

# **ANNUAL REPORT**

**2020**

**Fidelidade – Companhia de  
Seguros, S.A.**

Translation of a document originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

# **Consolidated and Separate Annual Report and Accounts 2020**

**Fidelidade – Companhia de Seguros, S.A.**

Head Office: Largo do Calhariz nº 30 - 1249-001 Lisboa

Tax No. 500 918 880

Translation of a document originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

# Index

## **A MANAGEMENT REPORT**

## **B CONSOLIDATED ANNUAL REPORT AND ACCOUNTS**

B1 Consolidated Financial Statements

B2 Report and Opinions on the Consolidated Accounts

## **C SEPARATE ANNUAL REPORT AND ACCOUNTS**

C1 Separate Financial Statements

C2 Report and Opinions on the Separate Accounts

## **D CORPORATE GOVERNANCE REPORT**



# A Management Report

Translation of a document originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

# Contents

- 1. MESSAGE FROM THE BOARD OF DIRECTORS
- 2. WHO WE ARE
  - 2.1 Key Indicators
  - 2.2 Value Creation Model
  - 2.3 Mission and Values
  - 2.4 Our History
  - 2.5 Shareholder and Company Structure
  - 2.6 Our International Presence
  - 2.7 Corporate Bodies and Corporate Governance
  - 2.8 2020 Highlights
  - 2.9 Our COVID-19 Response
- 3. OUR BUSINESS MODEL
  - 3.1 Our Brand
  - 3.2 Products and Services
  - 3.3 Distribution Channels
  - 3.4 Innovation and Digitalisation
  - 3.5 Our People
  - 3.6 Our Contribution to a Sustainable Future
- 4. STRATEGY AND RISK MANAGEMENT
  - 4.1 Fidelidade Group Strategy
  - 4.2 How we manage risk
- 5. FINANCIAL PERFORMANCE
  - 5.1 Market Environment
  - 5.2 Market Shares
  - 5.3 Consolidated Financial Performance
  - 5.4 Separate Financial Performance
  - 5.5 Subsequent Events
  - 5.6 How we see the Future
- 6. APPLICATION OF INCOME
  - 6.1 Proposal for the Application of Income

# **1. MESSAGE FROM THE BOARD OF DIRECTORS**

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## MESSAGE FROM THE CHAIRMAN

### Before it's too late

The global health crisis that marked 2020 made it clear that efficacy in managing collective risks is largely dependent on the existence of solid, well-organised and equipped institutions and resilient firms, with the size and means that makes them significant for society. But the pandemic crisis also demonstrated that prevention of the most significant collective risks for Portugal, which, as is well known, is prone to earthquakes, forest fires, floods (and, one might also say, epidemics), is a prerequisite for social order and an absolute national priority, and this requires a new kind of understanding between the State and the insurance sector, before it's too late ...

Fidelidade has done its utmost to minimise the impact of the pandemic on its employees, its customers and society in general, with a series of significant measures, particularly in the areas of health and economic support (which will be explained in greater detail below), within the framework of our humanist worldview.

Insurers exist to protect people and their property, who are particularly vulnerable in times of crisis. What can make us stand out is not so much what we do, but how we do it, aiming to be there at the right time, with a caring and attentive attitude and the most appropriate solution for each specific situation.

We believe that, by dealing with the decisive factors in collective well-being, such as health, savings, retirement, education, and protection of employment and housing, among others, the Fidelidade Group is in the best position to continue to play an important role in the lives of its customers and in the communities where they live, in different geographies.



## MESSAGE FROM THE CEO

2020 was a year in which we truly put the Fidelidade Group's solidity and resilience to the test, and also our certainty regarding our business model, honouring the humanist spirit that guides our actions and make us a company that is different.

Portugal, the company's headquarters and our main market, where we are the clear market leader with a market share of 27%, suffered a dramatic fall in GDP of 7.6% as a direct result of the impact of the pandemic. The insurance market fell by 19%, dragged down by the negative performance of the Life segment, which fell by about 35%, and despite the resilience of the Non-Life business, which grew by 3%.

In the face of the pandemic scenario, we did not hesitate from the very first second to act in a determined manner and do what an insurer ought to do: protect people and their property, by protecting our employees, customers and business partners and extending this wave of protection to the whole society. We sought to do more than would be expected of us and to truly honour the "WeCare" spirit that we are especially proud of, helping Portuguese people to overcome this crisis. The list of support measures for employees, customers, business partners and the rest of the population is long, but among these we can highlight that we were one of the few insurers to bear the costs of both tests and treatment for COVID-19, and that we provided a free service for the entire Portuguese population via our symptom checker, thereby helping the national health service when it most needed it.

Despite all the difficulties, we managed to maintain the results for 2020 in line with previous years, and even increase our market share in Portugal by 1.7 pp. We achieved a net profit of EUR 222 million, which is a rise of 6% compared to 2019. We did, of course, benefit from the positive performance of the financial markets, particularly in the second half



of the year, and from the fact that there was no negative impact from climate phenomena, which had sadly occurred in previous years. One further benefit was the decrease in mobility, which also resulted in fewer road accidents in many of our markets.

In short, we might say that the recipe for our resilience in 2020 was largely the strength of our omni-channel model, which has allowed us to effectively integrate proximity to our distribution partners' customers with the digital competences that we have been investing in, thereby protecting the business and guaranteeing historically high levels of customer satisfaction. I must, however, also highlight our continued focus on the digital



transformation of the business, which is having an ever-greater impact on operational efficiency, service quality and an improved customer experience, and the launch onto the market of new innovative offers, which are part of a rationale of creating integrated ecosystems in health, mobility, home and savings.

We are increasingly expanding our business model, by focusing on innovation and digitalisation, to areas in which a greater presence in the day-to-day lives of our customers and a focus on prevention are gaining ground. By way of example, in 2020 the number of users of the website private area and the MyFidelidade App increased by 50%, to a total of 716,000. We also consolidated our telemedicine offer with new specialisations, and in 2020 over 50% of typical emergency episodes of our Multicare customers were resolved using this service. In terms of prevention, the best example is the launch of the Vitality programme in the health and life risk areas, which encourages our customers to adopt healthy lifestyles and rewards them for this.

In this last year, the performance of our international operations has also been of note. In Peru, we attained third place in the rankings with La Positiva, and in Bolivia we are the clear leader with around 23% of market share. In Macao, we incorporated the company Fidelidade Macau Vida, replacing the former branch. In Chile, where we launched a greenfield operation at the end of 2019,

we have reached the end of 2020 already with over 40 million dollars in premiums. This was a year of development in our international presence. In 2020, 24% of our revenue came from operations outside Portugal and we already have over 6.8 million customers in 4 continents.

A very special vote of thanks must go out to our employees and partners who have demonstrated great resilience and commitment in particularly difficult conditions, ensuring that the actions of the Fidelidade Group have lived up to expectations and to our purpose.

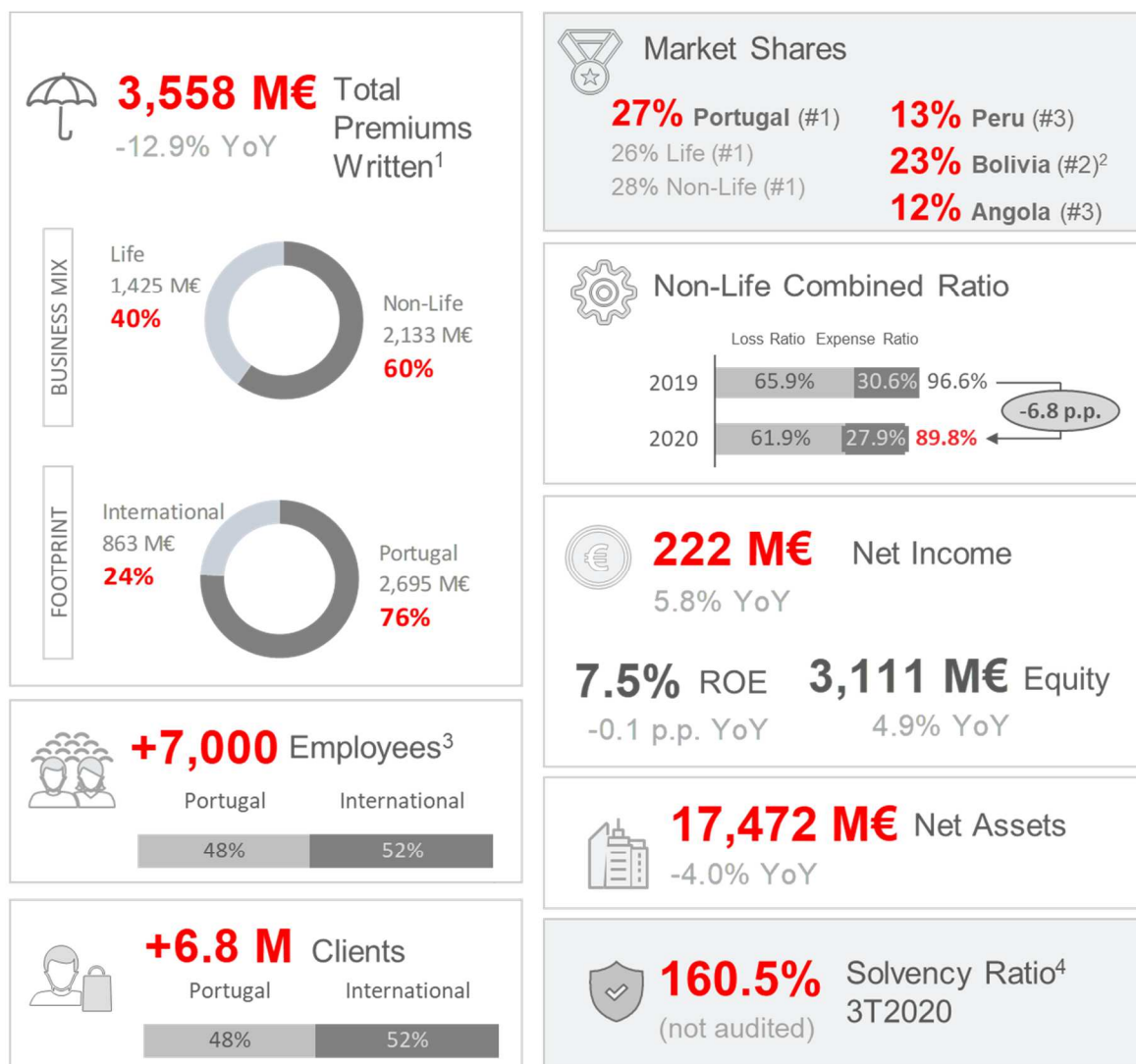
Our proactive approach to the pandemic and its effects will continue in 2021, in addition to the core of our strategy, which we believe it is essential to implement in order to prepare the future, a future in which significant financial, economic and social risks are anticipated and for which it will be essential to have strong and solvent insurers.

We believe that the route that the Fidelidade Group has been following in recent years, and specifically in this last year, will enable us to confidently face the inevitable challenges that lie ahead.

## 2. WHO WE ARE

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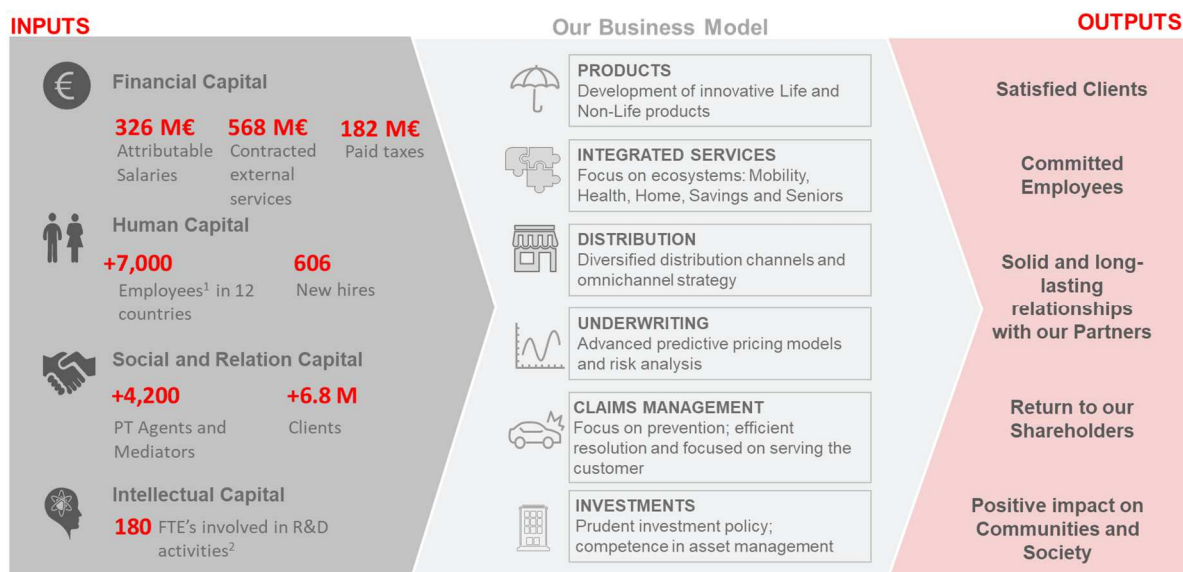
## 2.1 Key Indicators



1. Includes amounts related to investment contracts; 2. #1 among private capital insurers; 3. Excludes Luz Saúde employees. Total number of 14,623 employees; 4. Fidelidade individual

## 2.2 Value Creation Model

The Fidelidade Group's Business Model is born out of our mission and values, and is supported by our strategy and governance model. The main aim of the business model is to create value for our customers, employees, partners, shareholders and society in general. The Fidelidade Group believes its activity should be customer-centric, guaranteeing them protection and satisfaction.



1. Excludes Luz Saúde Employees; 2. Number of people who developed R&D activities at Grupo Fidelidade in 2019, excluding Luz Saúde (Source: IPCTN19)

## 2.3 Mission and Values

The Fidelidade Group's mission is to support development and the building of a sustainable society. The Group is committed to educating, serving, assisting and caring for people throughout their lives, with innovative products and services that provide effective protection.

From our early origins, we have always been a human company made up of people thinking about people. We are genuine in everything we say and do. People know they can trust us. This is the commitment we have made, which also promotes stability in our relations with all those who are Fidelidade – customers, employees, partners, shareholders and society itself. This is what we work for every day, giving meaning to our purpose, so that life never stops!

**It is by sharing our values that we are Fidelidade!**

### **BE PROUD OF OUR PAST, INSPIRE OUR FUTURE**

We are Fidelidade whenever we reinvent the past with the future. Our history makes us proud, challenges us, and gives us strength, responsibility and inspiration to reinvent the future. We honour our History by sharing our knowledge.

### **BE INNOVATIVE, CHASE THE PROGRESS**

We are Fidelidade whenever we drive change. We believe it is always possible to find better solutions to protect the lives of our customers. And it is this spirit that drives us to change and reinvent what we do.

### **BE OUTSTANDING, OVERCOME YOUR LIMITS**

We are Fidelidade whenever we outdo ourselves. We always want to do more, and we try to go further in everything we do. We dare to dream and outdo ourselves so we can continue to transform society.

### **BE PEOPLE DRIVEN, BE THERE**

We are Fidelidade whenever we are there. The Fidelidade Group is made up of people who contribute to protecting and caring for people. We are reliable, and we honour our commitments. People know they can count on our skills. Because every story is a part of our story.

*To be Fidelidade is to be present in the world in a special way.  
Knowing how to be close at hand, driving change.  
Reinventing the future with a pride in our past.  
Overcoming challenges and limits, to go further each day.*

## 2.4 Our History

***Two centuries of history have contributed to Fidelidade's current credibility, size and solidity.***

With roots dating back to 1808, when the insurer Bonança was founded, Fidelidade is the result of the combining of two major operators in the Portuguese market: Fidelidade Mundial and Império Bonança, after the latter was acquired by the Caixa Geral de Depósitos ("CGD") Group in 2005.

The years that followed were marked by progressive integration of the two companies, culminating in their merger in 2012 and the launch of the single brand Fidelidade in 2013. In 2014, Fidelidade was privatised, with the Fosun Group acquiring most of its share capital, beginning a new phase marked by consolidation of the company's leadership in Portugal and international expansion.

### A HISTORY THAT NEVER STOPS

#### 1800



- 1808:** Foundation of Bonança
- 1816:** Bonança adopts an anchor as its first symbol
- 1835:** Foundation of Fidelidade
- 1845:** Fidelidade is the pioneer in Life Insurance



#### 1900



- 1910:** Mundial is the pioneer in Employment insurance
- 1945:** Império innovates with Popular Life Insurance
- 1975:** Nationalisation of the Insurance sector in Portugal
- 1978:** Creation of Mundial Confiança E.P.
- 1979:** Constitution of Grupo Segurador Fidelidade E.P.
- 1980:** Merger of Bonança with Comercio e Industria, União Ultramarina
- 1990:** Reprivatisation of Bonança
- 1992:** Reprivatisation of Império and Mundial Confiança
- 1995:** CGD holds the entire share capital of Fidelidade
- 1997:** Mundial Confiança launches Multicare health insurance
- 1999:** Rebranding of Fidelidade

2000



1



**2001:** Foundation of Império Bonança S.A.

**2002:** Merger of Fidelidade and Mundial Confiança

**2004:** Launch of the single brand Fidelidade Mundial

**2005:** Multicare is leader in health insurance

**2006:** Fidelidade Mundial is market leader

**2007:** Acquisition of Companhia Portuguesa de Resseguros (CPR)

**2008:** Leve PPR is leader in retirement savings

**2011:** Start-up of Universal Seguros

**2012:** Merger of Império Bonança and Fidelidade Mundial and constitution of Fidelidade C<sup>a</sup> Seg.

**2013:** Launch of the single Fidelidade brand

**FOSUN 复星**



2021

**2014:** Acquisition of Garantia (Cape Verde) by Fidelidade

**2014:** Acquisition of 85% interest in Fidelidade by Fosun

**2014:** Fidelidade Mozambique starts operations

**2014:** Acquisition of ES Saúde (Luz Saude) by Fidelidade

**2017:** Rebranding of Universal Seguros to Fidelidade Angola

**2019:** Acquisition of majority stake in the Peruvian group La Positiva

**2020:**

- Fid Chile starts operations
- Acquisition of Tenax, an Asset Management company (UK)

**AND CONTINUES  
WITH YOU**

## 2.5 Shareholder and Company Structure

### SHAREHOLDER STRUCTURE

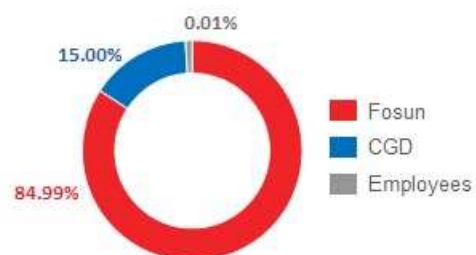
Fidelidade - Companhia de Seguros, S.A. is the company that heads the Fidelidade Group, and is owned 84.99% by the Fosun Group, through Longrun Portugal, SGPS, S.A., and 15.00% by Caixa Geral de Depósitos, S.A.

The **Fosun Group** is one of the largest Chinese private conglomerates with an international presence that is listed (Fosun International Limited) on the Hong Kong Stock Exchange (00656.HK). The Fosun Group has shareholdings in several sectors including insurance, banking, the pharmaceutical industry and tourism, among others.

**CGD** is a Portuguese state-owned bank that was established in 1876. It is currently one of the largest financial institutions in Portugal, with around 4 million clients, and is present in around 20 countries.

The complementary relationship and ambition of these two shareholders of reference provide a guarantee of the stability and dynamism of the Fidelidade Group's operations.

Shareholder Structure



### GROUP COMPANIES

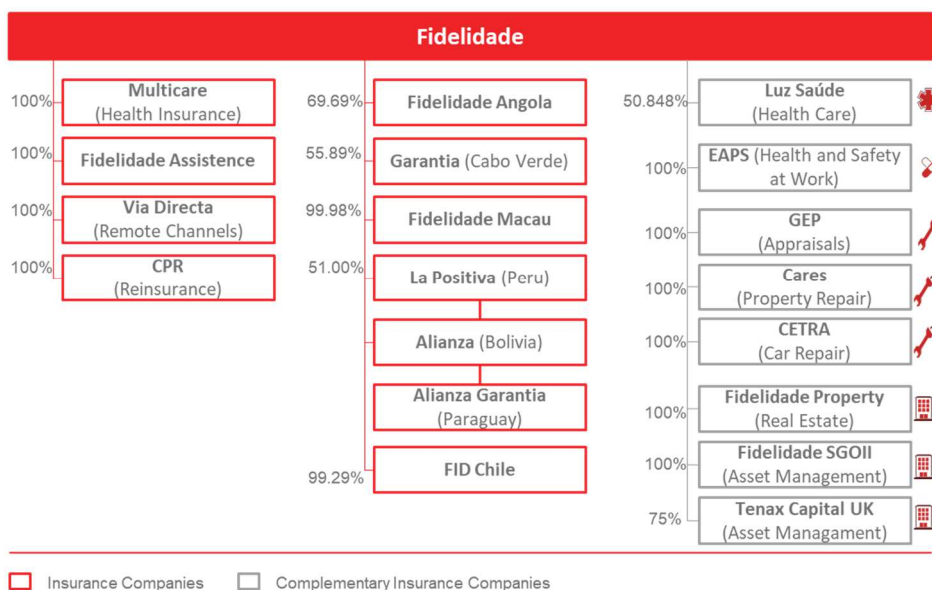
The Fidelidade Group operates in the Portuguese insurance market through 5 companies: Fidelidade, Multicare, Fidelidade Assistência, Via Directa and Companhia Portuguesa de Resseguro. In the international market it operates through its branches – in Spain, France, Luxembourg and Mozambique – and through its subsidiaries - Fidelidade Angola, Garantia Cabo Verde, Fidelidade Macau, La Positiva (Peru), Alianza (Bolivia), Alianza Garantia (Paraguay) and Fid Chile.

The Fidelidade Group also has subsidiaries and strategic shareholdings in companies that provide services that are complementary to insurance (e.g. the Luz Saúde Group, CETRA, EAPS, Fidelidade Property, Tenax, etc.). These fit within the strategy of guaranteeing operational excellence and service quality throughout the value chain, enabling the Fidelidade Group to position itself as a global service provider of people protection.

The main companies that constitute the Fidelidade Group are:



Simplified Organization Chart



Fidelidade - Companhia de Seguros, S.A. is the company that heads the Fidelidade Group and is market leader in the Portuguese insurance market. It provides a wide range of Life and Non-Life products and, as previously mentioned, has operations in several geographies.



Multicare – Seguros de Saúde, S.A. is the insurance company within the group dedicated to health insurance, managing the market leader in health insurance in Portugal, with over 1 million customers.

It has the largest private network of health providers in Portugal (with around 5,000 healthcare providers) and a network with over 700 providers of reference in countries such as Mozambique, Angola and Cape Verde, among others.



Fidelidade Assistência – Companhia de Seguros, S.A. is an insurance company specialised in Assistance and Legal Protection insurance. Operating essentially as a reinsurer, it is the market leader in Portugal and has operations in several Portuguese-speaking African countries. It provides support to its customers, on a global scale, through its network of representatives, and the international APRIL network to which it belongs.



Via Directa – Companhia de Seguros S.A., is the insurance company within the Fidelidade Group designed to sell insurance policies through remote channels (telephone and internet). It operates through the OK!Telesseguros brand, among others, and is a pioneer in online sales of insurance in Portugal and leader in the direct insurers segment.



Companhia Portuguesa de Resseguros, S.A. operates in reinsurance in the Non-Life segment in Portugal. The Company essentially underwrites risks under the non-proportional treaties with Fidelidade.



Fidelidade Angola – Companhia de Seguros, S.A. (previously Universal Seguros, S.A.) was set up in 2012, and is currently the third largest insurer in Angola in terms of turnover and the largest private capital insurer. It operates in the Non-Life and Life segments, offering a wide range of products, especially for the corporate sector.



Fidelidade has been present in Macao for 20 years, initially through local branches and more recently through Fidelidade Macau – Companhia de Seguros, S.A., set up in 2015, and Fidelidade Macau Vida – Companhia de Seguros, S.A., set up in 2020. These companies sell Non-Life and Life

|   |   |
|---|---|
|   | insurance, respectively, through an agents' network and Banco Nacional Ultramarino (BNU), with which they have a bancassurance agreement.   |
|    | Garantia - Companhia de Seguros de Cabo Verde, S.A. is the market leader in insurance in Cape Verde and operates in the Life and Non-Life segments with a diverse range of products, including health insurance (the pioneer in the market). The company distributes its insurance through agencies and the banking channel, having entered into a bancassurance agreement with Banco Comercial do Atlântico, its shareholder with 25% of the share capital.  |
|    | Founded in 1937, La Positiva Seguros y Reaseguros, S.A.A., heads one of the largest insurance groups in the Peruvian market (#3 in the market), selling a wide range of products in the Non-Life and Life segments, with over 3 million customers and a vast distribution network in Peru. The La Positiva Group is also present in Bolivia and Paraguay, through its holdings in the companies Alianza Compañía de Seguros y Reaseguros S.A. E.M.A. and Alianza Vida Seguros y Reaseguros, S.A.. The company La Positiva Seguros y Reaseguros, S.A.A. (Non-Life) and its subsidiary La Positiva Vida Seguros y Reaseguros, S.A.A. (Life) are listed companies on the Lima stock market (POSITIC1; POSITVC1). |
|    | Alianza Compañía de Seguros y Reaseguros S.A was founded in 1991 and heads the largest private capital insurance group in Bolivia, selling Non-Life and Life insurance, operating in the Life segment through Alianza Vida Seguros y Reaseguros S.A.. It has around 650,000 customers and leads the market of private capital insurers. Both companies are listed on the Bolivian stock market.   |
|  | Alianza Garantía S.A. is an insurance company that has been operating in the Non-Life and Life segments in Paraguay since 1972. The company is a subsidiary of Alianza (Bolivia), which became a shareholder in 2014. It is currently ranked #9 among Non-Life insurers in Paraguay.  |
|  | FID Chile Seguros Generales, S.A, is an insurance company in the Non-Life segment that began operating in January 2020, after having obtained authorisation from the Chilean regulator in the final quarter of 2019. FID Chile has developed a range of Non-Life products aimed at individual and corporate customers, and distributes these through brokers and other non-traditional channels.  |
|  | Luz Saúde, S.A. is the head of the Luz Saúde group, which is market leader in the provision of private healthcare in Portugal, managing 15 private hospitals, 1 NHS hospital (under a public-private partnership arrangement), 11 private clinics operating on an out-patient basis, and 2 senior residences. In 2020 it had 1,700 beds, and performed over 1.9 million out-patient consults, 420,000 emergency consults and 68,000 surgeries and deliveries.   |
|  | Safemode is the brand under which EAPS – Empresa de Análise, Prevenção e Segurança, S.A. develops and provides risk analysis and health and safety at work services, including workplace medicine, among others.  |
|  | GEP – Gestão de Peritagens, S.A. is the company responsible for providing loss adjusting opinions and claims inquiries for the insurers in the Fidelidade Group. It operates in Portugal, Angola and Cape Verde.  |
|  | CETRA – Centro Técnico de Reparação Automóvel, S.A, is the company in the Fidelidade Group that provides motor vehicle repair services. It operates under the Fidelidade Car Service brand.   |
|  | The companies Fidelidade - Property Europe, S.A. and Fidelidade - Property International, S.A. are responsible for managing the Fidelidade Group's real estate investments in the European Union and in the rest of the world, respectively.  |
|  | Fidelidade – Sociedade Gestora de Organismos de Investimento Coletivo, S.A. was set up in 2018, with the aim of managing real estate investment funds focused on Southern European markets.   |
|  | Tenax Capital Limited is an asset management company, based in London, specialising in the management of funds for insurers and private banks, with a strong focus on building low-capital-intensive products in these financial institutions. The company currently has around € 800M of assets under management in different equity, bonds and alternative investment funds.  |

## 2.6 Our International Presence



The Fidelidade Group's international insurance business is an important means of sustained growth and pursuit of its medium and long-term goals. The Group currently operates in four continents and twelve countries.

The Fidelidade Group regards international expansion as a strategic priority to diversify its business, create synergies and transfer innovation between companies and, above all, between markets. The Group is also committed to developing the markets where it chooses to operate, in terms of both developing people and creating infrastructures or providing services and solutions for the people, while always keeping in mind the importance of guaranteeing that every operation is financially and operationally sustainable.

### INITIAL PHASE OF INTERNATIONAL EXPANSION

Initially, Fidelidade's internationalisation process sought out markets with which Portugal had economic, cultural and language ties. Later, the Fidelidade Group began to analyse investment opportunities in more attractive selected markets, i.e., in countries with significant potential for growth in the insurance sector, and where the Group believes it can add value, through its experience and knowledge.

### ENTRY IN LATIN AMERICA

Until 2019, Fidelidade's internationalisation strategy had primarily been focused on Portuguese-speaking markets. That year marked a turning point when the Group entered Latin America, through the acquisition of a majority share in the La Positiva Insurance Group, a leading company in the Peruvian market that also operates in Bolivia and Paraguay, as well as taking the decision to set up a new insurer in Chile.

Currently, with the inclusion of these companies in the Fidelidade Group, the number of Spanish-speaking employees and customers in the Group is similar to that of their Portuguese-speaking counterparts.

## 2.7 Corporate Bodies and Corporate Governance

### CORPORATE BODIES

At 31 December 2020, the members of the corporate bodies of Fidelidade - Companhia de Seguros, S.A., are:

#### Board of Directors

##### **Chairman**

Jorge Manuel Baptista Magalhães Correia

##### **Vice-Chairman**

José Manuel Alvarez Quintero

##### **Members**

Lingjiang Xu

José João Guilherme

Francisco Ravara Cary

António Manuel Marques de Sousa Noronha

Rogério Miguel Antunes Campos Henriques

Wai Lam William Mak

André Simões Cardoso

Tao Li

Hui Chen

Carlos António Torroaes Albuquerque

Andrew John Zeissink

Yulong Peng

Juan Ignacio Arsuaga Serrats

#### Executive Committee

##### **Chairman**

Rogério Miguel Antunes Campos Henriques

##### **Members**

António Manuel Marques de Sousa Noronha

Juan Ignacio Arsuaga Serrats

André Simões Cardoso

Wai Lam William Mak

Hui Chen

#### Presiding Board of the General Meeting

##### **President**

Nuno Azevedo Neves

##### **Secretary**

Nuno Ricardo Santos Jorge Pena

#### Supervisory Board

##### **Chairman**

Vasco Jorge Valdez Ferreira Matias

##### **Members**

João Filipe Gonçalves Pinto

Pedro Antunes de Almeida

##### **Alternate**

Anabela de Jesus Nunes Prates

#### Statutory Auditors

Ernst & Young Audit & Associados - SROC, S.A.,  
represented by Ricardo Nuno Lopes Pinto, ROC

## EXECUTIVE COMMITTEE



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### **ROGÉRIO CAMPOS HENRIQUES** | Chief Executive Officer (CEO)

Rogério Campos Henriques holds a degree in Economics from Universidade Católica Portuguesa and has an MBA from INSEAD. He previously worked at the Boston Consulting Group (1994-2002) and later at the Portugal Telecom Group (2003-2008), where he was Marketing Director at PT Investimentos Internacionais and at Africatel Holdings BV. He joined Fidelidade in 2008 as head of the IT Systems area and Board Member of Multicare. Currently, in addition to being a Member of the Board of Directors, he is Chairman of Fidelidade's Executive Committee with responsibility for the following areas: People and Organisation, IT Systems, Marketing, Advanced Analytics, the Center for Transformation and the health insurance line of business – Multicare.



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### **ANTÓNIO DE SOUSA NORONHA** | Responsible for the Commercial Areas and Life Business

António de Sousa Noronha has over 20 years of experience in the insurance sector, and holds a degree in Business Organisation and Management from Universidade Livre de Lisboa and a postgraduate qualification in Management from Universidade Nova de Lisboa. He has held various positions in companies such as Chase Manhattan Bank and PWC, and was a Member of the Board of Directors of the Grupo Totta/Valores Ibéricos Investment Fund and of the Totta Pensões Pension Fund. He joined Fidelidade in 1997 as head of the commercial area. Currently, in addition to being a Member of the Board of Directors, he is a Member of Fidelidade's Executive Committee with responsibility for the Life business area and the commercial areas.



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### **JUAN ARSUAGA SERRATS** | Responsible for Underwriting and Operations, and the Non-Life Business

Juan Arsuaga has approximately 25 years of professional experience in the insurance sector, and holds a degree in Economics and Business Management from Universidade Complutense de Madrid. In recent years he has performed a number of different roles in Spain and Portugal at Lloyd's, and prior to that he was the chairman and CEO of the Portuguese branch of Willis. Juan Arsuaga joined Fidelidade in July 2020, and since then has been a Member of the Board of Directors and a Member of the Executive Committee with responsibility for the underwriting, claims and reinsurance areas of the various Non-Life lines of business, excluding health.

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**ANDRÉ SIMÕES CARDOSO** | Responsible for International Operations, Business Strategy and Development

André Simões Cardoso holds a degree in Industrial Engineering and Management from the Instituto Técnico Superior and has an MBA from INSEAD. He was Project Leader at the Boston Consulting Group prior to joining Fidelidade, in 2014, as Head of Business Development. Currently, in addition to being a Member of the Board of Directors, he is a Member of the Executive Committee with responsibility for the international area and the Planning and Business Development area.



**WILLIAM MAK** | Responsible for the Investments Management area

William Mak holds a Master's in Professional Accounting from the Hong Kong Polytechnic University and has over 25 years of experience in the banking and insurance sectors. He was IT Director at Sun Life Financial Ltd., Hong Kong (2001 to 2003) and a consultant at New York Life International LLC (2003 to 2005), where he was responsible for project management in finance, reinsurance and actuarial. Between 2005 and 2014, he was Director of Finance at Ping An Insurance (Group) Company of China, Ltd. and at Ping An Life Company Ltd. He joined Fidelidade in 2014 as a Board Member and Member of the Executive Committee, and continues to hold both of these positions, with responsibility for investments management.



**THOMAS CHEN (Hui Chen)** | Responsible for Risk Management and Accounting

Thomas Chen has approximately 16 years of professional experience, mostly in the banking and insurance area, and was CFO and executive director at the Belgian insurer FIDEA until September 2019, when he was appointed as an adviser to the Board of Directors of Fidelidade. Currently, in addition to being a Member of the Board of Directors, he is a Member of the Executive Committee with responsibility for the accounting area and risk management area.

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## 2.8 2020 Highlights

### JANUARY

**FID Chile:** The Fidelidade Group strengthened its presence in Latin America with FID Chile, which began operating in January, having obtained authorisation from the Chilean regulator in the final quarter of 2019.

**Launch of Cyber Safety Families:** an innovative and unique product on the Portuguese market, developed with the safety of customers and their families in mind, when they surf the Internet.

### MARCH

**COVID-19:** The pandemic hit Portugal and other locations on a major scale with an unprecedented impact on health, the economy and society. The Fidelidade Group's response to the pandemic was the predominant driver behind our actions throughout 2020. This response is detailed in the next chapter.

**Online Medicine (Multicare):** A record number of consults (18,942) were performed in this month, representing 62% of all Multicare emergency consults. March was also marked by enhancement of the online medicine service (24/7 consults, new Paediatrics and Dermatology specialisations, oncology support services, nutrition guidance and healthy habits testing).

**COVID-19 Symptom Checker:** The Fidelidade Group informed all its customers and insured persons (with a user created) that they could use the Symptom Checker for Covid-19, free of charge.

### APRIL

**MyFidelidade APP:** It became possible to report a motor claim using the application.

**Fidelidade Macau:** Incorporation of Fidelidade Macau Vida, a company under the local law that replaced the former branch of Fidelidade in that region.

**Medicines home delivery:** Multicare announced a service for the delivery of medicines to its customers who have health insurance with Online Medicine coverage, free of delivery costs.

**Pandemic risk cover:** Multicare began to include COVID-19 costs in its health insurance, including hospitalisation and exemption from co-payment for diagnostic tests (for customers with Multicare health insurance), despite the international practice of excluding the pandemic risk from health insurance.

### MAY

**Just in Case award:** Silver Award EFMA 2020 – Innovation and Insurance Awards in the category of Product & Service Innovation.

**PPR Evoluir:** Launch of a new hybrid life financial product, with a guaranteed component equal to the age of the insured person, up to 60% of the capital.

### JUNE

**Investment Portugal 2020:** Launch of the first series of this new individual financial product based on investment assets.

### AUGUST

**Drive 2.0:** Launch of the second version (2.0) of the Fidelidade Drive Application, which includes new functions and a new design.

### OCTOBER

**Launch of Multicare Vitality:** The Fidelidade Group launched the innovative Multicare Vitality programme, which rewards customers for healthy behaviour with discounts on their health and life insurance and other rewards.

## DECEMBER

**Life Business:** Launch of the Family Life insurance, which includes the new Vitality programme promoting healthy habits, with innovative characteristics in the Portuguese market.

**Real estate portfolio:** Sale of the Triton asset in Japan and acquisition of the Smithson Plaza asset (London).

**Soft launch Alô:** Launch onto the commercial network of the solution for the senior segment, which includes a tablet with simplified software. Partnership with *União das Misericórdias Portuguesa* to test the solution.

**SIM Mozambique:** On 18 December 2020, Fidelidade signed a sale and purchase agreement for the acquisition of 70% of Seguradora Internacional de Moçambique, SA. The acquisition is subject to the necessary regulatory approvals and the completion of due diligence.

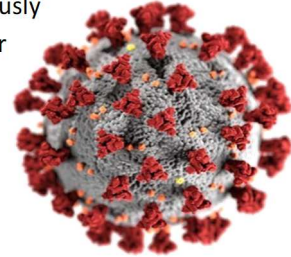
**Multicare Vitality Award:** Award from Portugal Digital Awards, recognising Multicare Vitality as the best insurance project.



## 2.9 Our COVID-19 Response

The first positive case of COVID-19 in Portugal was detected at the beginning of March 2020, and this marked the beginning of an extremely challenging time for the Fidelidade Group.

All of a sudden, the Fidelidade Group with around 3,500 employees in Portugal, and a similar number across the rest of the world, was faced with the initial challenge of ensuring that our People were safe, at home, with their families, and then finding a way to set up working from home, while simultaneously guaranteeing that we continued to provide answers and services for our customers, who were also caught up in this unfamiliar scenario.



It was intense, and hard, but we were able to make it work, mostly due to the DNA that characterises Fidelidade and that always shone out along this journey: So that life does not stop.

The WeCare spirit was there throughout. Our People were always at the heart of all our decisions, and for their part our People always had their customers at heart.

2020 was, thus, a year marked by the COVID-19 pandemic, which had a major impact on people's everyday lives and on business. Among the different impacts and challenges were i) the challenge in terms of health, unprecedented in our recent history, and requiring adaptation of the entire health system, ii) the heavy economic and social impact, resulting from the need to adopt confinement measures and iii) the appearance of new ways of working, adopted to ensure the safety of all and the continuity of businesses.

Our first preparatory steps began with the creation of a **contingency team, design and implementation of the Contingency Plan**, the setting up of contact lines to support our employees and their families and the activation of the company's communication channels to connect information and measures adopted to our customers and partners.

Within the Fidelidade Group, the steps taken to mitigate the impacts of the pandemic always followed the principles established right at the start – protection of our employees and customers – but also, the desire and aim of supporting our society, acting and participating responsibly and sustainably towards a strategy to combat COVID-19 in line with the guidelines defined by the General Directorate of Health and the Government of Portugal.

Over these last months, the Fidelidade Group's response has been based on four key pillars:

- i. **Employees:** Swift reaction to protect our people;
- ii. **Customers:** Focus on our customers and support in the face of difficulties;
- iii. **Partners and Suppliers:** Support to partners and suppliers, mitigating economic impacts;
- iv. **Community:** Social support to the communities where we are present.








### EMPLOYEES

The health and safety of our employees was a priority for the Fidelidade Group, and our aim was to react quickly and ensure constant communication.

The measures adopted spanned a wide range of areas: health, prevention and protection, well-being, remote working conditions, social and psychological support to employees. In terms of health, we must stress all the support provided in discovering and assessing the health risks to our People in the light of the pandemic, in

supplying information and guidance on care needed, and in aiding in the follow-up and treatment of all employees and family members in preventive isolation or undergoing COVID-19 treatment.









The main general measures taken with regard to our Employees were:

|   |   |
|---|---|
|  | <b>Full Remote Working in 2 weeks</b>   |
|  | <b>Remote medical advice</b> for employees; psychology consults   |
|  | <b>Improved IT systems</b> operating without limitations for remote working                                       |
|  | <b>E-learning platform</b> (Wevolution) with tips and suggestions on how to deal with the impacts of the pandemic |
|  | <b>Regular communication</b> on the measures and procedures implemented   |
|  | <b>Safety</b> promoted with the delivery of masks and installation of acrylic separation panels and signs         |
|  | <b>Social support:</b> support to carers, support with the delivery of groceries, credit for children's studies   |

## CUSTOMERS

In line with the Fidelidade Group's aim of protecting people, we maintained our customer-centric focus during the pandemic, proactively improving the services provided and increasing covers to afford greater protection.

The main general measures taken with regard to our customers were:

|   |   |
|---|---|
|  | <b>Inclusion of COVID-19 costs</b> in health insurance, including hospitalisation and exemption from co-payment for diagnostic tests                        |
|  | <b>Online Medicine</b> (24/7, via telephone and video consult) enhanced with greater capacity and more specialisations                                      |
|  | <b>Symptom Checker</b> made available to all of the Group's customers in Portugal, incorporating COVID-19   |
|  | <b>Home delivery of medicines</b> free of charge, for Multicare customers   |
|  | <b>Partial Reimbursement</b> of insurance premiums (individual and corporate), in cases of risk reduction, in particular in Motor and Workers' Compensation |
|  | <b>Extended periods for payment</b> of insurance premiums (Moratoriums)   |
|  | <b>More regular communication</b> of the Company's guarantees and offers  |
|  | <b>Digital tools</b> for customers, promoted to facilitate interaction  |

The Fidelidade Group also implemented measures to mitigate certain impacts of COVID specific to each line of business, such as:

**Health:** Although pandemics are not included in health insurance policies, Multicare made an agreement with the Portuguese Association of Private Hospitals to finance the costs of hospitalisation for Covid-19 treatment<sup>1</sup> and the payment of PCR diagnostic tests without applying any co-payment. Additionally, and as soon as the pandemic was declared, Multicare launched the Symptom Checker and provided a 24/7 Online Medicine helpline to clarify doubts and triage potential Covid-19 infections.

**Motor:** Here we can highlight the double bonus when calculating the premium for the next renewal. That is, as a result of the first state of emergency in Portugal and the related confinement measures imposed on the population, the decrease in road traffic led to a fall in claims. So that our customers can benefit from this positive aspect, the Fidelidade Group decided to allocate to its individual customers and small companies a global figure of over 20 million euros to reduce motor insurance premiums (figure for one year).

**Workers' Compensation:** Workers' compensation insurance was extended to cover working from home.

**Cyber:** SMEs with Fidelidade Cyber Safety insurance also saw the scope of their insurance extended so that, while the pandemic continues, it also covers the personal computers of their employees who are working from home.

**Life:** The Fidelidade Group's life insurance policies cover epidemics and pandemics and can be triggered in the event of death from COVID-19. Exceptions to this are the Funeral and Family Vital Protection products, which do not include epidemics and pandemics as part of the contract. However, the Fidelidade Group wishes to guarantee the best protection for people in these exceptional circumstances, and has thus decided not to apply this exclusion for these products.

**Life Risk:** Although Life Risk insurance policies are not covered by the moratorium established in Decree-Law no. 10-J/2020, of 26 March, and indeed the risk for the Group is greater within the scope of the current context of the COVID-19 pandemic, we have suspended automatic cancellation and extended the grace period for mortgage-linked Life insurance to 6 months.





## PARTNERS AND SUPPLIERS

The Fidelidade Group believes that joining forces is essential in order to face the COVID-19 pandemic, and hence has provided support to its partners and suppliers, seeking to mitigate the economic impacts of the pandemic. It is important to note that while the digitalisation strategy that the Group has followed in recent years has been key in minimising the impacts of confinement and ensuring business continuity, the network of partners has also been on the front line in terms of helping customers and protecting the business.



The main general measures taken with regard to our partners were:

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<sup>1</sup> Full cover of hospitalisation costs associated with COVID-19, in the hospitals in the Multicare Network that adhered to the protocol established.

| PARTNERS  |   |
|---|---|
|  | Network focus on an <b>outbound strategy</b> , leveraging digital tools         |
|  | <b>Regular communication</b> with the network, creating a new weekly Newsletter |
|  | <b>New digital functions</b> (e.g., Commercial Platform, Green Card)            |
|  | <b>Improved processes</b> to avoid physical contact (e.g., digital signature)   |

The main general measures taken with regard to our suppliers were:

| SUPPLIERS   |  |
|---|--|
|  | <b>Early payment</b> to suppliers and/or prompt payment, helping liquidity |
|  | <b>Maintenance of existing contracts</b> with current suppliers            |

## COMMUNITY

Lastly, within the scope of COVID-19, the Fidelidade Group has been part of a wider effort to provide support to the communities where it operates. The following initiatives can be highlighted:

### In Portugal:

- Donation of protective equipment and tests to the NHS and Local Authorities in partnership with Fosun, Luz Saúde and BCP;
- Offer of home assistance and family assistance to all insured health professionals;
- Extension of covers of the Life Risk policy to researchers at the Institute of Molecular Medicine and other research institutions (e.g., the University of Braga);
- Participation in the APS € 1.5M solidarity fund, with the Fidelidade Group providing approximately 400,000 euros.

### Abroad:

- Spain: Contribution of 65,000 euros to the solidarity fund promoted by UNESPA for medical staff;
- France: Contribution of 115,000 euros to the solidarity fund promoted by FFA for families and companies;
- Peru: La Positiva contributed around 200,000 euros to CONFIEP and APESEG for the acquisition of medical supplies to donate to the Peruvian NHS; Donation of protective equipment by the Fidelidade Group to the Peruvian NHS;
- Macao: Donation of protective medical equipment to CARITAS Macao; Subsidy for infected insured persons in the event of hospitalisation for COVID-19 treatment; Donations to Institutions providing support to senior citizens and other communities affected by the pandemic.

## **FINAL REMARKS**

The COVID-19 pandemic has transformed the world, societies in general, organisations and also Fidelidade. Digital transformation has been enhanced and has accelerated a new way of living and working. Working from home is now a reality for most people who hope, in the future, to take advantage of the benefits that, in normal situations, working from home can bring. People's agility, flexibility, capacity to adapt to new contexts, autonomy, commitment and sense of belonging are key to the success of companies and are a clear commitment of the Fidelidade Group.

2021 will be characterised by uncertainty and further impacts of the pandemic, and the Fidelidade Group's priority must be its response to the pandemic within the key pillars. The Group is committed to maintaining support for its employees, guaranteeing the health and safety of all, continuing to focus on better ways of working, facilitating customers' lives and finding solutions for their new needs and, naturally, continuing to support the economy, seeking, as far as possible, to mitigate the economic impacts of this new reality.

# 3. OUR BUSINESS MODEL

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## 3.1 Our Brand

### MAIN INSURANCE BRANDS IN PORTUGAL

The Fidelidade Group operates in the Portuguese insurance market, selling products across all lines of business, as part of a multi-brand strategy using a vast and diversified distribution network. The Fidelidade Group's products reach customers through three different brands, Fidelidade, Multicare and OK!Teleseguuros, all of which are leaders in their segments.



- Brand for the sale of Life and Non-Life Products (other than health insurance)
- Benchmark brand present in all distribution channels



- Brand for the sale of Health Insurance, supported by a set of Healthcare Providers, and offering a range of solutions adjusted to customers' needs, through Individual and Group plans



- Brand for the sale of Non-Life Products through remote channels

### BRAND REPUTATION

A focus on operational excellence and service quality has long been a priority for the Fidelidade Group and has a strong impact in terms of customer satisfaction. The skill of the Fidelidade Group in these areas has been identified and recognised by customers.

Over the years, Fidelidade is proud to have consolidated its leadership as the best insurer in Portugal and to have been recognised on several occasions as a **reference brand for the Portuguese**. It is the insurance company that has won the most awards in Portugal.

In 2020 Fidelidade continued to hold first place in the Basef Insurance Study<sup>2</sup>, increasing the gap between itself and the company in second place. Fidelidade was the leader in all indicators, reflecting its market position, its competitive prices, its innovation and the Company's coherent image.

These results are the fruit of continual work over the years. They are a consequence of the innovative products and covers that the Fidelidade Group has developed, thinking about people's real needs, and the commitment to giving customers exemplary service and accompanying them closely when they need it most.

<sup>2</sup> The Basef Insurance Study (BASEF Seguros) - Barometer of Financial Services, is a study carried out by Marktest, representing the Portuguese population, that aims to discover people's behaviour regarding the insurance sector. It is a reference study in Portugal that has existed for 20 years.



#### Markets Reputation Index '20

Insurer with the highest satisfaction and best reputation



#### Markets Reputation Index '20

Brand with the best reputation (general and health insurance)



#### Consumers' Choice Excellentia '20

Best Customer-Centric company



#### Superbrands Portugal 2020

Fidelidade and Multicare recognised as Top of Mind brands of excellence



#### Trusted Brand '20 Reader's Digest

Insurer with the best reputation for the 16<sup>th</sup> time in a row

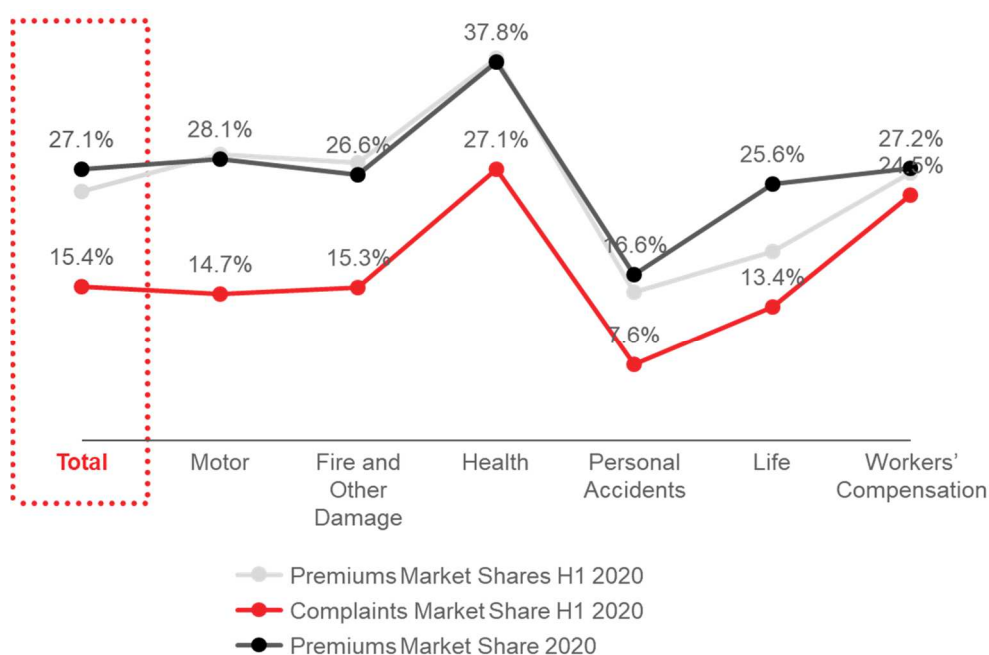


#### Portugal Digital Awards '20

Best Insurance Project – Multicare Vitality



### Complaints registered with the ASF vs Premiums (Market Shares) – Fidelidade



Focus on the customer and the provision of a quality service make the Fidelidade Group one of the operators with the fewest complaints made to the Insurance and Pension Funds Supervisory Authority ("ASF") in Portugal.

During the first half of 2020, the number of complaints relating to Fidelidade as a percentage of the total number of complaints registered by ASF in Portugal was 15.4%, which is significantly lower than the company's share of premiums in the Portuguese market (27.1%).

In the Motor line of business, if we consider the ratio between the complaints made and the volume of premiums<sup>3</sup> recorded in 2019, the figure for Fidelidade is 1.01 complaints per million euros of premiums, which is clearly below the market average of 2.4 complaints.

<sup>3</sup> Market Conduct Regulation and Supervision Report (RRSCM) for 2019, published by the Insurance and Pension Funds Supervisory Authority. In the statistics it disclosed, the ASF only identified insurance companies with five or more complaints, although the figures relating to all of them were considered for the market average in each business segment.

## 3.2 Products and Services

### TRADITIONAL PRODUCTS AND SERVICES

The Fidelidade Group has a wide range of products and services available to its customers, resulting from its solid experience and the constant focus on diversification and innovation. The Group has been developing a comprehensive offer in the insurance business and reaffirming its aim of positioning itself more as a partner for its customers in the provision of protection and assistance services.

Within the scope of the insurance business, the Fidelidade Group has a wide range of products, which cover most Life and Non-Life lines of business.

#### Motor

Varied range of motor insurance, for companies and individuals (including own damage, or only third party liability)

#### Home and Commercial/Industrial

Housing, industrial and commercial, Fires and other damage

#### Health

From basic protection to total protection with tailor-made offers in specific segments (e.g. 60+) with access to the largest private medical network in the country

#### Workers' Compensation

Complemented with a rehabilitation programme – WeCare



#### Travel/Leisure

Personal accidents, travel insurance, and insurance for students living abroad

#### PETs

Insurance offers for dogs and cats exploring a new emerging segment, including health insurance

#### Life Financial

Savings products with different maturities and objectives (PPR, capitalisation products,...)

#### Life Risk and Annuities

Different products, including life risk, funeral insurance and civil liability for families

Through the Group companies, services are also provided in other areas such as Health, Assistance, Real Estate, Asset Management, Loss Adjusting and Motor Vehicle Repairs.

### ADDED VALUE PARTNERSHIPS

With the aim of satisfying the additional needs of its customers, the Fidelidade Group has been identifying and developing innovative solutions and business models, moving away from the traditional approach of simply providing insurance products and towards the creation of integrated offers, with greater added value.

Accordingly, the Group has been placing more emphasis on the creation of ecosystems, that is, on the development of partnerships with key entities in other business areas and with skills which are complementary to the insurance business, to create broader and more competitive value propositions for its customers in areas such as Mobility, Health or Assistance. In all these cases, new digital capabilities will enable the development of an offer that can respond to the changes already visible in customer profiles, and which will certainly intensify in the coming years. Among the different partners, in both technical and commercial areas, with whom the Group currently collaborates, here are just a few examples of strategic partnerships that have contributed to strengthening our value proposition:



The online medicine partnership with the global market leader Teladoc has been continually expanding the services available to Multicare customers. Besides general practice consults by phone or video, the services include nutrition consults and travellers' consults, and psychological and nutritional support for oncology patients, and cover specialisations such as paediatrics, dermatology, psychology and gynaecology. The partnership with Teladoc also allows customers to take advantage of the medicines home delivery service.



The partnership with Vitality, the leading global programme for the creation of healthy lifestyle habits created by the South African insurer Discovery, allows the Fidelidade Group to increase its focus on prevention, by promoting healthy behaviour. The Vitality programme allows customers to benefit from it by earning weekly and monthly rewards, and to gain annual discounts on their insurance premium.



The technological partnership with this specialist company that is a reference in telematics and mobility provides the basis for the development of the mobile applications that the Group has launched in this area: Fidelidade Drive and *Smart Drive*



The partnership with Brisa/ Via Verde, the largest motorway concessionaire in Portugal, was made as part of the launch of the Smart Drive project to enhance the mobility ecosystem. This project covers telematics-based insurance products and mobility insurance products dedicated to Via Verde clients.



Partnership with Santa Lucia, the Spanish insurer of reference, as part of the joint development of the Funeral Protection insurance.

## 3.3 Distribution Channels

### OMNI-CHANNEL PLATFORM IN PORTUGAL

The Fidelidade Group's distribution channels constitute an important competitive advantage, enabling it to be closer to its customers and to provide them with high levels of service quality. As a result of an omni-channel strategy, based on the multi-channel distribution platform, Fidelidade has encouraged interaction between the various channels, their product ranges and service levels, to ensure an integrated and consistent customer experience.

The multi-channel approach has allowed Fidelidade to ensure a unique position in the distribution of its products and stand out as the leader in all the channels through which it operates<sup>4</sup>.

#### Distribution channels:

##### Agents:

Fidelidade has the support of **4,174 agents** selling its products, and who offer a personalised service to its customers in Portugal. Fidelidade is the leader in this channel, with 23% of market share.

##### Remote Channels:

Distribution also takes place remotely via the Internet and telephone, and the current context of a pandemic has helped to develop this channel. The Fidelidade Group leads in remote channels, with over 50% of market share.

##### Brokers:

The number of **brokers rose to 70** in 2020, and the premiums earned through this channel accounted for 36% of all premiums in the Portuguese market originating from this channel.

##### Own Stores:

The Fidelidade Group has **60 own stores**, and is also the leader in this channel with 38% of market share.

##### Bank Channel:

Fidelidade's bank channel distributors are CGD and EUROBIC, between them totalling **698 bank branches selling the company's products**. The market share in bancassurance was 23%.

Digitalisation and technology play a particularly important role in the search for solutions that enhance interaction with customers and offer increasingly customised services. However, although the digitalisation process is essential for greater proximity with customers, the Fidelidade Group has always been founded on a sales force based in agencies, stores and brokers' centres, and the Group continues to place emphasis on improving these partners' skills.

In 2020, the Group simplified some processes by digital means and offered training to brokers, which included the following:

- Within the scope of the B2B Platform, brokers were given access to information on its portfolio via the **Web Service**;
- **Engagement with the Commercial Network was strengthened**, through training on processes and procedures that guarantee its efficiency and autonomy;
- **9 "conformity" courses<sup>5</sup>**, covering 2,159 agents and their staff with a pass rate of 89%;

<sup>4</sup> Source: APS and Fidelidade. Data from December 2019.

<sup>5</sup> Within the scope of Law no. 7/2019, of 16 January, which approves the legal rules for insurance and reinsurance distribution, transposing Directive (EU) 2016/97, and which makes it compulsory for all agents and their employees to take Conformity Courses.

- **8,000 hours of remote training**, through themed Workshops, guaranteeing appropriate training of the agents' network in the context of a pandemic;
- Approval of a **distance-learning platform**, in order to effectively guarantee training needs for 2021.

## INTERNATIONAL DISTRIBUTION

### LATIN AMERICA

#### Peru

La Positiva's distribution platform is also based on several distribution channels that allow the Group to be near its customers and provide them with service quality. The distribution channels in Peru include Brokers (with 41% of premiums written<sup>6</sup>), Non-traditional Channels (16%), Own Distribution (11%), Direct Channel (10%), Public Tenders (20%) and the Digital Channel (2%). The non-traditional channels include partnerships with banks, retailers and other partners. Own distribution is split between the sales force (organised in four different teams: Annuities, Family Protection, Traditional Life and Non-Life), the call centre and e-commerce. It is important to highlight the potential of the e-commerce channel, which has two websites for Mandatory Traffic Accident Insurance (SOAT) and travel insurance and enables insurance to be purchased directly online. The direct channel is mostly composed of retail agencies in shopping centres, located for the most part in Lima. The increase in shopping centres that has been occurring outside the city of Lima represents an opportunity for La Positiva to reach new customers.

#### Bolivia

The distribution channels in Bolivia include Brokers (37% of Gross Premiums Written), Direct Channel (13%), Sales Force (11%) and Bancassurance (39%). The Brokers channel offers personalised sales assistance by line of business. In the Bancassurance channel, we can highlight the commercial partnerships with three of the largest retail banks in Bolivia: BMSC, FASSIL and FIE.

#### Chile

In Chile distribution is through Brokers (80%) and Affinities (20%). The business model of this subsidiary is based on a scalable technological platform that enables agile interface with different distribution partners.

### OTHER GEOGRAPHIES

The distribution channels in the Group's other geographies are largely based on the Banking Channel, Brokers and Agencies. In bancassurance, the Fidelidade Group has several commercial partnerships in the different geographies where it is present.

The main distribution channels in **Angola** include Agents and Brokers (46%), Agencies (9%), with 16 own stores and a team of specialist salespersons, and Bancassurance (36%), with commercial partnerships with 7 local banks: Caixa Angola, Banco Fomento Angola, Standard Bank, Banco Investimento Rural, Banco Valor, Banco Comercial do Huambo and Banco Prestígio.

In **Cape Verde**, the most important channel are the Agencies, with 72% of gross premiums written. The Fidelidade Group places emphasis on the continual training of its human resources and on digital transformation of the services offered by the agencies. The other channels include Brokers (12%), Bancassurance (10%), Exclusive Agents (5%) and Non-exclusive Agents (1%). In Bancassurance, the Group has commercial partnerships with BCA, BI, BAI, Ecobank and International Investment Bank (IIB).

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<sup>6</sup> Source: Internal, Percentage of Gross Premiums Written of December 2019.

The distribution channels in **Mozambique** are based on Brokers (46%), the Direct Channel and Agents (39%) and Bancassurance (15%), with partnerships with Banco Único, Banco Mais and First Capital Bank.

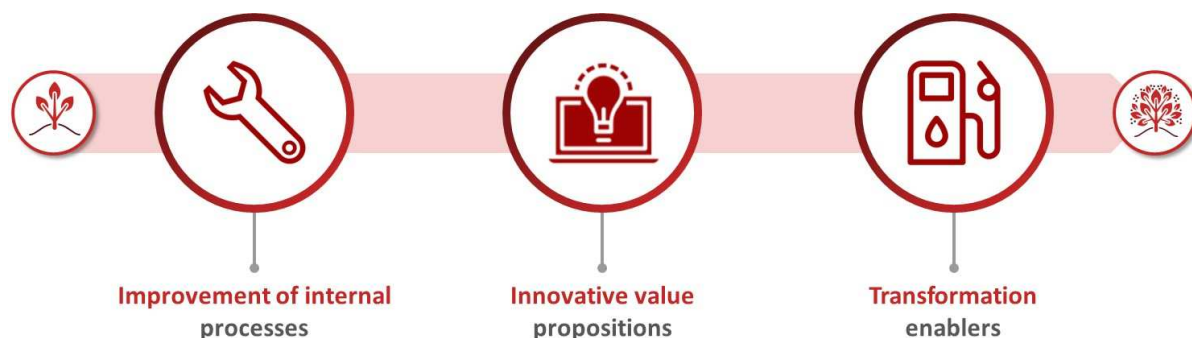
In **Spain**, following the sale of Banco Caixa Geral (part of the CGD Group) in October 2019 and the end of Fidelidade Spain's bancassurance agreement with the bank, the agents and brokers channel is now the largest channel in the Spanish operation. New distribution agreements have also been made with Cajalmendralejo and with Abanca, for the sale of corporate insurance.

The distribution channels in **France** are based on Brokers (62%), Bancassurance (36%) and the Direct Channel (2%).

In **Macao**, the distribution channels are divided between Brokers (32%), Banks (31%), Direct Channels (30%) and Agents (7%). The main bancassurance partner in Macao is BNU.

## 3.4 Innovation and Digitalisation

Fidelidade embraces its innovation and digitalisation journey in three main pillars and sets clear goals for each of these.



### IMPROVEMENT OF INTERNAL PROCESSES

The main aim of the first pillar of action in terms of innovation is to increase efficiency, with a focus on improving business processes and the relationship with the customer. For example, in loss adjusting, digitalisation is transforming the Fidelidade Group's business model, enabling efficiency gains in processes and a response that is more tuned to customers' needs.

#### Digitalisation of processes

Vehicle loss adjusting has seen new advances, and our new system enables quotes from repair shops to be validated using intelligent algorithms and, at the same time, damage to be assessed solely from photographs. Additionally, in the field of home insurance loss adjusting, since 2018 Fidelidade has been conducting video loss adjusting, in less complex processes, thereby facilitating assessment of damage at a distance, without the need for loss adjusters to travel to the claim location.

Throughout 2020, Fidelidade and CARES leveraged efforts to consolidate the digital loss adjusting process, with a focus on increasing accident repairs. Moreover, GEP implemented the Automatic Budgeting project for vehicle loss adjusting, so that it is no longer necessary for a loss adjuster to be present at the repair shop, and it also implemented video loss adjusting, thereby facilitating loss adjusting at a distance and the inclusion of instant photographs in the IT system.

#### Automation of reimbursement processes

2020 saw the effects of recently developed solutions to improve the customer experience on the MyFidelidade app, particularly in health insurance with automation of the reimbursement process. Customers can now submit requests for medical expense reimbursements in real time and benefit from a more efficient service with a 20% faster processing time, through the app. In 2020, reimbursements through the App represented 40% of the total reimbursements processed.

#### Other automation projects

The Fidelidade Group, through Fidelidade Assistance and with the support of the Center for Advanced Analytics (CAA), has developed internally the Assistance VoiceBot, which is a Contact Center Robot to automate phone

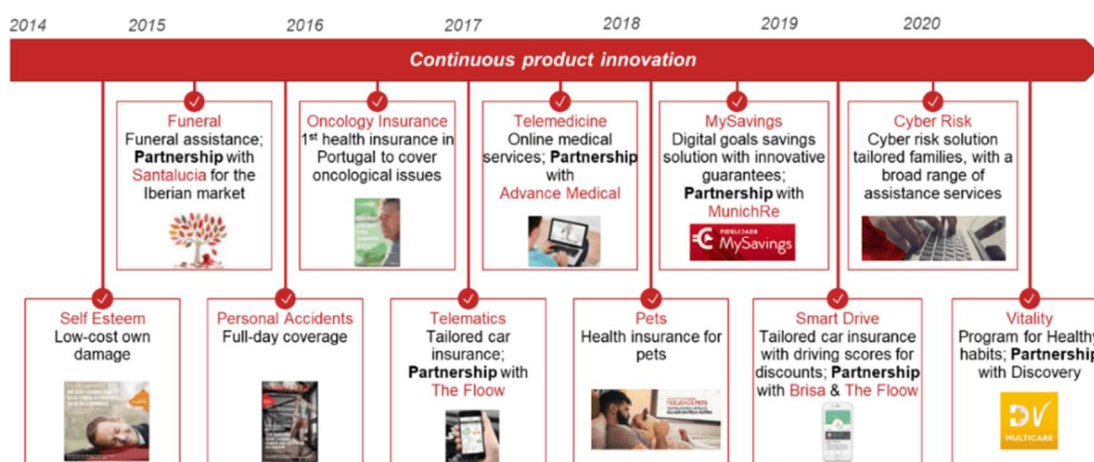
contacts with Customers, Partners and Employees. This VoiceBot uses Natural Language Processing (NLP) technology, an area of Artificial Intelligence that involves Speech Recognition, Natural Language Understanding and Natural Language Generation.

A range of different technologies were used in the process, including Google DialogFlow and Microsoft Cognitive Services, among others.

## INNOVATIVE VALUE PROPOSITIONS

The main aim of the second pillar of action in terms of innovation is to improve the quality of our range of products and services, responding to customers' needs and seeking to respond proactively to trends and challenges in the insurance market and in society in general. Some of the challenges that drive us and that we seek the best responses for are how to guarantee fast and extensive access to quality health services, how to deal with the challenges raised by the ageing population and how to increase awareness of the need to save.

The Fidelidade Group has sought to expand the scope of its activity beyond the insurance business, in related services with relevance for customers, offering increasingly integrated and complete solutions in the various ecosystems where it operates, such as Mobility, Health, Home, Savings and Seniors.



Despite the challenges of 2020, innovation in products and services continues to be one of the Fidelidade Group's priorities. Some of the key innovative solutions launched during the year, among many others, include the Cyber Families Legal Protection Insurance, new specialisations in online medicine associated with health insurance, the Drive 2.0 application, the financial product Investment Portugal 2020, and the Multicare Vitality programme.

### Cyber Safety for Families

At the beginning of 2020, the Fidelidade Group launched the Cyber Families Legal Protection insurance, to protect its customers and their families against the risks associated with Internet use. This innovative product is unique in the Portuguese market and provides services such as screening and deleting of sensitive information, parental control and psychological assistance. Cyber Families is an addition to the cyber security product range, following the launch of Fidelidade Cyber Safety for companies in 2019.





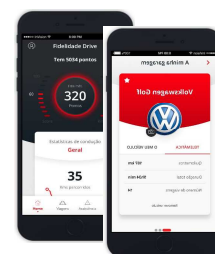
## Strengthening of Online Medicine

In the Health line of business, one of the main areas of intervention has been Online Medicine, expanding the telemedicine range and leveraging remote capabilities. Since the launch of “*Orientação Médica Online*” (online medical advisory), the Fidelidade Group has been encouraging customers to use the service even more and has sought to provide new services, using technology and promoting healthier lifestyle habits. In 2020, the Fidelidade Group once again enhanced the Online Medicine service with the inclusion of remote consults in Psychology and Gynaecology specialisations, in addition to launching *Médico Assistente Online* (online assistant doctor) in the area of Family Medicine, an online symptom checker including Covid-19 symptoms, and the medicines home delivery service.



## Telematics Application: Fidelidade Drive

The Mobility ecosystem has been gaining ground with the launch of telematics-based products that aim to contribute to better and safer driving, by recording driving behaviour in real time. In this context, the Fidelidade Drive application was launched in 2017 for customers with Fidelidade motor insurance. This service has obvious advantages for customers, as it tends to reduce their motor insurance premium and, on the other hand, promotes saving by offering several discount options. In 2019, the Smart Drive application was also created, in partnership with Brisa, the largest transport infrastructures concessionaire in Portugal. This application is designed to provide Via Verde clients with an innovative experience in the mobility ecosystem. In 2020, the application Fidelidade Drive 2.0 was launched, integrating new functions and a new customer-centric design.



## Investment Portugal 2020

Throughout the second half of 2020, Fidelidade launched three closed series of the product Investment Portugal 2020 (individual life insurance linked to investment funds), with the clear aim of attracting medium-term investment through subscription to a single premium with a minimum sum of €2,500.



## Multicare Vitality

Prevention is also one of the areas of intervention in the Health line of business. The aim here is to use prevention models as a means of positively influencing risk. In this context, and in partnership with Vitality, the Fidelidade Group launched the Multicare Vitality programme, which rewards customers for healthy behaviour, with discounts on their health and life insurance and other rewards guaranteed by partners such as Decathlon, Celeiro, Pingo Doce, Cinemas NOS, Garmin and Apple.



## TRANSFORMATION ENABLERS

The third pillar of action in terms of innovation promotes an atmosphere of transformation throughout the organisation, developing innovative solutions and making these accessible through state-of-the-art platforms. Transformation enablers work from the perspective of consolidating synergies, enabling the creation of innovative digital solutions that are market disruptors.

- i. The **Center for Transformation** and the **Center for Advanced Analytics** was created with the aim of leading innovation projects and enhancing analytics capacities;

- ii. **Strategic partnerships** were created to reinvent or consolidate value propositions in an ecosystem approach;
- iii. The **Protecting Programme** was created as a startup accelerator, strengthening our digital position.

In 2020, we can highlight the launch of new solutions, and the development of new functions and new partnerships to leverage value creation and assist in adapting to challenges:

#### Soft launch of Alô by Fidelidade

- This solution was created to meet the needs of the senior segment, and combines a tablet and an application, with Internet included, that facilitates senior citizens' communication with their families, using simplified software;
- Partnerships with siosLIFE in software, Altice in logistics and SantaLucia and Jane for product internationalisation;
- Partnership with *União das Misericórdias Portuguesas* – Given the need for family members to communicate with each other, which became even more acute with COVID-19, and in line with Fidelidade's vision of combating social isolation and fostering technological inclusion in the senior segment, as part of a social responsibility action, the aim was to test this solution that has been developed to bring Portuguese families closer together.



#### Rebranding FIXO Fidelidade

- Platform for the provision of services for the home with an end-to-end digital experience, with the launch of a new channel for requesting services (WebApp);
- Rebranding from the Faustudo brand to Fixo Fidelidade;
- Adaptation of the home services provision, in line with the recommendations of the General Directorate of Health.



#### Launch of Just in Case Insured by Fidelidade

- Travel planning App offering free services of personalised checklists, tips for different destinations and free support to travellers 24 hours a day, 365 days of the year, which allows travel insurance to be taken out on demand;
- Winner of the award "EFMA 2020 Innovation and Insurance Awards – Product & Service Innovation Silver Award";
- Partnership with Collinson – Access to lounges worldwide.



#### Creation of Fidelidade Inovação, S.A. (FID R&D)

- Company created to optimise the pursuit of innovation and research projects;
- Recognition by the National Innovation Agency of the status of aptitude in the following areas of activity: Cyber-safety, the Internet of Things; New means of communication; ICT applied to Health and ICT for open access to knowledge.

## 3.5 Our People

### THE FIDELIDADE TEAM

#### General Information on Employees of the Fidelidade Group<sup>7</sup>

At the end of 2020, the total number of employees in the Fidelidade Group's insurance area was 7,018, which represented an increase of 9.5% compared to the previous year. This increase was due to an additional 606 employees being admitted, 101 of them in Portugal (mostly linked to the increase in functions related to Digitalisation, Analytics and Transformation) and 505 employees in the Group's international operations, largely reflecting the expansion of the commercial network in Angola.

| Total No. of Employees | 2019         |        | 2020         |        |
|------------------------|--------------|--------|--------------|--------|
|                        | Male         | Female | Male         | Female |
| Portugal               | 1,348        | 1,891  | 1,376        | 1,964  |
| International          | 1,454        | 1,719  | 1,721        | 1,957  |
| Subtotal               | 2,802        | 3,610  | 3,097        | 3,921  |
| <b>Total</b>           | <b>6,412</b> |        | <b>7,018</b> |        |

Women hold 55.9% of the positions at the Fidelidade Group and this tendency is evident in both the Portuguese and International operations.

Of the total number of employees in the Group, 47.6% work in the Portuguese operation and the remaining 52.4% work in the international operations.



#### Distribution of Active Employees in the Fidelidade Group by Age

The age range of the current team of employees at the Fidelidade Group is quite varied. The 2020 figures indicate:

- The average age of employees of the Fidelidade Group fell to 40 years of age (compared to 41 in 2019), counteracting the natural ageing of the workforce;
- 44% of new hires were in the under-30s age group and 28% were between 30 and 39 years of age.

