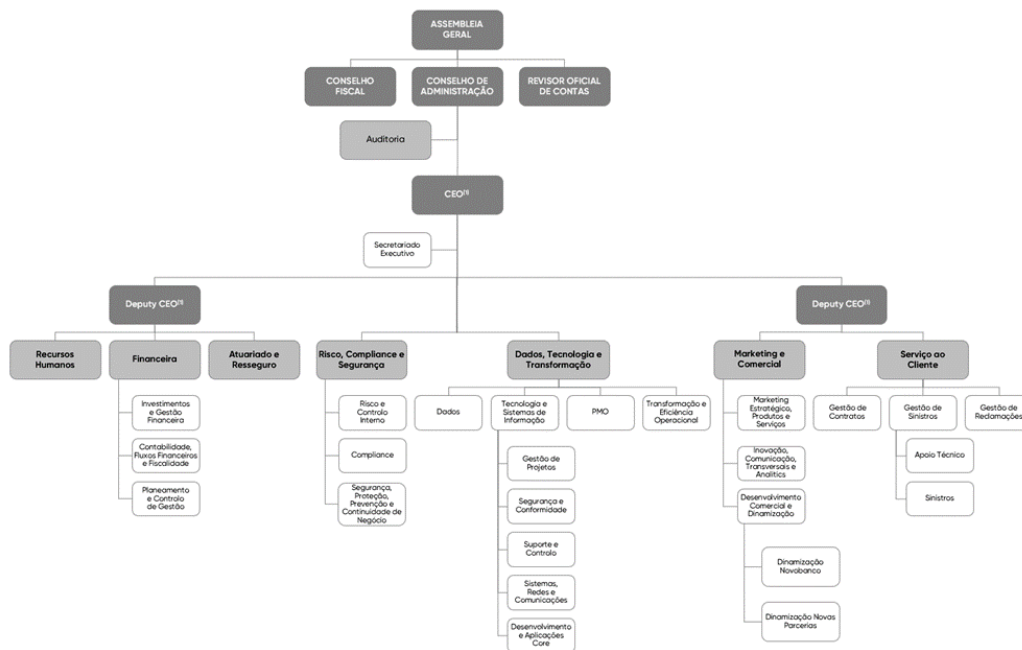
From an operational point of view, the different functions are ensured by departments with clearly defined attributions and persons in charge.

The Company's governance model was revised in September 2022, as already mentioned, constituting more relevant changes:

- o Internalization of the Internal Audit function, creating an Audit department. The outsourcing agreement for the audit function, which was in force with the Credit Agricole Group, was terminated;
- o Hiring of a Director for the Actuarial and Reinsurance Department (DAR), already registered with the ASF. Deputy-CEO Paulo Nogueira ceased to combine his functions as

- Deputy-CEO with those of Director of the Actuarial and Reinsurance Department;
- o o Creation of an Autonomous Market Conduct Function, exercising the functions defined in ASF Standard 7/2022-R of June, 7;
  - o o Inclusion within the perimeter of the Risk Management and Compliance Department of a new area called Security, Protection, Prevention and Business Continuity. The department was renamed DRCS - Risk, Compliance and Security Department;
  - o o The Organization and Quality Unit of the Data, Technology and Transformation Division was renamed TEO - Transformation and Operational Excellence.
  - o .

Thus, the new organization chart of the Company is as the following:



<sup>(1)</sup> O Conselho de Administração delega a gestão corrente e a organização da Sociedade ao Chief Executive Officer: François Nicolas Baudienville. No âmbito e para os efeitos do apoio à gestão corrente da Sociedade, o Chief Executive Officer nomeia Diretores-Gerais Adjuntos (Deputy CEO): Paulo Alexandre Nunes Nogueira; Afonso de Castro Barbosa Temudo Barata

**Figure 2 – Mudum Seguros’ Organizational Model**



The organizational structure that supports the development of the Risk Management and Internal Control system is based on the previously defined 3 lines of defense model, in which:

- The 1<sup>st</sup> line of defense is represented by the Company's Operational Departments/Units, which are the areas responsible for the operationalization of risk management and respective controls, on the ground, day-to-day;
- The 2<sup>nd</sup> line of defense has a supervisory function, represented by the Risk, Compliance and Security Department, the Actuarial Function and the Risk and Compliance Committee, and its main responsibilities are the systematization of standards and policies, and monitoring of the risk management and internal control system;
- The 3<sup>rd</sup> line of defense has an independent audit function, performed by the Internal Audit Function, supported by the Internal Control Committee, with the main objective of providing assurance on the effectiveness of the controls.

### **Committee Structure**

In order to have an intermediate level of analysis, evaluation and monitoring that provides an appropriate and technical approach to some issues relevant to the activity of the Company, strengthening in particular the 2nd line of defense in its role of monitoring the various aspects of the risk management and internal control system, Mudum Seguros maintains in its Governance System the existence of committees, i.e. bodies with the task of making validations and issuing technical opinions to the General Management.

The structure of the Company's Committees and their functions are the following:

- **General Steering Committee (CDG)**

The General Management Committee (CDG) is responsible for evaluating and monitoring the company's activity and making decisions with a view to

the day-to-day management of the activities, in accordance with the strategy and attributions defined by the Board of Directors.

- **Steering Committee (CODIR)**

It is up to the Management Committee to analyze, discuss, validate, and deliberate on the presentations, at the directors' initiative, of any significant element related to the company's operation.

- **Steering Committee | Risk and Compliance**

- Ensure the follow-up of the implemented operational risk management structure and the coordination of the control functions in order to assess the suitability and effectiveness of the control and operational monitoring systems;
- Assess and monitor existing risks (risk mapping), review and monitor the risk dashboard and prudential information (quantitative and qualitative);
- Examine all breaches and significant failures in operational risks and compliance;
- Oversee the implementation and execution of the operational risk and compliance management and control program, and monitor the results of ongoing controls;
- Assess the parameters and assumptions (and their changes) in the prudential calculation models;
- Define the assumptions and scenarios of the ORSA exercise and pre-validate the ORSA report, other prudential reports and on the risk management, internal control and compliance systems;
- Define the principles governing the outsourcing policy and monitor and evaluate outsourced functions and activities (core external services)
- Review recommendations (from internal audit, committees, key functions, ...) and monitor implementation of defined action plans.

- **Steering Committee | Human resources**

- Actions related to the Mudum Seguros Human Project;

- o Internal and external surveys and studies related to human resources;
  - o Collective labor regulation instruments, review of salary agreements and benefit plans;
  - o The performance evaluation model and process;
  - o Annual training plan;
  - o Mobility, career and recruitment needs management;
  - o Other actions related to employees and quality of life at work.
- **Internal Control Committee (key functions)**
  - o Monitor and deliberate on the risk management and internal control systems and the results of audit missions;
  - o Become aware of and assess the positions of Mudum Seguros' four key functions (internal audit, actuarial function, risk management function and compliance function) within the company's risk management and internal control systems;
  - o Make decisions to remedy any deficiencies in the risk management and internal control systems;
  - o Monitor the implementation and progress of corrective actions decided as part of the permanent control plan and after internal or external audit assignments;
  - o Decide on corrective measures for any deficiencies observed in all types of audit and inspection assignments;
  - o Review risk, compliance and internal audit policies.
- **Marketing and Commercial Committee**
  - o Market analysis on product-related issues and commercial innovations;
  - o Monitoring of activity and commercial results for the semester;
  - o Setting priorities and monitoring the implementation of the offer: development of products and services to customers in the various segments and for the various distributors;
  - o Prioritizing and monitoring the implementation of commercial revitalization: commercial campaigns, network support tools, training, etc.;
  - o Pre-validation of tariff changes

- Analysis of commissions paid to distributors and charges paid to partners (acquisition costs).
- **Quality and Customer Service Committee**
  - Definition of indicators for customer service quality management;
  - Analysis of customer satisfaction indicators and definition and follow-up of action plans;
  - Analysis of the quality of service of expert networks and selection of experts;
  - Identification and monitoring of service levels and quality of service of essential service providers;
  - Analysis and monitoring of customer requests and complaints.
- **Financial Committee**
  - Analyze the evolution of financial markets;
  - Define and monitor an investment strategy, namely asset allocation and management;
  - Implement financial strategies and monitor their performance;
  - Control compliance with risk limits;
  - Pre-validate financial policy.
- **Technical Committee**
  - Analyze the policies and levels of technical provisions / reserves (accounting and prudential);
  - Define and monitor reinsurance policies and analyze the reinsurance structure and its suitability to the Company's risks and products;
  - Monitor profitability and perform technical analysis of products (existing, new or changes) and business plans
  - Analyze matters associated with claims management processes, creation and alteration of claims management procedures and appraisals.
- **IT Committee**

- o Propose, at the end of each year, an Action Plan for the projects to be developed in the following year;
  - o Monitor, control and analyze the status of the projects foreseen in the Action Plan, and in particular:
    - a) Assess impacts caused by significant discrepancies from what was initially projected;
    - b) Approve the final version of the high level design;
    - c) Manage change requests after closing requirements when they impact the solution and estimated deadlines;
    - d) To evaluate and decide on the framework of projects not foreseen in the Action Plan, whose implementation requires the involvement of the IT Department for more than 15 working days;
    - e) To monitor and promote the improvement of quality indicators.
  - o Monitor IT production performance and analyze and monitor IT incidents and the implementation of corrective action plans;
  - o Monitor the progress of IT security projects and action plans;
  - o Monitor the preparation and implementation of IT-related business continuity plans and follow corrective action plans.
- **Security Committee**
    - o Define the security policies and objectives applicable to Mudum Seguros and implement the security and business continuity plans (on IT and technological security, security of people and property and business continuity);
    - o Perform the strategic definition of the various security components and the arbitration of the security budget
    - o Monitor the progress of security projects and action plans (including audit recommendations);
    - o Monitor the results of risk maps, loss base and control plans related to security;
    - o Monitor the preparation and implementation of business continuity plans and follow up on corrective action plans.

- **New Products and Activities Committee**

The New Products and Activities Committee is responsible for validating all requirements, procedures and processes relating to the implementation and launch of new products and activities by representatives from various functions in the Company.

- **Data Quality Committee**

- o Identify the data needs of Mudum Seguros directorates;
- o Define the organization and data quality standards;
- o Monitor the consistency of the reports published at Mudum Seguros;
- o Monitor the evolution of decision-making tools made available to users, ensuring the consistency of the systems;
- o Develop action plans in case of detection of an incident;
- o Monitor the implementation of the data quality policy;
- o Review and validate the personal data processing register at least once a year and monitor the completion of DPIAs (personal data impact analyses).

### **Key Functions**

Considering the regulations on Solvency II (Directive 2009/138, Delegated Regulation (EU) 2015/35 and RJASR, Mudum Seguros has implemented the key functions (Risk Management, Actuarial, Compliance and Internal Audit) considered essential for the identification, measurement, management, monitoring and reporting of risks.

In view of the above, considering the existing structure and the application of the principle of proportionality (the various requirements must be applied in a manner proportional to the nature, size, and complexity of the risks inherent in the companies' business), the following people were identified as being responsible for the Key Functions of Mudum Seguros:

- "Risk Management" role and "Compliance" role: Francisco Dias (responsible for the Risk, Compliance and Security Department of Mudum Seguros), reporting to the CEO, François Baudienville. In organizational terms, the "Risk Management" area and the

"Compliance" area remain segregated, with different people performing these functions, although with the same hierarchical report.

- "Actuarial" Role: Antoine Bergonzat detains by responsible, who will report to Paulo Nogueira at Mudum Seguros, and who also performs functions at the CAA Group level, as Deputy Head of International Actuarial. In order to guarantee the segregation of duties and avoid possible conflicts of interest, in addition to the duties attributed and provided for in legislation, the following complementary mechanisms were also defined:
  - o Appraisal by the Technical and Risk Management Committees, prior to approval by the Board, of matters such as provisioning policy and levels (best estimate and results effectively obtained), reinsurance policies and programs, underwriting policy, assumptions for calculating Capital requirements;
  - o Review by the CAA Group Actuarial area, with formal opinion issuance, on the calculation of provisions (best estimate) and Solvency II Capital requirements, reinsurance programs, Actuarial report, verification of compliance with CAA guidelines and effectiveness of the operation of the actuarial function (CAA group operates on a 2<sup>nd</sup> level of validation);
  - o The maintenance of the existence of an external "responsible actuary" (according to Art. 77 of Law 147/2015).
- Audit Role: as referred to above, Mudum Seguros set up a local Audit department in 2022, and outsourcing of the function has ceased by the Audit Department of Crédito Agricole Assurances ("DAA"), without prejudice to the methodological input of the DAA and the implementation of international audit programs led by that department. The person responsible for this function, as of 31 December 2022, Corinne Cluzel, a non-executive director of Mudum Seguros

### **The Policy Model**

Another relevant pillar to the governance model of Mudum Seguros is the existence of policies that support the proper functioning of the organization.

The Company has implemented, and periodically reviewed, a set of policies that aim to guide and ensure appropriate operating and monitoring principles.

Of note is the continuous development, implementation and review of the Risk Policies Framework, which define the Company's Risk and Solvency Self-Assessment process, namely:

- Internal Risk and Solvency Evaluation Policy, in which the adopted Risk and Solvency Self-Assessment Process is described, those responsible for each phase and all the necessary elements for its development, approval and reporting;
- Risk Appetite Policy, whose objective is to ensure that the risk that the Company is willing to accept is aligned with the current level of exposure to risk. For this purpose, the Risk Appetite Policy contains information regarding the objectives, metrics and limits of the Risk Appetite defined, as well as the mechanisms for their approval, monitoring and reporting.

Based on the result of the review exercise of the identification and assessment of major risks, based on a combination of probability of occurrence and possible impacts of each risk, as well as requirements established by the Group and the risk analysis report for the insurance sector (ASF), a set of stress scenario analyses was selected to be carried out within the scope of this exercise. The application of shocks to the risk and business strategy, because of extreme but plausible events, aimed to test the robustness of Mudum Seguros' capital, and analyze whether under any circumstances its Solvency position or Risk Appetite limits are called into question.

### B.1.2 Significant changes in the governance system

As mentioned in section B.1.1, the most significant changes in the governance model occurred at the level of the Internal Audit Department, Actuarial and Reinsurance Department and Risk, Compliance and Security Department.



### B.1.3 Assessment of the adequacy of the governance system

Contemplating an organizational structure appropriate to its size, with clearly assigned and properly segregated responsibilities, complemented by key functions and by a structure of support and validation committees, Mudum Seguros considers that its governance system is appropriate to the nature, size and complexity of its activities, complying with the legal and regulatory requirements to which it is subject.

### B.1.4 Information on the Remuneration Policy of the members of the Governing Bodies

At the General meeting held on 31 March 2022 the Remuneration Policy for members of the corporate bodies ("PROS") was approved. Established in accordance with the principles established in national legislation and Delegated Regulation 2015/35, in its articles 258/1, al. 1) and 275, its main objectives are:

- Define the principles of the remuneration policy applicable to the members of the governing bodies of Mudum Seguros in accordance with the Company's activity and the principles of CASA and CAA, being consistent with an effective risk management and control strategy and seeking to avoid excessive exposure to risk, as well as potential conflicts of interest;
- Align remuneration practices with the objectives, values and long-term interests of Mudum Seguros;
- Comply with the principle of proportionality, being designed to take into account the internal organization of the Company, as well as the size, nature and complexity of the risks inherent in its activity;
- Comply with the provisions of the articles of association.

Following the publication of ASF Standard 4/2022-R of 26 April, the Remuneration Policy for Members of the corporate bodies was revised, and the updated version approved at the General Meeting held on 7 December 2022.

As mentioned above, at this General Meeting the amendment to article twenty-second of Mudum's Articles of Association was approved and a Remuneration Committee was established which performs the functions defined in ASF Standard 4/2022-R:

The Remuneration Policy for Members of the corporate bodies in force, in the mentioned form, establishes the following:

#### **General Assembly Bureau**

The functions of President and Secretary of the Board of the General Assembly are not remunerated.

#### **Board of Directors**

The members of the Board of Directors who perform functions in management bodies of companies in a Group relationship with Mudum Seguros, may be remunerated by those companies and/or by Mudum Seguros, according to the relevance of the functions performed.

#### **Non-Executive Members of the Board of Directors**

The non-executive members of the Board of Directors, including its chairman, do not receive fixed or variable remuneration paid by Mudum Seguros.

#### **Executive Members of the Board of Directors**

- The compensation of the member of the Board of Directors with executive functions ("Managing Director" or "CEO" - Chief Executive Officer) is set by the General Meeting.
- The fixed remuneration component is paid monthly, 12 (twelve) times in each full calendar year:
  - Remuneration paid by companies of similar size operating in the insurance sector in Portugal;
  - Remuneration paid in other CAA Group companies for positions of similar responsibility;

- o The annual individual performance.
- The variable remuneration, with reference to the previous year, established in the first quarter of the current fiscal year, according to the criteria defined below.
- The fixed portion shall have the limits established by the General Meeting but may never be less than 50% of the total annual remuneration. As such, the variable portion, if any, shall represent a maximum of 50% of the total annual remuneration.
- The variable remuneration takes into consideration the provisions of Article 275 of Delegated Regulation 2015/35, as well as the reality and complexity of the business and the size of Mudum Seguros.
- The variable remuneration considers the individual performance of the CEO against the objectives set for him and the overall performance of Mudum Seguros, namely the degree of achievement of the company's overall objectives in the previous financial year, comprising:
  - o Compliance with the objectives designated by the CASA Group and the CAA Group;
  - o Compliance with Mudum Seguros' annual objectives: turnover (contracts, premiums), overheads and net income provided for in the budget and medium-term plan, within the framework of the company's risk appetite.

The payment of the variable component of the remuneration, when attributed, takes place, after assessing the degree of compliance with the objectives set for the CEO under the terms of the previous paragraph, and after the accounts for each financial year have been cleared.

- Variable remuneration may be awarded in the form of performance bonuses and/or profit sharing, as expressly determined by the General Meeting. Notwithstanding the above, the shareholder may, at the General Meeting, propose that the variable component of the remuneration, or part thereof, be awarded through share plans or stock options to acquire shares in the Company or any other company of the CASA Group.
- Bearing in mind the inherent characteristics of the remuneration structure in force for the CEO, the maximum amounts considered,

and the risk tolerance levels defined, it is not considered necessary to defer part of the variable remuneration, and it will be paid as a lump sum, if any.