<sup>7</sup> These figures do not include the 7,605 employees of Luz Saúde.

| Age          | %            |
|--------------|--------------|
| </=29        | <b>21.8%</b> |
| 30-39        | <b>27.3%</b> |
| 40-49        | <b>27.6%</b> |
| 50-59        | <b>18.2%</b> |
| >/=60        | <b>5.0%</b>  |
| <b>Total</b> | <b>100%</b>  |

#### Distribution of Employees with a contract<sup>8</sup> with the Fidelidade Group by Length of Service

In 2020, the average length of service of the Fidelidade Group employees was 10.7 years.

| Length of Service | %            |
|-------------------|--------------|
| 10 years or less  | <b>59.9%</b> |
| 11-20 years       | <b>17.4%</b> |
| 21-30 years       | <b>17.1%</b> |
| 31-40 years       | <b>4.4%</b>  |
| Over 40 years     | <b>1.2%</b>  |
| <b>Total</b>      | <b>100%</b>  |

#### Distribution of Fidelidade Portugal Employees by Professional Category

In Portugal the professional category of “Technical” staff accounted for the most employees, totalling 63.1% of all staff.

In 2020, 38.0% of “Senior Management” and “Line Management” positions were held by women (69 employees), compared to 36.3% in the previous year, which is equivalent to 3 more women occupying positions of greater responsibility.

| Professional Category | Men          | Women        | Total        | %           |
|-----------------------|--------------|--------------|--------------|-------------|
| Senior Management     | 24           | 14           | <b>38</b>    | 1.5         |
| Line Management       | 89           | 55           | <b>144</b>   | 5.5         |
| Technical             | 708          | 929          | <b>1.637</b> | 63.1        |
| Administrative        | 242          | 534          | <b>776</b>   | 29.9        |
| <b>Total</b>          | <b>1.063</b> | <b>1.532</b> | <b>2.595</b> | <b>100%</b> |

## HUMAN RESOURCES POLICY

The Fidelidade Group’s **human resources policy** is guided by a series of pillars based on the following principles:

- Humanisation of working relations and conditions;
- Non-discrimination in the form of management based on equality, without ignoring diversity;
- Respect for the dignity and promotion of the Person;
- Adoption of integrated policies that combine measures of prevention, education, training, employment, balance between work and family life and equal opportunities;
- Implementation of human resource policies aimed at developing the individual and strengthening motivation and the stimulus to increase productivity;

<sup>8</sup> Includes employees assigned by the company and with their contract suspended.

- vi. Application of human resources policies aimed at treating employees with respect and integrity which actively contribute to their professional development.

#### **Inclusion of Persons with a Disability or Incapacity**

Additionally, the inclusion of people with disabilities or incapacities is also a priority of the Group, and it enhances the development of local communities, by (re)creating better and more appropriate long-term care and through maximum (re)capacitating of these citizens for active living, whenever possible, thereby contributing to reducing social inequality.

***2.3% of the employees of Fidelidade Portugal have a disability or incapacity***

#### **Equal treatment and opportunities for men and women**

The Group's human resources are evenly distributed between the genders. The recruitment and selection process fully respects the equal opportunities principle, and selection is according to the curriculum and skills profile of each candidate. Thus, when recruiting the Group does not discriminate based on gender/ethnicity/nationality or any other factors.

Moreover, as part of the good practice followed in its human resources policy and promotion of the development of the individual, the Group also considers that equal treatment and opportunities should be given to persons with disabilities.

#### **Balancing personal, family and professional life**

The Fidelidade Group has sought to implement a range of measures to support balancing work and family life, which include the following:

- Appropriateness and flexibility of work schedules and conditions;
- Internal mobility;
- Appropriateness of each placement to the physical and psychological conditions of employees, equipping work stations according to specific needs identified.

#### **Professional development of employees**

The Group promotes employee training, as a means of professional development. Employees are encouraged to undertake permanent and continual training throughout their professional life.

Accordingly, in line with the human resources policy, the Group has assumed the commitment to prepare teams, leaders and every one of its employees for appropriate professional development that also fosters the development of the business. The Fidelidade Group is committed to continuing to create conditions to improve the quality of life of its employees.

### **COMMITMENT TO OUR EMPLOYEES**

Thinking about the People and the Organisation of the Fidelidade Group is helping to build the Group's future and the skills and talent of our people.

2020 was a particularly unusual year and while the well-being and safety of our people has always been one of our main concerns, in 2020 it was our motivation. While, on the one hand, the challenges of managing people and the organisation are still the same, the need for us to be ever closer to our customers and partners, the

impact of the pandemic and the limitations imposed have forced us to rethink how we will relate to each other, be together, and even recreate those moments of informal contact that have disappeared from our daily lives.

An ever-changing world, with even greater levels of uncertainty and fears, highlights the importance of protecting people and delivering simpler and more agile solutions. More than ever, Fidelidade People make the difference and even in the most difficult and uncertain of times, like those we are living through, they continue to make the difference, so that life does not stop.

Following the human resources policies and lines of action defined for People Management, Fidelidade has been implementing several initiatives, some of which are highlighted below:

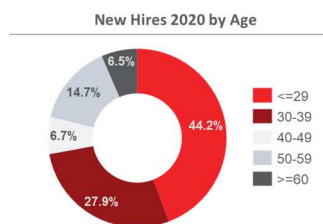
### 1. People Development

With the aim of guaranteeing that people are prepared to face new challenges, the Fidelidade Group has been phasing in a new Integrated People Management Model, which seeks to aid in clarifying individual objectives and responsibilities and also identifying the skills needed for each function, configuring natural career paths and taking decisions on succession, promotion/progression and professional development.

The Fidelidade Group has also invested in developing the skills of our employees, through leadership training, commercial training and training in new products and new regulations in the sector (e.g., IFRS 17, GDPR).

### 2. Capturing New Talent

The Fidelidade Group has continued to focus on rejuvenation and capturing new talent that is key to the business.



### 3. Transformation of the Organisation

The Fidelidade Group has been adjusting its organisation, by reviewing and building organisational structures that better respond to the challenges of the business and which guarantee the introduction of new skills and ways of working.

These structures include the adoption of predictive analytics that allow us to identify the Group's needs as regards Workforce Planning and maintain a proactive recruitment approach by anticipating those needs. In addition, the Fidelidade Group has sought to implement workforce monitoring, which is essential in ensuring the right people for the Organisation's structures and functions.

### 4. The Future of Work

In line with the transformation of the Group, anchored on more agile methods, we are emphasising the adoption of new ways of working, implementation of good practice and adaptation of the Physical and Digital Workplace.

New ways of working essentially include the adoption of cloud-based collaborative tools that enable employees not only to work anywhere, but also to work more closely and collaboratively with each other.

Focus has been placed on implementing Agile as a work method, as a means of continuing to improve the Group's performance, and also on using ideation techniques, such as Design Thinking.

This area became even more of a priority in 2020, which was marked by a clear change in the work paradigm. After surveying the new concerns of our employees within the scope of the Covid-19 pandemic and mandatory

working from home, the Group systematised a series of good practices and solutions that will be implemented throughout the Group.

## **5. Change Management and Business Partnerships**

With the aim of understanding and working alongside the business in order to support business unit leaders in managing their people, the Fidelidade Group has been working on rejuvenating the structure, transferring knowledge, promoting mobility and succession, and preparing leaders to motivate their teams with a focus on Fidelidade People, the market, proximity to the customer and results.

## **6. Corporate Culture**

As a means of developing a corporate culture, which promotes the company's cultural identity and the commitment and recognition of the People who contribute daily to the Group's success, a number of initiatives have been implemented in the area of culture and interaction with employees, including the adoption of new, more digital communication platforms, and other new initiatives for promoting the culture of the Group.

## 3.6 Our Contribution to a Sustainable Future

### IN 2020 WE WERE PUT TO THE TEST

2020 was clearly unique, and more than ever before Fidelidade's WeCare spirit played its part in caring for the safety and well-being of our people, supporting our suppliers in situations of vulnerability, continuing our activity and proximity to our customers, and showing that we are an active partner in our communities, at a time when they most need us.

Our capacity to respond and adapt to this new context would certainly have been more difficult if the Group had not invested in digitalisation and dematerialisation and in the relationship with our customers, partners and suppliers. This unprecedented effort and our contribution to a prosperous and inclusive recovery should continue to dominate 2021.

### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

*The insurance sector, by its nature, helps people, communities and companies to understand, manage and limit risks, thereby protecting their assets.*

The Fidelidade Group's contribution to society is the extension of this principle and of the responsibility we assume as market leader. This approach has been based around accompanying and supporting people when they need it most and anticipating trends that impact society.

Aware of the influence of our activity, as an insurance Group, on the development of society, we have reflected on our contributions to the Sustainable Development Goals (SDGs) and adopted a clear position for promotion of Agenda 2030 - the global strategy for Sustainable Development.

This reflection has increased our motivation to mitigate the negative impacts and maximise the positive impacts resulting from our activity, seeking to create value for the communities of which we are part.

These are the SDGs on which we consider our activity has a significant impact, and should continue to do so in the future:





## OUR PRIORITIES

Our contribution to sustainable development reflects the vision of social responsibility that we are committed to in the societies where we operate. We achieve this through responsible management and integrating sustainability into the products and services we offer.

### 1. Commitment to Ethics and Transparency

For us, acting in an ethical and transparent way is a daily priority. These two fundamental values generate trust in the financial system and bring efficiency to the process for identifying risks and to the provision of services to customers.

As a benchmark insurance Group and a promoter of good practice in the sector in Portugal, we have been paying particular attention to new ethical issues raised by the use of digital means within the context of protecting personal data. Contributing to assessing gaps and seeking the best legal framework, which does not separate protection and consent from customer service, is a commitment that is common to all our activity.

### 2. People Focus

As a Group focused on People, we have assumed the commitment to prepare teams, leaders and every one of our employees for appropriate professional development that also fosters the development of the business, and to continue to work to create conditions to improve the quality of life of our employees.

Alongside the work undertaken in the context of the pandemic to ensure safe conditions for our employees, we have also been engaged in several structural projects that aim to contribute to their well-being, and the value proposition of these was further enhanced in 2020. One example is **NOS** – the Social Support Programme for Employees – which has strengthened its Counselling Programme and Psychological Support online.

In terms of our social responsibility commitment to Fidelidade customers, we can highlight the distinctive WeCare social intervention programme, which provides support to customers who have had serious accidents.

### 3. New trends, new services

Society is changing and there are countless new trends related to new lifestyles. Fidelidade is not indifferent to these and has been evolving from a product-based vision to a service-based vision, using technology as a central tool to bring about change.

In 2020 we enhanced the offer of new services in the **senior ecosystem** and **home ecosystem**. Through digitalisation we were also able to inject greater agility into our management and response chains.

### 4. Longevity and Quality of Life

The Fidelidade Group's priority areas in terms of corporate social responsibility continue to be based on the challenges of the ageing population, health prevention and inclusion of persons with disabilities or incapacities. We aim to develop a greater understanding of these issues in the interests of developing the respective communities and regarding their impacts on strategy and business.

In 2018, the Fidelidade Group launched the new product **Multicare 60+**, an innovative health insurance designed specifically for the over-60s, which was a pioneer in the holistic risk offer.

The Group wishes not only to cater for the senior segment with its offer of traditional health insurance, but also to embrace their concerns, such as exclusion and loneliness, cognitive stimulation and disability, and lack of assistance and isolation made worse by the Covid-19 pandemic and the related social distancing measures. It

was with this in mind that the Group launched Alô by Fidelidade in 2020. This integrated and user-friendly technological solution allows senior citizens to stay connected to their family and friends.

## 5. Prevention

Fidelidade has continued its commitment to preventing illness and also promoting healthy habits. Adopting prevention models as a means of positively influencing risk (e.g., the **Vitality** programme launched in 2020) not only brings added value to individual customers but also contributes to a healthier society.

Moreover, the Fidelidade Group is aware of the emergence of new diseases and disorders identified for the 21st century and, in this context, has been working on new initiatives, such as cancer screening, chronic disease management and mental health promotion.

## 6. Responsible investment

Responsible investment combines environmental, social and governance factors (ESG), with the aim of guaranteeing a return for investors and benefiting society by influencing corporate behaviour. The Group will continue to work on building its investment portfolio based on Sustainable Development principles.

## 7. Environment and Climate Change

The issue of the environment and climate change has been given a further boost, not only due to ongoing actions to better manage the direct resources of the business, but also in terms of prevention and forecasting of climatic events so as to provide greater protection for people.

As part of the application of the circular economy concept, with the aim of reducing waste and recycling asset use, the salvage donation programme was extended to numerous social institutions, and 498 computers that were no longer in use were donated to support the online schooling that was implemented at the start of the first wave of the pandemic.

## 8. Involvement in the Community

The Fidelidade Group has the mission to contribute to building a sustainable society, and has continued its policy of community involvement.

In 2020 the creation of Fidelidade Community was formalised. This project brings together social organisations, partner entities, employees, agents and institutional stakeholders in a mission to strengthen the social sector, maximising its impact. Also as part of creating value in society, two webinars aimed at social organisations were held, synergies between organisations were promoted, and a capacity-building plan of action was set in motion and will continue in 2021.

This vision of complicity with the communities where the Group is present can be seen not only in Portugal but also in the Group's other geographies. In its international activity, Fidelidade has made it a priority to be relevant locally and a good neighbour. The 2020 Sustainability Report will provide further details on these initiatives.

## **SOCIAL RESPONSIBILITY PROGRAMMES**

### **Fidelidade Community**

This is Fidelidade's social responsibility programme, and its mission is to contribute to providing a response to problems within society at both the national and international level, with the goal of strengthening the communities where we are present.

### **NOS Social Support Programme**

Set up in 2013, this is an internal programme providing support for employee development, regarding legal, financial, medical, social and family matters. The programme offers personalised support to employees and their families and has been successful in creating and enabling appropriate responses to resolve complicated situations, contributing to employees' well-being. As a result of the work it has done and the results achieved since it began, the NOS programme is now widely recognised and has firmly earned the trust of the Group's employees.

### **WeCare Programme**

What began as a distinctive and humanist attitude of our employees in the Workplace Accidents and Road Traffic Accidents areas, who were accompanying cases of accidents and lives put on hold, gave rise to one of the guiding principles that is at the heart of the Fidelidade Group's culture, and which is nurtured by us all on a daily basis.

This is a distinctive social intervention project, in which Fidelidade aims to take responsibility for the maximum recovery of those who have been the victim of a serious accident, offering to support them in their physical rehabilitation and economic and social reintegration, including analysing the needs of the household in order to improve the living conditions of both the accident victim and his or her dependants.

## **FINAL REMARKS**

In 2020 we began a new cycle of reflection and preparation of our sustainability strategy for 2021-2023.

This reflection led to objectives aligned with the Fidelidade Group's Business Model (see Chapter 3) and Strategy (see Chapter 4.1).

The Fidelidade Group's 2020 Sustainability Report, to be published by 30 June 2021, will present a new roadmap and an exhaustive reflection on the Group's contribution to the Sustainable Development Goals.

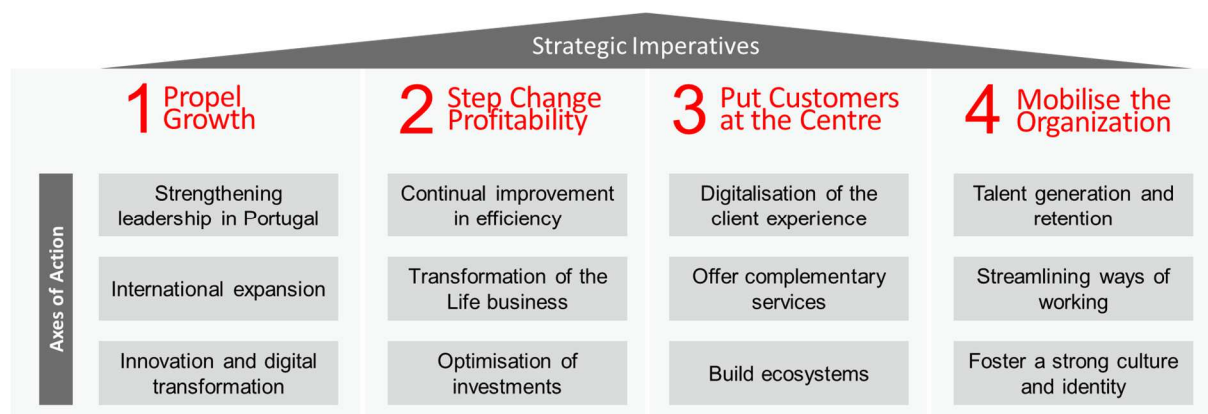
In addition to the above, the Fidelidade Group's annual Sustainability Report, which is certified by an external entity, also includes relevant concerns regarding environmental and social matters, respect for human rights, the fight against corruption and management of supply chains and outsourcing.

# **4. STRATEGY AND RISK MANAGEMENT**

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## 4.1 Fidelidade Group Strategy

The activity of the Fidelidade Group is based on **4 strategic imperatives**, upon which the Group has defined a growth and transformation plan with defined action-oriented initiatives. These strategic imperatives are the guiding force behind the Fidelidade Group's actions, and give rise to a wide range of initiatives that are being implemented by the different companies in the Group.



### PROPEL GROWTH

Growth is a strategic priority for the Fidelidade Group, and work in this area follows 3 main avenues of growth: Strengthening leadership in Portugal, International expansion and Innovation and digital transformation.

#### i) Strengthening leadership in Portugal

In order to strengthen its position in the Portuguese market, the Fidelidade Group leverages the strength of its brands, its presence in the various distribution channels, its recognised technical capabilities and its culture of innovation, to serve more and more customers.

Added to this is the continual effort to improve sales dynamics, with greater coordination between the different sales channels, seeking to offer an **omni-channel experience**, and adapting the product range to customers' expectations in the different distribution channels.

The ongoing initiatives have resulted in a continual increase in market share, mainly in the Non-Life business, and proven resilience in the face of external adversities. In the future, the potential identified in the Life business in Portugal will be one of the main avenues of growth, with Fidelidade seeking to strengthen its position in the **Savings** market.

#### ii) International Expansion

International expansion is a strategic priority for the Fidelidade Group, mainly due to the role it plays in the Group's growth, but also as a means of reducing the historical concentration in the Portuguese market and as a mechanism for transferring knowledge, skills and innovation between each of the companies that are part of the Group.

The Fidelidade Group's goal is to act in new markets where it can use its skills base to offer competitive advantage, while strictly meeting all the criteria for financial and operational sustainability.

Initially, the Fidelidade Group's internationalisation process sought out markets with which Portugal had greater economic, cultural and language ties. For the most part, the Group followed its natural partner in the bank channel (CGD), concentrating its operations in markets where the Bank was present.

In the future, **Latin America will be the main focus** of the Group's expansion, given that the proximity in cultural terms, the potential for growth and the capacity of the Fidelidade Group to add value make this region particularly attractive. The acquisition of a majority shareholding in the La Positiva Group in 2019 and the start of operations in Chile in 2020 are the two most recent steps in Fidelidade's ambition for growth in the region.

### **iii) Innovation and digital transformation**

Lastly, innovation and digital transformation are a way for the Fidelidade Group to not only boost its insurance business, but also create other sources of income beyond insurance. They are also a key element in strengthening the Group's lead in the Portuguese market and a means of adding value to the international operations, by exporting proven success stories in Portugal to other geographies.

Hence, the Fidelidade Group has maintained a constant focus on digitalisation, with various initiatives that can provide the Group's companies with tools able to respond to the potential disruptive impact of new business models based on the new technologies.

As market leader in Portugal and being present in several geographies, the Fidelidade Group is focused on understanding the trends where it is operating and identifying new market directions, in order to generate ideas for innovation projects.

The major motivation behind the innovation and transformation processes occurring at Fidelidade is preparation for the future with **new products embedded in the ecosystems where it operates**, making it more relevant to people and filling gaps in the many areas where insurance companies normally work: the home, mobility, health and savings.

## **STEP CHANGE PROFITABILITY**

In recent years, the Fidelidade Group has returned consistently positive results, in terms of profitability. This performance has been possible due to the implementation of various initiatives to improve yields, and which continue to be a focus for action in the future. The main initiatives include continual automation of internal processes, transformation of the Life business and optimisation of investment portfolio management.

### **i) Continual improvement in efficiency**

Continual improvement in efficiency is based on automation and the use of analytics technologies, in an effort to digitalise interaction with customers and distribution partners. This focus has allowed the Group to increase the number of processes that no longer require human intervention, thereby freeing up human resources to perform activities with more added value.

### **ii) Transformation of the Life business**

Transformation of the Life business has been triggered by a macroeconomic context of low interest rates that have made it necessary to review Fidelidade's product range, focusing on non-guaranteed capital products. This reformulation has been coupled with a focus on differentiated asset management capabilities in order to capitalise on the potential that this line of business presents in the Portuguese market.

### **iii) Optimisation of Investments**

Optimisation of investment management involves ensuring the right fit for the market and regulatory context in which Fidelidade operates, seeking optimisation of return and risk, but safeguarding the level of prudence that has always characterised the company's activity.

## **PUT CUSTOMERS AT THE CENTRE**

The focus of the Fidelidade Group are its customers and, as a result, all of the Group's activity and innovation are customer-centric. In the traditional insurance business, this means making an effort to meet customers' expectations with regard to the increasing digitalisation of business and improving response times.

Given the focus on customers' needs, the aim of the Fidelidade Group is not only to offer insurance and mutualise customers' risks, but also to proactively support customers in managing their risks and solving their problems and needs as these arise. This ambition requires the Fidelidade Group to increase the frequency of its interactions with customers and develop new integrated offers for the ecosystems in which it operates, providing products and services that are outside its core business and increasingly focused on prevention and on solving customers' holistic needs.

This route has been achieved by acquiring and internalising different services that are relevant to the business and by forming strategy partnerships with important groups with a global presence, such as Discovery Vitality.

## **MOBILISE THE ORGANISATION**

In order to pursue its other strategic imperatives of growth, profitability and putting customers at the centre, the Fidelidade Group must have the necessary talent and working methods. Hence, Fidelidade is keeping up to speed with the industry's transformation and trends, in order to guarantee today the talent that will be needed for the challenges of tomorrow.

Therefore, although 2020 was characterised by a macroeconomic context of greater unemployment, the Fidelidade Group bucked the trend of most companies and took advantage of this context to fill gaps that had been identified with talent available on the market.

In addition, continued emphasis on employee training and on internal rotation are also indispensable initiatives for generating and retaining human talent. Alongside this, Fidelidade has engaged in actions to ensure that all the Group's employees assimilate the values, purpose and identity of the Group, which are key factors in uniting the different generations within the company.

Reformulating ways of working and organisational processes based on Agile methods is a route that Fidelidade has followed to guarantee an increasingly agile organisation, capable of supporting business growth and responding quickly and efficiently to any challenge that arises.

Following a successful first transformation in the organisation of the IT systems area, Fidelidade is now focused on expanding these different methods of working to the Group's other areas and functions.

## 4.2 How we manage risk

### RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Fidelidade Group's global risk management system is an integral part of its daily activities, contributing to maintaining the Group's financial solidity and stability.

The risk management model is aligned with the requirements set out in the Solvency II rules, which came into force in January 2016.

The own risk and solvency assessment ("ORSA"), which enables risk, capital and return to be related to each other in a prospective vision, within the context of the business strategy, plays a key role in monitoring both the Company's risk profile and the capital adequacy in terms of meeting the regulatory requirements and the internal capital needs.

The Company has policies, processes and procedures relating to the governance system that are adapted to its business strategy and operations, guaranteeing sound and prudent management of its business.

To ensure compliance with these policies, processes and procedures, the Company has established a series of key functions, which are allocated to the following bodies:

|  |  |  |
|--|--|--|
| <b>Risk Management Division</b> <ul style="list-style-type: none"> <li>• Risk Management Function</li> <li>• Actuarial Function</li> </ul> | <b>Audit Division</b> <ul style="list-style-type: none"> <li>• Audit Function</li> </ul> | <b>Compliance Division</b> <ul style="list-style-type: none"> <li>• Compliance Function</li> </ul> |
|--|--|--|

Alongside the areas with key functions, management of the risk management and internal control systems is also the responsibility of the following committees:

|                                       |  |
|---------------------------------------|--|
| Risk Committee                        | Underwriting Policy Acceptance and Supervision Committee |
| Life and Non-Life Products Committees | Assets and Liabilities Management Committee              |

The remaining Management Bodies are responsible for enhancing the risk management and internal control process, so as to ensure that the management and control of operations is performed in a sound and prudent manner. They are also responsible for preparing and updating documentation relating to the business processes, their risks and control activities.

Regarding the reporting requirements, the Company prepared and disseminated, on its Internet site, the **"Solvency and Financial Condition Report"**, with reference to 31 December 2019, which contains detailed information on its activities and performance, governance system, risk profile, solvency assessment and capital management.

Given the time lag between the disclosure of these financial statements and the prudential information in the **"Solvency and Financial Condition Report"** for the year 2020, it is important to mention that the Company, based on preliminary quarterly data reported to the ASF and on information currently available, continues to comply adequately with the capital requirements.



## FINANCIAL RISKS MANAGEMENT AND HEDGE ACCOUNTING

The Fidelidade Group performs operations with derivative products as part of its activity, with the aim of reducing its exposure to fluctuations in exchange and interest rates.

The derivative financial instruments are recognised at their fair value at the contract date. They are also recognised in off-balance sheet accounts at their notional value. Subsequently, derivatives are measured at their fair value, which is calculated: i) on the basis of quotes obtained in active markets (for example, regarding futures trading in organised markets); ii) on the basis of models that incorporate valuation techniques accepted in the market, including discounted cash flows and option valuation models.

### Embedded derivatives

Derivatives embedded in other financial instruments are separated from the host contract and treated as separate derivatives, whenever: i) the embedded derivative's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; ii) the entire combined financial instrument is not recognised at fair value with the respective changes recognised in the income statement.

The major impact of this procedure with regard to the Group's activity consists of the need to separate and value derivatives embedded in debt instruments, where the return is not in the form of interest (for example, return indexed to share prices and indexes, exchange rates, etc.) At the time of the separation, the derivative is recognised at its fair value, with the initial value of the host contract corresponding to the difference between the total value of the combined contract and the initial revaluation of the derivative. No income is recognised on the initial valuation of the operation.

### Hedge derivatives

These are derivatives used to hedge the Group's exposure to the risks inherent to its activity, namely hedging of the fair value of foreign currency assets (currency fluctuation risk).

At the beginning of all hedging operations, the Group prepares formal documentation, which includes the following minimum items:

- i. Risk management objectives and strategy associated with the performance of the hedging operation, in line with the defined hedging policies;
- ii. Description of the hedged risk(s);
- iii. Identification and description of the hedged and hedging financial instruments;
- iv. Method for assessing the hedge's effectiveness and the frequency of assessment.

Fair value hedge derivatives are recognised at fair value, and the results are assessed daily and recognised in gains and losses for the year. If the hedge is shown to be effective, the Group also recognises in the income statement for the year the change in fair value of the hedged item attributable to the hedged risk. If the hedge relationship ceases to be effective, the cumulative change in fair value reflected in the hedged item is recognised in the income statement up until its maturity.

Hedge derivatives of net investment in a foreign operating unit and cash flow hedge derivatives are recognised at fair value, provided that the hedge is determined to be effective, and the results are registered in shareholders' equity. Any ineffective portion of the results is recognised in gains and losses for the year.

Positive and negative revaluations of hedge derivatives are recognised in specific assets and liabilities headings, respectively.

Appreciations of hedged items are recognised in the balance sheet heading where the related instruments are recognised.

The Group uses hedge accounting since 2015.

### **Trading derivatives**

These include all derivatives not associated with effective hedging relationships, in particular:

- i. Derivatives used to hedge risk in assets and liabilities recognised at fair value through profit or loss, rendering the use of hedge accounting unnecessary;
- ii. Derivatives used to hedge risks which do not meet the criteria defined for use of hedge accounting under IFRS 9, in particular due to the difficulty in specifically identifying the hedged items, in cases other than micro-hedges, or because the results of the effectiveness assessment demonstrate that the hedge is not effective.
- iii. Derivatives used for trading purposes.

Trading derivatives are recognised at fair value, and the results of revaluation are calculated daily and recognised in gains and losses for the year, under the headings “Net income on financial assets and liabilities recognised at fair value through profit or loss”, with the exception of the part related to interest accrued and paid, which is recognised in “Other income”. Positive and negative revaluations are recognised in “Financial assets recognised at fair value through profit or loss” and “Other financial liabilities”, respectively.

# 5. FINANCIAL PERFORMANCE

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## 5.1 Market Environment

### MACRO-ECONOMIC DEVELOPMENT<sup>9</sup>

#### i) Global Market

2020 was inevitably marked by the disruptive effects of the Sars-CoV2 pandemic on economies across all the continents. The various waves of the pandemic and resulting measures and restrictions led to sharp falls in private consumption that resulted in particularly significant decreases in gross domestic product. The central banks and governments responded promptly, extending monetary and fiscal policies. Other factors also increased fragility and economic uncertainty in some regions, such as Brexit, the fall in oil prices and economic tensions between the USA and China. As a result, the world economy shrank by 3.5% in 2020.

#### ii) Portugal

The new pandemic and economic environment also had a significant impact on the Portuguese economy. The pandemic has been particularly damaging for important sectors in the Portuguese business landscape, such as Tourism and the Motor industry as well as for the majority of SMEs, and it has also led to greater pressure on the health system. The economy has suffered, with GDP falling around 7.6% and unemployment rising to around 6.8%. A great deal of uncertainty remains until the pandemic can be brought under control and the vaccination programme completed.

On the other hand, the monetary policies of the ECB have led to increasingly lower interest rates, with Portugal recording lower interest rates than Italy, Spain and Greece, demonstrating the high level of confidence of investors in Portugal compared with other Mediterranean economies.

#### iii) Latin America

Latin America was one of the regions most badly hit by the pandemic, resulting in a fall of 7.4% in the region's GDP. On the other hand, inflation averaged 5.6%, although affected by outliers such as Venezuela and Uruguay. However, in the markets where Fidelidade operates inflation remained close to 2%, despite great efforts of the central banks to inject liquidity into the economy, which in turn contributed to the devaluation of most of the local currencies against the Euro.

#### Evolution of exchange rates of Latin American currencies (vs EUR)

|           | Year-on-year rate of change |      |      |      |
|-----------|-----------------------------|------|------|------|
|           | 2017                        | 2018 | 2019 | 2020 |
| Brazil    | -14%                        | -11% | -1%  | -29% |
| Mexico    | -8%                         | 5%   | 6%   | -13% |
| Argentina | -25%                        | -48% | -36% | -35% |
| Chile     | -5%                         | -7%  | -5%  | -4%  |
| Peru      | -9%                         | 1%   | 4%   | -16% |
| Colombia  | -12%                        | -4%  | 1%   | -12% |

Unit: Currency Rate of Change

Source: Yahoo Finance

<sup>9</sup> Source: IMF, OECD, INE (10 February).

## INSURANCE SECTOR ENVIRONMENT

### i) Evolution of the Portuguese Insurance Market

The insurance sector contracted once again in 2020, with a decrease in premiums of 18.7% compared to 2019, resulting in total premiums written of EUR 9.9 billion. The Life segment was responsible for the decline in the sector, contracting 34.8%, while the Non-Life segment grew 3% in the same period.

#### Portuguese Insurance Market



Unit: million euros

Source: ASF

The decline in the Life segment is due to continuation of the downward trend in this market of sales of products not linked to investment funds, reflecting the current climate of low interest rates, uncertainty surrounding the economic situation in the context of a pandemic, and the current prudential regulations applicable to the sector which are more sensitive to the risks inherent to financial guarantees.

For their part, premiums in the Non-Life segment continued the upward trend, despite a significant slowdown (3.0% in 2020 vs. 8.0% in 2019), as a result of the economic situation the country is going through.

In the Non-Life segment, of note is the positive evolution seen in the Health line of business (+8.3%), at a time of greater awareness among the population of the need to complement the National Health Service. This growth had led to the Health line of business becoming the second largest Non-Life line of business, with direct insurance premiums of EUR 950 million, overtaking Workers' Compensation. However, despite sharp deceleration, Workers' Compensation and Motor also maintained the growth trend that has characterised recent years.

#### Non-Life: Gross Premiums

|                       | Gross Premiums |              |             |
|-----------------------|----------------|--------------|-------------|
|                       | 2019           | 2020         | Change      |
| <b>Non-Life</b>       | <b>5,209</b>   | <b>5,363</b> | <b>3.0%</b> |
| Motor                 | 1,839          | 1,877        | 2.1%        |
| Health                | 877            | 950          | 8.3%        |
| Workers' Compensation | 895            | 905          | 1.1%        |
| Fire and Other Damage | 906            | 945          | 4.3%        |
| Others                | 692            | 686          | -0.9%       |

Unit: million euros

Source: ASF

### ii) Evolution of the Insurance Market in Peru, Bolivia and Chile

The Non-Life segment in the Latin American markets where the Fidelidade Group is present – particular Peru, Bolivia and Chile – maintains a growth trend in Non-Life premiums, although with deceleration in 2020 due to the pandemic.

### Non-Life: Gross Premiums

| Country | Gross Premiums |       |
|---------|----------------|-------|
|         | 2019           | 2020  |
| Peru    | 8.8%           | 3.1%  |
| Chile   | 3.6%           | 4.0%  |
| Bolivia | 4.0%           | -0.3% |

Unit: % change rate

Source: Local Regulatory Bodies (information updated to November 2020 (Peru) and September 2020 (Chile and Bolivia))

The Peruvian insurance market has been expanding since 2017, driven by both the Life and Non-Life segments. During this period, the Life segment stood out, achieving double-digit growth in 2018 and 2019. However, there were signs of a slowdown in Life premiums in 2019, and this was amplified by the crisis linked to the pandemic from the second quarter of 2020, leading to a decline of 4.2% in this segment in 2020. Conversely, the Non-Life segment demonstrated resilience, growing around 3% in this last year.

### Life: Gross Premiums

| Country | Gross Premiums |        |
|---------|----------------|--------|
|         | 2019           | 2020   |
| Peru    | 10.6%          | -4.2%  |
| Chile   | -4.4%          | -26.1% |
| Bolivia | 14.0%          | 11.0%  |

Unit: % change rate

Source: Local Regulatory Bodies (information updated to November 2020 (Peru) and September 2020 (Chile and Bolivia))

The Chilean insurance market, like that of Peru, saw a slowdown mainly in the Life segment. Life premiums fell in both 2019 and 2020, mainly due to Annuities-related lines of business, which suffered particularly sharp falls. However, in the Non-Life segment, the market has grown at an average annual rate of around 5% over the last 3 years, with 2020 following the trend of previous years.

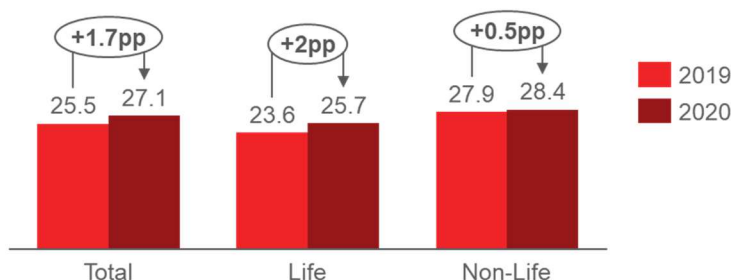
Bolivia, the smallest of these 3 insurance markets, has shown resilience to the impact of the pandemic, with Non-Life premiums in line with 2019 and Life premiums maintaining their upward trend.

## 5.2 Market Shares

### POSITION IN THE PORTUGUESE MARKET

In 2020, the Fidelidade Group held its position as market leader in Portugal, recording an overall market share of 27.1%, corresponding, in practice, to an increase of 1.7 pp compared to the previous year, originating from both the Life and Non-Life segments.

**Total Market Share, Life and Non-Life** (Unit: %; Source: ASF)

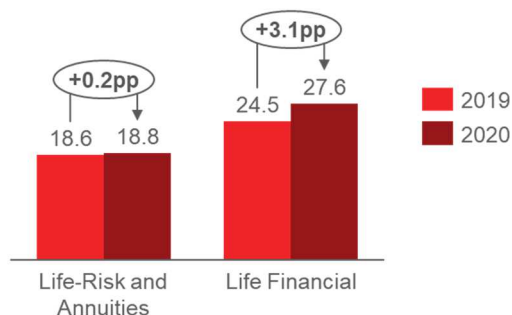


In the Life segment, which is heavily influenced by the behaviour of financial products, it is important to highlight that the Fidelidade Group increased its market share by 2 pp compared to the previous year.

In fact, the success recorded reflects the restructuring of the Life Financial line of business, marked by:

- Increase in the market share in Unit-Link products from 5.8% in 2019 to 20% in 2020;
- Contracting of Annuities products in the market greater than contraction of these in the Fidelidade Group.

**Life Segment – Market Shares** (Unit: %; Source: AFS)



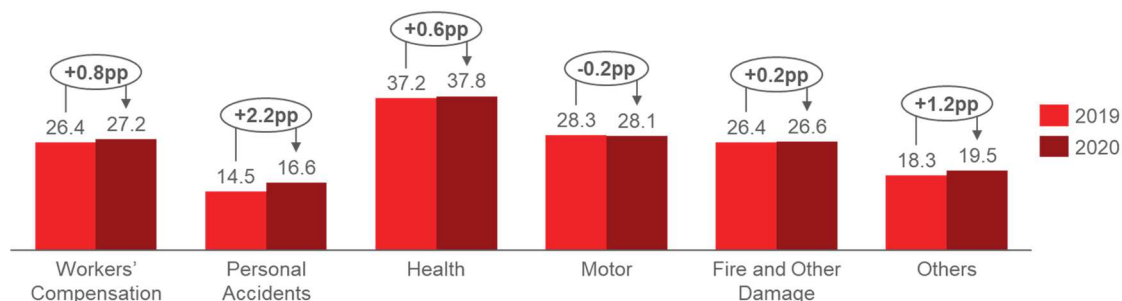
On the other hand, the Non-Life segment has proved to be resilient during the Covid-19 pandemic and Fidelidade increased its share by 0.5 pp compared to the previous year.

The growth in the Fidelidade Group's position in the Non-Life market was leveraged by most of the lines of business, and was essentially due to the following factors:

- Workers' compensation with particularly significant change;
- Health with a highly positive contribution, particularly with individual policies (+1.6 pp of market share);
- Personal Accidents leveraged by strong growth in the banking channel;

- Fire and Other Damage, with a positive contribution from the Agriculture (+1.5 pp) and Other Damage (+7.7 pp) products.

#### Non-Life Segment – Market Shares (Unit: %; Source: AFS)



## POSITION IN THE INTERNATIONAL MARKET

### Latin America

In 2020, the Fidelidade Group consolidated its position in the Latin American insurance market, recording the following rankings<sup>10</sup>:

- **Peru:** 3rd place, with the La Positiva Group reaching third place in the Peruvian market, with a market share of 13.2%<sup>11</sup>, an increase compared to the figure of 12.7% in 2019. La Positiva Seguros had the 3rd largest market share in the Non-Life lines of business, with 15.5%, and La Positiva Vida also reached 3rd place in the market in the Life lines of business, with 10.7%. EPS achieved a market share of 2.5%, obtaining 5th position in the ranking;
- **Bolivia:** 2nd place, with a market share of 23.8% of the non-life business and 19.2% of the life business, and leader among private capital insurers;
- **Chile:** 19th place, taking into account that the operation only commenced its activity in 2020;
- **Paraguay:** 9th place (Alianza Garantia – Non-Life business – maintained its position in the market with a market share of 3.9%)

### Other Geographies

In 2020, the Fidelidade Group also consolidated its position in **Africa**. In Mozambique it held 8th position, with a market share of 4.2%, which was a slight increase compared to 2019 (3.8%)<sup>12</sup>. In Angola the market share was 12.2%, and the operation maintained its position of 3rd in the ranking<sup>13</sup>.

<sup>10</sup> Source: Peru: SBS December 2020 and SUSALUD December 2020, Bolivia: APS September 2020, Chile and Paraguay: BCP, Central Bank of Paraguay, March 2020

<sup>11</sup> Includes La Positiva Seguros and La Positiva Vida

<sup>12</sup> Source: Principal Quarterly Indicators Report (III Quarter 2020) - ISSM (Mozambique Institute of Insurance Supervision).

<sup>13</sup> Source: Report on the Insurance Market, Pension Funds and Intermediation 2019 – ARSEG, November 2020.



## 5.3 Consolidated Financial Performance

### PRELIMINARY NOTE



From 2020, Fidelidade began consolidating the insurance companies Multicare and Fidelidade Assistência, and hence for the purposes of comparing the performance indicators presented in this chapter of the management report, 2019 corresponds to the proforma value of these three companies, which is close to the indicators presented in the 2019 management report of the company Longrun Portugal, S.G.P.S., S.A.

### EXECUTIVE SUMMARY

| Units: thousand €                 | 2020       | 2019 Pro-forma | Change 20/19 |
|-----------------------------------|------------|----------------|--------------|
| <b>Summary INCOME STATEMENT</b>   |            |                |              |
| Premiums written                  | 3,558,101  | 4,082,797      | -12.9%       |
| Life                              | 1,425,399  | 2,053,359      | -30.6%       |
| Non-Life                          | 2,132,702  | 2,029,438      | 5.1%         |
| Combined Ratio (%) <sup>1</sup>   | 89.8%      | 96.6%          | -6.8 p.p.    |
| Technical Income                  | 150,711    | 42,126         | 257.8%       |
| Investment Yield (%)              | 2.4%       | 2.7%           | -0.3 p.p.    |
| Investment Income <sup>2</sup>    | 198,612    | 238,935        | -16.9%       |
| Net Income <sup>3</sup>           | 222,329    | 210,237        | 5.8%         |
| <b>Summary BALANCE SHEET</b>      |            |                |              |
| AuM                               | 17,472,093 | 18,199,648     | -4.0%        |
| Total Assets                      | 19,297,206 | 20,255,998     | -4.7%        |
| Technical Provisions              | 14,009,942 | 14,831,197     | -5.5%        |
| Shareholders' Equity <sup>4</sup> | 3,111,005  | 2,961,774      | 4.9%         |
| ROE                               | 7.5%       | 7.6%           | -0.1 p.p.    |

1. Non-Life Combined Ratio adjusted to the technical costs of the insurance business;

2. Financial income deducted from the allocation to customers/technical interest and expenses related to investment management;

3. After minority interests;

4. Excluding minority interests.

In 2020 the Fidelidade Group attained total consolidated premiums written of EUR 3,558.1 million, registering an overall decrease of 12.9% in its business, influenced by contraction in the Life segment in all geographies, following the market trend.

The combined ratio recorded a significant improvement compared to the previous year, resulting from the general fall in the claims ratio and from gains in efficiency. This had a positive impact on the technical income, which totalled EUR 150.7 million this year.

Volatility in the capital markets and the context of low interest rates continued to compress investment yields, influencing the 16.9% drop in investment income.

Technical performance made up for investment income, enabling the Fidelidade Group to attain a consolidated net income higher than the pro-forma income of 2019.

It should also be noted that, at the end of 2020, the Fidelidade Group had EUR 17.5 billion assets under management, a fall of 4.0% compared to 2019, following the evolution of the Technical Provisions, which fell 5.4% due to the lower amount of life financial premiums.

Shareholders' Equity reached EUR 3,111.0 million, and the return on shareholders' equity ("ROE") was 7.5%.

## PREMIUMS WRITTEN

### Consolidated Premiums

| <i>Units: thousand €</i>         | 2020             | % Mix         | 2019 Pro-forma   | % Mix         | Change 20/19  |
|----------------------------------|------------------|---------------|------------------|---------------|---------------|
| <b>Consolidated Premiums</b>     |                  |               |                  |               |               |
| <b>Life Premiums<sup>1</sup></b> | <b>1,425,399</b> | <b>40.1%</b>  | <b>2,053,359</b> | <b>50.3%</b>  | <b>-30.6%</b> |
| <i>Risk and Annuities</i>        | <i>370,267</i>   | <i>26.0%</i>  | <i>383,516</i>   | <i>18.7%</i>  | <i>-3.5%</i>  |
| <i>Life Financial</i>            | <i>1,055,132</i> | <i>74.0%</i>  | <i>1,669,842</i> | <i>81.3%</i>  | <i>-36.8%</i> |
| <b>Non-Life</b>                  | <b>2,132,702</b> | <b>59.9%</b>  | <b>2,029,438</b> | <b>49.7%</b>  | <b>5.1%</b>   |
| <i>Motor</i>                     | <i>659,628</i>   | <i>30.9%</i>  | <i>657,563</i>   | <i>32.4%</i>  | <i>0.3%</i>   |
| <i>Health</i>                    | <i>435,265</i>   | <i>20.4%</i>  | <i>400,538</i>   | <i>19.7%</i>  | <i>8.7%</i>   |
| <i>Fire and Other Damage</i>     | <i>432,622</i>   | <i>20.3%</i>  | <i>395,108</i>   | <i>19.5%</i>  | <i>9.5%</i>   |
| <i>Workers' Compensation</i>     | <i>291,395</i>   | <i>13.7%</i>  | <i>279,614</i>   | <i>13.8%</i>  | <i>4.2%</i>   |
| <i>Others</i>                    | <i>313,792</i>   | <i>14.7%</i>  | <i>296,615</i>   | <i>14.6%</i>  | <i>5.8%</i>   |
| <b>TOTAL</b>                     | <b>3,558,101</b> | <b>100.0%</b> | <b>4,082,797</b> | <b>100.0%</b> | <b>-12.9%</b> |

### Geographical Breakdown

|                                  |                  |               |                  |               |               |
|----------------------------------|------------------|---------------|------------------|---------------|---------------|
| <b>Life Premiums<sup>1</sup></b> | <b>1,425,399</b> | <b>100.0%</b> | <b>2,053,359</b> | <b>100.0%</b> | <b>-30.6%</b> |
| Portugal                         | 1,169,257        | 82.0%         | 1,653,041        | 80.5%         | -29.3%        |
| International                    | 256,142          | 18.0%         | 400,318          | 19.5%         | -36.0%        |
| <b>Non-Life</b>                  | <b>2,132,702</b> | <b>100.0%</b> | <b>2,029,438</b> | <b>100.0%</b> | <b>5.1%</b>   |
| Portugal                         | 1,525,917        | 71.5%         | 1,455,974        | 71.7%         | 4.8%          |
| International                    | 606,785          | 28.5%         | 573,464          | 28.3%         | 5.8%          |
| <b>TOTAL</b>                     | <b>3,558,101</b> | <b>100.0%</b> | <b>4,082,797</b> | <b>100.0%</b> | <b>-12.9%</b> |
| Portugal                         | 2,695,174        | 75.7%         | 3,109,016        | 76.1%         | -13.3%        |
| International                    | 862,927          | 24.3%         | 973,782          | 23.9%         | -11.4%        |

1. Includes investment contracts

Despite the market conditions that characterised 2020, the Life business recorded premiums of EUR 1,425.4 million. The decline in this segment was felt across all the geographies, with an overall contraction in the Life business in consolidated terms of 30.6%.

In the Non-Life business, the Fidelidade Group grew 5.1% in 2020, with positive performance in all lines of business. In 2020, the Non-Life segment accounted for around 60% of the total premiums written, 28.5% of these coming from the international business.

The lines of business with the greatest growth in 2020 were Fire and Other Damage and Health, with increases of 9.5% and 8.7%, respectively. Conversely, the Motor line of business saw a slowdown in Portugal, reflecting partial returns of premiums on policy renewals, and a decline in premiums in geographies such as Angola, Peru and Bolivia, partly reflecting the effect of currency devaluations.

The Fidelidade Group's international business benefited from the inclusion of La Positiva in 2019, and, in 2020, accounted for 24.3% of the Group's total premiums.

**Premiums in Portugal**

| <i>Units: thousand €</i>     | <b>2020</b>      | <b>% Mix</b>  | <b>2019 Pro-forma</b> | <b>% Mix</b>  | <b>Change 20/19</b> |
|------------------------------|------------------|---------------|-----------------------|---------------|---------------------|
| <b>Premiums - Portugal</b>   |                  |               |                       |               |                     |
| <b>Life Premiums</b>         | <b>1,169,257</b> | <b>43.4%</b>  | <b>1,653,041</b>      | <b>53.2%</b>  | <b>-29.3%</b>       |
| <i>Risk and Annuities</i>    | <i>188,646</i>   | <i>16.1%</i>  | <i>184,958</i>        | <i>11.2%</i>  | <i>2.0%</i>         |
| <i>Life Financial</i>        | <i>980,611</i>   | <i>83.9%</i>  | <i>1,468,084</i>      | <i>88.8%</i>  | <i>-33.2%</i>       |
| <b>Non-Life</b>              | <b>1,525,917</b> | <b>56.6%</b>  | <b>1,455,974</b>      | <b>46.8%</b>  | <b>4.8%</b>         |
| <i>Motor</i>                 | <i>508,531</i>   | <i>33.3%</i>  | <i>501,172</i>        | <i>34.4%</i>  | <i>1.5%</i>         |
| <i>Health</i>                | <i>359,348</i>   | <i>23.5%</i>  | <i>326,559</i>        | <i>22.4%</i>  | <i>10.0%</i>        |
| <i>Fire and Other Damage</i> | <i>253,124</i>   | <i>16.6%</i>  | <i>241,784</i>        | <i>16.6%</i>  | <i>4.7%</i>         |
| <i>Workers' Compensation</i> | <i>246,176</i>   | <i>16.1%</i>  | <i>236,304</i>        | <i>16.2%</i>  | <i>4.2%</i>         |
| <i>Others</i>                | <i>158,737</i>   | <i>10.4%</i>  | <i>150,155</i>        | <i>10.3%</i>  | <i>5.7%</i>         |
| <b>TOTAL</b>                 | <b>2,695,174</b> | <b>100.0%</b> | <b>3,109,016</b>      | <b>100.0%</b> | <b>-13.3%</b>       |

In Portugal, the Fidelidade Group recorded positive premiums performance in the Non-Life segment, growing above the Portuguese market average (4.8% compared to 3.0% in the market).

In the Life business in Portugal, Fidelidade registered a decrease of 29.3%, influenced by the financial products component, which contracted 33.2% in the current context of low interest rates and uncertainty. Despite this general downward trend in the Life segment, Fidelidade's performance was more positive when compared with the market average, which recorded a decrease of 34.8%.

In the Life Risk and Annuities business, Fidelidade grew 2.0% in Portugal, as a result of the new *Proteção Vital 65+* product.

In the Non-Life segment, the Health line of business recorded the highest growth, with total premiums of EUR 359.3 million. The Fidelidade Group grew 10.0% in this line of business, which was above Portuguese market growth (8.3%).

The Motor line of business, which accounts for 33.3% of the Group's Non-Life business in Portugal, recorded moderate growth, reflecting one of the measures implemented by the Fidelidade Group in the context of the Covid-19 pandemic of returning to customers part of their motor insurance premiums.

**International premiums**

International premiums reached EUR 862.9 million in 2020, like Portugal recording a decrease compared to the previous year, due to the evolution of the Life segment and devaluation of local currencies against the Euro.

The Non-Life business grew 5.8%, which is higher than the performance in Portugal (4.8%), with Chile (which began its operation in January 2020), Bolivia and France contributing most to the increase of EUR 33.3 million in the international Non-Life premiums.

| Units: thousand €             | 2020           | % Mix         | 2019 Pro-forma | % Mix         | Change 20/19  |
|-------------------------------|----------------|---------------|----------------|---------------|---------------|
| <b>International Premiums</b> |                |               |                |               |               |
| <b>Life Premiums</b>          | <b>256,142</b> | <b>29.7%</b>  | <b>400,318</b> | <b>41.1%</b>  | <b>-36.0%</b> |
| <i>Risk and Annuities</i>     | 181,620        | 70.9%         | 198,559        | 49.6%         | -8.5%         |
| <i>Life Financial</i>         | 74,521         | 29.1%         | 201,759        | 50.4%         | -63.1%        |
| <b>Non-Life</b>               | <b>606,785</b> | <b>70.3%</b>  | <b>573,464</b> | <b>58.9%</b>  | <b>5.8%</b>   |
| <i>Motor</i>                  | 151,097        | 24.9%         | 156,390        | 27.3%         | -3.4%         |
| <i>Health</i>                 | 75,916         | 12.5%         | 73,979         | 12.9%         | 2.6%          |
| <i>Fire and Other Damage</i>  | 179,498        | 29.6%         | 153,324        | 26.7%         | 17.1%         |
| <i>Workers' Compensation</i>  | 45,219         | 7.5%          | 43,310         | 7.6%          | 4.4%          |
| <i>Others</i>                 | 155,055        | 25.6%         | 146,460        | 25.5%         | 5.9%          |
| <b>TOTAL</b>                  | <b>862,927</b> | <b>100.0%</b> | <b>973,782</b> | <b>100.0%</b> | <b>-11.4%</b> |

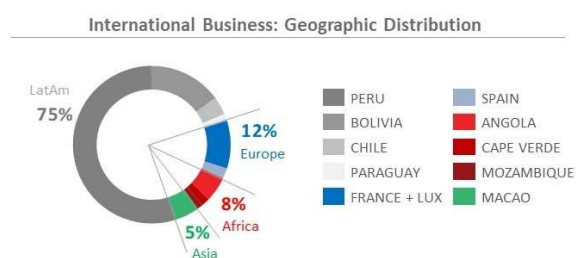
The Fire and Other Damage line of business saw very marked growth (17.1%), propelled by the Latin America business. On the other hand, Motor recorded a decline, mainly influenced by the fall in sales in Peru of 14.2% (except for the SOAT product), reflecting the devaluation of the local currency and the effects of the pandemic, which led to an increase in policy cancellations.

The Life Financial line of business recorded a decrease of 36%, the main influences being the loss of the bancassurance channel in Spain (due to CGD selling its subsidiary there) and the drop in premiums in Macao, which together contributed to a fall of over EUR 100 million.

The Life Risk and Annuities line of business, which carries significant weight in the Latin America business (25.6% of the Fidelidade Group's total premiums in this region), fell by 8.5%, essentially reflecting the effect of the devaluation of the local currencies against the Euro.

| Units: thousand €             | 2020       |            |                | 2019 Pro-forma |            |                | Change 20/19  |
|-------------------------------|------------|------------|----------------|----------------|------------|----------------|---------------|
| <b>International Premiums</b> | %Life      | %NL        | Total          | %Life          | %NL        | Total          | %             |
| PERU                          | 31%        | 69%        | 473,838        | 34%            | 66%        | 496,010        | -4.5%         |
| BOLIVIA                       | 31%        | 69%        | 129,231        | 35%            | 65%        | 126,520        | 2.1%          |
| FRANCE+ LUX                   | 38%        | 62%        | 84,994         | 36%            | 64%        | 74,031         | 14.8%         |
| ANGOLA                        | 2%         | 98%        | 43,688         | 4%             | 96%        | 54,450         | -19.8%        |
| MACAO                         | 67%        | 33%        | 42,223         | 83%            | 17%        | 104,332        | -59.5%        |
| CHILE                         | 0%         | 100%       | 32,394         | -              | -          | 0              | -             |
| SPAIN                         | 23%        | 77%        | 19,053         | 84%            | 16%        | 83,064         | -77.1%        |
| CAPE VERDE                    | 14%        | 86%        | 15,044         | 11%            | 89%        | 15,713         | -4.3%         |
| PARAGUAY                      | 6%         | 94%        | 12,190         | 8%             | 92%        | 10,763         | 13.3%         |
| MOZAMBIQUE                    | 1%         | 99%        | 10,272         | 2%             | 98%        | 8,899          | 15.4%         |
| <b>TOTAL</b>                  | <b>30%</b> | <b>70%</b> | <b>862,927</b> | <b>41%</b>     | <b>59%</b> | <b>973,782</b> | <b>-11.4%</b> |

In 2020, the Latin America business represented 75% of Fidelidade's international business, while Africa accounted for 8%, Asia 5% and Europe 12%.



## PROFITABILITY

### Combined Ratio

| (%)                      | 2020         | 2019 Pro-forma | Change<br>20/19  |
|--------------------------|--------------|----------------|------------------|
| <b>Combined Ratio</b>    |              |                |                  |
| <b>Consolidated CoR</b>  | <b>89.8%</b> | <b>96.6%</b>   | <b>-6.8 p.p.</b> |
| Loss Ratio               | 61.9%        | 65.9%          | -4.0 p.p.        |
| Expense Ratio            | 27.9%        | 30.6%          | -2.7 p.p.        |
| <b>CoR Portugal</b>      | <b>90.3%</b> | <b>96.4%</b>   | <b>-6.1 p.p.</b> |
| <b>CoR International</b> | <b>88.2%</b> | <b>97.6%</b>   | <b>-9.4 p.p.</b> |

Fidelidade's consolidated combined ratio was 89.8%, which was an improvement of 6.8 pp compared to the previous year, reflecting the fall in the claims ratio and an increase in operational efficiency.

There was significant improvement in the international business, with the combined ratio falling 9.4 pp compared to 2019.

### Net Income

| Units: thousand €          | 2020           | 2019 Pro-forma | Change<br>20/19 |
|----------------------------|----------------|----------------|-----------------|
| <b>Income</b>              |                |                |                 |
| Technical Income           | 150,711        | 42,126         | 257.8%          |
| Investment Income          | 198,612        | 238,935        | -16.9%          |
| Others                     | -43,980        | -47,454        | -3.7%           |
| <b>Income before Tax</b>   | <b>305,343</b> | <b>233,607</b> | <b>30.0%</b>    |
| Tax and Minority Interests | -83,014        | -23,370        | 247.8%          |
| <b>NET INCOME</b>          | <b>222,329</b> | <b>210,237</b> | <b>5.8%</b>     |

Net income evolved positively in 2020, due to the contribution of technical income, which benefited from a reduction in the claims ratio and a lower weight of general costs.

## BALANCE SHEET INDICATORS

### AuM

| Units: thousand €                    | 2020              | Mix (%)     | 2019 Pro-forma    | Mix (%)     | Change<br>20/19 |
|--------------------------------------|-------------------|-------------|-------------------|-------------|-----------------|
| <b>Assets under Management (AuM)</b> |                   |             |                   |             |                 |
| Treasury                             | 936,872           | 5%          | 899,336           | 5%          | 4.2%            |
| Fixed-income securities              | 13,144,838        | 75%         | 13,436,362        | 74%         | -2.2%           |
| Equities                             | 910,156           | 5%          | 954,146           | 5%          | -4.6%           |
| Properties                           | 1,951,202         | 11%         | 2,284,856         | 13%         | -14.6%          |
| Properties (own use)                 | 529,024           | 3%          | 624,948           | 3%          | -15.3%          |
| <b>Total AuM</b>                     | <b>17,472,093</b> | <b>100%</b> | <b>18,199,648</b> | <b>100%</b> | <b>-4.0%</b>    |
| Yield (%)                            | 2.4%              | -           | 2.7%              | -           | -0.3 p.p.       |

In 2020 Fidelidade had assets under management of EUR 17.5 billion, which generated an annualised yield of 2.4%.

Fidelidade has a prudent investment strategy with 80% of its portfolio being composed of fixed-income securities and treasury, and the remaining part divided between equities (5%) and real estate (15%).

In 2020, the policy of diversifying by class of asset and geographies was continued, as a means of maximising yield with an appropriate level of risk given the climate of low interest rates, and taking into account capital optimisation under the Solvency II rules.

Assets under Management ("AuM") 2020: Composition



### Technical Provisions

| Units: thousand €           | 2020              | Mix (%)     | 2019 Pro-forma    | Mix (%)     | Change 20/19 |
|-----------------------------|-------------------|-------------|-------------------|-------------|--------------|
| <b>Technical Provisions</b> |                   |             |                   |             |              |
| Life                        | 11,546,634        | 82%         | 12,420,091        | 84%         | -7.0%        |
| Non-Life                    | 2,463,308         | 18%         | 2,411,106         | 16%         | 2.2%         |
| <b>Total</b>                | <b>14,009,942</b> | <b>100%</b> | <b>14,818,948</b> | <b>100%</b> | <b>-5.4%</b> |

In 2020, Technical Provisions stood at EUR 14.0 billion, falling 5.4% compared to 2019, as a result of the decrease in Life provisions, which followed the contraction in sales.

### Shareholders' Equity

| Units: thousand €                      | 2020             | 2019 Pro-forma   | Change 20/19 |
|--|------------------|------------------|--------------|
| <b>Shareholders' Equity</b>            |                  |                  |              |
| Shareholders' Equity with MI           | 3,571,456        | 3,457,257        | 3.2%         |
| Minority Interests ("MI")              | 460,452          | 495,483          | -7.5%        |
| <b>Shareholders' Equity without MI</b> | <b>3,111,005</b> | <b>2,961,774</b> | <b>4.9%</b>  |
| ROE (%)                                | 7.5%             | 7.6%             | -0.1 p.p.    |

In 2020 Shareholders' Equity, excluding Minority Interests, was EUR 3,111.0 million and the return on shareholders' equity was 7.5%.

## 5.4 Separate Financial Performance

### PRELIMINARY NOTE



Fidelidade's separate accounts include the insurance business of Fidelidade - Companhia de Seguros, S.A. in Portugal and of its branches in France, Luxembourg, Spain and Mozambique. The individual perimeter also includes the life business of the branch in Macao until April 2020, which, from May on, was integrated into the subsidiary which had been incorporated in the meantime. **Pursuant to Art. 66ºB(7) of the Code of Commercial Companies ("CSC"), Fidelidade is exempt from presenting the non-financial statement provided for in Article 66 B (1) of the CSC.**

### INCOME SUMMARY

| Units: thousand €               | 2020      | 2019      | Change 20/19 |
|---------------------------------|-----------|-----------|--------------|
| <b>Summary INCOME STATEMENT</b> |           |           |              |
| Premiums written                | 2.756.472 | 3.307.478 | -16,7%       |
| Life                            | 1.211.156 | 1.836.075 | -34,0%       |
| Non-Life                        | 1.545.316 | 1.471.403 | 5,0%         |
| Combined Ratio (%) <sup>1</sup> | 90,0%     | 96,7%     | -6,7 p.p.    |
| Net Income                      | 150.834   | 144.406   | 4,5%         |

1. Non-Life Combined Ratio adjusted to the technical costs of the insurance business;

In individual terms, Fidelidade's total premiums in 2020 were EUR 2,756.5 million, which was a fall of 16.7% compared to the previous year, related to the evolution of the Life segment.

In the market context that characterised the year, the Life business recorded premiums of EUR 1,211.2 million, contracting 34% compared to the previous year, following the market trend.

In the Non-Life segment, Fidelidade grew 5.0% in 2020, benefiting from positive performance in all lines of business.

In terms of the business of the international branches, there was a fall of around EUR 100 million in Life premiums, related to the loss of the bancassurance channel in Spain and the transfer of the Life business of Macao to the new subsidiary in that geography.

Fidelidade's individual combined ratio was 90%, an improvement of 6.7 pp compared to the previous year, reflecting the fall in claims ratios and greater operational efficiency.

The improvement in the technical indicators contributed to the 4.5% increase in net income in 2020, when compared to the previous year.

### BALANCE SHEET INDICATORS SUMMARY

| Units: thousand €            | 2020       | 2019       | Change 20/19 |
|------------------------------|------------|------------|--------------|
| <b>Summary BALANCE SHEET</b> |            |            |              |
| Total Assets                 | 16,277,509 | 16,796,203 | -3.0%        |
| Technical Provisions         | 12,489,988 | 13,334,627 | -6.3%        |
| Shareholders' Equity         | 2,941,734  | 2,589,284  | 12.9%        |

In 2020 Fidelidade Individual had Assets of EUR 16.3 billion and Technical Provisions of EUR 12.5 billion, although the latter fell by 6.3%, in line with the decrease in activity in the Life Financial line of business.

Shareholders' Equity totalled EUR 2.9 billion, an increase of 12.9% compared to the previous year, reflecting the capital increase and the effect of the net income for the year.



## 5.5 Subsequent Events

### COVID THIRD WAVE

At the beginning of 2021, Portugal recorded a significant escalation of the Covid-19 pandemic, leading to a second period of extended lockdown in the country, which is expected to continue for longer than the previous lockdown ordered in March 2020. This third wave of Covid-19, exacerbated by the spread of new variants of the virus, has made the current situation more challenging, due both to its impact on public health and to its effects on the economy and society. The national vaccination programme initiated in December 2020 is expected to be extended to the entire population during 2021 and this is expected to mark the start of new recovery phase.

Fidelidade has continued the measures taken at the start of the pandemic, and these have proved effective in terms of guaranteeing the safety and well-being of our employees and supporting our customers and business partners and the communities where we are present.

### PURCHASE OF ANTAS PHYSIOTHERAPY CLINIC

On 19 January 2021, Fidelidade signed an assignment of shares agreement and completed the acquisition of 100% of Clínica Fisiátrica das Antas, Lda ("CFA"), a physiotherapy clinic in Porto, established in 1988, which is specialised in traumatology, in particular shoulder, back and knee rehabilitation. Prior to the transaction date, CFA was already a privileged provider of Fidelidade in the treatment of its workers' compensation accident victims. The clinic invoices around EUR 500,000 annually and has 12 permanent employees.

### RATING OF THE MACAO OPERATION

On 11 January 2021, Moody's assigned the Macao operation an "A3" (IFSR) rating with "Stable" outlook. This investment grade rating will allow the Macao subsidiary to expand its potential market for corporate customers.

### RATING OF THE CHILE OPERATION

On 5 January 2021, Feller-Rate assigned the Chile operation an "A+" rating with "Stable" outlook.

## 5.6 How we see the Future

The main outlook for 2021 is that the year will be characterised by uncertainty. Doubt as to the evolution of the pandemic situation in the world and in Portugal, and its effect on the easing or intensification of restrictive measures imposed by governments will have a direct impact on the insurance business.

The projections for the Portuguese economy in 2021 point to a period of moderate growth to offset part of the decline in activity seen in 2020. The IMF forecasts that the global economy will grow 5.5%, while predicting growth of 6.5% in Portugal and 4.1% in Latin America.

Premiums from the insurance business, and in particular the Non-Life segment, should follow the trend of the rest of the economy, and financial products may benefit from an increase in families' savings rates.

Hence, the evolution of the business will depend on the economic situation of families and the effect of government aid to the economy, with new sales potentially harmed by any measures that restrict economic activity. These restrictive measures, e.g., lockdowns, may benefit the claims ratios in some lines of business in the short term, but will have a negative impact in the long term (e.g., due to certain medical procedures being postponed).

In 2021, one important area of focus for the Fidelidade Group will be acceleration of its digital transformation journey, mitigating the restrictions on face-to-face contact within the pandemic context and providing the different distribution channels with the necessary tools to perform sales at a distance.

Notwithstanding the evolution of the pandemic situation, the Fidelidade Group should continue to focus on its strategic initiatives, in particular, pursuing the ongoing transformation of the Life business and continuing to promote new innovative solutions for the benefit of customers in the various ecosystems in which it operates.

In this context, Fidelidade should launch, through its banking partner and the other distribution channels, innovative savings and investment solutions that offer our customers an attractive risk-return ratio within the framework of the current macroeconomic context. Naturally, the risk underlying the products offered will be limited to the position inherent to insurers, and in particular to the Fidelidade Group, of offering security. To do this, the Group will leverage its internal asset management skills that have been acquired over decades of managing customers' savings and that have been enhanced with the acquisition of Tenax Capital, in addition to the partnerships in force with asset management institutions of global relevance.

In addition, the Group will engage in various actions to promote the innovative solutions developed and tested in 2020. Of particular importance, naturally, are the Vitality programme, to promote healthy habits, the Fidelidade Drive and Via Verde Smart Drive applications, to encourage safe driving, the new Fixo platform for domestic services and repairs, and the Alô solution for communication and assistance to senior customers, all of which have brought the Group closer to its customers. The Fidelidade Group will also continue to strengthen its offer of innovative products such as Fidelidade Pets, an insurance aimed at pets that includes health covers.

Lastly, international expansion will continue to be a priority, given that the Fidelidade Group aims to position itself as a reference player in the international markets where it operates and to build a clear growth path outside its domestic market. Hence, in 2021, the Group will continue to analyse opportunities to enter new markets that are considered attractive or where Fidelidade could have a competitive advantage.

# 6. APPLICATION OF INCOME

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## 6.1 Proposal for the Application of Income

Fidelidade closed 2020 with a net profit of € 150,834,217.23, calculated on an individual basis in line with the applicable accounting standards.

In accordance with that set out in the Code of Commercial Companies, the Board of Directors proposes the following application:

|   |                  |
|---|------------------|
| Legal Reserve   | € 15,083,421.73  |
| Remaining amount at the disposal of the General Meeting | € 135,750,795.50 |

Lisbon, 18 February 2021

The Board of Directors,

**THE BOARD OF DIRECTORS**

Jorge Manuel Baptista Magalhães Correia

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José Manuel Alvarez Quintero

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Lingjiang Xu

---

José João Guilherme

---

Francisco Ravara Cary

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António Manuel Marques de Sousa Noronha

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Rogério Miguel Antunes Campos Henriques

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Wai Lam William Mak

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André Simões Cardoso

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Tao Li

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Hui Chen

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Carlos António Torroaes Albuquerque

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Andrew John Zeissink

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Yulong Peng

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Juan Ignacio Arsuaga Serrats

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# **B1 Consolidated Financial Statements**

**Consolidated Statement of Financial Position**

**Consolidated Income Statement**

**Consolidated Statement of Changes in Equity**

**Consolidated Statement of Comprehensive Income**

**Consolidated Statement of Cash Flows**

**Notes to the Consolidated Accounts**

Translation of a document originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

## FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019 (Restated)

Tax no: 500 918 880

(amounts in euros)

| ASSETS   | Notes     | 2020                  |  |                       | 31.12.2019<br>(Restated) | 01.01.2019<br>(Restated) |
|--|-----------|-----------------------|--|-----------------------|--------------------------|--------------------------|
|  |           | Gross amount          | Impairment,<br>depreciation /<br>amortisation and<br>adjustments | Net amount            |                          |                          |
| Cash and cash equivalents  | 4 and 12  | 936.872.479           | -  | 936.872.479           | 867.586.052              | 1.034.494.244            |
| Investments in associates and joint ventures                                 | 5 and 12  | 23.838.264            | -  | 23.838.264            | 3.979.082                | 2.307.146                |
| Financial assets held for trading  | 6 and 12  | -                     | -  | -                     | 21.839.020               | 16.613.601               |
| Financial assets initially recognised at fair value through profit or loss   | 6 and 12  | -                     | -  | -                     | 971.896.241              | 862.624.857              |
| Financial assets at fair value through profit or loss                        | 6 and 12  | 2.934.540.361         | -  | 2.934.540.361         | -                        | -                        |
| Hedge derivatives  | 7 and 12  | 5.440.707             | -  | 5.440.707             | 3.676.945                | 4.384.369                |
| Available-for-sale investments   | 8 and 12  | -                     | -  | -                     | 11.096.526.124           | 10.051.670.036           |
| Financial assets designated at fair value through other comprehensive income | 8 and 12  | 9.539.490.377         | -  | 9.539.490.377         | -                        | -                        |
| Loans and accounts receivable  | 9 and 12  | -                     | -  | -                     | 1.385.052.726            | 2.094.147.312            |
| Deposits in ceding companies   | 9         | -                     | -  | -                     | 146.916                  | 542.606                  |
| Other deposits   | 9         | -                     | -  | -                     | 1.362.123.759            | 2.050.386.112            |
| Loans made   | 9         | -                     | -  | -                     | 22.782.051               | 43.218.594               |
| Held-to-maturity investments   | 10        | -                     | -  | -                     | 1.074.167.759            | -                        |
| Financial assets at amortised cost   | 10        | 1.551.684.577         | -  | 1.551.684.577         | -                        | -                        |
| Properties   | 11 and 12 | 2.631.483.893         | ( 151.257.831 )  | 2.480.226.062         | 2.770.637.561            | 1.996.053.558            |
| Properties for own use   | 11        | 680.281.992           | ( 151.257.831 )  | 529.024.161           | 559.490.084              | 444.020.443              |
| Investment properties  | 11        | 1.951.201.901         | -  | 1.951.201.901         | 2.211.147.477            | 1.552.033.115            |
| Other tangible assets  | 12 and 13 | 405.910.589           | ( 296.210.002 )  | 109.700.587           | 94.959.120               | 64.244.320               |
| Inventories  | 14        | 22.296.825            | ( 750.000 )  | 21.546.825            | 13.607.322               | 12.837.610               |
| Goodwill   | 15        | 461.388.973           | -  | 461.388.973           | 461.176.930              | 416.606.539              |
| Other intangible assets  | 16        | 223.429.782           | ( 93.698.283 )   | 129.731.499           | 126.969.715              | 22.951.541               |
| Technical provisions on reinsurance ceded                                    |           | 370.901.712           | -  | 370.901.712           | 434.885.261              | 309.675.439              |
| Provision for unearned premiums  | 17        | 116.900.648           | -  | 116.900.648           | 120.621.995              | 57.665.413               |
| Mathematical provision for life insurance                                    | 17        | 22.772.308            | -  | 22.772.308            | 16.559.063               | 13.081.699               |
| Claims provision   | 17        | 222.723.793           | -  | 222.723.793           | 297.475.840              | 238.928.327              |
| Profit sharing provision   | 17        | 87.712                | -  | 87.712                | 228.363                  | -                        |
| Other technical provisions   | 17        | 8.417.251             | -  | 8.417.251             | -                        | -                        |
| Assets for post-employment and long-term benefits                            | 36        | 6.991.111             | -  | 6.991.111             | 4.302.237                | 7.299.079                |
| Other debtors for insurance and other operations                             |           | 529.920.490           | ( 89.131.437 )   | 440.789.053           | 529.816.509              | 484.287.674              |
| Accounts receivable for direct insurance operations                          | 18        | 342.549.878           | ( 42.138.978 )   | 300.410.900           | 279.798.425              | 183.550.171              |
| Accounts receivable for other reinsurance operations                         | 18        | 29.146.086            | ( 9.358.493 )  | 19.787.593            | 21.108.291               | 23.810.665               |
| Accounts receivable for other operations                                     | 18        | 158.224.526           | ( 37.633.966 )   | 120.590.560           | 228.909.793              | 276.926.838              |
| Tax assets   |           | 207.712.931           | -  | 207.712.931           | 235.174.568              | 294.990.101              |
| Recoverable tax assets   | 19        | 1.802.972             | -  | 1.802.972             | 6.093.516                | 3.689.095                |
| Deferred tax assets  | 19        | 205.909.959           | -  | 205.909.959           | 229.081.052              | 291.301.006              |
| Accruals and deferrals   | 20        | 72.176.038            | -  | 72.176.038            | 87.424.166               | 86.088.426               |
| Non-current assets held for sale   | 21        | 4.174.555             | -  | 4.174.555             | 4.327.134                | 4.423.242                |
| <b>TOTAL ASSETS</b>  |           | <b>19.928.253.664</b> | <b>( 631.047.553 )</b>   | <b>19.297.206.111</b> | <b>20.188.004.472</b>    | <b>17.765.699.094</b>    |

## FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019 (Restated)

Tax no: 500 918 880

(amounts in euros)

| LIABILITIES AND SHAREHOLDERS' EQUITY   | Notes    | 2020                  | 31.12.2019<br>(Restated) | 01.01.2019<br>(Restated) |
|--|----------|-----------------------|--------------------------|--------------------------|
| <b>LIABILITIES</b>   |          |                       |                          |                          |
| Technical provisions   |          | 5.649.819.196         | 5.893.946.393            | 4.194.148.880            |
| Provision for unearned premiums  | 22       | 482.167.165           | 513.765.169              | 290.601.873              |
| Mathematical provision for life insurance  | 22       | 2.887.652.329         | 3.163.842.270            | 1.907.427.795            |
| Claims provision   |          | 2.071.266.346         | 2.014.203.841            | 1.802.260.856            |
| Life   | 22       | 164.426.888           | 185.205.108              | 119.112.004              |
| Workers' compensation  | 22       | 1.051.768.480         | 972.896.063              | 869.497.915              |
| Other  | 22       | 855.070.978           | 856.102.670              | 813.650.937              |
| Provision for profit sharing   | 22       | 75.723.079            | 85.369.984               | 81.104.520               |
| Provision for interest rate commitments  | 22       | 29.012.022            | 29.392.059               | 22.683.110               |
| Provision for portfolio stabilisation  | 22       | 26.345.782            | 26.462.475               | 26.254.032               |
| Equalisation provision   | 22       | 31.346.274            | 29.119.191               | 27.302.513               |
| Provision for unexpired risks  | 22       | 37.337.003            | 31.791.404               | 36.514.181               |
| Other technical provisions   |          | 8.969.196             | -                        | -                        |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 23       | 8.360.122.479         | 8.925.001.690            | 9.276.469.443            |
| Financial liabilities held for trading   | 24       | -                     | 82.034.738               | 22.170.498               |
| Financial liabilities at fair value through profit or loss   | 24       | 38.009.681            | -                        | -                        |
| Other financial liabilities  |          | 610.304.817           | 1.043.486.017            | 839.246.659              |
| Hedge Derivatives  | 7 and 24 | 6.496.962             | 25.705.957               | 11.154.763               |
| Deposits received from reinsurers  | 24       | 36.294.822            | 156.495.712              | 132.825.003              |
| Loans  | 24       | 341.741.823           | 656.263.672              | 633.948.491              |
| Others   | 24       | 225.771.210           | 205.020.676              | 61.318.402               |
| Liabilities for post-employment and other long-term benefits   | 36       | 340.973               | 86.959                   | 85.688                   |
| Other creditors for insurance and other operations   |          | 433.636.744           | 389.204.379              | 300.186.896              |
| Accounts payable for direct insurance operations   | 25       | 104.667.667           | 122.969.673              | 99.397.208               |
| Accounts payable for other reinsurance operations  | 25       | 183.728.717           | 124.650.597              | 65.564.989               |
| Accounts payable for other operations  | 25       | 145.240.360           | 141.584.109              | 135.224.699              |
| Tax liabilities  |          | 254.603.129           | 217.213.938              | 164.654.707              |
| Tax payable liabilities  | 19       | 68.679.009            | 52.475.293               | 37.600.157               |
| Deferred tax liabilities   | 19       | 185.924.120           | 164.738.645              | 127.054.550              |
| Accruals and deferrals   | 26       | 257.892.731           | 235.946.141              | 193.427.883              |
| Other provisions   | 27       | 120.445.241           | 132.640.930              | 111.303.234              |
| Liabilities from a group for disposal classified as held for sale  | 21       | 574.928               | 1.081.671                | 529.650                  |
| <b>TOTAL LIABILITIES</b>   |          | <b>15.725.749.919</b> | <b>16.920.642.856</b>    | <b>15.102.223.538</b>    |
| <b>SHAREHOLDERS' EQUITY</b>  |          |                       |                          |                          |
| Paid-in Capital  | 28       | 509.263.525           | 457.380.001              | 457.380.001              |
| (Treasury shares)  | 26       | (148.960)             | (148.960)                | (148.960)                |
| Other Capital Instruments  | 28       | 314.977.301           | 378.019.900              | 378.019.900              |
| Revaluation reserves   |          | 178.908.923           | 284.562.938              | (96.602.994)             |
| Adjustments in fair value of financial assets  | 29       | -                     | 317.151.963              | (69.068.228)             |
| From adjustments in fair value of debt instruments at fair value through other comprehensive income  |          | 220.679.857           | -                        | -                        |
| Revaluation of properties for own use  | 29       | 749.384               | 1.260.026                | 1.229.930                |
| Adjustments in fair value of hedging instruments in cash flow hedging  | 29       | (1.373.654)           | (1.752.411)              | (1.541.534)              |
| Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency  | 29       | 63.728.212            | 39.125.118               | 69.070.536               |
| Exchange differences   | 29       | (144.214.345)         | (71.221.758)             | (96.293.698)             |
| From adjustments in fair value of equity instruments at fair value through other comprehensive income  | 29       | (3.264.757)           | -                        | -                        |
| Allowance for expected credit losses in debt instruments at fair value through other comprehensive income  | 29       | 42.604.226            | -                        | -                        |
| Deferred tax reserve   | 29       | (89.851.506)          | (69.735.403)             | 25.273.318               |
| Overlay Approach adjustment  | 6 and 29 | 129.818.788           | -                        | -                        |
| Other reserves   | 29       | 1.576.792.663         | 1.255.052.418            | 865.921.742              |
| Retained earnings  | 29       | 268.915.135           | 286.625.546              | 412.343.221              |
| Net income for the year  | 29       | 222.328.672           | 200.396.097              | 273.932.936              |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>  |          | <b>3.111.004.541</b>  | <b>2.792.152.537</b>     | <b>2.316.119.164</b>     |
| Non-controlling interests  | 30       | 460.451.651           | 475.209.079              | 347.356.392              |
| <b>TOTAL SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS</b>  |          | <b>3.571.456.192</b>  | <b>3.267.361.616</b>     | <b>2.663.475.556</b>     |
| <b>TOTAL LIABILITIES, NON-CONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY</b>   |          | <b>19.297.206.111</b> | <b>20.188.004.472</b>    | <b>17.765.699.094</b>    |

Lisbon, 23 February 2021

Chief Accounting Officer

Certified Public Accountant

On Behalf of the Board of Directors

Ana Paula Bailão Rodrigues

Filipa Jesus Martins Pires

Jorge Manuel Baptista Magalhães Correia  
PresidentRogério Miguel Antunes Campos Henriques  
MemberHui CHEN  
Member



**FIDELIDADE - COMPANHIA DE SEGUROS, S.A.**  
**CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2020 AND 2019 (Restated)**

Tax no: 500 918 880

(amounts in euros)

| STATEMENTS OF PROFIT AND LOSS   | Notes     | 2020               |                      |                      |                    | 31.12.2019<br>(Restated) |
|---|-----------|--------------------|----------------------|----------------------|--------------------|--------------------------|
|   |           | Technical - life   | Technical - non-life | Non-technical        | Total              |                          |
| Earned premiums net of reinsurance  |           | 351.777.304        | 1.756.348.442        | -                    | 2.108.125.746      | 2.083.258.311            |
| Gross premiums written  | 31        | 444.893.441        | 2.132.701.898        | -                    | 2.577.595.339      | 2.928.056.847            |
| Reinsurance ceded premiums  | 31        | (93.456.208)       | (401.411.625)        | -                    | (494.867.833)      | (789.170.825)            |
| Provision for unearned premiums (change)  | 22 and 31 | 1.207.069          | (12.647.425)         | -                    | (11.440.356)       | (69.998.673)             |
| Provision for unearned premiums, reinsurers' share (change)   | 17 and 31 | (866.998)          | 37.705.594           | -                    | 36.838.596         | 14.370.962               |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts                  | 32        | 931.133            | -                    | -                    | 931.133            | 1.215.867                |
| Claims costs, net of reinsurance  |           | (409.265.725)      | (1.122.019.443)      | -                    | (1.531.285.168)    | (1.167.829.994)          |
| Amounts paid  |           | (419.911.474)      | (1.023.122.181)      | -                    | (1.443.033.655)    | (1.157.106.333)          |
| Gross amounts   | 33 and 34 | (512.006.516)      | (1.119.447.046)      | -                    | (1.631.453.562)    | (1.597.697.619)          |
| Reinsurers' share   | 33        | 92.095.042         | 96.324.865           | -                    | 188.419.907        | 440.591.286              |
| Claims Provision (change)   |           | 10.645.749         | (98.897.262)         | -                    | (88.251.513)       | (10.723.661)             |
| Gross amount  | 33        | 9.286.299          | (105.576.076)        | -                    | (96.289.777)       | 10.487.112               |
| Reinsurers' share   | 33        | 1.359.450          | 6.678.814            | -                    | 8.038.264          | (21.210.773)             |
| Other technical provisions, net of reinsurance  | 33        | 266.969            | (8.496.204)          | -                    | (8.229.235)        | (3.605.353)              |
| Mathematical provision for life insurance, net of reinsurance   |           | 127.081.948        | -                    | -                    | 127.081.948        | (363.086.043)            |
| Gross amount  | 22 and 33 | 120.761.086        | -                    | -                    | 120.761.086        | (366.530.918)            |
| Reinsurers' share   | 33        | 6.320.862          | -                    | -                    | 6.320.862          | 3.444.875                |
| Profit sharing, net of reinsurance  | 22 and 33 | (2.234.538)        | (966.861)            | -                    | (3.201.399)        | (10.346.281)             |
| Operating costs and expenses, net   |           | (152.561.249)      | (486.126.253)        | -                    | (638.687.502)      | (586.388.616)            |
| Acquisition expenses  | 34        | (136.453.924)      | (419.357.802)        | -                    | (555.811.726)      | (489.150.358)            |
| Deferred cost acquisition (change)  | 22        | 249.595            | 8.324.226            | -                    | 8.573.821          | 4.735.956                |
| Administrative expenses   | 34        | (35.454.646)       | (126.356.483)        | -                    | (161.811.129)      | (203.356.149)            |
| Commissions and reinsurance profit sharing  | 34        | 19.097.726         | 51.263.806           | -                    | 70.361.532         | 101.381.935              |
| Financial income  |           | 287.847.573        | 73.133.790           | 26.681.316           | 387.662.679        | 410.184.536              |
| From Interest on financial assets not recognised at fair value through profit or loss   | 37        | 215.148.713        | 28.689.746           | 4.582.030            | 248.420.489        | 300.838.226              |
| Other   | 37        | 72.698.860         | 44.444.044           | 22.099.286           | 139.242.190        | 109.346.310              |
| Financial expenses  |           | (45.292.028)       | (14.519.383)         | (10.175.929)         | (69.987.340)       | (74.630.293)             |
| Other   | 34 and 38 | (45.292.028)       | (14.519.383)         | (10.175.929)         | (69.987.340)       | (74.630.293)             |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss  |           | 4.368.534          | 5.796.126            | 281.471              | 10.446.131         | 81.777.921               |
| Available-for-sale investments  | 39        | -                  | -                    | -                    | -                  | 124.970.540              |
| Financial assets designated at fair value through other comprehensive income  | 39        | 30.874.033         | 5.904.219            | 281.471              | 37.059.723         | (2.245)                  |
| Financial assets recognised at amortised cost   | 39        | -                  | (108.093)            | -                    | (108.093)          | -                        |
| Financial liabilities recognised at amortised cost  | 23 and 39 | (26.505.499)       | -                    | -                    | (26.505.499)       | (40.002.921)             |
| Other   | 39        | -                  | -                    | -                    | -                  | (3.187.453)              |
| Net income on financial assets and liabilities recognised at fair value through profit or loss  |           | 180.095.768        | 616.726              | 2.796.026            | 183.508.520        | (192.455.349)            |
| Net income on financial assets and liabilities held for trading   | 40        | -                  | -                    | -                    | -                  | (227.270.915)            |
| Net income on financial assets and liabilities initially recognised at fair value through profit or loss                                      | 40        | -                  | -                    | -                    | -                  | 49.982.275               |
| Net income on financial assets and liabilities at fair value through profit or loss   | 40        | 180.095.768        | 616.726              | 2.796.026            | 183.508.520        | -                        |
| Other   | 40        | -                  | -                    | -                    | -                  | (15.166.709)             |
| Exchange differences  | 41        | (198.608.923)      | (30.823.353)         | (8.071.466)          | (237.503.742)      | 125.064.486              |
| Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations | 42        | 28.677.943         | 6.469.222            | 3.799.648            | 38.946.813         | 122.753.219              |
| Impairment losses (net of reversals)  |           | 5.957.859          | (12.495.317)         | (14.694.578)         | (21.232.036)       | (146.975.811)            |
| Available-for-sale investments  | 43        | -                  | -                    | -                    | -                  | (122.652.050)            |
| Financial assets designated at fair value through other comprehensive income  | 43        | 6.081.972          | (523.739)            | 25.230               | 5.583.463          | -                        |
| Loans and accounts receivable at amortised cost   | 43        | -                  | -                    | -                    | -                  | (150.576)                |
| Financial assets at amortised cost  | 43        | 131.056            | (42.110)             | (19.183.969)         | (19.095.023)       | -                        |
| Other   | 43        | (255.169)          | (11.929.468)         | 4.464.161            | (7.720.476)        | (24.173.185)             |
| Overlay Approach adjustment   | 40        | (14.233.865)       | 17.422.829           | 6.416.671            | 9.605.635          | -                        |
| Other technical income/expenses, net of reinsurance   | 44        | 2.231.593          | (14.899.688)         | -                    | (12.668.095)       | (32.054.474)             |
| Other income/expenses   | 45        | -                  | -                    | (39.217.170)         | (39.217.170)       | (15.078.321)             |
| Gains and losses of associates and joint ventures (equity method)   | 46        | -                  | -                    | 1.053.708            | 1.053.708          | 89.292                   |
| Gains and losses from non-current assets (or groups for disposal) classified as held for sale   | 21        | -                  | -                    | (7.794)              | (7.794)            | -                        |
| <b>NET INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS</b>  |           | <b>167.040.296</b> | <b>169.440.633</b>   | <b>(31.138.097)</b>  | <b>305.342.832</b> | <b>231.893.097</b>       |
| Current income tax - current taxes  | 19        | -                  | -                    | (52.359.178)         | (52.359.178)       | (18.806.165)             |
| Current income tax - deferred taxes   | 19        | -                  | -                    | (34.712.028)         | (34.712.028)       | 10.546.361               |
| <b>NET INCOME AFTER TAX AND BEFORE NON-CONTROLLING INTERESTS</b>  |           | <b>167.040.296</b> | <b>169.440.633</b>   | <b>(118.209.303)</b> | <b>218.271.626</b> | <b>223.633.293</b>       |
| Non-controlling interests   | 30        | -                  | -                    | 4.057.046            | 4.057.046          | (23.237.196)             |
| <b>NET INCOME FOR THE YEAR</b>  |           | <b>167.040.296</b> | <b>169.440.633</b>   | <b>(114.152.257)</b> | <b>222.328.672</b> | <b>200.396.097</b>       |

Lisbon, 23 February 2021

Chief Accounting Officer

Certified Public Accountant

On Behalf of the Board of Directors

Ana Paula Bailão Rodrigues

Filipa Jesus Martins Pires

Jorge Manuel Baptista Magalhães Correia  
President

Rogério Miguel Antunes Campos Henriques  
Member

Hui CHEN  
Member

## FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2020 AND 2019 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

|  | Paid-in capital and other capital instruments | Revaluation reserves  | Deferred tax reserves | Overlay Approach adjustment | Legal reserve      | Other reserves     |                    | Retained earnings  | Net income for the year | Sub-Total            | Non-controlling Interests | Total                |
|--|---|-----------------------|-----------------------|-----------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|----------------------|---------------------------|----------------------|
|  |   |                       |                       |                             |                    | Share premiums     | Other reserves     |                    |                         |                      |                           |                      |
| <b>Balance at 31 December 2018</b>   | <b>835.250.941</b>                            | <b>( 7.586.835 )</b>  | <b>15.744.242</b>     | -                           | <b>178.056.865</b> | <b>182.379.280</b> | <b>471.442.581</b> | <b>413.681.379</b> | <b>271.573.231</b>      | <b>2.360.541.684</b> | <b>370.892.771</b>        | <b>2.731.434.455</b> |
| Change in accounting policy - Properties for Own Use   | -   | ( 89.016.159 )        | 9.529.076             | -                           | -                  | -                  | 34.043.016         | ( 1.338.158 )      | 2.359.705               | ( 44.422.519 )       | ( 23.536.379 )            | ( 67.958.899 )       |
| <b>Balance at 1 January 2019</b>   | <b>835.250.941</b>                            | <b>( 96.602.994 )</b> | <b>25.273.318</b>     | -                           | <b>178.056.865</b> | <b>182.379.280</b> | <b>505.485.597</b> | <b>412.343.221</b> | <b>273.932.936</b>      | <b>2.316.119.165</b> | <b>347.356.392</b>        | <b>2.663.475.556</b> |
| Appropriation of net income  | -   | -                     | -                     | -                           | 35.649.060         | -                  | 364.110.449        | ( 125.826.573 )    | ( 273.932.936 )         | -                    | -                         | -                    |
| Net gains through adjustments in fair value of available-for-sale investments  | -   | 422.968.834           | ( 101.260.159 )       | -                           | -                  | -                  | -                  | -                  | -                       | 321.708.675          | -                         | 321.708.675          |
| Net gains through adjustments in fair value of hedging instruments in cash flow hedging                                | -   | ( 416.548 )           | 87.475                | -                           | -                  | -                  | -                  | -                  | -                       | ( 329.073 )          | -                         | ( 329.073 )          |
| Net gains through adjustments in fair value of hedging instruments in hedging of net investments in a foreign currency | -   | ( 29.945.418 )        | 6.994.960             | -                           | -                  | -                  | -                  | -                  | -                       | ( 22.950.458 )       | -                         | ( 22.950.458 )       |
| Exchange differences   | -   | 29.860.841            | ( 2.761.881 )         | -                           | -                  | -                  | -                  | -                  | -                       | 27.098.960           | -                         | 27.098.960           |
| Revaluation of properties for own use  | -   | 40.385                | 3.434                 | -                           | -                  | -                  | -                  | -                  | -                       | 43.819               | -                         | 43.819               |
| Actuarial gains and losses   | -   | -                     | 1.751.170             | -                           | -                  | -                  | ( 8.093.294 )      | -                  | -                       | ( 6.342.124 )        | -                         | ( 6.342.124 )        |
| Recognition of non-controlling interests   | -   | ( 41.342.162 )        | 176.280               | -                           | ( 782.335 )        | -                  | ( 1.753.303 )      | 700.973            | -                       | ( 43.000.547 )       | 127.852.687               | 84.852.140           |
| Others   | -   | -                     | -                     | -                           | -                  | -                  | 99                 | ( 592.075 )        | -                       | ( 591.976 )          | -                         | ( 591.976 )          |
| Net income for the year  | -   | -                     | -                     | -                           | -                  | -                  | -                  | -                  | 200.396.097             | 200.396.097          | -                         | 200.396.097          |
| <b>Balance at 31 December 2019</b>   | <b>835.250.941</b>                            | <b>284.562.938</b>    | <b>( 69.735.403 )</b> | -                           | <b>212.923.590</b> | <b>182.379.280</b> | <b>859.749.548</b> | <b>286.625.546</b> | <b>200.396.097</b>      | <b>2.792.152.537</b> | <b>475.209.079</b>        | <b>3.267.361.616</b> |
| Change in accounting policy - IFRS 9   | -   | ( 98.587.280 )        | ( 12.004.988 )        | 138.287.558                 | -                  | -                  | -                  | ( 28.826.455 )     | -                       | ( 1.131.165 )        | -                         | ( 1.131.165 )        |
| <b>Balance at 1 January 2020</b>   | <b>835.250.941</b>                            | <b>185.975.658</b>    | <b>( 81.740.391 )</b> | <b>138.287.558</b>          | <b>212.923.590</b> | <b>182.379.280</b> | <b>859.749.548</b> | <b>257.799.091</b> | <b>200.396.097</b>      | <b>2.791.021.372</b> | <b>475.209.079</b>        | <b>3.266.230.451</b> |
| Appropriation of net income  | -   | -                     | -                     | -                           | 19.418.212         | -                  | 155.661.529        | 25.316.356         | ( 200.396.097 )         | -                    | -                         | -                    |
| Capital increase   | 51.883.524                                    | -                     | -                     | -                           | -                  | 200.286.874        | -                  | -                  | -                       | 252.170.398          | -                         | 252.170.398          |
| Supplementary contributions  | ( 63.042.599 )                                | -                     | -                     | -                           | -                  | -                  | -                  | -                  | -                       | ( 63.042.599 )       | -                         | ( 63.042.599 )       |
| Net gains from adjustments in fair value of debt instruments at fair value through other comprehensive income          | -   | 24.225.750            | ( 8.557.872 )         | -                           | -                  | -                  | -                  | -                  | -                       | 15.667.878           | -                         | 15.667.878           |
| Allowance for expected credit losses in debt instruments at fair value through other comprehensive income              | -   | 10.805.901            | 2.095.870             | -                           | -                  | -                  | -                  | -                  | -                       | 12.901.771           | -                         | 12.901.771           |
| Overlay Approach adjustment  | -   | -                     | ( 2.252.099 )         | ( 11.189.089 )              | -                  | -                  | -                  | -                  | -                       | ( 13.441.188 )       | -                         | ( 13.441.188 )       |
| Net gains from adjustments in fair value of equity instruments at fair value through other comprehensive income        | -   | ( 2.336.309 )         | 817.964               | -                           | -                  | -                  | -                  | -                  | -                       | ( 1.518.345 )        | -                         | ( 1.518.345 )        |
| Net gains through adjustments in fair value of hedging instruments in cash flow hedging                                | -   | 744.882               | ( 156.425 )           | -                           | -                  | -                  | -                  | -                  | -                       | 588.457              | -                         | 588.457              |
| Net gains through adjustments in fair value of hedging instruments in hedging of net investments in a foreign currency | -   | 24.752.420            | ( 5.670.712 )         | -                           | -                  | -                  | -                  | -                  | -                       | 19.081.708           | -                         | 19.081.708           |
| Exchange differences   | -   | ( 69.342.083 )        | 3.646.887             | -                           | -                  | -                  | -                  | -                  | -                       | ( 65.695.196 )       | -                         | ( 65.695.196 )       |
| Revaluation of properties for own use  | -   | ( 308.553 )           | 808.581               | -                           | -                  | -                  | -                  | -                  | -                       | 500.028              | -                         | 500.028              |
| Actuarial gains and losses   | -   | -                     | 1.046.280             | -                           | -                  | -                  | ( 4.024.188 )      | -                  | -                       | ( 2.977.908 )        | -                         | ( 2.977.908 )        |
| Recognition of non-controlling interests   | -   | 4.391.257             | 110.411               | 2.720.319                   | ( 1.124.565 )      | -                  | 466.185            | 10.046.805         | -                       | 16.610.412           | ( 14.757.428 )            | 1.852.984            |
| Share of other comprehensive income of associates  | -   | -                     | -                     | -                           | -                  | -                  | ( 1.448.124 )      | -                  | -                       | ( 1.448.124 )        | -                         | ( 1.448.124 )        |
| Business combination under common control  | -   | -                     | -                     | -                           | 7.910.062          | -                  | ( 55.405.740 )     | ( 24.247.118 )     | -                       | ( 71.742.796 )       | -                         | ( 71.742.796 )       |
| Net income for the year  | -   | -                     | -                     | -                           | -                  | -                  | -                  | -                  | 222.328.672             | 222.328.672          | -                         | 222.328.672          |
| <b>Balance at 31 December 2020</b>   | <b>824.091.866</b>                            | <b>178.908.923</b>    | <b>( 89.851.506 )</b> | <b>129.818.788</b>          | <b>239.127.299</b> | <b>382.666.154</b> | <b>954.999.210</b> | <b>268.915.135</b> | <b>222.328.672</b>      | <b>3.111.004.541</b> | <b>460.451.651</b>        | <b>3.571.456.192</b> |

## FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AS AT 31 DECEMBER 2020 AND 2019

Tax no: 500 918 880

(amounts in euros)

|  | 2020                  | 2019<br>(Restated) |
|--|-----------------------|--------------------|
| <b>NET INCOME FOR THE YEAR</b>   | <b>222.328.672</b>    | <b>200.396.097</b> |
| <b>Items that may be reclassified subsequently to gains and losses</b>   |                       |                    |
| Change in potential gains on financial investments   |                       |                    |
| Gross amount   |                       |                    |
| Appreciation   | -                     | 433.095.118        |
| Impairment   | -                     | 65.303.631         |
| Disposal   | -                     | ( 64.045.874 )     |
| Life insurance contracts with profit sharing   | -                     | ( 7.312.449 )      |
| Exchange differences   |                       |                    |
| Gross amount   | -                     | ( 4.071.593 )      |
| Deferred tax   | -                     | ( 100.774.434 )    |
| Current tax - Life insurance contracts with profit sharing   | -                     | ( 485.725 )        |
| Change in fair value of debt instruments at fair value through other comprehensive income                              |                       |                    |
| Gross amount   |                       |                    |
| Appreciation   | 23.571.383            | -                  |
| Disposal   | ( 1.945.649 )         | -                  |
| Life insurance contracts with profit sharing   | 2.600.016             | -                  |
| Deferred tax   | ( 8.540.035 )         | -                  |
| Current tax - Life insurance contracts with profit sharing   | ( 17.837 )            | -                  |
| Allowance for expected credit losses in debt instruments at fair value through other comprehensive income              |                       |                    |
| Gross amount   | 11.699.213            | -                  |
| Life insurance contracts with profit sharing   | ( 893.312 )           | -                  |
| Deferred tax   | 2.095.870             | -                  |
| Overlay Approach adjustment  |                       |                    |
| Gross amount   | ( 9.643.933 )         | -                  |
| Life insurance contracts with profit sharing   | ( 1.545.156 )         | -                  |
| Deferred tax   | ( 2.252.099 )         | -                  |
| Net gains through adjustments in fair value of hedging instruments in cash flow hedging                                |                       |                    |
| Gross amount   | 744.882               | ( 416.548 )        |
| Deferred tax   | ( 156.425 )           | 87.475             |
| Net gains through adjustments in fair value of hedging instruments in hedging of net investments in a foreign currency |                       |                    |
| Gross amount   | 24.752.420            | ( 29.945.418 )     |
| Deferred tax   | ( 5.670.712 )         | 6.994.960          |
| Change in potential gains due to exchange differences  |                       |                    |
| Gross amount   | ( 69.342.083 )        | 29.860.842         |
| Deferred tax   | 3.646.887             | ( 2.761.881 )      |
| <b>Items that may not be reclassified subsequently to gains and losses</b>   |                       |                    |
| Change in fair value of debt instruments at fair value through other comprehensive income                              |                       |                    |
| Gross amount   | ( 2.336.309 )         | -                  |
| Deferred tax   | 817.964               | -                  |
| Change in potential gains on properties for own use  |                       |                    |
| Gross amount   | ( 308.553 )           | 40.385             |
| Deferred tax   | 808.581               | 3.434              |
| Share of other comprehensive income of associates  | ( 1.448.124 )         | -                  |
| Actuarial deviations   |                       |                    |
| Post-employment benefits   | 1.281.090             | ( 5.692.655 )      |
| Health benefits  | ( 5.305.278 )         | ( 2.400.639 )      |
| Current tax  | ( 194.442 )           | 744.156            |
| Deferred tax   | 1.240.722             | 1.007.014          |
| <b>INCOME / (EXPENSES) DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY</b>   | <b>( 36.340.920 )</b> | <b>319.229.799</b> |
| Attributable to Non-controlling interests  | 7.509.248             | ( 41.165.882 )     |
| Attributable to Owners of the Company  | ( 28.831.672 )        | 278.063.917        |
| <b>TOTAL INCOME AND EXPENSES RECOGNISED IN THE YEAR</b>  | <b>185.987.752</b>    | <b>519.625.896</b> |

## FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

## FOR THE 2020 AND 2019 FINANCIAL YEARS

Tax no. 500 918 880

(Amounts in euros)

|  | 2020                     | 2019                     |
|--|--------------------------|--------------------------|
| <b>1. Cash flows generated by operating activities</b>                       |                          |                          |
| Net income for the year  | <b>222.328.672</b>       | <b>200.396.097</b>       |
| Adjustments for  |                          |                          |
| Properties for own use depreciation  | 19.221.052               | 19.315.884               |
| Tangible assets depreciation   | 15.977.443               | 15.461.231               |
| Right of use assets depreciation   | 30.411.314               | 21.978.584               |
| Intangible assets amortisation   | 6.988.515                | 8.375.032                |
| Share of net profit in associates and joint ventures with equity method      | ( 1.890.513 )            | 3.146.446                |
| Impairment losses (net of reversal)  | 21.232.036               | 146.975.813              |
| Overlay approach gains/losses  | ( 9.049.987 )            | -                        |
| Income from investment assets/liabilities                                    | ( 208.570.780 )          | ( 785.447.234 )          |
| Lease interest payments  | 3.267.222                | 3.058.198                |
| Interest paid  | 12.895.763               | 12.037.416               |
| Interest received  | ( 31.592 )               | ( 1.335.289 )            |
| Income tax - current tax   | 52.359.178               | 18.806.165               |
| Income tax - deferred tax  | 34.712.028               | ( 10.546.361 )           |
| Non-controlling interests  | ( 4.057.046 )            | 23.237.196               |
| Changes:   |                          |                          |
| Change in provision for unearned premiums                                    | ( 56.198.651 )           | 62.017.167               |
| Change in mathematical provision for life insurance                          | ( 276.189.941 )          | 433.411.323              |
| Change in claims provision   | ( 20.376.163 )           | ( 4.946.963 )            |
| Change in provision for insurance and reinsurance contracts                  | 64.698.783               | ( 73.390.735 )           |
| Change in other technical provisions   | ( 11.342.930 )           | 12.546.532               |
| Change in accruals and deferrals assets and liabilities                      | 32.375.541               | 18.513.661               |
| Change in financial liabilities on investment contracts                      | ( 604.227.388 )          | ( 393.860.287 )          |
| Change in other financial liabilities  | ( 122.764.711 )          | 19.493.998               |
| Change in other debtors for insurance and other operations                   | ( 180.765.817 )          | 160.316.125              |
| Change in other creditors for insurance and other operations                 | 306.225.520              | ( 186.048.472 )          |
| Change in inventories  | ( 8.635.154 )            | ( 769.712 )              |
| <b>Net cash from operating activities before tax</b>                         | <b>(681.407.606)</b>     | <b>(277.258.185)</b>     |
| Payment/receipt of taxes   | ( 1.805.241 )            | 6.704.333                |
| <b>Net cash from operating activities</b>                                    | <b>(683.212.847)</b>     | <b>(270.553.852)</b>     |
| <b>2. Net cash flows generated by investing activities</b>                   |                          |                          |
| Receipts on the sale or redemption of  |                          |                          |
| Investment in subsidiaries, associates and joint ventures                    | 550.983                  | 50.001                   |
| Financial assets initially recognised at fair value through profit or loss   | -                        | 358.835.470              |
| Financial assets at fair value through profit or loss                        | 667.952.783              | -                        |
| Available-for-sale investments   | -                        | 5.359.729.985            |
| Financial assets designated at fair value through other comprehensive income | 2.929.782.396            | -                        |
| Loans and accounts receivable  | -                        | 2.883.424.329            |
| Financial assets at amortised cost   | 1.671.091.351            | -                        |
| Investment properties  | 504.536.344              | 46.838.691               |
| Properties for own use   | 37.860.201               | 42.953.612               |
| Tangible assets  | 1.084.019                | 366.342                  |
| Other assets   | -                        | 842.131                  |
| Dividends received   | 50.048.619               | 46.473.150               |
|  | <b>5.862.906.696</b>     | <b>8.739.513.711</b>     |
| Payments on the acquisition or origination of                                |                          |                          |
| Investment in subsidiaries, associates and joint ventures                    | ( 25.424.965 )           | ( 119.309.106 )          |
| Financial assets initially recognised at fair value through profit or loss   | -                        | ( 273.013.797 )          |
| Financial assets at fair value through profit or loss                        | ( 881.208.410 )          | -                        |
| Available-for-sale investments   | -                        | ( 4.794.490.317 )        |
| Financial assets designated at fair value through other comprehensive income | ( 2.803.991.037 )        | -                        |
| Held-to-maturity investments   | -                        | ( 1.067.219.587 )        |
| Loans and accounts receivable  | -                        | ( 2.137.881.087 )        |
| Financial assets at amortised cost   | ( 777.046.532 )          | -                        |
| Investment properties  | ( 134.892.319 )          | ( 371.025.658 )          |
| Properties for own use   | ( 29.105.153 )           | ( 15.371.057 )           |
| Tangible assets  | ( 20.018.390 )           | ( 52.561.226 )           |
| Intangible assets  | ( 9.666.195 )            | ( 18.869.356 )           |
| Other assets   | ( 7.794 )                | -                        |
|  | <b>( 4.681.360.795 )</b> | <b>( 8.849.741.191 )</b> |
| Change in hedging derivative instruments                                     | 3.388.566                | ( 51.920.932 )           |
| Change in derivatives held for trading                                       | ( 135.162.639 )          | 140.379.271              |
| Change in financial liabilities at fair value through profit or loss         | 102.942.617              | -                        |
| Change in exchange differences from foreign statements conversion            | ( 69.402.397 )           | 29.860.841               |
| <b>Net cash from investing activities</b>                                    | <b>1.083.312.048</b>     | <b>8.091.700</b>         |
| <b>3. Cash flows generated by financing activities</b>                       |                          |                          |
| Other loans obtained   | ( 315.188.007 )          | 22.315.181               |
| Interest paid  | ( 12.895.763 )           | ( 12.037.416 )           |
| Interest received  | 31.592                   | 1.335.289                |
| Lease payments (Note 24)   | ( 33.664.704 )           | ( 28.856.724 )           |
| Capital increase/ decrease   | 63.042.599               | -                        |
| Supplementary contributions  | ( 63.042.599 )           | -                        |
| <b>Net cash from financing activities</b>                                    | <b>(361.716.882)</b>     | <b>(17.243.670)</b>      |
| <b>4. Increase / decrease of net of cash and equivalents</b>                 | <b>38.382.319</b>        | <b>( 279.705.822 )</b>   |
| Cash and equivalents at start of the year                                    | 867.586.052              | 1.034.494.244            |
| Entry into the consolidation perimeter                                       | 30.904.108               | 112.797.630              |
| <b>5. Cash and equivalents at end of the year</b>                            | <b>936.872.479</b>       | <b>867.586.052</b>       |

## Index

|     |   |     |
|-----|---|-----|
| 1.  | Introductory Note .....   | 3   |
| 2.  | Accounting Policies .....   | 4   |
| 3.  | Group Companies and Transactions during the Period .....  | 42  |
| 4.  | Cash and Cash Equivalents .....   | 54  |
| 5.  | Investments in Associates and Joint Ventures .....  | 54  |
| 6.  | Financial Assets Held for Trading, Financial Assets Initially Recognised at Fair Value Through Profit or Loss and Financial Assets at Fair Value Through Profit or Loss .....   | 57  |
| 7.  | Derivatives .....   | 59  |
| 8.  | Available-for-Sale Investments and Financial Assets Designated At Fair Value Through Other Comprehensive Income .....   | 61  |
| 9.  | Loans and Accounts Receivable .....   | 62  |
| 10. | Held-to-maturity investments and Financial Assets at amortized Cost .....   | 63  |
| 11. | Properties .....  | 64  |
| 12. | Allocation of Investments and Other Assets .....  | 66  |
| 13. | Other Tangible Assets .....   | 67  |
| 14. | Inventories .....   | 68  |
| 15. | Goodwill .....  | 68  |
| 16. | Other Intangible Assets.....  | 70  |
| 17. | Technical Provisions for Reinsurance Ceded .....  | 71  |
| 18. | Other Debtors for Insurance and Other Operations .....  | 75  |
| 19. | Tax Assets and Liabilities .....  | 76  |
| 20. | Accruals and Deferrals (Assets) .....   | 80  |
| 21. | Non-Current Assets Held for Sale .....  | 81  |
| 22. | Technical Provisions.....   | 81  |
| 23. | Financial Liabilities of the Deposit Component of Insurance Contracts and on Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts..... | 88  |
| 24. | Financial Liabilities at Fair Value Through Profit or Loss and Other Financial Liabilities.....   | 89  |
| 25. | Other Creditors for Insurance and Other Operations.....   | 91  |
| 26. | Accruals and Deferrals (Liabilities).....   | 92  |
| 27. | Other Provisions .....  | 93  |
| 28. | Paid-In Capital and Other capital instruments .....   | 94  |
| 29. | Reserves, Retained Earnings and Income for the Year.....  | 96  |
| 30. | Non-Controlling Interests .....   | 100 |

|     |   |     |
|-----|---|-----|
| 31. | Earned Premiums, Net of Reinsurance .....   | 102 |
| 32. | Fees from Insurance Contracts and Operations Considered for Accounting Purposes as Investment<br>Contracts or Service Contracts .....                 | 103 |
| 33. | Claims Costs, Net of Reinsurance .....  | 104 |
| 34. | Net Operating Costs, by Type and Function .....   | 106 |
| 35. | Employee Costs.....   | 109 |
| 36. | Retirement Pensions and Other Long-Term Benefits.....   | 110 |
| 37. | Income .....  | 117 |
| 38. | Financial Expenses .....  | 118 |
| 39. | Net Income on Financial Assets and Liabilities not Recognised at Fair Value Through Profit or Loss .....  | 119 |
| 40. | Net Income on Financial Assets and Liabilities Recognised at Fair Value Through Profit or Loss .....  | 121 |
| 41. | Exchange Differences.....   | 123 |
| 42. | Net Income on the Sale of Non-Financial Assets which have not been Recognised as Non-Current Assets<br>Held for Sale and Discontinued Operations..... | 124 |
| 43. | Impairment Losses (Net of Reversals) .....  | 125 |
| 44. | Other Technical Income/Expenses, Net of Reinsurance.....  | 128 |
| 45. | Other Income/Expenses .....   | 129 |
| 46. | Gains and Losses of Associates and Joint Ventures (Equity Method) .....   | 130 |
| 47. | Segment Reporting .....   | 130 |
| 48. | Related Parties.....  | 140 |
| 49. | Disclosures Relating to Financial Instruments .....   | 146 |
| 50. | Disclosures Relating to Insurance Contract Risks .....  | 167 |
| 51. | Capital Management .....  | 178 |
| 52. | Public Service Concessions .....  | 180 |
| 53. | Managed Pension Funds.....  | 181 |
| 54. | Subsequent Events.....  | 182 |

## **1. Introductory Note**

Fidelidade - Companhia de Seguros, S.A. (“Fidelidade” or “Company”), with its head office at Largo do Calhariz, 30, Portugal, is a public limited liability company, resulting from the merger by incorporation of Império Bonança - Companhia de Seguros, S.A. in Companhia de Seguros Fidelidade-Mundial, S.A., in accordance with the public deed dated 31 May 2012, effective 1 January 2012. The operation was authorised by the Portuguese insurance regulator (Insurance and Pension Funds Supervisory Authority or “ASF”), by a resolution of its Board of Directors dated 23 February 2012. From 15 May 2014, with the initial acquisition of Fidelidade share capital, the Fidelidade Group became part of Fosun International Holdings Ltd by way of the interest held by Longrun Portugal, SGPS, S.A. (“Longrun”).

The Company’s corporate purpose is the performance of insurance and reinsurance activities in all technical lines of business based on the terms of the respective Articles of Association which govern its activity.

In order to perform its activity, Fidelidade has a nationwide branch network, agent centres and client branches. Overseas, it has subsidiaries in Angola, Cape Verde and Macao and branches in Spain, France, Luxembourg, and Mozambique.

It holds shares in other insurance companies and other subsidiaries, associates and joint ventures which together form the Fidelidade Group.

The Group’s insurance Companies held by the Company include Via Directa - Companhia de Seguros, S.A. (“Via Directa”), Companhia Portuguesa de Resseguros, S.A. (“CPR”), Garantia - Companhia de Seguros de Cabo Verde, S.A. (“Garantia”), Fidelidade Angola – Companhia de Seguros, S.A. (“Fidelidade Angola”), Multicare - Seguros de Saúde, S.A. (“Multicare”), a Fidelidade Assistência – Companhia de Seguros, S.A. (“Fidelidade Assistência”), Fidelidade Macau – Companhia de Seguros, S.A. (“Fidelidade Macau”), Fidelidade Macau Vida – Companhia de Seguros, S.A. (“Fidelidade Macau Vida”), La Positiva Seguros Y Reaseguros S.A.A. (“La Positiva”), La Positiva Vida Seguros Y Reaseguros S.A. (“La Positiva Vida”), Alianza Vida Seguros y Reaseguros S.A. (“Alianza Vida”), Alianza Compañía de Seguros y Reaseguros E.M.A. S.A. (“Alianza”), Alianza Garantía Seguros Y Reaseguros S.A. (“Alianza Garantía”), La Positiva S.A. – Entidad Prestadora de Salud (“EPS”) e FID Chile Seguros Generales, S.A. (“Fid Chile”).

This report presents consolidated financial information resulting from the consolidation of Fidelidade and its subsidiaries. It has been prepared from the financial statements of each of the companies in the Group, at 31 December 2020.

Fidelidade’s financial statements at 31 December 2020 were approved by the Board of Directors on 23 February 2021. On the date of issue of the financial statements, these were pending approval by the General Meeting.

## 2. Accounting Policies

### 2.1. Basis of presentation and consolidation principles

#### 2.1.1. Basis of presentation

The consolidated financial statements at 31 December 2020 have been prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (PCES), approved by Standard No. 3/2018-R, of 29 March, of the ASF, and the remaining regulatory standards issued by the ASF.

The standards set out in the PCES correspond in general terms to the International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July, transposed into the Portuguese legal order by Decree-Law No. 35/2005, of 17 February, with the amendments introduced by Law No. 53-A/2006, of 29 December, and Decree-Law No. 237/2008, of 15 December, except with regard to the application of IFRS 4 – “Insurance Contracts”, in respect of which only the classification principles relating to insurance type contracts were adopted.

In 2020 the Group adopted the IAS/IFRS and interpretations of mandatory application for the tax year beginning on 1 January 2020. These standards are listed in Note 2.22. In line with the transitory provisions of those standards and interpretations, comparative amounts are presented in relation to the new disclosures required.

The basis for the preparation of the financial statements from the accounting books and records was the accrual method, consistency of presentation, materiality and aggregation and the assumption of going concern.

The accounting policies used by the Group in the preparation of its financial statements relating to 31 December 2020 are consistent with those used in the preparation of the financial statements relating to 31 December 2019, with the following exception:

- The Group adopted IFRS 9 – “Financial Instruments” on 1 January 2020 with the overlay approach as described in Note 2.6.a). The requirements of the standard were applied retrospectively, by means of adjustments to the balance sheet values at 1 January 2020, as demonstrated in Note 2.23. The Group applied the exception that permits an entity not to restate comparative financial information from prior periods.

In 2020 the Group voluntarily adopted the following accounting policies:

- Change in the Statement of Cash Flows method from the direct method to the indirect method, with the aim of providing more reliable and more relevant information on the effects of transactions that have occurred during the respective years. In addition, there is reasonable correlation between the cash flow position and the other financial items presented by the Group, guaranteeing a clear and coherent interpretation of the cash flows generated during the year. Accordingly, the Statement of Cash Flows from the comparative period is restated;
- Change in the method used to value Properties for Own Use from the revaluation method to the cost method. This change seeks to guarantee greater reliability of the information presented and alignment with the accounting policies of the shareholders. The adjustments made as part of this change in policy are demonstrated in Note 2.23.



The amounts in the financial statements are expressed in Euros. They were prepared using the historical cost principle, with the exception of assets and liabilities recognised at their fair value, namely investments relating to life contracts where the investment risk is borne by the policyholder, derivative financial instruments, financial assets and liabilities at fair value through profit or loss, financial assets and liabilities at fair value through other comprehensive income and real estate for income generation. The remaining assets, namely held-to-maturity investments and financial liabilities, and non-financial assets and liabilities, are recognised at amortised cost or historical cost.

The preparation of the financial statements requires the Fidelidade Group to make judgements and estimates and use assumptions which affect the application of the accounting policies and the amounts of the income, costs, assets and liabilities. Changes to those assumptions, or the differences between them and actual amounts, may impact these estimates and judgements. Areas which involve a higher level of judgement or complexity, or where significant estimates and assumptions are used in the preparation of the financial statements, are described in Note 2.20.

### **2.1.2. Consolidation principles**

The consolidated financial statements presented reflect the assets, liabilities, income and costs of the Group, and the income attributable to the Group relating to financial interests in associates.

The accounting policies were applied consistently by all the companies in the Group, for the periods covered by these consolidated financial statements.

On 1 January 2010, the Group began to apply IFRS 3 - “Business Combinations” for the accounting recognition of business combinations. The changes to the accounting policies resulting from the application of IFRS 3 (revised) are applied prospectively.

The consolidation of the accounts of the subsidiaries which are part of the Group was made using the full consolidation method. Significant transactions and balances between the companies subject to the consolidation were eliminated. In addition, when applicable, consolidation adjustments are made in order to ensure consistency in the application of the Group’s accounting principles.

The amount which corresponds to third party shares in subsidiaries is presented in the heading “Non-controlling Interests” within equity.

The consolidated profit is the result of aggregating the net income of Fidelidade - Companhia de Seguros, S.A. and its subsidiaries, following harmonisation of the respective accounting policies, in proportion to the respective ownership interest, following consolidation adjustments, including the elimination of dividends received, of reinsurance operations and of capital gains and losses generated by transactions between companies included within the consolidation perimeter.

The consolidated financial statements include the accounts of Fidelidade - Companhia de Seguros, S.A. and those of the entities controlled directly and indirectly by the Group (Note 3).

## **2.2. Investments in subsidiaries**

Investments in subsidiaries include holdings in companies over whose day-to-day management the Company exercises effective control. Control is presumed to exist when the Company holds the ownership of the majority of voting rights. Control may also exist when the Group holds, directly or indirectly, the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, even though the percentage holding of its equity is less than 50%.

The subsidiary companies are fully consolidated from the time when the Group assumes control over their activities and consolidation ceases when the Group no longer has such control.

When the accumulated losses of a subsidiary attributable to non-controlling interests exceed the non-controlling interest in the share capital of that subsidiary, the accumulated losses are attributed to the minorities in the proportions held, which may imply recognition of negative non-controlling interests.

In a step acquisition which results in the acquisition of control, the revaluation of any previously acquired interest is recognised in the income statement when goodwill is calculated. When there is a partial sale, the result of which is the loss of control over a subsidiary, any remaining share is revalued at market price on the date of the sale and the gain or loss resulting from this revaluation is recognised in the income statement.

### **2.3. Business combinations and goodwill**

Acquisitions of subsidiaries are recognised according to the purchase method. The acquisition cost corresponds to the aggregate fair value of the assets delivered and liabilities incurred or assumed in exchange for obtaining control over the acquired entity, together with costs incurred that are directly attributable to the operation. On the acquisition date, which corresponds to when the Group obtained control of the subsidiary, the assets, liabilities and identifiable contingent liabilities which meet the requirements for recognition set out in IFRS 3 – “Business combinations” are recognised at their respective fair values.

Goodwill is initially measured at cost, which corresponds to the positive difference, on the acquisition date, between the acquisition cost of a subsidiary and/or associate and the effective percentage acquired by the Group, at fair value, of its identifiable assets, liabilities and contingent liabilities. Goodwill is recognised as an asset and is not amortised, and it is subject to impairment tests.

If it is confirmed that the portion corresponding to the percentage of the participation acquired by the Group in the identifiable assets, liabilities and contingent liabilities of a subsidiary exceeds the acquisition cost, the excess is recognised as income in the profit and loss account for the year.

The Group conducts impairment tests on the goodwill recognised on the balance sheet at least once a year, in line with the requirements of IAS 36 – “Impairment of assets”. For this purpose, goodwill is allocated to cash flow generating units and its recoverable value is assessed on the basis of future cash flow projections, updated on the basis of discount rates which the Group deems appropriate. Impairment losses associated with goodwill are recognised in the income statement for the year and may not be reversed.

Until 1 January 2004, as permitted by the previous accounting policies, goodwill was fully deducted from the equity in the year of the acquisition of the subsidiaries. As permitted by IFRS 1 – “First-time Adoption of International Financial Reporting Standards”, the Group did not change that policy and goodwill from transactions prior to 1 January 2004 continues to be deducted from the reserves.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be:

- (a) included in the carrying amount of the operation when determining the gain or loss on disposal; and
- (b) measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

## 2.4. Investment in associates and joint ventures

“Associates” are those entities over whose financial and operational policies the Group has the power to exercise significant influence, although it does not have control. Significant influence is presumed to exist whenever the Group holding in an invested company is, directly or indirectly, between 20% and 50% of the capital or voting rights. The Company may also exercise significant influence over an investee by means of a role in management of the associate or membership of the Board of Directors with executive powers.

There are also situations where the Group exercises, together with other bodies, control over the activity of the company in which it has a holding (so-called joint ventures), where, under the terms of IFRS 11 – “Joint Arrangements”, it exercises shared control of the voting rights and equivalent decision-making rights.

These investments are recognised by the equity method from the time when the significant influence begins and this ceases to apply when it ends. In line with this method, the shares are initially valued at their acquisition cost, which is subsequently adjusted based on the Group’s effective percentage in equity variations (including income) of the associates.

The equity of the associates used for the equity method is adjusted to reflect the application of the Group’s accounting principles where the differences are material.

Goodwill, which corresponds to the positive difference between the acquisition cost of an associate and the effective percentage acquired by the Group, at fair value, of its assets, liabilities and contingent liabilities, continues to be reflected in the value of the investment, to which annual impairment tests are applied.

Unrealised income on transactions with associates is eliminated in proportion to the Fidelidade Group’s effective percentage share of the entities in question.

When the amount of accumulated losses incurred by an associate or a joint venture and attributable to the Group is equal to or exceeds the book value of the investment and of any other medium and long-term interests in that associate or joint venture, the equity method is interrupted, unless the Group is under a legal or constructive obligation to assume those losses or has made payments on behalf of the associate or joint venture.

## 2.5. Conversion of foreign currency balances and transactions

Foreign currency transactions are recognised on the basis of the exchange rates in force on the date they were performed.

At each balance sheet date, monetary assets and liabilities in a foreign currency are converted to the functional currency based on the exchange rate in force. Non-monetary assets which are valued at fair value are converted based on the exchange rate in force on the date of their latest valuation. Non-monetary assets recognised at historical cost, including tangible and intangible assets, continue to be recognised in the original exchange rate.

Exchange rate differences calculated on exchange rate conversion are recognised in the income statement, with the exception of those resulting from non-monetary financial instruments recognised at fair value through other comprehensive income.

The individual accounts of each entity in the Group included in the consolidation are prepared according to the currency used in the economic area in which that entity operates – the so-called “functional currency”. In the consolidated accounts, the income statement and financial position of the entity are converted into Euros, the Group’s functional currency, as follows:

- Assets and liabilities of each balance sheet presented are converted at the closing exchange rate;
- Income and expenses for each income statement are converted at the average exchange rate for the period;
- All the resulting exchange differences are recognised in “Exchange differences revaluation reserve”;
- The Equity of foreign subsidiaries is translated at the historical exchange rate of the time of its recognition in accordance with IAS 21 – “The effects of changes in foreign exchange rates”.

## **2.6. Financial instruments**

### **a) Adoption of IFRS 9 – “Financial Instruments”**

IFRS 9 replaced IAS 39 – “Financial Instruments: Recognition and Measurement” for annual periods after 1 January 2018. In order to ensure consistency in the insurance sector between the application of IFRS 9 and IFRS 17 – “Insurance Contracts”, the IASB issued an amendment to IFRS 4 with effects from 1 January 2018 which allowed insurance companies to defer the application of IFRS 9 to periods after 1 January 2023, thereby aligning the effective date of IFRS 9 and IFRS 17.

The Group was developing business models and assessing the impact of applying IFRS 9, and opted to defer the application of the standard until 31 December 2019.

On 1 January 2020, the Group applied IFRS 9 retrospectively, with the overlay approach option. The differences that arose with the adoption of IFRS 9 have been recognised in Retained Earnings, as stated in Note 2.23.

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Group’s business model for managing the assets and the assets’ contractual cash flow characteristics.

### **Changes in classification and measurement**

The IAS 39 measurement categories for Financial assets at fair value through profit or loss, Available-for-sale investments, Held-to-maturity investments, Loans and accounts receivable and Financial liabilities held for trading have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives. The IAS 39 balances relating to equity instruments other than perpetual instruments classified under “Available-for-sale investments” are now classified under this heading in line with the Business Model. Debt instruments previously classified as “Financial assets initially recognised at fair value through profit or loss” have been included under this heading, as the contractual cash flows are not solely payments of principal and interest. Derivatives previously classified in IAS 39 as “Hedge derivatives” and “Financial assets held for trading” have also been included under this heading;

- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition. The IAS 39 balances relating to debt securities with contractual cash flows that are not solely payments of principal and interest that were previously classified under Available-for-sale investments have been classified under this heading;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition. The Group opted to classify perpetual equity instruments under this heading in line with the Business Model;
- Debt instruments at amortised cost. The IAS 39 balances relating to Held-to-maturity investments and Loans and accounts receivable have been classified under this heading;
- Financial liabilities at fair value through profit or loss. The IAS 39 balances relating to derivatives included under the IAS 39 heading “Financial liabilities held for trading” have been classified under this heading. Hedge derivatives previously classified under “Other financial liabilities” have also been reclassified under this heading.

### **Changes in the impairment calculation**

The adoption of IFRS 9 has fundamentally changed the accounting for impairment losses for financial assets at fair value through other comprehensive income and financial assets at amortised cost, since the IAS 39's incurred loss approach has been replaced by the expected credit loss approach.

IFRS 9 requires recording of an expected credit loss allowance for all debt instruments not recognised at fair value through profit or loss.

The quantitative impact of applying IFRS 9 as of 1 January 2020 is disclosed in Note 2.23.

### **b) Financial Assets**

#### **Classification, initial recognition and subsequent measurement**

Financial assets are recognised at the contract date (trade date) at fair value. On initial recognition, financial assets are classified in one of the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income; or
- Financial assets at fair value through profit or loss.

The classification depends on the following aspects, except when the option to measure the financial instrument by its fair value through profit or loss is applied:

- The entity's business model for managing the financial asset;
- The financial asset's contractual cash flow characteristics.

## Business model assessment

The Group assessed the business model within which the financial instruments are held at portfolio level, since this approach best reflects how the assets are managed and how information is reported to the management bodies.

### Assessment as to whether contractual cash flows are solely payments of principal and interest (SPPI)

“Principal” for the purpose of this test is defined as the fair value of the financial asset at initial recognition. “Interest” is defined as consideration for the time value of money, the credit risk associated with the amount owed for a particular period of time and other risks and costs associated with the business (e.g., liquidity risk and administrative costs), and also a profit margin.

When assessing financial instruments in which the contractual cash flows are solely payments of principal and interest, the Group considered the instrument’s original contractual terms. This assessment included an analysis of the existence of situations in which the contractual terms may change the timing or amount of contractual cash flows so that they do not meet the SPPI condition. During the assessment process, the Group takes into consideration:

- Contingent events that may change the timing or amount of cash flows;
- Characteristics resulting in leverage;
- Prepayment and extended maturity clauses;
- Characteristics that may change the consideration for the time value of money.

In addition, a prepayment feature is consistent with the SPPI criterion, if:

- The financial asset was acquired or originated at a premium or discount to the contractual per amount;
- The prepayment amount substantially represents the contractual nominal amount and accrued, but unpaid, contractual interest (which may include reasonable compensation for early payment);
- On initial recognition, the fair value of the prepayment feature is insignificant.

The classification of financial assets follows the scheme below:

| Contractual Cash Flows   | Business Model   | Classification of financial assets                                |
|--|--|---|
| Contractual cash flows that are solely payments of principal and interest (SPPI) | Collect contractual cash flows   | Financial assets at amortised cost                                |
|  | Collect contractual cash flows and sell  | Financial assets at fair value through other comprehensive income |
| Others (non-SPPI)  | Derivatives and other financial instruments used to hedge risks  | Derivatives – Hedge Accounting                                    |
|  | Acquired for sale in the near term   | Financial assets at fair value through profit or loss             |
|  | Group of identified financial instruments that are managed together and for which there is a pattern of short-term profit-taking |   |
|  | Others   |   |

#### i. Financial assets at amortised cost

##### Classification

A financial asset is classified in the category “Financial assets at amortised cost” if it meets all of the following conditions:

- The financial asset is held within a business model with the main objective of holding assets to collect the contractual cash flows;
- Its contractual cash flows occur on specified dates and are solely payments of principal and interest (SPPI) on the principal amount outstanding.

##### Initial recognition and subsequent measurement

Financial assets at amortised cost are initially recognised at their fair value, plus transaction costs, and are subsequently measured at amortised cost. In addition, they are subject, from their initial recognition, to calculation of impairment losses for expected credit losses, which are registered as a charge to the heading “Impairment losses on financial assets measured at amortised cost” in the Profit and Loss Account.

Interest on financial assets at amortised cost is recognised under “Interest income from financial assets not recognised at fair value through profit or loss”, calculated according to the effective interest rate method. Gains and losses on derecognition are registered under the heading “Net income on financial assets and liabilities recognised at amortised cost”.

## ii. Financial assets at fair value through other comprehensive income

### Classification

A financial asset is classified in the category “Financial assets at fair value through other comprehensive income” (FVOCI) if it meets all of the following conditions:

- The financial asset is held within a business model the objective of which is both collecting contractual cash flows and selling that financial asset;
- Its contractual cash flows occur on specified dates and are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These instruments largely comprise debt instruments that had previously been classified as Available-for-sale assets under IAS 39.

### Initial recognition and subsequent measurement

Debt instruments at fair value through other comprehensive income are initially recognised at their fair value, plus transaction costs, and are subsequently measured at fair value. Changes in the fair value of these financial assets are registered as a charge to other comprehensive income and, on their disposal, the respective accumulated gains or losses in other comprehensive income are reclassified to a specific income statement heading called “Net income from financial assets and liabilities recognised at fair value through other comprehensive income”.

Debt instruments at fair value through other comprehensive income are also subject, from their initial recognition, to calculation of impairment losses for expected credit losses. The estimated impairment losses are recognised in the income statement, under the heading “Impairment losses on financial assets recognised at fair value through other comprehensive income”, as a charge to other comprehensive income, and do not reduce the carrying amount of the financial asset on the balance sheet.

Interest, premiums or discounts on financial assets at fair value through other comprehensive income are recognised under “Interest income from financial assets not recognised at fair value through profit or loss” calculated according to the effective interest rate method.

Equity instruments at fair value through other comprehensive income are initially recognised at their fair value, plus transaction costs, and are subsequently measured at fair value. Changes in the fair value of these financial assets are registered as a charge to other comprehensive income. Dividends are recognised in the income statement when the right to the payment has been established.

## iii. Financial assets at fair value through profit or loss

### Classification

A financial asset is classified in the category “Financial assets at fair value through profit or loss” (FVPL) if the business model defined by the Group for managing it or its contractual cash flow characteristics do not meet the conditions described above for measuring it at amortised cost or FVOCI.



Additionally, even if a financial asset meets the requirements to be measured at amortised cost or FVOCI, the Group may irrevocably designate it, at initial recognition, as measured at fair value through profit or loss, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on it on different bases.

The Group has classified the following types of assets as “Financial assets at fair value through profit or loss”:

- Financial assets that are acquired for the purpose of sale in the near term, or that, on initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or that fall under the definition of derivatives (except for derivatives designated as hedging instruments);
- Debt instruments the contractual cash flows of which are not solely payments of principal and interest (SPPI) on the principal amount outstanding;
- Financial assets that the Group has opted to designate at fair value through profit or loss to eliminate an accounting mismatch;
- Financial assets that do not meet the requirements to be classified as financial assets at amortised cost or at fair value through other comprehensive income, whether they are debt instruments or equity instruments that have not been designated at fair value through other comprehensive income.

#### **Initial recognition and subsequent measurement**

Given that the transactions performed by the Group in the normal course of its business are made under market conditions, financial assets at fair value through profit or loss are initially recognised at their fair value, and the costs or gains associated with the transactions are recognised initially in the income statement. Subsequent changes in the fair value of these financial assets are recognised in the income statement.

The accrual of interest and premium/discount (when applicable) is recognised under "Other income" on the basis of the effective interest rate of each transaction, and the accrual of interest on the derivatives associated with the financial instruments is classified in this category. Dividends are recognised in the income statement when the right to the payment has been established.

Derivatives for trading with a positive fair value are included under "Financial assets at fair value through profit or loss", and derivatives for trading with a negative fair value are included under “Financial liabilities at fair value through profit or loss”.

#### **iv. Overlay approach**

An insurer may elect to apply the overlay approach described in paragraph 35B of IFRS 4, only when it first applies IFRS 9.

In line with this approach, the Group must reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if the Group had applied IAS 39 to the designated financial assets. Accordingly, the amount reclassified is equal to the difference between:

- i) the amount reported in profit or loss for the designated financial assets applying IFRS 9;
- ii) the amount that would have been reported in profit or loss for the designated financial assets if the insurer had applied IAS 39.

A financial asset is eligible for designation for the overlay approach if, and only if, the following criteria are met:

- it is measured at fair value through profit or loss applying IFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying IAS 39;
- it is not held in respect of an activity that is unconnected with contracts within the scope of IFRS 4.

The Group meets the overlay approach requirements for financial instruments which, according to the IAS 39 classification requirements, were considered available-for-sale investments and according to the IFRS 9 classification requirements were reclassified to financial assets recognised at fair value through profit or loss. Financial assets in account are equity instruments and debt instruments that do not fulfil the contractual cash flow characteristics of the SPPI (solely payments of principal and interest) test.

The Group applies the overlay approach to a designated financial asset until that financial asset is derecognised.

**v. Assets sold with a repurchase agreement (repos)**

Assets sold with a repurchase agreement (repos) for a fixed price or for a price that is equal to the sale price plus interest inherent to the maturity of the operation are not derecognised on the balance sheet. The corresponding liability is accounted for in Other Financial Liabilities. The difference between the sale amount and the repurchase amount is treated as interest and is deferred during the life of the agreement, using the effective interest rate method.

**vi. Fair value**

Financial assets recognised in the categories “Financial assets at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income” are measured at fair value.

A financial instrument’s fair value corresponds to the price that would be received for an asset if it was sold or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets is determined based on the closing price at the balance sheet date, for instruments traded in active markets.

Regarding debt instruments not traded in active markets (including unquoted securities or securities of limited liquidity), valuation methods and techniques are used, which include:

- Bid prices published by financial information services, namely Bloomberg and Reuters, including market prices available for recent transactions;
- Bid prices obtained from financial institutions which operate as market-makers;
- Internal valuation models, which take into account the market data which would be used to define a price for the financial instrument, reflecting the market interest rates and volatility, and the liquidity and credit risk associated with the instrument.

Other unquoted equity instruments the fair value of which cannot be reliably measured (for example, due to an absence of recent transactions) continue to be recognised at cost, less any impairment losses.

#### **vii. Derecognition of financial assets**

These assets are derecognised when the Group's contractual rights to receive cash flows from them have expired or when the Group has transferred substantially all the risks and rewards associated with holding the assets.

The Group considers control of a financial asset to be transferred if, and only if, the transferee has the ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

#### **viii. Transfers between categories of financial assets**

Financial assets are reclassified to other categories only if the business model for managing them is changed. In this case, all the affected financial assets are reclassified.

Reclassification is applied prospectively from the reclassification date, and no previously recognised gains or losses (including those related with impairment) or interest are restated.

Investments in equity instruments measured at fair value through other comprehensive income and financial instruments designated at fair value through profit or loss may not be reclassified.

#### **c) Financial liabilities**

An instrument is classified as a financial liability when there is a contractual obligation for settlement by delivering cash or another financial asset, regardless of its legal form. Non-derivative financial liabilities include loans, creditors for direct insurance and reinsurance operations and other liabilities. These financial liabilities are initially recorded at fair value less transaction costs, and subsequently at amortised cost based on the effective interest rate method. The Group derecognises financial liabilities when they are cancelled or extinguished.

Financial liabilities are recognised at the contract date at fair value, less costs directly attributable to the transaction. Financial liabilities are classified in the following categories:

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include derivative financial instruments with negative revaluation. These liabilities are recognised at fair value, and the gains or losses arising from any subsequent appreciation are recognised in "Net income on financial assets and liabilities recognised at fair value through profit or loss".

##### **Other financial liabilities**

This category includes subordinated liabilities, deposits received from reinsurers, amounts received in repo transactions and also liabilities incurred on payment for provision of services or the purchase of assets, recognised in "Other creditors for insurance and other operations".

These financial liabilities are recognised at amortised cost, and any applicable interest is recognised in line with the effective interest rate method.

#### **d) Derivatives and hedge accounting**

The Group performs operations with derivative products as part of its activity, with the aim of reducing its exposure to fluctuations in exchange and interest rates.

Derivative financial instruments are recognised at their fair value at the contract date. They are also recognised in off-balance sheet accounts at their notional value.

Subsequently, derivatives are measured at their fair value. Fair value is calculated:

- On the basis of quotes obtained in active markets (for example, regarding futures trading in organised markets);
- On the basis of models which incorporate valuation techniques accepted in the market, including discounted cash flows and option valuation models.

#### **Embedded derivatives**

Derivatives embedded in other assets that are not within the scope of IFRS 9 are separated from the host contract and treated as separate derivatives, if:

- The embedded derivative's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract;
- The hybrid contract is not measured at fair value with changes recognised in profit or loss;

The major impact of this procedure with regard to the Group's activity consists of the need to separate and value derivatives embedded, where the return is not in the form of interest (for example, return indexed to share prices and indexes, exchange rates, etc.) At the time of the separation, the derivative is recognised at its fair value, with the initial value of the host contract corresponding to the difference between the total value of the combined contract and the initial revaluation of the derivative. No income is recognised on the initial valuation of the operation.

#### **Hedge derivatives**

These are derivatives used to hedge the Group's exposure to the risks inherent to its activity, namely hedging of the fair value of foreign currency assets (currency fluctuation risk).

At the beginning of all hedging operations, the Group prepares formal documentation, which includes the following minimum items:

- Risk management objectives and strategy associated with the performance of the hedging operation, in line with the defined hedging policies;
- Description of the hedged risk(s);
- Identification and description of the hedged and hedging financial instruments;
- Method for assessing the hedge's effectiveness and the frequency of assessment.

Fair value hedge derivatives are recognised at fair value, and the results are assessed daily and recognised in the period's profit and loss for the year. If the hedge is shown to be effective, the Group also reflects in the period's profit and loss the fair value change of the hedged item attributable to the hedged risk. If the hedging relationship is no longer effective, the accumulated fair value variation on the hedged element is recognized in profit and loss until its maturity.

Hedge derivatives of net investment in a foreign operating unit and cash flow hedge derivatives are recognised at fair value, provided that the hedge is determined to be effective, and the results are registered in shareholders' equity. Any ineffective portion of the results is recognised in gains and losses for the year.

Positive and negative revaluations of hedge derivatives are recognised in specific assets and liabilities headings, respectively.

Appreciations of hedged items are recognised in the balance sheet heading where the related instruments are recognised.

The Group used hedge accounting between the 2015 and 2019 accounting periods. In the light of IFRS 9, the Group no longer uses hedge accounting. However, it must maintain the rules for the aforementioned hedging as it has applied IFRS 9 with the overlay approach.

#### **Derivatives at fair value through profit or loss**

These include all derivatives not associated with effective hedging relationships, in particular:

- Derivatives used to hedge risk in assets and liabilities recognised at fair value through profit or loss, rendering the use of hedge accounting unnecessary;
- Derivatives used to hedge risks which do not meet the criteria defined for use of hedge accounting under IFRS 9, in particular due to the difficulty in specifically identifying the hedged items, in cases other than micro-hedges, or because the results of the effectiveness assessment demonstrate that the hedge is not effective;
- Derivatives used for trading purposes.

Derivatives at fair value through profit or loss are recognised at fair value, and the results of revaluation are calculated daily and recognised in gains and losses for the year, under the headings "Net income on financial assets and liabilities recognised at fair value through profit or loss", with the exception of the part related to interest accrued and paid, which is recognised in "Other income". Positive and negative revaluations are recognised in "Financial assets recognised at fair value through profit or loss" and "Other financial liabilities", respectively.

## e) Impairment losses

### Financial instruments subject to recognition of impairment losses

The Group recognises impairment losses for expected credit losses in financial instruments recognised under the following accounting headings:

- Financial assets recognised at amortised cost – Impairment losses on Financial assets measured at amortised cost reduce the balance sheet value of those financial assets as a charge to “Impairment losses of financial assets measured at amortised cost”.
- Debt instruments measured at fair value through other comprehensive income - Impairment losses on debt instruments at fair value through other comprehensive income are recognised in the income statement, under “Impairment losses on financial assets measured at fair value through other comprehensive income” as a charge to other comprehensive income (they do not reduce the balance sheet value of those financial assets).

Impairment losses are based on the difference between contractual cash flows and all cash flows that the Group expects to receive, discounted at the original effective interest rate.

### General Approach

The expected credit loss allowance is calculated taking into account, at the time of assessment, the risk exposure (monetary value of the loan), probability of default (PD), loss given default (LGD) and the relevant discount factor. It is a risk assessment that takes into account an estimate of the probability and time value of the future cash flows being assessed.

This assessment is complemented by an assessment of whether the credit rating has decreased since initial recognition. A significant decrease in the credit rating means that the assessment will no longer be made considering a 12-month period, but will be made considering the remaining lifetime of the loan. Loans with no deterioration in rating are therefore considered in stage 1, loans with deterioration in rating are considered in stage 2, and stage 3 comprises loans with objective evidence of default.

In general terms, a significant decrease in rating since initial recognition is equivalent to a decrease of at least 2 notches from the time the initial rating is at BBB, although this decision will always be based on a case-by-case analysis of the factors leading to the rating downgrade.

Expected credit loss allowances are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, the expected credit loss allowance reflects credit losses that may result from default events within the next 12 months (12-month expected credit losses).

For other credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default, called lifetime expected credit losses.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk since initial recognition. When conducting the assessment, the Group compares the risk of default on the financial instrument at the reporting date with the risk of default on the financial instrument at the date of initial recognition and considers all reasonable and supportable information available without undue cost or effort.

The Group considers a financial asset to be in default when information indicates that the contract has reached a situation of default, and the Group is unlikely to receive the outstanding contractual amounts in full. The book value of a financial asset in this stage, Stage 3, is reduced so as only to reflect the recovery value since there is no reasonable expectation of recovering the contractual cash flows.

#### Classification of financial instruments by stages

| Change in credit risk since initial recognition |                                 |   |                 |
|---|---------------------------------|---|-----------------|
|   | Stage 1                         | Stage 2   | Stage 3         |
| Classification criterion                        | Initial recognition             | Significant increase in credit risk since initial recognition | Credit-impaired |
| Impairment losses                               | 12-month expected credit losses | Lifetime expected credit losses                               | Default         |

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to a reduction of the recoverable value under the general approach and are classified in the following stages for measurement of the credit loss allowances:

- **Stage 1:** Financial instruments for which there has not been a significant increase in credit risk since initial recognition and for which the loss allowance is measured at an amount equal to a 12-month expected credit loss;
- **Stage 2:** Financial instruments for which there has been a significant increase in credit risk since initial recognition, but which are not financial assets with a reduction in the recoverable value and for which the loss allowance is measured at an amount equal to the lifetime credit loss;
- **Stage 3:** Financial assets with a reduction in the recoverable value at the reporting date (but which were not purchased or originated with a reduction in the recoverable value), and which are impaired (assets in default).

#### Simplified Approach

The Group makes a prospective assessment of the expected impairments associated with the heading “Other Debtors for Insurance and Other Operations”. The impairment method applied depends on the type of asset, with the performance of an analysis of the uncollectability of premiums pending collection and a case-by-case analysis of brokers, reinsurers and other debtors, to assess whether there has been a significant increase in credit risk.

## 2.7. Non-current assets held for sale and groups of assets and liabilities for disposal

IFRS 5 – “Non-current assets held for sale and discontinued operations” applies to single assets and to groups of assets for disposal, by sale or another means, in aggregate form in a single transaction, and all liabilities directly associated with those assets which are subsequently transferred in the transaction (entitled “groups of assets and liabilities for disposal”).

Non-current assets, or groups of assets and liabilities for disposal are classified as held for sale whenever their carrying amount is expected to be recovered through a sale transaction rather than through continuing use, and are transferred at their net book value at the reclassification date. For an asset (or group of assets and liabilities) to be classified in the heading the following requirements must be met:

- The probability of the sale occurring is high;
- The asset is available for immediate sale in its present condition;
- The sale should be expected to occur within one year of the asset being classified in this heading.