- The CEO's remuneration will include the attribution of the other benefits set out in the Company's policies (namely life and health insurance, discounts on insurance premiums and individual retirement plans in the event of old age or disability retirement).

### **Fiscal Council**

The remuneration of the members of the Fiscal Council includes only a fixed, monthly component, paid 12 times a year, determined annually by the General Assembly, on the proposal of the sole shareholder.

### **Remuneration Committee**

The remuneration of the members of the Remuneration Committee, if any, includes only a fixed, monthly component, paid 12 times a year, determined annually by the General Meeting, on the proposal of the sole shareholder.

### **Complementary Provisions**

#### **Prohibition to conclude contracts**

Members of the management body are prohibited from entering contracts either with the Company or with third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established for them by the Company.

#### **Limits to compensation payable for dismissal without just cause of the Board of Directors**

Any compensation for unfair dismissal of a member of the management body should not be paid if it is the result of inadequate performance by the departing member.

### **Report of the Remuneration Committee to the General Meeting**

Pursuant to the provisions of ASF Regulatory Standard nº 4/2022-R , the Remuneration Committee must make the following information available to the annual general meeting at which the company's accounts are approved:

- Evaluation report on the verification of compliance with the remuneration policy and practices, in the terms prescribed by Articles 89 and 90 of the said Regulatory Standard, which report must be subject to prior appraisal by the statutory auditor (Article 90/3 of the Regulatory Standard in question);
- Declaration of compliance with the provisions of Article 275 of the Delegated Regulation and Chapter IX of the said Rule, to be submitted to the ASF and published on the website of the insurance company;

Under the terms of the PROS, the remunerations of the members of the Corporate Bodies were also approved in the referred General Meeting.

#### **B.1.5 Information about material transactions**

The table below shows the balances of transactions carried out with entities that hold an interest in the Company's capital and other related entities. These operations are part of the normal development of the Company's activity:

(Unit: thousands of euros)

	2022				2021			
	ASSETS	LIABILITIES	COSTS	INCOME	ASSETS	LIABILITIES	COSTS	INCOME
<b>Crédit Agricole Assurances Solutions</b>	<b>72</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>20</b>	<b>-</b>
Accruals and deferrals	72	-	-	-	11	-	-	-
Services	-	-	(3)	-	-	-	20	-
<b>Crédit Agricole S.A.</b>	<b>601</b>	<b>16</b>	<b>16</b>	<b>14</b>	<b>644</b>	<b>9</b>	<b>1</b>	<b>14</b>
Financial assets	601	-	0	14	644	-	0	14
Accruals and deferrals	-	16	-	-	-	9	-	-
Services	-	-	16	-	-	-	1	-
<b>Crédit Agricole Vita, S.p.A.</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>
Services	-	-	11	-	-	-	10	-
<b>Credibom</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Comissions	-	-	-	-	-	-	-	-
<b>CACI Reinsurance</b>	<b>873</b>	<b>-</b>	<b>(170)</b>	<b>409</b>	<b>250</b>	<b>-</b>	<b>(226)</b>	<b>21</b>
Others creditors / Reinsurance	873	-	-	-	250	-	-	-
Ceded reinsurance premiums	-	-	-	480	-	-	-	(726)
Ceded reinsurance - profit sharing commissions	-	-	-	(71)	-	-	-	747
Ceded paid benefits and expenses	-	-	(170)	-	-	-	(226)	-
	<b>1 546</b>	<b>16</b>	<b>(146)</b>	<b>424</b>	<b>906</b>	<b>9</b>	<b>(195)</b>	<b>36</b>

**Table 6** - Transactions with related parties

The Board of Directors believes that all transactions with associated and related companies were made at market prices, identical to the prices charged in similar transactions with other entities.

For the purposes of this note, we understand that the members of the management bodies are relevant, as elements responsible for the management as framed in IAS 24.

The remuneration and other benefits of the members of the administrative bodies are disclosed in item B.1.4 Information on the Remuneration Policy for Members of the Corporate Bodies.

The Company proceeded during the year 2022 to payment of dividends to its sole shareholder, Crédito Agricole Assurances, S.A. in the amount of 10,32 million euros.

During 2022 there were no additional related party transactions between the Company and its Shareholders or other persons exercising significant influence over the Company and members of the management, administrative or supervisory body.

## B.2 QUALIFICATION AND SUITABILITY REQUIREMENTS

### B.2.1 Methodology

The existence of principles and rules of competence and suitability and their compliance by employees who effectively manage the company or are responsible for other essential functions is a fundamental principle of good governance and risk management at Mudum Seguros.

People play a central role in risk management, and the absence of adequate skills and suitability may jeopardize the established principles and rules and, consequently, increase the existence of unwanted risks and unexpected losses for the organization.

Mudum Seguros has developed a policy defining a set of principles and rules that must be present throughout the organization, for people the members of the Management and Supervisory Bodies, Top Management, officers and people performing key functions.

#### **Qualification requirements**

The assessment of the qualification of the mentioned persons shall be conducted on an individual and collective basis.

The individual evaluation with a view to assessing the possession of appropriate professional qualification should consider the academic qualification or specialized training appropriate to the position to be held, as well as the nature and degree of responsibility of the functions performed and the size and complexity of the company's activity.

The adequacy of the professional qualification of a person who is a member of a collegiate Body is also assessed on the basis of the professional qualification of the other members of the Body to which he or she belongs, in order to ensure that, collectively, the Body has the necessary skills to perform its legal and statutory duties in all relevant areas of activity.

Therefore, a collective assessment of the Management Body is required, which attests to the possession of qualifications and experience in a diversity of areas, namely, insurance and financial markets, strategy

and business model, governance system, actuarial and financial analysis, regulatory framework and applicable requirements.

### **Suitability requirements**

In assessing suitability, consideration must be given to the way in which the person habitually manages business, professional or personal, or exercises the profession, especially in aspects that reveal their ability to make considered and judicious decisions, or their tendency to meet their obligations punctually or to behave in a manner compatible with preserving the trust of the market, taking into account all the circumstances that make it possible to assess professional behavior for the functions in question.

In assessing suitability, account should be taken, among other factors, whether the person has had any charges or convictions for crimes against property, forgery and falsehood; declaration of personal insolvency or of an entity managed by it; prohibition to act as an administrator of a company or to perform functions thereof or if it has been refused, cancelled or terminated, authorized, admission or leave for the performance of a commercial, business or professional activity, by supervisory authority, professional order or body with similar functions, or removal of the exercise of a post by a public entity.

In assessing compliance with the requirement of good reputation, in addition to the facts set out above or others of a similar nature, consideration must also be given to any and all circumstances of which knowledge is legally accessible and which, due to their gravity, frequency or any other relevant characteristics, allow a judgment to be made on the guarantees offered by the person in question in relation to the sound and prudent management of the company.

For the purposes of proof of good reputation, a certificate of criminal record or equivalent document issued by a competent judicial or administrative authority must be presented.

### **B.2.2 Evaluation and qualification process and suitability**

From a methodological point of view and in accordance with the policy that Mudum Seguros has developed for the verification of qualification



and suitability, the first phase of the process aims to identify the functions and persons responsible covered by the policy and the respective competence and integrity matrices.

Based on the principle of substance over form, not only the functions responsible for the management of the Company but also other functions considered essential are identified.

This means that, in addition to the Company's senior management (members of the Board of Directors and Chief Executive Officer) and those responsible for key functions in accordance with Solvency II regulations (risk management, internal audit, compliance and actuarial), we have also considered for this purpose the senior managers and the people who perform key functions.

Under the terms of the Law, the members of the Fiscal Council, the Statutory Auditor and the Responsible Actuary are also subject to evaluation.

These are functions already identified by the Company under its Remuneration Policy, even before the regulatory requirements, and there is a strong alignment between these two regulations.

For each of the functions identified, there must be a skills and suitability matrix, to ensure a correct framework for each function and the respective description of the skills and suitability criteria. The evaluation process will be carried out by assessing the qualifications and experience contained in the CV and other elements that assess qualifications and suitability, and a report should be drawn up with the results of this evaluation and, where necessary, identifying corrective measures (e.g., training). Given the evolution that has taken place in the Company, the suitability verification policy is currently being implemented.

## **B.3 RISK MANAGEMENT SYSTEM WITH THE INCLUSION OF RISK AND SOLVENCY SELF-ASSESSMENT**

### **B.3.1 Risk management system**

The development and implementation of the Risk Management Function aims to ensure a balance between risk and return, and thus convey to the

parties that relate to the Company (Customers, Distribution Channels, Shareholders, Regulators, and other agents) a demanding and trustworthy perspective.

To develop its strategic guidelines and adequately control and supervise risks, Mudum Seguros defines and periodically monitors a risk framework, which is articulated around a set of financial indicators, of strategic nature, related to three dimensions: solvency, results, and value, which are derived in key indicators by risk nature and are the basis for the risk strategy.

The risk strategy of Mudum Seguros, framed by the strategy of Crédit Agricole Assurances, is embodied in a risk appetite policy, which includes a matrix, which is reviewed at least annually, and formalizes the monitoring system of the various risks to which the company is exposed in the implementation of its business strategy (financial risk, technical and operational risk), including the set of related warning limits. This is approved by the Board of Directors, after being evaluated in the Internal Control Committee and validated in the General Management Committee.

The main indicators are monitored at least quarterly. From a structural and prospective point of view, this risk management system is complemented by the Risk and Solvency Self-Assessment (ORSA), as referred to in chapter B.3.2.

The Risk, Compliance and Security Department is the functional area whose mission is to support the Management Body in developing, implementing and monitoring the company's risk management policies and processes. The person responsible for this department was the one nominated for the Risk Management Function by the Board of Directors and carries out his function independently, reporting to the General Management Committee. In the performance of his duties, he liaises with the person in charge of Risk and Permanent Control at Crédit Agricole Assurances and with the guidelines issued by the Group in matters of risk management.

One of the reference elements for risk management is the matrix for identifying and assessing the most significant risks to which the entity is exposed, taking into account the available information sources and

the assessment made by the heads of the different departments, also considering the results of operational controls, identification of incidents and operational losses and the results of audits.

In addition to identifying the main risk exposures, the risk area carries out in connection with other departments the regular monitoring of the risks related to the company's activity.

In addition to the mentioned Department, the risk management system also includes a number of committees, most notably the Internal Control Committee and the Risk and Compliance Committee.

These Committees are composed of the members of the General Management Committee, representatives of Crédit Agricole and the Top Management of the Organization (depending on the subject under discussion). These committees are charged with promoting risk policy, limits and guidelines, defining continuous improvement plans, assessing and analyzing operational and compliance risks and analyzing internal audit recommendations, culminating in their contribution to building a strong risk culture embedded in all the Company's processes.

### B.3.2 Self-assessment of risk and solvency

The process of Risk and Solvency Self-Assessment (ORSA) is integrated into the functioning of the company and forms part of the decision-making processes, both at the strategic and operational levels and in the monitoring of these.

In this way, the ORSA exercise is articulated with the medium and long-term plan (three year plan), thus allowing Management to benefit from a comprehensive view of the requirements of the Company and its capital structure, combining the requirements of Solvency II with the strategic ambition for future business.

In its process of self-assessment of risk and solvency, Mudum Seguros sought to develop a set of processes based on techniques appropriate to its organizational structure and risk management system and adapted to the nature, size and complexity of the risks inherent in its activity.

These processes, defined in terms of the Risk and Solvency Self-Assessment Policy, guide the ORSA Financial Year along the following lines:

- Prospective assessment of overall solvency needs and compliance with capital requirements;
- Assessment of ongoing compliance with the principles underlying the calculation of technical provisions;
- Analysis of deviations from the assumptions underlying the Solvency Capital Requirement calculation.

As a guarantee of the adequacy and timely implementation of the assessment of global solvency needs, the Company defined in its ORSA policy a set of phases and procedures to guide the projections of risk and capital.

The ORSA Exercise is carried out at least annually, or whenever an event gives rise to a change in the Company's risk profile and is approved by the Board of Directors. With regard to the governance associated with the process of self-assessment of risk and solvency, and to ensure the adequacy of all activities inherent in the development of the exercise in question, Mudum Seguros has defined a governance model, highlighting the elements of the Company responsible for the different stages, particularly in terms of development, validation and approval.

The Risk Management and Internal Control Area is therefore responsible for coordinating the financial year and the main activities of an operational nature associated with it, which are mainly supported by the Financial and Investments Department and by the Actuarial and Reinsurance Department at the calculation level. The other areas of the Company contribute both to the identification and classification of risks and with the contribution of inputs when appropriate. The involvement of the Company's different structures and management levels also allows the process to be aligned with the Company's ambition and strategy.

In 2022, the Company carried out an exercise, developed between the 3rd and 4th quarter, using as a reference the June 2022 financial year and the estimates and projections made as part of the strategic planning exercise that took place then and integrated in the multi-year exercise of Crédito Agricole Assurances, which establishes the business and risk strategy for the three-year period 2023-2025, embodied in the multi-year budget and the risk appetite policy. Management has a vision of future strategic guidelines based on sustainable and profitable business

growth, containment of operating costs and more efficient capital management.

Based on these guidelines, the main objectives of the exercise were:

- Assess the adequacy of the business growth strategy to the risk strategy in the time horizon of three years;
- To evaluate the impact of the efficient capital management strategy, embodied in the distribution of dividends;
- To support the development of a culture of risk awareness in the Company in which the various elements with management responsibilities are aware of the risks of their business, how to manage them properly, and how to report them clearly and appropriately.

Therefore, the scope of the Risk and Solvency Self-Assessment exercise was to assess the Company's prospective solvency position through the quantification of Pillar I risks, namely Market Risk, Counterparty Default Risk, Non-Life and Health Underwriting Risk and Operational Risk, through the projection of exposures and calculation of the Solvency Capital Requirement (also called SCR) based on the standard formula. In order to ensure a complete analysis of all the risks to which the Company is exposed and with the objective of assessing the robustness of Mudum Seguros' capital over the years under adverse conditions, as well as the need for new mitigation measures or additional action plans, the ORSA exercise also covered the analysis of risk and capital in stress scenarios, resulting from the materialization of extreme but plausible events with a significant impact. The analysis of the Company's annual major risks exercise, the Portuguese Supervisory Authority report, and the stress tests established at the Group level (Crédit Agricole Assurances), led to the definition of the following stress tests:

- **Underwriting Risk**
  - Catastrophic events - storms & floods;
  - Combined Scenario: High severity event and default of the leading reinsurer;
- **Strategic Risk**
  - Loss of business.
- **Risks defined at CAA level:**
  - Economic deterioration;

- o Sustained low rates;
- o Hight rates.

The objective of the Prospective Risk and Solvency Self-Assessment process is that the main results and conclusions can be incorporated into the Company's strategic and decision-making process. This exercise allowed conclusions to be drawn about the Solvency and Capital adequacy position of Mudum Seguros and to assess the alignment between its business strategy and risk strategy for the 2023 to 2025 period.

From the analysis performed it is possible to conclude that the Company presents:

- Comfortable Solvency Ratios, above 150% in all scenarios and in the projected years;
- Solvency Capital Requirement in the Comfort zone (above 160%) or in the Tolerance zone (above 130%), never reaching the enhanced monitoring zone, so there is no need to define extraordinary action plans;
- The company's net results always show values above €5M, except in years of shock, but in the following year the company's capacity to resume profits to normal values is demonstrated. Only the business loss scenario, due to the assumptions of constant loss over the three-year period under analysis, demonstrates the need to implement measures to mitigate the scenario;
- Additionally, a capital structure with high quality elements that are expected to grow despite the established dividend distribution policy. The strategy of growth and diversification of the portfolio for the coming years will thus be supported by a solid capital management policy.

The application of stress tests allowed the identification of possible impacts of extreme events, at the level of risk strategy, capital adequacy and consequently the Solvency Ratio. Mudum Seguros was thus alerted to the magnitude of the decreases in the Solvency Ratio of some scenarios, although none of them jeopardized its Solvency position, having identified possible mitigation actions for the more serious scenarios.

Without prejudice to the opportunities for improvement to be implemented throughout the process associated with the ORSA exercise, which Mudum Seguros intends to introduce in future exercises, the current exercise developed allows a comprehensive overview of the main risks, requirements, capital structure and solvency position, taking into account the main lines of business development expected in the next 3 years.

#### **B.4 INTERNAL CONTROL SYSTEM**

The internal control system is understood as the set of measures implemented to ensure the proper functioning of the activities and control of all types of risks to which the entity is exposed, allowing the regularity, safety, and efficiency of operations.

A strong internal control system thus promotes risk mitigation, good performance, and consequently good results, contributing to a prudent management of the activity and an efficient and well-founded decision-making process.

As such, Mudum Seguros has been developing a system of internal control that allows it to obtain reasonable assurance in the execution of its processes, plans and objectives, in particular with regard to ensuring the effectiveness and efficiency of operations, the construction of accurate and complete financial and non-financial information and compliance with laws and regulations, as well as with internal policies and procedures.

In accordance with the above objectives and considering the requirements and guidelines of Crédit Agricole Assurances, both in terms of the implementation of some controls and procedures, and in terms of regular reporting, Mudum Seguros has sought to define an appropriate system of internal control, duly adapted to the structure and size of the Company and the complexity of its activities, which considers the following principles:

- A direct involvement of top management in the organization and functioning of the internal control system;

- A comprehensive coverage of the Company's activities, the risks and responsibilities of the different parties involved, with control plans appropriate to the activities performed;
- A clear definition of tasks, effective separation of operational functions and assumption of responsibility from control functions, with decision-making processes based on formal delegations of powers and responsibilities;
- Risk measurement and monitoring mechanisms;
- The existence of three distinct ("lines of defense"), but interconnected levels of controls: a 1<sup>st</sup> level of permanent controls, ensured by the operational units and linked to the execution of operations; a 2<sup>nd</sup> level, of periodic controls and ensured by employees dedicated to internal control with the aim of monitoring whether the processes, including controls, are being properly operated by the 1<sup>st</sup> level; a 3<sup>rd</sup> level, ensured by the internal audit function, which aims to assess the effectiveness of the entire system;
- Evaluation of the results of controls and definition of improvement plans and monitoring of their implementation as well as of legal and regulatory requirements.

The permanent control plans are articulated around controls defined according to the criticality of the processes and the most significant risks identified in the risk mapping by the operational managers and by a framework of key controls established at the level of the risk area, based on the Crédit Agricole Group framework, thus ensuring the adequacy and quality of the functioning of the risk monitoring and control system in the entity and allowing the follow-up and monitoring at the Group level, through regular reporting of the results of the controls.