Assets recognised in this heading are not amortised, and are valued at the lower of their acquisition cost and fair value less costs to sell. The fair value of these assets is determined on the basis of experts' assessments.

If the amount recognised on the balance sheet is higher than the fair value less costs to sell, impairment losses are recognised in "Gains and losses from non-current assets (or groups for disposal) classified as held for sale".

## **2.8. Investment properties**

These are properties held by the Group to earn income through rental and/or capital appreciation.

Investment properties are initially recognised at cost, including directly related measurement costs. They are not amortised and are recognised at fair value, determined on the basis of experts' assessments. Changes in the fair value and realised capital gains and losses are reflected in the income statement, in "Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations".

Investment properties are assessed each year to ensure that their balance sheet value does not differ significantly from their fair value. The Group has set a maximum period of 2 years between evaluations carried out by independent experts.

## **2.9. Properties for own use**

Properties for own use are initially recognised at acquisition cost, less accumulated depreciation and any accumulated impairment losses. The acquisition cost includes the purchase cost and any costs directly attributable to the activities needed to bring the assets to their location and place them in the conditions necessary for their use as intended.

The costs of repair, maintenance and other expenses associated with the use of these assets are recognised as expenses for the year, except for expenses on items where capitalisation criteria are met and which are depreciated throughout their useful life.

Depreciation is calculated using the straight line method, at rates corresponding to the estimated useful life of the properties for own use and is recognised in expenses for the year. Land is not depreciated, given that it does not have a defined useful life. The Group periodically assesses the adequacy of the estimated useful life of its assets.



Analyses are periodically undertaken to identify evidence of impairment on Properties for own use. An impairment loss is recognised in “Other impairment losses (net of reversals)” in the income statement for the year whenever the net book value of these assets is greater than their recoverable value (the greater of the value in use and the fair value). “Other impairment losses” may be reversed, also with an impact on the income statement for the year, if an increase in that asset’s recoverable value subsequently occurs.

The gain (or loss) arising from the sale or write-off of a property for own use is determined based on the difference between the amount received in the transaction and the net book value of that asset and is recognised in the income statement in the year when the write-off or sale occurs.

In addition, buildings under construction are recognised at cost less any impairment losses and are not subject to depreciation. The costs of these properties include the direct construction cost and the costs inherent to the loan obtained for the construction of these properties. Properties under construction are reclassified to established properties when they become available for use.

## **2.10. Other tangible assets**

These are recognised at acquisition cost, less depreciation and accumulated impairment losses. Costs of repair, maintenance and other expenses associated with their use are recognised as costs for the year.

Depreciation is calculated systematically throughout the estimated useful life of the asset, which corresponds to the period during which it is expected that the asset will be available for use, which is:

|                         | <u>Years of<br/>useful life</u> |
|-------------------------|---------------------------------|
| Furniture and materials | 2 - 12                          |
| Machinery and tools     | 4 - 10                          |
| IT equipment            | 4                               |
| Interior installations  | 8 - 10                          |
| Transport material      | 4                               |
| Safety equipment        | 4 - 10                          |

Depreciation is recognised in expenses for the year. The Group periodically assesses the adequacy of the estimated useful life of its tangible assets.

Analyses are periodically undertaken to identify evidence of impairment on other tangible assets. An impairment loss is recognised in “Impairment losses (net of reversals) of others” in the income statement for the year whenever the net book value of the tangible assets is greater than their fair value (the greater of the value in use and the fair value). Impairment losses may be reversed, also with an impact on the income statement for the year, if an increase in the asset’s recoverable value subsequently occurs.

## **2.11. Inventories**

Inventories are valued at the lower of acquisition cost and net realisable value.

Inventory costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, applying the average cost method.

The net realisable value is the estimated selling price in the ordinary course of business less any estimated costs of completion and estimated costs to conclude the sale.

Whenever the net realisable value is lower than the acquisition cost, the value of the inventories is reduced, by recognising an impairment loss, recorded under the heading “Impairment losses (net of reversals) of others” in the income statement. These losses may be reversed whenever the factors giving rise to the impairment cease to exist.

## **2.12. Leases**

IFRS 16 – “Leases” sets out the principles for the recognition, measurement, presentation and disclosure of lease agreements.

### **Lessee**

On the commencement date of the lease, the lessee recognises a liability for the obligation to make payments to the lessor and an asset representing the right-of-use the underlying asset for the lease term. Lessees are required to recognise separately interest on the lease liability and depreciation of the right-of-use asset.

At the date of the standard’s entry into force the lessee shall measure the lease liability at the present value of the lease payments not paid on that date. The discount rate of the payments will be determined as the interest rate implicit in the lease, that is, the rate that causes the present value of the lease payments and the unguaranteed residual value to equal the fair value of the underlying asset plus the direct costs of the lessor. If the rate implicit in the lease cannot be readily determined, the incremental borrowing rate will be used, that is, a discount rate that can be obtained to borrow, with the same maturity and a similar guarantee, the funds necessary to acquire the underlying asset.

After that date, the lessee shall measure the liability:

- i) by increasing the carrying amount to reflect interest on the lease liability;
- ii) by reducing the carrying amount to reflect the lease payments made;
- iii) by remeasuring the carrying amount to reflect any reassessment or lease modifications.

The standard sets out two recognition exemptions for lessees – leases of low value assets (for example, laptops) and short-term leases, that is, leases with a lease term of 12 months or less.

The Group opted to use the exemptions applicable to the standard on lease contracts where the lease term ends within 12 months of the date of initial application (except for real estate leases), and on lease contracts where the underlying asset is of low value. The Group has leases of some office equipment (for example, laptops) that are considered low value. The Group also decided to separate the leases from the non-lease (service) components and to consider only the lease component when applying this standard.

For all lease contracts covered by the exemptions, the lease payments associated with these contracts will be recognised as expenses.

## Lessor

Leases continue to be classified as finance leases or operating leases, and there are therefore no significant changes to that previously defined. Assets under finance leases are recorded in the financial position as “Accounts receivable for other operations”, and this is reimbursed by means of the capital amortisations set out in the contracts’ financial plans. Interest included in rents is recorded as “Other income/expenses”.

## 2.13. Intangible assets

This heading includes the costs of acquisition, development or preparation for use of the software used in the development of the Group’s activities.

Intangible assets are recognised at acquisition cost, less amortisation and accumulated impairment losses.

Amortisation is recognised systematically throughout the estimated useful life of the assets, which normally corresponds to a period of 3 to 6 years, except the IT structural projects that may go to a period of 10 years.

Software maintenance expenses are accounted for as a cost for the year in which they are incurred.

## 2.14. Income tax

The companies in the Group with their head office in Portugal are subject to taxation under the Corporate Income Tax Code (CIT Code) and the companies with their head offices abroad are also subject to the same type of tax (CIT), pursuant to the legislation in force in those countries. Additionally, there is a Municipal Surcharge, the aggregate rate of which, in 2019 and 2020 was 22.5%, and a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% of the profit between EUR 7,500,000 and EUR 35,000,000 and 9% of any profit which exceeds this amount.

The accounts of the Group branches are included in the accounts of the head office for fiscal purposes. Besides being subject to CIT, the income of the branches is also further subject to local taxes in the countries/territories where these are established. The local taxes of the various branches are deductible from the corporate income tax of the head office pursuant to Article 91 of the Corporate Income Tax Code and to Double Taxation Agreements.

The companies in the Group with their head office in Portugal are subject to CIT under the Special Rules for the Taxation of Corporate Groups (SRTCG), in line with Article 69 of the CIT Code. Under these taxation rules, Longrun (the controlling company) presents a single tax declaration in which the results of the subsidiaries making up the SRTCG are consolidated. The amount of CIT to be paid or received by the different companies in the Group with their head office in Portugal is recorded in the balance sheet as an amount receivable from or payable to Longrun. The tax which corresponds to the different companies in the Group is recognised in the income statement and/or in shareholders’ equity of each company, depending on the case.

Total income tax recognised in the income statement includes current and deferred taxes.

Current tax is calculated on the basis of the taxable profit for the year, which is different from accounting income because of adjustments to taxable income resulting from expenses or income which are not considered for fiscal purposes, or which will only be considered in other accounting periods.

Deferred tax represents tax recoverable / payable in future periods resulting from temporary deductible or taxable differences between the book value of assets and liabilities and their tax basis, used to determine taxable income.

Deferred tax liabilities are normally recognised for all temporary taxable differences, whereas deferred tax assets are only recognised to the extent that it is probable that sufficient future taxable income will be generated, allowing the use of the corresponding deductible temporary differences or tax losses carried forward. In addition, deferred tax assets are not recognised where their recoverability may be questionable due to other situations, including issues regarding the interpretation of the tax legislation in force.

The main situations giving rise to temporary differences correspond to i) impairments, ii) provisions temporarily not accepted for fiscal purposes, iii) fair value adjustments on financial assets at fair value through profit and loss and assets at fair value through other comprehensive income, and iv) fair value adjustments on land and buildings.

Deferred taxes are calculated at the tax rates expected to be in force on the date of reversal of the temporary differences, which correspond to the tax rules that have been enacted, or substantially enacted, at the balance sheet date

Income tax (current or deferred) is recognised in the income statement for the year, except for cases in which the originating transactions have been recognised in other shareholders' equity headings (for example, in the case of changes in fair value of financial assets at fair value through other comprehensive income). The corresponding tax, in these cases, is also recognised in shareholders' equity and does not affect the income statement for the year.

## **2.15. Provisions, contingent liabilities and assets**

Provisions are set up whenever there is a current (legal or constructive) obligation resulting from past events involving the probable future expenditure of resources and when such expenditure may be reliably assessed. The amount of the provision corresponds to the best estimate of the amount payable to settle the liability at the balance sheet date.

When the future expenditure of resources is not probable, this is a contingent liability. Contingent liabilities are subject to disclosure, unless the possibility of occurrence is remote.

"Other provisions" are for legal, fiscal and other contingencies resulting from the Group's activity.

Contingent assets are not recognised in the financial statements, but they are disclosed in the notes to the accounts, if future economic benefits are likely to flow from them.

## **2.16. Employee benefits**

Liabilities for employee benefits are recognised in line with the principles established in IAS 19 – Employee Benefits. The principal benefits granted by the Group correspond to retirement and survivors' pensions and healthcare benefits.

## Defined benefit plan - Liabilities with pensions and healthcare

In line with the collective employment agreement (CEA) then in force for the insurance activity, the Group is committed to making cash payments, to complement the retirement pensions paid by the Social Security services, to its employees hired prior to 22 June 1995, the date on which the CEA was published. The amount of these payments varies according to the employee's remuneration, the number of years contributing to Social Security, the history of remuneration on which Social Security was collected and also, in the case of disability, the number of years in the insurance activity.

In addition, the former Império Bonança is also committed to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

The defined benefit plans are financed through a closed pension fund. This fund includes liabilities with retirement supplements, and liabilities relating to early retirement and pre-retirement. These plans meet the requirements for classification as defined benefit plans, since they comply with the criteria for determining the amount of pension that an employee will receive during retirement, usually dependent on one or more factors such as age, years of service and salary at retirement date.

Liabilities recognised on the balance sheet relating to defined benefit plans correspond to the difference between the current value of liabilities and the fair value of the pension fund assets. The total amount of liabilities is determined annually by specialised actuaries using the Projected Unit Credit Method and actuarial assumptions considered appropriate (Note 36). The discount rate used to update the liabilities reflects market interest rates on prime corporate bonds, denominated in the currency in which the liabilities are paid and with similar maturity periods to the average periods for settlement of liabilities.

Gains and losses resulting from the differences between the actuarial and financial assumptions used and the actual amounts of the pension obligation and expected return from the pension fund, as well as the results of changes to actuarial assumptions, are recognised directly in shareholders' equity.

The cost in the year for retirement and survivors' pensions, which includes the cost of current services, the cost of past services, the cost of payments and the net interest on the defined benefit liability (asset), is reflected at net value in "Employee Costs". The healthcare cost for the year is recognised in "Other Provisions" (Note 27).

The impact of employees' retirement prior to the standard retirement age, defined in the actuarial study, is directly recognised in "Employee Costs".

## Defined contribution plan

The new collective employment agreements for the insurance sector, published on 15 January 2012 and 29 January 2016, entitle all employees of working age employed as permanent staff, with indefinite employment contracts, covered by these CEAs, to an individual retirement plan ("IRP"), a defined contribution plan which replaces the system of retirement pensions defined in the former CEAs.

These plans meet the requirements for classification as defined contribution plans, since the amount of post-employment benefits received by the employee is determined by the amount of contributions paid by an entity to a benefit plan, together with investment returns arising from the contributions.

The provisions of the previous defined benefit plan apply to active workers in full employment, with employment contracts for an indefinite period, who are not covered by the above-mentioned Collective Labour Regulation Instruments (CLRI) for the insurance sector.

The Group's contributions to the defined contribution plan are made in line with the terms of the CEA, and are recorded as a cost for the year to which they relate, in "Employee Costs".

### **Other long-term benefits**

Under the new CEA, published on February 8, 2019, and as provided in its clauses 32nd to 34th and 65th to 68th, new long-term benefits are established, called Career Benefits. The responsibilities related to Career Benefits are calculated annually using universally accepted actuarial methods.

### **Short-term benefits**

Short-term benefits, including performance bonuses paid to employees for the performance of the different business units and their contribution to the company's results, are recognised in "Employee Costs" in the period to which they relate, on an accrual basis.

## **2.17. Insurance and investment contracts**

### **a) Classification of contracts**

Transactions associated with insurance and reinsurance contracts issued and with reinsurance contracts held by the Group are recognised in accordance with ASF regulations. Under the transition to the new PCES, the classification principles for contracts established by IFRS 4 – "Insurance contracts", were incorporated into these regulations according to which contracts without a significant insurance risk are considered to be investment contracts and recognised in line with IFRS 9 requirements.

In addition, as provided by IFRS 4, investment contracts with a discretionary profit-sharing component also continue to be classified as insurance contracts, and are therefore valued in line with the ASF regulations.

Calculation of contracts associated with insurance contracts is covered by specific regulations issued by the ASF.

An insurance or investment contract is considered to include a discretionary profit-sharing component when the respective contractual conditions provide for, in addition to the contract's guaranteed component, the allocation of additional benefits to the insured with the following characteristics:

- It is probable that they will constitute a significant part of the total benefits to be allocated within the scope of the contract;
- The amount or time of their allocation is contractually at the issuer's discretion; and
- They are dependent on the performance of a given group of contracts, on realised or unrealised income on certain assets held by the contract issuer, or on the profit of the entity responsible for issuing the contract.

Potential capital gains, net of capital losses, resulting from the revaluation of assets allocated to insurance with profit sharing and which are expected to be paid to insured persons are recognised in the profit-sharing provision.

**b) Recognition of income and costs**

Premiums for non-life insurance and reinsurance contracts, life insurance contracts and investment contracts with a discretionary profit-sharing component are recognised when due in “Earned premiums net of reinsurance” in the profit and loss statement.

Premiums written on non-life insurance and reinsurance contracts and the associated acquisition costs are recognised as income and cost over the corresponding risk periods, through the use of the provision for unearned premiums.

Insured persons’ liabilities relating to life insurance contracts and to investment contracts with a discretionary profit-sharing component are recognised via the life insurance mathematical provision, and their cost is recognised at the same time as recognition of the income associated with the premiums written.

**c) Provision for unearned premiums and deferred acquisition costs**

The provision for unearned premiums corresponds to the value of the premiums written on insurance and reinsurance contracts which relate to subsequent years, i.e. the part corresponding to the period between the balance sheet close and the end of the period to which the premium refers. It is calculated, for each contract, using the *pro rata temporis* method on the respective gross premiums written.

In 2020, as a consequence of the COVID-19 pandemic, in the Health line of business there was a transfer of additional risk arising from the periods of lockdown that meant insured persons stopped seeking medical care. Therefore, added to the aforementioned premium transfer is the proportion of unreported claims applied to unearned premiums in the months of low demand. The amortisation period for this part of the premium is considered to be from 1 September 2020 until the end of the year of each policy. The quantitative impact of this change is disclosed in Note 22.

Expenditure incurred with the acquisition of non-life insurance contracts, including brokerage commissions and other expenses allocated to the acquisition function, is deferred over the course of the period to which it relates and is recognised as a deduction from the amount of the technical provisions on insurance contracts in provisions for unearned premiums.

**d) Claims provision**

This provision recognises the estimated amount of indemnities payable on claims incurred, including claims incurred but not reported (IBNR), and administrative costs to be incurred for future settlement of claims which are currently being managed and those for IBNR claims. Except for mathematical provisions and whole life assistance for workers’ compensation, the claims provision set up by the Group is not discounted.

**Claims provision for workers’ compensation**

The provision for workers’ compensation claims includes the mathematical provision, provision for temporary assistance expenses and provision for whole life assistance expenses.

The mathematical provision for workers' compensation relates to:

- Approved pensions – pensions payable for claims where the amounts have already been approved by the Employment Tribunal;
- Defined pensions – estimate of liabilities for pensions for claims already incurred but awaiting a final agreement or ruling;
- Presumed pensions – estimate of liabilities for pensions relating to claims already incurred but the clinical processes of which are not yet concluded at the date of the financial statements or pensions relating to claims already incurred but not yet reported.

The hypotheses and technical bases used to calculate approved and defined mathematical provisions for workers' compensation are the following:

|                  | Mandatorily Redeemable | Non – Redeemable        |
|------------------|------------------------|-------------------------|
| Mortality table  | TD 88/90               | INE 2010_2012 by gender |
| Discount rate    | 5.25%                  | 3.1%                    |
| Management costs | 2.40%                  | 3%                      |

The mathematical provision for presumed pensions for workers' compensation claims incurred in the tax year is based on an estimate of the number of claims for permanent disability (IP's) and death and the average mathematical provision, representing the expected cost of each of those pensions after approval and including the risk of future revision. For claims incurred in previous tax years the variation of this provision corresponds to the difference between the amount paid in pensions and redemptions less the estimated technical interest and the variation of the provision for approved and defined pensions.

In accordance with current legislation, the liability resulting from the annual increase in pensions is covered by FAT (*Fundo de Acidentes de Trabalho* – Workers' Compensation Fund). The Group pays the pensions in full and is subsequently reimbursed for the part corresponding to FAT's liability. FAT is managed by the ASF, and the fund's income consists of contributions made by the insurance companies and by workers' compensation insurance policyholders. A provision is set up for future contributions to FAT relating to liabilities for pensions already contracted at the balance sheet date.

The objective of the provision for temporary assistance expenses is to recognise the liability relating to expenses of workers' compensation claimants which are not whole life in nature. Using monthly development matrices, the number of claims incurred in the tax year is estimated, which is then multiplied by the estimated average cost of temporary assistance expenses for claims incurred in the current year, which results from actuarial projections, based on matrices of payment and claims participation frequency, in order to obtain the cost in the tax year for this type of expense. For claims incurred in previous tax years the variation of the provision corresponds to the amounts paid for temporary assistance expenses recognised in the accounts.

Provision for whole life assistance expenses (AV) relates to:

- Provision for declared whole life assistance – this relates to expenses which are whole life in nature, with claimants who are beneficiaries of pensions, where the service date occurs 730 days after the claims incurred;
- Provision for presumed whole life assistance – expenses of a whole life nature relating to claims already incurred but which have not yet resulted in any costs.



This provision is calculated according to the following technical bases:

|                   |                         |
|-------------------|-------------------------|
| Mortality table   | INE 2010_2012 by gender |
| Discount rate     | 3.1%                    |
| Rate of inflation | 2%                      |
| Management costs  | 2%                      |

The provision for presumed whole life assistance is calculated using methodology similar to that described for the mathematical provision for presumed pensions.

#### **Claims provision for motor insurance**

The opening of a motor insurance claim automatically generates the recognition of an initial average provision for each sub-claim, which affects the unit at risk and the insurance element in question. The automatic provision also varies according to the seriousness of any bodily injury. This provision may be revised, when the claims manager confirms it is inadequate, with adjustments being made in accordance with the information gathered (specialised technical reports) during the life of the claim, i.e. a specific analysis of the provision is made.

In addition, provisions are calculated for claims occurred but not reported (IBNR) using actuarial methods that analyse claims reporting speeds and the expected costs of claims not yet reported.

#### **Provision for Multi-risk Home Insurance and Multi-risk Business Insurance claims**

An initial provision is generated for Multi-risk Home Insurance and Multi-risk Business Insurance when the claim is opened, according to the covers and type of property affected. The amount of these provisions is adjusted when the claims manager receives more detailed information on the indemnifiable damage, in particular from loss adjusters' reports.

In addition, provisions are calculated for claims occurred but not reported (IBNR) using actuarial methods that analyse claims reporting speeds and the expected costs of claims not yet reported.

#### **Claims provision for other types of insurance**

The claims provision for other types of insurance is calculated on a case-by-case basis by the claims manager and revised whenever updated information is obtained from specialised technical reports.

In addition, provisions are calculated for claims occurred but not reported (IBNR) using actuarial methods that analyse claims reporting speeds and the expected costs of claims not yet reported.

#### **Analysis of sufficiency of the claims provisions**

The sufficiency of the provisions for the various types of insurance is assessed / validated by actuarial studies performed throughout the year.

The analyses performed include direct liabilities to the insured (whether or not the claims have been reported) as well as future payments, notably contributions to FAT.

The estimates are for the most part based on payment and claims costs triangles and use both deterministic and stochastic models.

**e) Mathematical provision for life insurance**

This corresponds to the estimated actuarial value of the insurance company's commitments, including profit-sharing payments already distributed and following the deduction of the actuarial value of future premiums, calculated for each policy in accordance with actuarial methods and their respective technical bases.

In the case of life insurance contracts in which the investment risk is borne by the policyholder, this heading only includes any additional technical provisions which may be set up to cover mortality risks, administrative expenses or other expenditure (e.g. guaranteed payments at maturity date or guaranteed surrender values).

**f) Profit-sharing provision**

The profit-sharing provision includes amounts payable to policyholders or contract beneficiaries, in the form of a profit-sharing scheme, whether already allocated or yet to be allocated, provided that such amounts have not yet been distributed.

**Provision for profit sharing to be allocated**

This provision includes the balances arising from the net capital gains to be allocated to the insured persons which transited from the former accounting standards applicable to insurance companies until 2007, which were registered in the then named "Fund for Future Appropriations". It also reflects the net amount of the subsequent potential capital gains and losses (fair value adjustments) relating to investments linked to life insurance contracts with a profit-sharing component, in the portion estimated for the policyholder or contract beneficiary, provided that the balances by portfolio are not negative.

This provision is set up in "Profit sharing to be allocated", in the profit and loss statement, or directly in the revaluation reserves for adjustments to the fair value of financial assets at fair value through other comprehensive income linked to life insurance with a profit-sharing component, depending on the classification of the assets.

Throughout the duration of the contracts of each type or set of types, the balance of the provision for profit sharing to be allocated corresponding to this is used in full.

The use of the provision for profit sharing to be allocated is by portfolio, according to the following order of priorities:

- The balances of the net capital gains to be allocated to the insured persons which transited from the former "Fund for Future Appropriations" are used in the first place to cover the losses arising each year in the technical accounts of the respective life insurance products with a profit-sharing component, which were reflected as losses for the Group, and are recognised in its profit and loss up to the limit of the losses they seek to compensate. The Group has been using this procedure since 2011;

- The amounts corresponding to the insured persons' potential sharing of the loss of the related portfolios are reflected in this provision until the corresponding positive balance is reached. Thus, amounts arising from the former "Fund for Future Appropriations" which are still available after the use referred to in the item above are used to offset potential capital losses of the respective portfolios;
- If the balance of the provision for profit sharing to be allocated is positive after the movements above, and there are losses to be recovered, calculated in previous years in the technical accounts of the respective products and which have been recognised in the Group income statement due to the fact that the income from the related portfolios was not sufficient to cover the costs resulting from the guaranteed technical rates, that positive balance is recognised in the Group income statement up until these losses are recovered. This movement can be reversed, also having an impact on the income statement, when the balance arising from the potential gains/losses ceases to be positive.

#### **Provision for allocated profit sharing**

This provision includes the amounts intended for policyholders or beneficiaries of insurance contracts, in the form of a profit-sharing scheme, which have not yet been distributed but which have already been allocated.

For the majority of the products, this provision is calculated on the basis of the income from the related assets, including the capital gains and losses due to impairment recorded in the period, less any negative balances from previous tax years, in cases where this deduction is provided for in the contract.

#### **g) Provision for interest rate commitments**

The provision for interest rate commitments is set up for all insurance and operations in the "Life" line of business where there is an interest rate guarantee, whenever the effective profitability rate of the applications which represent the mathematical provisions of certain insurance contracts is lower than the technical interest rate used to determine the mathematical provisions of those contracts.

#### **h) Provision for portfolio stabilising**

The provision for portfolio stabilising is set up for group insurance contracts, which are renewable annually, and which guarantee as their main cover the risk of death, with the aim of responding to any increase in the risk inherent in the increasing average age of the insured group, whenever the latter are charged according to a single rate, which, by contractual agreement, must be maintained for a given period.

#### **i) Equalisation provision**

The equalisation provision is intended to respond to exceptionally large insurance claims in insurance areas which, by their nature, are predicted to fluctuate considerably. This provision is set up for loan insurance, deposit insurance, crop insurance, earthquakes and reinsurance accepted — atomic risk, in accordance with ASF standards.

#### **j) Provision for unexpired risks**

This provision is calculated for all non-life insurance and is intended to respond to situations where premiums to be allocated to subsequent years for contracts in force at the date of the financial statements are not sufficient to pay for the indemnities and the expenses of the respective technical lines of business. This provision is calculated on the basis of the ratios for claims, operating costs, ceding and income, in accordance with ASF definitions.

In 2020, as a consequence of the COVID-19 pandemic, in the Health line of business there was a transfer of risk to subsequent years caused by the COVID-19 pandemic. Therefore, for the calculation of the claims ratio, the provision for unexpired risks considered the amount of claims obtained from the average of the claims ratios of the three previous years, plus the estimate of deferred claims. The quantitative impact of this change is disclosed in Note 19.

**k) Technical provisions for reinsurance ceded**

These provisions are determined by applying the criteria described above for direct insurance, taking into account the ceding percentages, in addition to the remaining provisions of the treaties in force.

**l) Liabilities to subscribers of Unit-linked products**

Liabilities associated with investment contracts issued by the Group in which the risk is borne by the policyholder (Unit-linked products) are recognised at fair value, determined on the basis of the fair value of the assets included in the investment portfolio linked to each of the products, less the corresponding management costs, and are recognised in “Financial liabilities on insurance contracts and operations considered for accounting purposes as investment contracts”.

Investment portfolios linked to Unit-linked products are composed of financial assets, including fixed-income securities, variable-income securities, derivative instruments and deposits in credit institutions, which are recognised at fair value, and the corresponding unrealised capital gains and losses are recognised in the profit and loss statement for the year.

For insurance and capitalisation operations on investment units with a guarantee of capital and income at the end of the contract, the provisions are set up for either the value which results from multiplying the value of the reference unit by the number of existing units, or the guaranteed capital and income at the end discounted up to the date of calculation at the guaranteed rate, whichever is higher.

**m) Liabilities to subscribers of other investment contracts**

Liabilities to subscribers of other regulated products, classified as investment contracts under IFRS 4, and which do not include a discretionary profit-sharing component, are valued in accordance with the requirements of IFRS 9 and recognised in “Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts”.

**n) Impairment of debtor balances related with insurance and reinsurance contracts**

For each date the financial statements are presented, the Group assesses the existence of evidence of impairment on assets from insurance or reinsurance contracts, namely accounts receivable from insured persons, agents, reinsurers and reinsured, and technical provisions for reinsurance ceded.

If impairment losses are identified, the balance sheet value of the respective assets is reduced in the profit and loss statement for the year, with the cost being recognised in “Impairment losses (net of reversals)”.

## 2.18. Revenue

Revenue or income is recognised whenever it is likely that economic benefits will result for the Group and when these can be reliably assessed.

### (i) Fees from financial instruments

The fees related to financial instruments, such as commissions charged or paid on contracting of operations, are included in the amortised cost and recognised in the statement of gains and losses throughout the operation, by the effective interest rate method.

### (ii) Provision of services – healthcare segment

Revenue is recognised whenever it is probable that the Group will obtain economic benefits that can be reliably estimated, being measured by the fair value of the instalments received or receivable, net of discounts given and any taxes. The revenue associated with the transaction is recognised with reference to its stage of completion as at the reporting date.

Revenue from activities carried out in the private healthcare segment is recognised based on the services rendered during that period, valued at the prices of those services as set out in a defined price list, regardless of the actual invoice date.

In the case of activities carried out in the public healthcare segment (under the PPP), revenue is recognised in accordance with the services provided valued by the contractual prices agreed with the contracting public entity. Under the agreement, invoicing is monthly for an amount equivalent to 1/12 of 90% of the annual amount agreed for each year. There is an adjustment invoice for services actually provided, during the first six months of the following year. The difference between the amounts invoiced and the actual production is recorded under “Other payables” or “Other receivables” on an accrual basis.

Revenue from senior residences is recognised based on lifetime rights-of-use (ROUs). This recognition is made according to the characteristics of each type of agreement:

- In lifetime ROUs with no conveyance rights, or with the right to only one conveyance, the value of the agreement is initially recognised as deferred income. Once the member moves into the Club, the revenue is recognised for a period that takes into account the age of the member (or of the assignor, if allowed) on the entry date, and the average life expectancy taken from the GRF95 actuarial tables;
- In lifetime ROUs with unlimited conveyance rights, the agreement value is immediately recognised as income and an accrued expense for the unit's portion of the total cost of the buildings is recorded as a cost of sales. The accrued expense is later recognised as revenue in the same period as the depreciation of the corresponding property, plant and equipment.

### (iii) Fees for other services provided

Fees for services provided are normally recognised as earnings throughout the period of service provision or on a one-off basis if they relate to payment for the performance of single acts.

#### (iv) Sale of goods

Revenue from the sale of goods is recognised in the consolidated income statement when the significant risks and rewards of ownership of the assets are transferred to the buyer and the amount of the revenue can be measured reliably. Revenue is recognised net of taxes and discounts.

### 2.19. Cash and cash equivalents

For the purposes of the statement of cash flows, “Cash and cash equivalents” includes amounts recognised in the balance sheet with a maturity of less than three months from the date of their acquisition, readily convertible to cash and with low risk of a change in value, and cash and deposits with credit institutions which do not have an investment purpose.

### 2.20. Critical accounting estimates and most relevant judgements in the application of the accounting policies

When applying the accounting principles described above, the Boards of Directors of Fidelidade and the Group companies are required to make estimates. The estimates with the greatest impact on the Group’s consolidated financial statements include those presented below.

#### Determination of impairment losses on financial assets

Impairment losses on financial assets are determined in line with the methodology defined in Note 2.6. d). Accordingly, the determination of impairment takes into account the conclusions of the specific evaluation conducted by the Group on the basis of knowledge regarding the situation of the issuers of the financial instruments in question.

The Group considers that impairment determined on the basis of this methodology adequately reflects the risk associated with its portfolio of financial assets, taking into account the rules defined by IFRS 9.

#### Valuation of financial instruments not traded in active markets

In line with IFRS 9, the Group recognises all financial instruments at fair value, with the exception of those recognised at amortised cost. Valuation models and techniques such as those described in Note 2.6. a) are used to value financial instruments not traded in liquid markets. The valuations obtained correspond to the best estimate of the fair value of these instruments at the balance sheet date. To guarantee adequate separation between functions, such financial instruments are valued by a body that is independent from the trading function.

#### Impairment of investments in subsidiaries, associates and joint ventures

The Group conducts an annual valuation, with reference to the end of the financial year, of the recoverable value of investments in subsidiaries, associates and joint ventures. Whenever possible, the recoverable value is assessed on the basis of valuation methods based on discounted future cash flow models, considering the strategy for each entity, market conditions and the time value and business risks, for which certain assumptions or judgements are used to establish estimates of fair value. In the remaining cases, the recoverable value is assessed on the basis of the Shareholders’ Equity of each company.

Alternative methods and the use of different assumptions and estimates may lead to different valuations of investments in subsidiaries, associates and joint ventures, with an impact on the Group's results.

### **Valuation of Investment Properties**

As stated in notes 2.7 Investment Properties are valued at each balance sheet date, to ensure that their balance sheet value does not differ significantly from their fair value. The Group has set a maximum period of 2 years between valuations performed by qualified experts.

As stated in note 11, properties are valued to obtain an estimate of their transaction price, which is normally the market value (fair value). If there are any rental agreements, the assessment of the estimated transaction price takes the rental value into consideration. The valuation techniques normally used are the market method, the cost method and the income method, as described in note 11.

As set out in IFRS 13 – “Fair Value Measurement”, valuations of properties maximise the use of observable market data. However, since most valuations also consider unobservable data, the fair value of the Group's properties is classified as Level 3 in the fair value hierarchy defined by IFRS 13.

The Group considers that the valuations obtained based on these methods correspond to the best estimate of the fair value of these assets at the balance sheet date.

### **Provisions and contingent liabilities**

As stated in note 2.15, provisions are set up whenever there is a current (legal or constructive) obligation resulting from past events involving the probable future expenditure of resources and when such expenditure may be reliably assessed.

When the future expenditure of resources is not probable, this is a contingent liability. Contingent liabilities are subject to disclosure, unless the possibility of occurrence is remote.

The decision to recognise provisions and measurement of these takes into account the Group's assessment of the risks and uncertainties associated with the processes in progress and the expectation regarding expenditure of resources, which uses as a reference the best available information at the date the financial statements are closed.

### **Employee benefits**

As stated in Note 2.16., the Group liabilities for post-employment and other long term benefits granted to its employees are determined on the basis of actuarial assessments. These assessments incorporate, in particular, financial and actuarial assumptions on mortality, disability, wage and pensions growth, assets returns and discount rates. The assumptions adopted correspond to the best estimate of the Group and its actuaries regarding the future performance of the respective variables.

### **Impairment of goodwill**

As stated in Note 2.3., at least once a year the Group performs analyses of impairment of the goodwill recognised in the balance sheet. These analyses are conducted on the basis of estimates of future cash flows to be generated for each unit, discounted at appropriate rates.

The projections produced incorporate a wide range of assumptions as to the evolution of the future activity of the units, which may or may not reflect future performance. However, these assumptions reflect the Group's best estimate on the balance sheet date.

#### **Determination of liabilities on insurance and reinsurance contracts**

The Group's liabilities for insurance and reinsurance contracts are determined based on the methodologies and assumptions described in Note 2.17. These liabilities reflect a quantified estimate of the impact of future events on the accounts of the insurance companies in the Group, calculated based on actuarial assumptions, claims history and other methods accepted in the sector.

Owing to the nature of the insurance activity, determining the claims provisions and other liabilities on insurance and reinsurance contracts is highly subjective and the actual amounts payable in the future may differ significantly from the estimates.

The Group considers, however, that the liabilities on insurance and reinsurance contracts recognised in the consolidated financial statements adequately reflect the best estimates at the balance sheet date of the amounts to be disbursed by the Group.

#### **Determination of income tax**

The companies in the Group determine income tax (both current and deferred) based on the rules defined by the tax framework in force. However, in some situations the tax legislation is not sufficiently clear and objective and may give rise to different interpretations. In these cases, the amounts recognised result from the best understanding of the responsible bodies of Fidelidade – Companhia de Seguros, S.A. and of the companies in the Group with regard to the correct presentation of their operations, which may, however, be questioned by the Tax Authorities.

### **2.21. Subsequent Events**

Events occurring after the balance sheet date that provide additional information about conditions that existed on the balance sheet date are included in the financial statements.

Events occurring after the balance sheet date that provide additional information about conditions that existed after the balance sheet date are included in the notes to the accounts, if considered material.



## 2.22. Adoption of standards (new or revised) issued by the “International Accounting Standards Board” (IASB) and interpretations issued by the “International Financial Reporting Interpretation Committee” (IFRIC), as endorsed by the European Union

### 2.22.1 Adopted Standards (New or Revised)

During the course of 2020 the Group adopted, in the preparation of its financial statements, the standards and interpretations issued by IASB and IFRIC, respectively, provided they had been endorsed by the European Union, with application in financial periods beginning on or after 1 January 2020. The relevant changes for the Group were as follows:

| Standards / Interpretations                                 | Date of issue | E.U. Regulation | Applicable to accounting periods beginning on or after |
|---|---------------|-----------------|--|
| IFRS 3 - Business Combination (Amendment)                   | 22-10-2018    | 2020/551        | 01-01-2020   |
| IAS 1 - Definition of Material (Amendment)                  | 31-10-2018    | 2019/2075       | 01-01-2020   |
| IAS 8 - Definition of Material (Amendment)                  | 31-10-2018    | 2019/2075       | 01-01-2020   |
| IFRS 9 - Financial Instruments                              | 24-07-2014    | 2016/2067       | 01-01-2020   |
| IFRS 9 - Prepayments Features with Negative Compensation    | 12-10-2017    | 2018/498        | 01-01-2020   |
| IFRS 9 - Interest Rate Benchmark Reform Phase I (Amendment) | 26-09-2019    | 2020/34         | 01-01-2020   |
| IAS 39 - Interest Rate Benchmark Reform Phase I (Amendment) | 26-09-2019    | 2020/34         | 01-01-2020   |
| IFRS 7 - Interest Rate Benchmark Reform Phase I (Amendment) | 26-09-2019    | 2020/34         | 01-01-2020   |

IFRS 9 replaced IAS 39 – Financial Instruments: Recognition and Measurement for annual periods after 1 January 2018. In order to ensure consistency in the insurance sector between the application of IFRS 9 and IFRS 17, the IASB issued an amendment to IFRS 4 with effects from 1 January 2018 which allowed insurance companies to defer the application of IFRS 9 to periods after 1 January 2023, thereby aligning the effective date of IFRS 9 and IFRS 17.

The Group was developing business models and assessing the impact of applying IFRS 9, and opted to defer the application of the standard until 31 December 2019.

As described in Note 2.6, on 1 January 2020, the Group applied IFRS 9 retrospectively, with the overlay approach option. The differences that arose with the adoption of IFRS 9 have been recognised in Retained Earnings, as stated in Note 2.23.

## 2.22.2 Standards, Interpretations, Amendments and Revisions with Mandatory Application in Future Accounting Periods

The following standards, interpretations, amendments and revisions, with mandatory application in future accounting periods, had been endorsed by the European Union up to the date these financial statements were approved:

| Standards / Interpretations                                  | Date of issue | E.U. Regulation | Applicable to accounting periods beginning on or after |
|--|---------------|-----------------|--|
| IFRS 9 - Interest Rate Benchmark Reform Phase II (Amendment) | 27-08-2020    | 2021/25         | 01-01-2021   |
| IAS 39 - Interest Rate Benchmark Reform Phase II (Amendment) | 27-08-2020    | 2021/25         | 01-01-2021   |
| IFRS 7 - Interest Rate Benchmark Reform Phase II (Amendment) | 27-08-2020    | 2021/25         | 01-01-2021   |

The Group is analysing its implementation, and it is not possible at this time to assess the impact on the financial statements

## 2.22.3 Standards, Interpretations, Amendments and Revisions Not Yet Endorsed by the European Union

The following standards, interpretations, amendments and revisions, of mandatory application in future accounting periods, had not been endorsed by the European Union up to the date these financial statements were approved:

| Standards / Interpretations  | Date of issue | Applicable to accounting periods beginning on or after |
|--|---------------|--|
| IFRS 17 - Insurance Contracts  | 18-05-2017    | 01-01-2023   |
| IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendment)                              | 23-01-2020    | 01-01-2023   |
| IFRS 3 - Business Combinations (Amendment)   | 14-05-2020    | 01-01-2022   |
| IFRS 3 - Business Combinations: Reference to the Conceptual Framework (Amendment)  | 14-05-2020    | 01-01-2022   |
| IAS 16 - Property, Plant and Equipment (Amendment)   | 14-05-2020    | 01-01-2022   |
| IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (Amendment)  | 14-05-2020    | 01-01-2022   |
| IAS 37 - Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract (Amendment)              | 14-05-2020    | 01-01-2022   |
| IFRS 9 - Financial Instruments (Annual Improvements 2018-2020)   | 14-05-2020    | 01-01-2022   |
| IFRS 16 - Leases (Annual Improvements 2018-2020)   | 14-05-2020    | 01-01-2022   |
| IFRS 17 - Insurance Contracts (Amendment)  | 25-06-2020    | 01-01-2023   |
| IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of effective date (Amendment) | 15-07-2020    | 01-01-2023   |

These standards have not been endorsed by the European Union and, as such, have not been applied by the Group for the year ended 31 December 2020, and it is not possible at this time to assess the impact on the financial statements

## 2.23. Changes in Accounting Policies

The change in the accounting policy regarding the valuation of Properties for Own Use impacted the composition of the Group's shareholders' equity at 31 December 2019 and the income for the year ended on that date.

The reconciliation of shareholders' equity at 1 January 2019 and at 31 December 2019 and the reconciliation of the net income for the year ended at 31 December 2019 is presented in the table below:

|  | Shareholder's Equity |               | Profit and loss |
|--|----------------------|---------------|-----------------|
|  | 01/01/2019           | 31/12/2019    | 31/12/2019      |
| Balances before accounting policy change                 | 2,731,434,455        | 3,325,139,979 | 196,817,165     |
| Impact of accounting policy change                       |                      |               |                 |
| Change of recognition criteria in properties for own-use | (53,951,596)         | (47,532,463)  | 11,705,629      |
| Fiscal Effect  | 9,529,076            | 10,027,786    | (5,508,261)     |
| Non-controlling interests                                | (23,536,379)         | (20,273,686)  | (2,618,436)     |
|  | (67,958,899)         | (57,778,363)  | 3,578,932       |
| Balances after accounting policy change                  | 2,663,475,556        | 3,267,361,616 | 200,396,097     |

|  | 01-01-2019           |                     |                      |
|--|----------------------|---------------------|----------------------|
|  | Restated             | Adjustments         | Original             |
| <b>ASSETS</b>                                      |                      |                     |                      |
| Properties for own use                             | 444,020,443          | (78,912,762)        | 522,933,205          |
| Recoverable tax assets                             | 3,689,095            | 2,867,060           | 822,035              |
| Deferred tax assets                                | 291,301,006          | 678,839             | 290,622,167          |
|  | <u>739,010,544</u>   | <u>(75,366,863)</u> | <u>814,377,407</u>   |
| <b>LIABILITIES</b>                                 |                      |                     |                      |
| Other creditors for insurance and other operations | 300,186,896          | (1,676,280)         | 301,863,176          |
| Tax payable liabilities                            | 37,600,157           | (2,503,511)         | 40,103,668           |
| Deferred tax liabilities                           | 127,054,550          | (3,230,411)         | 130,284,961          |
|  | <u>464,841,603</u>   | <u>(7,410,202)</u>  | <u>472,251,805</u>   |
| <b>SHAREHOLDERS' EQUITY</b>                        |                      |                     |                      |
| Revaluation reserves                               |                      |                     |                      |
| Revaluation of properties for own use              | 1,229,930            | (89,016,159)        | 90,246,089           |
| Deferred tax reserve                               | 25,273,318           | 9,529,076           | 15,744,242           |
| Other reserves                                     | 865,921,742          | 34,043,016          | 831,878,726          |
| Retained earnings                                  | 412,343,221          | (1,338,158)         | 413,681,379          |
| Net income for the year                            | 273,932,936          | 2,359,705           | 271,573,231          |
| Non-controlling interests                          | 347,356,392          | (23,536,379)        | 370,892,771          |
|  | <u>1,926,057,539</u> | <u>(67,958,899)</u> | <u>1,994,016,438</u> |

The adoption of the Financial Instruments accounting policy, IFRS 9, resulted in the following impacts on the financial position as of January 01, 2020:

|   | 01/01/2020        |                            |                      |                         | IFRS 9            |
|---|-------------------|----------------------------|----------------------|-------------------------|-------------------|
|   | IAS 39            | Business Model Application | Expected Credit Loss | Policyholder adjustment |                   |
|   |                   |                            |                      | Total Adjustments       |                   |
| <b>ASSETS</b>   |                   |                            |                      |                         |                   |
| Financial assets initially recognised at fair value through profit or loss                              | 971.896.241       | ( 971.896.241 )            | -                    | ( 971.896.241 )         | -                 |
| to: Financial assets recognised at fair value through profit or loss                                    | -                 | ( 971.896.241 )            | -                    | ( 971.896.241 )         | -                 |
| Financial assets held for trading   | 21.839.020        | ( 21.839.020 )             | -                    | ( 21.839.020 )          | -                 |
| to: Financial assets recognised at fair value through profit or loss                                    | -                 | ( 21.839.020 )             | -                    | ( 21.839.020 )          | -                 |
| Financial assets recognised at fair value through profit or loss  | -                 | 2.653.692.630              | -                    | 2.653.692.630           | 2.653.692.630     |
| from: Available-for-sale investments  | -                 | 1.656.280.424              | -                    | 1.656.280.424           | -                 |
| from: Financial assets held for trading   | -                 | 21.839.020                 | -                    | 21.839.020              | -                 |
| from: Hedge derivatives   | -                 | 3.676.945                  | -                    | 3.676.945               | -                 |
| from: Financial assets initially recognised at fair value through profit or loss                        | -                 | 971.896.241                | -                    | 971.896.241             | -                 |
| Available-for-sale investments  | 11.096.526.124    | ( 11.096.526.124 )         | -                    | ( 11.096.526.124 )      | -                 |
| to: Financial assets designated at fair value through other comprehensive income                        | -                 | ( 9.440.245.700 )          | -                    | ( 9.440.245.700 )       | -                 |
| to: Financial assets recognised at fair value through profit or loss                                    | -                 | ( 1.656.280.424 )          | -                    | ( 1.656.280.424 )       | -                 |
| Hedge derivatives   | 3.676.945         | ( 3.676.945 )              | -                    | ( 3.676.945 )           | -                 |
| to: Financial assets recognised at fair value through profit or loss                                    | -                 | ( 3.676.945 )              | -                    | ( 3.676.945 )           | -                 |
| Financial assets designated at fair value through other comprehensive income                            | -                 | 9.440.245.700              | -                    | 9.440.245.700           | 9.440.245.700     |
| from: Available-for-sale investments  | -                 | 9.440.245.700              | -                    | 9.440.245.700           | -                 |
| Financial assets at amortised cost  | -                 | 2.459.220.485              | ( 1.651.335 )        | -                       | 2.457.569.150     |
| from: Held-to-maturity investments  | -                 | 1.074.167.759              | ( 1.651.335 )        | -                       | 1.072.516.424     |
| from: Loans and accounts receivable   | -                 | 1.385.052.726              | -                    | -                       | 1.385.052.726     |
| Held-to-maturity investments  | 1.074.167.759     | ( 1.074.167.759 )          | -                    | ( 1.074.167.759 )       | -                 |
| to: Financial assets at amortised cost  | -                 | ( 1.074.167.759 )          | -                    | ( 1.074.167.759 )       | -                 |
| Loans and accounts receivable   | 1.385.052.726     | ( 1.385.052.726 )          | -                    | ( 1.385.052.726 )       | -                 |
| to: Financial assets at amortised cost  | -                 | ( 1.385.052.726 )          | -                    | ( 1.385.052.726 )       | -                 |
| Deferred tax assets   | 223.764.226       | 317.804                    | 520.170              | -                       | 837.974           |
|   | 14.776.923.041    | 317.804                    | ( 1.131.165 )        | -                       | ( 813.361 )       |
| <b>LIABILITIES</b>  |                   |                            |                      |                         |                   |
| Financial liabilities held for trading  | ( 82.034.738 )    | 82.034.738                 | -                    | -                       | 82.034.738        |
| to: Financial liabilities initially recognised at fair value through profit or loss                     | -                 | 82.034.738                 | -                    | -                       | 82.034.738        |
| Financial liabilities initially recognised at fair value through profit or loss                         | -                 | ( 84.474.061 )             | -                    | -                       | ( 84.474.061 )    |
| from: Other financial liabilities   | -                 | ( 2.439.323 )              | -                    | -                       | ( 2.439.323 )     |
| from: Financial liabilities held for trading  | -                 | ( 82.034.738 )             | -                    | -                       | ( 82.034.738 )    |
| Other financial liabilities   | ( 1.043.486.017 ) | 2.439.323                  | -                    | -                       | 2.439.323         |
| to: Financial liabilities initially recognised at fair value through profit or loss                     | -                 | 2.439.323                  | -                    | -                       | 2.439.323         |
| Deferred tax liabilities  | ( 164.998.823 )   | ( 317.804 )                | -                    | -                       | ( 317.804 )       |
|   | ( 1.290.519.578 ) | ( 317.804 )                | -                    | -                       | ( 1.290.837.382 ) |
| <b>EQUITY</b>   |                   |                            |                      |                         |                   |
| Revaluation reserves  |                   |                            |                      |                         |                   |
| Adjustments in fair value of financial assets   | ( 317.151.963 )   | 317.151.963                | -                    | -                       | 317.151.963       |
| to: From adjustments in fair value of debt instruments at fair value through other comprehensive income | -                 | 195.908.915                | -                    | -                       | 195.908.915       |
| to: Overlay Approach adjustment   | -                 | 121.243.048                | -                    | -                       | 121.243.048       |
| From adjustments in fair value of debt instruments at fair value through other comprehensive income     | -                 | ( 195.908.915 )            | -                    | 423.376                 | ( 195.485.539 )   |
| from: Adjustments in fair value of financial assets   | -                 | ( 195.908.915 )            | -                    | 423.376                 | ( 195.485.539 )   |
| Exchange differences  | 71.221.758        | 16.621.136                 | 8.921                | -                       | 16.630.057        |
| to: Overlay Approach adjustment   | -                 | 16.621.136                 | 8.921                | -                       | 16.630.057        |
| Allowance for credit losses in instruments measured at fair value to other comprehensive income         | -                 | -                          | ( 41.556.973 )       | 1.847.773               | ( 39.709.200 )    |
| Deferred tax reserve  | 79.763.189        | -                          | 12.004.988           | -                       | 12.004.988        |
| Overlay Approach adjustment   | -                 | ( 137.864.184 )            | -                    | ( 423.376 )             | ( 138.287.560 )   |
| from: Adjustments in fair value of financial assets   | -                 | ( 121.243.048 )            | -                    | ( 423.376 )             | ( 121.666.424 )   |
| from: Exchange differences  | -                 | ( 16.621.136 )             | -                    | -                       | ( 16.621.136 )    |
| Retained earnings   | ( 293.863.104 )   | -                          | 30.674.229           | ( 1.847.773 )           | 28.826.456        |
| Non controlling interests   | ( 495.482.765 )   | -                          | -                    | -                       | -                 |
|   | ( 955.512.885 )   | -                          | 1.131.165            | -                       | 1.131.165         |

### 3. Group Companies and Transactions during the Period

The Group's structure in terms of its subsidiaries, by sectors of activity, and the respective financial data taken from their statutory individual accounts at 31 December 2020 and 2019, except when expressly indicated otherwise, can be summarised as follows:

| Operating sector/entity   | Effective share % | 2020           |                |                          |               |               |
|---|-------------------|----------------|----------------|--------------------------|---------------|---------------|
|   |                   | Assets         | Liabilities    | Shareholders' equity (a) | Net income    | Total revenue |
| Insurance   |                   |                |                |                          |               |               |
| Fidelidade - Companhia de Seguros, S.A.                                     | 100.00%           | 16,277,508,677 | 13,335,774,860 | 2,941,733,817            | 150,834,217   | 3,176,012,864 |
| Multicare - Seguros de Saúde, S.A.  | 100.00%           | 219,282,533    | 108,364,681    | 110,917,852              | 17,547,146    | 337,009,604   |
| Fidelidade Assistência – Companhia de Seguros, S.A.                         | 100.00%           | 66,891,613     | 15,216,507     | 51,675,106               | 7,377,796     | 55,417,205    |
| Via Directa - Companhia de Seguros, S.A.                                    | 100.00%           | 89,054,522     | 59,947,853     | 29,106,669               | 2,144,729     | 52,709,614    |
| Companhia Portuguesa de Resseguros, S.A.                                    | 100.00%           | 18,143,409     | 4,166,180      | 13,977,229               | 707,636       | 1,812,918     |
| Fidelidade Angola - Companhia de Seguros, S.A. (b)                          | 70.03%            | 56,062,806     | 45,851,643     | 10,211,163               | 2,394,107     | 38,996,118    |
| Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)                     | 55.89%            | 32,848,071     | 19,515,298     | 13,332,773               | 1,567,683     | 11,774,804    |
| Fidelidade Macau - Companhia de Seguros, S.A. (d)                           | 100.00%           | 53,170,038     | 23,841,722     | 29,328,316               | 3,005,941     | 11,656,005    |
| Fidelidade Macau Vida - Companhia de Seguros, S.A. (d)                      | 100.00%           | 166,178,794    | 147,389,584    | 18,789,210               | 1,548,228     | 29,944,910    |
| La Positiva Seguros Y Reaseguros S.A.A. (e)                                 | 91.50%            | 476,444,460    | 311,232,791    | 165,211,669              | 19,334,384    | 408,156,534   |
| La Positiva Vida Seguros Y Reaseguros S.A. (e)                              | 54.69%            | 1,228,952,280  | 1,058,264,458  | 170,687,822              | ( 1,948,055 ) | 246,530,398   |
| Alianza Vida Seguros y Reaseguros S.A. (f)                                  | 44.59%            | 39,295,996     | 27,048,755     | 12,247,241               | ( 6,716,810 ) | 28,475,055    |
| Alianza Compañía de Seguros y Reaseguros E.M.A. S.A. (f)                    | 53.12%            | 104,303,477    | 56,682,368     | 47,621,109               | 8,410,801     | 64,018,497    |
| Alianza Garantía Seguros Y Reasseguros S.A. (g)                             | 27.01%            | 14,861,094     | 10,722,038     | 4,139,056                | 254,736       | 7,067,961     |
| La Positiva S.A. Entidad Prestadora de Salud (e)                            | 66.84%            | 6,651,634      | 4,591,153      | 2,060,481                | 684,379       | 16,000,539    |
| Fid Chile Seguros Generales S.A.(h)   | 99.28%            | 57,352,414     | 48,529,232     | 8,823,182                | ( 4,802,640 ) | 9,764,008     |
| Property  |                   |                |                |                          |               |               |
| Fidelidade - Property Europe, S.A.  | 100.00%           | 1,573,485,457  | 17,209,801     | 1,556,275,656            | 5,901,662     | 278,237,139   |
| Fidelidade - Property International, S.A.                                   | 100.00%           | 159,153,608    | 2,553,117      | 156,600,491              | 5,070,180     | 6,808,404     |
| Fundo de Investimento Imobiliário Fechado Saudeinveste (i)                  | 99.09%            | 182,775,595    | 14,317,824     | 168,457,771              | 11,058,374    | 13,888,119    |
| Fundo de Investimento Imobiliário Aberto IMOFID (i)                         | 100.00%           | 192,974,339    | 1,202,934      | 191,771,405              | 179,243       | 179,243       |
| FPI (UK) 1 LIMITED (I)  | 100.00%           | 32,895,683     | 31,596         | 32,864,087               | ( 7,653,209 ) | 116,050       |
| FPE (IT) Società per Azioni   | 95.76%            | 403,133,944    | 68,130         | 403,065,814              | 4,257,600     | 5,850,077     |
| FPE (Lux) Holding S.à r.l.  | 100.00%           | 150,018,051    | 2,373,669      | 147,644,382              | 7,297,717     | 17,667,914    |
| Thomas More Square (Lux) Holdings S.à r.l. (I)                              | 99.30%            | 130,866,101    | 1,123          | 130,864,978              | ( 26,962 )    | 2,898         |
| Thomas More Square (Lux) S.à r.l. (I)                                       | 100.00%           | 410,147,210    | 237,690,264    | 172,456,946              | 6,968,539     | 21,355,625    |
| Godo Kaisha Moana (m)   | 97.00%            | 332,152,267    | 105,276,884    | 226,875,383              | 106,298,742   | 106,411,897   |
| Godo Kaisha Praia (m)   | 100.00%           | 173,598,757    | 13,280,960     | 160,317,797              | 28,686,991    | 55,724,868    |
| Fundo Broggi  | 100.00%           | 418,627,719    | 7,147,791      | 411,479,928              | 5,778,354     | 7,690,580     |
| Broggi Retail S.R.L.  | 100.00%           | 175,006        | 10,671         | 164,335                  | ( 24,801 )    | 2             |
| Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A. | 100.00%           | 1,249,419      | 400,537        | 848,882                  | 345,746       | 2,177,345     |
| FPE (BE) Holding S.A. (n)   | 100.00%           | 162,874,080    | 4,392,834      | 158,481,246              | 7,589,072     | 12,424,266    |
| FPE (PT), S.A.  | 100.00%           | 7,821,737      | 5,146          | 7,816,591                | 696,128       | 820,643       |
| FSG Saúde – Fundo de Investimento de Imobiliário Fechado (i)                | 100.00%           | 50,950,939     | 84,474         | 50,866,465               | ( 133,535 )   | -             |
| FPE (HU) Kft. (o)   | 100.00%           | 8,234          | 10             | 8,224                    | ( 21 )        | -             |
| FPE (UK) 1 LIMITED (I)  | 100.00%           | 177,171,579    | 270,984        | 176,900,595              | -             | -             |
| FPE (Lux) 1 (I)   | 100.00%           | 184,691,052    | 7,336,468      | 177,354,584              | 162,776       | 219,529       |
| FPE (PT), SGPS, S.A.  | 100.00%           | 300,000        | 275,885        | 24,115                   | ( 25,885 )    | -             |
| FPE (PT) OFFICE A, S.A.   | 100.00%           | 66,562,984     | 66,597,676     | ( 34,692 )               | ( 84,692 )    | -             |
| FPE (PT) 2 OFFICE B, S.A.   | 100.00%           | 69,599,708     | 69,631,697     | ( 31,989 )               | ( 81,989 )    | -             |
| FPE (PT) 3 RESIDENTIAL, S.A.  | 100.00%           | 66,801,113     | 66,832,397     | ( 31,284 )               | ( 81,284 )    | -             |
| FPE (PT) 4 RET, S.A.  | 100.00%           | 31,997,150     | 31,991,192     | 5,958                    | ( 44,042 )    | -             |
| FPE (PT) 5 PARK, S.A.   | 100.00%           | 33,510,367     | 33,506,143     | 4,224                    | ( 45,776 )    | -             |

(Amounts in euros except when expressly indicated otherwise)

| Operating sector/entity                                    | 2020              |             |             |                          |                |                |
|--|-------------------|-------------|-------------|--------------------------|----------------|----------------|
|  | Effective share % | Assets      | Liabilities | Shareholders' equity (a) | Net income     | Total revenue  |
| <b>Healthcare</b>  |                   |             |             |                          |                |                |
| Luz Saúde, S.A. (n)  | 50.85%            | 813,910,849 | 563,946,371 | 249,964,478              | ( 15,280,396 ) | 613,345,382    |
| <b>Other sectors</b>                                       |                   |             |             |                          |                |                |
| Cetra - Centro Técnico de Reparação Automóvel, S.A.        | 100.00%           | 7,445,716   | 2,356,033   | 5,089,683                | ( 103,054 )    | 6,268,584      |
| E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. | 100.00%           | 1,477,083   | 1,114,724   | 362,359                  | 33,174         | 3,125,233      |
| GEP - Gestão de Peritagens Automóveis, S.A.                | 100.00%           | 4,111,118   | 3,704,501   | 406,617                  | 49,441         | 19,950,448     |
| Fidelidade - Serviços de Assistência, S.A.                 | 100.00%           | 1,885,883   | 333,186     | 1,552,697                | 569,039        | 1,900,748      |
| Cares - Assistência e Reparações, S.A.                     | 100.00%           | 1,664,243   | 1,208,940   | 455,303                  | 324,928        | ( 10,310,313 ) |
| FCM Beteiligungs GmbH                                      | 100.00%           | 3,733,371   | 281,031     | 3,452,340                | ( 61,462 )     | 1,000          |
| FID III (HK) LIMITED (p)                                   | 100.00%           | 642         | 24,172      | ( 23,530 )               | ( 3,681 )      | -              |
| Fidelidade - Consultoria e Gestão de Risco, Lda. (q)       | 100.00%           | 5,197       | 3,677       | 1,520                    | 314            | 40,473         |
| Fidelidade - Assistência e Serviços, Lda. (q)              | 100.00%           | 7,265       | 4,190       | 3,075                    | 2,296          | 31,490         |
| FID Loans 1 (Ireland) Limited                              | 100.00%           | 366,700,341 | 7,899,867   | 358,800,474              | 5,311,106      | 14,193,229     |
| Universal - Assistência e Serviços, Lda. (b)               | 80.00%            | 395,340     | 439,648     | ( 44,308 )               | ( 55,830 )     | 738,203        |
| FID LatAm SGPS, S.A.                                       | 100.00%           | 301,586     | 63,532      | 238,054                  | ( 74,177 )     | -              |
| GEP Cabo Verde Gestão de Peritagens, Lda. (c)              | 100.00%           | 80,875      | 11,597      | 69,278                   | 28,026         | 161,458        |
| FID Perú, S.A. (l)   | 100.00%           | 134,499,405 | 23,571,512  | 110,927,893              | 13,583,259     | 19,443,499     |
| FID Chile, SpA. (h)  | 100.00%           | 16,036,008  | 5,849       | 16,030,159               | ( 78,491 )     | -              |
| FID Chile & MT JV SpA (h)                                  | 99.28%            | 14,173,855  | 33,450      | 14,140,405               | ( 12,795 )     | 85,632         |
| Alianza SAFI, S.A. (f)                                     | 25.30%            | 1,454,347   | 242,817     | 1,211,530                | 305,518        | 905,229        |
| Full Assistance S.R.L. (f)                                 | 49.71%            | 938,416     | 492,440     | 445,976                  | ( 24,677 )     | 1,405,564      |
| Worldwide Security Corporation S.A. (f)                    | 49.01%            | 1,590,204   | 1,518,982   | 71,222                   | 146,489        | 2,906,075      |
| FID I&D, S.A.  | 100.00%           | 51,132      | 47,397      | 3,735                    | ( 40,115 )     | -              |
| Tenax Capital Limited (l)                                  | 75.00%            | 2,334,255   | 1,081,534   | 1,252,721                | ( 89,612 )     | 1,151,444      |

(a) The shareholders' equity includes net income for the year

(b) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 797.1291 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 665.85631 AOA for the profit and loss headings.

(c) Valores expressos em Euros, considerando a taxa de câmbio de 31 de dezembro de 2020 de 1 Euro/ 110,265 Escudos caboverdianos para as rubricas de balanço e ganhos e perdas.

(d) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 9.7996 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.12446 MOP for the profit and loss headings.

(e) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 4.4409 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 4.0298 PEN for the profit and loss headings.

(f) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 870.934 BOB for balance sheet headings and an average monthly exchange rate of 1 EUR/ 905.14508 BOB for the profit and loss headings.

(g) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 8425.270 PYG for balance sheet headings and an average monthly exchange rate of 1 EUR/ 7764.1125 PYG for the profit and loss headings.

(h) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 870.9340 CLP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 905.14508 CLP for the profit and loss headings.

(i) Amounts recorded in financial assets initially recognised at fair value through profit or loss.

(j) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 1.5896 AUD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 1.65492 AUD for the profit and loss headings.

(l) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 0.89903 GBP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 0.8897 GBP for the profit and loss headings.

(m) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 126.490 JPY for balance sheet headings and an average monthly exchange rate of 1 EUR/ 121.84576 JPY for the profit and loss headings.

(n) Statutory consolidated accounts of Group.

(o) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 363.890 HUF for balance sheet headings and an average monthly exchange rate of 1 EUR/ 351.24938 HUF for the profit and loss headings.

(p) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 9.5142 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 8.8587 HKD for the profit and loss headings.

(q) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 91.050 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 79.78167 MZN for the profit and loss headings.

(Amounts in euros except when expressly indicated otherwise)

| Operating sector/entity                                    | 2019              |                |                |                          |                |               |
|--|-------------------|----------------|----------------|--------------------------|----------------|---------------|
|  | Effective share % | Assets         | Liabilities    | Shareholders' equity (a) | Net income     | Total revenue |
| <b>Insurance</b>   |                   |                |                |                          |                |               |
| Fidelidade - Companhia de Seguros, S.A.                    | 100.00%           | 16,802,567,666 | 14,197,429,909 | 2,605,137,757            | 144,406,401    | 4,004,501,040 |
| Via Directa - Companhia de Seguros, S.A.                   | 100.00%           | 79,637,408     | 52,654,171     | 26,983,237               | 810,106        | 50,448,564    |
| Companhia Portuguesa de Resseguros, S.A.                   | 100.00%           | 18,004,069     | 4,736,990      | 13,267,079               | 70,151         | 1,169,324     |
| Fidelidade Angola - Companhia de Seguros, S.A. (b)         | 69.51%            | 91,754,503     | 72,032,812     | 19,721,691               | 1,160,585      | 286,485,651   |
| Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)    | 55.89%            | 30,373,400     | 18,108,084     | 12,265,316               | 1,543,323      | 11,608,321    |
| Fidelidade Macau - Companhia de Seguros, S.A. (d)          | 99.99%            | 59,802,055     | 30,946,691     | 28,855,364               | 4,618,727      | 11,533,050    |
| La Positiva Seguros Y Reaseguros S.A.A. (e)                | 51.00%            | 496,498,497    | 306,037,692    | 190,460,805              | ( 249,594 )    | 1,015,807,377 |
| Fid Chile Seguros Generales S.A. (f)                       | 99.00%            | 7,508,899      | 69,059         | 7,439,840                | ( 24,006 )     | 35,243        |
| <b>Property</b>  |                   |                |                |                          |                |               |
| Fidelidade - Property Europe, S.A.                         | 100.00%           | 1,330,945,850  | 16,070,368     | 1,314,875,482            | 7,013,772      | 37,455,529    |
| Fidelidade - Property International, S.A.                  | 100.00%           | 223,135,212    | 6,604,901      | 216,530,311              | ( 4,346,774 )  | 725,439       |
| Fundo de Investimento Imobiliário Fechado Saudeinveste (g) | 98.85%            | 173,829,701    | 16,430,304     | 157,399,397              | 12,084,965     | 14,120,715    |
| Fundo de Investimento Imobiliário Fechado IMOFID (g)       | 100.00%           | 178,411,669    | 1,321,991      | 177,089,678              | 1,748,993      | 4,134,865     |
| FPI (AU) 1 PTY LIMITED (h)                                 | 100.00%           | 580,250        | 1,199          | 579,051                  | ( 25,247 )     | 971           |
| FPI (UK) 1 LIMITED (i)                                     | 100.00%           | 42,782,566     | 52,359         | 42,730,207               | ( 851,466 )    | 121,297       |
| FPE (IT) Società per Azioni                                | 95.76%            | 384,131,969    | 823,756        | 383,308,213              | 15,937,466     | 21,446,843    |
| FPE (Lux) Holding S.à r.l.                                 | 100.00%           | 147,603,815    | 7,257,149      | 140,346,666              | ( 10,473,096 ) | 9,727,947     |
| Thomas More Square (Lux) Holdings S.à r.l. (i)             | 99.30%            | 138,436,540    | 124,916        | 138,311,624              | 176,578        | 204,822       |
| Thomas More Square (Lux) S.à r.l. (i)                      | 100.00%           | 416,145,718    | 241,199,716    | 174,946,002              | 14,791,367     | 28,558,272    |
| Godo Kaisha Moana (j)                                      | 97.00%            | 129,134,910    | 10,618         | 129,124,292              | ( 5,067,115 )  | 3             |
| Godo Kaisha Praia (j)                                      | 100.00%           | 538,741,369    | 332,285,359    | 206,456,010              | 17,645,421     | 37,549,395    |
| Fundo Broggi   | 100.00%           | 393,940,781    | 3,277,801      | 390,662,980              | 21,446,113     | 24,378,883    |
| Broggi Retail S.R.L.                                       | 100.00%           | 202,996        | 13,608         | 189,388                  | ( 25,662 )     | 4             |
| Fidelidade - Sociedade Gestora de Organismos de            | 100.00%           | 811,118        | 307,542        | 503,576                  | 233,131        | 1,276,543     |
| FPE (BE) Holding S.A. (l)                                  | 100.00%           | 158,307,620    | 5,620,552      | 152,687,068              | 7,687,068      | 11,598,790    |
| <b>Healthcare</b>  |                   |                |                |                          |                |               |
| Luz Saúde, S.A. (l)  | 50.85%            | 830,404,806    | 565,715,342    | 264,689,464              | 16,583,972     | 590,099,298   |
| <b>Other sectors</b>                                       |                   |                |                |                          |                |               |
| Cetra - Centro Técnico de Reparação Automóvel, S.A.        | 100.00%           | 7,872,503      | 2,626,709      | 5,245,794                | 75,463         | 7,663,102     |
| E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. | 100.00%           | 1,188,919      | 859,733        | 329,186                  | ( 170,906 )    | 3,070,917     |
| GEP - Gestão de Peritagens Automóveis, S.A.                | 100.00%           | 3,275,910      | 2,750,734      | 525,176                  | 169,278        | 22,324,553    |
| FCM Beteiligungs GmbH                                      | 100.00%           | 3,796,138      | 277,571        | 3,518,567                | 181,708        | 397,405       |
| FID III (HK) LIMITED (m)                                   | 100.00%           | 767            | 22,632         | ( 21,865 )               | ( 3,922 )      | -             |
| Fidelidade - Consultoria e Gestão de Risco, Lda. (n)       | 100.00%           | 29,827         | 28,471         | 1,356                    | 604            | 108,767       |
| Fidelidade - Assistência e Serviços, Lda. (n)              | 80.00%            | 16,668         | 14,975         | 1,693                    | 772            | 68,438        |
| FID Loans 1 (Ireland) Limited                              | 100.00%           | 352,272,960    | 8,783,593      | 343,489,367              | 7,814,492      | 14,714,396    |
| Universal - Assistência e Serviços, Lda. (b)               | 80.00%            | 242,925        | 239,465        | 3,460                    | 4,190          | 509,956       |
| FID LatAm SGPS, S.A.                                       | 100.00%           | 319,683        | 7,453          | 312,230                  | ( 6,942 )      | 5,847         |
| GEP Cabo Verde Gestão de Peritagens, Lda. (c)              | 75.00%            | 51,498         | 10,247         | 41,251                   | ( 4,094 )      | 54,139        |
| FID Perú, S.A. (e)   | 100.00%           | 140,721,170    | 235,544        | 140,485,626              | 836,681        | 2,227,563     |
| FID Chile, SpA. (f)  | 100.00%           | 11,929,747     | 6,748          | 11,922,999               | 38,989         | 7             |
| FID Chile & MT JV SpA (f)                                  | 99.00%            | 11,285,226     | 892,483        | 10,392,743               | ( 1,677,876 )  | 35,240        |
| FID I&D, S.A.  | 100.00%           | 50,000         | -              | 50,000                   | -              | -             |

(a) The shareholders' equity includes net income for the year

(b) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 536.2617 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 414.89188 AOA for the profit and loss headings.

(c) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 110.265 CVE for balance sheet headings and profit and loss headings.

(d) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 9.0097 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.03465 MOP for the profit and loss headings.

(e) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 3.71960 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 3.73571 PEN for the profit and loss headings.

(f) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 844.2350 CLP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 792.58092 CLP for the profit and loss headings.

(g) Amounts recorded in Available-for-sale investments.

(h) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 1.5995 AUD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 1.61088 AUD for the profit and loss headings.

(i) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 0.8508 GBP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 0.87777 GBP for the profit and loss headings.

(j) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 121.94 JPY for balance sheet headings and an average monthly exchange rate of 1 EUR/ 122.00576 JPY for the profit and loss headings.

(l) Statutory consolidated accounts of Group.

(m) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 8.7473 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 8.7715 HKD for the profit and loss headings.

(n) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 68.7000 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 69.43667 MZN for the profit and loss headings.



The financial data at 31 December 2020 was taken from the non audited provisional financial statements, which are subject to alterations before they are approved by the General Meeting of Shareholders. However, no material changes to the Group's financial statements are expected.

The subsidiaries, grouped according to the nature of their main business, are the following:

## **INSURANCE**

**Fidelidade - Companhia de Seguros, S.A.** is a public limited liability company resulting from the merger by incorporation of Império Bonança - Companhia de Seguros, S.A. ("Império Bonança") in Companhia de Seguros Fidelidade-Mundial, S.A. ("Fidelidade Mundial"), in accordance with the public deed dated 31 May 2012, effective 1 January 2012. This operation was authorised by ASF through a resolution of its Board of Directors dated 23 February 2012. The Company's purpose is to perform the "Non-life" and "Life" insurance activity, as set out in the statute governing this activity.

**Multicare - Seguros de Saúde, S.A.**, with its head office in Lisbon, at Rua Alexandre Herculano, nº 53, was set up on 9 March 2007, with the corporate purpose of performing insurance and reinsurance activities, in all legally authorised non-life insurance lines of business, and may also perform activities related to insurance and reinsurance. The company is engaged in health insurance management.

**Fidelidade Assistência – Companhia de Seguros, S.A. (formerly Cares – Companhia de Seguros, S.A.)**, with its head office in Lisbon, at Avenida José Malhoa nº 13 - 7º, was set up on 17 February 1995, under the name Companhia de Seguros Táguis, S.A., with the corporate purpose of performing insurance and reinsurance activities, in all legally authorised non-life insurance lines of business, and it may also perform activities related to insurance and reinsurance. In 2015, the name and image of CARES – Companhia de Seguros, S.A. was changed to Fidelidade Assistência – Companhia de Seguros, S.A., operating with the Fidelidade Assistance brand.

**Via Directa - Companhia de Seguros, S.A. (OK Teleseguros)**, with its head office in Lisbon, at Avenida José Malhoa, nº 13 - 4º, was set up on 28 November 1997 with the corporate purpose of performing insurance and reinsurance activities, in all legally authorised non-life insurance lines of business, and may also perform activities related to insurance and reinsurance.

**Companhia Portuguesa de Resseguros, S.A.**, with its head office in Lisbon, at Largo do Calhariz nº 30, was set up on 22 September 1979 with the corporate purpose of performing any operations regarding reinsurance of non-life lines of business, both in Portugal and abroad, in addition to participating in the redistribution in the market of certain risks of a specific type or dimension.

**Fidelidade Angola – Companhia de Seguros, S.A.**, with its head office in Luanda, at Rua 1º Congresso MPLA, n.º 11, 1º A, Ingombota, was set up on 2 June 2009 with the corporate purpose of performing insurance activities in the life and non-life lines of business in the national territory of the Republic of Angola.

**Garantia - Companhia de Seguros de Cabo Verde, S.A.** resulted from the split of the former Instituto de Seguros e Providência Social, EP which occurred on 30 October 1991, pursuant to Decree-Law No. 136/91, of 2 October, with all the assets and liabilities related to the insurance business being transferred to it. The Company has its head office in Chã de Areia, C.P. 138, Cidade da Praia, in the Republic of Cape Verde, and branches in the Sal, São Vicente, Boavista, São Nicolau, Fogo and Santo Antão islands. In order to attract clients to purchase insurance policies, the company also has a network of agents. The Company is engaged in the activity of direct insurance and reinsurance in all lines of business and operations, and may also perform related and complementary activities.

**Fidelidade Macau – Companhia de Seguros, S.A.**, with its head office in Macao at Avenida da Praia Grande, nº 567, BNU Building, 14º, was set up on 30 September 2015 with the corporate purpose of performing the insurance and reinsurance activities, in all legally authorised non-life insurance lines of business and operations, and may also perform activities related to insurance and reinsurance.

**Fidelidade Macau Vida – Companhia de Seguros, S.A.**, with its head office at Avenida da Praia Grande, nº 567, Edifício BNU, 14º andar, Macao, was set up on 31 March 2020, with the corporate purpose of performing insurance and reinsurance activities in all legally authorised life insurance lines of business, and may also perform activities related to insurance and reinsurance.

**La Positiva Seguros Y Reaseguros S.A.A.**, with its head office in Lima, Peru, at Calle Francisco Masías 370, piso 3, San Isidro, was set up on 27 September 1937 with the corporate purpose of providing the services of a general risk insurance and reinsurance company, assuming as insurer and reinsurer all the risks that, in accordance with the law, may be subject to that contract, both in Peru and abroad. It may also develop any other subsidiary or business that, in line with the General Law of the Financial System, the Insurance System and the Banks and Insurance Supervisory Organisation, a general risk insurance and reinsurance company may undertake, while complying with the requirements of the legal regulations.

**La Positiva Vida Seguros Y Reaseguros S.A.**, with its head office at Calle Francisco Masías 370, piso 3, San Isidro, Lima, Peru, was set up on 20 July 2005, with the corporate purpose of providing the services of a life insurance and reinsurance company, assuming as insurer and reinsurer all the risks that, in accordance with the law, may be subject to that contract. It may also develop any other subsidiary or business that, in line with the General Law of the Financial System, the Insurance System and the Banks and Insurance Supervisory Organisation, a life insurance and reinsurance company may undertake, while complying with the requirements of the legal regulations.

**Alianza Vida Seguros y Reaseguros S.A.**, with its head office at Santa Cruz de la Sierra, Bolivia, was set up on 5 July 1999, and is engaged in the sale of personal insurance and pre-paid services, social security insurance and savings and capitalisation services, co-insurance, reinsurance and related transactions, on its own behalf or on behalf of third parties.

**Alianza Compañía de Seguros y Reaseguros E.M.A. S.A.**, with its head office in La Paz, Bolivia, was set up on 9 July 1991, and is engaged in the sale of general insurance, including transport and suretyship insurance, both directly and through reinsurance, on its own behalf, on behalf of third parties or through participation with third parties.

**Alianza Garantía Seguros Y Reaseguros S.A.**, with its head office in Paraguay, was set up in the city of Assunção on 27 November 1972, and is engaged in selling general insurance and life insurance, the main risk being motor insurance.

**La Positiva S.A. Entidad Prestadora de Salud**, with its head office at Calle Francisco Masías 370, piso 3, San Isidro, Lima, Peru, was set up on 14 February 2017, and is engaged in the provision of health prevention and rehabilitation services, with the main objective of providing health services to its insured persons, through its own infrastructures and those of third parties, subject to SUSALUD controls.

**Fid Chile Seguros Generales, S.A.**, with its head office in Santiago, Chile, at Av. Vitacura 2939, piso 16, oficina 1601, Las Condes, was set up on 15 November 2019 with the corporate purpose of performing, on the basis of premiums, insurance and reinsurance operations for the risks included in the first group referred in to Article 8 of Decree with legal force no. 251 of 1931 or the subsequent legal or regulatory provisions that may replace or modify it, and any other business that the applicable law or the Financial Market Commission, by means of a general rule, declares to be related with or complementary to the business of the insurance companies of the first group.

## **PROPERTY**

**Fidelidade – Property Europe, S.A.**, using this name since 2014, with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 19 November 1991 with the main object of renting own property which it has acquired or built and the provision of related services. On 24 November 2004 a public deed was signed for the merger by incorporation of Caixa Imobiliário - Sociedade de Gestão e Investimento Imobiliário, S.A., in Mundial Confiança - Sociedade de Gestão e Investimento Imobiliário, S.A., which altered its name to Fidelidade-Mundial, Sociedade de Gestão e Investimento Imobiliário, S.A., and this name was altered in 2013 to Fidelidade – Investimentos Imobiliários, S.A..

**Fidelidade – Property International, S.A.** with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 5 November 2014 with the main object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

**Fundo de Investimento Imobiliário Fechado Saudeinveste** was set up on 10 December 2002 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. The fund is managed by Caixa Gestão de Ativos, SGOIC, S.A. since 1 July 2020.

**Fundo de Investimento Imobiliário Aberto IMOFID** (previously Bonança I) was set up on 22 December 1993 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund was managed by Fundger – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. until September 2018, and as of 1 October it has been managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.. IMOFID is an open fund since 4 May 2020.

**FPI (AU) 1 PTY LIMITED**, with its head office at Grosvenor Place Level 18, 225 George Street, Sydney, NSW 2000, Australia, was set up on 17 December 2014 with the corporate purpose of purchasing property.

**FPI (UK) 1 LIMITED**, with its head office at Legalinx Limited, One Fetter Lane, London, EC4A 1BR, England, was set up on 18 December 2014 with the corporate purpose of purchasing property.

**FPE (IT) Società per Azioni**, with its head office at Via Maria Teresa 11 Cap 20123, Milan, Italy, was set up on 2 July 2015 with the corporate purpose of purchasing property.

**FPE (Lux) Holding S.à r.l.**, with its head office at 18, rue Robert Stümper, L-2257 Luxembourg, was set up on 2 February 2016, with the corporate purpose of acquiring participations, interests and units, in Luxembourg or abroad, in any form, and the management of those participations, interests and units.

**Thomas More Square (Lux) Holdings S.à r.l.**, with its head office at 18, rue Robert Stümper, L-2257 Luxembourg, was set up on 6 January 2016 with the corporate purpose of acquiring participations, interests and units, in Luxembourg or abroad, in any form, and the management of those participations, interests and units.

**Thomas More Square (Lux) S.à r.l.**, with its head office at 18, rue Robert Stümper, L-257 Luxembourg, was set up on 6 January 2016, with the corporate purpose of acquiring participations, interests and units, in Luxembourg or abroad, in any form and the management of those participations, interests and units.

**Godo Kaisha Moana**, with its head office at Tokyo Kyodo Accounting Office 3-1-1, Marunouchi, Chiyoda-ku, Tokyo, Japan, was set up on 27 March 2014 with the corporate purpose of the sale and purchase of property and property investments and management.

**Godo Kaisha Praia**, with its head office at Tokyo Kyodo Accounting Office 3-1-1, Marunouchi, Chiyoda-ku, Tokyo, Japan, was set up on 27 March 2014 with the corporate purpose of the sale and purchase of property and property investments and management.

**Fundo Broggi**, set up on 24 March 2017 under Italian law, is an alternative real estate closed-end fund. The fund is managed by IDEa FIMIT - Società di Gestione del Risparmio S.p.A., an Italian investment funds management company.

**Broggi Retail S.R.L.** is an Italian company, 100% held by IDEa FIMIT - Società di Gestione del Risparmio S.p.A., in its capacity as Fundo Broggi's management company, and in the interest of Fundo Broggi. Its corporate purpose is, among others, the management, restructuring, appreciation and maintenance of real estate assets, both its own and those of third parties.

**Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.** with its head office in Lisbon, at Largo do Chiado, n.º 8, 1.º andar, was set up on 8 February 2018 with the corporate purpose of managing, on behalf of the participants and in their exclusive interest, one or more public or private, closed or open real estate investment undertakings, and managing the property included in the applications portfolios or collective interest bodies managed by it. The fund changed the name in 2020.

**FPE (BE) Holding S.A.**, with its head office at 97 Rue Royale, 4th floor, 1000 Brussels, Belgium, was set up on 15 March 2019 with the corporate purpose of performing, in its own name, all business and transactions of holdings and real estate investment entities. This may include, in particular, various transactions related with shares and other securities, management of investment in securities, granting of loans to subsidiaries in certain circumstances and different types of real estate transactions.

**FPE (PT), S.A.**, with its head office in Lisbon, at Largo do Calhariz, n.º 30, was set up on 3 October 2018, with the corporate purpose of purchasing and selling real estate and re-sale of properties acquired for such purpose, real estate promotion, consultancy, management and support to real estate projects, marketing of real estate products, projects and setting up of real estate investments, and the administration, management and renting of its own properties and those of third parties.

**FSG Saúde – Fundo de Investimento de Imobiliário Fechado** was set up on 6 November 2020, with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund is managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.

**FPE (HU) Kft.**, a special purpose vehicle with its head office at Andrássy út 100, Budapest, Hungary, was set up on 21 October 2020.

**FPE (UK) 1 LIMITED**, a special purpose vehicle with its head office at Suite 1, 3rd Floor 11 – 12 St James's Square, London, United Kingdom, was set up on 10 December 2020.

**FPE (Lux) 1**, with its head office at 1A, Heienhaff, L-1736 Senningerberg, Luxembourg, has the object of performing all operations directly or indirectly related with the acquisition and holding of real estate and the acquisition of participations in companies that may acquire and hold real estate properties and other assets necessary for the management of those real estate properties and real estate holding companies the object of which is to indirectly acquire and hold real estate properties and other assets necessary for the management of those real estate properties through the acquisition and holding of participations in other entities, and the administration, management, control, development and disposal of those real estate properties and participations in real estate companies and real estate holding companies.

**FPE (PT), SGPS, S.A.**, with its head office at Largo do Calhariz, n.º 30, in Lisbon, was set up on 18 December 2020, with the object of managing shares in other companies, as an indirect means of exercising economic activities.

**FPE (PT) OFFICE A, S.A.**, with its head office at Largo do Calhariz, n.º 30, in Lisbon, was set up on 23 December 2020, with the object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

**FPE (PT) 2 OFFICE B, S.A.**, with its head office at Largo do Calhariz, n.º 30, in Lisbon, was set up on 23 December 2020, with the object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

**FPE (PT) 3 RESIDENTIAL, S.A.**, with its head office at Largo do Calhariz, n.º 30, in Lisbon, was set up on 23 December 2020, with the object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

**FPE (PT) 4 RET, S.A.**, with its head office at Largo do Calhariz, n.º 30, in Lisbon, was set up on 23 December 2020, with the object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

**FPE (PT) 5 PARK, S.A.**, with its head office at Largo do Calhariz, n.º 30, in Lisbon, was set up on 23 December 2020, with the object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

## **HEALTHCARE**

**Luz Saúde, S.A.**, with its head office in Lisbon, at Rua Carlos Alberto da Mota Pinto, 17 - 9º, was set up on 6 July 2000 with the legal character of a “Holding Company”, pursuant to Decree-Law No. 495/88, of 30 December, and is one of the largest healthcare groups in terms of revenues in this expanding market in Portugal. The Group provides services via 18 units in the North, Centre and South of the country, and has a strong presence in Lisbon, where it operates Hospital da Luz, the largest private hospital in Portugal, and in Oporto, where it operates Hospital da Arrábida.

## **OTHER SECTORS**

**Cetra - Centro Técnico de Reparação Automóvel, S.A. (Fidelidade Car Service)**, with its head office in Lisbon, at Rua Cidade de Bolama, nº 1 - B, was set up on 12 February 1973 with the corporate purpose of performing all and any type of activity related to motor vehicles, including repairs, loss adjustments, assessments and salvage recovery, in addition to vehicle leasing operations. The company may also perform related or complementary operations.

**E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. (Safemode)**, with its head office in Lisbon, at Rua Nova da Trindade, nº 3, was set up on 11 November 1996 with the corporate purpose of providing risk analysis and prevention services, in addition to technical consultancy and training to improve hygiene, safety and health conditions in the workplace, laboratory support, environmental recovery planning and monitoring of interventions and the management of industrial premises for treatment, recovery or recycling operations.

**GEP - Gestão de Peritagens Automóveis, S.A.**, with its head office in Lisbon, at Avenida 5 de Outubro nº 35 8º Piso, was set up on 11 November 1996 with the corporate purpose of providing services to assess damage to light and heavy motor vehicles, motorbikes and bicycles, including their trailers and coupled items.

**Fidelidade - Serviços de Assistência, S.A.**, with its head office in Lisbon, at Avenida José Malhoa, nº 13 – 7º, was set up on 29 January 1991 with the corporate purpose of representing and assisting foreign insurers and, also, providing claims management support services to national and foreign insurers. In 2015, it changed its name from Cares RH - Companhia de Assistência e Representação de Seguros, S.A., to Fidelidade - Serviços de Assistência, S.A.

**Cares - Assistência e Reparações, S.A.** (previously Cares Multiassistance, S.A.), with its head office in Lisbon, at Rua de Ponta Delgada, nº 44 A e B, was set up on 19 June 2002, with the corporate purpose of providing services for the organisation, evaluation and management of any repair or restoration work.

**FCM Beteiligungs GmbH**, with its head office in Garstedter Weg 14, 22453 Hamburg, Germany, was set up on 6 May 2014 with the corporate purpose of acquiring, alienating, holding or managing its own investments in other companies in Germany and abroad, and is active in the import, export, wholesale and retail of textiles and all types of fashion items, including related complementary businesses.

**FID III (HK) LIMITED** is a special purpose vehicle with its head office at Level 54 Hopewell Centre 183, Queen's Road East, Hong Kong, and was set up on 4 November 2014.

**Fidelidade - Consultoria e Gestão de Risco, Lda.**, with its head office at Rua 1393, nº 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the purpose of performing health and safety at work activities, and providing risk analysis and prevention services, technical consultancy and human resources management and training services, laboratory support, planning and monitoring of environmental recovery interventions and facilities management.

**Fidelidade - Assistência e Serviços, Lda.**, with its head office at Rua 1393, nº 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the main purpose of providing assistance services and claims management support services, as well as the provision of accounting services, human resource management and IT support, and also the provision of services for the organisation, evaluation, expert assessment and management of any repair work, restoration, installation and improvements to be made to any property, and the hiring of any entities to perform such work, acquisition and supply of various materials, products and tools, and the provision of any services which are related or complementary to these activities.

**FID Loans 1 (Ireland) Limited** is a special purpose vehicle, with its head office at 1st Floor, 118 Lower Baggot Street, Dublin 2, Ireland, and was set up on 13 June 2017.

**Universal - Assistência e Serviços, Lda.**, with its head office at Rua Pedro de Castro Van Dunen Loy s/n, Morro Bento, Luanda, was set up on 21 April 2017 with the purpose of providing assistance services and claims management support services, and services in accounting, technical consultancy, human resource management, training, IT support, risk analysis and prevention, laboratory support, planning and monitoring of environmental recovery interventions, and facilities management. It also provides services for the organisation, evaluation, expert assessment and management of any repair work, restoration, installation and improvements to be made to any property, and the hiring of any entities to perform such work, acquisition and supply of various materials, products and tools, and the provision of any services which are related or complementary to these activities.

**FID LatAm SGPS, S.A.**, with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 19 February 2018 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

**GEP Cabo Verde Gestão de Peritagens, Lda.**, with its head office at Rua Serpa Pinto, nº 9 – 4º andar Dto, Plateau, Ilha de Santiago, Cape Verde, was set up on 5 June 2018 with the main corporate purpose of providing and managing motor vehicle and property loss adjusting services and inquiries, providing claims management assistance and support services, providing and managing any repair, restoration, assembly and improvement works to be made to any property, and hiring any entities to perform such works, acquiring and supplying various materials, products and tools, and performing any operations that are related or complementary to the aforementioned activities.

**FID Perú, S.A.**, with its head office in Lima, Peru, at Av. Victor Andrés Belaunde 147, San Isidro District, Province and Department of Lima, was set up on 9 July 2018 with the corporate purpose of investments and the holding of securities, including, but not limited to, shares in other companies, either national or foreign, in any form.

**FID Chile, SpA.**, with its head office in Santiago, Chile, was set up on 16 October 2018 with the corporate purpose of making all kinds of investments, in tangible and intangible assets, all kinds of securities and property, and setting up and participating in other companies and/or legal persons of any kind, regardless of their purpose, managing those investments and assessing their results, and carrying on any other type of investment that the partners agree.

**FID Chile & MT JV SpA**, with its head office in Santiago, Chile, was set up on 14 January 2019 with the corporate purpose of forming and creating one or more companies the purpose of which is to develop the insurance business in Chile, participating in those companies, receiving income from those participations, and carrying on any other type of investment that the partners agree.

**Alianza Sociedad Administradora de Fondos de Inversión S.A. (“Alianza SAFI”)**, with its head office in Bolivia, was set up in the city of La Paz on 18 September 2013, and is engaged in providing investment fund management services and other related activities. Alianzas SAFI is regulated by the Financial System Supervisory Authority (ASFI).

**Full Assistance S.R.L. (Full Assistance)**, with its head office in Bolivia, was set up in the city of Santa Cruz de la Sierra on 22 March 2012, and is engaged in providing call centre services, providing advice to clients, answering queries, conducting surveys, campaigns, updating databases and other related services.



**Empresa de Seguridad Integral Worldwide Security Corporation S.A. (“WSC”)**., with its head office in Bolivia, was set up in the city of Santa Cruz de la Sierra on 10 April 2014, and is engaged in providing physical or electronic protection services to individuals and private premises.

**FID I&D, S.A.**, with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 27 December 2019 with the purpose of providing consultancy services and services for the development of new digital solutions and platforms, analytical models, new solutions based on artificial intelligence models and Machine Learning and other advanced analytics models, as well as the sale and distribution of those solutions and models.

**Tenax Capital Limited**, with its head office at Dominican House, 4 Priory Court, Pilgrim Street, in London, has the main activity of managing investment funds.

**The main movements in the Group’s subsidiaries during 2020 were as follows:**

In January 2020 the Group increased the share capital of the company FID Loans 1 (Ireland) Limited, by EUR 10,000,000.

On 12 February 2020 the Group acquired the company FPE (PT), S.A., for EUR 7,150,000, becoming the owner of 100% of the company’s share capital.

In March 2020 there was a reduction in the supplementary contributions of Fidelidade – Property International, S.A., of EUR 65,000,000.

On 31 March 2020 Fidelidade Macau Vida – Companhia de Seguros, S.A., was set up, with share capital of 120,000,000 Patacas, with Fidelidade holding 99.98% of the shares, in the amount of 119,980,000 Patacas, which, when converted to Euros at the exchange rate on the incorporation date, is equal to EUR 13,521,920. Fidelidade Assistência – Companhia de Seguros, S.A. held 0.01% of the shares, in the amount of 10,000 Patacas, which, when converted to Euros at the exchange rate on the incorporation date, is equal to EUR 1,127 and Via Directa - Companhia de Seguros, S.A. held 0.01% of the shares, in the amount of 10,000 Patacas, which, when converted to Euros at the exchange rate on the incorporation date, is equal to EUR 1,127. This company was set up by means of the transformation of Fidelidade’s former branch, Macau Vida.

In May 2020 the company FPI (AU) 1 PTY LIMITED was liquidated.

In May 2020 the Group increased the share capital of the company Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A., by EUR 1,000,000, through the issue of 200,000 new ordinary shares, with the nominal value of 5 Euros each. In the same act, it was deliberated that the supplementary contributions totalling EUR 1,000,000 would be repaid in full to Fidelidade, and the share capital therefore became EUR 1,500,000, represented by 300,000 shares with the nominal value of 5 Euros each.

In June 2020 the Group increased the share capital of the company FID Chile, SpA., by EUR 4,578,183, bringing it to a total of EUR 17,473,347.

In June the Group increased the share capital of the company FID Chile & MT JV SpA., by EUR 4,478,975, bringing it to a total of EUR 17,547,565 and a participation of 99.28% at 31 December 2020.

In July 2020 the Group acquired shares in Luz Saúde, S.A., increasing its participation in the share capital by 0.00000523%, for EUR 29.

In August 2020 the Group acquired 225,000 shares in the company Tenax Capital Limited, for EUR 5,436,252, representing a participation of 75% in the company’s share capital.



During the year the Group granted a supplementary contributions to Fidelidade – Property Europe, S.A., of EUR 235,500,000.

In September 2020 the Group increased the share capital of the company Serfun Portugal, SGPS, S.A., by EUR 39,200, bringing it to a total of EUR 63,700

In September 2020 the Group granted a supplementary contributions to FPE (IT) Società per Azioni, of EUR 15,500,000.

On 25 September 2020 the Group increased the share capital of the company Fid Chile Seguros Generales S.A. by EUR 6,179,674, bringing it to a total of EUR 13,642,051.

In September 2020 Fidelidade made a capital increase by new contributions in kind, of EUR 38,912,643, with subscription reserved for the holders of shares in the companies Multicare – Seguros de Saúde, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A., with the Company becoming the owner of 100% of the two companies, in the amount of EUR 113,205,508 and EUR 75,922,290, respectively, and an increase by new contributions in cash, in the remaining amount of EUR 12,970,881. Supplementary contributions totalling EUR 63,042,599 made by Longrun were also repaid.

In October 2020, Fidelidade increased the share capital of the company Fidelidade Macau Vida – Companhia de Seguros, S.A. by EUR 5,289,886, increasing its participation in the share capital from 99.983% to 99.988%, and decreasing the participations of Fidelidade Assistência – Companhia de Seguros, S.A. and Via Directa - Companhia de Seguros, S.A. from 0.008% to 0.006%.

On 6 November 2020 the fund FSG Saúde – Fundo de Investimento Imobiliário Fechado was set up, with a subscription value of EUR 51,000,000, wholly owned by the Group.

On 21 December 2020 the Group acquired 100% of the company FPE (HU) kft for EUR 8,434, becoming the owner of 100% of its share capital.

In December the company FPE (UK) 1 LIMITED was set up, with share capital of EUR 174,484,291, wholly owned by the Group.

On 22 December the Group acquired 100 % of the company FPE (Lux) 1 S.à.r.l., for EUR 176,726,655, becoming the owner of 100% of its share capital.

On 18 December 2020 the company FPE (PT), SGPS, S.A., was set up, with share capital of EUR 50,000, wholly owned by the Group.

On 23 December 2020 the company FPE (PT) OFFICE A, S.A. was set up, with share capital of EUR 50,000, wholly owned by the Group.

On 23 December 2020 the company FPE (PT) 2 OFFICE B, S.A. was set up, with share capital of EUR 50,000, wholly owned by the Group.

On 23 December 2020 the company FPE (PT) 3 RESIDENTIAL, S.A. was set up, with share capital of EUR 50,000, wholly owned by the Group.

On 23 December 2020 the company FPE (PT) 4 RET, S.A. was set up, with share capital of EUR 50,000, wholly owned by the Group.

On 23 December 2020 the company FPE (PT) 5 PARK, S.A. was set up, with share capital of EUR 50,000, wholly owned by the Group.

In December 2020 the Group performed an operation of business combination under common control, and the company Fidelidade - Serviços de Assistência assigned its participation in Cares – Assistência e Reparações, which became wholly owned by Fidelidade Assistência.

## 4. Cash and Cash Equivalents

At 31 December 2020 and 2019, this heading was composed as follows:

|                                  | 2020               | 2019               |
|----------------------------------|--------------------|--------------------|
| <b>Cash and cash equivalents</b> |                    |                    |
| Headquarters                     | 2,173,494          | 3,433,544          |
| Branch offices                   | 163,418            | 484,915            |
|                                  | <u>2,336,912</u>   | <u>3,918,459</u>   |
| <b>Sight deposits</b>            |                    |                    |
| Domestic currency                | 498,417,872        | 599,439,821        |
| Foreign currency                 | 436,117,695        | 264,227,772        |
|                                  | <u>934,535,567</u> | <u>863,667,593</u> |
|                                  | <u>936,872,479</u> | <u>867,586,052</u> |

## 5. Investments in Associates and Joint Ventures

At 31 December 2020 and 2019, this heading was composed as follows:

|   | 2020              |                     | 2019              |                     |
|---|-------------------|---------------------|-------------------|---------------------|
|   | Effective share % | Balance sheet value | Effective share % | Balance sheet value |
| <b>Valued at acquisition cost</b>   |                   |                     |                   |                     |
| <b>Associates</b>   |                   |                     |                   |                     |
| HL - Sociedade Gestora do Edifício, S.A.                                      | 10.00%            | 611,797             | 10.00%            | 611,797             |
| <b>Valued by the equity accounting method</b>                                 |                   |                     |                   |                     |
| <b>Associates</b>   |                   |                     |                   |                     |
| Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (a) | 34.78%            | 1,356,398           | 34.78%            | 1,259,736           |
| Genomed - Diagnósticos de Medicina Molecular, S.A.                            | 37.50%            | 244,366             | 37.50%            | 263,447             |
| Serfun Portugal, SGPS, S.A.   | 49.00%            | 39,655              | 49.00%            | 15,046              |
| Promotores e Inversiones Investa S.A.   | 13.25%            | 405,439             | 13.25%            | 781,463             |
| Transacciones Especiales S.A.   | 44.48%            | 701,202             | 44.48%            | 1,047,593           |
| EA One Holding, Inc.  | 44.16%            | 20,479,407          | 0.00%             | -                   |
|   |                   | <u>23,226,467</u>   |                   | <u>3,367,285</u>    |
|   |                   | <u>23,838,264</u>   |                   | <u>3,979,082</u>    |

(a) Values at March 2020 and March 2019, respectively (accounting period March 2019 to March 2020 and March 2018 to March 2019).

The financial data of the associates and joint ventures, measured using the equity method, was as follows at 31 December 2020 and 2019:

| Operating sector/entity   | 2020              |             |             |                          |               |               |
|---|-------------------|-------------|-------------|--------------------------|---------------|---------------|
|   | Effective share % | Assets      | Liabilities | Shareholders' equity (a) | Net income    | Total revenue |
| <b>Property</b>   |                   |             |             |                          |               |               |
| EA One Holding, Inc. (b) (c)  | 44.16%            | 155,711,350 | 93,797,844  | 61,913,506               | 3,340,634     | 10,380,741    |
| <b>Health</b>   |                   |             |             |                          |               |               |
| Genomed - Diagnósticos de Medicina Molecular, S.A. (d)                        | 37.50%            | 1,508,625   | 1,057,158   | 451,467                  | ( 14,761 )    | 889,999       |
| <b>Other sectors</b>  |                   |             |             |                          |               |               |
| Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (e) | 34.78%            | 4,158,628   | 1,167,482   | 2,991,146                | 277,925       | 4,941,932     |
| HL - Sociedade Gestora do Edifício, S.A.                                      | 10.00%            | 90,717,383  | 86,709,706  | 4,007,676                | 1,632,859     | 2,790,315     |
| Serfun Portugal, SGPS, S.A.   | 49.00%            | 84,084      | 3,155       | 80,929                   | ( 29,777 )    | -             |
| Promotores e Inversiones Investa S.A. (f) (g)                                 | 13.25%            | 3,514,415   | 897,255     | 2,617,160                | ( 1,975,401 ) | 3,671,213     |
| Transacciones Especiales S.A. (f)   | 44.48%            | 1,670,372   | 94,026      | 1,576,346                | 64,025        | 85,983        |

(a) Shareholders' equity includes net income for the year.

(b) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 1.2271 USD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 1.1422 USD for the profit and loss headings.

(c) Statutory consolidated accounts of Group.

(d) Values at November 2018.

(e) Values at March 2020 (accounting period March 2019 to March 2020).

(f) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 4.4409 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 4.0298 PEN for the profit and loss headings.

(g) Values at October 2020.

| Operating sector/entity   | 2019              |            |             |                          |             |               |
|---|-------------------|------------|-------------|--------------------------|-------------|---------------|
|   | Effective share % | Assets     | Liabilities | Shareholders' equity (a) | Net income  | Total revenue |
| <b>Health</b>   |                   |            |             |                          |             |               |
| Genomed - Diagnósticos de Medicina Molecular, S.A. (b)                        | 37.50%            | 1,767,333  | 1,264,984   | 502,349                  | ( 17,043 )  | 1,344,208     |
| <b>Other sectors</b>  |                   |            |             |                          |             |               |
| Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (c) | 34.78%            | 4,833,016  | 1,210,773   | 3,622,243                | 909,022     | 6,005,239     |
| HL - Sociedade Gestora do Edifício, S.A.                                      | 10.00%            | 90,717,383 | 86,709,706  | 4,007,676                | 1,632,859   | 2,790,315     |
| Serfun Portugal, SGPS, S.A.   | 49.00%            | 37,551     | 6,845       | 30,706                   | ( 19,294 )  | -             |
| Promotores e Inversiones Investa S.A. (d)                                     | 13.25%            | 11,134,625 | 6,474,995   | 4,659,630                | ( 323,805 ) | 78,213        |
| Transacciones Especiales S.A. (d)   | 44.48%            | 2,288,188  | 57,936      | 2,230,252                | 500,942     | 465,738       |

(a) Shareholders' equity includes net income for the year.

(b) Values at November 2018.

(c) Values at March 2019 (accounting period March 2018 to March 2019).

(d) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 3.71960 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 3.73571 PEN for the profit and loss headings.

The associates and joint ventures, grouped according to the nature of their principal business, are:

## PROPERTY

**EA One Holding, Inc.**, a special purpose vehicle with its head office at Wilmington, 251 Little Falls Drive, United States of America, was set up on 2 July 2018.

## HEALTHCARE

**Genomed - Diagnósticos de Medicina Molecular S.A.** was set up on 4 November 2004 with its head office in Lisbon, at Avenida Egas Moniz 1600-190 Lisboa, with the corporate purpose of providing support services in the diagnosis, prevention and treatment of human diseases through implementation of the most innovative methodologies, and also, promoting activities of diagnosis, research and development in the field of Molecular Medicine.

## OTHER SECTORS

**Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.**, with its head office in Lisbon, at Rua Basílio Teles, nº 24 - 3º, was set up in 1994 with the corporate purpose of operating a computerised system for the direct and indirect calculation of damage resulting from accidents. The company may also provide complementary support services to the aforementioned system, namely to Insurance Companies, loss adjusters, repair workshops or other interested parties.

**HL – Sociedade Gestora do Edifício, S.A.** was set up on 21 December 2009, with its head office at Linda a Velha, Rua Mário Dionísio, nº 2, with the sole corporate purpose of exercising the activities of conception, design, construction and maintenance of the infrastructures of the Loures Hospital, including the exercise of all the other activities, as a principal or accessory, pursuant to the provisions of the Management Contract signed as part of the “Tender for the signing of the Management Contract for the conception, design, construction, financing, conservation and operation of the Loures Hospital”.

**Serfun Portugal, SGPS, S.A.**, with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 1 February 2019 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

**Promotores e Inversiones Investa S.A.**, with its head office in Lima, Peru, has the main purpose of securities intermediation, which includes the sale and purchase of shares and fixed income and over-the-counter securities, on its own behalf and on behalf of third parties, the provision of consultancy and information services to investors and the structuring of corporate finance.

**Transacciones Especiales S.A.**, with its head office in Lima, Peru, has the corporate purpose of making all kinds of investments in securities and real estate, and also the purchase, sale, import, export and trading in general of all categories of goods.

**The main movements in the Group’s associates and joint ventures during 2020 were as follows:**

On 15 February 2020 the Company acquired 17,885 share in the company EA One Holding, Inc. for EUR 19,143,718, representing a participation of 44.1605% in the company’s share capital.

## 6. Financial Assets Held for Trading, Financial Assets Initially Recognised at Fair Value Through Profit or Loss and Financial Assets at Fair Value Through Profit or Loss

At 31 December 2020 and 2019, these headings were composed as follows:

|  | 2020  |                                   | 2019   |                    |
|--|---|-----------------------------------|--|--------------------|
|  | Financial assets at fair value through profit or loss | Financial assets held for trading | Financial assets initially recognised at fair value through profit or loss | Total              |
| <b>Investments related to Unit-linked contracts</b>    | <b>475,131,499</b>                                    | <b>191,848</b>                    | <b>126,811,469</b>   | <b>127,003,317</b> |
| <b>Other investments</b>                               |   |                                   |  |                    |
| Debt instruments                                       |   |                                   |  |                    |
| Public Issuers   |   |                                   |  |                    |
| Public Debt  |   |                                   |  |                    |
| Foreign issuers  | 100,511   | -                                 | -  | -                  |
| Other issuers  |   |                                   |  |                    |
| Bonds and other securities                             |   |                                   |  |                    |
| Domestic issuers                                       | -   | -                                 | 53,587,807   | 53,587,807         |
| Foreign issuers  | 418,783,371   | -                                 | 419,668,322  | 419,668,322        |
|  | <u>418,783,371</u>                                    | <u>-</u>                          | <u>473,256,129</u>   | <u>473,256,129</u> |
|  | <u>418,883,882</u>                                    | <u>-</u>                          | <u>473,256,129</u>   | <u>473,256,129</u> |
| Equity instruments                                     |   |                                   |  |                    |
| Residents  | 89,266,739  | -                                 | -  | -                  |
| Foreign issuers  | 534,053,984   | -                                 | 1,721,709  | 1,721,709          |
|  | <u>623,320,723</u>                                    | <u>-</u>                          | <u>1,721,709</u>   | <u>1,721,709</u>   |
| <b>Other financial instruments</b>                     |   |                                   |  |                    |
| Investment units                                       |   |                                   |  |                    |
| Domestic issuers                                       | 98,691,737  | -                                 | -  | -                  |
| Foreign issuers  | 929,485,747   | -                                 | -  | -                  |
| Others   |   |                                   |  |                    |
| Domestic issuers                                       | 5,260   | -                                 | -  | -                  |
| De não residentes                                      | 1,757   | -                                 | 1,385,459  | 1,385,459          |
|  | <u>1,028,184,501</u>                                  | <u>-</u>                          | <u>1,385,459</u>   | <u>1,385,459</u>   |
| <b>Credit and other receivables</b>                    | <b>360,353,720</b>                                    | <b>-</b>                          | <b>368,721,475</b>   | <b>368,721,475</b> |
| <b>Derivative instruments with positive fair value</b> |   |                                   |  |                    |
| Interest rate swaps                                    | 27,285  | 20,221                            | -  | 20,221             |
| Currency swaps   | -   | 21,421,904                        | -  | 21,421,904         |
| Other Derivatives                                      | 576,251   | 205,047                           | -  | 205,047            |
| Exchange rate futures                                  | 18,704,300  | -                                 | -  | -                  |
| Interest Rate Futures                                  | 162,230   | -                                 | -  | -                  |
| Exchange forwards                                      | 9,195,972   | -                                 | -  | -                  |
|  | <u>28,666,038</u>                                     | <u>21,647,172</u>                 | <u>-</u>   | <u>21,647,172</u>  |
|  | <u>2,934,540,363</u>                                  | <u>21,839,020</u>                 | <u>971,896,241</u>   | <u>993,735,261</u> |

Investments in Unit-linked contracts are assets managed by the Group in which the risk is borne by the policyholder. Accordingly, the assets are recognised at fair value, and the liability to the insured is recognised in the “Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts” accounting heading.

At 31 December 2020, the heading “Financial assets at fair value through profit or loss” and at 31 December 2019 the heading “Financial assets initially recognised at fair value through profit or loss” include fixed-income securities with embedded derivatives of EUR 418,783,371 and EUR 473,256,129, respectively. These securities are recognised at their fair value, which is assessed on the basis of the prices indicated by the respective issuing bodies for the whole amount of the instrument, in line with the market conditions in operation at the reference date of the financial statements.

At 31 December 2020, the Group recognised net gains with the valuation of these investments of EUR 2,677,103. At 31 December 2019, the Group recognised net losses with the valuation of these investments of EUR 42,767,686.

At 31 December 2020 and 2019, investments allocated to Unit-linked contracts were composed as follows:

|   | 2020                      | 2019                      |
|---|---------------------------|---------------------------|
| <b>Financial assets recognised at fair value through profit or loss</b> |                           |                           |
| Debt instruments  |                           |                           |
| Group companies   | 37,320,363                | -                         |
| Public debt   |                           |                           |
| Domestic issuers  | 11,319,292                | 489,123                   |
| Foreign issuers   | 14,809,225                | 14,104,562                |
| Other issuers   |                           |                           |
| Domestic issuers  | 88,066,389                | 4,346,275                 |
| Foreign issuers   | 158,531,226               | 63,893,940                |
| Equity instruments  |                           |                           |
| Domestic issuers  | 87,429,234                | 35,274,473                |
| Foreign issuers   | 78,397,155                | 9,229,722                 |
| Derivatives Instruments   | 475,661                   | 191,848                   |
| Accounts receivable   | -                         | 190                       |
| Transactions to be settled  | ( 1,217,046 )             | ( 526,816 )               |
|   | <u>475,131,499</u>        | <u>127,003,317</u>        |
| <b>Other assets</b>   |                           |                           |
| Current deposits  | 48,398,628                | 11,419,235                |
| Term deposits   | -                         | 300,091                   |
|   | <u>48,398,628</u>         | <u>11,719,326</u>         |
| <b>Total (Note 23)</b>  | <u><u>523,530,127</u></u> | <u><u>138,722,643</u></u> |

At 31 December of 2020 and 1 January 2020, the amount of eligible assets for overlay approach corresponds to EUR 1,573,009,637 Euros and 1,656,278,667, respectively. Consequently, the amounts reported in Revaluation reserves by adjustments to fair value were as follows:

|                            | 31/12/2020             | 01/01/2020             |
|----------------------------|------------------------|------------------------|
| <b>Capital Instruments</b> |                        |                        |
| <b>Domestic issuers</b>    |                        |                        |
| Equity                     | 3,926,894              | ( 10,051,230 )         |
| Investment units           | ( 19,658,807 )         | ( 26,697,833 )         |
| <b>Foreign issuers</b>     |                        |                        |
| Equity                     | ( 107,631,355 )        | ( 92,142,251 )         |
| Investment units           | ( 4,856,981 )          | ( 7,802,853 )          |
|                            | <u>( 128,220,249 )</u> | <u>( 136,694,167 )</u> |

## 7. Derivatives

The Group performs operations with derivative products as part of its activity, essentially with the aim of reducing its exposure to fluctuations in exchange and interest rates.

The Group controls the risks of its derivative activities by approval procedures for operations, definition of exposure limits per product and counterparty, and monitoring of the evolution of the respective income.

At 31 December 2020 and 2019, these operations were valued in line with the criteria in Note 2.6.d.). On these dates, the notional amount and the book value had the following breakdown:

|   | 2020                 |                      |                      |                     |                     |                   |                     |
|---|----------------------|----------------------|----------------------|---------------------|---------------------|-------------------|---------------------|
|   | Notional Amount      |                      |                      | Book Value          |                     |                   |                     |
|   | Trading Derivatives  | Hedge Derivatives    | Total                | Trading Derivatives |                     | Hedge Derivatives |                     |
|   |                      |                      |                      | Assets              | Liabilities         | Assets            | Liabilities         |
|   |                      |                      |                      | (Note 6)            | (Note 24)           |                   | (Note 24)           |
| <b>Hedge Derivatives</b>                                |                      |                      |                      |                     |                     |                   |                     |
| Interest Rate Swaps                                     | 40,668,155           | -                    | 40,668,155           | 85,092              | (1,641,049)         | -                 | (1,555,957)         |
| Currency Swaps  | 833,807,114          | -                    | 833,807,114          | -                   | (33,521,885)        | -                 | (33,521,885)        |
| Currency Futures  | 2,087,500,000        | -                    | 2,087,500,000        | 18,704,299          | (1,619,339)         | -                 | 17,084,960          |
| Interest Rate Futures                                   | 176,500,000          | -                    | 176,500,000          | 162,230             | (104,742)           | -                 | 57,488              |
| Exchange Rate Forwards                                  | 183,286,731          | -                    | 183,286,731          | 10,190,078          | (1,122,666)         | -                 | 9,067,412           |
| <b>Cash flow hedge</b>                                  |                      |                      |                      |                     |                     |                   |                     |
| Interest Rate Swaps                                     | -                    | 102,700,000          | 102,700,000          | -                   | -                   | -                 | (3,305,152)         |
| Currency Swaps  | -                    | 131,947,197          | 131,947,197          | -                   | -                   | 90,287            | (991,136)           |
| <b>Hedge of a net investment in a foreign operation</b> |                      |                      |                      |                     |                     |                   |                     |
| Currency Futures  | -                    | 29,250,000           | 29,250,000           | -                   | -                   | -                 | (416,082)           |
| Exchange Rate Forwards                                  | -                    | 745,857,481          | 745,857,481          | -                   | -                   | 5,350,420         | (1,784,592)         |
|   | <b>3,321,762,000</b> | <b>1,009,754,678</b> | <b>4,331,516,678</b> | <b>29,141,699</b>   | <b>(38,009,681)</b> | <b>5,440,707</b>  | <b>(6,496,962)</b>  |
|   |                      |                      |                      |                     |                     |                   | <b>(9,924,237)</b>  |
|   | 2019                 |                      |                      |                     |                     |                   |                     |
|   | Notional Amount      |                      |                      | Book Value          |                     |                   |                     |
|   | Trading Derivatives  | Hedge Derivatives    | Total                | Trading Derivatives |                     | Hedge Derivatives |                     |
|   |                      |                      |                      | Assets              | Liabilities         | Assets            | Liabilities         |
|   |                      |                      |                      | (Note 6)            | (Note 24)           |                   | (Note 24)           |
| <b>Fair value hedge</b>                                 |                      |                      |                      |                     |                     |                   |                     |
| Interest rate swaps                                     | 40,668,155           | -                    | 40,668,155           | 63,064              | (3,226,034)         | -                 | (3,162,970)         |
| Currency Swaps  | 848,714,164          | -                    | 848,714,164          | -                   | (67,873,466)        | -                 | (67,873,466)        |
| Exchange rate futures                                   | 1,857,250,000        | 492,250,000          | 2,349,500,000        | 19,112,281          | (8,704,016)         | 3,403,359         | (2,288,718)         |
| Interest rate futures                                   | 162,700,000          | -                    | 162,700,000          | 2,309,623           | -                   | -                 | 2,309,623           |
| Exchange rate forwards                                  | 117,466,330          | 5,588,040            | 123,054,370          | 354,052             | (2,231,222)         | -                 | (150,605)           |
| Other Derivatives                                       | -                    | -                    | -                    | -                   | -                   | -                 | -                   |
| <b>Cash flow hedge</b>                                  |                      |                      |                      |                     |                     |                   |                     |
| Interest rate swaps                                     | -                    | 146,600,000          | 146,600,000          | -                   | -                   | -                 | (3,771,157)         |
| <b>Hedge of a net investment in a foreign operation</b> |                      |                      |                      |                     |                     |                   |                     |
| Exchange rate futures                                   | -                    | 31,500,000           | 31,500,000           | -                   | -                   | 50,805            | (1,849,656)         |
| Exchange rate forwards                                  | -                    | 525,892,728          | 525,892,728          | -                   | -                   | 222,781           | (17,645,821)        |
|   | <b>3,026,798,649</b> | <b>1,201,830,768</b> | <b>4,228,629,417</b> | <b>21,839,020</b>   | <b>(82,034,738)</b> | <b>3,676,945</b>  | <b>(25,705,957)</b> |
|   |                      |                      |                      |                     |                     |                   | <b>(82,224,730)</b> |

The interest rate swaps contracted by the Group and classified as derivatives held for trading are essentially intended to hedge its liabilities on life insurance investment contracts which, except for Unit-linked contracts, are valued at amortised cost (Note 23).

The interest rate swaps contracted by the Group and classified as hedge derivatives are to hedge the exposure to interest rates of contracted loans. The hedged risk is the variable reference rate to which the Group's financing agreements are associated.

To mitigate the risk of exchange fluctuations of financial instruments, EUR/USD and EUR/GBP futures listed on the Chicago Mercantile Exchange (CME) were contracted, in order to ensure the exchange rate alignment of the currency of the assets with the currency of the liabilities. In the case of EUR/JPY, EUR/GBP, EUR/USD and EUR/AUD risks, the instruments contracted are over-the-counter forwards.

The distribution of the Group's derivative financial instrument operations at 31 December 2020 and 2019, by period to maturity, was as follows:

|   | 2020                 |                              |                            |                          |                      | Total                |
|---|----------------------|------------------------------|----------------------------|--------------------------|----------------------|----------------------|
|   | Up to<br>3 months    | From 3 months<br>to 6 months | From 6 months<br>to 1 year | Between 1<br>and 5 years | More than<br>5 years |                      |
| <b>Fair value hedge</b>                                 |                      |                              |                            |                          |                      |                      |
| Interest rate swaps                                     | -                    | -                            | 40,000,000                 | 668,155                  | -                    | 40,668,155           |
| Currency Swaps  | -                    | -                            | -                          | 552,293,614              | 281,513,500          | 833,807,114          |
| Exchange rate futures                                   | 2,087,500,000        | -                            | -                          | -                        | -                    | 2,087,500,000        |
| Interest rate Futures                                   | 176,500,000          | -                            | -                          | -                        | -                    | 176,500,000          |
| Exchange rate forwards                                  | 35,950,937           | 126,987,704                  | 18,179,281                 | 2,168,809                | -                    | 183,286,731          |
| <b>Cash flow hedge</b>                                  |                      |                              |                            |                          |                      |                      |
| Interest rate swaps                                     | -                    | -                            | -                          | 102,700,000              | -                    | 102,700,000          |
| Currency Swaps  | -                    | -                            | 13,815,960                 | 58,228,357               | 59,902,880           | 131,947,197          |
| <b>Hedge of a net investment in a foreign operation</b> |                      |                              |                            |                          |                      |                      |
| Exchange rate futures                                   | 29,250,000           | -                            | -                          | -                        | -                    | 29,250,000           |
| Exchange rate forwards                                  | 745,857,481          | -                            | -                          | -                        | -                    | 745,857,481          |
|   | <b>3,075,058,418</b> | <b>126,987,704</b>           | <b>71,995,241</b>          | <b>716,058,935</b>       | <b>341,416,380</b>   | <b>4,331,516,678</b> |
|   |                      |                              |                            |                          |                      |                      |
|   | 2019                 |                              |                            |                          |                      | Total                |
|   | Up to<br>3 months    | From 3 months<br>to 6 months | From 6 months<br>to 1 year | Between 1<br>and 5 years | More than<br>5 years |                      |
| <b>Fair value hedge</b>                                 |                      |                              |                            |                          |                      |                      |
| Interest rate swaps                                     | -                    | -                            | -                          | 40,668,155               | -                    | 40,668,155           |
| Currency Swaps  | -                    | -                            | -                          | 561,062,467              | 287,651,697          | 848,714,164          |
| Exchange rate futures                                   | 2,349,500,000        | -                            | -                          | -                        | -                    | 2,349,500,000        |
| Interest rate futures                                   | 162,700,000          | -                            | -                          | -                        | -                    | 162,700,000          |
| Exchange rate forwards                                  | 123,054,370          | -                            | -                          | -                        | -                    | 123,054,370          |
| <b>Cash flow hedge</b>                                  |                      |                              |                            |                          |                      |                      |
| Interest rate swaps                                     | -                    | -                            | -                          | 18,000,000               | 128,600,000          | 146,600,000          |
| <b>Hedge of a net investment in a foreign operation</b> |                      |                              |                            |                          |                      |                      |
| Exchange rate futures                                   | 31,500,000           | -                            | -                          | -                        | -                    | 31,500,000           |
| Exchange rate forwards                                  | 338,076,848          | 187,815,880                  | -                          | -                        | -                    | 525,892,728          |
|   | <b>3,004,831,218</b> | <b>187,815,880</b>           | <b>-</b>                   | <b>619,730,622</b>       | <b>416,251,697</b>   | <b>4,228,629,417</b> |

The distribution of the Group's derivative financial operations at 31 December 2020 and 2019, by counterparty type, was as follows:

|                               | 2020                 |                      | 2019                 |                       |
|-------------------------------|----------------------|----------------------|----------------------|-----------------------|
|                               | Notional Amount      | Book Value           | Notional Amount      | Book Value            |
| <b>Swaps</b>                  |                      |                      |                      |                       |
| Currency Swaps                |                      |                      |                      |                       |
| Financial institutions        | 965,754,311          | ( 34,422,734 )       | 848,714,164          | ( 67,873,466 )        |
| Interest rate swaps           |                      |                      |                      |                       |
| Financial institutions        |                      |                      |                      |                       |
| Caixa Geral Depósitos Group   | 40,668,155           | ( 1,555,957 )        | 40,668,155           | ( 3,162,970 )         |
| Other institutions            | 102,700,000          | ( 3,305,152 )        | 146,600,000          | ( 3,771,157 )         |
| <b>Futures</b>                |                      |                      |                      |                       |
| Interest Rate Futures         | 176,500,000          | 57,488               | 162,700,000          | 2,309,623             |
| Exchange rate futures         |                      |                      |                      |                       |
| On a stock exchange           |                      |                      |                      |                       |
| Chicago                       | 2,116,750,000        | 16,668,878           | 2,381,000,000        | 9,724,055             |
| <b>Exchange rate forwards</b> |                      |                      |                      |                       |
| Financial institutions        | 929,144,212          | 12,633,240           | 648,947,098          | ( 19,450,815 )        |
|                               | <b>4,331,516,678</b> | <b>( 9,924,237 )</b> | <b>4,228,629,417</b> | <b>( 82,224,730 )</b> |



In 2019 the following gains and losses related to fair value hedge accounting were generated:

|               | 2019              |                       |                       |
|---------------|-------------------|-----------------------|-----------------------|
|               | Gains             | Losses                | Net                   |
| Derivatives   | 43,750,951        | ( 80,013,953 )        | ( 36,263,002 )        |
| Hedged assets | 30,247,239        | ( 9,150,946 )         | 21,096,293            |
|               | <u>73,998,190</u> | <u>( 89,164,899 )</u> | <u>( 15,166,709 )</u> |

In 2020, with the application of IFRS 9, the Group stopped applying hedge accounting, being the valuations of derivatives reflected in the financial caption "Net income on financial assets and liabilities recognised at fair value through profit or loss" and the differences in exchange rate of the assets recognized under "Exchange differences".

In 2020 and 2019, the following movements were generated in the Revaluation Reserve, relating to hedge accounting:

|                        | 2020                 |  | 2019                 |                           |
|------------------------|----------------------|--|----------------------|---------------------------|
|                        | Cash flow hedge      | Hedge of a net investment in a foreign | Cash flow hedge      | Cobertura de inv. líquido |
|                        | (Note 29)            | (Note 29)                              | (Note 29)            | (Note 29)                 |
| Interest rate swaps    | ( 2,745,307 )        | -                                      | ( 1,752,411 )        | -                         |
| Exchange rate futures  | -                    | 59,588,359                             | -                    | 57,447,240                |
| Exchange rate forwards | -                    | 4,289,178                              | -                    | ( 18,322,122 )            |
|                        | <u>( 2,745,307 )</u> | <u>63,877,537</u>                      | <u>( 1,752,411 )</u> | <u>39,125,118</u>         |

## 8. Available-for-Sale Investments and Financial Assets Designated at Fair Value Through Other Comprehensive Income

At 31 December 2020 and 2019, this heading was composed as follows:

|                                       | 2020                               |                                  |                      |                       |                    |                      |
|---------------------------------------|------------------------------------|----------------------------------|----------------------|-----------------------|--------------------|----------------------|
|                                       | Amount before expected credit loss | Accumulated expected credit loss | Net amount           | Exchange differences  | Fair value reserve | Balance Sheet Value  |
|                                       |                                    | (Note 43)                        |                      |                       | (Note 29)          |                      |
| <b>Debt instruments</b>               |                                    |                                  |                      |                       |                    |                      |
| Public debt                           |                                    |                                  |                      |                       |                    |                      |
| Domestic issuers                      | 1,263,001,842                      | -                                | 1,263,001,842        | -                     | 55,561,911         | 1,318,563,753        |
| Foreign issuers                       | 1,822,709,141                      | -                                | 1,822,709,141        | 1,597,972             | 78,580,844         | 1,902,887,957        |
| Other public issuers                  |                                    |                                  |                      |                       |                    |                      |
| Domestic issuers                      | 89,549,301                         | -                                | 89,549,301           |                       | 2,082,630          | 91,631,931           |
| Foreign issuers                       | 92,921,115                         | -                                | 92,921,115           | -                     | 2,339,582          | 95,260,697           |
| International financial organisations | 67,471                             | -                                | 67,471               | -                     | 46,907             | 114,378              |
| Other issuers                         |                                    |                                  |                      |                       |                    |                      |
| Domestic issuers                      | 119,353,261                        | ( 49,979,822 )                   | 69,373,439           | -                     | 1,222,780          | 70,596,219           |
| Foreign issuers                       | 5,549,586,586                      | -                                | 5,549,586,586        | ( 100,326,290 )       | 163,009,765        | 5,612,270,061        |
| Group companies                       | 383,969,318                        | -                                | 383,969,318          | -                     | ( 68,761 )         | 383,900,557          |
|                                       | <u>9,321,158,035</u>               | <u>( 49,979,822 )</u>            | <u>9,271,178,213</u> | <u>( 98,728,318 )</u> | <u>302,775,658</u> | <u>9,475,225,553</u> |
| <b>Other instruments</b>              |                                    |                                  |                      |                       |                    |                      |
| Investment units                      |                                    |                                  |                      |                       |                    |                      |
| Residents                             | 66,712,240                         | -                                | 66,712,240           | -                     | ( 2,447,416 )      | 64,264,824           |
|                                       | <u>9,387,870,275</u>               | <u>( 49,979,822 )</u>            | <u>9,337,890,453</u> | <u>( 98,728,318 )</u> | <u>300,328,242</u> | <u>9,539,490,377</u> |

(Amounts in euros except when expressly indicated otherwise)

|                                       | 2019                        |                           |                       |                         |                    |                        |
|---------------------------------------|-----------------------------|---------------------------|-----------------------|-------------------------|--------------------|------------------------|
|                                       | Amount before<br>impairment | Accumulated<br>impairment | Net amount            | Exchange<br>differences | Fair value reserve | Balance Sheet<br>Value |
|                                       |                             | (Note 43)                 |                       |                         |                    |                        |
| <b>Debt instruments</b>               |                             |                           |                       |                         |                    |                        |
| Public debt                           |                             |                           |                       |                         |                    |                        |
| Domestic issuers                      | 1,694,594,845               | -                         | 1,694,594,845         | -                       | 79,110,101         | 1,773,704,946          |
| Foreign issuers                       | 1,926,052,463               | -                         | 1,926,052,463         | 873,213                 | 70,586,654         | 1,997,512,330          |
| Other public issuers                  |                             |                           |                       |                         |                    |                        |
| Domestic issuers                      | 33,435,081                  | -                         | 33,435,081            |                         | 384,142            | 33,819,223             |
| Foreign issuers                       | 34,758,050                  | -                         | 34,758,050            | -                       | 521,243            | 35,279,293             |
| International financial organisations | 67,462                      | -                         | 67,462                | -                       | 40,969             | 108,431                |
| Other issuers                         |                             |                           |                       |                         |                    |                        |
| Domestic issuers                      | 117,278,286                 | ( 49,979,822 )            | 67,298,464            | -                       | 1,627,316          | 68,925,780             |
| Foreign issuers                       | 4,888,070,807               | ( 5,545 )                 | 4,888,065,262         | 78,677,705              | 127,679,377        | 5,094,422,344          |
| Group companies                       | 381,687,182                 | -                         | 381,687,182           | -                       | 1,200,121          | 382,887,303            |
|                                       | <u>9,075,944,176</u>        | <u>( 49,985,367 )</u>     | <u>9,025,958,809</u>  | <u>79,550,918</u>       | <u>281,149,923</u> | <u>9,386,659,650</u>   |
| <b>Equity instruments</b>             |                             |                           |                       |                         |                    |                        |
| Recognised at fair value              |                             |                           |                       |                         |                    |                        |
| Domestic issuers                      | 106,220,658                 | ( 13,648,723 )            | 92,571,935            | -                       | 10,019,400         | 102,591,335            |
| Foreign issuers                       | 888,840,592                 | ( 290,345,254 )           | 598,495,338           | 33,340,528              | 76,558,048         | 708,393,914            |
|                                       | <u>995,061,250</u>          | <u>( 303,993,977 )</u>    | <u>691,067,273</u>    | <u>33,340,528</u>       | <u>86,577,448</u>  | <u>810,985,249</u>     |
| <b>Other instruments</b>              |                             |                           |                       |                         |                    |                        |
| Participation bonds                   |                             |                           |                       |                         |                    |                        |
| Residents                             | 3,002,884                   | -                         | 3,002,884             | -                       | -                  | 3,002,884              |
| Investment units                      |                             |                           |                       |                         |                    |                        |
| Residents                             | 101,523,518                 | ( 24,338,600 )            | 77,184,918            | -                       | 26,765,937         | 103,950,855            |
| Non-residents                         | 784,375,090                 | ( 250,456 )               | 784,124,634           | 1,089,101               | 6,713,751          | 791,927,486            |
|                                       | <u>888,901,492</u>          | <u>( 24,589,056 )</u>     | <u>864,312,436</u>    | <u>1,089,101</u>        | <u>33,479,688</u>  | <u>898,881,225</u>     |
|                                       | <u>10,959,906,918</u>       | <u>( 378,568,400 )</u>    | <u>10,581,338,518</u> | <u>113,980,547</u>      | <u>401,207,059</u> | <u>11,096,526,124</u>  |

## 9. Loans and Accounts Receivable

On 1 January 2020 due to the adoption of IFRS9, as described in Note 2.6., the assets included in “Loans and accounts receivable” (IAS39), were registered in “Financial Assets at Amortized Cost” (Note 10).

At 31 December 2019, these headings were composed as follows:

|                              | 2019                 |                              |                      |
|------------------------------|----------------------|------------------------------|----------------------|
|                              | Gross amount         | Impairment Loss<br>(Note 43) | Net amount           |
| Deposits in ceding companies | 146,916              | -                            | 146,916              |
| Other deposits               |                      |                              |                      |
| Term deposits                | 1,324,678,274        | -                            | 1,324,678,274        |
| Margin accounts              | 37,445,485           | -                            | 37,445,485           |
|                              | <u>1,362,123,759</u> | <u>-</u>                     | <u>1,362,123,759</u> |
| Loans made                   |                      |                              |                      |
| Mortgage loans               | 3,210                | -                            | 3,210                |
| Loans over policies          | 1,168,352            | ( 10,596 )                   | 1,157,756            |
| Debt securities              | 22,090,155           | ( 469,070 )                  | 21,621,085           |
| Others                       | 366,689              | ( 366,689 )                  | -                    |
|                              | <u>23,628,406</u>    | <u>( 846,355 )</u>           | <u>22,782,051</u>    |
|                              | <u>1,385,899,081</u> | <u>( 846,355 )</u>           | <u>1,385,052,726</u> |

## 10. Held-to-maturity investments and Financial Assets at Amortized Cost

At 31 December 2020 the “Financial assets at amortised cost” heading was composed as follows:

|   | 2020                 |                      |                                   |                    |                     |                      |   |
|---|----------------------|----------------------|-----------------------------------|--------------------|---------------------|----------------------|---|
|   | Nominal Amount       | Amortised Cost       | Expected Credit Loss<br>(Note 43) | Exchange Valuation | Interest receivable | Balance Sheet Value  | Market Value <sup>(1)</sup><br>Unrecognised potential gains |
| <b>Debt instruments</b>                             |                      |                      |                                   |                    |                     |                      |   |
| <b>Public debt</b>                                  |                      |                      |                                   |                    |                     |                      |   |
| Domestic issuers                                    | 306,950,000          | 346,963,836          | ( 517,406 )                       | -                  | 7,122,140           | 353,568,570          | 370,299,510   |
| Foreign issuers                                     | 693,602,632          | 705,889,267          | ( 984,633 )                       | -                  | 3,806,085           | 708,710,719          | 728,766,069   |
| <b>Other issuers</b>                                |                      |                      |                                   |                    |                     |                      |   |
| Foreign issuers                                     | 294,181              | 2,708,663            | ( 603,635 )                       | -                  | 130,365             | 2,235,393            | -   |
| <b>Other Loans</b>                                  |                      |                      |                                   |                    |                     |                      |   |
| Deposits in ceeding companies                       | -                    | 142,532              | -                                 | ( 5,466 )          | -                   | 137,066              | 137,066   |
| Loans   | -                    | 189                  | ( 1,378 )                         | -                  | 1,378               | 189                  | 189   |
| Policy loans  | -                    | 973,525              | -                                 | -                  | 255,294             | 1,228,819            | 1,228,819   |
| <b>Financial investments in credit institutions</b> |                      |                      |                                   |                    |                     |                      |   |
| Term deposits                                       | -                    | 393,538,675          | -                                 | 1,362,371          | 10,894,588          | 405,795,634          | 405,795,634   |
| Deposit certificates                                | -                    | 29,975,770           | -                                 | -                  | -                   | 29,975,770           | 29,975,770  |
| Mandatory deposits                                  | -                    | 308,392              | -                                 | -                  | -                   | 308,392              | 308,392   |
| Other deposits                                      | -                    | 48,249,629           | -                                 | ( 451,525 )        | -                   | 47,798,104           | 47,798,104  |
| Repos   | -                    | 1,911,288            | -                                 | -                  | -                   | 1,911,288            | 1,911,288   |
| <b>Others</b>                                       | -                    | 14,632               | -                                 | -                  | -                   | 14,632               | 14,632  |
|   | <b>1,000,846,813</b> | <b>1,530,676,398</b> | <b>( 2,107,052 )</b>              | <b>905,380</b>     | <b>22,209,850</b>   | <b>1,551,684,576</b> | <b>1,586,235,473</b>  |
|   |                      |                      |                                   |                    |                     |                      | <b>34,550,897</b>   |

(1) Corresponds to the market value calculated in line with the methodology described in Note 2.6.

At 31 December 2019 the “Held-to-maturity investments” heading was composed as follows:

|                         | 2019               |                      |                     |                      |   |
|-------------------------|--------------------|----------------------|---------------------|----------------------|---|
|                         | Nominal Amount     | Amortised Cost       | Interest receivable | Balance Sheet Value  | Market Value <sup>(1)</sup><br>Unrecognised potential gains |
| <b>Debt instruments</b> |                    |                      |                     |                      |   |
| <b>Public debt</b>      |                    |                      |                     |                      |   |
| Domestic issuers        | 302,950,000        | 351,611,336          | 7,095,642           | 358,706,978          | 360,210,701   |
| Foreign issuers         |                    |                      |                     |                      |   |
| Italy                   | 662,600,000        | 677,356,190          | 3,583,817           | 680,940,007          | 694,457,280   |
| Spain                   | 31,000,000         | 34,378,691           | 142,083             | 34,520,774           | 35,213,520  |
|                         | <b>996,550,000</b> | <b>1,063,346,217</b> | <b>10,821,542</b>   | <b>1,074,167,759</b> | <b>1,089,881,501</b>  |
|                         |                    |                      |                     |                      | <b>15,713,742</b>   |

(1) Corresponds to the market value calculated in line with the methodology described in Note 2.6.

## 11. Properties

In 2020 and 2019, the “Properties” headings saw the following movements:

|   | Own Use               |                   | Investment Properties | Total                 |
|---|-----------------------|-------------------|-----------------------|-----------------------|
|   | Right of Properties   | Right-of-Use      |                       |                       |
| Balances at 31 December 2018                            |                       |                   |                       |                       |
| Gross amount  | 675,836,432           | -                 | 1,552,033,115         | 2,227,869,547         |
| Accumulated depreciation and impairment                 | ( 152,903,227 )       | -                 | -                     | ( 152,903,227 )       |
|   | <u>522,933,205</u>    | <u>-</u>          | <u>1,552,033,115</u>  | <u>2,074,966,320</u>  |
| Change accounting policies                              |                       |                   |                       |                       |
| Gross amount  | ( 140,576,329 )       | -                 | -                     | ( 140,576,329 )       |
| Accumulated depreciation and impairment                 | 61,663,567            | -                 | -                     | 61,663,567            |
|   | <u>( 78,912,762 )</u> | <u>-</u>          | <u>-</u>              | <u>( 78,912,762 )</u> |
| Balances at 1 January 2019 Restated                     |                       |                   |                       |                       |
| Gross amount  | 535,260,103           | -                 | 1,552,033,115         | 2,087,293,218         |
| Accumulated depreciation and impairment                 | ( 91,239,660 )        | -                 | -                     | ( 91,239,660 )        |
|   | <u>444,020,443</u>    | <u>-</u>          | <u>1,552,033,115</u>  | <u>1,996,053,558</u>  |
| IFRS 16 Adoption  | -                     | 40,576,993        | -                     | 40,576,993            |
| Entry/ (Exits) in the consolidation perimeter           | 35,490,314            | 877,585           | 175,137,886           | 211,505,785           |
| Additions   |                       |                   |                       |                       |
| Acquisitions made in the period                         | 41,095,879            | 21,654,660        | 215,537,853           | 278,288,392           |
| Subsequent expenditure                                  | 481,877               | -                 | 272,604,043           | 273,085,920           |
| Revaluations  |                       |                   |                       |                       |
| As a credit to the income statement (Note 42)           | -                     | -                 | 60,515,688            | 60,515,688            |
| As a credit to shareholders' equity                     | ( 5,453 )             | -                 | 43,589                | 38,136                |
| Additions/reversals of impairment in the year (Note 43) | ( 763,920 )           | -                 | -                     | ( 763,920 )           |
| Depreciation for the year                               | ( 19,300,780 )        | ( 10,301,336 )    | -                     | ( 29,602,116 )        |
| Exchange differences                                    | ( 2,635,238 )         | ( 1,275 )         | 34,645,523            | 32,009,010            |
| Transfers from non-current assets held for sale         | -                     | -                 | 4,270,662             | 4,270,662             |
| Transfers to non-current assets held for sale           | -                     | -                 | ( 3,359,750 )         | ( 3,359,750 )         |
| Transfers   | 29,421,481            | 20,375,535        | ( 50,392,646 )        | ( 595,630 )           |
| Disposals and write-offs (net)                          | ( 37,522,538 )        | -                 | ( 46,838,691 )        | ( 84,361,229 )        |
| Other movements   | ( 4,666,656 )         | 692,514           | ( 3,049,795 )         | ( 7,023,937 )         |
| Balances at 31 December 2019                            |                       |                   |                       |                       |
| Gross amount  | 589,365,820           | 87,700,395        | 2,211,147,477         | 2,888,213,692         |
| Accumulated depreciation and impairment                 | ( 103,750,411 )       | ( 13,825,720 )    | -                     | ( 117,576,130 )       |
|   | <u>485,615,409</u>    | <u>73,874,675</u> | <u>2,211,147,477</u>  | <u>2,770,637,562</u>  |
| Entry/ (Exits) in the consolidation perimeter           | -                     | 95,428            | 398,800               | 494,228               |
| Additions   |                       |                   |                       |                       |
| Acquisitions made in the period                         | 1,109,954             | 11,129,574        | 212,002,008           | 224,241,537           |
| Subsequent expenditure                                  | 27,995,198            | -                 | 41,715,516            | 69,710,715            |
| Revaluations  |                       |                   |                       |                       |
| As a credit to the income statement (Note 42)           | -                     | -                 | 41,777,399            | 41,777,399            |
| As a credit to shareholders' equity                     | -                     | -                 | 19,223                | 19,223                |
| Additions/reversals of impairment in the year (Note 43) | ( 1,912,782 )         | -                 | -                     | ( 1,912,782 )         |
| Depreciation for the year                               | ( 19,221,053 )        | ( 15,614,788 )    | -                     | ( 34,835,841 )        |
| Exchange differences                                    | ( 6,891,576 )         | ( 188,163 )       | ( 65,510,418 )        | ( 72,590,157 )        |
| Transfers to non-current assets held for sale           | ( 5,464,836 )         | -                 | -                     | ( 5,464,836 )         |
| Transfers   | ( 20,201,131 )        | -                 | 20,201,131            | -                     |
| Disposals and write-offs (net)                          | ( 2,048,223 )         | ( 687,855 )       | ( 504,536,344 )       | ( 507,272,422 )       |
| Other movements   | 2,224,635             | ( 790,306 )       | ( 6,012,892 )         | ( 4,578,563 )         |
| Balances at 31 December 2020                            |                       |                   |                       |                       |
| Gross amount  | 583,565,554           | 96,716,438        | 1,951,201,901         | 2,631,483,893         |
| Accumulated depreciation and impairment                 | ( 122,359,957 )       | ( 28,897,873 )    | -                     | ( 151,257,831 )       |
|   | <u>461,205,597</u>    | <u>67,818,565</u> | <u>1,951,201,901</u>  | <u>2,480,226,062</u>  |

Entries in the consolidation perimeter refer, in 2020, to Multicare and the Fidelidade Assistência Group, and in 2019, to the acquisition of the La Positiva Group.

In 2020, net disposals and write-offs of Investment Properties, of EUR 504,536,344, essentially relate to the sale of Harumi Triton Square Office Tower Y, in Japan. In 2019, disposals of Properties for Own Use include EUR 42,776,656 related to the disposal of “Calhariz” properties.

In 2020 and 2019, if the Group had opted to value properties for own use using the fair value model, the balance sheet value of these would have been EUR 539,986,933 and EUR 624,945,108, respectively.

Properties for own use are valued at cost and subject to impairment tests in line with the option set out in IAS 16, as described in Note 2.9. Own use buildings are depreciated throughout their useful life.

Investment properties are also valued at fair value, in line with the treatment provided for in IAS 40 and mentioned in Note 2.8.

Investment properties are valued in line with the treatment mentioned in Note 2.8, by experts who are qualified for the purpose. The Group considers that the properties which it holds are put to the highest and best use possible, and the valuations performed to ascertain the respective fair value are therefore prepared taking into consideration their current use, as set out in IFRS 13 – “Fair Value Measurement”.

Gains and losses resulting from revaluation of investment properties are recognised in profit and loss.

#### **Valuation methods**

Properties are valued to obtain an estimate of their transaction price, which is normally the market value (fair value), i.e., the price at which the property could be sold, at the valuation date, in a private agreement between an independent and interested vendor and purchaser, where the property is put up for sale on the market, the conditions of sale permit a regular and ordered sale, and the period for negotiating the sale is normal, taking into account the nature of the property. If there are any rental agreements, the assessment of the estimated transaction price takes the rental value into consideration.

The valuation techniques which are normally used are:

- a) Market method: consists of valuing the property by comparison, based on transactions and/or real purchase offers for land and buildings which have identical physical and functional characteristics, and which are located in the same area of the real estate market;
- b) Cost method: consists of determining the value of the building based on the sum of the market value of the land and all costs necessary for the construction of a building with the same physical and functional characteristics, depreciated on the basis of its age, state of conservation and estimated useful life, plus the required profit margins. Alternatively this method may be based on the fair value of the property in its current state, subtracting from that value, after conclusion of works, all the associated costs and margins which have not yet been made;
- c) Income method: consists of calculating the value of the property based on the ratio between the annual effective rent and an appropriate capitalisation rate.

As set out in IFRS 13, valuations of properties maximise the use of observable market data. However, since most valuations also consider unobservable data, the fair value of the Group's properties is classified as Level 3 in the fair value hierarchy defined by IFRS 13.