The control of non-compliance risk is also monitored by the permanent control device, through articulation between the risk, internal control, and compliance functions.

Framed by the scope of the compliance function at the Crédit Agricole Group level, namely by the FIDES Corpus, the Compliance function of Mudum Seguros is, in organic terms, integrated into the Risk, Compliance and Security Department (DRCS), reporting to the CEO and, functionally, to the compliance area of Crédit Agricole Assurances.



Following and transposing the guidelines of the Crédit Agricole Group, with the respective adaptations to the reality of the country, the size and activity of Mudum Seguros, the compliance function is responsible for ensuring the prevention and control of non-compliance risks, namely the compliance with the laws, regulations, professional and deontological standards applicable to the insurance activity, performing for this purpose a set of tasks, from which we highlight:

- Establishment of Norms, Policies and Procedures, in accordance with the legislation in force and the internal requirements defined by the Management Body;
- Issuing opinions and alerts to ensure the compliance of new products with the legislation in force, as well as the transparency of the disclosure of documents to the customer and communication materials (through the New Products and Activities Committee);
- Analysis of the legislation applicable to the Company's activities, the resulting impacts, and propose actions to be taken in order to transpose the defined requirements;
- Manage and document a code of conduct for the Company's employees;
- Ensure the existence of training actions for employees regarding professional and deontological standards, internal rules and information to the Company's areas, in
- Identifying and documenting the risks of non-compliance with the established rules;
- Mitigate reputational risk by ensuring the existence of processes within the scope of Financial Security (fight against financial terrorism and/or within the scope of international sanctions).

The monitoring and follow-up of matters directly related to Compliance issues, particularly at Group level, is ensured by a reporting process, where the following reports are of particular importance:

- Semi-annual and annual reporting of Compliance activity, which includes mapping the risk of non-compliance, assesses the activity carried out and the progress of the action plan, including the priority topics involving Compliance, namely:

- o Customer relations (product suitability, information transparency, contractual documentation, complaint management);
  - o Compliance of transactions, services, processes, new products and/or new activities;
  - o Reference to the rules of conduct applicable to employees referring to the Code of Conduct (includes providers of essential external services - subcontracting);
  - o Compliance with laws, rules and regulations;
  - o Legal and regulatory measures.
- Regular reporting of non-conformities, in which new situations identified, the causes and potential consequences are listed, as well as the status of previously reported non-conformities that are not closed.

The coherence and effectiveness of the internal control system and the respect for the principles that underlie it also involves the articulation between the key local and Group functions, namely:

- Between the Head of Risk and Internal Control (key risk management function) at Mudum Seguros and the Head of Risk and Ongoing Control (RCPR) at CAA Group;
- Between the person in charge of the key Compliance function at Mudum Seguros and the person in charge at the CAA Group level, who, at the Group level, oversees consistency and coordination of Group level interventions;
- key function Audit which, in the form of periodic control, intervenes at the various levels according to the risks identified, including on the functions of risk management and internal control and compliance.

In addition to the key functions mentioned above and in accordance with the EU Directive and national legislation on the Solvency II regime, Mudum Seguros has also implemented the actuarial key function which, together and in articulation with the others, is an integral part of the internal control system.

In parallel to the existing regular reports, the monitoring of the internal control system is complemented by holding the Internal Control Committee, where members of the CDG and representatives of Crédit

Agricole Assurances from the Risk, Compliance, Actuarial and Audit functional areas, together with those responsible for these functions in the Company, review the main items of the risk management and internal control system and on Internal Audit missions.

## **B.5 INTERNAL AUDIT FUNCTION**

### **B.5.1 General Principles**

The Internal Audit function conducts its activities in accordance with the Internal Audit Policy. This policy - firmly embedded in the framework laid down in the Solvency II Directive - is reviewed on an annual basis. The Internal Audit function was internalized by Mudum Seguros in the fourth quarter of, ending the outsourcing agreement that had been concluded operates centrally since 2010 with the Internal Audit Division of Crédit Agricole Assurances (DAA).

In effect, through the hiring a resource within the Company's organizational structure - the Audit Department, this area is now responsible for exercising this function. In this connection, Marta Timóteo has since then been responsible for the Internal Audit function at Mudum Seguros. Although, Mudum Seguros retains the possibility of using a service provider to carry out one or more audit assignments at the local level and/or the specialized resources that the Group makes available for the purpose. In this context, the assignments shall be submitted for validation by the Board of Directors of Mudum Seguros, taking into consideration the Company's needs. Regarding the role of the DAA, MUDUM Seguros remains under its coordination and supervision and, consequently, by the internal audit division of CAA (LMAI methodology).

### **B.5.2 Role of the Internal Audit Function**

The preparation of the annual audit plan is supported using a risk-based approach. It also employs risk mapping across the full breadth of activities and the entire system of governance, as well as expected changes in the activities. Both the Crédit Agricole Assurances Group and each of its subsidiaries individually are involved in its design. At both these levels (Group and subsidiaries), it gives rise to the formulation of a multi-year audit plan providing an extensive review of

activities over a period not exceeding 5 years (reviews may be more frequent, depending on the risk assessment). The audit plan is reviewed annually by the Audit and Accounts Committee for approval by the Board of Directors. Nevertheless, as a result of the internalization of the Internal Audit function at Mudum Seguros, the preparation of an annual and multi-annual audit plan at local level is submitted for approval by the respective Board of Directors.

The duties performed by DAA represent insurance rather than advisory duties as defined by the professional standards. They aim to ensure the risk management system and internal control system are both appropriate and effective. This specifically covers:

- accurate risk measurement and proper risk management and control at the activities conducted by the Crédit Agricole Assurances Group (identification, recording, control, hedging);
- appropriate and effective control measures to ensure the reliability and accuracy of financial information, management and operation of the domains audited, in accordance with the framework of standards and procedures in force;
- proper implementation of the remedial measures formulated (including after assignments by the Supervisory Authorities or by the Crédit Agricole Group's General Inspection);
- assessing the quality and efficacy of the organization's general operations.

#### B.5.3 Work developed by the Internal Audit Function

In 2022, the audit plan for Mudum Seguros was also developed under the subcontract carried out and which was in force until December 2022, as mentioned above. The activity carried out focused on the follow-up of the recommendations made in 2021.

Following the implementation of the audit function at the local level of Mudum Seguros, an audit of the Payments Process was carried out.

Three audit recommendations follow-up missions have been planned as of April 30th, August 31st, and December 31<sup>st</sup> were carried out as planned.

Conclusions will be systematically presented to Mudum Seguros Management and to the Mudum Seguros Internal Control Committee.

## **B.6 ACTUARIAL FUNCTION**

The actuarial function at Mudum Seguros is organized to meet and respect the regulatory requirements and the principles and guidelines of Crédit Agricole Assurances.

This function is assigned coordination, management, and control tasks in the field of technical provisions or evaluation of underwriting policies and rules and reinsurance techniques.

Considering the existing structure and the application of the proportionality principle (the various requirements must be applied in a manner proportionate to the nature, size and complexity of the risks inherent in the companies' activities), Antoine Bergonzat appointed as the person responsible for the actuarial function. In order to ensure segregation of duties and avoid possible conflicts of interest, in addition to the duties assigned and provided for in legislation, the following complementary mechanisms were also defined:

- Appraisal by the Technical Committee, prior to approval by the Board of Directors, of matters such as provisioning policy and levels (best estimate and results actually obtained), reinsurance policies and programs, underwriting policy or assumptions for calculating capital requirements;
- Review by CAA Group Actuarial area, with formal opinion issuance, on the calculation of provisions (best estimate) and capital requirements in Solvency II, reinsurance programs, actuarial report, verification of compliance with CAA guidelines and effectiveness of the operation of the actuarial function (CAA Group operates on a 2<sup>nd</sup> level of validation);
- Maintenance of the existence of an external "responsible actuary", independent vis-à-vis operational functions and vis-à-vis the actuarial function.

## B.7 SUBCONTRACTING

According to Mudum Seguros Hiring Policy, an outsourcing situation is considered to exist when the Company entrusts, on a lasting basis, to a third (external) entity, the execution of a process, service or operational activity that is an integral part of its core business activities and that could be performed internally by Mudum Seguros itself.

All outsourced functions are analyzed as to their framework as important or fundamental to the development of the Company's activity. Mudum Seguros has defined a policy that includes a set of guidelines and directives that regulate the outsourcing regime and its monitoring as well as total control over the outsourced functions or activities in order to reduce the risk associated with this practice.

The Hiring Policy aims to:

- Define the contracting system associated with the outsourcing of functions, services, activities or supply of goods, distinguishing between critical or major outsourcing, simple outsourcing, and outsourcing of services outside the scope of outsourcing;
- Establish the criteria for assessing whether the function or activity to be outsourced corresponds to a critical service or not;
- To regulate the contracting process, in general, and especially in the different types;
- Identify the responsibilities associated with each phase of the process;
- Describe the monitoring and control system associated with the outsourcing of functions, services, activities, or supply of goods.

Mudum Seguro's Hiring Policy was developed based on the following principles:

- Prioritize, as much as possible, the intra-group retention of core and/or strategic activities;
- Retain, whenever possible, the main resources of the lines of operations and entities internally;

- To ensure the independence of the Company and of the CAA Group from its suppliers;
- Give preference to hiring providers whose guiding principles are aligned with the Mudum and CAA Group's principles and values, particularly in matters of the environment, social responsibility, non-discrimination, anti-corruption and international sanctions. Failure to adhere to these principles may render the choice of a given provider unfeasible;
- Develop relationships with key external suppliers, including strategic partnerships;
- Prioritize commitment to results whenever possible;
- Maintain control over outsourced activities, in particular the ability to evaluate suppliers in an appropriate manner (e.g., quality of service provided, compliance with Group policies, business continuity plans, regulatory and contractual requirements, etc.);
- Compliance with the applicable legal and regulatory provisions;
- Ensure that a contingency plan or exit strategy is in place to ensure that in a timely manner Mudum Seguros can choose to: re-internalize the activity or function or hire another provider and cease payments to the outgoing provider.

The Hiring Policy defines the procedures to be ensured by each of the parties involved in the various stages of contracting, monitoring or termination of a service, which are in accordance with the applicable regulatory requirements and the principles defined at Group level. It should be noted that following the publication by Portuguese Supervisory Authority of Regulatory Standards 4/2022-R and 6/2022-R, Mudum Seguros carried out a comprehensive review of the policy and contracting, incorporating. Also, in this revision the latest Group guidelines and in line with the outsourcing strategy approved by the Board of Directors in October 2022.

Given that, as a rule, outsourced activities present a greater risk to the Company's main activity, the requirements to be met will be more

demanding in terms of analysis, validation, monitoring and contractual requirements.

Thus, whenever a need to contract a service is identified, a qualification of the type of service (critical subcontracting, simple subcontracting, or outside the concept of subcontracting) should be carried out, to be followed, for example, by analyses of the risks of subcontracting the service and a given provider, in the case of subcontracting.

The Company has identified as providers of essential external services:

- AdvanceCare - Gestão de Serviços de Saúde, S.A.: Health insurance claims management;
- C.T.T. - Correios de Portugal, SA: Printing, enveloping and dispatch of documentation/correspondence;
- EAD - Empresa de Arquivo e Documentação, SA: Archive, digitization and document management;
- UON Consulting S.A.: Occupational accident claims management;
- AXA Partners - Branch in Portugal: Claims management of protection products;
- Teladoc Health Portugal, S.A.: Second medical opinion and management of "serious" health claims;
- ESEGUR - Soluções Backoffice, S.A: Scanning of banking channel policy documentation;
- Inetum Clsw - Software Portugal, S.A (ex-i2S): Supply of applications, maintenance and technical assistance to GIS (core system);
- Kndrl Services Portugal, S.A (ex-IBM): Licensing and maintenance of the core system (iSeries/AS400);
- Claranet Portugal, S.A.: Hybrid datacenter of distributed systems.

## B.8 ADDITIONAL INFORMATION

Nothing to mention.



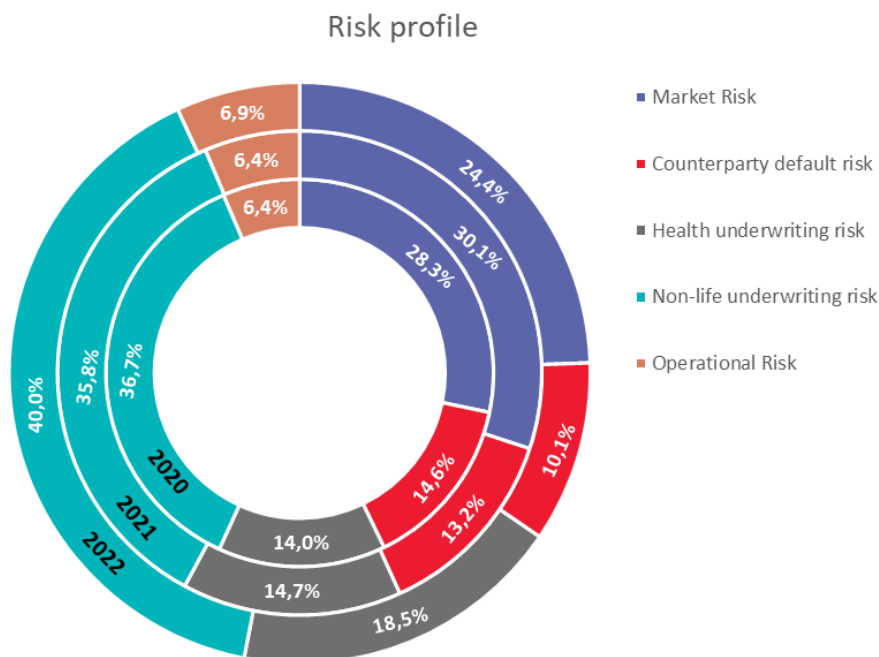
## C. RISK PROFILE

Mudum Seguros carries out periodic reviews of the risks to which it is exposed, and which may have adverse effects on its activity, financial situation or results, in order to ensure its effective control and alignment with the guidelines of the CAA Group.

Risk mapping is the tool used to identify and evaluate the risks to which Mudum Seguros and the CAA Group are exposed. This tool is based on available information sources and existing measurement systems: risk management maps, operational risk mapping update, permanent control results, operational incidents and losses, audit mission results and analysis of the various business areas/departments.

The risk factors of Mudum Seguros described in Section B.3 on the Risk Management System with the inclusion of risk and solvency self-assessment were obtained at the time of the ORSA Exercise. The main risks, non-life underwriting risk and market risk, as well as other less significant technical risks, such as operational risk, are covered by the standard formula.

Mudum Seguros' capital and solvency requirement (SCR) reached 18.346 thousand euros (19.753 in 2021) at the end of 2022. The main components of risk exposure are the underwriting risks represented 58,6% (50,4% in 2021), of which 40,0% (35,8% in 2021) in non-life underwriting risk and 18,5% (14,7% in 2021) in the health underwriting risk, the market risk contributes to 24,4% (30,1% in 2021), the counterparty default risk was 10,1% (13,2% in 2021), and the operational risk contributes to 6,9% (6,4% in 2021), as shown in the following graph:



**Figure 3** - Contribution of standard formula modules to Solvency Capital Requirement

## C.1 SPECIFIC INSURANCE RISK

At the end of 2022, exposure to underwriting risk represents in relative terms 58,6% (50,4% in 2021) of the BSCR before diversification and integrating operational risk, in which 40,0% (35,8% in 2021) are represented by non-life underwriting risk and 18,5% (14,7% in 2021) by health underwriting risks.

These results are consistent with Mudum Seguros' business, which only sells protective insurance without any options or financial guarantees. More stable, by nature, than market risk, it presents greater diversification of risk.

### C.1.1 Exposure to the greatest risks

- **Non-Life Subscription Risk**

Non-Life Underwriting risk stem primarily from property and accident business lines, primarily covered by auto insurance/civil liability and

home/fire insurance contracts. Mudum Seguros is exposed to frequency risk and exceptional risk, either by the occurrence of large claims or by the risk of catastrophe. Non-life Underwriting risk represents the greatest risk to which Mudum Seguros is exposed, a total amount of 13.279 thousand euros (12.710 in 2021).

				(Unit: thousands of euros)	
	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
<b>Non- life Underwriting Risk</b>	<b>13 279</b>	<b>12 710</b>	<b>12 919</b>	<b>4,5%</b>	<b>- 1,6%</b>
Non- life premium and reserve risk	10 304	9 764	10 002	5,5%	- 2,4%
Non- Life lapse risk	43	261	172	- 83,7%	51,8%
Non- life catastrophe risk	6 188	6 050	6 049	2,3%	0,0%
Diversification	- 3 255	- 3 365	- 3 304	- 3,3%	1,9%

**Table 7** - SCR Non-Life disaggregated by risk type

The evolution of this risk is directly linked to the evolution of premiums and provisions. The increase in non-life underwriting risk derives mainly from the increase in premium and reserve risk, to which the multi-risk product contributes mainly. This product had an increase in case-by-case reserves to December 2022 resulting from the high number of claims arising from the intense rains and floods that occurred at the end of the year, and which resulted in an increase in the net best estimate of reinsurance.

- **Health Underwriting Risk**

The Health Underwriting risks consist of similar to non-life technique risk, arising from health lines of business, personal accidents, and accidents at work and catastrophic risk. Mudum Seguros is mainly exposed to the risks of exceptional frequency and risk, through the occurrence of individual claims of high amount and biometric situations (inability/disability/accident). The health underwriting risk is the third largest risk to which the Company is exposed at the end of 2022 and represents 18,5% (14,7% in 2021), totaling 6.149 thousand euros (5.210 in 2021).

Risks of similar to life disease were not considered, specifically in the line of business of work accidents, which is justified by the small size of the portfolio and the absence of rents in payment.

				(Unit: thousands of euros)	
	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
<b>Health Underwriting Risk</b>	<b>6 149</b>	<b>5 210</b>	<b>4 920</b>	<b>18,0%</b>	<b>5,9%</b>
SLT Health underwriting risk (Similar to Life Technique)	0	0	0	0,0%	0,0%
NSLT Health underwriting risk (Similar to Non- Life Technique)	5 928	5 011	4 722	18,3%	6,1%
Health Premium and Reserve Risk	5 805	4 829	4 602	20,2%	4,9%
Health lapse risk	1201	1339	1059	- 10,3%	26,4%
Diversification	- 1078	- 1 156	- 938	- 6,8%	23,2%
Health catastrophe risk	724	646	636	12,1%	1,6%
Diversification	- 503	- 447	- 438	12,6%	1,9%

**Table 8** – SCR Health Underwriting disaggregated by risk type

The evolution of this risk is directly linked to the evolution of premiums and provisions. The health underwriting risk shows an 18% growth compared to the end of year 2021. This increase is explained by the increase in premium and reserve risk, namely in the volume of premiums net of reinsurance, not only by the increase in the premiums budgeted for the next 12 months in health insurance, but also by the decrease in the premiums ceded in the two main personal accident products (credit protection and salary protection).

### C.1.2 Mastery and monitoring of key Risks

The underwriting risk or specific insurance risk is related to losses connected to the subscription process, product design and pricing, claims management, provisioning and/or significant risk changes.

In this sense, non-life insurance, the risks of anti-selection and inadequate tariffs are monitored through:

- Implementation and monitoring of proper pricing;
- Underwriting policy implemented by the banking network and financial partners (e.g., in the medical pension selection);
- Claims Management Policy, supervised by dedicated management units, platforms or subcontracting of service providers.

The risk of disaster or exceptional risks are monitored through the implementation of the Reinsurance Policy.

The relationship between claims - reported, closed, or estimated - and the premiums purchased represents the key indicator of risk monitoring, which is compared to the goal ratio according to the pattern of claims experience.

In addition to the above, a set of indicators is often analyzed to identify and outline action plans that mitigate possible risks related to this risk:

- Risk of premiums - monthly frequency monitoring, loss rate, net combined ratio, operating cost ratios;
- Risk of provisions - quarterly analysis of their adequacy;
- Risk of discontinuity - monitoring of cancellation rates;
- Disaster risk - analysis of portfolio risk exposure to seismic phenomena.

### C.1.3 Main concentrations

The Company only operates in Portugal, having as its main and practically exclusive distribution channel the novobanco network, which is represented throughout the country. As of December 31, 2022, the non-life underwriting risk and health underwriting risk together represented 58,6% of all the risks to which Mudum is exposed (40.0% and 18.5%, respectively). At the end of 2021 these risks represented 50.4% of all risks (35.8% (36.7% in 2020) and 14.7%, respectively). These results reflect a relative diversification of Mudum Seguros' business, considering its diversified responsibilities around its six lines of business.

### C.1.4 Sensitivities

The main underwriting risks incurred by Mudum Seguros are the liability of third parties in motor insurance and the risk of fire. The Company conducts an annual specialized analysis of each portfolio. The methodology of this analysis is detailed in the Mudum Seguros Provisioning Policy, as well as other associated documents, all of them in accordance with the guidelines of the CAA Group.

For the main risks identified and not covered by the standard formula, stress tests or sensitivity analyses are performed. For the performance of these exercises, an extreme but plausible event scenario is defined, and their implications for solvency requirements and risk appetite metrics are then identified.

Mudum Seguros identified the following market risk scenarios on December 31, 2022:

- Rise (+50bps) and decrease (-50bps) of interest rates;
- Shareholder market fall (-25%);
- Rise of corporate spreads (+75bps);
- Rise of govies spreads (+75bps);
- Combined Shock:
  - o Rate increase;
  - o Shareholder Market Fall;
  - o Fall of the real estate market.

The different risks assessed in the standard formula, the results of the different scenarios show in the table above (except for the market risk that was assessed in point C.2) are presented in the following table:

(Unit: thousands of euros)

Capital requirement	Central	IR Up 50bp	IR Down 50bp	Stress Equity - 25bp	Stress Corporate +75bp	Stress Govies +75bp	Combined
Non-life underwriting risk	13 279	13 245	13 315	13 279	13 273	13 271	13 245
Health underwriting risk	6 149	6 149	6 150	6 149	6 149	6 149	6 149
Counterparty default risk	3 347	3 355	3 338	3 347	3 349	3 349	3 355
Operational risk	2 289	2 289	2 289	2 289	2 289	2 289	2 289

**Table 9** - Results of different sensitivity analysis scenarios

Regarding underwriting risks, Mudum Seguros identified the following scenarios as of December 31, 2022:

- Decrease in the ratings of reinsurers to which there is exposure (decrease of 1 degree of credit quality in each of the reinsurers);
- 10% variation in shock of non-life discontinuity and disease (+10% in shock up and -10% in shock down).

The results of applying sensitivity scenarios are presented in the following table:

(Unit: thousands of euros)

Capital requirement	Central	Reinsurers - 1 CQS	Lapse +/- 10%
Non-life underwriting risk	13 279	13 280	13 280
Health underwriting risk	6 149	6 149	6 244
Counterparty default risk	3 347	3 873	3 348
Market risk	8 111	8 110	8 111
Operational risk	2 289	2 289	2 289
Solvency capital requirement	18 346	18 618	18 379
Own funds	34 981	34 979	34 981
<b>Solvency ratio</b>	<b>190,7%</b>	<b>187,9%</b>	<b>190,3%</b>

**Table 10** - Results of different sensitivity analysis scenarios

## C.2 MARKET RISK

Market risk is the second highest risk to which Mudum Seguros is exposed, following non-life underwriting risk. It generally represents the possible loss resulting from an adverse change in the value of a financial instrument as a result of the change in interest rates, credit spreads and volatility of market prices in general.

More specifically, market risk stems from:

- Interest rate risks, arising from the change in reference interest rates and their impact on the investment portfolio and responsibilities;
- Spread risks arising from the price variation of bond investments in the portfolio arising from the credit risk of issuers;
- Shareholder and real estate market risk, originated by the price variation of assets of this type in portfolio;
- Foreign exchange risk, derived from the change in exchange rates in assets and or liabilities denominated in currencies other than the euro;
- Concentration which the investment portfolio may present to a particular issuer or group of related issuers, and which as such

may pose an above-normal risk in the event of deterioration of the conditions specific to that issuer or party.

Market risk at Mudum Seguros is mitigated through the Investment Policy where exposure limits are defined by instruments, asset classes and risk factors as well as explicitly defined a limit maximum permissible market capital requirement.

In addition to the permanent monitoring by the responsible operating unit, stress tests and sensitivity analyses are periodically performed to assess the adequacy of market risk to the overall risk appetite profile of the company.

Market risk is monitored periodically by the Financial Committee. This Body is responsible for analyzing developments in financial markets, defining and monitoring investment strategy and its performance as well as controlling compliance with risk limits.

Mudum Seguros calculates market risk according to the standard formula. At the end of 2022 the market risk amounted to 8.111 thousand euros (10.686 in 2021) and represented about 26% (32% in 2021) of the BSCR before diversification effects.

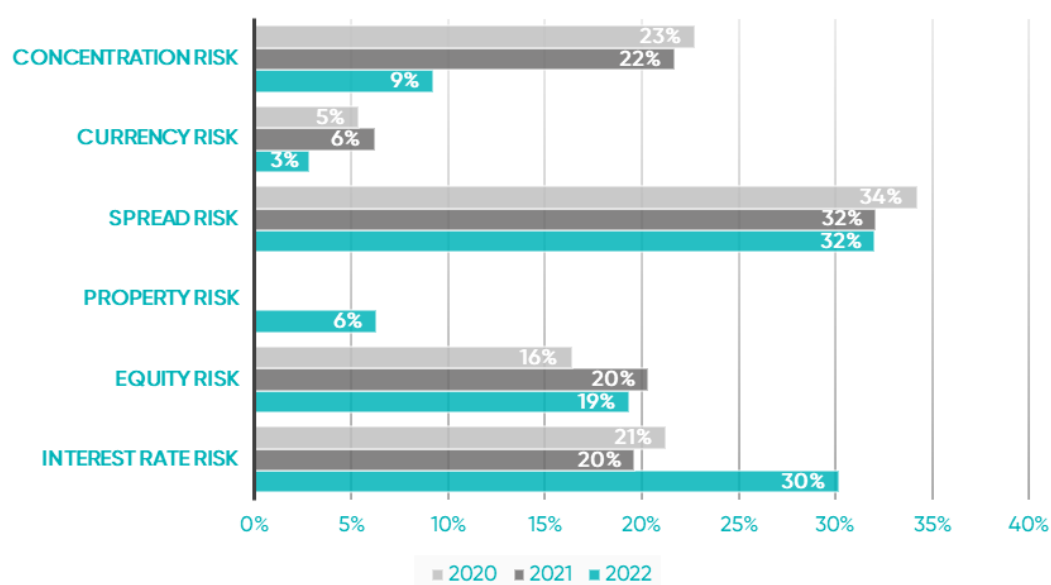
	2022	2021	2020	(Unit: thousands of euros)	
				Var 2022/ 2021	Var 2021/ 2020
<b>Market Risk</b>	<b>8 111</b>	<b>10 686</b>	<b>9 938</b>	<b>- 24,1%</b>	<b>7,5%</b>
Interest Rate Risk	3 927	3 524	3 585	11,4%	- 1,7%
Equity Risk	2 520	3 655	2 765	- 31,0%	32,2%
Property Risk	820	0	0	0,0%	0,0%
Spread Risk	4 168	5 764	5 770	- 27,7%	- 0,1%
Currency Risk	368	1 112	907	- 66,9%	22,7%
Concentration Risk	1 203	3 893	3 837	- 69,1%	1,5%
Diversification effect	- 4 896	- 7 263	- 6 926	- 32,6%	4,9%
<b>Market Risk before diversification</b>	<b>13 007</b>	<b>17 949</b>	<b>16 864</b>	<b>- 27,5%</b>	<b>6,4%</b>

**Table 11** - Evolution disaggregated by type of market risk

Market risk decreased 24,1% in 2022 mainly due to the reduction in all risks (except interest rate risk, which increased 11,4%). This result

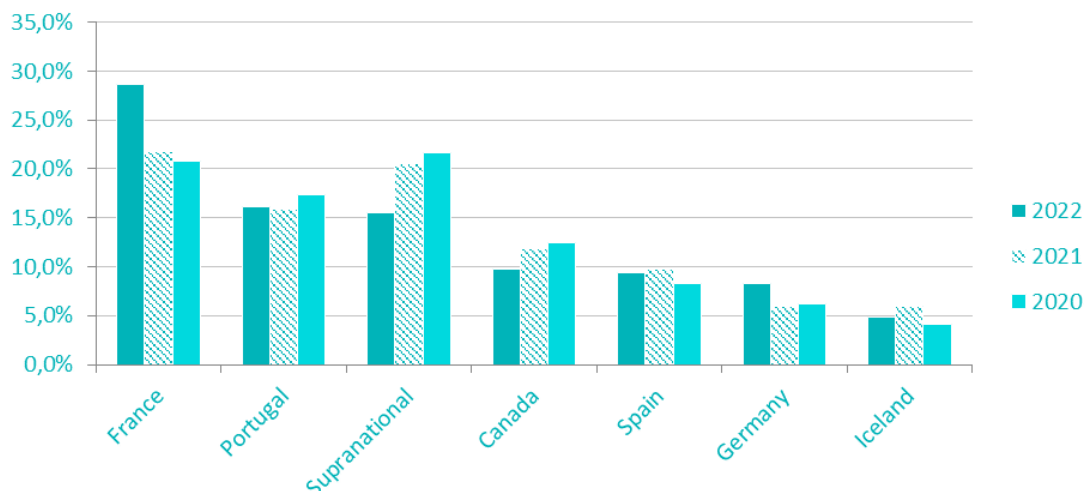


is explained by the reduction in the market value of the assets exposed to the various risks and by the substantial decrease in liquidity via investments in short term public debt securities. The increase in the interest rate risk was due to the rise in interest rates that increased the shocks to be applied to assets. During 2022, Mudum became exposed to property risk, through the right to use a property, for use and investment in a real estate fund. Despite everything, property risk remains low in the Company's market risk mix, representing 6% of the relative weight of market risk.



**Figure 4** - Contribution of market risk sub-modules

Due to the factors listed above, Mudum Seguros' market risk has suffered some changes during 2022, the weight of interest rate risk increasing to 30% (20% in 2021), property risk represents 6% (0% in 2021) and spread risk remains unchanged at 32% and the equity risk decrease from 20% to 19%. All other sub-modules to which the Company is exposed to significantly decreased their relative weight, concentration risk reduces to 9% (22% in 2021) and the currency risk reduces to 3% (6% in 2021).



**Figure 5 - Exposure to sovereign bonds**

Exposure to sovereign debt, in the standard formula of the solvency regime in force, is mostly free of capital load associated with *spread and* concentration risk. This risk is controlled at Mudum Seguros through various limitations in the Investment Policy, namely by the maximum exposure to this class of assets as well as limits by country issuing the debt and by independent credit rating, and in some cases of lower credit quality the investment is even fenced. The maximum exposure currently admitted to this asset class is 45% of the total investment portfolio and exposure at the end of 2022 was 26,3% (22,1% in 2021) or 27.239 thousand euros (26.143 in 2021). As a percentage of the total invested in sovereign bonds, the main exposure is France with 21,5% (21,5% in 2021), followed by Portugal with 16,1% (16,4% in 2021), Supranational Issuers with 15,5% (20,6% in 2021), and Canada, 9.8% (11,8% in 2021), with the remaining obligations being dispersed by other European countries.

Mudum Seguros estimates that a rise in sovereign bond credit spreads in the 75 basis point portfolio would have a negative impact on the value of its assets of around 691 thousand euros.

#### **Main risk management/mitigation techniques**

Mudum Seguros applies the principle of "prudent manager" in investment or disinvestment decisions, based on analysis of the Investment Área and

information provided by external service providers (financial institutions, financial information platforms, rating agencies, etc.) and which take into account the risk appetite defined by the Company.

Risk mitigation at Mudum Seguros is carried out mainly through diversification and an Investment Policy with explicit limits established for the various classes, instruments and/or risk factors. Risk budgets are also established that, giving freedom of action to management, limit the accumulation of risks in the portfolio. It is also foreseen in the Investment Policy the use of derivatives for risk reduction, however, no use of this type of instruments was made in 2022.

#### Spread risk

Spread risk is controlled and managed based on an investment philosophy that focuses on diversification and a preference for high-quality credit issuers. Risk limits are defined in the Investment Policy by asset class, by issuers, rating categories, issuer's parents, and sectors. In addition, benefiting from the shareholder structure, Crédit Agricole Assurances, if deemed necessary there is a list of issuers common to the group that are under close surveillance and that may, in limit, be prohibited investment. The sensitivity of own funds to a 75 basis point increase in the spreads of private issuer bonds is -1.371 thousand euros, with a decrease in market risk of 186 thousand euros and the Solvency capital requirement by 100 thousand euros.

#### Interest Rate risk

The interest rate risk at Mudum Seguros is the risk of rising rates, as the binomial amount/duration of assets is slightly higher than that of responsibilities. Interest rate risk is monitored monthly in the Financial Committee. The continued Investment philosophy maintains a relatively low duration of assets with the sensitivity of own funds to an increase of 50 basis points to -985 thousand euros, with an estimated decrease in market risk by 139 thousand euros and the Solvency capital requirement by 55 thousand euros.

#### Equity risk

Shareholder market risk is relatively low and is controlled by maximum exposure limit to this asset class, based on the Investment Policy. The sensitivity of own funds to a 25% drop in the stock market is around - 1.281 thousand euros, with a decrease in market risk of -768 thousand euros and the Solvency capital requirement by -394 thousand euros.

#### Property Risk

Property risk is low and mitigated by limits in the Investment Policy.

#### Currency risk

Currency risk is low and mitigated by limits in the Investment Policy.

#### Concentration Risk

The risk of concentration is controlled and mitigated by a policy of diversification in the field of issuers and respect for maximum concentration limits.

### **Stress tests and Sensitivities**

As part of the risk and solvency self-assessment (ORSA) process that is integrated into the company's operation, a preliminary analysis of the overall solvency needs and compliance with capital requirements was carried out in the face of a financial market stress scenario to which has been called economic deterioration. This integrated economic scenario projected a deterioration of the international economic situation during 2023, with inflationary shocks and respective ramified impacts on financial markets. The shocks applied were, briefly, the following:

- Increase in interest rates by (the 10-year swap rate at 3.25% in 2023 with a reduction to 1.75% by 2026);
- Significant decrease in the value of shares and real estate (12.5%) in 2023 and stock market recovery from 2024 onwards;

- Significant expansion of spreads of sovereign issuer bonds (e.g., Portugal +160 p.b. and France +125 p.b.) and contagion to private issuers (++)80 p.p. at 5 years in the financial sector).

This scenario determined a drop in 2023 of 26 percentage points in the solvency ratio and a 15% drop in the Company's own funds. Nevertheless, the Company maintains a solvency ratio above the minimum tolerance limit defined in its Risk Appetite Policy, which attests to its resilience to cope with this type of shock in the financial markets, reacting immediately after an improvement in economic conditions in the post-shock period.

A number of sensitivity analyses of the Solvency Capital Requirement and Own Funds were also carried out on various market risk factors considered individually.

The summarized assumptions of these sensitivities were as follows:

Risk Factor	Sensitivity
1- High Interest Rates	+50bps
2- Low Interest Rates	-50 bps
3- Fall of the Stock Market	-25%
4- Rising in Corporate Spreads	+75bps
5- Rising in Govies Spreads	+75bps
6- Combined Shock	High Interest Rates/ Fall of the Stock Market/ Falling Real Estate

**Table 12** - Assumptions used in sensitivities

Sensitivity analyses were carried out on the standard formula, and the table below shows the variations in relation to the solvency base scenario for the different scenarios of December 31, 2022

(Unit: thousands of euros)

	1- High Interest Rates	2- Low Interest Rates	3- Fall of the Stock Market	4- Rising in Corporate Spreads	5- Rising in Govies Spreads	6- Combined Shock
Risco de mercado	139	-138	-768	-186	-31	-619
Requisito de Capital	55	-53	-394	-100	-21	-336
Fundos Próprios	-985	977	-1281	-1371	-449	-2266
Rácio de Solvência	-5,9 pp	5,9 pp	-3,0 pp	-6,5 pp	-2,2 pp	-9,0 pp

**Table 13** - Impact of sensitivities in Solvency Capital Requirement

In addition, two tests were carried out to measure the impact of a decrease in the credit quality of the portfolio counterparties.