## 12. Allocation of Investments and Other Assets

At 31 December 2020 and 2019, the allocation of investments and other assets, using a prudential perspective, for insurance contracts or insurance contracts and other operations classified for accounting purposes as investment contracts, may be summarised as follows:

| 2020   |                                    |                                       |  |                      |                      |                       |
|--|------------------------------------|---------------------------------------|--|----------------------|----------------------|-----------------------|
|  | Life insurance with profit sharing | Life insurance without profit sharing | Life insurance and operations classified as investment contracts | Non-life insurance   | Not allocated        | Total                 |
| Cash and cash equivalents  | 15,272,358                         | 3,285,624                             | 75,808,876   | 28,925,700           | 813,579,921          | 936,872,479           |
| Investments in associates and joint ventures                                 | -                                  | -                                     | -  | -                    | 23,838,264           | 23,838,264            |
| Financial assets at fair value through profit or loss                        | 161,562,820                        | 45,157,974                            | 1,855,418,798  | 804,282,664          | 68,118,105           | 2,934,540,361         |
| Hedge Derivatives  | -                                  | -                                     | -  | -                    | 5,440,707            | 5,440,707             |
| Financial assets designated at fair value through other comprehensive income | 1,814,632,343                      | 969,923,140                           | 5,813,597,141  | 922,835,126          | 18,502,627           | 9,539,490,377         |
| Financial assets at amortised cost   | 286,028,696                        | 3,555,880                             | 1,104,562,914  | 38,947,313           | 118,589,774          | 1,551,684,577         |
| Properties   | 714,510                            | 28,560,595                            | 585,533,608  | 476,315,353          | 1,389,101,996        | 2,480,226,062         |
| Other tangible assets  | -                                  | -                                     | -  | -                    | 109,700,587          | 109,700,587           |
|  | <b>2,278,210,727</b>               | <b>1,050,483,213</b>                  | <b>9,434,921,337</b>   | <b>2,271,306,156</b> | <b>2,546,871,981</b> | <b>17,581,793,414</b> |
| 2019   |                                    |                                       |  |                      |                      |                       |
|  | Life insurance with profit sharing | Life insurance without profit sharing | Life insurance and operations classified as investment contracts | Non-life insurance   | Not allocated        | Total                 |
| Cash and cash equivalents  | 43,401,196                         | 9,595,862                             | 170,553,929  | 23,286,142           | 620,748,923          | 867,586,052           |
| Investments in associates and joint ventures                                 | -                                  | -                                     | -  | -                    | 3,979,082            | 3,979,082             |
| Financial assets held for trading  | 2,737,313                          | 426,261                               | 6,627,225  | 2,667,579            | 9,380,642            | 21,839,020            |
| Financial assets initially recognised at fair value through profit or loss   | 151,194,345                        | 8,339,644                             | 290,139,080  | 91,158,786           | 431,064,386          | 971,896,241           |
| Hedge Derivatives  | 24,989                             | -                                     | 1,895,714  | 1,482,656            | 273,586              | 3,676,945             |
| Available-for-sale investments   | 1,789,061,816                      | 1,013,710,108                         | 6,911,481,885  | 1,292,406,939        | 89,865,376           | 11,096,526,124        |
| Loans and accounts receivable  | 465,852,671                        | 7,138,353                             | 588,876,906  | 82,372,588           | 240,812,208          | 1,385,052,726         |
| Held-to-maturity investments   | -                                  | -                                     | 1,074,167,759  | -                    | -                    | 1,074,167,759         |
| Properties   | 347,442                            | 3,068,709                             | -  | 104,500,992          | 2,662,720,418        | 2,770,637,561         |
| Other tangible assets  | -                                  | -                                     | -  | -                    | 94,959,120           | 94,959,120            |
|  | <b>2,452,619,772</b>               | <b>1,042,278,937</b>                  | <b>9,043,742,498</b>   | <b>1,597,875,682</b> | <b>4,153,803,741</b> | <b>18,290,320,630</b> |

In 2020 and 2019, the other tangible assets headings saw the following movements:

|                             | 2020             |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|-----------------------------|------------------|---|-----------------------------------|---|------------------------------------|--------------|---|---------------------------|---------------------------|----------------------|--------------------------------|-----------------|------------------|---|-------------|
|                             | Opening balances |   | Transfers to Assets held for sale |   | Entries in consolidation perimeter |              |   |                           |                           |                      |                                |                 | Closing balances |   |             |
|                             | Gross amount     | Accumulated depreciation and impairment | Gross amount                      | Accumulated Depreciation and impairment | Additions                          | Gross amount | Accumulated Depreciation and impairment | Transfers and adjustments | Depreciation for the year | Exchange differences | Disposals and write-offs (net) | Other movements | Gross amount     | Accumulated depreciation and impairment | Net amount  |
| Equipment                   |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
| Administrative              | 28,346,168       | (25,238,970)                            | (53,753)                          | 42,949                                  | 772,524                            | 595,064      | (559,635)                               | 353,484                   | (1,018,890)               | (285,635)            | (10,590)                       | -               | 29,072,081       | (26,129,365)                            | 2,942,716   |
| Machinery and tools         | 11,137,609       | (8,950,815)                             | -                                 | -                                       | 98,141                             | 49,797       | (45,099)                                | (70,171)                  | (774,505)                 | (74,803)             | -                              | -               | 10,792,417       | (8,990,815)                             | 1,801,602   |
| IT equipment                | 25,641,685       | (19,575,317)                            | (6,344)                           | 3,097                                   | 4,429,468                          | 1,340,813    | (1,225,928)                             | 202,838                   | (4,927,326)               | (238,931)            | (18,018)                       | -               | 32,857,906       | (27,331,868)                            | 5,526,037   |
| Interior installations      | 31,542,024       | (22,154,702)                            | -                                 | -                                       | 1,201,670                          | 358,841      | (357,972)                               | (1,122,691)               | (1,253,582)               | (451,355)            | (972,671)                      | -               | 30,411,082       | (23,621,520)                            | 6,789,562   |
| Transport material          | 3,028,386        | (1,413,605)                             | -                                 | -                                       | 346,445                            | 4,961        | (4,961)                                 | 23,458                    | (503,708)                 | (107,160)            | (72,029)                       | -               | 2,930,104        | (1,628,317)                             | 1,301,787   |
| Hospital equipment          | 144,099,762      | (137,304,189)                           | (78,879)                          | 51,871                                  | 2,246,038                          | -            | -                                       | 4,342,456                 | (5,466,447)               | -                    | -                              | -               | 149,606,871      | (141,716,259)                           | 7,890,613   |
| Other equipment             | 2,150,282        | (1,969,581)                             | -                                 | -                                       | 27,531                             | -            | -                                       | (71,398)                  | (306)                     | -                    | -                              | -               | 2,177,157        | (2,040,629)                             | 136,528     |
| Security equipment          | 31,061,403       | (18,448,477)                            | (322,241)                         | 238,760                                 | 5,476,674                          | 168,485      | (132,612)                               | 3,335,727                 | (1,726,198)               | (190,198)            | (2,803)                        | -               | 38,939,451       | (19,460,931)                            | 19,478,520  |
| Other equipment             | 2,091,408        | (3,322)                                 | -                                 | -                                       | 453                                | -            | -                                       | 8,990                     | (9,019)                   | (7,908)              | -                              | -               | 2,083,924        | -                                       | 2,083,924   |
| Artistic assets             | 5,220,729        | (3,787,031)                             | (68,900)                          | 29,786                                  | 311,106                            | -            | -                                       | (366,477)                 | (235,389)                 | -                    | -                              | -               | 5,053,373        | (3,949,549)                             | 1,103,824   |
| Other tangible assets       | 9,783,654        | -                                       | -                                 | -                                       | 1,027,564                          | -            | -                                       | (7,327,691)               | -                         | -                    | -                              | -               | 3,483,527        | -                                       | 3,483,527   |
| Tangible assets in progress | 481,293          | -                                       | -                                 | -                                       | 2,289,550                          | -            | -                                       | -                         | -                         | -                    | -                              | -               | 2,770,843        | -                                       | 2,770,843   |
| Advances on tangible assets | 294,604,403      | (238,411,239)                           | (530,117)                         | 366,463                                 | 18,227,164                         | 2,517,961    | (2,326,207)                             | (620,077)                 | (15,977,443)              | (1,357,407)          | (1,084,019)                    | -               | 310,178,736      | (254,769,254)                           | 55,409,482  |
| Leasing                     |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
| Equipment                   |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
| Administrative              | 138,029          | (44,438)                                | -                                 | -                                       | 26,341                             | 11,337       | (3,463)                                 | -                         | (47,225)                  | -                    | -                              | -               | 175,707          | (95,126)                                | 80,581      |
| Machinery and tools         | 5,639            | (3,322)                                 | -                                 | -                                       | -                                  | -            | -                                       | -                         | (3,217)                   | -                    | -                              | 800             | 6,439            | (6,439)                                 | -           |
| IT equipment                | 4,558,581        | (1,705,561)                             | -                                 | -                                       | 1,772,300                          | 182,657      | (182,657)                               | -                         | (2,579,242)               | (21,053)             | -                              | 399,215         | 6,746,468        | (4,322,228)                             | 2,424,240   |
| Interior installations      | -                | -                                       | -                                 | -                                       | -                                  | -            | -                                       | -                         | -                         | -                    | -                              | -               | -                | -                                       | -           |
| Transport material          | 7,266,447        | (2,692,949)                             | -                                 | -                                       | 1,880,319                          | 560,781      | (212,151)                               | 15,390                    | (2,698,185)               | (18,130)             | (22,028)                       | 388,091         | 9,951,809        | (5,484,225)                             | 4,467,585   |
| Equipamento hospitalar      | 53,314,770       | (22,193,981)                            | -                                 | -                                       | 25,291,917                         | -            | -                                       | -                         | (9,445,126)               | -                    | -                              | 144,998         | 78,606,688       | (31,494,110)                            | 47,112,578  |
| Other tangible assets       | -                | -                                       | -                                 | -                                       | -                                  | -            | -                                       | -                         | -                         | -                    | -                              | -               | -                | -                                       | -           |
| Other assets                | 145,983          | (23,341)                                | -                                 | -                                       | 107,010                            | -            | -                                       | -                         | (23,530)                  | -                    | -                              | -               | 244,742          | (38,620)                                | 206,122     |
|                             | 65,429,448       | (26,663,492)                            | -                                 | -                                       | 29,077,887                         | 754,775      | (398,271)                               | 15,390                    | (14,796,525)              | (39,183)             | (22,028)                       | 933,104         | 95,731,853       | (41,440,748)                            | 54,291,105  |
|                             | 360,033,851      | (265,074,731)                           | (530,117)                         | 366,463                                 | 47,305,551                         | 3,272,736    | (2,724,478)                             | (604,687)                 | (30,773,968)              | (1,396,590)          | (1,106,047)                    | 933,104         | 405,910,589      | (296,210,002)                           | 109,700,587 |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |
|                             |                  |   |                                   |   |                                    |              |   |                           |                           |                      |                                |                 |                  |   |             |

Entries in the consolidation perimeter refer, in 2020, to Multicare and Fidelidade Assistência and, in 2019, to the acquisition of La Positiva, SA.

At 31 December 2020 and 2019, the heading “Tangible assets” includes fully amortised assets still in use of EUR 219,726,995 and 211,904,106 respectively.

## 14. Inventories

At 31 December 2020 and 2019, the breakdown of this heading was as follows:

|                                | 2020              | 2019              |
|--------------------------------|-------------------|-------------------|
| Hospital Goods                 | 21,631,461        | 13,178,237        |
| Goods                          | 187,845           | 102,070           |
| Products and works in progress | 132,971           | 161,875           |
| Salvage                        | 12,093            | 13,498            |
| Other inventories              | 332,455           | 151,642           |
|                                | <u>22,296,825</u> | <u>13,607,322</u> |
| Impairment of goods (Note 43)  | ( 750,000 )       | -                 |
|                                | <u>21,546,825</u> | <u>13,607,322</u> |

The heading “Hospital goods” essentially relates to pharmaceuticals and medical consumables used within the scope of the operations of the Luz Saúde Group’s medical units.

## 15. Goodwill

The Group’s recognition of goodwill at 31 December 2020 and 2019 was as follows:

|   | 2020               |                              |                    | 2019               |                              |                    |
|---|--------------------|------------------------------|--------------------|--------------------|------------------------------|--------------------|
|   | Gross Amount       | Impairment Loss<br>(Note 43) | Net amount         | Gross Amount       | Impairment Loss<br>(Note 43) | Net amount         |
| <b>Goodwill recognised in Goodwill</b>              |                    |                              |                    |                    |                              |                    |
| Fidelidade Assistência - Companhia de Seguros, S.A. | 1,663,226          | -                            | 1,663,226          | -                  | -                            | -                  |
| Multicare - Seguros de Saúde, S.A.                  | 2,281,095          | -                            | 2,281,095          | -                  | -                            | -                  |
| Cetra - Centro Técnico de Reparação Automóvel, S.A. | 8,665              | -                            | 8,665              | 8,665              | -                            | 8,665              |
| Fidelidade Angola - Companhia de Seguros, S.A.      | 2,198,780          | -                            | 2,198,780          | 2,198,780          | -                            | 2,198,780          |
| Garantia - Companhia de Seguros de Cabo Verde, S.A. | 342,311            | -                            | 342,311            | 342,311            | -                            | 342,311            |
| Luz Saúde, S.A.                                     | 359,254,032        | -                            | 359,254,032        | 359,254,032        | -                            | 359,254,032        |
| Hospital da Luz Guimarães, S.A.                     | 14,665,091         | -                            | 14,665,091         | 16,025,075         | -                            | 16,025,075         |
| Godo Kaisha Moana                                   | 710,601            | -                            | 710,601            | 710,601            | -                            | 710,601            |
| S.C.H. - Soc. Clínica Hospitalar S.A.               | 3,126,025          | -                            | 3,126,025          | 3,126,025          | -                            | 3,126,025          |
| C.C.H. - Capital Criativo Care Investments S.A.     | 8,720,683          | -                            | 8,720,683          | 8,720,683          | -                            | 8,720,683          |
| Capital Criativo Health Care Investments II, SA     | 26,683,569         | -                            | 26,683,569         | 26,683,569         | -                            | 26,683,569         |
| Audatex   | -                  | -                            | -                  | ( 5,002 )          | -                            | ( 5,002 )          |
| La Positiva Seguros y Reaseguros S.A.               | 37,301,660         | -                            | 37,301,660         | 44,112,191         | -                            | 44,112,191         |
| Tenax Capital Limited                               | 4,433,235          | -                            | 4,433,235          | -                  | -                            | -                  |
|   | <u>461,388,973</u> | <u>-</u>                     | <u>461,388,973</u> | <u>461,176,930</u> | <u>-</u>                     | <u>461,176,930</u> |



The following movements occurred in this heading in 2020 and 2019:

|  |                    |
|--|--------------------|
| <b>Goodwill (net) at 31 December 2018</b>  | <b>416,606,539</b> |
| Acquisition of 90% of Capital Criativo Health Care Investments II, SA - Adjustment         | 463,202            |
| Acquisition of Audatex stock   | ( 5,002 )          |
| Acquisition of 91.50% of La Positiva Seguros y Reaseguros S.A.                             | 44,112,191         |
| <b>Goodwill (net) at 31 December 2019</b>  | <b>461,176,930</b> |
| Disposal of Hospital do Mar - Hospital da Luz Guimarães, S.A.                              | ( 1,359,984 )      |
| Acquisition of Audatex stock - Adjustment  | 5,002              |
| Goodwill La Positiva Seguros y Reaseguros S.A. - exchange fluctuation                      | ( 6,810,531 )      |
| Acquisition of 75% of Tenax Capital Limited  | 4,433,235          |
| Entry in the consolidation perimeter - Fidelidade Assistência - Companhia de Seguros, S.A. | 1,663,226          |
| Entry in the consolidation perimeter - Multicare - Seguros de Saúde, S.A.                  | 2,281,095          |
| <b>Goodwill (net) at 31 December 2020</b>  | <b>461,388,973</b> |

The determination of goodwill for the main companies acquired is as follows:

|  |               |
|--|---------------|
| Acquisition of 55.89% of Garantia - Companhia de Seguros de Cabo Verde, S.A.             | 6,260,184     |
| Fair value of assets and liabilities of corporate acquisition (55.89%) at 30 April 2014  | 5,917,873     |
|  | 342,311       |
| Acquisition of 98.21% of Luz Saúde, S.A.   | 457,827,530   |
| Fair value of assets and liabilities of corporate acquisition (98.21%) in September 2014 | 98,683,752    |
|  | 359,143,778   |
| Acquisition of 68% of Fidelidade Angola - Companhia de Seguros, S.A.                     | 6,059,590     |
| Fair value of assets and liabilities of corporate acquisition (70%) in 2011              | 3,860,810     |
|  | 2,198,780     |
| Acquisition of 96.996% of Godo Kaisha Moana  | 102,843,643   |
| Fair value of assets and liabilities of corporate acquisition (96.996%) in 2016          | 102,133,042   |
|  | 710,601       |
| Acquisition of 100% of Hospital da Luz Guimarães, S.A.                                   | 25,237,564    |
| Fair value of assets and liabilities of corporate acquisition (100%) in 2016             | 9,212,489     |
| Disposal of Hospital do Mar - Hospital da Luz Guimarães, S.A.                            | ( 1,359,984 ) |
|  | 14,665,091    |
| Acquisition of 81.35% of S.C.H. - Sociedade Clínica Hospitalar S.A.                      | 3,091,338     |
| Fair value of assets and liabilities of corporate acquisition (81.35%) in March 2017     | ( 34,687 )    |
|  | 3,126,025     |
| Acquisition of 100% of C.C.H. - Capital Criativo Care Investments S.A.                   | 7,163,382     |
| Fair value of assets and liabilities of corporate acquisition (100%) in August 2017      | ( 1,557,301 ) |
|  | 8,720,683     |
| Acquisition of 90% of Capital Criativo Health Care Investments II, SA                    | 19,990,000    |
| Fair value of assets and liabilities of corporate acquisition (100%) in April 2018       | ( 6,693,569 ) |
|  | 26,683,569    |
| Acquisition of 91.50% of La Positiva Seguros y Reaseguros S.A.                           | 193,775,700   |
| Fair value of assets and liabilities of corporate acquisition (91.50%) in January 2019   | 150,855,020   |
| Exchange difference  | ( 5,619,020 ) |
|  | 37,301,660    |
| Acquisition of 75% of Tenax Capital Limited  | 5,436,252     |
| Fair value of assets and liabilities of corporate acquisition (75%) in August 2020       | 1,003,017     |
|  | 4,433,235     |

Goodwill acquired in a business combination represents a payment made by an acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised.

The Group conducts impairment tests on the goodwill recognised on the balance sheet at least once a year, in line with the requirements of IAS 36 – “Impairment of assets”. For this purpose, goodwill is allocated to cash flow generating units and its recoverable value is assessed on the basis of future cash flow projections, updated on the basis of discount rates which the Group deems appropriate. Impairment losses associated with goodwill are recognised in the income statement for the year and may not be reversed.

The recoverable amount is determined as the asset’s value in use or its fair value less selling costs, whichever is higher.

The impairment tests incorporate current available information, including macro-economic conditions, the situation of financial markets and others. All tests concluded that the recoverable amount of the asset exceeds the respective carrying amount, and therefore, there is no recognition of impairment losses.

The entry into the perimeter of the companies Fidelidade Assistência - Companhia de Seguros, S.A. and Multicare - Seguros de Saúde, S.A. results from the capital increase in kind of Fidelidade that took place in September 2020.

Following the acquisition of the new companies during 2020, the Group assessed the fair value of the assets acquired and liabilities assumed in line with IFRS 3 – “Business Combinations”. No significant differences were identified between the accounting values of the assets and liabilities and their fair values. The breakdown of the net assets and goodwill established as part of the transactions taking place in 2020 is as follows:

|   | 2020                  |
|---|-----------------------|
|   | Tenax Capital Limited |
| <b>Fair value of Assets and Liabilities</b> |                       |
| Assets acquired                             | 2,181,244             |
| Liabilities acquired                        | 843,888               |
| <b>Total Net Assets</b>                     | <b>1,337,356</b>      |
| % Assets held                               | 1,003,017             |
| <b>Acquisition price</b>                    | <b>5,436,252</b>      |
| <b>Goodwill</b>                             | <b>4,433,235</b>      |

## 16. Other Intangible Assets

In 2020 and 2019, the other intangible assets headings saw the following movements:

|  | 2020             |   |                                    |            |                           |   |                           |                      |                  |   |             |
|--|------------------|---|------------------------------------|------------|---------------------------|---|---------------------------|----------------------|------------------|---|-------------|
|  | Opening balances |   | Entries in consolidation perimeter | Additions  | Transfers and adjustments | Transfers to Non-Current Assets Held for Sale | amortisation for the year | Exchange differences | Closing balances |   |             |
|  | Gross amount     | Accumulated amortisation and impairment |                                    |            |                           |   |                           |                      | Gross amount     | Accumulated amortisation and impairment | Net amount  |
| Automatic data processing systems (software) | 95,356,867       | (87,479,454)                            | 84,104                             | 7,783,292  | 5,115,633                 | (1,665)                                       | (6,984,361)               | (10,547)             | 107,450,567      | (93,586,698)                            | 13,863,869  |
| Other intangible assets                      | 85,233,301       | (108,052)                               | -                                  | -          | (11,536)                  | -   | (4,154)                   | (12,105,851)         | 73,115,293       | (111,585)                               | 73,003,708  |
| Brand  | 85,055,325       | -                                       | -                                  | -          | -                         | -   | -                         | (12,104,419)         | 72,950,905       | -                                       | 72,950,905  |
| Other assets                                 | 177,977          | (108,052)                               | -                                  | -          | (11,536)                  | -   | (4,154)                   | (1,432)              | 164,388          | (111,585)                               | 52,802      |
| Intangible assets in progress                | 33,967,053       | -                                       | -                                  | 16,987,665 | (5,115,971)               | -   | -                         | (1,335,394)          | 42,863,922       | -                                       | 42,863,922  |
|  | 214,557,221      | (87,587,506)                            | 84,104                             | 24,770,957 | (11,874)                  | (1,665)                                       | (6,988,515)               | (13,451,792)         | 223,429,782      | (93,698,283)                            | 129,731,499 |

|  | 2019              |   |                                    |                   |                           |                           |                      |                                |                    |   |                    |
|--|-------------------|---|------------------------------------|-------------------|---------------------------|---------------------------|----------------------|--------------------------------|--------------------|---|--------------------|
|  | Opening balances  |   | Entries in consolidation perimeter | Additions         | Transfers and adjustments | amortisation for the year | Exchange differences | Disposals and write-offs (net) | Closing balances   |   |                    |
|  | Gross amount      | Accumulated amortisation and impairment |                                    |                   |                           |                           |                      |                                | Gross amount       | Accumulated amortisation and impairment | Net amount         |
| Automatic data processing systems (software) | 71,059,579        | (65,596,523)                            | 11,222,255                         | 5,393,652         | (5,749,994)               | (8,339,026)               | (112,532)            | -                              | 95,356,867         | (87,479,454)                            | 7,877,412          |
| Other intangible assets                      | 335,606           | (280,810)                               | 82,301,595                         | -                 | 18,217                    | (36,006)                  | 2,786,649            | -                              | 85,233,301         | (108,052)                               | 85,125,251         |
| Brand  | -                 | -                                       | 82,268,662                         | -                 | -                         | -                         | 2,786,662            | -                              | 85,055,325         | -                                       | 85,055,325         |
| Other assets                                 | 335,606           | (280,810)                               | 32,932                             | -                 | 18,217                    | (36,006)                  | (14)                 | -                              | 177,978            | (108,052)                               | 69,926             |
| Intangible assets in progress                | 17,433,689        | -                                       | -                                  | 11,521,970        | 5,016,307                 | -                         | (4,914)              | -                              | 33,967,052         | -                                       | 33,967,052         |
|  | <u>88,828,874</u> | <u>(65,877,333)</u>                     | <u>93,523,850</u>                  | <u>16,915,622</u> | <u>(715,469)</u>          | <u>(8,375,032)</u>        | <u>2,669,203</u>     | <u>-</u>                       | <u>214,557,221</u> | <u>(87,587,506)</u>                     | <u>126,969,715</u> |

At 31 December 2020 and 2019, the values recognised in “Intangible assets in progress” refer to costs incurred with the development of new IT applications (software).

In 2020 and 2019, the Group recognised directly on the statement of gains and expenses the expenditure with external costs related with research, development and maintenance of automatic data processing systems, of EUR 33,473,440 and EUR 29,162,471, respectively.

## 17. Technical Provisions for Reinsurance Ceded

At 31 December 2020 and 2019, technical provisions for reinsurance ceded were composed as follows:

|   | 2020              |                    |                    | 2019              |                    |                    |
|---|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|   | Life              | Non- Life          | Total              | Life              | Non- Life          | Total              |
| Provision for unearned premiums         | 1,056,014         | 115,844,634        | 116,900,648        | 2,100,931         | 118,521,064        | 120,621,995        |
| Mathematical provision                  | 22,772,308        | -                  | 22,772,308         | 16,559,063        | -                  | 16,559,063         |
| Claims provision                        |                   |                    |                    |                   |                    |                    |
| Reported claims                         | 11,486,377        | 159,228,080        | 170,714,457        | 25,166,714        | 226,801,503        | 251,968,217        |
| Claims incurred but not reported (IBNR) | 28,867,811        | 23,141,525         | 52,009,336         | 20,221,481        | 25,286,142         | 45,507,623         |
|   | <u>40,354,188</u> | <u>182,369,605</u> | <u>222,723,793</u> | <u>45,388,195</u> | <u>252,087,645</u> | <u>297,475,840</u> |
| Provision for profit sharing            | -                 | 87,712             | 87,712             | -                 | 228,363            | 228,363            |
| Other technical provisions              | -                 | 8,417,251          | 8,417,251          | -                 | -                  | -                  |
|   | <u>64,182,510</u> | <u>306,719,202</u> | <u>370,901,712</u> | <u>64,048,189</u> | <u>370,837,072</u> | <u>434,885,261</u> |

Information on the provision for unearned premiums on reinsurance ceded, at 31 December 2020 and 2019, is set out in the following table:

|                                   | 2020               |                       |                    | 2019               |                      |                    |
|-----------------------------------|--------------------|-----------------------|--------------------|--------------------|----------------------|--------------------|
|                                   | Deferred premiums  | Deferred costs        | Net                | Deferred premiums  | Deferred costs       | Net                |
| <b>Life Insurance</b>             | <u>1,059,284</u>   | <u>( 3,270 )</u>      | <u>1,056,014</u>   | <u>2,104,165</u>   | <u>( 3,234 )</u>     | <u>2,100,931</u>   |
| <b>Non-life insurance</b>         |                    |                       |                    |                    |                      |                    |
| Personal accidents and passengers | 4,534,549          | ( 1,912,629 )         | 2,621,920          | 3,294,142          | ( 1,217,892 )        | 2,076,250          |
| Health                            | 4,629,615          | -                     | 4,629,615          | 29,405,892         | 9,004                | 29,414,896         |
| Fire and other damage             | 70,554,419         | ( 6,465,977 )         | 64,088,442         | 58,125,249         | ( 5,755,706 )        | 52,369,543         |
| Motor                             | 10,071,644         | ( 83,332 )            | 9,988,312          | 4,172,780          | ( 83,146 )           | 4,089,634          |
| Marine, aviation and transport    | 4,376,336          | ( 67,993 )            | 4,308,343          | 3,831,485          | ( 78,112 )           | 3,753,373          |
| Third party liability             | 15,425,549         | ( 1,641,321 )         | 13,784,228         | 18,168,034         | ( 982,968 )          | 17,185,066         |
| Credit and suretyship             | 7,952,911          | 62,365                | 8,015,276          | 7,036,769          | 121,413              | 7,158,182          |
| Legal protection                  | 599                | ( 117 )               | 482                | 1,474              | ( 117 )              | 1,357              |
| Assistance                        | 44,641             | ( 13,505 )            | 31,136             | 108,741            | ( 2,077 )            | 106,664            |
| Other                             | 10,999,726         | ( 2,622,846 )         | 8,376,880          | 3,956,328          | ( 1,590,229 )        | 2,366,099          |
|                                   | <u>128,589,989</u> | <u>( 12,745,355 )</u> | <u>115,844,634</u> | <u>128,100,894</u> | <u>( 9,579,830 )</u> | <u>118,521,064</u> |
|                                   | <u>129,649,273</u> | <u>( 12,748,625 )</u> | <u>116,900,648</u> | <u>130,205,059</u> | <u>( 9,583,064 )</u> | <u>120,621,995</u> |

The following tables provide information on the movement in the provision for unearned premiums on reinsurance ceded during 2020 and 2019:

|  | 2020            |                                  |                                    |                      |                 |
|--|-----------------|----------------------------------|------------------------------------|----------------------|-----------------|
|  | Opening balance | Entry in consolidation perimeter | Liabilities originated in the year | Exchange differences | Closing balance |
| <b>Provision for unearned premiums</b> |                 |                                  |                                    |                      |                 |
| <b>Life Insurance</b>                  | 2,104,165       | -                                | ( 866,998 )                        | ( 177,883 )          | 1,059,284       |
| <b>Non-life insurance</b>              |                 |                                  |                                    |                      |                 |
| Personal accidents and passengers      | 3,294,142       | ( 1,188 )                        | 1,298,760                          | ( 57,165 )           | 4,534,549       |
| Health                                 | 29,405,892      | ( 27,835,055 )                   | 3,181,337                          | ( 122,559 )          | 4,629,615       |
| Fire and other damage                  | 58,125,249      | -                                | 17,496,434                         | ( 5,067,264 )        | 70,554,419      |
| Motor                                  | 4,172,780       | -                                | 6,044,017                          | ( 145,153 )          | 10,071,644      |
| Marine, aviation and transport         | 3,831,485       | -                                | 1,081,735                          | ( 536,884 )          | 4,376,336       |
| Third party liability                  | 18,168,034      | -                                | ( 683,175 )                        | ( 2,059,310 )        | 15,425,549      |
| Credit and suretyship                  | 7,036,769       | -                                | 2,177,332                          | ( 1,261,190 )        | 7,952,911       |
| Legal protection                       | 1,474           | ( 933 )                          | ( 86 )                             | 144                  | 599             |
| Assistance                             | 108,741         | ( 63,740 )                       | ( 536 )                            | 176                  | 44,641          |
| Others                                 | 3,956,328       | -                                | 7,109,776                          | ( 66,378 )           | 10,999,726      |
|  | 128,100,894     | ( 27,900,916 )                   | 37,705,594                         | ( 9,315,583 )        | 128,589,989     |
|  | 130,205,059     | ( 27,900,916 )                   | 36,838,596                         | ( 9,493,466 )        | 129,649,273     |
| <b>Deferred acquisition costs</b>      |                 |                                  |                                    |                      |                 |
| <b>Life Insurance</b>                  | ( 3,234 )       | -                                | ( 36 )                             | -                    | ( 3,270 )       |
| <b>Non-life insurance</b>              |                 |                                  |                                    |                      |                 |
| Personal accidents and passengers      | ( 1,217,892 )   | -                                | ( 691,119 )                        | ( 3,618 )            | ( 1,912,629 )   |
| Health                                 | 9,004           | -                                | ( 7,252 )                          | ( 1,752 )            | -               |
| Fire and other damage                  | ( 5,755,706 )   | -                                | ( 573,346 )                        | ( 136,925 )          | ( 6,465,977 )   |
| Motor                                  | ( 83,146 )      | -                                | 78,933                             | ( 79,119 )           | ( 83,332 )      |
| Marine, aviation and transport         | ( 78,112 )      | -                                | 850                                | 9,269                | ( 67,993 )      |
| Third party liability                  | ( 982,968 )     | -                                | ( 735,869 )                        | 77,516               | ( 1,641,321 )   |
| Credit and suretyship                  | 121,413         | -                                | 1,470                              | ( 60,518 )           | 62,365          |
| Legal protection                       | ( 117 )         | -                                | -                                  | -                    | ( 117 )         |
| Assistance                             | ( 2,077 )       | -                                | ( 11,428 )                         | -                    | ( 13,505 )      |
| Others                                 | ( 1,590,229 )   | -                                | ( 675,908 )                        | ( 356,709 )          | ( 2,622,846 )   |
|  | ( 9,579,830 )   | -                                | ( 2,613,669 )                      | ( 551,856 )          | ( 12,745,355 )  |
|  | ( 9,583,064 )   | -                                | ( 2,613,705 )                      | ( 551,856 )          | ( 12,748,625 )  |
|  | 120,621,995     | ( 27,900,916 )                   | 34,224,891                         | ( 10,045,322 )       | 116,900,648     |

(Amounts in euros except when expressly indicated otherwise)

|  | 2019                 |                                  |                                    |                      |                      |
|--|----------------------|----------------------------------|------------------------------------|----------------------|----------------------|
|  | Opening balance      | Entry in consolidation perimeter | Liabilities originated in the year | Exchange differences | Closing balance      |
| <b>Provision for unearned premiums</b> |                      |                                  |                                    |                      |                      |
| <b>Life Insurance</b>                  | 818,263              | 1,921,492                        | ( 768,669 )                        | 133,079              | 2,104,165            |
| <b>Non-life insurance</b>              |                      |                                  |                                    |                      |                      |
| Personal accidents and passengers      | 2,578,156            | 726,745                          | ( 40,392 )                         | 29,633               | 3,294,142            |
| Health                                 | 27,961,594           | 1,628,342                        | ( 157,544 )                        | ( 26,500 )           | 29,405,892           |
| Fire and other damage                  | 26,193,586           | 19,173,001                       | 15,476,385                         | ( 2,717,723 )        | 58,125,249           |
| Motor                                  | 570,941              | 13,346,228                       | ( 9,892,854 )                      | 148,465              | 4,172,780            |
| Marine, aviation and transport         | 299,646              | 3,429,798                        | 259,224                            | ( 157,183 )          | 3,831,485            |
| Third party liability                  | 2,314,549            | 6,006,367                        | 9,476,926                          | 370,192              | 18,168,034           |
| Credit and suretyship                  | 60,514               | 6,754,847                        | 267,678                            | ( 46,270 )           | 7,036,769            |
| Legal protection                       | 4,721                | -                                | ( 2,764 )                          | ( 483 )              | 1,474                |
| Assistance                             | 103,093              | -                                | 11,975                             | ( 6,327 )            | 108,741              |
| Others                                 | 4,072,622            | 209,578                          | ( 259,003 )                        | ( 66,869 )           | 3,956,328            |
|  | <u>64,159,422</u>    | <u>51,274,906</u>                | <u>15,139,631</u>                  | <u>( 2,473,065 )</u> | <u>128,100,894</u>   |
|  | <u>64,977,685</u>    | <u>53,196,398</u>                | <u>14,370,962</u>                  | <u>( 2,339,986 )</u> | <u>130,205,059</u>   |
| <b>Deferred acquisition costs</b>      |                      |                                  |                                    |                      |                      |
| <b>Life Insurance</b>                  | -                    | -                                | ( 3,234 )                          | -                    | ( 3,234 )            |
| <b>Non-life insurance</b>              |                      |                                  |                                    |                      |                      |
| Personal accidents and passengers      | ( 1,199,799 )        | -                                | ( 16,570 )                         | ( 1,523 )            | ( 1,217,892 )        |
| Health                                 | 12,840               | -                                | 713                                | ( 4,549 )            | 9,004                |
| Fire and other damage                  | ( 4,187,632 )        | ( 875,829 )                      | ( 885,914 )                        | 193,669              | ( 5,755,706 )        |
| Motor                                  | ( 71,936 )           | ( 45,033 )                       | ( 10,655 )                         | 44,478               | ( 83,146 )           |
| Marine, aviation and transport         | ( 26,449 )           | ( 198,693 )                      | ( 6,842 )                          | 153,872              | ( 78,112 )           |
| Third party liability                  | ( 161,976 )          | ( 340,264 )                      | ( 463,598 )                        | ( 17,130 )           | ( 982,968 )          |
| Credit and suretyship                  | ( 2,859 )            | 103,601                          | ( 62 )                             | 20,733               | 121,413              |
| Legal protection                       | ( 117 )              | -                                | -                                  | -                    | ( 117 )              |
| Assistance                             | ( 2,077 )            | -                                | -                                  | -                    | ( 2,077 )            |
| Others                                 | ( 1,672,267 )        | ( 21,093 )                       | 82,038                             | 21,093               | ( 1,590,229 )        |
|  | <u>( 7,312,272 )</u> | <u>( 1,377,311 )</u>             | <u>( 1,300,890 )</u>               | <u>410,643</u>       | <u>( 9,579,830 )</u> |
|  | <u>( 7,312,272 )</u> | <u>( 1,377,311 )</u>             | <u>( 1,304,124 )</u>               | <u>410,643</u>       | <u>( 9,583,064 )</u> |
|  | <u>57,665,413</u>    | <u>51,819,087</u>                | <u>13,066,838</u>                  | <u>( 1,929,343 )</u> | <u>120,621,995</u>   |

Information on the claims provision for reinsurance ceded, at 31 December 2020 and 2019, is set out below:

|                                   | 2020               |                   |                    | 2019               |                   |                    |
|-----------------------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
|                                   | Reported           | Not reported      | Total              | Reported           | Not reported      | Total              |
| <b>Life Insurance</b>             | 11,486,377         | 28,867,811        | 40,354,188         | 25,166,714         | 20,221,481        | 45,388,195         |
| <b>Non-life insurance</b>         |                    |                   |                    |                    |                   |                    |
| Workers' compensation             | 3,355,082          | 1,222,873         | 4,577,955          | 3,329,291          | 1,597,602         | 4,926,893          |
| Personal accidents and passengers | 18,042,595         | 841,055           | 18,883,650         | 18,475,650         | 1,128,892         | 19,604,542         |
| Health                            | 497,931            | 612,662           | 1,110,593          | 56,912,069         | 5,802,018         | 62,714,087         |
| Fire and other damage             | 80,414,429         | 9,801,118         | 90,215,547         | 99,473,212         | 8,355,581         | 107,828,793        |
| Motor                             | 14,538,320         | 4,460,823         | 18,999,143         | 14,076,964         | 3,423,118         | 17,500,082         |
| Marine, aviation and transport    | 7,198,105          | 339,696           | 7,537,801          | 8,648,436          | 360,838           | 9,009,274          |
| Third party liability             | 24,859,618         | 5,347,820         | 30,207,438         | 20,607,172         | 4,110,540         | 24,717,712         |
| Credit and suretyship             | 1,126,049          | 159               | 1,126,208          | 466,021            | ( 225 )           | 465,796            |
| Assistance                        | 500                | 5,654             | 6,154              | 3,691              | 8,024             | 11,715             |
| Others                            | 9,195,451          | 509,665           | 9,705,116          | 4,808,997          | 499,754           | 5,308,751          |
|                                   | <u>159,228,080</u> | <u>23,141,525</u> | <u>182,369,605</u> | <u>226,801,503</u> | <u>25,286,142</u> | <u>252,087,645</u> |
|                                   | <u>170,714,457</u> | <u>52,009,336</u> | <u>222,723,793</u> | <u>251,968,217</u> | <u>45,507,623</u> | <u>297,475,840</u> |

The following tables provide information on the movement in the claims provisions for reinsurance ceded during 2020 and 2019:

| 2020                              |                 |                                  |                                    |                 |                      |                 |
|-----------------------------------|-----------------|----------------------------------|------------------------------------|-----------------|----------------------|-----------------|
|                                   | Opening balance | Entry in consolidation perimeter | Liabilities originated in the year | Claims paid     | Exchange differences | Closing balance |
| <b>Life insurance</b>             | 45,388,195      | -                                | ( 1,359,450 )                      | ( 92,408,646 )  | 88,734,089           | 40,354,188      |
| <b>Non-life insurance</b>         |                 |                                  |                                    |                 |                      |                 |
| Workers' compensation             | 4,926,893       | -                                | ( 699,316 )                        | ( 1,891,103 )   | 2,241,481            | 4,577,955       |
| Personal accidents and passengers | 19,604,542      | ( 1,607 )                        | 839,805                            | ( 3,632,437 )   | 2,073,347            | 18,883,650      |
| Health                            | 62,714,087      | ( 60,896,212 )                   | 622,606                            | ( 6,751,403 )   | 5,421,515            | 1,110,593       |
| Fire and other damage             | 107,828,793     | -                                | 8,453,461                          | ( 68,180,383 )  | 42,113,676           | 90,215,547      |
| Motor                             | 17,500,082      | -                                | ( 2,405,121 )                      | ( 17,527,997 )  | 21,432,179           | 18,999,143      |
| Marine, aviation and transport    | 9,009,274       | -                                | 724,649                            | ( 3,186,841 )   | 990,719              | 7,537,801       |
| Third party liability             | 24,717,712      | -                                | ( 6,914,478 )                      | ( 8,507,865 )   | 20,912,069           | 30,207,438      |
| Credit and suretyship             | 465,796         | -                                | ( 772,603 )                        | ( 470,561 )     | 1,903,576            | 1,126,208       |
| Assistance                        | 11,715          | ( 3,191 )                        | 1,885                              | 23,878          | ( 28,133 )           | 6,154           |
| Others                            | 5,308,751       | -                                | ( 6,529,703 )                      | ( 9,042,368 )   | 19,968,436           | 9,705,116       |
|                                   | 252,087,645     | ( 60,901,010 )                   | ( 6,678,815 )                      | ( 119,167,080 ) | 117,028,865          | 182,369,605     |
|                                   | 297,475,840     | ( 60,901,010 )                   | ( 8,038,265 )                      | ( 211,575,726 ) | 205,762,954          | 222,723,793     |
| 2019                              |                 |                                  |                                    |                 |                      |                 |
|                                   | Opening balance | Entry in consolidation perimeter | Liabilities originated in the year | Claims paid     | Exchange differences | Closing balance |
| <b>Life insurance</b>             | 9,482,849       | 32,595,284                       | 69,625,650                         | ( 66,315,588 )  | -                    | 45,388,195      |
| <b>Non-life insurance</b>         |                 |                                  |                                    |                 |                      |                 |
| Workers' compensation             | 3,572,287       | 300,912                          | 1,326,352                          | ( 593,791 )     | 321,133              | 4,926,893       |
| Personal accidents and passengers | 19,387,220      | 2,165,937                        | ( 805,460 )                        | ( 3,397,763 )   | 2,254,608            | 19,604,542      |
| Health                            | 59,196,797      | 2,052,474                        | 261,833,270                        | ( 263,590,259 ) | 3,221,805            | 62,714,087      |
| Fire and other damage             | 106,766,618     | 23,022,282                       | 71,110,779                         | ( 116,849,564 ) | 23,778,678           | 107,828,793     |
| Motor                             | 5,592,912       | 7,044,132                        | 20,703,432                         | ( 23,233,187 )  | 7,392,793            | 17,500,082      |
| Marine, aviation and transport    | 7,587,437       | 3,048,354                        | ( 84,569 )                         | ( 4,686,044 )   | 3,144,096            | 9,009,274       |
| Third party liability             | 17,982,843      | 8,280,166                        | 5,681,058                          | ( 15,701,381 )  | 8,475,026            | 24,717,712      |
| Credit and suretyship             | 11,906          | 568,703                          | 733,328                            | ( 1,429,749 )   | 581,608              | 465,796         |
| Assistance                        | 3,258           | -                                | 53,780                             | ( 43,847 )      | ( 1,476 )            | 11,715          |
| Others                            | 9,344,200       | 221,422                          | ( 1,808,815 )                      | ( 7,137,462 )   | 4,689,406            | 5,308,751       |
|                                   | 229,445,478     | 46,704,382                       | 358,743,155                        | ( 436,663,047 ) | 53,857,677           | 252,087,645     |
|                                   | 238,928,327     | 79,299,666                       | 428,368,805                        | ( 502,978,635 ) | 53,857,677           | 297,475,840     |

Liabilities originated in the year and the claims paid are not deducted from the reinsurers' portion of the processed reimbursements.

## 18. Other Debtors for Insurance and Other Operations

At 31 December 2020 and 2019 this heading was composed as follows:

|   | 2020                  | 2019                  |
|---|-----------------------|-----------------------|
| <b>Accounts receivable for direct insurance operations</b>  |                       |                       |
| Premiums pending collection                                 | 270,463,947           | 191,658,528           |
| Brokers   | 28,878,921            | 49,770,223            |
| Claims reimbursements                                       | 21,186,594            | 28,521,040            |
| Co-insurers   | 16,933,506            | 19,030,568            |
| Funding Institute of Agriculture and Fisheries (IFAP)       | 2,087,658             | 6,453,627             |
| Workers' compensation fund                                  | 2,605,873             | 2,259,920             |
| Others  | 393,379               | 201,414               |
|   | <u>342,549,878</u>    | <u>297,895,319</u>    |
| (Adjustments to premiums pending collection - Note 43)      | ( 36,673,726 )        | ( 14,027,641 )        |
| (Adjustments for doubtful debts - Note 43)                  | ( 5,465,252 )         | ( 4,069,253 )         |
|   | <u>( 42,138,978 )</u> | <u>( 18,096,894 )</u> |
|   | <u>300,410,900</u>    | <u>279,798,425</u>    |
| <b>Accounts receivable for other reinsurance operations</b> |                       |                       |
| Reinsurers' current accounts                                | 25,330,227            | 25,997,648            |
| Reinsureds' current accounts                                | 3,815,859             | 2,694,588             |
|   | <u>29,146,086</u>     | <u>28,692,236</u>     |
| (Adjustments for doubtful debts - Note 43)                  | ( 9,358,493 )         | ( 7,583,945 )         |
|   | <u>19,787,593</u>     | <u>21,108,291</u>     |
| <b>Accounts receivable for other operations</b>             |                       |                       |
| Clients - current accounts                                  | 108,369,723           | 111,165,201           |
| Aggregate tax   | 13,660,488            | 33,847,557            |
| Property rentals  | 3,109,513             | 2,137,712             |
| Debtors - items held under custody                          | 2,190,090             | 2,060,720             |
| Funding Institute of Agriculture and Fisheries (IFAP)       | 2,000,000             | 953,240               |
| Other suppliers and services provided                       | 1,477,680             | 3,075,077             |
| Transactions to be settled                                  | -                     | 82,177,935            |
| Other shareholders  | -                     | 664,246               |
| Others  | 27,417,032            | 27,637,139            |
|   | <u>158,224,526</u>    | <u>263,718,827</u>    |
| (Adjustments for doubtful debts - Note 43)                  | ( 37,633,966 )        | ( 34,809,034 )        |
|   | <u>120,590,560</u>    | <u>228,909,793</u>    |
|   | <u>440,789,053</u>    | <u>529,816,509</u>    |

In the years 2020 and 2019 the value under the heading "Clients - current accounts" includes the amount of EUR 105,109,632 and EUR 108,179,187, respectively, corresponding to the hospital sector.

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month. In 2019, the heading includes the amount receivable of EUR 74,739,328 relating to the sale of the Largo do Calhariz property.

Balances receivable from IFAP correspond, essentially, to bonuses and compensation for excess claims regarding crop insurance campaigns from 2020.

At 31 December 2020 and 2019, the balance of the heading “Aggregate tax” corresponds to the amount of tax payable by the companies in the Longrun Portugal, SGPS, S.A. Group, as a result of applying the Special Rules for the Taxation of Corporate Groups (SRTCG).

## 19. Tax Assets and Liabilities

The balances for tax assets and liabilities at 31 December 2020 and 2019 were as follows:

|   | 2020                  | 2019<br>(Restated)    |
|---|-----------------------|-----------------------|
| <b>Current tax assets</b>                             |                       |                       |
| Income tax recoverable                                | ( 11,399,501 )        | ( 9,460,855 )         |
| Payments on account                                   | 12,774,549            | 15,351,084            |
| Others  | 427,924               | 203,287               |
|   | <u>1,802,972</u>      | <u>6,093,516</u>      |
| <b>Current tax liabilities</b>                        |                       |                       |
| Others  |                       |                       |
| Stamp duty  | ( 11,604,766 )        | ( 9,614,810 )         |
| Motor insurance guarantee fund                        | ( 2,319,543 )         | ( 2,395,634 )         |
| Workers' compensation fund                            | ( 4,552,433 )         | ( 4,464,917 )         |
| National civil protection authority tax               | ( 2,422,262 )         | ( 1,686,031 )         |
| Insurance and pension funds supervisory authority tax | ( 2,377,896 )         | ( 2,301,540 )         |
| National medical emergency institute tax              | ( 3,253,839 )         | ( 3,125,582 )         |
| Social Security                                       | ( 7,623,445 )         | ( 6,318,337 )         |
| Withholdings  | ( 7,492,231 )         | ( 7,250,414 )         |
| Others  | ( 27,032,594 )        | ( 15,318,028 )        |
|   | <u>( 68,679,009 )</u> | <u>( 52,475,293 )</u> |
| <b>Deferred tax assets</b>                            | 205,909,959           | 229,081,052           |
| <b>Deferred tax liabilities</b>                       | ( 185,924,120 )       | ( 164,738,645 )       |
|   | <u>19,985,839</u>     | <u>64,342,407</u>     |
| <b>Total</b>  | <u>( 46,890,198 )</u> | <u>17,960,630</u>     |

At 31 December 2020 and 2019, the balances relating to current income tax assets and liabilities break down as follows:

|  | 2020              | 2019                 |
|--|-------------------|----------------------|
| Income tax estimate recognised as a charge to the income statement | 51,323,915        | ( 17,309,784 )       |
| Income tax estimate recognised as a charge to reserves             | 64,079            | 1,076,169            |
| Withholding tax  | 2,208,133         | 2,326,560            |
| Payments on account  | 12,774,549        | 15,351,084           |
| Others   | ( 10,315,451 )    | ( 5,736,547 )        |
|  | <u>56,055,225</u> | <u>( 4,292,518 )</u> |

At 31 December 2020 and 2019 the heading “Income tax estimate recognised as a charge to the income statement” corresponds to the amount of the estimate of CIT plus Municipal and State Surcharge and autonomous taxation.

In 2020 and 2019, the income tax registered in reserves is the result of the change in fair value reserve of financial assets at fair value through other comprehensive income linked to life insurance products with profit sharing and of the change in actuarial deviations relating to post-employment benefits granted to employees.



Movements of deferred taxes during 2020 and 2019 were:

|  | 2020                   |                              |                    |                       |                       |                        |
|--|------------------------|------------------------------|--------------------|-----------------------|-----------------------|------------------------|
|  | Opening balance        | Changes in Accounting policy | Entry in perimeter | Change in             |                       | Closing balance        |
|  |                        |                              |                    | Shareholders' equity  | Income statement      | Others                 |
| <b>Assets</b>  |                        |                              |                    |                       |                       |                        |
| Valuation of debt instruments at fair value through other comprehensive income   | 5,502,561              | 15,251                       | 65,717             | 276,979               | -                     | -                      |
| Valuation of debt instruments at fair value through profit and loss              | 5,823,580              | 8,817,270                    | -                  | ( 10,616,986 )        | ( 208,970 )           | -                      |
| Properties   |                        |                              |                    |                       |                       |                        |
| For own use  | 10,821,174             | -                            | -                  | ( 1,651,517 )         | 1,038,942             | ( 884,548 )            |
| Investment properties  | 22,864,685             | -                            | 121,238            | -                     | 19,488                | ( 101,130 )            |
| Provisions and impairment temporarily not allowed for fiscal purposes            | 154,253,292            | 520,171                      | 55,944             | 1,267,762             | ( 25,441,120 )        | 38,246                 |
| Employee benefits  | 13,714,702             | -                            | 18,866             | ( 839,887 )           | ( 2,189,877 )         | 1,815                  |
| Carry-forward tax losses   | 1,941,828              | -                            | 141,903            | -                     | 7,542,309             | ( 57,062 )             |
| Others   | 14,159,230             | -                            | -                  | 173,042               | 7,351,842             | ( 8,646,781 )          |
|  | <u>229,081,052</u>     | <u>9,352,692</u>             | <u>403,668</u>     | <u>( 11,390,607 )</u> | <u>( 11,887,386 )</u> | <u>( 9,649,460 )</u>   |
|  |                        |                              |                    |                       |                       | <u>205,909,959</u>     |
| <b>Liabilities</b>   |                        |                              |                    |                       |                       |                        |
| Devaluation of debt instruments at fair value through other comprehensive income | ( 44,223,814 )         | ( 47,414 )                   | ( 644,030 )        | ( 6,695,098 )         | -                     | ( 1,824,708 )          |
| Devaluation of debt instruments at fair value through profit and loss            | ( 50,635,637 )         | ( 8,817,270 )                | ( 15,933 )         | 19,522,185            | ( 10,919,284 )        | -                      |
| Properties   |                        |                              |                    |                       |                       |                        |
| For own use  | ( 16,668,216 )         | -                            | -                  | 9,160,691             | ( 2,158,235 )         | 33,276                 |
| Investment properties  | ( 22,936,906 )         | -                            | -                  | -                     | ( 24,020,214 )        | 1,453,358              |
| Others   | ( 30,274,072 )         | -                            | -                  | ( 545,485 )           | 14,273,091            | ( 9,940,403 )          |
|  | <u>( 164,738,645 )</u> | <u>( 8,864,684 )</u>         | <u>( 659,963 )</u> | <u>21,442,293</u>     | <u>( 22,824,642 )</u> | <u>( 10,278,477 )</u>  |
|  |                        |                              |                    |                       |                       | <u>( 185,924,120 )</u> |
|  | <u>64,342,407</u>      | <u>488,008</u>               | <u>( 256,295 )</u> | <u>10,051,686</u>     | <u>( 34,712,028 )</u> | <u>( 19,927,937 )</u>  |
|  |                        |                              |                    |                       |                       | <u>19,985,839</u>      |

|   | 2019                   |                       |                   |                       |                        |
|---|------------------------|-----------------------|-------------------|-----------------------|------------------------|
|   | Opening balance        | Change in             |                   | Others                | Closing balance        |
|   |                        | Shareholders' equity  | Income statement  |                       |                        |
| <b>Assets</b>   |                        |                       |                   |                       |                        |
| Valuation of available-for-sale investments                           | 84,575,087             | ( 72,204,445 )        | ( 1,061,428 )     | 16,927                | 11,326,141             |
| Properties  |                        |                       |                   |                       |                        |
| For own use   | 12,132,547             | 6,377,526             | 179,393           | ( 7,868,292 )         | 10,821,174             |
| Investment properties   | 28,392,190             | -                     | ( 5,527,504 )     | ( 1 )                 | 22,864,685             |
| Provisions and impairment temporarily not allowed for fiscal purposes | 148,046,316            | 1,007,014             | 3,980,107         | 1,219,855             | 154,253,292            |
| Employee benefits   | 15,274,086             | ( 839,887 )           | ( 719,496 )       | ( 1 )                 | 13,714,702             |
| Carry-forward tax losses  | 1,567,174              | -                     | 174,031           | 200,623               | 1,941,828              |
| Others  | 1,313,606              | 7,037,108             | 4,375,428         | 1,433,088             | 14,159,230             |
|   | <u>291,301,006</u>     | <u>( 58,622,684 )</u> | <u>1,400,531</u>  | <u>( 4,997,801 )</u>  | <u>229,081,052</u>     |
| <b>Liabilities</b>  |                        |                       |                   |                       |                        |
| Devaluation of available-for-sale investments                         | ( 67,568,618 )         | ( 28,350,560 )        | 426,837           | 632,890               | ( 94,859,451 )         |
| Properties  |                        |                       |                   |                       |                        |
| For own use   | ( 9,896,736 )          | ( 6,373,425 )         | 1,583,526         | ( 1,981,581 )         | ( 16,668,216 )         |
| Investment properties   | ( 20,410,284 )         | -                     | ( 2,000,195 )     | ( 526,427 )           | ( 22,936,906 )         |
| Others  | ( 29,178,912 )         | ( 2,760,370 )         | 9,135,662         | ( 8,568,770 )         | ( 30,274,072 )         |
|   | <u>( 127,054,550 )</u> | <u>( 37,484,355 )</u> | <u>9,145,830</u>  | <u>( 10,443,888 )</u> | <u>( 164,738,645 )</u> |
|   | <u>164,246,456</u>     | <u>( 96,107,039 )</u> | <u>10,546,361</u> | <u>( 15,441,689 )</u> | <u>64,342,407</u>      |

In 2020 the tax rate was 31.5%, except for the part corresponding to tax losses, where the tax rate was 21% (when applicable).

Law 64-B/2011, which approved the State Budget for 2012, was published on 30 December 2011. Article 183 of this law lays down that losses made in 2011, deriving from changes to the accounting policy for the recognition of actuarial profit resulting from recognition of liabilities with retirement pensions and other defined post-employment benefits, relating to contributions made in that period or in previous years, are not included in the limits of deductions established in Article 43 of the CIT Code, but are reported within the calculation of taxable income in the 2012 tax year and the following nine taxation periods.

Income tax recognised in profits and losses, and the tax burden, measured as the ratio between income tax and the profit in the year before tax, may be represented as follows:

|  | 2020              | 2019<br>(Restated)    |
|--|-------------------|-----------------------|
| Current tax  |                   |                       |
| Estimated tax for the year                                   | 44,162,290        | 19,808,629            |
| State and municipal surcharge                                | 9,257,976         | 716,257               |
| Autonomous taxation  | 739,303           | 959,143               |
|  | <u>54,159,569</u> | <u>21,484,029</u>     |
| Others   | ( 1,800,391 )     | ( 2,677,864 )         |
|  | <u>52,359,178</u> | <u>18,806,165</u>     |
| Deferred tax   | <u>34,712,028</u> | <u>( 10,546,361 )</u> |
| Total tax in income statement                                | <u>87,071,206</u> | <u>8,259,804</u>      |
| Consolidated income before tax and non-controlling interests | 305,342,832       | 231,893,097           |
| Tax burden   | 28.52%            | 3.56%                 |

Reconciliation between the nominal tax rate and the effective tax rate in 2020 and 2019 was as follows:

|  | 2020          |                   | 2019<br>(Restated) |                  |
|--|---------------|-------------------|--------------------|------------------|
|  | Rate          | Tax               | Rate               | Tax              |
| Income before tax  |               | 305,342,832       |                    | 231,893,097      |
| Income tax calculated at nominal rate                                    | 21.00%        | 70,642,718        | 13.76%             | 31,916,354       |
| <b>Permanent differences to be deducted</b>                              |               |                   |                    |                  |
| Dividends from equity instruments  | (0.94%)       | ( 2,876,977 )     | (0.45%)            | ( 1,052,664 )    |
| Real estate fair value adjustments                                       | (0.09%)       | ( 283,879 )       | (3.52%)            | ( 8,161,071 )    |
| Capital losses included in the net profit                                | (0.04%)       | ( 110,501 )       | 0.00%              | -                |
| Capital gains (computed in fiscal terms)                                 | (0.23%)       | ( 714,797 )       | 0.00%              | -                |
| Impairment losses non-deductible   | (1.35%)       | ( 4,114,292 )     | (13.64%)           | ( 31,641,448 )   |
| Provision not relevant for tax purposes                                  | 0.05%         | 164,358           | (0.00%)            | ( 1,506 )        |
| Reimbursement of non-deductible tax and over estimation of CIT           | (1.10%)       | ( 3,346,778 )     | (0.34%)            | ( 793,873 )      |
| Adjustments in respect of previous periods                               | (0.13%)       | ( 384,732 )       | 0.00%              | -                |
| <b>Permanent differences to be added</b>                                 |               |                   |                    |                  |
| Provision not relevant for tax purposes                                  | (0.05%)       | ( 141,788 )       | 0.00%              | -                |
| Impairment losses non-deductible   | 1.35%         | 4,110,043         | 0.85%              | 1,965,950        |
| Real estate fair value adjustments                                       | 0.03%         | 81,140            | 0.13%              | 299,532          |
| Capital gains (computed in fiscal terms)                                 | 0.28%         | 854,824           | 0.34%              | 792,953          |
| Under estimation of CIT  | 0.98%         | 2,988,344         | 0.24%              | 560,623          |
| Other penalties  | 0.00%         | -                 | 0.00%              | 2,061            |
| Post-employment benefits and other long term benefits to employees       | 0.00%         | 9,092             | 0.00%              | 6,242            |
| Adjustments in respect of previous periods                               | 0.25%         | 771,238           | 0.04%              | 88,808           |
| Others   | 2.12%         | 6,475,610         | 3.14%              | 7,287,222        |
| <b>Tax benefits</b>  |               |                   |                    |                  |
| Net job creation   | 0.09%         | 268,193           | (0.11%)            | ( 258,121 )      |
| DTI  | (0.12%)       | ( 363,076 )       | (0.94%)            | ( 2,187,484 )    |
| SIFIDE II  | (1.60%)       | ( 4,870,935 )     | (0.94%)            | ( 2,187,484 )    |
| Others   | (0.26%)       | ( 787,807 )       | (4.00%)            | ( 9,286,373 )    |
| <b>Autonomous taxation</b>   | 0.24%         | 736,016           | 0.42%              | 977,040          |
| <b>Municipal and state surcharge</b>                                     | 3.10%         | 9,470,118         | 0.78%              | 1,802,309        |
| <b>Deferred taxes assets and liabilities - Effect of tax rate change</b> | 2.78%         | 8,495,074         | 7.82%              | 18,130,734       |
|  | <b>28.52%</b> | <b>87,071,206</b> | <b>3.56%</b>       | <b>8,259,804</b> |

The tax authorities have the option of inspecting the four prior years in Portugal (in periods with fiscal losses, the deadline to review the fiscal situation is the report deadline's of those fiscal losses). Different interpretations of the legislation could lead to potential adjustments to the taxable profit of past years. Given the nature of any corrections which may be made, it is not possible to quantify these at the present time. However, in the opinion of the Board of Directors of Fidelidade and of the companies in the Group, it is unlikely that any correction concerning the years referred to above will be significant for the attached financial statements.

## 20. Accruals and Deferrals (Assets)

At 31 December 2020 and 2019 this heading was composed as follows:

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>Accrued income</b>                         | 47,675,991        | 61,482,565        |
| <b>Deferred expenses</b>                      |                   |                   |
| Commission on the issue of financial products | 5,561,062         | 8,906,871         |
| Insurance                                     | 1,654,275         | 975,174           |
| Rents and leases                              | 1,130,287         | 1,232,146         |
| Assistance for IT equipment                   | 1,534,358         | 1,543,487         |
| Advertising                                   | 1,309,676         | 2,200,347         |
| Portuguese Insurers Association subscriptions | 591,419           | 323,371           |
| Software licences                             | 4,248,992         | 2,041,762         |
| Others  | 8,469,978         | 8,718,443         |
|   | <u>72,176,038</u> | <u>87,424,166</u> |

At 31 December 2020 and 2019, the heading “Accrued income” includes:

- Estimates of the profit commissions receivable from life reinsurers, of EUR 5,820,000 and EUR 4,509,500, respectively;
- Services provided and not invoiced by Luz Saúde in the amount of EUR 29,780,932 and EUR 45,037,774, relating to 2020 and 2019, respectively.

The heading “Deferred expenses – Commissions on the issue of financial products” corresponds to the deferral of commission charges made by Caixa Geral de Depósitos, S.A. on the commercialisation of capitalisation products recognised as financial liabilities, which are deferred during the lifetime of the contracts.

## 21. Non-Current Assets Held for Sale

At 31 December 2020 and 2019, the non-current held for sale assets, liabilities, and gains and losses were composed as follows:

|   | 2020             | 2019             |
|---|------------------|------------------|
| <b>Non-current assets held for sale</b>                                   |                  |                  |
| Investment properties   | 4,171,357        | 4,171,357        |
| Deferred tax assets   | 3,198            | 155,777          |
|   | <u>4,174,555</u> | <u>4,327,134</u> |
| <b>Liabilities of a group for sale classified as held for sale</b>        |                  |                  |
| Deferred tax liabilities  | 574,928          | 1,081,671        |
|   | <u>574,928</u>   | <u>1,081,671</u> |
| <b>Gains and losses on non-current assets classified as held for sale</b> |                  |                  |
| <b>Losses</b>   |                  |                  |
| Other Losses  | ( 7,794 )        | -                |
|   | <u>( 7,794 )</u> | <u>-</u>         |
|   | <u>( 7,794 )</u> | <u>-</u>         |

At 31 December 2019 and 2020 this balance refers to the property in P. Guilherme Gomes Fernandes, 2 to 18, in Oporto, which was not sold until the end of 2020, as it did not meet all the conditions negotiated for the sale.

The property fulfils the requirements of IFRS 5 – “Non-current assets held for sale and discontinued operations” to be classified as a non-current asset held for sale, and the Company is taking steps to sell the property, with the sale expected to occur in 2021.

## 22. Technical Provisions

At 31 December 2020 and 2019, technical provisions for direct insurance and reinsurance accepted were composed as follows:

|   | 2020                 |                      |                      | 2019                 |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | Life                 | Non- Life            | Total                | Life                 | Non- Life            | Total                |
| Provision for unearned premiums           | 3,225,564            | 478,941,601          | 482,167,165          | 4,590,354            | 509,174,815          | 513,765,169          |
| Mathematical provision for life insurance | 2,887,652,329        | -                    | 2,887,652,329        | 3,163,842,270        | -                    | 3,163,842,270        |
| Claims provision                          |                      |                      |                      |                      |                      |                      |
| Reported claims                           | 104,123,000          | 1,797,924,933        | 1,902,047,933        | 134,285,469          | 1,710,239,126        | 1,844,524,595        |
| Claims incurred but not reported (IBNR)   | 60,303,888           | 108,914,525          | 169,218,413          | 50,919,639           | 118,759,607          | 169,679,246          |
|   | <u>164,426,888</u>   | <u>1,906,839,458</u> | <u>2,071,266,346</u> | <u>185,205,108</u>   | <u>1,828,998,733</u> | <u>2,014,203,841</u> |
| Provision for profit sharing              | 75,716,829           | 6,250                | 75,723,079           | 85,368,234           | 1,750                | 85,369,984           |
| Provision for interest rate commitments   | 29,012,022           | -                    | 29,012,022           | 29,392,059           | -                    | 29,392,059           |
| Provision for portfolio stabilisation     | 26,345,782           | -                    | 26,345,782           | 26,462,475           | -                    | 26,462,475           |
| Equalisation provision                    | -                    | 31,346,274           | 31,346,274           | -                    | 29,119,191           | 29,119,191           |
| Provision for unexpired risks             | -                    | 37,337,003           | 37,337,003           | 228,864              | 31,562,540           | 31,791,404           |
| Other technical provisions                | -                    | 8,969,196            | 8,969,196            | -                    | -                    | -                    |
|   | <u>3,186,379,414</u> | <u>2,463,439,782</u> | <u>5,649,819,196</u> | <u>3,495,089,364</u> | <u>2,398,857,029</u> | <u>5,893,946,393</u> |

At 31 December 2020 and 2019, the provisions for unearned premiums on direct insurance and reinsurance accepted were as follows:

|                                   | 2020              |                |             | 2019              |                |             |
|-----------------------------------|-------------------|----------------|-------------|-------------------|----------------|-------------|
|                                   | Deferred premiums | Deferred costs | Net         | Deferred premiums | Deferred costs | Net         |
| <b>Life insurance</b>             | 3,245,824         | ( 20,260 )     | 3,225,564   | 4,594,787         | ( 4,433 )      | 4,590,354   |
| <b>Non-life insurance</b>         |                   |                |             |                   |                |             |
| Workers' compensation             | 17,890,947        | ( 3,590,341 )  | 14,300,606  | 63,345,801        | ( 3,431,019 )  | 59,914,782  |
| Personal accidents and passengers | 11,312,479        | ( 3,179,590 )  | 8,132,889   | 11,132,673        | ( 2,548,296 )  | 8,584,377   |
| Health                            | 51,751,481        | ( 9,461,347 )  | 42,290,134  | 42,691,587        | ( 4,078,279 )  | 38,613,308  |
| Fire and other damage             | 164,761,864       | ( 27,256,923 ) | 137,504,941 | 157,122,686       | ( 24,952,654 ) | 132,170,032 |
| Motor                             | 238,843,044       | ( 36,929,323 ) | 201,913,721 | 238,098,530       | ( 35,922,255 ) | 202,176,275 |
| Marine, aviation and transport    | 7,994,214         | ( 345,492 )    | 7,648,722   | 6,978,046         | ( 281,504 )    | 6,696,542   |
| Third party liability             | 31,438,648        | ( 5,443,758 )  | 25,994,890  | 33,627,878        | ( 4,339,306 )  | 29,288,572  |
| Credit and suretyship             | 9,991,607         | ( 134,781 )    | 9,856,826   | 9,358,099         | ( 199,606 )    | 9,158,493   |
| Legal protection                  | 2,483,804         | ( 1,213,147 )  | 1,270,657   | 2,302,609         | ( 970,815 )    | 1,331,794   |
| Assistance                        | 18,189,341        | ( 4,125,094 )  | 14,064,247  | 17,340,991        | ( 3,687,100 )  | 13,653,891  |
| Others                            | 19,270,896        | ( 3,306,928 )  | 15,963,968  | 10,565,707        | ( 2,978,958 )  | 7,586,749   |
|                                   | 573,928,325       | ( 94,986,724 ) | 478,941,601 | 592,564,607       | ( 83,389,792 ) | 509,174,815 |
|                                   | 577,174,149       | ( 95,006,984 ) | 482,167,165 | 597,159,394       | ( 83,394,225 ) | 513,765,169 |

The movements in the provision for unearned premiums and in the deferred acquisition costs on direct insurance and reinsurance accepted during 2020 and 2019 were as follows:

|  | 2020            |                                  |                                    |                      |                 |
|--|-----------------|----------------------------------|------------------------------------|----------------------|-----------------|
|  | Opening balance | Entry in consolidation perimeter | Liabilities originated in the year | Exchange differences | Closing balance |
| <b>Provision for unearned premiums</b> |                 |                                  |                                    |                      |                 |
| <b>Life insurance</b>                  | 4,594,787       | -                                | ( 1,207,069 )                      | ( 141,894 )          | 3,245,824       |
| <b>Non-life insurance</b>              |                 |                                  |                                    |                      |                 |
| Workers' compensation                  | 63,345,801      | -                                | ( 41,821,626 )                     | ( 3,633,228 )        | 17,890,947      |
| Personal accidents and passengers      | 11,132,673      | -                                | 478,153                            | ( 298,347 )          | 11,312,479      |
| Health                                 | 42,691,587      | 27,678                           | 12,381,820                         | ( 3,349,604 )        | 51,751,481      |
| Fire and other damage                  | 157,122,686     | -                                | 15,712,782                         | ( 8,073,604 )        | 164,761,864     |
| Motor                                  | 238,098,530     | -                                | 10,407,397                         | ( 9,662,883 )        | 238,843,044     |
| Marine, aviation and transport         | 6,978,046       | -                                | 1,821,202                          | ( 805,034 )          | 7,994,214       |
| Third party liability                  | 33,627,878      | -                                | 1,100,166                          | ( 3,289,396 )        | 31,438,648      |
| Credit and suretyship                  | 9,358,099       | -                                | 2,303,738                          | ( 1,670,230 )        | 9,991,607       |
| Legal protection                       | 2,302,609       | 726                              | 180,543                            | ( 74 )               | 2,483,804       |
| Assistance                             | 17,340,991      | 44,497                           | 808,700                            | ( 4,847 )            | 18,189,341      |
| Others                                 | 10,565,707      | -                                | 9,274,550                          | ( 569,361 )          | 19,270,896      |
|  | 592,564,607     | 72,901                           | 12,647,425                         | ( 31,356,608 )       | 573,928,325     |
|  | 597,159,394     | 72,901                           | 11,440,356                         | ( 31,498,502 )       | 577,174,149     |
| <b>Deferred acquisition costs</b>      |                 |                                  |                                    |                      |                 |
| <b>Life insurance</b>                  | ( 4,433 )       | -                                | ( 50,886 )                         | 35,059               | ( 20,260 )      |
| <b>Non-life insurance</b>              |                 |                                  |                                    |                      |                 |
| Workers' compensation                  | ( 3,431,019 )   | -                                | ( 184,227 )                        | 24,905               | ( 3,590,341 )   |
| Personal accidents and passengers      | ( 2,548,296 )   | -                                | ( 642,551 )                        | 11,257               | ( 3,179,590 )   |
| Health                                 | ( 4,078,279 )   | ( 3,722,162 )                    | ( 1,600,692 )                      | ( 60,214 )           | ( 9,461,347 )   |
| Fire and other damage                  | ( 24,952,654 )  | -                                | ( 2,520,394 )                      | 216,125              | ( 27,256,923 )  |
| Motor                                  | ( 35,922,255 )  | -                                | ( 1,163,706 )                      | 156,638              | ( 36,929,323 )  |
| Marine, aviation and transport         | ( 281,504 )     | -                                | ( 75,695 )                         | 11,707               | ( 345,492 )     |
| Third party liability                  | ( 4,339,306 )   | -                                | ( 1,164,948 )                      | 60,496               | ( 5,443,758 )   |
| Credit and suretyship                  | ( 199,606 )     | -                                | 40,368                             | 24,457               | ( 134,781 )     |
| Legal protection                       | ( 970,815 )     | ( 4 )                            | ( 242,324 )                        | ( 4 )                | ( 1,213,147 )   |
| Assistance                             | ( 3,687,100 )   | ( 486 )                          | ( 425,171 )                        | ( 12,337 )           | ( 4,125,094 )   |
| Others                                 | ( 2,978,958 )   | -                                | ( 344,886 )                        | 16,916               | ( 3,306,928 )   |
|  | ( 83,389,792 )  | ( 3,722,652 )                    | ( 8,324,226 )                      | 449,946              | ( 94,986,724 )  |
|  | ( 83,394,225 )  | ( 3,722,652 )                    | ( 8,375,112 )                      | 485,005              | ( 95,006,984 )  |
|  | 513,765,169     | ( 3,649,751 )                    | 3,065,244                          | ( 31,013,497 )       | 482,167,165     |

The change in the method for calculating the provision for unearned premiums on direct insurance due to the impact of the pandemic on the 2020 accounting year, described in Note 2.12. c), originated an increase of EUR -3,304,150 in deferred premiums and EUR 461,932 in deferred costs.

|  | 2019            |                                  |                                    |                      |                 |
|--|-----------------|----------------------------------|------------------------------------|----------------------|-----------------|
|  | Opening balance | Entry in consolidation perimeter | Liabilities originated in the year | Exchange differences | Closing balance |
| <b>Provision for unearned premiums</b> |                 |                                  |                                    |                      |                 |
| <b>Life insurance</b>                  | 1,634,440       | 3,739,976                        | ( 830,669 )                        | 51,040               | 4,594,787       |
| <b>Non-life insurance</b>              |                 |                                  |                                    |                      |                 |
| Workers' compensation                  | 16,444,781      | 35,991,150                       | 9,177,120                          | 1,732,750            | 63,345,801      |
| Personal accidents and passengers      | 8,958,948       | 1,084,132                        | 947,636                            | 141,957              | 11,132,673      |
| Health                                 | 34,829,317      | 3,818,537                        | 6,658,228                          | ( 2,614,495 )        | 42,691,587      |
| Fire and other damage                  | 95,334,622      | 45,980,378                       | 18,068,671                         | ( 2,260,985 )        | 157,122,686     |
| Motor                                  | 168,772,802     | 47,724,664                       | 17,936,714                         | 3,664,350            | 238,098,530     |
| Marine, aviation and transport         | 1,910,766       | 4,583,137                        | 914,877                            | ( 430,734 )          | 6,978,046       |
| Third party liability                  | 11,598,946      | 11,485,134                       | 10,517,016                         | 26,782               | 33,627,878      |
| Credit and suretyship                  | 194,527         | 3,431,095                        | 5,956,145                          | ( 223,668 )          | 9,358,099       |
| Legal protection                       | 2,242,573       | -                                | 60,115                             | ( 79 )               | 2,302,609       |
| Assistance                             | 16,249,303      | -                                | 1,096,466                          | ( 4,778 )            | 17,340,991      |
| Others                                 | 10,793,263      | 4,178,019                        | ( 503,646 )                        | ( 3,901,929 )        | 10,565,707      |
|  | 367,329,848     | 158,276,246                      | 70,829,342                         | ( 3,870,829 )        | 592,564,607     |
|  | 368,964,288     | 162,016,222                      | 69,998,673                         | ( 3,819,789 )        | 597,159,394     |
| <b>Deferred acquisition costs</b>      |                 |                                  |                                    |                      |                 |
| <b>Life insurance</b>                  | -               | -                                | ( 4,433 )                          | -                    | ( 4,433 )       |
| <b>Non-life insurance</b>              |                 |                                  |                                    |                      |                 |
| Workers' compensation                  | ( 2,867,377 )   | -                                | ( 559,411 )                        | ( 4,231 )            | ( 3,431,019 )   |
| Personal accidents and passengers      | ( 2,301,418 )   | -                                | ( 182,636 )                        | ( 64,242 )           | ( 2,548,296 )   |
| Health                                 | ( 4,392,424 )   | 5                                | ( 127,687 )                        | 441,827              | ( 4,078,279 )   |
| Fire and other damage                  | ( 22,352,115 )  | ( 268,648 )                      | ( 2,377,706 )                      | 45,815               | ( 24,952,654 )  |
| Motor                                  | ( 35,088,063 )  | ( 558 )                          | ( 184,088 )                        | ( 649,546 )          | ( 35,922,255 )  |
| Marine, aviation and transport         | ( 255,845 )     | ( 70,394 )                       | 4,752                              | 39,983               | ( 281,504 )     |
| Third party liability                  | ( 3,142,840 )   | ( 166,301 )                      | ( 1,038,627 )                      | 8,462                | ( 4,339,306 )   |
| Credit and suretyship                  | ( 10,098 )      | ( 37,738 )                       | 1,122                              | ( 152,892 )          | ( 199,606 )     |
| Legal protection                       | ( 963,376 )     | -                                | ( 7,439 )                          | -                    | ( 970,815 )     |
| Assistance                             | ( 3,556,325 )   | -                                | ( 130,823 )                        | 48                   | ( 3,687,100 )   |
| Others                                 | ( 3,432,534 )   | ( 326,459 )                      | 504,915                            | 275,120              | ( 2,978,958 )   |
|  | ( 78,362,415 )  | ( 870,093 )                      | ( 4,097,628 )                      | ( 59,656 )           | ( 83,389,792 )  |
|  | ( 78,362,415 )  | ( 870,093 )                      | ( 4,102,061 )                      | ( 59,656 )           | ( 83,394,225 )  |
|  | 290,601,873     | 161,146,129                      | 65,896,612                         | ( 3,879,445 )        | 513,765,169     |

At 31 December 2020 and 2019, the claims provisions on direct insurance and reinsurance accepted were as follows:

|                                     | 2020          |              |               | 2019          |              |               |
|-------------------------------------|---------------|--------------|---------------|---------------|--------------|---------------|
|                                     | Reported      | Not reported | Total         | Reported      | Not reported | Total         |
| <b>Life insurance</b>               | 104,123,000   | 60,303,888   | 164,426,888   | 134,285,469   | 50,919,639   | 185,205,108   |
| <b>Non-life insurance</b>           |               |              |               |               |              |               |
| <b>Workers' compensation</b>        |               |              |               |               |              |               |
| Mathematical provision              | 731,477,526   | 1,725,172    | 733,202,698   | 667,131,296   | 1,132,004    | 668,263,300   |
| Provision for whole life assistance | 193,043,500   | 7,994,534    | 201,038,034   | 182,614,623   | 7,959,018    | 190,573,641   |
| Provision for temporary assistance  | 113,356,377   | 4,171,371    | 117,527,748   | 87,646,854    | 26,412,268   | 114,059,122   |
|                                     | 1,037,877,403 | 13,891,077   | 1,051,768,480 | 937,392,773   | 35,503,290   | 972,896,063   |
| <b>Other</b>                        |               |              |               |               |              |               |
| Personal accidents and passengers   | 28,165,470    | 7,594,522    | 35,759,992    | 29,214,526    | 6,180,364    | 35,394,890    |
| Health                              | 49,775,174    | 12,138,518   | 61,913,692    | 61,085,425    | 8,523,759    | 69,609,184    |
| Fire and other damage               | 136,554,092   | 23,498,812   | 160,052,904   | 152,966,503   | 19,646,038   | 172,612,541   |
| Motor                               | 411,120,848   | 22,640,638   | 433,761,486   | 417,971,788   | 22,273,551   | 440,245,339   |
| Marine, aviation and transport      | 11,270,202    | 2,783,426    | 14,053,628    | 12,150,109    | 3,040,646    | 15,190,755    |
| Third party liability               | 96,882,267    | 24,184,740   | 121,067,007   | 90,135,689    | 21,667,089   | 111,802,778   |
| Credit and suretyship               | 2,077,129     | 87,127       | 2,164,256     | 1,227,661     | 83,291       | 1,310,952     |
| Legal protection                    | 2,437,688     | 169,077      | 2,606,765     | 15,758        | 8,663        | 24,421        |
| Assistance                          | 7,477,520     | 120,521      | 7,598,041     | 139,929       | 79,846       | 219,775       |
| Others                              | 14,287,140    | 1,806,067    | 16,093,207    | 7,938,965     | 1,753,070    | 9,692,035     |
|                                     | 760,047,530   | 95,023,448   | 855,070,978   | 772,846,353   | 83,256,317   | 856,102,670   |
|                                     | 1,797,924,933 | 108,914,525  | 1,906,839,458 | 1,710,239,126 | 118,759,607  | 1,828,998,733 |
|                                     | 1,902,047,933 | 169,218,413  | 2,071,266,346 | 1,844,524,595 | 169,679,246  | 2,014,203,841 |

The movement in the claims provisions on direct insurance and reinsurance accepted during 2020 and 2019 was as follows:

|                                   | 2020            |                                  |                                    |                   |                      |                 |
|-----------------------------------|-----------------|----------------------------------|------------------------------------|-------------------|----------------------|-----------------|
|                                   | Opening balance | Entry in consolidation perimeter | Liabilities originated in the year | Claims paid       | Exchange differences | Closing balance |
| <b>Life insurance</b>             | 185,205,108     | -                                | 495,624,640                        | ( 528,009,838 )   | 11,606,978           | 164,426,888     |
| <b>Non-life insurance</b>         |                 |                                  |                                    |                   |                      |                 |
| Workers' compensation             | 972,896,063     | -                                | 277,892,120                        | ( 216,409,998 )   | 17,390,295           | 1,051,768,480   |
| Personal accidents and passengers | 35,394,890      | -                                | 9,272,496                          | ( 9,415,231 )     | 507,837              | 35,759,992      |
| Health                            | 69,609,184      | 2,988,508                        | 225,424,665                        | ( 239,184,185 )   | 3,075,520            | 61,913,692      |
| Fire and other damage             | 172,612,541     | ( 111,599 )                      | 128,706,818                        | ( 152,993,701 )   | 11,838,845           | 160,052,904     |
| Motor                             | 440,245,339     | -                                | 400,520,143                        | ( 411,843,344 )   | 4,839,348            | 433,761,486     |
| Marine, aviation and transport    | 15,190,755      | -                                | 5,776,923                          | ( 8,031,896 )     | 1,117,846            | 14,053,628      |
| Third party liability             | 111,802,778     | -                                | 31,157,271                         | ( 24,121,755 )    | 2,228,713            | 121,067,007     |
| Credit and suretyship             | 1,310,952       | -                                | 1,462,265                          | ( 770,177 )       | 161,216              | 2,164,256       |
| Legal protection                  | 24,421          | 3,254,942                        | ( 197,373 )                        | ( 475,225 )       | -                    | 2,606,765       |
| Assistance                        | 219,775         | 9,766,988                        | 32,179,638                         | ( 34,568,356 )    | ( 4 )                | 7,598,041       |
| Others                            | 9,692,035       | -                                | 35,202,203                         | ( 25,028,453 )    | ( 3,772,578 )        | 16,093,207      |
|                                   | 1,828,998,733   | 15,898,839                       | 1,147,397,169                      | ( 1,122,842,321 ) | 37,387,038           | 1,906,839,458   |
|                                   | 2,014,203,841   | 15,898,839                       | 1,643,021,809                      | ( 1,650,852,159 ) | 48,994,016           | 2,071,266,346   |



(Amounts in euros except when expressly indicated otherwise)

|                                   | 2019            |                                  |                                    |                   |                      |                 |
|-----------------------------------|-----------------|----------------------------------|------------------------------------|-------------------|----------------------|-----------------|
|                                   | Opening balance | Entry in consolidation perimeter | Liabilities originated in the year | Claims paid       | Exchange differences | Closing balance |
| Life insurance                    | 119,112,004     | 70,714,417                       | 417,607,164                        | ( 422,345,176 )   | 116,699              | 185,205,108     |
| Non-life insurance                |                 |                                  |                                    |                   |                      |                 |
| Workers' compensation             | 869,497,915     | 57,661,788                       | 231,231,098                        | ( 187,018,242 )   | 1,523,504            | 972,896,063     |
| Personal accidents and passengers | 33,243,737      | 4,091,159                        | 13,215,004                         | ( 15,157,406 )    | 2,396                | 35,394,890      |
| Health                            | 55,535,797      | 6,718,946                        | 246,810,159                        | ( 241,100,322 )   | 1,644,604            | 69,609,184      |
| Fire and other damage             | 171,637,889     | 28,053,978                       | 173,016,862                        | ( 200,904,926 )   | 808,738              | 172,612,541     |
| Motor                             | 426,204,765     | 29,142,474                       | 462,187,943                        | ( 478,197,222 )   | 907,379              | 440,245,339     |
| Marine, aviation and transport    | 11,810,964      | 4,588,616                        | 8,915,769                          | ( 10,206,645 )    | 82,051               | 15,190,755      |
| Third party liability             | 101,063,320     | 11,556,498                       | 31,207,449                         | ( 32,324,132 )    | 299,643              | 111,802,778     |
| Credit and suretyship             | 666,512         | 2,412,769                        | 184,889                            | ( 1,953,218 )     | -                    | 1,310,952       |
| Legal protection                  | 22,921          | -                                | 3,153                              | ( 1,653 )         | -                    | 24,421          |
| Assistance                        | 175,439         | -                                | 101,088                            | ( 56,752 )        | -                    | 219,775         |
| Others                            | 13,289,593      | 1,949,303                        | 11,675,738                         | ( 17,222,599 )    | -                    | 9,692,035       |
|                                   | 1,683,148,852   | 146,175,531                      | 1,178,549,152                      | ( 1,184,143,117 ) | 5,268,315            | 1,828,998,733   |
|                                   | 1,802,260,856   | 216,889,948                      | 1,596,156,316                      | ( 1,606,488,293 ) | 5,385,014            | 2,014,203,841   |

Liabilities originated in the year and the claims paid do not include the costs allocated to claims management and are not deducted from the reimbursements processed by the Group.