In the first test, it was assumed that all counterparties suffered a decrease of 1 notch in their rating, which implied an increase in Market Risk by 343 thousand euros, an increase in the Solvency Capital Requirement of 180 thousand euros and a decrease in the Solvency Ratio by 1,9 percentage points.

In the second test, more severe, it was assumed that all counterparties suffered a decrease of 2 notes in their rating, which led to an increase in market risk of 1.441 thousand euros, an increase in the Solvency Capital Requirement of 772 thousand euros and a decrease in the Solvency Ratio by 7,7 percentage points.

### C.3 CREDIT RISK

The credit risk results from the possibility of financial losses arising from the default of the client or counterparty in relation to contractual obligations, that is, it translates into the greater or lesser capacity of the issuers of securities, counterparties, or any debtors to which the Company is exposed, failing to perform their obligations due to changes in their credit situation. In the standard formula of Solvency II scheme, credit risk derived from financial instruments of portfolio investment is considered in the *spread risk* referred to above. Other exposures such as demand deposits in banks, exposures to counterparties that are mitigating risks and other debtors in general are considered in the counterparty default risk module.

The counterparty risk represented about 10,1% (14,1% in 2021) of the BSCR before diversification effects (including operational risk), of which 77,8% came from reinsurance and 22,2% from deposits.

				(Unit: thousands of euros)	
	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
<b>Counterparty default risk</b>	<b>3 347</b>	<b>4 677</b>	<b>5 123</b>	<b>- 28,4%</b>	<b>- 8,7%</b>
Type I	3 347	4 677	5 123	- 28,4%	- 8,7%
Type II	0	0	0	0,0%	0,0%
Diversification	0	0	0	0,0%	0,0%

**Table 14** - Evolution disaggregated by type of counterparty default risk

Mudum Seguros has a concentration of its investments, namely cash deposits at novobanco, which is a short-term exposure; all investments are supported by the Investment Policy, within the Company and CAA group guidelines and followed regularly in the Financial Committee. In relation to reinsurance counterparties, the Company does not have a dominant concentration, in general, except in two lines of business, e.g., personal accidents and accidents at work, due to their specificity and size, and the risk is duly assessed and monitored within the Technical Committee.

#### **Main risk management/mitigation techniques**

The Company has implemented risk mitigation measures, namely:

- The rules defined in the Company's Investment Policy seek to mitigate this risk considering the diversification rules, sector limits and the rating of the entities involved;
- The establishment of reinsurance contracts, essentially with world leaders, there is a selection of reinsurers according to minimum rating levels ("A-" or higher, based on a conservative approach, using the lowest rating attributed by S&P, Moody's and Fitch). Any request for exemption/exception is submitted for decision to the Administration, previously evaluated and discussed in the technical committee and obtained opinion of the Risk Management area;
- Widespread inclusion in contracts for security clauses of the provisions granted, according to the Reinsurance Policy. Any request for exemption/exception is submitted for decision to the Administration, previously evaluated and discussed in the technical committee and obtained opinion of the Risk Management area;
- Rules on the dispersion of reinsurers by treaty limits and concentration of premiums transferred, with some exceptions

previously discussed in the Technical Committee and approved by the members of the Administration.

## C.4 LIQUIDITY RISK

The liquidity risk comes from the Company's ability to meet the required liabilities as they are overcome and from the existence of potential difficulties in liquidating portfolio positions without incurring exaggerated and unacceptable losses when alienating investments or other assets in an unscheduled manner.

### **Main risk management/mitigation techniques**

This risk, which is not quantified in the standard formula, is mitigated in Mudum Seguros through various approaches.

First, liquidity is a selection criterion for investments - most securities listed on regulated markets, the restriction of less liquid assets, e.g., real estate, private equity, unlisted bonds, equity, emerging markets, etc.

Secondly, the Investment Policy sets limits on liquidity and maturity indicators that require the natural liquidation of assets in a period of time that is considered appropriate in relation to the profile and amount of responsibilities of the Company. In addition, the Investment Policy sets limits for private equity investments and real estate investment funds.

In addition to the ongoing monitoring of the liquidity situation by the Investment Department, the Financial Committee periodically monitors the guidelines and limits in force making the relevant changes to maintain an appropriate liquidity profile.

In liquidity risk, the expected profit included in future premiums (EPIFP), which corresponds to the current value of future cash flows including in technical provisions, premiums for existing insurance and reinsurance contracts, which must be received in the future, and which are not received for any reason other than the occurrence of insured events, should be taken into account in the technical provisions, regardless of the insurance policyholder's legal or contractual rights



to terminate the policy. The amount of EPIFP as of December 31, 2022, is 7.102 thousand euros (6.028 in 2021).

## C.5 OPERATIONAL RISK

Operational Risk is generally translated into losses caused by failures in the pursuit of internal procedures, the behavior of people or computer systems, or events external to the organization. When controls fail, operational risks can cause reputational, legal, implications with the regulator, and sometimes even lead to financial losses.

For the purposes of calculating capital and solvency requirements (SCR), operational risk is calculated based on the standard formula, without considering parameters specific to the Company, and represents about 6,9% (6,4% in 2021) of the total BSCR, representing 2.289 thousand euros (2.263 in 2021).

				(Unit: thousands of euros)	
	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
Operational risk	2 289	2 263	2 262	1,1%	0,1%

**Table 15** - Evolution of operational risk

Holistically, the Company implements a standardized level of risk management, which guides the identification, management, monitoring and mitigation of operational risk, in accordance with the assumption set out in the regulations.

In addition, the Company implements its Risk Management Policy, which plays a key role in defining the principles that guide effective risk management, the underlying methodology and government model.

The major categories of operational risk identified by the Company in the Operational Risk Policy are:

- Intentional professional misconduct (internal fraud);
- Illegal activities carried out by third parties (external fraud);
- Practices related to human resources and safety at work;

- Customers, products and business practices;
- External events that cause damage to physical assets;
- Interruption of activity and failures in systems;
- Risks related to business processes;
- Legal.

The Company does not expect to be able to eliminate all operational risks, but based on the work that has been developed, it seeks to implement an appropriate internal control system that aims to ensure the identification, monitoring, control, and mitigation of this risk.

The first responsibility for the development and implementation of controls associated with operational risk is assigned to each area officer. This responsibility is also supported by the Area of Risk Management and Internal Control, for the development of controls and guidelines through regulations, procedures, rules in the computer system and reports with the objective of including the following areas:

- Segregation of functions, including commitments and competencies for transactions and payments;
- Reconciliation and transaction monitoring;
- Compliance with legislation emanating from the regulator, laws, regulations and other legal requirements;
- Documentation, monitoring and evaluation of controls and procedures;
- Reporting of operational losses and proposal of action plans to mitigate losses recorded;
- Development of business continuity plans;
- Training of employees;
- Implementation of the code of conduct; and
- Assessment processes.

In addition, this process is followed by periodic missions carried out by the Internal Audit function. The results of their work are discussed with the heads of each area and submitted for consideration in the existing Committees relating to this matter.

Existing committees and directly related to risk management, control and compliance contribute to the mitigation of this risk by functioning as

facilitators in the process of identifying, assessing, quantifying risk and monitoring recommendations.

However, as a result of the period of adaptation to a new organization and processes, referred to above, there is a potential for developments in operational risk analysis and control and monitoring mechanisms, which will necessarily undergo a review and updating of matrices and re-evaluation of operational processes and risks.

## C.6 OTHER MATERIAL HAZARDS

, Reputational risk was also identified as a potentially relevant risk.

Reputational risk may be defined as the risk of the Company incurring losses resulting from deterioration or market position due to a negative perception of its image among customers, counterparties, shareholders, or supervisors, as well as the general public. This risk can be regarded as a risk resulting from the occurrence of other risks more than an autonomous risk.

The Company is fully aware of the importance of its image in the market, as well as the name associated with it, and the management of this risk is carried out in a regular way, which can be exemplified with the measures implemented in recent years, such as:

- The implementation of a Code of Conduct, which regulates a set of behaviors, including communication with supervisory entities, media, use of confidential information, among other aspects;
- Existence of processes for the launch and approval of products, and their pre-contractual, contractual and advertising / commercial documentation (see Product Committee and NAP Committee);
- Establishment of an autonomous complaint management function;
- Appointment of a customer provider;
- Publication of a Customer Treatment Policy.

In 2022, the Company also implemented an Autonomous Market Conduct Function, in line with the guidelines of Regulatory Standard No. 4/2022-R, of the ASF. On the other hand, taking into account its distribution

model that relies essentially on the banking channel, all factors affecting the competitive position or reputation of the distributor may have effects on the normal course of the Company's activity. Similarly, non-compliance with rules of ethics or conduct or commercial misconduct of the distribution network may have repercussions on reputational effects on Mudum Seguros. To mitigate this risk, the Company has regular processes of monitoring, dynamization and training of the distribution network.

Also, the developments and changes in the legal and regulatory framework in which the Company operates represent a source of potential risks to be considered. For example, the General Data Protection Regulation or the Distribution Directive are regulatory frameworks that entail the adequacy of processes and associated inherent risks.

To mitigate this risk, the Company seeks to monitor the evolution of the regulation, in particular that was developed in the European Union, with the support of Crédit Agricole Group, trying to anticipate the potential impacts and adapt its processes.

Finally, the risk of dependence on the bank distributor, resulting from exclusive agreements, is also a risk that is not negligible and has been raised in line, for example, in the stress tests carried out in the context of the exercise of self-assessment of risk.

## **C.7 ADDITIONAL INFORMATION**

Nothing to mention.

## D. SOLVENCY ASSESSMENT

### D.1 INTRODUCTION

Mudum Seguros' prudential balance sheet was calculated on December 31, 2022.

#### D.1.1 General principles of appreciation

The general principle of valuing the prudential balance sheet corresponds to the economic valuation of assets and liabilities:

- Assets are valued at the amount for which they could be traded in a transaction completed under normal circumstances of competition between parties who are knowledgeable and willing to execute it;
- Liabilities are assessed by the amount which they can be transferred or settled as part of a transaction concluded under normal circumstances of competition between knowledgeable and interested parties.

In most cases, IFRS standards allow for valuation at fair value in accordance with Solvency II principles. However, some valuation methods, such as amortized cost, cannot be used in economic balance sheet valuation.

At Mudum Seguros, the above-mentioned assets are valued at their economic value, respecting the hierarchy of the following methods:

- Method 1: valuation according to the quotes available in active markets for identical assets;
- Method 2: market price of similar assets, duly adjusted to take into account their specificities;
- Method 3: if there is no price quoted on an active market or if it is not available, a valuation based on a model (mark-to-model) is used, and the obtained values are compared, extrapolated or calculated from market data.

#### D.1.2 Consolidation

Considering the shareholder structure and the management control, Crédito Agricole Assurances is consolidated by the full consolidation method.

#### D.1.3 Transactions in foreign currency

On the balance sheet date, assets and liabilities denominated in foreign currencies are converted to euros.

#### D.1.4 Compensation of Financial Assets and Liabilities

Mudum Seguros offsets a financial asset and a financial liability and presents a net balance only if there is a legal right to offset the recognized amounts and it has the intention to settle on a net basis.

#### D.1.5 Use of estimates

The assessments necessary to prepare the financial statements imply making assumptions involving risks and uncertainties as to their future realization. They are the basis of the exercise of judgment necessary to determine the accounting values of assets and liabilities that cannot be obtained directly from other sources.

Actual results can be influenced by several factors, including:

- The activities of national and international markets;
- Economic and political conditions in certain sectors of activity or countries;
- Changes in regulations or legislation;

- The behavior of policyholders;
- Demographic changes.

## D.2 ASSETS

(Unit: thousands of euros)

Contas Solvência II	20 22	20 21	20 20
Goodwill	0	0	0
Deferred acquisition costs	0	0	0
Intangible assets	0	0	0
Deferred acquisition costs	3 210	765	738
Pension benefit surplus	0	0	0
Property, plant & equipment held for own use	3 290	126	174
Investments (other than assets held for index-linked and unit-linked contracts)	100 180	117 918	119 053
Property (other than for own use)	0	0	0
Holdings in related undertakings, including participations	0	0	0
Equities	0	0	0
Bonds	90 159	99 956	101 121
Collective Investments Undertakings	6 843	8 917	7 001
Derivatives	0	0	0
Deposits other than cash equivalents	3 178	9 045	10 932
Other investments	0	0	0
Assets held for index-linked and unit-linked contracts	0	0	0
Loans and mortgages	0	0	0
Reinsurance recoverables from:	6 198	7 894	9 481
Deposits to cedants	0	0	0
Insurance and intermediaries receivables	711	64	639
Reinsurance receivables	1474	1 168	2 115
Receivables (trade, not insurance)	1231	1 282	1 324
Own shares (held directly)	0	0	0
Cash and cash equivalents	2 198	3 313	2 793
Any other assets, not elsewhere shown	339	351	86
<b>Total do Ativo</b>	<b>118 832</b>	<b>132 881</b>	<b>136 403</b>

**Table 16** - Solvency Balance Sheet Asset Accounts

The variations between Solvency II and statutory accounts can be found in the annex to the QRT S.02.01.

### D.2.1 Intangible assets and deferred costs

Intangible assets are identifiable non-monetary assets without physical substance. An asset is considered identifiable if it can be sold or transferred separately or originates from contractual rights or other legal rights. Software is the main type of intangible asset.

Intangible assets are valued at zero in the economic balance sheet. Intangible assets (except goodwill) may, however, be recognized in the economic balance sheet at a value other than zero when:

- They are identifiable;
- Mudum Seguros can obtain the future economic benefits resulting from the asset;
- They have a value available in an active market.

Only in this case are they presented at fair value in the economic balance sheet.

For example, software developed for the specific needs of the company would have zero value in Solvency II's economic balance sheet, since it cannot be transferred in theory.

The adjustments between the statutory accounts and the Solvency II balance sheet are as follows:

- Elimination of goodwill;
- Elimination of other intangible assets, unless they can be valued at fair value, based on observations in an active market.

For intangible assets representing the value of insurance contract portfolios, all future cash flows with contracts are considered when calculating the best estimate, which is shown on the liability side of the Solvency II balance sheet.

### **Deferred Acquisition Costs**

Deferred acquisition costs consist of the portion attributable to future years of commissions paid to intermediaries and internal acquisition costs, arising from the allocation of expenses by functions performed in the current year.

Deferred acquisition costs and costs in statutory accounts are eliminated from the economic balance sheet.

### **D.2.2 Real Estate and Equipment**

The company recognizes in its assets the right to use a building for own use recorded in the statutory accounts in accordance with IFRS 16 - Leases. For the purposes of the economic balance sheet, the respective



adjustment to fair value is made by updating the discounted rents at the market interest rate at the time of the respective valuation.

As for other tangible assets, it essentially comprises computer equipment and administrative equipment. As these are assets for which there is no market reference to determine fair value and as the assets are rarely sold, their fair value is estimated using the cost method less accumulated depreciation.

### D.2.3 Financial Instruments

Under Annex I of Commission Implementing Regulation (EU) 2015/2450, insurers' investments are presented by nature in the prudential balance sheet (assets held for own use, investment property, shares, bonds, investment funds, loans, etc.).

On the balance sheet, Mudum Seguros prepares its financial statements in accordance with the Chart of Accounts for Insurance Companies, issued by ASF and approved by Regulatory Standard no. 3/2018-R, of March 29. This chart of accounts is based on the International Financial Accounting Standards (IFRS) in force as adopted in the European Union, with some exceptions, and includes the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and its predecessor bodies. Regarding financial instruments, from January 1, 2018, Mudum Seguros adopted IFRS 9, which replaced IAS 39 Financial instruments - recognition and measurement and establishes new rules for accounting for financial instruments, with changes mainly in terms of classification and measurement, including impairment requirements for financial assets.

In accordance with IFRS 9 and the business model adopted by the Company, all securities are classified as "Financial assets at fair value through profit and loss" or as "Financial assets valued at fair value through reserves", apart from Time deposits which are at amortized cost. Thus, and since the assets are already measured at fair value, they did not undergo any readjustment in the prudential balance sheet.

#### D.2.4 Technical Provisions provided

The principles of valuation of technical provisions for reinsurance ceded are presented in the section on technical provisions (D.3).

#### D.2.5 Deferred Tax Assets

Deferred taxes are recognized and valued in the balance sheet in accordance with IFRS and specifically IAS 12. Deferred tax assets recognized in the economic balance sheet are similar to those recognized in the local accounts prepared in accordance with IFRS standards and are the product of differences between the amounts of assets and liabilities for accounting purposes and their respective amounts for taxation purposes as well as unused tax credits and tax losses. A deferred tax asset is recognized to the extent that it is probable that the Company will have taxable profits (in addition to those already considered in the economic balance sheet) available against which these temporary differences, tax losses and unused tax credits can be used. Given the expectations of future profits and the date of their reversibility, the deferred tax rate used was 25%.

#### D.2.6 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and deposits with credit institutions. As these are short-term assets, the balance sheet balance is considered a reasonable estimate of their fair value.

#### D.2.7 Other

Nothing to mention.

### D.3 TECHNICAL PROVISIONS

#### D.3.1 Summary of Technical Provisions

The following tables present a breakdown and reconciliation of technical provisions according to a prudential approach.

Summary of Mudum Seguros Solvency II Technical Provisions:

(Unit: thousands of euros)

Best Estimates	Health (Similar to Non- Life)	Non- Life	Total
Gross Technical Provisions	16 111	36 466	52 578
Recoverable Reinsurance	6 804	- 606	6 198
Technical Provision	9 308	37 072	46 380
Risk Margin	750	1 528	2 278

**Table 17** - Summary of Technical Provisions Solvency II

Reconciliation of Statutory Provisions for Solvency II:

(Unit: thousands of euros)

Statutory Accounts / Solvency II	Statutory Accounts value	Revaluation of technical provisions (including risk margin)	Variation in the consolidation perimeter	Reclassification	Solvency II value
<b>(1) Technical Provisions</b>	<b>86 999</b>	<b>- 32 144</b>	<b>0</b>	<b>0</b>	<b>54 856</b>
Health (similar to Non- Life)	39 589	- 22 728	0	0	16 861
Non- life (excluding Health)	47 410	- 9 416	0	0	37 994
<b>(2) Ceded Technical Provisions</b>	<b>25 566</b>	<b>- 19 368</b>	<b>0</b>	<b>0</b>	<b>6 198</b>
Health (Similar to Non- life)	23 409	- 16 605	0	0	6 804
Non- Life (excluding Health)	2 157	- 2 763	0	0	- 606
<b>(1)- (2) Total</b>	<b>61 433</b>	<b>- 12 776</b>	<b>0</b>	<b>0</b>	<b>48 657</b>

**Table 18** - Reconciliation of Statutory Original Provisions for Solvency II

The table below shows the Best Estimate of Gross Technical Provisions as of December 31, 2022:

(Unit: thousands of euros)					
	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
<b>Best Estimate Gross Technical Provisions</b>	<b>52 578</b>	<b>52 557</b>	<b>56 962</b>	<b>0,0%</b>	<b>- 7,7%</b>
Motor vehicle liability insurance	18 257	20 285	23 024	- 10,0%	- 11,9%
Other motor insurance	3 650	3 165	3 080	15,3%	2,8%
Fire and other damage to property insurance	14 551	11 011	11 263	32,2%	- 2,2%
Miscellaneous financial loss	8	9	11	- 9,5%	- 14,3%
Medical expense insurance	6 572	7 921	8 861	- 17,0%	- 10,6%
Income protection insurance	9 026	9 720	10 369	- 7,1%	- 6,3%
Workers' compensation NSLT insurance	513	445	355	15,2%	25,5%

**Table 19** – Best Estimate for Gross Technical Provision

The Best Estimate remains fairly stable in its entirety, however, in the Fire insurance and Other Business lines the variation is positive compared to 2021, 32,2% and 15,3% respectively. Contributing to this was the increase in claims costs in all non-life business line products, and in the case of multi-risk insurance, it was also impacted by the increase in case reserves resulting from the increase in claims incurred in the last months of the year arising from the intense rains and floods that occurred in various parts of the country, and which were still open at the end of December.

Motor Liability Insurance is the only non-life business line with a decrease compared to 2021, of -10%, to which contributed the release of case reserves, as well as the projection of a longer payment pattern that together with the increase in interest rates results in a lower best estimate.

The Health Insurance and Income Protection business lines show negative variations compared to 2021 (-17% and -7% respectively). In both cases, in addition to the normal evolution of the business, any management costs are no longer considered in the best estimate of claims, since the claims management of these products is outsourced.

### D.3.2 Evaluation Principles

The value of the technical provisions in Solvency II corresponds to the sum of the best estimates ("BE" or Best Estimate) of the provisions and the Risk Margin (RM).

The best estimate represents the most accurate estimate of the responsibilities to policyholders and is calculated:

- Consistently with the market information available on the evaluation date;
- Based on an objective and sound approach; and
- In compliance with the existing local regulatory framework.

The gross reinsurance best estimate is calculated at the present value of probable future cash flows arising from payments to policyholders and management costs incurred in administering these liabilities to maturity, less premiums receivable from contracts in force (subject to contractual limits). Uncertainty is unavoidable in the BE calculation and is offset by consistent application and monitoring of assumptions.

Best estimates are calculated by the gross amounts of reinsurance, without deducting the amounts ceded to reinsurers (BE ceded is valued separately).

The risk margin is the amount of the provision, in addition to the best estimate, calculated so that the total value of the provisions shown in the balance sheet corresponds to the amount that a reference entity would require to honor the insurer's obligations. The risk margin is calculated directly net of reinsurance.

Therefore, Solvency II provisions differ from statutory provisions in that they are evaluated prospectively, cash flows are discounted systematically, and the explicit prudence level is removed to reflect the best estimate.

The proportion of unmodeled business is about 0,8% of premium volume and 1,2% of statutory reserves in each projection period. For the unmodeled ones Mudum Seguros assumes that the best estimate of liabilities is equal to the current value of the technical provision net of acquisition costs, if applicable. For quota share reinsurance, the proportion of ceded premium is assumed to reflect the proportion of ceded claims.

### D.3.3 Targeting

The assignment of an insurance liability to a line of business should reflect the nature of the risk associated with the liability. The legal form of the liability is not necessarily determining the nature of the

risk. In addition, where a policy covers insurance liabilities in several lines of business, attribution to each line of business is not necessary if only one of the lines of business is material.

#### D.3.4 Initial recognition

Liabilities are recognized based on the insurer's liability, either because a contract has been signed or because the contract cannot be rejected by the insurer.

#### D.3.5 General Principles of Evaluation

- **Valuation - Cash Flows**

The gross reinsurance best estimate is calculated based on the present value of probable future cash flows arising from payments to policyholders and management costs incurred in administering these obligations to maturity, less premiums receivable on contracts in force (subject to contractual limits).

The projection of cash flows incorporates assumptions regarding borrower behavior and management decisions. These assumptions are used in the cancellations, claims management policy, expenses, and asset management policy.

These rules are specific to each portfolio of the Company. All these assumptions are duly documented and approved by Mudum Seguros management.

- **Evaluation - granularity of projections**

The risk groups defined to calculate the technical provisions are homogeneous and based on the following criteria:

- The nature of the risk;
- The base time of risk (i.e., when it occurs/reported, etc.);
- Nature of the business (direct business, coinsurance, etc.);
- Type/pattern of claims flow.

Finally, the statistical robustness to apply statistical/actuarial methods is checked.

- **Contract Limits**

The contractual deadline is defined as the first date on which:

- The insurer has the unilateral right for the first time to terminate the contract;
- The insurer has the unilateral right for the first time to reject premiums; or
- The insurer has the unilateral right for the first time to change the premiums or guarantees so that the premiums correctly reflect the risks.

Premiums paid after the cut-off date of an insurance/reinsurance contract and associated obligations are not considered in the calculation of the best estimate.

Regardless of the previous provisions, no future premium is taken into account in the calculation of the best estimate when a contract:

- Does not provide indemnity for an event that adversely affects the policyholder with material impact;
- Does not provide for a material financial guarantee.

Future insurance contract premiums are recognized for:

- Multi-year contracts under which the insurer does not have the right to change the premium, refuse it, or terminate the contract before its expiration;
- Annually renewable contracts, periodic premiums will be projected to the first policy anniversary after the best estimate valuation date.

- **Evaluation - Expenses**

The cash flow projection used to calculate the best estimate takes into account the following expenses:

- Administrative;
- Investment management;
- Claims management;
- Acquisition.

General expenses incurred in maintaining insurance and reinsurance liabilities are also taken into account.

Mudum Seguros, in accordance with internal guidelines, allocates expenses at the level of homogeneous risk groups using at least the lines of business adopted in the segmentation of insurance liabilities.

Exceptional expenses and any other justifiable corrections are deducted from the expense base used to determine unit costs.

The level of commissions used in the calculations reflect the agreements in place at the valuation date.

- **Evaluation - discount**

Mudum Seguros uses the yield curve, including credit risk adjustment and volatility adjustment. These elements are defined by currency and country by EIOPA and made available to all CAA Group entities, including Mudum Seguros.

- **Inflation**

To analyze the impact of inflation, a study was performed to compare and analyze the evolution of the cost of claims in recent years for the two main products in the Company's portfolio, Motor and Multi-risks. To this end, it was necessary to create comparable scenarios between various years of occurrence, as well as for the respective year-on-year periods, considering only closed claims without including peak claims and applying the same mix of covers, since the number of claims per cover influences the average total cost. When comparing average costs over the last few years and considering year-on-year periods, no very distinctive increase is observed in 2022 in comparison with previous years, so it was decided to maintain the inflation implicit in the matrix used for calculating IBNR and IBNER, not considering any additional adjustment in the calculation of technical provisions.

- **Level of Uncertainty**



Sensitivity analyses are performed to provide an adequate understanding of the volatility of the underlying business. To obtain an approximation for future claims development based on selected best estimates, simulations are performed using stochastic models.

To validate that the best estimate is appropriate and to analyze the uncertainty of technical provisions, back-testing methods such as evolution analysis are used. This allows the amount of the reserves to be verified as reasonable and explainable by reviewing their evolution between two periods, from the end of the previous year to the end of the year under review.

### D.3.6 Risk margin

The Risk Margin is the cost of capital that would be bonded by a third party assuming the obligations of Mudum Seguros.

The Risk Margin is calculated by discounting the annual cost (risk premium) of capital consolidation equivalent to the benchmark Solvency Capital Requirement as defined in the regulations over the residual period to maturity of the liabilities used to calculate the best estimate. The cost of capital is set at 6% in accordance with Article 39 of the Delegated Regulation.

The Risk Margin is calculated as a total amount and then allocated by Solvency II business line in proportion to the weight of the capital requirement of each.

The table below shows the Risk Margin as of December 31, 2022:

	(Unit: thousands of euros)				
	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
<b>Risk Margin</b>	<b>2 278</b>	<b>1 430</b>	<b>1 558</b>	<b>59,2%</b>	<b>- 8,2%</b>
Motor vehicle liability insurance	441	552	630	- 20,2%	- 12,3%
Other motor insurance	153	86	84	77,5%	2,2%
Fire and other damage to property insurance	934	300	308	211,6%	- 2,7%
Miscellaneous financial loss	0	0	0	96,4%	- 14,7%
Medical expense insurance	431	216	242	100,0%	- 11,1%
Income protection insurance	300	265	284	13,3%	- 6,7%
Workers' compensation NSLT insurance	19	12	10	56,5%	24,8%

**Table 20** - Risk Margin by business line

The risk margin shows an increase of 59,2% compared to 2021, representing 2.278 thousand euros (1.430 in 2021), to which contributes the greater maturity of the cash flows of the best estimate, resulting from longer payment patterns. All business lines increase the value of the risk margin with the exception of Motor vehicle Liability Insurance. The risk margin allocation by business line until 2021 was based on best estimates, and from 2022 onwards, as mentioned above, is based on the capital requirements of each business line.

#### D.3.7 Reinsurance Recoverable Assessment

Best estimates ceded are evaluated applying the same principles adopted for gross best estimates. Future cash flows ceded are calculated within the limits of the insurance contracts to which they pertain. Future ceded cash flows are calculated separately for premium provisions and claims provisions reported but not closed.

The ceded best estimates evaluated using this method are adjusted by the probability of reinsurer default. Collateral was used to limit the risk exposure due to default of the reinsurer.

The probability of bankruptcy is estimated based on market data such as spreads, ratings, and creditworthiness ratios. In the absence of other data, the probability associated with each credit quality step can be estimated based on the parameters of the standard formula.

Due to limitations on historical data, the amounts of book reserves at the valuation date were assumed to be the best estimate of reinsurance recoverable. These amounts are projected according to historical payment patterns, obtained from payment triangles. The time structure of risk-free interest rates is applied to the cash flows thus obtained to obtain the discounted value.

The table below presents the recoverable reinsurance on December 31, 2022:

(Unit: thousands of euros)					
	2022	2021	2020	Var 2022/ 2021	Var 2021/ 2020
<b>Reinsurance Recoverables</b>	<b>6 199</b>	<b>7 894</b>	<b>9 481</b>	<b>- 21,5%</b>	<b>- 16,7%</b>
Motor vehicle liability insurance	1 846	2 438	3 151	- 0,2	- 22,6%
Other motor insurance	- 1 502	- 1 461	- 1 542	0,0	- 5,2%
Fire and other damage to property insurance	- 951	- 863	- 849	0,1	1,7%
Miscellaneous financial loss	2	4	4	- 0,4	4,3%
Medical expense insurance	- 155	- 130	- 129	0,2	0,0%
Income protection insurance	6 763	7 740	8 704	- 0,1	- 11,1%
Workers' compensation NSLT insurance	197	166	142	0,2	17,1%

**Table 21** - Recoverable reinsurance by business line

These amounts are then adjusted to account for counterparty risk. The adjustment made in 2022, using the simplification foreseen in article 61 of the Delegated Regulation, was -1.3 thousand euros.

#### D.3.8 Significant changes in assumptions used

Technical provisions are calculated by business line, based on the best estimates of actuarial assumptions. All assumptions are updated annually based on experience and are approved by the General Management Committee on a proposal from the Actuarial and Reinsurance Department, after discussion in the Technical Committee.

The Company has maintained a prudent approach to the level of provisioning, mitigating the impact on its models of atypical effects in the impacted business lines.

#### D.3.9 Impact of reducing volatility adjustment to zero

The use of volatility adjustment is subject to the approval of the Supervisor. Mudum Seguros was authorized by the Insurance and Pension Funds Supervisory Authority (ASF) on October 6, 2016, to use the volatility adjustment in the calculation of technical provisions, in accordance with Directive 2009/138/EC.

The possible effect of a reduction of the volatility adjustment to zero was tested on December 31, 2022, resulting in an increase in technical provisions by 140.6 thousand euros, representing a net impact on own funds of -8.7 thousand euros and 1.5 thousand euros on the Solvency

Capital Requirement, as presented in the table below and in Annex on the QRT S.22.01.01. The impact on the Solvency Capital Requirement coverage ratio is -0.57pp.

	(Unit: thousands of euros)					
	With volatility adjustment		Without volatility adjustment		Var With VA vs Without VA	
	2 022	2 021	2 022	2 021	2 022	2 021
Technical provisions	54 856	53 987	54 996	54 003	140,6	16,1
Solvency Capital Requirement	18 346	19 753	18 355	19 754	8,7	1,5
Basic own funds	34 981	45 231	34 893	45 222	- 88,0	- 8,2
Solvency Ratio	190,7%	229,0%	190,1%	228,9%	- 0,57 p.p	- 0,06 p.p
Minimum Capital Requirement	8 256	8 030	8 260	8 031	3,9	0,9
MCR Ratio	423,7%	563,2%	422,5%	563,1%	- 1,27 p.p	- 0,16 p.p

**Table 22** – Impact of volatility adjustment

#### D.3.10 Impact of other long-term measures

Mudum Seguros does not apply the transitional measure on technical provisions, nor other long-term measures, namely the matching adjustment and the transitional measure on risk-free interest rates, as regulated in Directive 2009/138/EC.

### D.4 OTHER RESPONSIBILITIES

The following table Solvency II values for liabilities other than technical provisions:

(Unit: thousands of euros)

Solvência II	2022	2021	2020
Contingent liabilities	0	0	0
Provisions other than technical provisions	550	709	1 153
Pension benefit obligations	0	0	0
Deposits from reinsurers	0	0	0
Deferred tax liabilities	5 368	6 392	6 052
Derivatives	0	0	0
Debts owed to credit institutions	0	0	0
Financial liabilities other than debts owed to credit institutions	0	0	0
Insurance & intermediaries payables	1 179	1 327	1 109
Reinsurance payables	1 942	1 257	764
Payables (trade, not insurance)	3 362	1 618	1 936
Subordinated liabilities	0	0	0
Any other liabilities, not elsewhere shown	11 897	12 039	11 938
<b>Total do Ativo</b>	<b>79 154</b>	<b>77 330</b>	<b>81 472</b>

**Table 23 - Solvency Liabilities Accounts**

The changes between the Solvency II accounts and the statutory accounts are shown in the Appendix in QRT S.02.01.

#### D.4.1 Provisions and eventual liabilities

Nothing to mention.

#### D.4.2 Employee benefit obligations

Mudum Seguros has adopted the IAS 19 Bond valuation because this standard provides a valuation method consistent with an economic valuation.

The Company does not have any liabilities with pension plans or retirement plans, of defined benefit, to employees or members of the governing bodies.

#### D.4.3 Financial liabilities

Nothing to mention.

#### D.4.4 Accounts payable due to Insurance, reinsurance and commercial agreements

Considering that these are generally short-term liabilities, the balance sheet value of the various items at the balance sheet date is considered a reasonable estimate of their fair value.

#### D.4.5 Deferred tax liabilities

Deferred tax liabilities refer to temporary differences arising from the application of fair value between the economic value and the tax value of assets and liabilities as well as differences between the amounts of assets and liabilities for accounting purposes and the respective amounts for tax purposes recognized in accordance with IFRS and specifically IAS 12. Considering the expectations of future profits and the date of their reversibility, the deferred tax rate used was 25%.

### D.5 ALTERNATIVE EVALUATION METHODS.

Nothing to mention.

### D.6 ADDITIONAL INFORMATION

Nothing to mention.

## E. CAPITAL MANAGEMENT

### E.1 EQUITY

#### E.1.1 Capital Management Policy

The level of own funds shall be appropriate to capital requirements and adapted to the risk profile, the activity carried out by the company and its size.

Mudum Seguros' Own Funds Management Policy integrates the Company's specific and preponderant risk factors and is part of the risk appetite framework as defined in the Risk Appetite Policy, both validated by the Board of Directors.

The Capital Management Policy was defined with the main objective of ensuring the existence of adequate principles and methodologies of capital management that allow ensuring the soundness of the company, the protection of the insured and the maximization of the return for shareholders. In this context, the Capital Management Policy was developed on the basis of a set of general principles, namely:

- Compliance with the legal and regulatory framework applicable to Capital Management;
- The capital objective is established taking into account the business and risk strategy defined by the Company;
- The Company establishes a mix of capital instruments that allows the achievement of an efficient average cost of capital;
- Capital Allocation is carried out in order to maximize the risk-return ratio;
- The Dividend Policy is conditioned by the results of the capital management plan, the established strategy and the internal limits defined.

As such, this policy should be analyzed jointly with other company policies, namely the Risk Appetite and ORSA Policy, of particular importance for the definition of capital objectives.

Mudum Seguros ensures compliance with the capital management plan, its solvency position, compliance with the limits set out in the Risk

Appetite Policy as well as the permanent coverage of the solvency capital requirement (SCR) and minimum capital requirement (MCR) through at least quarterly monitoring of its capital and solvency requirements.

### E.1.2 Deferred taxes

The amount of deferred tax assets (3.210 thousand euros in 2022) recognized in the prudential balance sheet is identical to the amount recognized in local accounts, drawn up in accordance with IFRS standards. These are temporary differences between the amount of assets for accounting purposes and their amount for taxation purposes. Of the amount recognized in 2022, around 2.421 thousand are related to unrealized losses on financial assets valued at fair value through reserves, 372 thousand euros relates to provisions and/or increases in costs to be recognized at the time of their materialization, 272 thousand euros, relating to unevenness with financial assets that will be recognized when the assets are sold or reversal of around 145 thousand referring to the reserve resulting from the overlap approach.

In net terms, i.e., deferred tax assets deducted from deferred tax liabilities, the prudential balance sheet does not present deferred tax assets.