At 31 December 2020 and 2019, the provisions for unexpired risks on direct insurance and reinsurance accepted were as follows:

|                                   | 2020              | 2019              |
|-----------------------------------|-------------------|-------------------|
| <b>Life insurance</b>             | 131,691           | 228,864           |
| <b>Non-life insurance</b>         |                   |                   |
| Workers' compensation             | 894,185           | 997,564           |
| Personal accidents and passengers | 1,206,791         | 476,269           |
| Health                            | 9,305,489         | 4,912,646         |
| Fire and other damage             | 3,996,776         | 4,144,483         |
| Motor                             | 16,265,006        | 16,064,597        |
| Third party liability             | 3,036,904         | 1,801,686         |
| Credit and suretyship             | 6,200             | -                 |
| Legal protection                  | 477,133           | 225,411           |
| Assistance                        | 1,974,627         | 2,932,315         |
| Others                            | 42,201            | 7,569             |
|                                   | <u>37,205,312</u> | <u>31,562,540</u> |
|                                   | <u>37,337,003</u> | <u>31,791,404</u> |

The movement in the provision for unexpired risks in direct insurance and reinsurance accepted during 2020 and 2019 was as follows:

|                                   | 2020              |                             |                       |                   |
|-----------------------------------|-------------------|-----------------------------|-----------------------|-------------------|
|                                   | Opening balance   | Appropriations for the year | Exchange differences  | Closing balance   |
| <b>Life insurance</b>             | 228,864           | ( 497,261 )                 | 400,088               | 131,691           |
| <b>Non-life insurance</b>         |                   |                             |                       |                   |
| Workers' compensation             | 997,564           | 43,505                      | ( 146,884 )           | 894,185           |
| Personal accidents and passengers | 476,269           | 1,840,877                   | ( 1,110,355 )         | 1,206,791         |
| Health                            | 4,912,646         | 9,165,518                   | ( 4,772,675 )         | 9,305,489         |
| Fire and other damage             | 4,144,483         | ( 773,711 )                 | 626,004               | 3,996,776         |
| Motor                             | 16,064,597        | 6,398,567                   | ( 6,198,158 )         | 16,265,006        |
| Marine, aviation and transport    | -                 | 190,202                     | ( 190,202 )           | -                 |
| Third party liability             | 1,801,686         | 3,096,424                   | ( 1,861,206 )         | 3,036,904         |
| Credit and suretyship             | -                 | 83,585                      | ( 77,385 )            | 6,200             |
| Legal protection                  | 225,411           | 597,227                     | ( 345,505 )           | 477,133           |
| Assistance                        | 2,932,315         | ( 1,364,605 )               | 406,917               | 1,974,627         |
| Others                            | 7,569             | 98,981                      | ( 64,349 )            | 42,201            |
|                                   | <u>31,562,540</u> | <u>19,376,570</u>           | <u>( 13,733,798 )</u> | <u>37,205,312</u> |
|                                   | <u>31,791,404</u> | <u>18,879,309</u>           | <u>( 13,333,710 )</u> | <u>37,337,003</u> |

The change in the method for calculating the provision for unexpired risks due to the impact of the pandemic on the 2020 accounting year, described in Note 2.12. j), gave rise to a provision being set up in the Health line of business of EUR 9,186,277.

In the motor line of business, calculation of the ratios based on the values recorded in 2020 did not prove to be the most appropriate, and instead the average of the combined ratios was used to calculate this provision, with an impact of EUR 15,900,772.

|                                   | 2019              |                                  |                             |                   |
|-----------------------------------|-------------------|----------------------------------|-----------------------------|-------------------|
|                                   | Opening balance   | Entry in consolidation perimeter | Appropriations for the year | Closing balance   |
| <b>Life insurance</b>             | -                 | -                                | 228,864                     | 228,864           |
| <b>Non-life insurance</b>         |                   |                                  |                             |                   |
| Workers' compensation             | 1,331,772         | -                                | ( 334,208 )                 | 997,564           |
| Personal accidents and passengers | 123,364           | -                                | 352,905                     | 476,269           |
| Health                            | 3,755,245         | -                                | 1,157,401                   | 4,912,646         |
| Fire and other damage             | 3,513,090         | -                                | 631,393                     | 4,144,483         |
| Motor                             | 21,835,879        | -                                | ( 5,771,282 )               | 16,064,597        |
| Marine, aviation and transport    | 190,202           | -                                | ( 190,202 )                 | -                 |
| Third party liability             | 1,191,885         | -                                | 609,801                     | 1,801,686         |
| Credit and suretyship             | 64,500            | -                                | ( 64,500 )                  | -                 |
| Legal protection                  | 67,471            | -                                | 157,940                     | 225,411           |
| Assistance                        | 4,440,773         | -                                | ( 1,508,458 )               | 2,932,315         |
| Others                            | -                 | 239,986                          | ( 232,417 )                 | 7,569             |
|                                   | <u>36,514,181</u> | <u>239,986</u>                   | <u>( 5,191,627 )</u>        | <u>31,562,540</u> |
|                                   | <u>36,514,181</u> | <u>239,986</u>                   | <u>( 4,962,763 )</u>        | <u>31,791,404</u> |

At 31 December 2020 and 2019, the mathematical provision and the provision for profit sharing for life insurance in direct insurance and reinsurance accepted were as follows:

|   | 2020                   |                            |                              |                              |                      |
|---|------------------------|----------------------------|------------------------------|------------------------------|----------------------|
|   | Mathematical provision | Deferred acquisition costs | Total mathematical provision | Provision for profit sharing | Total                |
| <b>Insurance contracts</b>  |                        |                            |                              |                              |                      |
| Life individual risk  | 144,594,336            | ( 1,032,796 )              | 143,561,540                  | 17,934,214                   | 161,495,754          |
| Life group risk   | 842,044,922            | -                          | 842,044,922                  | 18,630,363                   | 860,675,285          |
| Life individual capitalisation  | 132,640,189            | ( 236,629 )                | 132,403,560                  | 193,572                      | 132,597,132          |
| Life group capitalisation   | 2,559,393              | -                          | 2,559,393                    | 48,729                       | 2,608,122            |
|   | <u>1,121,838,840</u>   | <u>( 1,269,425 )</u>       | <u>1,120,569,415</u>         | <u>36,806,878</u>            | <u>1,157,376,293</u> |
| <b>Investment contracts with a discretionary profit sharing component</b> |                        |                            |                              |                              |                      |
| Life individual capitalisation  | 107,684,524            | ( 4,653 )                  | 107,679,871                  | 6,888,940                    | 114,568,811          |
| Life group capitalisation   | 339,814,164            | -                          | 339,814,164                  | 4,059,702                    | 343,873,866          |
| Life individual PPR   | 1,319,601,472          | ( 12,593 )                 | 1,319,588,879                | 27,961,309                   | 1,347,550,188        |
|   | <u>1,767,100,160</u>   | <u>( 17,246 )</u>          | <u>1,767,082,914</u>         | <u>38,909,951</u>            | <u>1,805,992,865</u> |
|   | <u>2,888,939,000</u>   | <u>( 1,286,671 )</u>       | <u>2,887,652,329</u>         | <u>75,716,829</u>            | <u>2,963,369,158</u> |
|   |                        |                            |                              |                              |                      |
|   | 2019                   |                            |                              |                              |                      |
|   | Mathematical provision | Deferred acquisition costs | Total mathematical provision | Provision for profit sharing | Total                |
| <b>Insurance contracts</b>  |                        |                            |                              |                              |                      |
| Life individual risk  | 138,841,645            | ( 840,057 )                | 138,001,588                  | 18,126,916                   | 156,128,504          |
| Life group risk   | 967,846,391            | ( 720 )                    | 967,845,671                  | 17,868,206                   | 985,713,877          |
| Life individual capitalisation  | 130,832,912            | ( 384,621 )                | 130,448,291                  | 193,023                      | 130,641,314          |
| Life group capitalisation   | 1,035,402              | -                          | 1,035,402                    | -                            | 1,035,402            |
|   | <u>1,238,556,350</u>   | <u>( 1,225,398 )</u>       | <u>1,237,330,952</u>         | <u>36,188,145</u>            | <u>1,273,519,097</u> |
| <b>Investment contracts with a discretionary profit sharing component</b> |                        |                            |                              |                              |                      |
| Life individual capitalisation  | 146,422,685            | ( 5,950 )                  | 146,416,735                  | 11,646,185                   | 158,062,920          |
| Life group capitalisation   | 327,172,209            | -                          | 327,172,209                  | 4,027,640                    | 331,199,849          |
| Life individual PPR   | 1,452,937,849          | ( 15,475 )                 | 1,452,922,374                | 33,506,264                   | 1,486,428,638        |
|   | <u>1,926,532,743</u>   | <u>( 21,425 )</u>          | <u>1,926,511,318</u>         | <u>49,180,089</u>            | <u>1,975,691,407</u> |
|   | <u>3,165,089,093</u>   | <u>( 1,246,823 )</u>       | <u>3,163,842,270</u>         | <u>85,368,234</u>            | <u>3,249,210,504</u> |

The movement in the mathematical provision and in the provision for profit sharing for life insurance in direct insurance and reinsurance accepted during 2020 and 2019 was as follows:

|  | 2020                 |  |  |                                      |                         |                        |                      |
|--|----------------------|--|--|--------------------------------------|-------------------------|------------------------|----------------------|
|  | Opening balance      | Liabilities originated in the year and interest attributed | Amount attributable to insured persons from equity | Change in deferred acquisition costs | Portfolio recomposition | Income distributed     | Closing balance      |
| <b>Direct insurance and reinsurance accepted</b>                   |                      |  |  |                                      |                         |                        |                      |
| <b>Mathematical provision</b>                                      |                      |  |  |                                      |                         |                        |                      |
| Insurance contracts  | 1,237,330,952        | 45,117,438   | -  | ( 202,887 )                          | -                       | ( 161,676,088 )        | 1,120,569,415        |
| Investment contracts with a discretionary profit sharing component | 1,926,511,318        | ( 165,878,524 )  | -  | 4,179                                | ( 676,561 )             | 7,122,502              | 1,767,082,914        |
|  | <u>3,163,842,270</u> | <u>( 120,761,086 )</u>                                     | <u>-</u>   | <u>( 198,708 )</u>                   | <u>( 676,561 )</u>      | <u>( 154,553,586 )</u> | <u>2,887,652,329</u> |
| <b>Profit sharing provision</b>                                    |                      |  |  |                                      |                         |                        |                      |
| Insurance contracts  | 36,188,145           | 4,449,324  | ( 998,161 )  | -                                    | -                       | ( 2,832,430 )          | 36,806,878           |
| Investment contracts with a discretionary profit sharing component | 49,180,089           | ( 2,214,786 )  | 2,818,749  | -                                    | -                       | ( 10,874,101 )         | 38,909,951           |
|  | <u>85,368,234</u>    | <u>2,234,538</u>   | <u>1,820,588</u>                                   | <u>-</u>                             | <u>-</u>                | <u>( 13,706,531 )</u>  | <u>75,716,829</u>    |
|  | <u>3,249,210,504</u> | <u>( 118,526,548 )</u>                                     | <u>1,820,588</u>                                   | <u>( 198,708 )</u>                   | <u>( 676,561 )</u>      | <u>( 168,260,117 )</u> | <u>2,963,369,158</u> |

|  | 2019                 |                                  |  |  |                                      |                         |                      |
|--|----------------------|----------------------------------|--|--|--------------------------------------|-------------------------|----------------------|
|  | Opening balance      | Entry in consolidation perimeter | Liabilities originated in the year and interest attributed | Amount attributable to insured persons from equity | Change in deferred acquisition costs | Portfolio recomposition | Closing balance      |
| <b>Direct insurance and reinsurance accepted</b>                   |                      |                                  |  |  |                                      |                         |                      |
| <b>Mathematical provision</b>                                      |                      |                                  |  |  |                                      |                         |                      |
| Insurance contracts  | 271,133,999          | 824,157,081                      | 93,076,917   | -  | ( 639,287 )                          | -                       | 1,237,330,952        |
| Investment contracts with a discretionary profit sharing component | 1,636,293,796        | -                                | 273,454,001  | -  | 5,536                                | 7,462,032               | 1,926,511,318        |
|  | <u>1,907,427,795</u> | <u>824,157,081</u>               | <u>366,530,918</u>   | <u>-</u>   | <u>( 633,751 )</u>                   | <u>7,462,032</u>        | <u>3,163,842,270</u> |
| <b>Profit sharing provision</b>                                    |                      |                                  |  |  |                                      |                         |                      |
| Insurance contracts  | 35,208,739           | -                                | 3,998,013  | 11,484   | -                                    | ( 3,030,091 )           | 36,188,145           |
| Investment contracts with a discretionary profit sharing component | 45,875,218           | -                                | 5,525,158  | 7,300,965  | -                                    | ( 9,521,252 )           | 49,180,089           |
|  | <u>81,083,957</u>    | <u>-</u>                         | <u>9,523,171</u>   | <u>7,312,449</u>                                   | <u>-</u>                             | <u>( 12,551,343 )</u>   | <u>85,368,234</u>    |
|  | <u>1,988,511,752</u> | <u>824,157,081</u>               | <u>376,054,089</u>   | <u>7,312,449</u>                                   | <u>( 633,751 )</u>                   | <u>7,462,032</u>        | <u>3,249,210,504</u> |

The provisions for profit sharing to be allocated and already allocated are accounted for in line with the policy described in Note 2.17. f).

## 23. Financial Liabilities of the Deposit Component of Insurance Contracts and on Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts

Information on movements in this account heading for 2020 and 2019 is set out below:

|  | 2020                 |                    |                          |                        |                      |
|--|----------------------|--------------------|--------------------------|------------------------|----------------------|
|  | Opening balance      | Issues             | Redemptions              | Income and expenditure | Closing balance      |
| <b>Valued at fair value</b>              |                      |                    |                          |                        |                      |
| Unit-linked contracts                    |                      |                    |                          |                        |                      |
| Unit-linked individual capitalisation    | 123,232,458          | 314,532,002        | ( 11,403,383 )           | 10,234,093             | 436,425,650          |
| Unit-linked group capitalisation         | 721,245              | -                  | -                        | -                      | 721,245              |
| Unit-linked PPR                          | 14,768,940           | 70,843,775         | ( 1,235,785 )            | 2,043,712              | 86,383,232           |
|  | <u>138,722,643</u>   | <u>385,375,777</u> | <u>( 12,639,168 )</u>    | <u>12,277,805</u>      | <u>523,530,127</u>   |
| <b>Valued at amortised cost</b>          |                      |                    |                          |                        |                      |
| Other investment contracts               |                      |                    |                          |                        |                      |
| PPR Life individual fixed rate           | 6,207,187,636        | 268,282,048        | ( 993,874,161 )          | 5,344,111              | 5,487,653,605        |
| Life individual fixed rate               | 2,574,655,856        | 326,532,273        | ( 578,767,774 )          | 21,161,388             | 2,343,751,263        |
| Life group fixed rate                    | -                    | 751,929            | -                        | -                      | 751,929              |
| Capitalisation OP. Individual fixed rate | 4,435,555            | -                  | -                        | -                      | 4,435,555            |
|  | <u>8,786,279,047</u> | <u>595,566,250</u> | <u>( 1,572,641,935 )</u> | <u>26,505,499</u>      | <u>7,836,592,352</u> |
|  | <u>8,925,001,690</u> | <u>980,942,027</u> | <u>( 1,585,281,103 )</u> | <u>38,783,304</u>      | <u>8,360,122,479</u> |

|  | 2019                 |                      |                          |                        |                         |                      |
|--|----------------------|----------------------|--------------------------|------------------------|-------------------------|----------------------|
|  | Opening balance      | Issues               | Redemptions              | Income and expenditure | Portfolio recomposition | Closing balance      |
| <b>Valued at fair value</b>              |                      |                      |                          |                        |                         |                      |
| Unit-linked contracts                    |                      |                      |                          |                        |                         |                      |
| Unit-linked individual capitalisation    | 24,925,020           | 100,609,413          | ( 3,559,306 )            | 1,358,452              | ( 101,121 )             | 123,232,458          |
| Unit-linked group capitalisation         | 721,245              | -                    | -                        | -                      | -                       | 721,245              |
| Unit-linked PPR                          | 14,641,455           | 188,410              | ( 925,355 )              | 891,603                | ( 27,173 )              | 14,768,940           |
|  | <u>40,287,720</u>    | <u>100,797,823</u>   | <u>( 4,484,661 )</u>     | <u>2,250,055</u>       | <u>( 128,294 )</u>      | <u>138,722,643</u>   |
| <b>Valued at amortised cost</b>          |                      |                      |                          |                        |                         |                      |
| Other investment contracts               |                      |                      |                          |                        |                         |                      |
| PPR Life individual fixed rate           | 6,260,810,306        | 444,160,579          | ( 505,399,307 )          | 15,050,917             | ( 7,434,859 )           | 6,207,187,636        |
| Life individual fixed rate               | 2,970,703,013        | 604,005,279          | ( 1,025,105,561 )        | 24,952,004             | 101,121                 | 2,574,655,856        |
| Capitalisation OP. Individual fixed rate | 4,668,404            | -                    | ( 232,849 )              | -                      | -                       | 4,435,555            |
|  | <u>9,236,181,723</u> | <u>1,048,165,858</u> | <u>( 1,530,737,717 )</u> | <u>40,002,921</u>      | <u>( 7,333,738 )</u>    | <u>8,786,279,047</u> |
|  | <u>9,276,469,443</u> | <u>1,148,963,681</u> | <u>( 1,535,222,378 )</u> | <u>42,252,976</u>      | <u>( 7,462,032 )</u>    | <u>8,925,001,690</u> |

“Other investment contracts” corresponds, for the most part, to liabilities with contracts which guarantee the insured person a fixed yield throughout the whole of the contract, and these are recognised at amortised cost.

## 24. Financial Liabilities at Fair Value Through Profit or Loss and Other Financial Liabilities

At 31 December 2020 and 2019 this heading was composed as follows:

|   | 2020               | 2019                 |
|---|--------------------|----------------------|
| <b>Financial liabilities held for trading</b>     |                    |                      |
| Fair Value Hedge (Note 7)                         | 38,009,681         | 82,034,738           |
| <b>Financial Leases - put option</b>              |                    |                      |
|   | <u>69,749,808</u>  | <u>85,752,618</u>    |
| <b>Other financial liabilities</b>                |                    |                      |
| Hedge Derivatives                                 |                    |                      |
| Fair Value Hedge (Note 7)                         | -                  | 2,439,323            |
| Cash flow Hedge (Note 7)                          | 4,296,289          | 3,771,157            |
| Hedges of a net investment in a foreign operation | 2,200,673          | 19,495,477           |
|   | <u>6,496,962</u>   | <u>25,705,957</u>    |
| Deposits received from reinsurers                 |                    |                      |
| Life  | 2,374,457          | 28,358,895           |
| Non-life  | 33,920,365         | 128,136,817          |
|   | <u>36,294,822</u>  | <u>156,495,712</u>   |
| Repo Agreement                                    | 34,146,488         | -                    |
| Loans   | 341,741,823        | 656,263,672          |
| Others  |                    |                      |
| Finance leases                                    | 121,874,914        | 116,038,078          |
| Others  | -                  | 3,229,980            |
|   | <u>540,555,009</u> | <u>957,733,399</u>   |
|   | <u>648,314,498</u> | <u>1,125,520,755</u> |

The heading “Loans” at 31 December 2020 includes loans obtained by companies from the Group consolidation perimeter, paying interest at an average annual rate of 1.76%, and with a maximum maturity of approximately 12 years and Commercial Paper issue programme, subscribed by the Group in 2014, subject to an average annual rate of 1.49% and with a maximum maturity of approximately 7 years.

The heading “Put option financial liability” relates to a sale option contracted between Fid Perú and the minority shareholders of La Positiva Seguros Y Reaseguros S.A.A. on the purchase date of that company.

During 2020, the movements in the finance leases was as follows:

|                                  |                    |
|----------------------------------|--------------------|
| <b>Value at 31 December 2019</b> | <b>116,038,078</b> |
| <b>Increase for the period</b>   | <b>39,699,326</b>  |
| Additions                        | 35,975,780         |
| Acquisition of subsidiaries      | 456,323            |
| Interest increment               | 3,267,222          |
| <b>Decrease for the period</b>   | <b>33,862,489</b>  |
| Payments made                    | 33,664,704         |
| Others                           | 197,785            |
| <b>Value at 31 December 2020</b> | <b>121,874,914</b> |

The amounts recorded during the year are recognised in accordance with the implementation of the principles defined in IFRS 16 – “Leases”, as described in Note 2.12.

## 25. Other Creditors for Insurance and Other Operations

At 31 December 2020 and 2019 this heading was composed as follows:

|  | 2020               | 2019               |
|--|--------------------|--------------------|
| <b>Accounts payable for direct insurance operations</b>  |                    |                    |
| Brokers  | 49,609,527         | 72,294,384         |
| Policyholders  | 47,264,885         | 41,439,819         |
| Co-insurers  | 7,793,255          | 9,235,470          |
|  | <u>104,667,667</u> | <u>122,969,673</u> |
| <b>Accounts payable for other reinsurance operations</b> |                    |                    |
| Reinsurers' current accounts                             | 181,990,719        | 122,640,436        |
| Insured's current accounts                               | 1,737,998          | 2,010,161          |
|  | <u>183,728,717</u> | <u>124,650,597</u> |
| <b>Accounts payable for other operations</b>             |                    |                    |
| Suppliers' current accounts                              | 81,637,930         | 70,170,616         |
| Other internal regularisation accounts                   | 9,896,003          | 7,571,920          |
| Aggregate tax  | 9,418,756          | 828,204            |
| Transactions to be settled                               | 9,097,599          | 16,843,563         |
| Employees  | 7,425,962          | 1,366,151          |
| Advances from clients                                    | 7,123,648          | 4,625,512          |
| Deposit guarantee  | 4,494,185          | 12,208,236         |
| Pension funds  | 591,362            | 672,702            |
| Associates   | 551,549            | -                  |
| Group companies  | 120,342            | 10,590,831         |
| Miscellaneous creditors                                  | 14,883,024         | 16,703,077         |
|  | <u>145,240,360</u> | <u>141,584,109</u> |
|  | <u>433,636,744</u> | <u>389,204,379</u> |

The heading "Other internal regularisation accounts" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

## 26. Accruals and Deferrals (Liabilities)

At 31 December 2020 and 2019 this heading was composed as follows:

|   | 2020               | 2019               |
|---|--------------------|--------------------|
| <b>Deferred income</b>                        |                    |                    |
| Rents and leases                              | 12,880,916         | 13,433,752         |
| Others  | 9,491,480          | 10,246,665         |
|   | <u>22,372,396</u>  | <u>23,680,417</u>  |
| <b>Accrued expenses</b>                       |                    |                    |
| Interest payable                              | 810,541            | 779,676            |
| Holiday and holiday subsidies payable         | 45,513,071         | 41,139,205         |
| Insurance                                     | 5,966,871          | 6,494,312          |
| Variable remuneration payable to employees    | 7,715,762          | 9,608,526          |
| Performance bonus                             | 12,405,284         | 12,002,711         |
| Optional career benefits                      | 3,335,875          | 2,544,462          |
| Other employee costs                          | 1,781,256          | 551,456            |
| Provision for finder's fees                   | 531,896            | 622,833            |
| Commissions payable                           | 71,900,110         | 67,390,727         |
| Deferred payments - marketing                 | 6,666,882          | 5,261,744          |
| Municipal tax on real estate                  | 1,356,112          | 1,702,178          |
| Audit   | 1,012,565          | 509,973            |
| Advertising                                   | 254,427            | 1,080,265          |
| Electricity                                   | 655,224            | 594,867            |
| Invoices pending conferral                    | 6,759,762          | 7,982,868          |
| Medical fees                                  | 27,205,840         | 30,465,410         |
| Health services                               | 9,226,774          | 9,500,145          |
| Outsourcing (except accounting and computing) | 3,645,459          | 2,967,037          |
| Others  | 28,776,624         | 11,067,329         |
|   | <u>235,520,335</u> | <u>212,265,724</u> |
|   | <u>257,892,731</u> | <u>235,946,141</u> |



## 27. Other Provisions

Information on the above account heading movements for 2020 and 2019 is set out below:

|   | 2020                |  |                   |                                 |                      |   |                     |
|---|---------------------|--|-------------------|---------------------------------|----------------------|---|---------------------|
|   | Opening<br>balances | Entry in<br>consolidation<br>perimeter | Increases         | Recoveries and<br>cancellations | Uses                 | Actuarial<br>gains and<br>losses from<br>equity | Closing<br>balances |
| Provisions for tax  | 7,595,535           | -                                      | -                 | ( 4,838,443 )                   | ( 2,195,961 )        | -   | 561,131             |
| Provisions for the cost of employee<br>benefits (Note 36) |                     |  |                   |                                 |                      |   |                     |
| Health benefits   | 22,784,917          | -                                      | -                 | ( 1,083,440 )                   | -                    | 5,305,278                                       | 27,006,755          |
| Pension costs   | 3,423,729           | -                                      | -                 | ( 2,019,989 )                   | -                    | ( 1,366,479 )                                   | 37,261              |
| Provision for Workers' compensation fund                  | 52,736,302          | -                                      | 1,200,000         | -                               | -                    | -   | 53,936,302          |
| Provision for restructuring                               | 3,586,283           | -                                      | 9,000,000         | ( 3,184,016 )                   | -                    | -   | 9,402,267           |
| Provision for judicial contingencies                      | 3,847,991           | 69,143                                 | 573,504           | -                               | ( 332,844 )          | -   | 4,157,794           |
| Others  | 38,666,173          | 190,901                                | -                 | ( 13,188,883 )                  | ( 324,460 )          | -   | 25,343,731          |
|   | <u>132,640,930</u>  | <u>260,044</u>                         | <u>10,773,504</u> | <u>( 24,314,771 )</u>           | <u>( 2,853,265 )</u> | <u>3,938,799</u>                                | <u>120,445,241</u>  |

|   | 2019                |  |                   |                                 |                      |                  |   |                     |
|---|---------------------|--|-------------------|---------------------------------|----------------------|------------------|---|---------------------|
|   | Opening<br>balances | Entry in<br>consolidation<br>perimeter | Increases         | Recoveries and<br>cancellations | Uses                 | Others           | Actuarial<br>gains and<br>losses from<br>equity | Closing<br>balances |
| Provisions for tax  | 3,078,249           | -                                      | 2,884             | -                               | -                    | 4,514,402        | -   | 7,595,535           |
| Provisions for the cost of employee<br>benefits (Note 36) |                     |  |                   |                                 |                      |                  |   |                     |
| Health benefits   | 21,053,229          | -                                      | -                 | ( 668,951 )                     | -                    | -                | 2,400,639                                       | 22,784,917          |
| Pension costs   | 2,696,282           | -                                      | -                 | ( 68,783 )                      | -                    | -                | 796,230   | 3,423,729           |
| Provision for Workers' compensation fund                  | 51,536,302          | -                                      | 1,200,000         | -                               | -                    | -                | -   | 52,736,302          |
| Provision for restructuring                               | 13,380,073          | -                                      | -                 | ( 9,793,790 )                   | -                    | -                | -   | 3,586,283           |
| Provision for judicial contingencies                      | 1,579,677           | 3,025,218                              | -                 | ( 726,569 )                     | ( 30,335 )           | -                | -   | 3,847,991           |
| Others  | 17,979,422          | -                                      | 23,981,051        | -                               | ( 3,294,300 )        | -                | -   | 38,666,173          |
|   | <u>111,303,234</u>  | <u>3,025,218</u>                       | <u>25,183,935</u> | <u>( 11,258,093 )</u>           | <u>( 3,324,635 )</u> | <u>4,514,402</u> | <u>3,196,869</u>                                | <u>132,640,930</u>  |

The Group set up a provision related to the employee restructuring and rejuvenation programme which consists of hiring new qualified employees and a negotiated exit solution for a group of employees prior to retirement age.

Following the plan, 230 employees left in 2019, which led to EUR 9,793,790 being used. 300 employees were hired during the same period.

181 employees left in 2020, which led to EUR 3,184,016 being used. 279 new employees were hired during the same period.

Taking into account this continued strategy of constantly renewing skills and introducing new profiles, revision of the development plan was necessary, and on 31 December 2020 Fidelidade added a further EUR 9,000,000 to the provision, considering the actual cost of recently negotiated employee departures, based on the legal retirement age of 66 years and 6 months in 2021.

The other amounts recognised in the heading "Others" are to respond to ongoing legal cases and other contingencies resulting from the Company's activity.

In 2020 and 2019, the "Other Provisions" headings include the use of EUR 12,293,927 and the constitution of EUR 23,401,488, respectively, which are registered under the heading "Impairment Losses (net of reversals)".

The heading “Provisions for costs of employee benefits – Health benefits” represents the liabilities assumed by the Group in relation to employees’ health benefits. The heading “Provisions for costs of employee benefits – Pension costs” represents the liabilities assumed by the Group resulting from the complement to the retirement pension granted to some of its employees, and which are not covered by the pension fund set up by the Group to cover liabilities with post-employment benefits in the defined benefit pensions plan (Note 36).

## **28. Paid-in Capital and Other capital instruments**

The share capital of EUR 509,263,525 is composed of 161.7 million shares with the nominal unit value of EUR 3.15 and is fully paid up.

Other equity instruments are supplementary contributions, and repayment of these is not expected in the short term. In accordance with the legislation in force, repayment is subject to a resolution of the shareholders, which can only be approved if, by virtue of this resolution, the Group's net equity does not become less than the sum of the share capital and the legal reserve.

On December 2015 supplementary contributions were made by shareholders in order to strengthen Fidelidade’s equity amounting to EUR 521,530,515 as follows:

- Longrun Portugal, SGPS, S.A.: EUR 500,000,000;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

In 2015, pursuant to a deliberation of the General Meeting of 31 March 2015 under item 9 of its agenda, 13,300 own shares were acquired at a unit price of EUR 11.20, with a total value of EUR 148,960. This acquisition was completed on 22 December 2015.

In May 2018 there was a capital increase of EUR 76,230,000, with an Issue Premium of EUR 67,276,000, and repayment of supplementary contributions totalling EUR 143,510,614, as follows:

- Longrun Portugal, SGPS, S.A.: EUR 121,980,100;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

In September 2020 there was a capital increase of EUR 38,912,643 by new contributions in kind, with subscription reserved for the holders of shares in the companies Multicare and Fidelidade Assistência.

In October 2020 there was an increase by new contributions in cash, in the remaining amount of EUR 12,970,881.

The capital was increased with an Issue Premium of EUR 63,042,599, and supplementary contributions totalling EUR 63,042,599, made by Longrun, were repaid.

The shareholder structure at 31 December 2020 and 2019 was as follows:

| Shareholders  | 2020               |             | 2019               |             |
|---|--------------------|-------------|--------------------|-------------|
|   | Number of Shares   | % Share     | Number of Shares   | % Share     |
| Longrun Portugal, SGPS, S.A.  | 137,402,839        | 84.9892%    | 123,403,140        | 84.9884%    |
| Caixa Geral de Depósitos, S.A.  | 24,250,644         | 15.0000%    | 21,780,000         | 15.0000%    |
| Employees and former employees of Fidelidade - Companhia de Seguros, S.A. | 4,177              | 0.0026%     | 3,560              | 0.0025%     |
| Own Shares  | 13,300             | 0.0082%     | 13,300             | 0.0092%     |
|   | <u>161,670,960</u> | <u>100%</u> | <u>145,200,000</u> | <u>100%</u> |

The Group became a part of the Fosun Group as of 15 May 2014 when Longrun acquired 80% of Fidelidade's share capital.

The income of 2019 and 2018 was applied as indicated below:

|                                    | 2019               | 2018               |
|------------------------------------|--------------------|--------------------|
| Application of income for the year |                    |                    |
| Legal Reserve                      | 19,418,212         | 35,649,060         |
| Free Reserves                      | 155,661,529        | 364,110,449        |
| Retained earnings                  | 25,316,356         | ( 125,826,573 )    |
|                                    | <u>200,396,097</u> | <u>273,932,936</u> |

The income per share at 31 December 2020 and 2019 was as follows:

|   | 2020        | 2019        |
|---|-------------|-------------|
| Net Income for the year                   | 222,328,672 | 200,396,097 |
| Number of shares (at the end of the year) | 161,670,960 | 145,200,000 |
| Income per Share (in Euros)               | <u>1.38</u> | <u>1.38</u> |

## 29. Reserves, Retained Earnings and Income for the Year

At 31 December 2020 and 2019, reserves and retained earnings were composed as follows:

|   | 2020            | 2019           |
|---|-----------------|----------------|
| Revaluation reserves  |                 |                |
| Fair value adjustments  |                 |                |
| Available-for-sale investments  |                 |                |
| Gross gains (Note 8)  | -               | 401,207,059    |
| Amount attributable to policyholders  | -               | ( 44,037,740 ) |
|   | -               | 357,169,319    |
| Debt instruments at fair value through other comprehensive income   |                 |                |
| Gross gains (Note 8)  | 302,775,658     | -              |
| Amount attributable to policyholders  | ( 41,861,101 )  | -              |
|   | 260,914,557     | -              |
| Equity instruments at fair value through other comprehensive income                                       |                 |                |
| Gross gains (Note 8)  | ( 2,447,416 )   | -              |
| Amount attributable to policyholders  | ( 134,364 )     | -              |
|   | ( 2,581,780 )   | -              |
| Revaluations of properties for own use  | 961,760         | 1,270,313      |
| Adjustments in fair value of hedging instruments in cash flow hedging                                     | ( 2,745,307 )   | ( 3,490,189 )  |
| Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency     | 63,877,538      | 39,125,118     |
| Exchange differences  |                 |                |
| Gross gains   | ( 159,126,021 ) | ( 73,042,362 ) |
|   | ( 159,126,021 ) | ( 73,042,362 ) |
| Allowance for expected credit losses in debt instruments at fair value through other comprehensive income |                 |                |
| Gross gains (Note 43)   | 53,256,186      | -              |
| Amount attributable to policyholders  | ( 2,741,085 )   | -              |
|   | 50,515,101      | -              |
|   | 211,815,848     | 321,032,199    |
| Non-controlling Interests   | ( 32,906,925 )  | ( 36,469,261 ) |
|   | 178,908,923     | 284,562,938    |

|   | 2020            | 2019            |
|---|-----------------|-----------------|
| Deferred tax reserve  |                 |                 |
| Available-for-sale investments  | -               | ( 83,889,091 )  |
| Debt instruments at fair value through other comprehensive income                                     | ( 58,654,310 )  | -               |
| Equity instruments at fair value through other comprehensive income                                   | ( 45,118,070 )  | -               |
| Properties for own use  | 2,477,334       | 3,380,674       |
| Adjustments in fair value of hedging instruments in cash flow hedging                                 | 576,515         | 732,940         |
| Adjustments in fair value of hedging instruments in a hedge of a net investment in a foreign currency | ( 14,253,830 )  | ( 8,583,118 )   |
| Exchange differences  | 9,780,938       | 6,134,051       |
| Actuarial gains and losses  |                 |                 |
| Post-employment benefits  | 25,205,190      | 25,830,072      |
| Health benefits   | 4,030,584       | 2,359,422       |
| Tax (paid)/deducted from potential capital gains or losses  | ( 13,495,402 )  | ( 15,189,486 )  |
|   | ( 89,451,051 )  | ( 69,224,536 )  |
| Non-controlling Interests   | ( 400,455 )     | ( 510,867 )     |
|   | ( 89,851,506 )  | ( 69,735,403 )  |
| Overlay Approach adjustment   |                 |                 |
| Gross gains (Note 6)  | 128,220,249     | -               |
| Amount attributable to policyholders  | ( 1,121,780 )   | -               |
| Non-controlling Interests   | 2,720,319       | -               |
|   | 129,818,788     | -               |
| Other reserves  |                 |                 |
| Equity method reserve   | ( 1,448,026 )   | 98              |
| Legal reserve   | 239,127,549     | 212,923,840     |
| Share premiums  | 382,666,154     | 182,379,280     |
| Actuarial gains and losses  |                 |                 |
| Post-employment benefits  | ( 55,597,639 )  | ( 56,878,729 )  |
| Health benefits   | ( 12,795,505 )  | ( 7,490,227 )   |
| Merger reserves   | 91,335,345      | 91,335,345      |
| Other reserves  | 1,112,062,028   | 1,011,627,314   |
|   | 1,755,349,906   | 1,433,896,921   |
| Non-controlling Interests   | ( 178,557,243 ) | ( 178,844,503 ) |
|   | 1,576,792,663   | 1,255,052,418   |
| Retained earnings   | 268,915,135     | 286,625,546     |
| Income for the year   | 222,328,672     | 200,396,097     |
|   | 2,286,912,675   | 1,956,901,596   |

In accordance with the legislation in force, at least 10% of net profits for each year, in the case of insurance companies, or 5% in the case of other companies, must be transferred to the legal reserve, until it totals the amount of share capital or up to 20% of the capital, respectively. The legal reserve may not be distributed, but may be used to increase the share capital or to offset accumulated losses.

“Revaluation reserves” reflects potential capital gains and losses on financial assets at fair value through other comprehensive income and available-for-sale investments, in 2020 and 2019, respectively, and properties for own use, transferred to investment properties.

The following is an assessment of consolidated profit at 31 December 2020 and 2019:

|   | 2020           | 2019           |
|---|----------------|----------------|
| <b>Contribution to consolidated net income</b>                              |                |                |
| <b>Insurance</b>  |                |                |
| Fidelidade - Companhia de Seguros, S.A.                                     | 150,208,808    | 145,271,486    |
| Via Directa - Companhia de Seguros, S.A.                                    | 2,144,729      | 810,106        |
| Fidelidade Assistência - Companhia de Seguros, S.A.                         | 7,375,853      | -              |
| Companhia Portuguesa de Resseguros, S.A.                                    | 707,636        | 70,151         |
| Multicare - Seguros de Saúde, S.A.  | 17,547,315     | -              |
| Fidelidade Angola - Companhia de Seguros, S.A.                              | 2,394,107      | 1,160,585      |
| Fidelidade Macau - Companhia de Seguros, S.A.                               | 3,005,941      | 4,618,727      |
| Fidelidade Macau Vida - Companhia de Seguros, S.A.                          | 1,548,228      | -              |
| Garantia - Companhia de Seguros de Cabo Verde, S.A.                         | 1,567,683      | 1,543,323      |
| Positiva Seguros y Reaseguros   | 12,150,833     | ( 249,594 )    |
| La Positiva Vida Seguros Y Reaseguros S.A.                                  | 2,990,699      | 22,255,579     |
| Alianza Vida Seguros y Reaseguros S.A.                                      | ( 6,716,811 )  | 4,375,025      |
| Alianza Compañía de Seguros y Reaseguros E.M.A. S.A.                        | 8,410,801      | 3,824,893      |
| Alianza Garantía Seguros Y Reaseguros S.A.                                  | 254,736        | ( 814,167 )    |
| La Positiva S.A. – Entidad Prestadora de Salud                              | 684,379        | ( 318,749 )    |
| FID Chile Seguros Generales, S.A.   | ( 4,802,640 )  | ( 24,006 )     |
| <b>Property</b>   |                |                |
| Fidelidade - Property Europe, S.A.  | 5,856,060      | 6,468,645      |
| Fidelidade - Property International, S.A.                                   | 5,070,179      | ( 4,346,774 )  |
| Fundo de Investimento Imobiliário Fechado Saudeinveste                      | 11,058,374     | 12,084,965     |
| Fundo de Investimento Imobiliário Fechado IMOFID                            | 179,243        | 1,748,993      |
| FPI (UK) 1 LIMITED  | ( 7,653,209 )  | ( 851,466 )    |
| FPI (AU) 1 PTY LIMITED  | ( 2,359 )      | ( 25,247 )     |
| FPE (Lux) Holding S.à r.l.  | 7,297,717      | ( 10,473,096 ) |
| Thomas More Square (Lux) Holdings S.à r.l.                                  | ( 26,962 )     | 176,578        |
| Thomas More Square (Lux) S.à r.l.   | 6,968,539      | 14,791,367     |
| FPE (IT) Società per Azioni   | 4,257,600      | 15,937,466     |
| Godo Kaisha Praia   | 19,118,155     | 17,645,421     |
| Godo Kaisha Moana   | ( 30,242 )     | ( 38,149 )     |
| Fundo Broggi (Maranello)  | 5,778,354      | 21,446,113     |
| Broggi Retail S.R.L.  | ( 24,801 )     | ( 25,662 )     |
| FPE (BE) Holding  | 7,589,072      | 7,687,068      |
| FSG Saúde - Fundo de Investimento Imobiliário Fechado                       | ( 133,535 )    | -              |
| FPE (HU) Kft.   | ( 21 )         | -              |
| FPE (UK) 1 LIMITED  | -              | -              |
| FPE (Lux) 1   | 162,776        | -              |
| FPE (PT), SGPS, S.A.  | ( 25,885 )     | -              |
| FPE (PT) OFFICE A, S.A.   | ( 84,692 )     | -              |
| FPE (PT) 2 OFFICE B, S.A.   | ( 81,989 )     | -              |
| FPE (PT) 3 RESIDENTIAL, S.A.  | ( 81,284 )     | -              |
| FPE (PT) 4 RET, S.A.  | ( 44,042 )     | -              |
| FPE (PT) 5 PARK, S.A.   | ( 45,776 )     | -              |
| <b>Health</b>   |                |                |
| Luz Saúde, S.A. (consolidated accounts excluding non-controlling interests) | ( 17,667,053 ) | 8,800,529      |

|   | 2020               | 2019               |
|---|--------------------|--------------------|
| <b>Other sectors</b>  |                    |                    |
| GEP - Gestão de Peritagens Automóveis, S.A.   | 49,443             | 169,278            |
| E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.  | 31,232             | ( 170,906 )        |
| Cetra - Centro Técnico de Reparação Automóvel, S.A.   | ( 103,055 )        | 79,170             |
| Fidelidade - Serviços de Assistência, S.A.  | 569,039            | -                  |
| CARES - Assistência e Reparações, S.A.  | 324,928            | -                  |
| Fidelidade - Consultoria e Gestão de Risco, Lda.  | 314                | 604                |
| Fidelidade - Assistência e Serviços, Lda.   | 2,296              | 772                |
| FCM Beteiligungs GmbH   | ( 61,462 )         | 181,708            |
| FID III (HK) LIMITED  | ( 3,681 )          | ( 3,922 )          |
| Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.                             | 345,746            | ( 233,131 )        |
| FID Loans 1 (Ireland) Limited   | 5,311,105          | 7,809,130          |
| Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.<br>(Equity accounting method) | 96,662             | 316,158            |
| Serfun Portugal (Equity accounting method)  | ( 14,591 )         | ( 9,454 )          |
| Universal - Assistência e Serviços, Lda.  | ( 55,830 )         | 4,190              |
| FID Latam, SGPS, S.A.   | ( 74,177 )         | ( 6,942 )          |
| GEP Cabo Verde Gestão de Peritagens, Lda  | 28,026             | ( 4,094 )          |
| FID PERÚ, S.A.  | 11,106,754         | 836,681            |
| Fid Chile SpA   | ( 78,491 )         | 38,989             |
| Fid Chile & MT JV SpA   | ( 12,795 )         | ( 1,677,876 )      |
| Alianza SAFI, S.A.  | 305,518            | 214,413            |
| Full Assistance S.R.L.  | ( 24,677 )         | ( 717,251 )        |
| Worldwide Security Corporation S.A.   | 146,489            | ( 535,602 )        |
| FID I&D, S.A.   | ( 40,115 )         | -                  |
| EA One Holding, Inc (Equity accounting method)  | 1,335,689          | -                  |
| FPE (PT)  | 696,128            | -                  |
| Tenax Capital Limited   | ( 89,612 )         | -                  |
| <b>Elimination of dividends</b>   | ( 10,044,799 )     | ( 46,313,138 )     |
| <b>Other consolidation adjustments</b>  |                    |                    |
| Non - controlling interests (Note 30)   | 4,057,046          | ( 23,237,196 )     |
| Elimination of impairment losses (net of reversals)   | ( 19,455,974 )     | ( 6,889,547 )      |
| Property adjustments  | ( 454,602 )        | 7,005,998          |
| Hedge accounting  | ( 18,745,369 )     | 22,950,458         |
| Correction of results from previous years   | 355,608            | 22,057             |
| Elimination of gains and losses on intra-group transactions   | ( 148,268 )        | 127,925            |
| Elimination of exchange differences on intra-group transactions   | 13,183,517         | ( 9,262,078 )      |
| Deferred tax on capital gains   | ( 7,620,376 )      | ( 2,998,627 )      |
| Elimination of subsidiaries valuation   | ( 4,391,549 )      | ( 16,299,046 )     |
| Put Option valuation (Note 24)  | ( 1,799,925 )      | ( 4,505,251 )      |
| Others  | 695,964            | ( 47,482 )         |
|   | <u>222,328,672</u> | <u>200,396,097</u> |

### 30. Non-Controlling Interests

The value of the shares of third parties in subsidiaries breaks down as follows per entity:

|  | % Non-controlling<br>interests | 2020               | 2019               |
|--|--------------------------------|--------------------|--------------------|
| Alianza Compañía de Seguros y Reaseguros E.M.A. S.A.   | 46.88%                         | 17,296,997         | 16,011,547         |
| Alianza Garantía Seguros Y Reaseguros S.A.             | 72.99%                         | 1,738,453          | 2,049,375          |
| Alianza SAFI, S.A.                                     | 74.70%                         | 705,338            | 554,385            |
| Alianza Vida Seguros y Reaseguros S.A.                 | 55.41%                         | 4,554,185          | 8,998,588          |
| Broggi Retail S.R.L                                    | 4.24%                          | ( 3,634 )          | ( 2,571 )          |
| Fid Chile & MT JV SpA                                  | 0.72%                          | 83,920             | 91,790             |
| Fid Chile Seguros Generales, S.A.                      | 0.72%                          | ( 38,207 )         | 2,622              |
| Fidelidade – Assistência e Serviços, Lda.              | 0.00%                          | -                  | 339                |
| Fidelidade Angola - Companhia de Seguros, S.A.         | 29.97%                         | 4,621,298          | 5,506,223          |
| Fidelidade Macau - Companhia de Seguros, S.A.          | 0.00%                          | -                  | 1,801              |
| FPE (IT) Società per Azioni                            | 4.24%                          | 14,075,036         | 14,080,718         |
| Full Assistance S.R.L.                                 | 50.29%                         | ( 480,188 )        | ( 447,168 )        |
| Fundo Broggi   | 4.24%                          | 1,693,647          | 1,447,475          |
| Fundo de Investimento Imobiliário Fechado Saudeinveste | 0.91%                          | 1,517,442          | 1,797,786          |
| Garantia - Companhia de Seguros de Cabo Verde, S.A.    | 44.11%                         | 5,987,295          | 5,516,488          |
| GEP Cabo Verde Gestão de Peritagens, Limitada          | 11.03%                         | 2,639              | 9,861              |
| Godo Kaisha Moana                                      | 3.00%                          | 2,851,336          | 2,958,644          |
| Godo Kaisha Praia                                      | 3.00%                          | 5,795,938          | 5,667,102          |
| La Positiva S.A. – Entidad Prestadora de Salud         | 33.16%                         | 765,254            | 684,861            |
| La Positiva Seguros y Reaseguros S.A.                  | 8.50%                          | 10,974,018         | 12,870,251         |
| La Positiva Vida Seguros Y Reaseguros S.A.             | 45.31%                         | 78,526,367         | 79,170,966         |
| Luz Saúde, S.A.  | 49.15%                         | 309,519,826        | 318,265,579        |
| Tenax Capital Limited                                  | 25.00%                         | 309,758            | -                  |
| Thomas More Square (Lux) Holdings Sarl                 | 0.70%                          | ( 57,940 )         | ( 5,889 )          |
| Thomas More Square (Lux) Sarl                          | 0.70%                          | 235,167            | 252,565            |
| Universal Assistência e Serviços, Lda                  | 43.98%                         | ( 19,701 )         | 1,318              |
| Worldwide Security Corporation S.A.                    | 50.99%                         | ( 202,593 )        | ( 275,577 )        |
|  |                                | <b>460,451,651</b> | <b>475,209,079</b> |



The part of the consolidated profit attributable to minority shareholders in 2020 and 2019 is as follows:

|  | % Non-controlling<br>interests | 2020             | 2019                  |
|--|--------------------------------|------------------|-----------------------|
| Alianza Compañia de Seguros y Reaseguros E.M.A. S.A.   | 46.88%                         | ( 3,849,616 )    | ( 1,832,328 )         |
| Alianza Garantía Seguros Y Reaseguros S.A.             | 72.99%                         | ( 185,939 )      | 594,284               |
| Alianza SAFI, S.A.                                     | 74.70%                         | ( 228,224 )      | ( 160,168 )           |
| Alianza Vida Seguros y Reaseguros S.A.                 | 55.41%                         | 3,722,070        | ( 2,450,207 )         |
| Broggi Retail S.R.L                                    | 4.24%                          | 1,063            | 1,089                 |
| Fid Chile & MT JV SpA                                  | 0.72%                          | ( 3,447 )        | 28,304                |
| Fid Chile Seguros Generales, S.A.                      | 0.72%                          | 41,003           | 594                   |
| Fidelidade – Assistência e Serviços, Lda.              | 0.00%                          | -                | 313                   |
| Fidelidade Angola - Companhia de Seguros, S.A.         | 29.97%                         | ( 1,165,991 )    | ( 1,199,877 )         |
| Fidelidade Macau - Companhia de Seguros, S.A.          | 0.00%                          | -                | ( 289 )               |
| FPE (IT) Società per Azioni                            | 4.24%                          | 5,682            | 15,338                |
| Full Assistance S.R.L.                                 | 50.29%                         | 12,411           | 461,078               |
| Fundo Broggi   | 4.24%                          | ( 246,172 )      | ( 910,803 )           |
| Fundo de Investimento Imobiliário Fechado Saudeinveste | 0.91%                          | ( 123,426 )      | ( 129,866 )           |
| Garantia - Companhia de Seguros de Cabo Verde, S.A.    | 44.11%                         | ( 691,434 )      | ( 680,690 )           |
| GEP Cabo Verde Gestão de Peritagens, Limitada          | 11.03%                         | ( 2,394 )        | 1,475                 |
| Godo Kaisha Moana                                      | 3.00%                          | 908              | 1,146                 |
| Godo Kaisha Praia                                      | 3.00%                          | ( 345,370 )      | ( 439,960 )           |
| La Positiva S.A. – Entidad Prestadora de Salud         | 33.16%                         | ( 226,967 )      | ( 639,433 )           |
| La Positiva Seguros y Reaseguros S.A.                  | 8.50%                          | ( 1,014,189 )    | 52,278                |
| La Positiva Vida Seguros Y Reaseguros S.A.             | 45.31%                         | ( 413,657 )      | ( 9,177,371 )         |
| Luz Saúde, S.A.  | 49.15%                         | 8,843,787        | ( 6,949,949 )         |
| Tenax Capital Limited                                  | 25.00%                         | 25,861           | -                     |
| Thomas More Square (Lux) Holdings Sarl                 | 0.70%                          | 188              | 101                   |
| Thomas More Square (Lux) Sarl                          | 0.70%                          | ( 48,812 )       | ( 103,389 )           |
| Universal Assistência e Serviços, Lda                  | 43.98%                         | 24,411           | ( 1,860 )             |
| Worldwide Security Corporation S.A.                    | 50.99%                         | ( 74,700 )       | 282,994               |
|  |                                | <u>4,057,046</u> | <u>( 23,237,196 )</u> |

## 31. Earned Premiums, Net of Reinsurance

In 2020 and 2019, this heading was composed as follows:

|  | 2020                                      |                        |                      | 2019                                      |                        |                       |
|--|---|------------------------|----------------------|---|------------------------|-----------------------|
|  | Direct insurance and reinsurance accepted | Reinsurance ceded      | Net                  | Direct insurance and reinsurance accepted | Reinsurance ceded      | Net                   |
| <b>Gross premiums written</b>                                      |   |                        |                      |   |                        |                       |
| <b>Life insurance</b>  |   |                        |                      |   |                        |                       |
| Insurance contracts without profit sharing                         | 358,884,139                               | ( 92,407,009 )         | 266,477,130          | 371,311,926                               | ( 89,185,464 )         | 282,126,462           |
| Insurance contracts with profit sharing                            | 29,162,095                                | ( 1,049,199 )          | 28,112,896           | 93,722,540                                | ( 1,059,060 )          | 92,663,480            |
| Investment contracts with a discretionary profit sharing component | 56,847,207                                | -                      | 56,847,207           | 439,692,696                               | -                      | 439,692,696           |
|  | <u>444,893,441</u>                        | <u>( 93,456,208 )</u>  | <u>351,437,233</u>   | <u>904,727,162</u>                        | <u>( 90,244,524 )</u>  | <u>814,482,638</u>    |
| <b>Non-life insurance</b>  |   |                        |                      |   |                        |                       |
| Workers' compensation  | 291,394,771                               | ( 2,519,937 )          | 288,874,834          | 279,613,700                               | ( 7,692,865 )          | 271,920,835           |
| Personal accidents and passengers                                  | 41,649,711                                | ( 15,084,312 )         | 26,565,399           | 45,976,661                                | ( 15,526,542 )         | 30,450,119            |
| Health   | 435,264,661                               | ( 12,312,931 )         | 422,951,730          | 395,267,340                               | ( 332,216,142 )        | 63,051,198            |
| Fire and other damage  | 432,622,234                               | ( 214,526,933 )        | 218,095,301          | 395,108,462                               | ( 181,605,960 )        | 213,502,502           |
| Motor  | 659,628,340                               | ( 34,974,853 )         | 624,653,487          | 657,562,684                               | ( 18,872,343 )         | 638,690,341           |
| Marine, aviation and transport                                     | 39,820,342                                | ( 24,158,492 )         | 15,661,850           | 39,764,237                                | ( 23,235,718 )         | 16,528,519            |
| Third party liability  | 90,852,637                                | ( 47,483,498 )         | 43,369,139           | 86,542,184                                | ( 39,464,346 )         | 47,077,838            |
| Credit and suretyship  | 38,680,745                                | ( 29,700,217 )         | 8,980,528            | 34,173,266                                | ( 25,863,875 )         | 8,309,391             |
| Legal protection   | 6,228,656                                 | ( 3,453 )              | 6,225,203            | 5,858,704                                 | ( 4,272,034 )          | 1,586,670             |
| Assistance   | 50,232,511                                | ( 342,323 )            | 49,890,188           | 48,181,830                                | ( 38,041,126 )         | 10,140,704            |
| Others   | 46,327,290                                | ( 20,304,676 )         | 26,022,614           | 35,280,617                                | ( 12,135,350 )         | 23,145,267            |
|  | <u>2,132,701,898</u>                      | <u>( 401,411,625 )</u> | <u>1,731,290,273</u> | <u>2,023,329,685</u>                      | <u>( 698,926,301 )</u> | <u>1,324,403,384</u>  |
|  | <u>2,577,595,339</u>                      | <u>( 494,867,833 )</u> | <u>2,082,727,506</u> | <u>2,928,056,847</u>                      | <u>( 789,170,825 )</u> | <u>2,138,886,022</u>  |
| <b>Change in provision for unearned premiums</b>                   |   |                        |                      |   |                        |                       |
| <b>Life insurance</b>  |   |                        |                      |   |                        |                       |
| Insurance contracts without profit sharing                         | 1,143,939                                 | ( 860,857 )            | 283,082              | 770,551                                   | ( 784,119 )            | ( 13,568 )            |
| Insurance contracts with profit sharing                            | 62,163                                    | ( 6,141 )              | 56,022               | 56,453                                    | 15,450                 | 71,903                |
| Investment contracts with a discretionary profit sharing component | 967                                       | -                      | 967                  | 3,665                                     | -                      | 3,665                 |
|  | <u>1,207,069</u>                          | <u>( 866,998 )</u>     | <u>340,071</u>       | <u>830,669</u>                            | <u>( 768,669 )</u>     | <u>62,000</u>         |
| <b>Non-life insurance</b>  |   |                        |                      |   |                        |                       |
| Workers' compensation  | 41,821,626                                | -                      | 41,821,626           | ( 9,177,120 )                             | -                      | ( 9,177,120 )         |
| Personal accidents and passengers                                  | ( 478,153 )                               | 1,298,760              | 820,607              | ( 947,636 )                               | ( 40,392 )             | ( 988,028 )           |
| Health   | ( 12,381,820 )                            | 3,181,337              | ( 9,200,483 )        | ( 6,658,228 )                             | ( 157,544 )            | ( 6,815,772 )         |
| Fire and other damage  | ( 15,712,782 )                            | 17,496,434             | 1,783,652            | ( 18,068,671 )                            | 15,476,385             | ( 2,592,286 )         |
| Motor  | ( 10,407,397 )                            | 6,044,017              | ( 4,363,380 )        | ( 17,936,714 )                            | ( 9,892,854 )          | ( 27,829,568 )        |
| Marine, aviation and transport                                     | ( 1,821,202 )                             | 1,081,735              | ( 739,467 )          | ( 914,877 )                               | 259,224                | ( 655,653 )           |
| Third party liability  | ( 1,100,166 )                             | ( 683,175 )            | ( 1,783,341 )        | ( 10,517,016 )                            | 9,476,926              | ( 1,040,090 )         |
| Credit and suretyship  | ( 2,303,738 )                             | 2,177,332              | ( 126,406 )          | ( 5,956,145 )                             | 267,678                | ( 5,688,467 )         |
| Legal protection   | ( 180,543 )                               | ( 86 )                 | ( 180,629 )          | ( 60,115 )                                | ( 2,764 )              | ( 62,879 )            |
| Assistance   | ( 808,700 )                               | ( 536 )                | ( 809,236 )          | ( 1,096,466 )                             | 11,975                 | ( 1,084,491 )         |
| Others   | ( 9,274,550 )                             | 7,109,776              | ( 2,164,774 )        | 503,646                                   | ( 259,003 )            | 244,643               |
|  | <u>( 12,647,425 )</u>                     | <u>37,705,594</u>      | <u>25,058,169</u>    | <u>( 70,829,342 )</u>                     | <u>15,139,631</u>      | <u>( 55,689,711 )</u> |
|  | <u>( 11,440,356 )</u>                     | <u>36,838,596</u>      | <u>25,398,240</u>    | <u>( 69,998,673 )</u>                     | <u>14,370,962</u>      | <u>( 55,627,711 )</u> |
| <b>Earned premiums</b>   |   |                        |                      |   |                        |                       |
| <b>Life insurance</b>  |   |                        |                      |   |                        |                       |
| Insurance contracts without profit sharing                         | 360,028,078                               | ( 93,267,866 )         | 266,760,212          | 372,082,477                               | ( 89,969,583 )         | 282,112,894           |
| Insurance contracts with profit sharing                            | 29,224,258                                | ( 1,055,340 )          | 28,168,918           | 93,778,993                                | ( 1,043,610 )          | 92,735,383            |
| Investment contracts with a discretionary profit sharing component | 56,848,174                                | -                      | 56,848,174           | 439,696,361                               | -                      | 439,696,361           |
|  | <u>446,100,510</u>                        | <u>( 94,323,206 )</u>  | <u>351,777,304</u>   | <u>905,557,831</u>                        | <u>( 91,013,193 )</u>  | <u>814,544,638</u>    |
| <b>Non-life insurance</b>  |   |                        |                      |   |                        |                       |
| Workers' compensation  | 333,216,397                               | ( 2,519,937 )          | 330,696,460          | 270,436,580                               | ( 7,692,865 )          | 262,743,715           |
| Personal accidents and passengers                                  | 41,171,558                                | ( 13,785,552 )         | 27,386,006           | 45,029,025                                | ( 15,566,934 )         | 29,462,091            |
| Health   | 422,882,841                               | ( 9,131,594 )          | 413,751,247          | 388,609,112                               | ( 332,373,686 )        | 56,235,426            |
| Fire and other damage  | 416,909,452                               | ( 197,030,499 )        | 219,878,953          | 377,039,791                               | ( 166,129,575 )        | 210,910,216           |
| Motor  | 649,220,943                               | ( 28,930,836 )         | 620,290,107          | 639,625,970                               | ( 28,765,197 )         | 610,860,773           |
| Marine, aviation and transport                                     | 37,999,140                                | ( 23,076,757 )         | 14,922,383           | 38,849,360                                | ( 22,976,494 )         | 15,872,866            |
| Third party liability  | 89,752,471                                | ( 48,166,673 )         | 41,585,798           | 76,025,168                                | ( 29,987,420 )         | 46,037,748            |
| Credit and suretyship  | 36,377,007                                | ( 27,522,885 )         | 8,854,122            | 28,217,121                                | ( 25,596,197 )         | 2,620,924             |
| Legal protection   | 6,048,113                                 | ( 3,539 )              | 6,044,574            | 5,798,589                                 | ( 4,274,798 )          | 1,523,791             |
| Assistance   | 49,423,811                                | ( 342,859 )            | 49,080,952           | 47,085,364                                | ( 38,029,151 )         | 9,056,213             |
| Others   | 37,052,740                                | ( 13,194,900 )         | 23,857,840           | 35,784,263                                | ( 12,394,353 )         | 23,389,910            |
|  | <u>2,120,054,473</u>                      | <u>( 363,706,031 )</u> | <u>1,756,348,442</u> | <u>1,952,500,343</u>                      | <u>( 683,786,670 )</u> | <u>1,268,713,673</u>  |
|  | <u>2,566,154,983</u>                      | <u>( 458,029,237 )</u> | <u>2,108,125,746</u> | <u>2,858,058,174</u>                      | <u>( 774,799,863 )</u> | <u>2,083,258,311</u>  |

In 2020 and 2019, premiums for life insurance contracts may be broken down as follows:

|  | 2020               | 2019                 |
|--|--------------------|----------------------|
| <b>Direct insurance gross premiums written</b>                               | <b>443,224,095</b> | <b>902,310,586</b>   |
| Individual contracts   | 86,069,366         | 569,297,668          |
| Group contracts  | 357,154,728        | 333,012,918          |
|  | <b>443,224,094</b> | <b>902,310,586</b>   |
| Periodic   | 227,233,099        | 231,907,358          |
| Non-periodic   | 209,248,675        | 670,403,228          |
|  | <b>436,481,774</b> | <b>902,310,586</b>   |
| Contracts without profit sharing   | 362,327,182        | 368,895,350          |
| Contracts with profit sharing  | 64,366,416         | 533,415,236          |
|  | <b>426,693,598</b> | <b>902,310,586</b>   |
| <b>Reinsurance accepted gross premiums written</b>                           | <b>1,669,346</b>   | <b>2,416,576</b>     |
| <b>Gross premiums written from direct insurance and reinsurance accepted</b> | <b>444,893,441</b> | <b>904,727,162</b>   |
| <b>Reinsurance balance</b>   | <b>24,549,874</b>  | <b>( 9,494,254 )</b> |

### 32. Fees from Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts or Service Contracts

In 2020 and 2019, the commissions received relating to insurance contracts and operations considered for accounting purposes as investment contracts totalled EUR 931,133 and EUR 1,215,867 respectively.