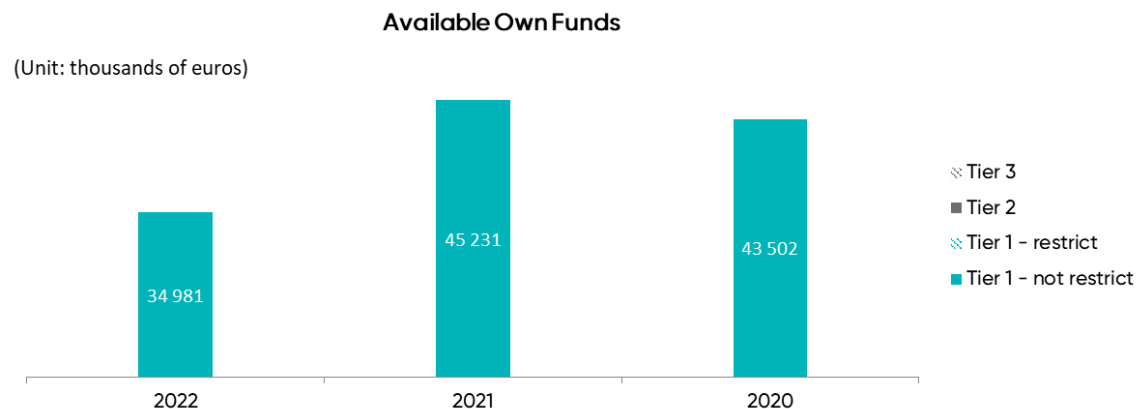
## E.2 AVAILABLE OWN FUNDS

### E.2.1 Structure of Own Funds

Mudum Seguros covers its regulatory capital burden primarily using capital and reserves. All elements of own funds are denominated in euro.

The amount of available capital in the Company during 2022 reached 34.981 thousand euros (45.231 in 2021), consisting of capital (15.000 thousand euros) and the reconciliation reserve 19.981 thousand euros (30.231 in 2021).

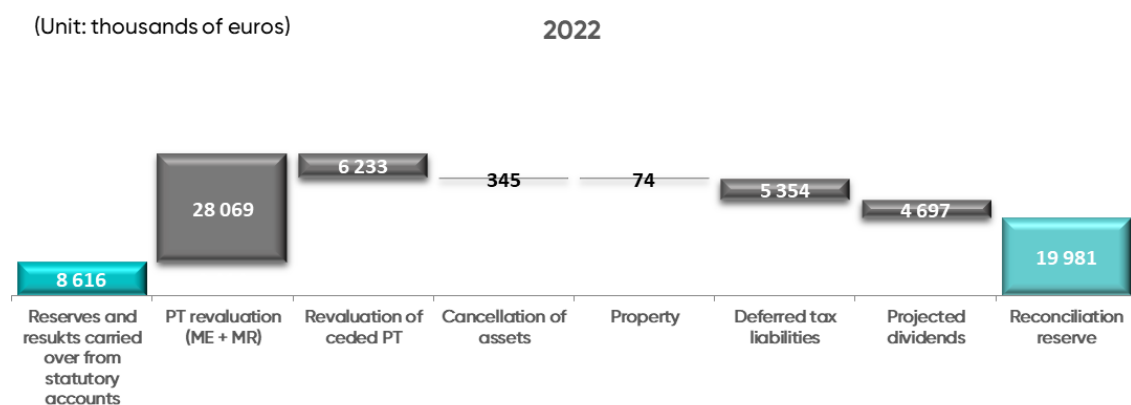


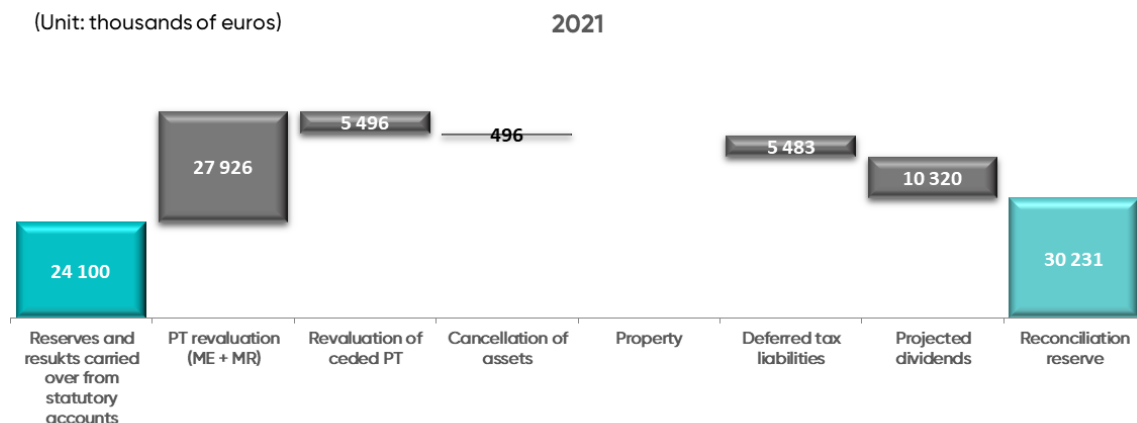


**Figure 6** - Available own funds

### E.2.2 Reconciliation Reserve

The reconciliation reserve is a significant component of own funds, consisting of the following items:





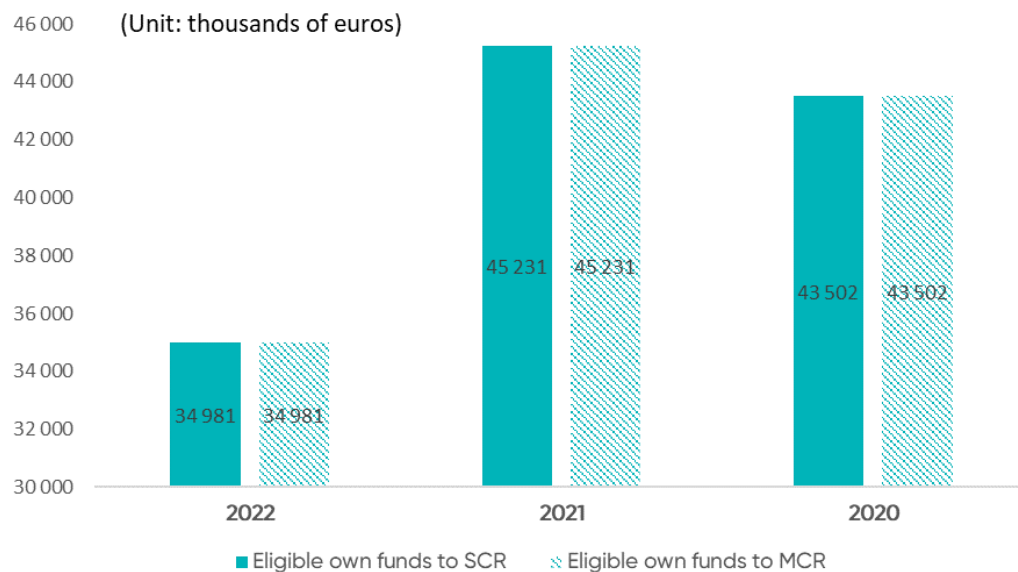
**Figure 7 – Reconciliation Reserve**

The Reconciliation Reserve reached 19.981 thousand euros as of December 31, 2022 (30.233 in 2021). The main elements to be highlighted in its composition are the consolidated reserves in statutory accounts (retained earnings, reserves, profits) in the amount of 8.616 thousand euros (24.100 in 2021) and the revaluations of technical provisions in the amount of 28.069 thousand euros (27.926 in 2021).

The main deductions are of 6.233 thousand euros in the revaluation of technical provisions ceded (5.496 in 2021), 5.354 thousand euros (5.843 in 2021) of deferred tax liabilities and 4.697 thousand euros (10.320 in 2021) of dividends.

### E.2.3 Eligible Own Funds

Eligible own funds to meet the Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR) totaled 34.981 as of December 31, 2022 (45.231 in 2021).



**Figure 8** - Eligible own funds

As in the previous year, there is no difference between available own funds and eligible own funds in 2022.

#### E.2.4 Capital management plan

- **Central Scenario**

The medium-term capital management plan was carried out taking into account the projected results of the risk prospection assessment exercise (ORSA).

The financing plan for the period 2023-2025 was defined based on the central scenario aligned with the risk appetite framework.

Mudum Seguros has a high-quality capital structure (mostly Tier 1) and with strong stability in the coming years, with no significant changes in the period under review.

The efficient capital management strategy established by the Company is based not on the alteration or conversion of capital instruments, but on the Dividend Policy, with a distribution of about 90% of the net results generated for the coming years.

This option, more prudent and flexible, aims to ensure the maintenance of a solid capital structure and the adoption of a strategy aligned with the company's performance which can be changed if there are needs for greater capital robustness.

Since all the company's own funds relate to Tier 1 capital, all the eligibility criteria for capital to cover the Solvency Capital Requirement and Minimum Capital Requirement are met.

The Company's risk profile for the coming years and the various risk management and monitoring mechanisms in the Company do not, however, foresee significant and/or sudden capital needs for the period under review.

- **Stressed scenario**

In the framework of the ORSA exercise held in 2022 and to assess in a comprehensive and complete manner the capital needs arising from its exposure to risk, Mudum Seguros analyzed the main risks to which it is exposed, defining for each risk an extreme but plausible scenario. This analysis resulted in a set of stress scenarios from which it was possible to test the impact of risks not covered by pillar I that could jeopardize the Company's strategic objectives. The exercise aimed to evaluate the robustness of the Company and its Capital in stressful situations, to ensure that its exposure to risk does not call into question the implementation of its strategy for the next three years.

The main stress scenarios performed were as follows:

- Catastrophic events: Storms and Floods;
- Combined scenario: High severity event and default of the leading reinsurer;
- Loss of business.

Additionally, 3 new scenarios defined at the CAA Group level were carried out:

- Economic deterioration;
- Sustained low rates;
- High rates.

From the risk and capital analysis it is possible to conclude that Mudum Seguros presents Solvency Ratios until 2025 at the level corresponding to the performance of the business plan and management objectives defined in the Risk Appetite Policy, reflecting a comfortable Solvency Position and the adequacy of available capital in the light of the assumptions assumed.

The stress analyses showed an important set of risks to which the Company is potentially exposed, in scenarios of lower probability of occurrence, but high impacts, measuring the consequences in terms of its solvency situation. Even in these most extreme scenarios, the solvency situation remains at appropriate levels and no significant and/or sudden capital needs are being for the period under review.

Nevertheless, Mudum Seguros will continue to invest in close monitoring of its capital and risk, also continuing to invest in a risk diversification strategy and an investment strategy with lower capital consumption, balancing the binomial risk-return.

#### E.2.5 Adjustment for the absorption capacity of deferred tax losses

Mudum Seguros recognizes the adjustment to the absorption capacity of deferred tax losses in the amount of 4.877 thousand euros justified by the reversal of deferred taxes on liabilities and deferred taxes on assets, both related to the effect deriving from the time differences, as well as by the reversal justified by the recovery of probable future taxable profits.

To calculate the adjustment arising from the projection of probable future profits, the loss of the basic solvency capital requirements and operational risk was allocated to their origins in order to obtain a stressed balance sheet and the consequent impact on the company's profits. For this purpose, it was considered that the impacts at the level of investment securities reflect their devaluation, having no implications at the level of the payment capacity of the respective cash-flows, and consequently represent a temporary/reversible difference. The remaining impacts were considered as permanent differences and were therefore directly represented in the stressed P&L, which reflects the starting point for the projection of the fiscal result and probable future taxable profits.

The projection considers the prospects for evolution and market positioning after the instantaneous loss, i.e., it considers the growth patterns and assumptions of new business as well as management and risk perception constraints associated with the position immediately after the shock situation.

### E.3 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

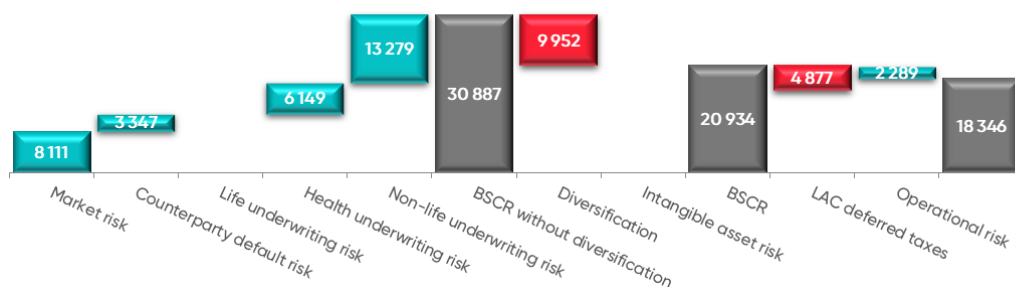
Mudum Seguros' solvency capital requirement (SCR) is calculated according to the standard formula of Solvency II.

The interest rate curve used to calculate actuarial responsibilities as of 31 December 2022 considers credit risk adjustment and volatility adjustment, as approved by the Supervisory Body (ASF). No additional transitional measures have been adopted.

As of December 31, 2022, the Solvency Capital Requirement totaled 18.346 thousand euros (19.753 in 2021). Underwriting risk is the main risk for Mudum Seguros, contributing 19.429 thousand euros (17.920 in 2021), divided between 13.279 thousand euros (12.710 in 2021) for non-life underwriting risk and 6.149 thousand euros (5.210 in 2021) for health underwriting risk. Market risk contributes 8.111 (10.686 in 2021) and the counterparty default risk with 3.347 (4.677 in 2021) from the capital and risk requirement. The adjustment related to the absorption capacity of deferred taxes is 4.877 thousand euros (5.251 in 2021) and the operational risk contributes with 2.289 thousand euros (2.263 in 2021).

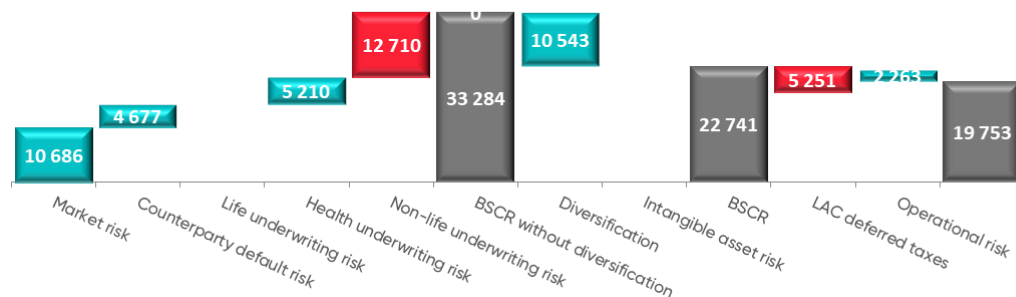
(Unit: thousands of euros)

**2022**



(Unit: thousands of euros)

2021



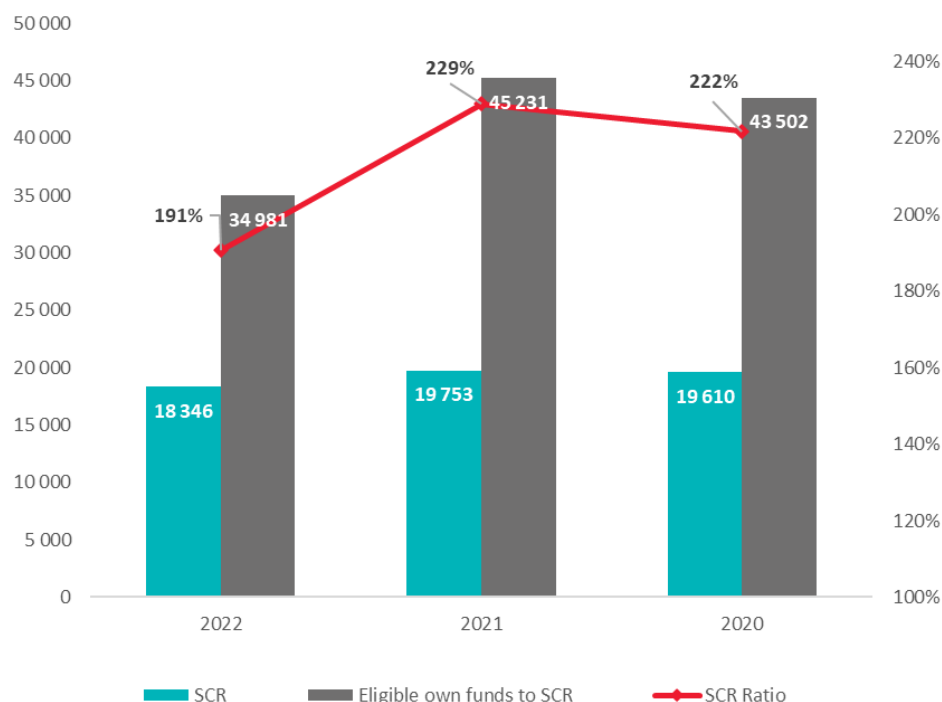
**Figure 9** - Decomposition of the Solvency Capital Requirement in 2022 and 2021

Additional information concerning the Solvency Capital Requirement:

- The solvency capital requirement is also subject to the Supervisor's assessment;
- The company does not use simplified calculations for the risk models illustrated above;
- The company does not use company-specific parameters.

In comparison with the last year, the Solvency Capital Requirement decreased 7.1% in 2022 as a result of the evolution in business volume. In the same period, the value of eligible Own Funds decreased 22.7%.

(Unit: thousands of euros)



**Figure 10** - Evolution of the Solvency Capital Requirement, Eligible Own Funds and Solvency capital

Information regarding the main changes to the Solvency Capital Requirement in the reporting period, and the reasons for these changes, are included in Chapter C.

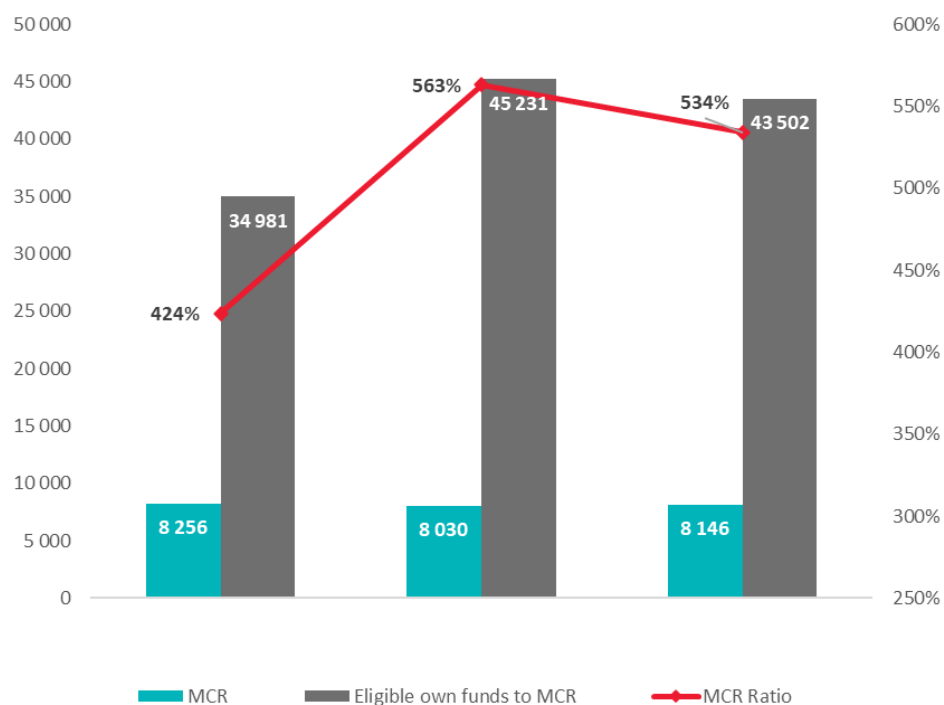
The calculation of the Minimum Capital Requirement (MCR) is based on the net value of technical provisions and Solvency capital requirement. The result of the calculation is subsequently subject to a minimum and maximum limit of 25% and 45% of the Solvency Capital Requirement, respectively. The Company's Minimum Capital Requirement is 8.256 thousand euros as of December 31, 2022 (8.030 in 2021), representing 45% of the Solvency Capital Requirement (41% in 2021).

The capital ratios eligible to meet the solvency capital requirement (SCR) and the minimum capital requirement (MCR) are 191% (229% in 2021)



and % (563% in 2021), respectively, as detailed in the Annex to QRT S.23.01.

(Unit: thousands of euros)



**Figure 11** – Evolution of the Minimum Capital Requirement, Eligible Own Funds and Minimum capital Ratio

## F. ATTACHMENTS

### S.02.01.02 – Balance sheet

(Unit: thousands of euros)

		Solvency II value
<b>Assets</b>		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	3 210
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	3 290
<b>Investments (other than assets held for index-linked and unit-linked contracts)</b>	<b>R0070</b>	<b>100 180</b>
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
<i>Equities</i>	<i>R0100</i>	
Equities – listed	R0110	
Equities – unlisted	R0120	
<i>Bonds</i>	<i>R0130</i>	<i>90 159</i>
Government Bonds	R0140	27 239
Corporate Bonds	R0150	62 920
Collective Investments Undertakings	R0180	6 843
Deposits other than cash equivalents	R0200	3 178
Assets held for index-linked and unit-linked contracts	R0220	
<b>Loans and mortgages</b>	<b>R0230</b>	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
<b>Reinsurance recoverables from:</b>	<b>R0270</b>	<b>6 198</b>
Non-life and health similar to non-life	R0280	6 198
Non-life excluding health	R0290	-606
Health similar to non-life	R0300	6 804
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	711
Reinsurance receivables	R0370	1 474
Receivables (trade, not insurance)	R0380	1 231
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	2 198
Any other assets, not elsewhere shown	R0420	339
<b>Total assets</b>	<b>R0500</b>	<b>118 832</b>
<b>Liabilities</b>		
<b>Technical provisions – non-life</b>	<b>R0510</b>	<b>54 856</b>
<b>Technical provisions – non-life (excluding health)</b>	<b>R0520</b>	<b>37 994</b>
Best Estimate	R0540	36 466
Risk margin	R0550	1 528
<b>Technical provisions – health (similar to non-life)</b>	<b>R0560</b>	<b>16 861</b>
Best Estimate	R0580	16 111
Risk margin	R0590	750
<b>Technical provisions – life (excluding index-linked and unit-linked)</b>	<b>R0600</b>	
<b>Technical provisions – health (similar to life)</b>	<b>R0610</b>	
<b>Technical provisions – life (excluding health and index-linked and unit-linked)</b>	<b>R0650</b>	
<b>Technical provisions – index-linked and unit-linked</b>	<b>R0690</b>	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	550
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	5 368
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	1 179
Reinsurance payables	R0830	1 942
Payables (trade, not insurance)	R0840	3 362
<b>Subordinated liabilities</b>	<b>R0850</b>	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	11 897
<b>Total liabilities</b>	<b>R0900</b>	<b>79 154</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>39 678</b>

## S.05.01.02 - Premiums, claims and expenses by line of business

(Unit: thousands of euros)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	Miscellaneous financial loss	
		C0010	C0020	C0030	C0040	C0050	C0070	C0120	C0200
<b>Premiums written</b>									
Gross - Direct Business	R0110	25 675	10 369	617	7 699	7 396	25 788	7	78
Reinsurers' share	R0140	372	6 379	355	226	1 486	1 630	8	10
<b>Net</b>	<b>R0200</b>	<b>25 303</b>	<b>3 990</b>	<b>262</b>	<b>7 473</b>	<b>5 910</b>	<b>24 158</b>	<b>0</b>	<b>67</b>
<b>Premiums earned</b>									
Gross - Direct Business	R0210	25 503	9 268	612	7 804	7 465	25 624	8	76
Reinsurers' share	R0240	373	7 297	355	226	1 486	1 630	8	11
<b>Net</b>	<b>R0300</b>	<b>25 131</b>	<b>1 971</b>	<b>257</b>	<b>7 578</b>	<b>5 979</b>	<b>23 994</b>	<b>0</b>	<b>65</b>
<b>Claims incurred</b>									
Gross - Direct Business	R0310	19 212	735	230	5 969	2 541	11 973	0	41
Reinsurers' share	R0340	18	836	115	-61	0	8	0	1
<b>Net</b>	<b>R0400</b>	<b>19 194</b>	<b>-101</b>	<b>115</b>	<b>6 030</b>	<b>2 541</b>	<b>11 965</b>	<b>0</b>	<b>40</b>
<b>Changes in other technical provisions</b>									
Gross - Direct Business	R0410	1 723		-12		-1 045	-312	-1	0
Reinsurers' share	R0440								0
<b>Net</b>	<b>R0500</b>	<b>1 723</b>		<b>-12</b>		<b>-1 045</b>	<b>-312</b>	<b>-1</b>	<b>0</b>
<b>Expenses incurred</b>	<b>R0550</b>	<b>6 435</b>	<b>4 179</b>	<b>125</b>	<b>529</b>	<b>5 273</b>	<b>10 789</b>	<b>1</b>	<b>27</b>
<b>Administrative expenses</b>									
Gross - Direct Business	R0610	905	1 061	62	-67	1 367	2 974	0	6
Reinsurers' share	R0640								0
<b>Net</b>	<b>R0700</b>	<b>905</b>	<b>1 061</b>	<b>62</b>	<b>-67</b>	<b>1 367</b>	<b>2 974</b>	<b>0</b>	<b>6</b>
<b>Investment management expenses</b>									
Gross - Direct Business	R0710	47	75	4	1	105	62	0	0
Reinsurers' share	R0740								0
<b>Net</b>	<b>R0800</b>	<b>47</b>	<b>75</b>	<b>4</b>	<b>1</b>	<b>105</b>	<b>62</b>	<b>0</b>	<b>0</b>
<b>Claims management expenses</b>									
Gross - Direct Business	R0810	2 457	84	2	52	2 770	3 669	0	9
Reinsurers' share	R0840								0
<b>Net</b>	<b>R0900</b>	<b>2 457</b>	<b>84</b>	<b>2</b>	<b>52</b>	<b>2 770</b>	<b>3 669</b>	<b>0</b>	<b>9</b>
<b>Acquisition expenses</b>									
Gross - Direct Business	R0910	3 026	2 960	57	543	1 031	4 084	1	12
Reinsurers' share	R0940								0
<b>Net</b>	<b>R1000</b>	<b>3 026</b>	<b>2 960</b>	<b>57</b>	<b>543</b>	<b>1 031</b>	<b>4 084</b>	<b>1</b>	<b>12</b>
<b>Overhead expenses</b>									
<b>Net</b>	<b>R1100</b>								<b>0</b>
<b>Total expenses</b>	<b>R1300</b>								<b>27 358</b>

## S.05.02.02 - Premiums, claims and expenses by country

(Unit: thousands of euros)

		Total Top 5 and home country	Home Country
		C0140	Portugal (PT) C0080
<b>Premiums written</b>			
Gross - Direct Business	R0110	77 552	77 552
Reinsurers' share	R0140	10 457	10 457
<b>Net</b>	<b>R0200</b>	<b>67 095</b>	<b>67 095</b>
<b>Premium earned</b>			
Gross - Direct Business	R0210	76 286	76 286
Reinsurers' share	R0240	11 375	11 375
<b>Net</b>	<b>R0300</b>	<b>64 910</b>	<b>64 910</b>
<b>Claims incurred</b>			
Gross - Direct Business	R0310	40 660	40 660
Reinsurers' share	R0340	916	916
<b>Net</b>	<b>R0400</b>	<b>39 744</b>	<b>39 744</b>
<b>Changes in other technical provisions</b>			
Gross - Direct Business	R0410	353	353
Reinsurers' share	R0440	0	
<b>Net</b>	<b>R0500</b>	<b>353</b>	<b>353</b>
<b>Expenses incurred</b>	<b>R0550</b>	<b>27 331</b>	<b>27 331</b>
<b>Other expenses</b>	<b>R1200</b>	<b>27</b>	
<b>Total expenses</b>	<b>R1300</b>	<b>27 358</b>	

## S.17.01.02 - Non - life Technical Provisions

(Unit: thousands of euro)

		Direct business and accepted proportional reinsurance								Total Non-Life obligations
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	Miscellaneous financial loss	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0130	C0180
Technical provisions calculated as a whole	R0010									0
Direct business	R0020									0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050									0
Technical Provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	2 653	8 100	47	2 215	2 403		5 781	3	21 203
Gross - direct business	R0070	2 653	8 100	47	2 215	2 403	0	5 781	3	21 203
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100	-155	6 064	-36	-115	-1 502		-978	-3	3 274
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	-155	6 064	-36	-115	-1 502	0	-978	-3	3 274
Recoverables from SPV before adjustment for expected losses	R0120	0	0	0	0	0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-155	6 064	-36	-115	-1 502	0	-978	-3	3 274
Net Best Estimate of Premium Provisions	R0150	2 808	2 036	83	2 330	3 905		6 760	6	17 929
Claims provisions										
Gross	R0160	3 919	926	466	16 041	1 247		8 770	5	31 375
Gross - direct business	R0170	3 918,91	926,48	466,06	16 041,48	1 246,84	0,00	8 770,12	4,92	31 375
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	699	233	1 960	0	0	27	5	2 924
Net Best Estimate of Claims Provisions	R0250	3 919	228	233	14 081	1 247		8 743	0	28 451
Total Best estimate - gross	R0360	6 572	9 026	513	18 257	3 450		14 551	8	52 578
Total Best estimate - net	R0270	6 727	2 264	316	16 411	5 152		15 503	6	44 380
Risk margin	R0280	431	300	19	441	153	0	934	0	2 278
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									0
Best estimate	R0300									0
Risk margin	R0310									0
Technical Provisions										
Technical provisions - total	R0320	7 003	9 326	532	18 698	3 803		15 485	9	54 856
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-155	6 762	197	1 845	-1 502		-951	2	6 198
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	7 158	2 564	335	16 852	5 305		16 436	6	48 657

## S.19.01.21 - Non-Life insurance claims

Non-life Insurance Claims Information (non-cumulative)

(Unit: thousands of euros)

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	In Current year	Sum of years (cumulative)
Prior																23	23	23
2008	21 523	7 060	1 143	1 314	264	249	11	16	530	1	0	10	0	0	0		0	32 121
2009	23 456	9 805	717	352	485	51	34	66	17	9	138	614	13	1			1	35 758
2010	33 850	9 275	896	674	195	298	645	215	109	33	153	233	881				881	47 457
2011	28 183	10 203	1 378	704	380	236	214	586	2 848	397	123	67					67	45 319
2012	29 451	8 424	861	872	914	277	3 838	176	4	952	-3						-3	45 765
2013	36 384	9 108	759	415	517	572	324	-6	370	-2							-2	48 441
2014	34 215	7 831	988	512	1 265	1 216	511	99	412								412	47 049
2015	28 608	6 185	1 213	587	202	1 417	13	229									229	38 455
2016	30 460	7 834	880	291	1 103	337	205										205	41 110
2017	30 280	11 365	1 284	1 171	325	556											556	44 981
2018	30 288	9 596	1 078	945	208												208	42 115
2019	25 779	12 319	1 181	722													722	40 002
2020	24 221	10 547	1 779														1 779	36 548
2021	26 605	9 267															9 267	35 871
2022	24 238																24 238	24 238
Total																	38 582	605 253

Gross undiscounted Best Estimate Claims Provisions  
(absolute amount)

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end (discounted data)
Prior																10	6
2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19		12
2009	0	0	0	0	0	0	0	0	0	0	0	0	0	18			12
2010	0	0	0	0	0	0	0	0	0	0	0	0	49				33
2011	0	0	0	0	0	0	0	0	0	0	0	91					63
2012	0	0	0	0	0	0	0	0	0	0	270						174
2013	0	0	0	0	0	0	0	0	0	351							238
2014	0	0	0	0	0	0	0	0	576								415
2015	0	0	0	0	0	0	0	760									566
2016	0	0	0	0	0	0	1 079										850
2017	0	0	0	0	0	1 685											1 367
2018	0	0	0	0	2 021												1 675
2019	0	0	0	2 981													2 514
2020	0	0	3 839														3 257
2021	0	5 309															4 458
2022	22 641																16 196
Total																	31 837

## S.22.01.01 – Impact of long term guarantees and transitional measures

(Unit: thousands of euros)

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero	Impact of all LTG measures and transitionals
		C0010	C0030	C0050	C0070	C0090	C0100
Technical provisions	R0010	54 856			141		141
Basic own funds	R0020	34 981			-88		-88
Excess of assets over liabilities	R0030	39 478			-88		-88
Eligible own funds to meet Solvency Capital Requirement	R0050	34 981			-88		-88
Tier I	R0060	34 981			-88		-88
Tier II	R0070						
Tier III	R0080						
Solvency Capital Requirement	R0090	18 346			9		9
Eligible own funds to meet Minimum Capital Requirement	R0100	34 981			-88		-88
Minimum Capital Requirement	R0110	8 256			4		4

## S.23.01.22 – Own funds

(Unit: thousands of euros)

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>						
Ordinary share capital (gross of own shares)	R0010	15 000	15 000			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	19 981	19 981			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
<b>Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b>						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
<b>Deductions</b>						
Deductions for participations in financial and credit institutions	R0230					
<b>Total basic own funds after deductions</b>	<b>R0290</b>	<b>34 981</b>	<b>34 981</b>			
<b>Ancillary own funds</b>						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
<b>Total ancillary own funds</b>	<b>R0400</b>					
<b>Available and eligible own funds</b>						
Total available own funds to meet the SCR	R0500	34 981	34 981			
Total available own funds to meet the MCR	R0510	34 981	34 981			
Total eligible own funds to meet the SCR	R0540	34 981	34 981			
Total eligible own funds to meet the MCR	R0550	34 981	34 981			
SCR	R0580	18 346				
MCR	R0600	8 256				
Ratio of Eligible own funds to SCR	R0620	190,67%				
Ratio of Eligible own funds to MCR	R0640	423,72%				
<b>Reconciliation reserve</b>						
Reconciliation reserve						
Excess of assets over liabilities	R0700	39 678				
Own shares (held directly and indirectly)	R0710					
Foreseeable dividends, distributions and charges	R0720	4 697				
Other basic own fund items	R0730	15 000				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740					
<b>Reconciliation reserve</b>	<b>R0760</b>	<b>19 981</b>				
<b>Expected profits</b>						
Expected profits included in future premiums (EPIFP) - Life Business	R0770					
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	7 102				
<b>Total Expected profits included in future premiums (EPIFP)</b>	<b>R0790</b>	<b>7 102</b>				

## S.25.01.21 – Solvency Capital Requirement – for undertakings on Standard Formula

(Unit: thousands of euros)

		Net solvency capital requirement	Gross solvency capital requirement	USP	Simplifications
		C0030	C0040	C0080	C0090
Market risk	R0010	8 111	8 111		0
Counterparty default risk	R0020	3 347	3 347		
Life underwriting risk	R0030				
Health underwriting risk	R0040	6 149	6 149	0	0
Non-life underwriting risk	R0050	13 279	13 279	0	0
Diversification	R0060	-9 952	-9 952		
Intangible asset risk	R0070				
<b>Basic Solvency Capital Requirement</b>	<b>R0100</b>	<b>20 934</b>	<b>20 934</b>		

### Calculation of Solvency Capital Requirement

		C0100
Total capital requirement for operational risk	R0130	2 289
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-4 877
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
<b>Solvency capital requirement excluding capital add-on</b>	<b>R0200</b>	<b>18 346</b>
Capital add-on already set	R0210	
<b>Solvency capital requirement</b>	<b>R0220</b>	<b>18 346</b>

Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	0
Net future discretionary benefits	R0460	0



## S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

(Unit: thousands of euros)

MCR calculation Non Life		Non-life activities		
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Linear formula component for non-life insurance and reinsurance obligations - MCR calculation
		C0020	C0030	
Medical expense insurance and proportional reinsurance	R0020	6 727	25 302	1 505
Income protection insurance and proportional reinsurance	R0030	2 264	3 990	636
Workers' compensation insurance and proportional reinsurance	R0040	316	262	53
Motor vehicle liability insurance and proportional reinsurance	R0050	16 411	7 473	2 097
Other motor insurance and proportional reinsurance	R0060	5 152	5 910	830
Marine, aviation and transport insurance and proportional reinsurance	R0070			
Fire and other damage to property insurance and proportional reinsurance	R0080	15 503	24 158	3 269
General liability insurance and proportional reinsurance	R0090			
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130	6		1
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

		Non-life activities	Life activities	Total
		C0010	C0040	
MCRNL Result	R0010	8 392		8 392
MCRL Result	R0200			
<b>Overall MCR calculation</b>		<b>C0070</b>		
Linear MCR	R0300	8 392		
SCR	R0310	18 346		
MCR cap	R0320	8 256		
MCR floor	R0330	4 587		
Combined MCR	R0340	8 256		
Absolute floor of the MCR	R0350	3 700		
<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>8 256</b>		