### 33. Claims Costs, Net of Reinsurance

In 2020 and 2019, this heading was composed as follows:

|   | 2020                  |                             |                        | 2019                   |                             |                        |
|---|-----------------------|-----------------------------|------------------------|------------------------|-----------------------------|------------------------|
|   | Claims paid           | Changes in claims provision | Total                  | Claims paid            | Changes in claims provision | Total                  |
| <b>Life insurance</b>                     |                       |                             |                        |                        |                             |                        |
| Direct insurance and reinsurance accepted | 512,006,516           | ( 9,286,299 )               | 502,720,217            | 427,715,167            | ( 5,978,847 )               | 421,736,320            |
| Reinsurance ceded                         | ( 92,095,042 )        | ( 1,359,450 )               | ( 93,454,492 )         | ( 48,281,757 )         | ( 10,004,737 )              | ( 58,286,494 )         |
|   | <u>419,911,474</u>    | <u>( 10,645,749 )</u>       | <u>409,265,725</u>     | <u>379,433,410</u>     | <u>( 15,983,584 )</u>       | <u>363,449,826</u>     |
| <b>Non-life insurance</b>                 |                       |                             |                        |                        |                             |                        |
| Direct insurance and reinsurance accepted |                       |                             |                        |                        |                             |                        |
| Workers' compensation                     | 160,629,314           | 99,282,565                  | 259,911,879            | 183,027,398            | 43,683,354                  | 226,710,752            |
| Personal accidents and passengers         | 15,406,916            | 841,001                     | 16,247,917             | 19,083,925             | ( 2,121,770 )               | 16,962,155             |
| Health                                    | 291,801,251           | ( 6,842,314 )               | 284,958,937            | 281,242,244            | 7,330,955                   | 288,573,199            |
| Fire and other damage                     | 157,088,065           | ( 3,138,333 )               | 153,949,732            | 178,611,545            | ( 25,374,152 )              | 153,237,393            |
| Motor                                     | 406,504,221           | ( 885,541 )                 | 405,618,680            | 452,731,286            | ( 15,481,577 )              | 437,249,709            |
| Marine, aviation and transport            | 9,095,857             | ( 64,294 )                  | 9,031,563              | 9,814,954              | ( 1,285,880 )               | 8,529,074              |
| Third party liability                     | 22,456,505            | 11,130,796                  | 33,587,301             | 25,534,118             | ( 752,995 )                 | 24,781,123             |
| Credit and suretyship                     | 2,022,888             | 1,014,519                   | 3,037,407              | 1,476,769              | ( 1,822,195 )               | ( 345,426 )            |
| Legal protection                          | 1,503,410             | ( 672,598 )                 | 830,812                | 119,107                | 1,501                       | 120,608                |
| Assistance                                | 40,819,996            | ( 2,588,671 )               | 38,231,325             | 1,436,702              | 44,337                      | 1,481,039              |
| Other                                     | 12,118,623            | 7,498,946                   | 19,617,569             | 16,904,404             | ( 8,729,843 )               | 8,174,561              |
|   | <u>1,119,447,046</u>  | <u>105,576,076</u>          | <u>1,225,023,122</u>   | <u>1,169,982,452</u>   | <u>( 4,508,265 )</u>        | <u>1,165,474,187</u>   |
| Reinsurance ceded                         |                       |                             |                        |                        |                             |                        |
| Workers' compensation                     | ( 1,318,936 )         | ( 699,316 )                 | ( 2,018,252 )          | ( 573,085 )            | ( 1,033,473 )               | ( 1,606,558 )          |
| Personal accidents and passengers         | ( 3,342,425 )         | 839,805                     | ( 2,502,620 )          | ( 3,397,763 )          | 2,037,286                   | ( 1,360,477 )          |
| Health                                    | ( 6,751,318 )         | 622,606                     | ( 6,128,712 )          | ( 255,716,178 )        | ( 295,485 )                 | ( 256,011,663 )        |
| Fire and other damage                     | ( 55,187,082 )        | 8,453,461                   | ( 46,733,621 )         | ( 87,781,950 )         | 22,716,500                  | ( 65,065,450 )         |
| Motor                                     | ( 17,386,977 )        | ( 2,405,120 )               | ( 19,792,097 )         | ( 22,668,787 )         | ( 4,514,377 )               | ( 27,183,164 )         |
| Marine, aviation and transport            | ( 3,063,147 )         | 724,649                     | ( 2,338,498 )          | ( 4,338,780 )          | 1,722,259                   | ( 2,616,521 )          |
| Third party liability                     | ( 7,309,442 )         | ( 6,914,478 )               | ( 14,223,920 )         | ( 9,490,929 )          | 1,740,158                   | ( 7,750,771 )          |
| Credit and suretyship                     | ( 470,561 )           | ( 772,603 )                 | ( 1,243,164 )          | ( 1,429,749 )          | 127,719                     | ( 1,302,030 )          |
| Assistance                                | 23,878                | 1,885                       | 25,763                 | ( 43,847 )             | ( 9,932 )                   | ( 53,779 )             |
| Other                                     | ( 1,518,855 )         | ( 6,529,703 )               | ( 8,048,558 )          | ( 6,868,461 )          | 8,724,855                   | 1,856,394              |
|   | <u>( 96,324,865 )</u> | <u>( 6,678,814 )</u>        | <u>( 103,003,679 )</u> | <u>( 392,309,529 )</u> | <u>31,215,510</u>           | <u>( 361,094,019 )</u> |
|   | <u>1,023,122,181</u>  | <u>98,897,262</u>           | <u>1,122,019,443</u>   | <u>777,672,923</u>     | <u>26,707,245</u>           | <u>804,380,168</u>     |
|   | <u>1,443,033,655</u>  | <u>88,251,513</u>           | <u>1,531,285,168</u>   | <u>1,157,106,333</u>   | <u>10,723,661</u>           | <u>1,167,829,994</u>   |

“Claims paid” includes costs with claims management and refunds processed by the Group.

The following is a breakdown of claims costs and changes in other life insurance technical provisions in 2020 and 2019:

| 2020   |                |                             |                |                                       |                                    |                |
|--|----------------|-----------------------------|----------------|---------------------------------------|------------------------------------|----------------|
|  | Claims paid    | Changes in claims provision | Sub-total      | Changes in other technical provisions | Changes in mathematical provisions | Profit sharing |
| <b>Direct insurance and reinsurance accepted</b>                   |                |                             |                |                                       |                                    |                |
| Insurance contracts  | 279,760,000    | ( 16,468,443 )              | 263,291,557    | ( 190,743 )                           | 45,117,438                         | 4,449,324      |
| Investment contracts with a discretionary profit sharing component | 232,246,516    | 7,182,144                   | 239,428,660    | ( 159,833 )                           | ( 165,878,524 )                    | ( 2,214,786 )  |
|  | 512,006,516    | ( 9,286,299 )               | 502,720,217    | ( 350,576 )                           | ( 120,761,086 )                    | 2,234,538      |
| <b>Reinsurance ceded</b>   |                |                             |                |                                       |                                    |                |
| Insurance contracts  | ( 92,095,042 ) | ( 1,359,450 )               | ( 93,454,492 ) | 83,607                                | ( 6,320,862 )                      | -              |
|  | ( 92,095,042 ) | ( 1,359,450 )               | ( 93,454,492 ) | 83,607                                | ( 6,320,862 )                      | -              |
| <b>Net</b>   |                |                             |                |                                       |                                    |                |
| Insurance contracts  | 187,664,958    | ( 17,827,893 )              | 169,837,065    | ( 107,136 )                           | 38,796,576                         | 4,449,324      |
| Investment contracts with a discretionary profit sharing component | 232,246,516    | 7,182,144                   | 239,428,660    | ( 159,833 )                           | ( 165,878,524 )                    | ( 2,214,786 )  |
|  | 419,911,474    | ( 10,645,749 )              | 409,265,725    | ( 266,969 )                           | ( 127,081,948 )                    | 2,234,538      |
| 2019   |                |                             |                |                                       |                                    |                |
|  | Claims paid    | Changes in claims provision | Sub-total      | Changes in other technical provisions | Changes in mathematical provisions | Profit sharing |
| <b>Direct insurance and reinsurance accepted</b>                   |                |                             |                |                                       |                                    |                |
| Insurance contracts  | 238,663,354    | ( 7,762,272 )               | 230,901,082    | 660,505                               | 93,076,917                         | 3,998,013      |
| Investment contracts with a discretionary profit sharing component | 189,051,813    | 1,783,425                   | 190,835,238    | 6,488,745                             | 273,454,001                        | 5,525,158      |
|  | 427,715,167    | ( 5,978,847 )               | 421,736,320    | 7,149,250                             | 366,530,918                        | 9,523,171      |
| <b>Reinsurance ceded</b>   |                |                             |                |                                       |                                    |                |
| Insurance contracts  | ( 48,281,757 ) | ( 10,004,737 )              | ( 58,286,494 ) | ( 92,923 )                            | ( 3,444,875 )                      | -              |
|  | ( 48,281,757 ) | ( 10,004,737 )              | ( 58,286,494 ) | ( 92,923 )                            | ( 3,444,875 )                      | -              |
| <b>Net</b>   |                |                             |                |                                       |                                    |                |
| Insurance contracts  | 190,381,597    | ( 17,767,009 )              | 172,614,588    | 567,582                               | 89,632,042                         | 3,998,013      |
| Investment contracts with a discretionary profit sharing component | 189,051,813    | 1,783,425                   | 190,835,238    | 6,488,745                             | 273,454,001                        | 5,525,158      |
|  | 379,433,410    | ( 15,983,584 )              | 363,449,826    | 7,056,327                             | 363,086,043                        | 9,523,171      |

In 2020 and 2019, changes in other technical provisions include the reversal of the provision to stabilise the portfolio and the provision for unexpired risks of EUR 190,743 and the allocation of EUR 660,505, respectively. In 2020 and 2019, this heading also includes the reversal of EUR 159,833 and the allocation of EUR 6,488,745 respectively, to the provision for interest rate commitments.

### 34. Net Operating Costs, by Type and Function

In 2020 and 2019, the Group's operating costs, by type, were as follows:

|  | 2020          | 2019          |
|--|---------------|---------------|
| Employee costs (Note 35)   | 417,767,410   | 399,088,676   |
| External supplies and services                                   |               |               |
| Electricity  | 9,787,665     | 9,593,681     |
| Fuel   | 2,639,372     | 3,014,404     |
| Water  | 1,295,719     | 1,404,845     |
| Printed Material   | 394,152       | 429,910       |
| Office Supplies  | 1,747,516     | 2,652,138     |
| Conservation and repair  | 28,409,061    | 31,733,969    |
| Rents and leases   | 10,086,192    | 16,940,123    |
| Representation expenses  | 1,259,904     | 2,362,648     |
| Communication  | 12,014,731    | 10,881,605    |
| Travel and accommodation   | 3,468,484     | 7,589,673     |
| Insurance  | 3,945,852     | 3,432,944     |
| Expenditure with self-employed workers                           | 84,012,912    | 90,343,609    |
| Advertising and publicity  | 21,874,835    | 22,301,687    |
| Litigation and notary expenses                                   | 2,025,166     | 1,578,452     |
| Security and surveillance  | 6,169,914     | 5,879,781     |
| Specialist work  | 113,652,344   | 104,519,799   |
| Contributions  | 2,013,659     | 1,548,594     |
| Cleanliness, hygiene and comfort                                 | 3,009,471     | 2,891,361     |
| Expenses with premium collections                                | 2,087,664     | 1,923,461     |
| Software licences  | 10,984,123    | 9,954,231     |
| Subcontracts   | 123,475,495   | 127,678,750   |
| Others   | 122,917,864   | 112,302,159   |
|  | 567,272,095   | 570,957,824   |
| Taxes and charges  | 33,330,644    | 27,027,074    |
| Depreciation and amortisation for the year (Notes 11, 13 and 16) | 72,598,326    | 65,130,731    |
| Other provisions   | 8,752,660     | ( 9,475,646 ) |
| Commissions  | 17,008,790    | 17,091,534    |
| Interest paid  | 16,644,691    | 17,735,312    |
|  | 1,133,374,616 | 1,087,555,504 |

In 2020 and 2019 the cost with interest related to leasings are as follow:

|                               | 2020              |                     | 2019              |                     |
|-------------------------------|-------------------|---------------------|-------------------|---------------------|
|                               | Financial leasing | Operational leasing | Financial leasing | Operational leasing |
| Land and Buildings            | -                 | 425,754             | 5,868             | 295,011             |
| Administrative equipment      | -                 | 57                  | -                 | -                   |
| Machinery and tools equipment | -                 | 16                  | -                 | 24                  |
| IT equipment                  | -                 | 96,102              | -                 | 61,577              |
| Transport material            | 4,528             | 34,868              | 2,130             | 21,232              |
| Other equipment               | 646,562           | 2,059,336           | 666,363           | 2,005,994           |
| Total                         | 651,090           | 2,616,132           | 674,361           | 2,383,837           |

In 2020 and 2019 the group also incurred in the following costs related with leasings:

| 2020                          |                                     |                                       |                                      |
|-------------------------------|-------------------------------------|---------------------------------------|--------------------------------------|
|                               | Depreciation of right-of-use assets | Expense relating to short-term leases | Expense relating to low value assets |
| Land and Buildings            | 15,614,788                          | -                                     | -                                    |
| Administrative equipment      | 47,225                              | -                                     | -                                    |
| Machinery and tools equipment | 3,217                               | 162,733                               | -                                    |
| IT equipment                  | 2,579,242                           | 1,541,958                             | -                                    |
| Transport material            | 2,698,185                           | -                                     | 217,178                              |
| Hospital equipment            | 9,445,126                           | -                                     | -                                    |
| Other equipment               | 23,530                              | 200,720                               | -                                    |
| Total                         | 30,411,314                          | 1,905,412                             | 217,178                              |

| 2019                          |                                     |                                       |                                      |
|-------------------------------|-------------------------------------|---------------------------------------|--------------------------------------|
|                               | Depreciation of right-of-use assets | Expense relating to short-term leases | Expense relating to low value assets |
| Land and Buildings            | 10,239,419                          | -                                     | -                                    |
| Machinery and tools equipment | -                                   | -                                     | 161,934                              |
| IT equipment                  | 1,670,628                           | -                                     | 365,997                              |
| Interior installations        | 31,330                              | -                                     | -                                    |
| Transport material            | 2,592,138                           | 90,633                                | -                                    |
| Hospital equipment            | 7,421,917                           | -                                     | -                                    |
| Other equipment               | -                                   | -                                     | 399,988                              |
|                               | 21,955,433                          | 90,633                                | 927,919                              |

In 2020 and 2019, the balance of reinsurance commissions and profit sharing is as follows:

| 2020                          |             |                            |             |
|-------------------------------|-------------|----------------------------|-------------|
|                               | Commissions | Reinsurance profit sharing | Total       |
| Related to life insurance     | 14,580,951  | 4,516,775                  | 19,097,726  |
| Related to non-life insurance | 48,031,990  | 3,231,816                  | 51,263,806  |
|                               | 62,612,941  | 7,748,591                  | 70,361,532  |
| 2019                          |             |                            |             |
|                               | Commissions | Reinsurance profit sharing | Total       |
| Related to life insurance     | 15,734,029  | 4,053,541                  | 19,787,570  |
| Related to non-life insurance | 77,234,209  | 4,360,156                  | 81,594,365  |
|                               | 92,968,238  | 8,413,697                  | 101,381,935 |

In the 2020 and 2019 profit and loss statement, these costs were as follows:

|  | 2020                   |                            |                       | Total                |
|--|------------------------|----------------------------|-----------------------|----------------------|
|  | Life technical account | Non-life technical account | Non-technical account |                      |
| <b>Claims costs - amounts paid</b>       |                        |                            |                       |                      |
| Cost allocations                         | 13,514,988             | 195,882,330                | -                     | 209,397,318          |
| Technical costs                          | 498,491,528            | 923,564,716                | -                     | 1,422,056,244        |
|  | 512,006,516            | 1,119,447,046              | -                     | 1,631,453,562        |
| <b>Acquisition costs</b>                 |                        |                            |                       |                      |
| Cost allocations                         | 29,759,319             | 152,236,483                | -                     | 181,995,802          |
| Brokerage commissions                    | 94,983,030             | 258,436,751                | -                     | 353,419,781          |
| Others                                   | 11,711,575             | 8,684,568                  | -                     | 20,396,143           |
|  | 136,453,924            | 419,357,802                | -                     | 555,811,726          |
| <b>Administrative expenses</b>           |                        |                            |                       |                      |
| Cost allocations                         | 35,341,836             | 118,283,792                | -                     | 153,625,628          |
| Brokerage remuneration                   | 112,484                | 6,142,900                  | -                     | 6,255,384            |
| Others                                   | 326                    | 1,929,791                  | -                     | 1,930,117            |
|  | 35,454,646             | 126,356,483                | -                     | 161,811,129          |
| <b>Financial expenses (Note 38)</b>      |                        |                            |                       |                      |
| Cost allocations                         | 44,295,176             | 14,302,725                 | 9,684,404             | 68,282,305           |
| Others                                   | 996,852                | 216,658                    | 491,525               | 1,705,035            |
|  | 45,292,028             | 14,519,383                 | 10,175,929            | 69,987,340           |
| <b>Other cost allocations (Note 45)</b>  | -                      | -                          | 520,073,563           | 520,073,563          |
| <b>Total operating costs allocations</b> | <b>122,911,319</b>     | <b>480,705,330</b>         | <b>529,757,967</b>    | <b>1,133,374,616</b> |
|  |                        |                            |                       |                      |
|  | 2019                   |                            |                       | Total                |
|  | Life technical account | Non-life technical account | Non-technical account |                      |
| <b>Claims costs - amounts paid</b>       |                        |                            |                       |                      |
| Cost allocations                         | 11,873,068             | 142,448,766                | -                     | 154,321,834          |
| Technical costs                          | 415,842,099            | 1,027,533,686              | -                     | 1,443,375,785        |
|  | 427,715,167            | 1,169,982,452              | -                     | 1,597,697,619        |
| <b>Acquisition costs</b>                 |                        |                            |                       |                      |
| Cost allocations                         | 28,012,966             | 112,754,513                | -                     | 140,767,479          |
| Brokerage commissions                    | 90,179,230             | 247,427,017                | -                     | 337,606,247          |
| Others                                   | 1,277,929              | 9,498,703                  | -                     | 10,776,632           |
|  | 119,470,125            | 369,680,233                | -                     | 489,150,358          |
| <b>Administrative expenses</b>           |                        |                            |                       |                      |
| Cost allocations                         | 44,051,638             | 149,306,130                | -                     | 193,357,768          |
| Brokerage remuneration                   | 134,573                | 8,354,000                  | -                     | 8,488,573            |
| Others                                   | 231                    | 1,509,577                  | -                     | 1,509,808            |
|  | 44,186,442             | 159,169,707                | -                     | 203,356,149          |
| <b>Financial expenses (Note 38)</b>      |                        |                            |                       |                      |
| Cost allocations                         | 10,877,511             | 9,940,614                  | 52,514,304            | 73,332,429           |
| Others                                   | 872,405                | 181,605                    | 243,854               | 1,297,864            |
|  | 11,749,916             | 10,122,219                 | 52,758,158            | 74,630,293           |
| <b>Other cost allocations (Note 45)</b>  | -                      | -                          | 525,775,994           | 525,775,994          |
| <b>Total operating costs allocations</b> | <b>94,815,183</b>      | <b>414,450,023</b>         | <b>578,290,298</b>    | <b>1,087,555,504</b> |



## 35. Employee Costs

In 2020 and 2019, this heading was composed as follows:

|                                    | 2020               | 2019               |
|------------------------------------|--------------------|--------------------|
| Remuneration                       |                    |                    |
| Statutory bodies                   | 13,582,373         | 14,041,028         |
| Employees                          | 310,238,460        | 290,323,088        |
| Remuneration expenses              | 61,645,416         | 57,060,286         |
| Post-employment benefits           | 5,335,208          | 9,387,829          |
| Termination of employment benefits | 3,795,323          | 4,519,200          |
| Mandatory insurance                | 3,892,733          | 3,625,205          |
| Social action costs                | 14,015,365         | 12,510,313         |
| Other employee costs               | 5,262,532          | 7,621,727          |
|                                    | <u>417,767,410</u> | <u>399,088,676</u> |

In 2020 and 2019, the costs of post-employment benefits were as follows:

|                                | 2020             | 2019             |
|--------------------------------|------------------|------------------|
| Post-employment benefits       |                  |                  |
| Defined benefit plan (Note 36) | 1,463,355        | 7,023,276        |
| Individual retirement plan     | 1,787,894        | 1,413,750        |
| Employee transfer              | ( 9,974 )        | ( 53,497 )       |
| Other costs                    | 2,093,933        | 1,004,300        |
|                                | <u>5,335,208</u> | <u>9,387,829</u> |

In 2020 and 2019, the heading “Post-employment benefits – Employee transfer” corresponds to the cost of post-employment benefits for employees of the Group’s Insurance Companies who were assigned to other entities in the Group.

In 2020 and 2019, the number of employees working for the Group, by category, was as follows:

|                   | 2020          | 2019          |
|-------------------|---------------|---------------|
| Senior management | 202           | 203           |
| Line management   | 882           | 849           |
| Technical         | 4,559         | 4,312         |
| Administrative    | 7,122         | 6,722         |
| Ancillary         | 1,858         | 1,759         |
|                   | <u>14,623</u> | <u>13,845</u> |

In 2020 and 2019, the Group established an estimate for optional career benefits of EUR 540,859 and EUR 535,728. “Accruals and deferred income” includes EUR 2,001,049 for seniority bonuses.

## 36. Retirement Pensions and Other Long-Term Benefits

At 31 December 2020 and 2019, the headings “Assets for post-employment benefits and other long-term benefits” and “Liabilities for post-employment benefits and other long-term benefits” were as follows:

|                                | 2020             | 2019             |
|--------------------------------|------------------|------------------|
| <b>Assets</b>                  |                  |                  |
| Defined benefit plan           | 6,991,111        | 4,302,237        |
| <b>Liabilities</b>             |                  |                  |
| Defined contribution plan      | ( 275,794 )      | ( 86,959 )       |
| Other post-employment benefits | ( 65,179 )       | -                |
|                                | <u>6,650,138</u> | <u>4,215,278</u> |

Regarding 2020 and 2019, in the “Defined contribution plan” the Company recorded a cost of EUR 2,280,259 and EUR 1,234,412 respectively, with the payment of EUR 275,794 and EUR 86,959 still pending, which corresponds to December 2020 and 2019 contributions that were paid in January 2021 and 2020.

### Defined Contribution Plan

Within the scope of the new collective employment agreements applicable to companies in the Insurance Sector of the Fidelidade Group, published on 15 January 2012 and 29 January 2016, all permanent employees, covered by these Collective Labour Regulation Instruments (CLRI), are entitled to an individual retirement plan (“IRP”), a defined contribution plan which replaces the system of retirement pensions set out in the former CLRI’s.

The provisions of the previous defined benefit plan apply to active workers in full employment, with employment contracts for an indefinite period, who are not covered by the above-mentioned Collective Labour Regulation Instruments (CLRI) for the insurance sector.

In line with the rules set out in the new CEAs, the capitalised amount of the payments into the IRP can be claimed by the employee, in accordance with the law, on the date he/she retires through the Social Security system due to disability or old age, and there is a capital guarantee on the amounts of the initial transfer and the contributions made by the Group and by the beneficiaries themselves.

In the event of the death of an employee, the capitalised amount of the payments reverts to the beneficiaries named by the employee or, where these are not named, to his/her legal heirs.

The Group’s contributions to the individual retirement plan are made in line with that set out in Chapter VIII of the aforementioned CLRI and correspond to the sum resulting from the application of 3.25% to each employee’s basic annual salary.

At 31 December 2020 and 2019, the liabilities and assets of the Individual Retirement Plan of the Fidelidade Group companies were:

|  | Fidelidade        | CPR            | Multicare     | Via Directa    | Fidelidade<br>Assistência | Total             |
|--|-------------------|----------------|---------------|----------------|---------------------------|-------------------|
| <b>Liabilities at 31 December 2019</b> | <b>26,324,262</b> | <b>24,657</b>  | <b>-</b>      | <b>274,175</b> | <b>-</b>                  | <b>26,623,094</b> |
| Expenses for the year                  | 1,246,498         | -              | 77,432        | 29,582         | 71,808                    | 1,425,320         |
| <b>Liabilities at 31 December 2020</b> | <b>27,570,760</b> | <b>24,657</b>  | <b>77,432</b> | <b>303,757</b> | <b>71,808</b>             | <b>28,048,414</b> |
| <b>Assets at 31 December 2019</b>      | <b>26,239,183</b> | <b>24,657</b>  | <b>-</b>      | <b>272,293</b> | <b>-</b>                  | <b>26,536,133</b> |
| Contributions                          | 1,245,078         | -              | 76,627        | 29,419         | 42,833                    | 1,393,957         |
| <b>Assets at 31 December 2020</b>      | <b>27,484,261</b> | <b>24,657</b>  | <b>76,627</b> | <b>301,712</b> | <b>42,833</b>             | <b>27,930,090</b> |
| <b>Difference</b>                      | <b>1.00</b>       | <b>1.00</b>    | <b>0.99</b>   | <b>0.99</b>    | <b>0.60</b>               | <b>1.00</b>       |
| Funding level                          | <b>99.69%</b>     | <b>100.00%</b> | <b>98.96%</b> | <b>99.33%</b>  | <b>59.65%</b>             | <b>99.58%</b>     |

### Defined Benefit Plan

In line with the collective employment agreement previously in force for the insurance activity, the Group granted to its employees hired by the insurance activity prior to June 1995, cash payments, to complement the retirement pensions paid by the Social Security services. The amount of these payments varied according to the employee's remuneration, the number of years contributing to Social Security, the history of remuneration on which Social Security was collected and also, in the case of disability, the number of years in the insurance activity. Currently, this Plan covers pension fund beneficiaries (retired employees) and workers covered by the 2008 CEA, who took early retirement before 31 December 2018.

In addition, the former Império Bonança granted the following benefits:

- Between 1999 and 2005, it assumed, in situations of early retirement, the payment of a whole life pension which corresponded to the difference between 80% of the last remuneration and the amount paid by the Social Security.
- It assumed the commitment to extend the benefits set out in the collective employment agreement to employees hired up to June 2005 and also to grant to the beneficiaries of the pensions fund, the additional benefits guaranteed by the complementary plan which was in force at the Millennium bcp Group, to which the company belonged until 31 January 2005. The liabilities associated with the complementary plan are financed by the related pension fund.
- For a very small group of employees (4), with "XVII internal salary levels", coming from the former-Império, there is a commitment, when they retire, to award a supplement to the Social Security pension, to 80% of their remuneration at the time they retire.

## Determination of liabilities with defined benefit plans

Liabilities for current payments of retirement pensions and the past services of current employees, at 31 December 2020 and 2019, were determined by Fidelidade's life insurance actuarial department.

The assumptions and technical bases used to calculate the liabilities were as follows:

|                             | 2020                     | 2019                     |
|-----------------------------|--------------------------|--------------------------|
| Actuarial method            | Projected<br>Unit Credit | Projected<br>Unit Credit |
| Mortality table             |                          |                          |
| Men                         | TV 73/77 (-2)            | TV 73/77 (-2)            |
| Women                       | TV 88/90 (-2)            | TV 88/90 (-2)            |
| Discount rate               | 0.75%                    | 1.00%                    |
| Salary growth rate          | 2.40%                    | 2.40%                    |
| Pensions growth rate        | 0.75%                    | 0.75%                    |
| Pre-retirement growth rates | 1.25%                    | 1.25%                    |
| Exclusions table            | n/a                      | n/a                      |

The following table provides a comparison between the actuarial and financial assumptions used to determine pension costs for 2020 and 2019 and the actual amounts:

|                      | 2020        |       | 2019        |       |
|----------------------|-------------|-------|-------------|-------|
|                      | Assumptions | Real  | Assumptions | Real  |
| Salary growth rate   | 2.40%       | 1.27% | 2.40%       | 4.57% |
| Pensions growth rate | 0.75%       | 0.21% | 0.75%       | 0.23% |

At 31 December 2020 and 2019, the Group's liabilities for past service, based on the actuarial studies performed, and the funds and provisions available, were as follows:

|                               | 2020        |         |             | 2019        |         |             |
|-------------------------------|-------------|---------|-------------|-------------|---------|-------------|
|                               | Fidelidade  | Others  | Total       | Fidelidade  | Others  | Total       |
| Liabilities for past services |             |         |             |             |         |             |
| Active employees              | 13,109,637  | 42,510  | 13,152,147  | 10,252,540  | 39,465  | 10,292,005  |
| Retired and pre-retired       | 143,346,089 | 178,074 | 143,524,163 | 159,625,021 | 226,629 | 159,851,650 |
|                               | 156,455,726 | 220,584 | 156,676,310 | 169,877,561 | 266,094 | 170,143,655 |
| Autonomous pension fund       | 126,635,007 | 393,823 | 127,028,830 | 134,619,929 | 437,302 | 135,057,231 |
| Mathematical provisions       | 36,638,591  | -       | 36,638,591  | 39,388,661  | -       | 39,388,661  |
|                               | 163,273,598 | 393,823 | 163,667,421 | 174,008,590 | 437,302 | 174,445,892 |
| Difference                    | 6,817,872   | 173,239 | 6,991,111   | 4,131,029   | 171,208 | 4,302,237   |
| Funding level                 | 104.36%     | 178.54% | 104.46%     | 102.43%     | 164.34% | 102.53%     |

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

- the full funding of the current amount of the liability with current pensions, including pre-retirement and early retirement provisions payable up until the normal age of retirement and subsequently; and
- the funding of at least 95% of the current amount of the liability for past service of employees of working age, excluding those who are pre-retired or in early retirement.

At 31 December 2020 and 2019, the Group's liabilities for past service were fully funded.

The pensions plan is non-contributory and independent of social security, and is funded by the Group's pension fund.

The Group's defined benefit pension funds have the following average duration:

Fidelidade – Companhia de Seguros, S.A.:

|   |       |       |
|---|-------|-------|
| Fidelidade Pension Fund                               | 8.06  | years |
| Mundial Confiança Pension Fund                        | 6.66  | years |
| Império Bonança Pension Fund                          | 11.47 | years |
| Ex-Império Pension Fund                               | 14.70 | years |
| Companhia Portuguesa de Resseguros, S.A. Pension Fund | 5.54  | years |
| Fidelidade Property Europe, S.A. Pension Fund         | 16.97 | years |

At 31 December 2020 and 2019, the number of beneficiaries was as follows:

|                         | 2020         | 2019         |
|-------------------------|--------------|--------------|
| Active employees        | 900          | 916          |
| Retired and pre-retired | 1,881        | 2,017        |
| Annuity holders         | 390          | 426          |
|                         | <u>3,171</u> | <u>3,359</u> |

The movements in the pension fund and in the mathematical provisions during 2020 and 2019 were as follows:

|   | Fidelidade         | Others         | Total              |
|---|--------------------|----------------|--------------------|
| <b>Balances at 31 December 2018</b>             | <u>181,733,953</u> | <u>466,049</u> | <u>182,200,002</u> |
| Contributions                                   | 8,920,000          | -              | 8,920,000          |
| Change in mathematical provisions               | ( 2,775,772 )      | -              | ( 2,775,772 )      |
| Pensions paid                                   | ( 19,298,322 )     | ( 52,547 )     | ( 19,350,869 )     |
| (Payments)/ Receipts relating to other benefits | ( 635,312 )        | -              | ( 635,312 )        |
| Net income of pension funds                     | 6,064,043          | 23,800         | 6,087,843          |
| <b>Balances at 31 December 2019</b>             | <u>174,008,590</u> | <u>437,302</u> | <u>174,445,892</u> |
| Corrections                                     | 2,528,264          | -              | 2,528,264          |
| Contributions                                   | 2,820,000          | -              | 2,820,000          |
| Change in mathematical provisions               | ( 2,750,075 )      | -              | ( 2,750,075 )      |
| Pensions paid                                   | ( 17,468,233 )     | ( 52,590 )     | ( 17,520,823 )     |
| (Payments)/ Receipts relating to other benefits | ( 617,865 )        | -              | ( 617,865 )        |
| Net income of pension funds                     | 4,752,916          | 9,111          | 4,762,027          |
| <b>Balances at 31 December 2020</b>             | <u>163,273,598</u> | <u>393,823</u> | <u>163,667,421</u> |

At 31 December 2020 and 2019 the Group's Pension Funds were managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A..

(Amounts in euros except when expressly indicated otherwise)

At 31 December 2020 and 2019, the pension fund net assets were composed as follows, according to the respective valuation sources:

|                           | 2020         |         |            |            |        |            |                 |         |             |
|---------------------------|--------------|---------|------------|------------|--------|------------|-----------------|---------|-------------|
|                           | Market value |         |            | Others     |        |            | Portfolio value |         |             |
|                           | Fidelidade   | Others  | Total      | Fidelidade | Others | Total      | Fidelidade      | Others  | Total       |
| <b>Equity instruments</b> | 524,516      | -       | 524,516    | -          | -      | -          | 524,516         | -       | 524,516     |
| <b>Debt instruments</b>   |              |         |            |            |        |            |                 |         |             |
| Public debt               | 7,093,082    | -       | 7,093,082  | 9,277,158  | -      | 9,277,158  | 16,370,239      | -       | 16,370,239  |
| Other entities            | 37,880,734   | -       | 37,880,734 | 33,809,327 | -      | 33,809,327 | 71,690,062      | -       | 71,690,062  |
|                           | 44,973,816   | -       | 44,973,816 | 43,086,485 | -      | 43,086,485 | 88,060,301      | -       | 88,060,301  |
| <b>Real Estate</b>        | 16,308,310   | -       | 16,308,310 | -          | -      | -          | 16,308,310      | -       | 16,308,310  |
| <b>Investment funds</b>   |              |         |            |            |        |            |                 |         |             |
| European shares           | 2,014,812    | 26,997  | 2,041,809  | -          | -      | -          | 2,014,812       | 26,997  | 2,041,809   |
| Real Estate               | 4,032,444    | 36,822  | 4,069,266  | -          | -      | -          | 4,032,444       | 36,822  | 4,069,266   |
| Debt instruments          |              |         |            |            |        |            |                 |         |             |
| Other issuers             | 5,783,333    | 171,274 | 5,954,607  | -          | -      | -          | 5,783,333       | 171,274 | 5,954,607   |
| Treasury                  | 2,152,789    | -       | 2,152,789  | -          | -      | -          | 2,152,789       | -       | 2,152,789   |
| Others                    | 565,768      | -       | 565,768    | -          | -      | -          | 565,768         | -       | 565,768     |
|                           | 14,549,145   | 235,093 | 14,784,238 | -          | -      | -          | 14,549,145      | 235,093 | 14,784,238  |
| <b>Others</b>             | 7,192,735    | 158,730 | 7,351,464  | -          | -      | -          | 7,192,735       | 158,730 | 7,351,464   |
|                           | 83,548,523   | 393,823 | 83,942,345 | 43,086,485 | -      | 43,086,485 | 126,635,007     | 393,823 | 127,028,830 |

|                                  | 2019         |         |            |            |        |            |                 |         |             |
|----------------------------------|--------------|---------|------------|------------|--------|------------|-----------------|---------|-------------|
|                                  | Market value |         |            | Others     |        |            | Portfolio value |         |             |
|                                  | Fidelidade   | Others  | Total      | Fidelidade | Others | Total      | Fidelidade      | Others  | Total       |
| <b>Cash and cash equivalents</b> | -            | 20,432  | 20,432     | -          | -      | -          | -               | 20,432  | 20,432      |
| <b>Equity instruments</b>        | 542,662      | 199     | 542,861    | -          | -      | -          | 542,662         | 199     | 542,861     |
| <b>Debt instruments</b>          |              |         |            |            |        |            |                 |         |             |
| Public debt                      | 5,439,060    | 24,993  | 5,464,053  | 11,434,613 | -      | 11,434,613 | 16,873,674      | 24,993  | 16,898,666  |
| Other entities                   | 38,748,558   | 61,866  | 38,810,423 | 40,042,674 | -      | 40,042,674 | 78,791,231      | 61,866  | 78,853,097  |
|                                  | 44,187,618   | 86,858  | 44,274,476 | 51,477,287 | -      | 51,477,287 | 95,664,905      | 86,858  | 95,751,763  |
| <b>Real Estate</b>               | 14,267,910   | 9,924   | 14,277,834 | -          | -      | -          | 14,267,910      | 9,924   | 14,277,834  |
| <b>Investment funds</b>          |              |         |            |            |        |            |                 |         |             |
| American shares                  | -            | -       | -          | -          | -      | -          | -               | -       | -           |
| European shares                  | 2,734,655    | 54,019  | 2,788,674  | -          | -      | -          | 2,734,655       | 54,019  | 2,788,674   |
| Real Estate                      | 4,291,029    | 41,919  | 4,332,948  | -          | -      | -          | 4,291,029       | 41,919  | 4,332,948   |
| Debt instruments                 |              |         |            |            |        |            |                 |         |             |
| Public debt                      | -            | 1,510   | 1,510      | -          | -      | -          | -               | 1,510   | 1,510       |
| Other issuers                    | 1,483,457    | 210,828 | 1,694,285  | -          | -      | -          | 1,483,457       | 210,828 | 1,694,285   |
| Treasury                         | 1,928,551    | -       | 1,928,551  | -          | -      | -          | 1,928,551       | -       | 1,928,551   |
| Others                           | 693,616      | 1,387   | 695,003    | -          | -      | -          | 693,616         | 1,387   | 695,003     |
|                                  | 11,131,309   | 309,663 | 11,440,972 | -          | -      | -          | 11,131,309      | 309,663 | 11,440,972  |
| <b>Others</b>                    | 13,013,144   | 10,226  | 13,023,370 | -          | -      | -          | 13,013,144      | 10,226  | 13,023,370  |
|                                  | 83,142,642   | 437,302 | 83,579,944 | 51,477,287 | -      | 51,477,287 | 134,619,929     | 437,302 | 135,057,231 |

On these dates, the pension fund portfolio contained the following assets issued or managed by entities in the CGD Group:

|                         | 2020             |                |                  | 2019             |                  |                   |
|-------------------------|------------------|----------------|------------------|------------------|------------------|-------------------|
|                         | Fidelidade       | Others         | Total            | Fidelidade       | Others           | Total             |
| <b>Debt instruments</b> | 510,046          | -              | 510,046          | 302,190          | -                | 302,190           |
| <b>Investment funds</b> |                  |                |                  |                  |                  |                   |
| Real Estate             | 2,228,288        | 31,119         | 2,259,407        | 2,213,971        | 6,441,773        | 8,655,744         |
| Debt instruments        |                  |                |                  |                  |                  |                   |
| Other issuers           | 4,021,226        | 124,453        | 4,145,679        | 1,023,916        | 157,109          | 1,181,025         |
| Others                  | 565,769          | -              | 565,769          | 582,742          | 844,887          | 1,427,629         |
|                         | <b>6,815,283</b> | <b>155,572</b> | <b>6,970,855</b> | <b>3,820,629</b> | <b>7,443,769</b> | <b>11,264,398</b> |
|                         | <b>7,325,328</b> | <b>155,572</b> | <b>7,480,900</b> | <b>4,122,819</b> | <b>7,443,769</b> | <b>11,566,588</b> |

The change in the difference between the Group's liabilities for past services and the respective cover, and the corresponding impact on the financial statements at 31 December 2020 and 2019, can be demonstrated as follows:

|   | Liabilities        |                |                    | Cover              |                |                    | Difference         |                 |                    |
|---|--------------------|----------------|--------------------|--------------------|----------------|--------------------|--------------------|-----------------|--------------------|
|   | Fidelidade         | Others         | Total              | Fidelidade         | Others         | Total              | Fidelidade         | Others          | Total              |
| <b>Position at 31 December 2018</b>                               | <b>174,622,261</b> | <b>278,662</b> | <b>174,900,923</b> | <b>181,733,953</b> | <b>466,049</b> | <b>182,200,002</b> | <b>7,111,692</b>   | <b>187,387</b>  | <b>7,299,079</b>   |
| Current services expenses   | 106,233            | 899            | 107,132            | -                  | -              | -                  | (106,233)          | (899)           | (107,132)          |
| Net defined benefit interest                                      | 2,456,174          | 5,471          | 2,461,645          | 2,598,407          | 3,912          | 2,602,319          | 142,233            | (1,560)         | 140,673            |
| Normal cost for the year  | 2,562,407          | 6,370          | 2,568,777          | 2,598,407          | 3,912          | 2,602,319          | 36,000             | (2,459)         | 33,541             |
| Increased liabilities for early retirements                       | 6,424,596          | -              | 6,424,596          | -                  | -              | -                  | (6,424,596)        | -               | (6,424,596)        |
| Other changes in the income statement                             | -                  | -              | -                  | (635,312)          | -              | (635,312)          | (635,312)          | -               | (635,312)          |
| <b>Changes having an impact in the income statement (Note 35)</b> | <b>8,987,003</b>   | <b>6,370</b>   | <b>8,993,373</b>   | <b>1,963,095</b>   | <b>3,912</b>   | <b>1,967,007</b>   | <b>(7,023,908)</b> | <b>(2,459)</b>  | <b>(7,026,367)</b> |
| Actuarial gains and losses  |                    |                |                    |                    |                |                    |                    |                 |                    |
| return on plan assets, not included in interest income            | -                  | -              | -                  | 3,465,634          | 5,949          | 3,471,583          | 3,465,634          | 5,949           | 3,471,583          |
| resulting from changes in financial assumptions                   | 11,726,879         | 19,436         | 11,746,315         | -                  | 13,939         | 13,939             | (11,726,879)       | (5,497)         | (11,732,376)       |
| resulting from differences between assumptions and actual amounts | (3,384,488)        | 14,172         | (3,370,316)        | -                  | -              | -                  | 3,384,488          | (14,172)        | 3,370,316          |
| <b>Changes with an impact on shareholders' equity</b>             | <b>8,342,391</b>   | <b>33,608</b>  | <b>8,375,999</b>   | <b>3,465,634</b>   | <b>19,888</b>  | <b>3,485,522</b>   | <b>(4,876,757)</b> | <b>(13,720)</b> | <b>(4,890,477)</b> |
| Contributions to the plan   |                    |                |                    |                    |                |                    |                    |                 |                    |
| paid by entity  | -                  | -              | -                  | 8,920,002          | -              | 8,920,002          | 8,920,002          | -               | 8,920,002          |
| Change in mathematical provisions                                 | (2,775,772)        | -              | (2,775,772)        | (2,775,772)        | -              | (2,775,772)        | -                  | -               | -                  |
| Payments made by the plan   |                    |                |                    |                    |                |                    |                    |                 |                    |
| pensions paid   | (19,298,322)       | (52,547)       | (19,350,869)       | (19,298,322)       | (52,547)       | (19,350,869)       | -                  | -               | -                  |
| <b>Position at 31 December 2019</b>                               | <b>169,877,561</b> | <b>266,094</b> | <b>170,143,655</b> | <b>174,008,590</b> | <b>437,302</b> | <b>174,445,892</b> | <b>4,131,029</b>   | <b>171,208</b>  | <b>4,302,237</b>   |
| Corrections   | 2,415,078          | -              | 2,415,078          | 2,528,264          | -              | 2,528,264          | 113,186            | -               | 113,186            |
| Current services expenses   | 170,582            | 1,142          | 171,724            | -                  | -              | -                  | (170,582)          | (1,142)         | (171,724)          |
| Net defined benefit interest                                      | 1,248,893          | 2,765          | 1,251,658          | 1,289,453          | 4,851          | 1,294,304          | 40,560             | 2,085           | 42,645             |
| Normal cost for the year  | 1,419,475          | 3,907          | 1,423,382          | 1,289,453          | 4,851          | 1,294,304          | (130,022)          | 943             | (129,079)          |
| Increased liabilities for early retirements                       | 716,411            | -              | 716,411            | -                  | -              | -                  | (716,411)          | -               | (716,411)          |
| Other changes in the income statement                             | -                  | -              | -                  | (617,865)          | -              | (617,865)          | (617,865)          | -               | (617,865)          |
| <b>Changes having an impact in the income statement (Note 35)</b> | <b>2,135,886</b>   | <b>3,907</b>   | <b>2,139,793</b>   | <b>671,588</b>     | <b>4,851</b>   | <b>676,439</b>     | <b>(1,464,298)</b> | <b>943</b>      | <b>(1,463,355)</b> |
| Actuarial gains and losses  |                    |                |                    |                    |                |                    |                    |                 |                    |
| return on plan assets, not included in interest income            | -                  | -              | -                  | 3,463,460          | -              | 3,463,460          | 3,463,460          | -               | 3,463,460          |
| resulting from changes in financial assumptions                   | 2,671,679          | 4,419          | 2,676,098          | -                  | 4,259          | 4,259              | (2,671,679)        | (160)           | (2,671,839)        |
| resulting from differences between assumptions and actual amounts | (426,174)          | (1,247)        | (427,421)          | -                  | -              | -                  | 426,174            | 1,247           | 427,421            |
| <b>Changes with an impact on shareholders' equity</b>             | <b>2,245,505</b>   | <b>3,172</b>   | <b>2,248,677</b>   | <b>3,463,460</b>   | <b>4,259</b>   | <b>3,467,719</b>   | <b>1,217,955</b>   | <b>1,087</b>    | <b>1,219,042</b>   |
| Contributions to the plan   |                    |                |                    |                    |                |                    |                    |                 |                    |
| paid by entity  | -                  | -              | -                  | 2,820,000          | -              | 2,820,000          | 2,820,000          | -               | 2,820,000          |
| Change in mathematical provisions                                 | (2,750,074)        | -              | (2,750,074)        | (2,750,074)        | -              | (2,750,074)        | -                  | -               | -                  |
| Payments made by the plan   |                    |                |                    |                    |                |                    |                    |                 |                    |
| pensions paid   | (17,468,230)       | (52,590)       | (17,520,820)       | (17,468,230)       | (52,590)       | (17,520,820)       | -                  | -               | -                  |
| <b>Position at 31 December 2020</b>                               | <b>156,455,726</b> | <b>220,583</b> | <b>156,676,308</b> | <b>163,273,598</b> | <b>393,823</b> | <b>163,667,421</b> | <b>6,817,872</b>   | <b>173,239</b>  | <b>6,991,111</b>   |

## Medical assistance

The Group contributes part of the cost of health insurance provided for its retired and pre-retired employees. In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

At 31 December 2020 and 2019, these liabilities totalled EUR 22,006,755 and EUR 22,784,917, respectively, and were covered by provisions (Note 27). The actuarial deviations determined at 31 December 2020 and 2019 relating to this benefit amounted to EUR (5,305,278) and EUR (2,400,639), respectively.

Liabilities for past service with medical assistance were determined on the basis of actuarial studies performed by Fidelidade's life actuarial department, using actuarial assumptions identical to those presented above for liabilities with pensions.

### Sensitivity analysis

At 31 December 2020, the sensitivity of the defined benefit liabilities assumed by Fidelidade, due to significant changes in the assumptions, excluding the liabilities covered by whole life annuities, corresponds to:

| Scenarios                              |                                   | 2020               | A                  | B                  | C                  |
|--|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Financial Assumptions</b>           |                                   |                    |                    |                    |                    |
|  | Discount Rate                     | 0.75%              | 0.50%              | 1.00%              | 0.75%              |
|  | Salary Growth Rate                | 2.40%              | 2.40%              | 2.40%              | 2.40%              |
|  | Pre-retirement Salary Growth Rate | 1.25%              | 1.25%              | 1.25%              | 1.25%              |
|  | Pensions Growth Rate              | 0.75%              | 0.75%              | 0.75%              | 0.75%              |
| <b>Demographic Assumptions</b>         |                                   |                    |                    |                    |                    |
|  | Mortality table                   |                    |                    |                    |                    |
|  | > Women                           | TV 88/90 (-2)      | TV 88/90 (-2)      | TV 88/90 (-2)      | TV 88/90 (-2)      |
|  | > Men                             | TV 73/77 (-2)      | TV 73/77 (-2)      | TV 73/77 (-2)      | TV 88/90 (-2)      |
|  | Age of Retirement                 | 0                  | 0                  | 0                  | 0                  |
| <b>Liabilities at 31 December 2020</b> |                                   |                    |                    |                    |                    |
| Scenarios                              |                                   | 2020               | A                  | B                  | C                  |
| Retirees                               | Old age                           | 49,294,522         | 50,290,686         | 48,332,939         | 53,835,157         |
|  | Early retirement                  | 13,791,755         | 14,083,844         | 13,509,455         | 14,997,360         |
|  | Disability                        | 8,358,852          | 8,648,206          | 8,084,151          | 8,838,933          |
| Pensioners                             | Widow/Widower                     | 4,359,625          | 4,451,272          | 4,271,385          | 4,373,238          |
|  | Orphan                            | 165,807            | 173,787            | 158,361            | 167,106            |
| Pre-Retirees                           | Pension up to Retirement Age      | 22,772,760         | 22,921,714         | 22,625,709         | 22,846,139         |
|  | Costs up to Retirement Age        | 6,032,504          | 6,072,272          | 5,993,246          | 6,052,226          |
|  | Pension after Retirement Age      |                    |                    |                    |                    |
|  | > CEA Plan                        | 1,752,606          | 1,811,950          | 1,696,037          | 1,928,192          |
|  | > Complementary Plan              | 357,146            | 371,282            | 343,732            | 365,683            |
| Active employees                       | CEA Plan                          | 4,486,155          | 4,752,678          | 4,237,915          | 4,730,352          |
|  | Complementary Plan                | 8,665,987          | 9,175,813          | 8,191,398          | 9,245,129          |
| <b>Total</b>                           |                                   | <b>120,037,719</b> | <b>122,753,504</b> | <b>117,444,328</b> | <b>127,379,515</b> |

The information in the above table was prepared based on the method used to calculate the liabilities for accounting purposes, not including mathematical provisions, of EUR 36,638,591.



## 37. Income

In 2020 and 2019, the investment income headings were composed as follows:

|  | 2020               |                   |                   |                    |
|--|--------------------|-------------------|-------------------|--------------------|
|  | Interest           | Dividends         | Rents             | Total              |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                    |                   |                   |                    |
| Properties   | -                  | -                 | 2,486,890         | 2,486,890          |
| Financial assets initially recognised at fair value through profit or loss                         | 4,751,731          | 1,932,292         | -                 | 6,684,023          |
| Financial assets designated at fair value through other comprehensive income                       | 78,498,319         | 720,773           | -                 | 79,219,092         |
| Financial assets at amortised cost   | 5,615,041          | -                 | -                 | 5,615,041          |
| Sight deposits   | ( 37,093 )         | -                 | -                 | ( 37,093 )         |
|  | <u>88,827,998</u>  | <u>2,653,065</u>  | <u>2,486,890</u>  | <u>93,967,953</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                    |                   |                   |                    |
| Properties   | -                  | -                 | 34,819,174        | 34,819,174         |
| Financial assets initially recognised at fair value through profit or loss                         | 1,548,068          | 28,064,164        | -                 | 29,612,232         |
| Financial assets designated at fair value through other comprehensive income                       | 117,334,995        | 2,434,237         | -                 | 119,769,232        |
| Financial assets at amortised cost   | 9,618,910          | -                 | -                 | 9,618,910          |
| Sight deposits   | 60,072             | -                 | -                 | 60,072             |
|  | <u>128,562,045</u> | <u>30,498,401</u> | <u>34,819,174</u> | <u>193,879,620</u> |
|  | <u>217,390,043</u> | <u>33,151,466</u> | <u>37,306,064</u> | <u>287,847,573</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                    |                   |                   |                    |
| Properties   | -                  | -                 | 19,556,670        | 19,556,670         |
| Financial assets initially recognised at fair value through profit or loss                         | 7,840,638          | 18,356,632        | -                 | 26,197,270         |
| Financial assets designated at fair value through other comprehensive income                       | 23,860,772         | 2,258,967         | -                 | 26,119,739         |
| Financial assets at amortised cost   | 1,238,495          | -                 | -                 | 1,238,495          |
| Sight deposits   | 21,616             | -                 | -                 | 21,616             |
|  | <u>32,961,521</u>  | <u>20,615,599</u> | <u>19,556,670</u> | <u>73,133,790</u>  |
| <b>Investments not allocated</b>   |                    |                   |                   |                    |
| Properties   | -                  | -                 | 20,114,530        | 20,114,530         |
| Financial assets initially recognised at fair value through profit or loss                         | 817,930            | 1,989,571         | -                 | 2,807,501          |
| Financial assets designated at fair value through other comprehensive income                       | 1,057,474          | -                 | -                 | 1,057,474          |
| Financial assets at amortised cost   | 2,374,532          | -                 | -                 | 2,374,532          |
| Sight deposits   | 327,279            | -                 | -                 | 327,279            |
|  | <u>4,577,215</u>   | <u>1,989,571</u>  | <u>20,114,530</u> | <u>26,681,316</u>  |
|  | <u>254,928,779</u> | <u>55,756,636</u> | <u>76,977,264</u> | <u>387,662,679</u> |

|  | 2019               |                   |                   |                    |
|--|--------------------|-------------------|-------------------|--------------------|
|  | Interest           | Dividends         | Rents             | Total              |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                    |                   |                   |                    |
| Properties   | -                  | -                 | 44,366            | 44,366             |
| Financial assets held for trading  | ( 52,829 )         | -                 | -                 | ( 52,829 )         |
| Financial assets initially recognised at fair value through profit or loss                         | 2,095,007          | -                 | -                 | 2,095,007          |
| Available-for-sale investments   | 81,845,815         | 5,065,821         | -                 | 86,911,636         |
| Loans and accounts receivable  | 5,765,520          | -                 | -                 | 5,765,520          |
| Sight deposits   | 9,123              | -                 | -                 | 9,123              |
|  | <u>89,662,636</u>  | <u>5,065,821</u>  | <u>44,366</u>     | <u>94,772,823</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                    |                   |                   |                    |
| Financial assets held for trading  | ( 4,808,366 )      | -                 | -                 | ( 4,808,366 )      |
| Financial assets initially recognised at fair value through profit or loss                         | 11,258,340         | 161,705           | -                 | 11,420,045         |
| Available-for-sale investments   | 121,233,392        | 22,728,813        | -                 | 143,962,205        |
| Loans and accounts receivable  | 2,028,687          | -                 | -                 | 2,028,687          |
| Held-to-maturity investments   | 6,948,172          | -                 | -                 | 6,948,172          |
| Sight deposits   | 41,472             | -                 | -                 | 41,472             |
|  | <u>136,701,697</u> | <u>22,890,518</u> | <u>-</u>          | <u>159,592,215</u> |
|  | <u>226,364,333</u> | <u>27,956,339</u> | <u>44,366</u>     | <u>254,365,038</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                    |                   |                   |                    |
| Properties   | -                  | -                 | 10,089,441        | 10,089,441         |
| Financial assets initially recognised at fair value through profit or loss                         | 3,883,321          | 206,030           | -                 | 4,089,351          |
| Available-for-sale investments   | 28,016,410         | 15,832,579        | -                 | 43,848,989         |
| Loans and accounts receivable  | 3,028,827          | -                 | -                 | 3,028,827          |
| Sight deposits   | 78,126             | -                 | -                 | 78,126             |
|  | <u>35,006,684</u>  | <u>16,038,609</u> | <u>10,089,441</u> | <u>61,134,734</u>  |
| <b>Investments not allocated</b>   |                    |                   |                   |                    |
| Properties   | -                  | -                 | 74,723,694        | 74,723,694         |
| Investments in associates and joint ventures   | -                  | 569,155           | -                 | 569,155            |
| Financial assets held for trading  | ( 1,558,305 )      | -                 | -                 | ( 1,558,305 )      |
| Financial assets initially recognised at fair value through profit or loss                         | 12,734,751         | -                 | -                 | 12,734,751         |
| Available-for-sale investments   | 1,372,708          | 1,909,046         | -                 | 3,281,754          |
| Loans and accounts receivable  | 3,382,269          | -                 | -                 | 3,382,269          |
| Sight deposits   | 1,551,446          | -                 | -                 | 1,551,446          |
|  | <u>17,482,869</u>  | <u>2,478,201</u>  | <u>74,723,694</u> | <u>94,684,764</u>  |
|  | <u>278,853,886</u> | <u>46,473,149</u> | <u>84,857,501</u> | <u>410,184,536</u> |

## 38. Financial Expenses

In 2020 and 2019, the financial expenses headings were composed as follows:

|                                      | 2020                   |                            |                       |                   | 2019                   |                            |                       |                   |
|--------------------------------------|------------------------|----------------------------|-----------------------|-------------------|------------------------|----------------------------|-----------------------|-------------------|
|                                      | Life technical account | Non-life technical account | Non-technical account | Total             | Life technical account | Non-life technical account | Non-technical account | Total             |
| <b>Investment Expenses (Note 34)</b> |                        |                            |                       |                   |                        |                            |                       |                   |
| Costs allocated                      | 44,295,176             | 14,302,726                 | 9,684,405             | 68,282,307        | 10,877,510             | 9,940,614                  | 52,514,304            | 73,332,428        |
| Other Investment expenses            | 996,852                | 216,657                    | 491,524               | 1,705,033         | 872,406                | 181,605                    | 243,854               | 1,297,865         |
|                                      | <u>45,292,028</u>      | <u>14,519,383</u>          | <u>10,175,929</u>     | <u>69,987,340</u> | <u>11,749,916</u>      | <u>10,122,219</u>          | <u>52,758,158</u>     | <u>74,630,293</u> |

### 39. Net Income on Financial Assets and Liabilities not Recognised at Fair Value through Profit or Loss

In 2020 and 2019, these headings were composed as follows:

|  | 2020              |                       |                       |
|--|-------------------|-----------------------|-----------------------|
|  | Gains             | Losses                | Net                   |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                   |                       |                       |
| Financial assets designated at fair value through other comprehensive income                       | 22,870,724        | ( 6,619,561 )         | 16,251,163            |
|  | <u>22,870,724</u> | <u>( 6,619,561 )</u>  | <u>16,251,163</u>     |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                   |                       |                       |
| Financial assets designated at fair value through other comprehensive income                       | 29,042,753        | ( 14,419,883 )        | 14,622,870            |
| Financial liabilities at amortised cost  | 353,663           | ( 26,859,162 )        | ( 26,505,499 )        |
|  | <u>29,396,416</u> | <u>( 41,279,045 )</u> | <u>( 11,882,629 )</u> |
|  | <u>52,267,140</u> | <u>( 47,898,606 )</u> | <u>4,368,534</u>      |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                   |                       |                       |
| Financial assets designated at fair value through other comprehensive income                       | 8,418,801         | ( 2,514,582 )         | 5,904,219             |
| Financial assets at amortised cost   | -                 | ( 108,093 )           | ( 108,093 )           |
|  | <u>8,418,801</u>  | <u>( 2,622,675 )</u>  | <u>5,796,126</u>      |
| <b>Investments not allocated</b>   |                   |                       |                       |
| Financial assets designated at fair value through other comprehensive income                       | 803,020           | ( 521,549 )           | 281,471               |
|  | <u>803,020</u>    | <u>( 521,549 )</u>    | <u>281,471</u>        |
|  | <u>61,488,961</u> | <u>( 51,042,830 )</u> | <u>10,446,131</u>     |

|  | 2019               |                        |                   |
|--|--------------------|------------------------|-------------------|
|  | Gains              | Losses                 | Net               |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                    |                        |                   |
| Available-for-sale investments   | 24,867,174         | ( 12,042,844 )         | 12,824,330        |
|  | <u>24,867,174</u>  | <u>( 12,042,844 )</u>  | <u>12,824,330</u> |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                    |                        |                   |
| Available-for-sale investments   | 180,091,750        | ( 77,119,341 )         | 102,972,409       |
| Financial liabilities at amortised cost  | 542                | ( 40,003,463 )         | ( 40,002,921 )    |
|  | <u>180,092,292</u> | <u>( 117,122,804 )</u> | <u>62,969,488</u> |
|  | <u>204,959,466</u> | <u>( 129,165,648 )</u> | <u>75,793,818</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                    |                        |                   |
| Available-for-sale investments   | 36,797,961         | ( 35,000,107 )         | 1,797,854         |
| Loans and accounts receivable  | -                  | ( 2,245 )              | ( 2,245 )         |
|  | <u>36,797,961</u>  | <u>( 35,002,352 )</u>  | <u>1,795,609</u>  |
| <b>Investments not allocated</b>   |                    |                        |                   |
| Investments in subsidiaries, associates and joint ventures   | ( 3,187,453 )      | -                      | ( 3,187,453 )     |
| Available-for-sale investments   | 7,121,100          | 254,847                | 7,375,947         |
|  | <u>3,933,647</u>   | <u>254,847</u>         | <u>4,188,494</u>  |
|  | <u>245,691,074</u> | <u>( 163,913,153 )</u> | <u>81,777,921</u> |

## 40. Net Income on Financial Assets and Liabilities Recognised at Fair Value through Profit or Loss

In 2020 and 2019, these headings were composed as follows:

|  | 2020                 |                          |                    |
|--|----------------------|--------------------------|--------------------|
|  | Gains                | Losses                   | Net                |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                      |                          |                    |
| Financial assets and liabilities at fair value through profit or loss                              | 171,196,609          | ( 148,731,541 )          | 22,465,068         |
|  | <u>171,196,609</u>   | <u>( 148,731,541 )</u>   | <u>22,465,068</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                      |                          |                    |
| Financial assets and liabilities at fair value through profit or loss                              | 1,031,162,100        | ( 873,531,400 )          | 157,630,700        |
|  | <u>1,031,162,100</u> | <u>( 873,531,400 )</u>   | <u>157,630,700</u> |
|  | <u>1,202,358,709</u> | <u>( 1,022,262,941 )</u> | <u>180,095,768</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                      |                          |                    |
| Financial assets and liabilities at fair value through profit or loss                              | 260,833,934          | ( 260,217,208 )          | 616,726            |
|  | <u>260,833,934</u>   | <u>( 260,217,208 )</u>   | <u>616,726</u>     |
| <b>Investments not allocated</b>   |                      |                          |                    |
| Financial assets and liabilities at fair value through profit or loss                              | 61,776,933           | ( 58,980,907 )           | 2,796,026          |
|  | <u>61,776,933</u>    | <u>( 58,980,907 )</u>    | <u>2,796,026</u>   |
| <b>Net Income at Fair Value Through Profit or Loss</b>   | <u>1,524,969,576</u> | <u>( 1,341,461,056 )</u> | <u>183,508,520</u> |
| Overlay Approach adjustment  | ( 51,804,979 )       | 61,410,614               | 9,605,635          |
|  | <u>1,473,164,597</u> | <u>( 1,280,050,442 )</u> | <u>193,114,155</u> |

|  | 2019                 |                          |                        |
|--|----------------------|--------------------------|------------------------|
|  | Gains                | Losses                   | Net                    |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                      |                          |                        |
| Financial assets and liabilities held for trading  | 20,400,223           | ( 35,069,566 )           | ( 14,669,343 )         |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 4,436,104            | ( 138,639 )              | 4,297,465              |
| Others   | 2,487,854            | ( 2,599,425 )            | ( 111,571 )            |
|  | <u>27,324,181</u>    | <u>( 37,807,630 )</u>    | <u>( 10,483,449 )</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                      |                          |                        |
| Financial assets and liabilities held for trading  | 1,071,808,055        | ( 1,232,586,203 )        | ( 160,778,148 )        |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 22,016,458           | ( 2,552,939 )            | 19,463,519             |
| Others   | 48,060,839           | ( 57,087,897 )           | ( 9,027,058 )          |
|  | <u>1,141,885,352</u> | <u>( 1,292,227,039 )</u> | <u>( 150,341,687 )</u> |
|  | <u>1,169,209,533</u> | <u>( 1,330,034,669 )</u> | <u>( 160,825,136 )</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                      |                          |                        |
| Financial assets and liabilities held for trading  | 31,507,644           | ( 52,332,879 )           | ( 20,825,235 )         |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 9,283,042            | ( 709,159 )              | 8,573,883              |
| Others   | 23,449,496           | ( 29,477,576 )           | ( 6,028,080 )          |
|  | <u>64,240,182</u>    | <u>( 82,519,614 )</u>    | <u>( 18,279,432 )</u>  |
| <b>Investments not allocated</b>   |                      |                          |                        |
| Financial assets and liabilities held for trading  | 36,372,193           | ( 67,370,382 )           | ( 30,998,189 )         |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 22,418,273           | ( 4,770,865 )            | 17,647,408             |
|  | <u>58,790,466</u>    | <u>( 72,141,247 )</u>    | <u>( 13,350,781 )</u>  |
|  | <u>1,292,240,181</u> | <u>( 1,484,695,530 )</u> | <u>( 192,455,349 )</u> |

## 41. Exchange Differences

In 2020 and 2019, this heading was composed as follows:

|  | 2020                   | 2019               |
|--|------------------------|--------------------|
| <b>Investments allocated to technical provisions for life insurance</b>                            |                        |                    |
| Financial assets held for trading  | -                      | (331,631)          |
| Financial assets initially recognised at fair value through profit or loss                         | (5,722,031)            | 685,251            |
| Financial assets designated at fair value through other comprehensive income                       | (19,265,432)           | -                  |
| Available-for-sale investments   | -                      | 7,743,172          |
| Financial assets at amortised cost   | 4,434,563              | -                  |
| Loans and accounts receivable  | -                      | 3,124,366          |
| Sight Deposits   | (21,464)               | 419,192            |
| Others   | 255                    | (10,918)           |
|  | <u>( 20,574,109 )</u>  | <u>11,629,432</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                        |                    |
| Financial assets held for trading  | -                      | (1,593,141)        |
| Financial assets initially recognised at fair value through profit or loss                         | (39,110,057)           | 5,761,971          |
| Financial assets designated at fair value through other comprehensive income                       | (132,598,840)          | -                  |
| Available-for-sale investments   | -                      | 82,861,533         |
| Loans and accounts receivable  | -                      | 958,810            |
| Sight Deposits   | (6,332,776)            | 5,054,436          |
| Others   | 6,859                  | (421,998)          |
|  | <u>( 178,034,814 )</u> | <u>92,621,611</u>  |
|  | <u>( 198,608,923 )</u> | <u>104,251,043</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                        |                    |
| Financial assets held for trading  | -                      | (326,520)          |
| Financial assets initially recognised at fair value through profit or loss                         | (20,125,047)           | 161,437            |
| Financial assets designated at fair value through other comprehensive income                       | (11,751,390)           | -                  |
| Available-for-sale investments   | -                      | 8,059,766          |
| Financial assets at amortised cost   | (5,466)                | -                  |
| Loans and accounts receivable  | -                      | 7,551,013          |
| Sight Deposits   | (2,198,557)            | 395,700            |
| Others   | 3,257,107              | (142,991)          |
|  | <u>( 30,823,353 )</u>  | <u>15,698,405</u>  |
| <b>Investments not allocated</b>   |                        |                    |
| Financial assets held for trading  | -                      | (561,300)          |
| Financial assets initially recognised at fair value through profit or loss                         | 1,450,214              | 882,855            |
| Available-for-sale investments   | -                      | 236,546            |
| Financial assets at amortised cost   | (35,966)               | -                  |
| Loans and accounts receivable  | -                      | 8,129,056          |
| Sight Deposits   | (10,646,584)           | (3,572,114)        |
| Others   | 1,160,870              | (5)                |
|  | <u>( 8,071,466 )</u>   | <u>5,115,038</u>   |
|  | <u>( 237,503,742 )</u> | <u>125,064,486</u> |

## 42. Net Income on the Sale of Non-Financial Assets which have not been Recognised as Non-Current Assets Held for Sale and Discontinued Operations

In 2020 and 2019, this heading was composed as follows:

| Realised gains and losses   | 2020       |                |                  | 2019        |                |                  |
|---|------------|----------------|------------------|-------------|----------------|------------------|
|   | Gains      | Losses         | Net              | Gains       | Losses         | Net              |
| <b>Investments allocated to technical provisions for life insurance</b>     |            |                |                  |             |                |                  |
| Investment properties   | -          | ( 6,754,086 )  | ( 6,754,086 )    | -           | -              | -                |
|   | -          | ( 6,754,086 )  | ( 6,754,086 )    | -           | -              | -                |
| <b>Investments allocated to technical provisions for non-life insurance</b> |            |                |                  |             |                |                  |
| Properties for own use  | -          | ( 328 )        | ( 328 )          | 37,393,747  | -              | 37,393,747       |
| Investment properties   | 557,017    | ( 620,226 )    | ( 63,209 )       | 5,624,444   | -              | 5,624,444        |
|   | 557,017    | ( 620,554 )    | ( 63,537 )       | 43,018,191  | -              | 43,018,191       |
| <b>Investments not allocated</b>  |            |                |                  |             |                |                  |
| Properties for own use  | 1,425,775  | ( 47,646 )     | 1,378,129        | -           | ( 316,384 )    | ( 316,384 )      |
| Investment properties   | 1,776,072  | ( 3,969 )      | 1,772,103        | 22,295,990  | -              | 22,295,990       |
| Investments in associates and joint ventures                                | 324        | ( 202,825 )    | ( 202,501 )      | -           | ( 47,480 )     | ( 47,480 )       |
|   | 3,202,171  | ( 254,440 )    | 2,947,731        | 22,295,990  | ( 363,864 )    | 21,932,126       |
|   | 3,759,188  | ( 7,629,080 )  | ( 3,869,892 )    | 65,314,181  | ( 363,864 )    | 64,950,317       |
| Unrealised gains and losses   | 2020       |                |                  | 2019        |                |                  |
|   | Gains      | Losses         | Net<br>(Note 11) | Gains       | Losses         | Net<br>(Note 11) |
| <b>Investments allocated to technical provisions for life insurance</b>     |            |                |                  |             |                |                  |
| Investment properties   | 35,459,276 | ( 27,247 )     | 35,432,029       | 1,487       | ( 16,512 )     | ( 15,025 )       |
|   | 35,459,276 | ( 27,247 )     | 35,432,029       | 1,487       | ( 16,512 )     | ( 15,025 )       |
| <b>Investments allocated to technical provisions for non-life insurance</b> |            |                |                  |             |                |                  |
| Investment properties   | 7,977,603  | ( 1,444,844 )  | 6,532,759        | 11,079,952  | ( 3,928,989 )  | 7,150,963        |
|   | 7,977,603  | ( 1,444,844 )  | 6,532,759        | 11,079,952  | ( 3,928,989 )  | 7,150,963        |
| <b>Investments not allocated</b>  |            |                |                  |             |                |                  |
| Investment properties   | 13,554,595 | ( 13,741,984 ) | ( 187,389 )      | 66,760,721  | ( 16,092,951 ) | 50,667,770       |
| Investments in associates and joint ventures                                | 1,039,306  | -              | 1,039,306        | -           | ( 806 )        | ( 806 )          |
|   | 14,593,901 | ( 13,741,984 ) | 851,917          | 66,760,721  | ( 16,093,757 ) | 50,666,964       |
|   | 58,030,780 | ( 15,214,075 ) | 42,816,705       | 77,842,160  | ( 20,039,258 ) | 57,802,902       |
| Total   | 2020       |                |                  | 2019        |                |                  |
|   | Gains      | Losses         | Net              | Gains       | Losses         | Net              |
| <b>Investments allocated to technical provisions for life insurance</b>     |            |                |                  |             |                |                  |
| Investment properties   | 35,459,276 | ( 6,781,333 )  | 28,677,943       | 1,487       | ( 16,512 )     | ( 15,025 )       |
|   | 35,459,276 | ( 6,781,333 )  | 28,677,943       | 1,487       | ( 16,512 )     | ( 15,025 )       |
| <b>Investments allocated to technical provisions for non-life insurance</b> |            |                |                  |             |                |                  |
| Properties for own use  | -          | ( 328 )        | ( 328 )          | 37,393,747  | -              | 37,393,747       |
| Investment properties   | 8,534,620  | ( 2,065,070 )  | 6,469,550        | 16,704,396  | ( 3,928,989 )  | 12,775,407       |
|   | 8,534,620  | ( 2,065,398 )  | 6,469,222        | 54,098,143  | ( 3,928,989 )  | 50,169,154       |
| <b>Investments not allocated</b>  |            |                |                  |             |                |                  |
| Properties for own use  | 1,425,775  | ( 47,646 )     | 1,378,129        | -           | ( 316,384 )    | ( 316,384 )      |
| Investment properties   | 15,330,667 | ( 13,745,953 ) | 1,584,714        | 89,056,711  | ( 16,092,951 ) | 72,963,760       |
| Investments in associates and joint ventures                                | 1,039,630  | ( 202,825 )    | 836,805          | -           | ( 48,286 )     | ( 48,286 )       |
|   | 17,796,072 | ( 13,996,424 ) | 3,799,648        | 89,056,711  | ( 16,457,621 ) | 72,599,090       |
|   | 61,789,968 | ( 22,843,155 ) | 38,946,813       | 143,156,341 | ( 20,403,122 ) | 122,753,219      |



### 43. Impairment Losses (Net of Reversals)

Information on impairment losses movements in 2020 and 2019 is set out below:

|  | 2020               |                      |                                  |                   |                              |                     |                    |
|--|--------------------|----------------------|----------------------------------|-------------------|------------------------------|---------------------|--------------------|
|  | Opening balances   | IFRS 9 application   | Entry in consolidation perimeter | Increases         | Recoveries and cancellations | Use                 | Closing balances   |
| Impairment on investments in subsidiaries (Note 3)   | -                  | -                    | 84                               | -                 | -                            | (84)                | -                  |
| Impairment of available-for-sale investments (Note 8)  |                    |                      |                                  |                   |                              |                     |                    |
| Debt instruments   | 49,985,367         | (49,985,367)         | -                                | -                 | -                            | -                   | -                  |
| Equity instruments   | 303,993,977        | (303,993,977)        | -                                | -                 | -                            | -                   | -                  |
| Other instruments  | 24,589,056         | (24,589,056)         | -                                | -                 | -                            | -                   | -                  |
| Expected credit loss of financial assets designated at fair value through other comprehensive income |                    |                      |                                  |                   |                              |                     |                    |
| Debt instruments   |                    |                      |                                  |                   |                              |                     |                    |
| Stages 1 and 2 (Note 29)   | -                  | 41,025,498           | 531,475                          | 24,674,360        | (30,257,823)                 | -                   | 53,256,186         |
| Stage 3 (Note 8)   | -                  | 49,979,822           | -                                | -                 | -                            | -                   | 49,979,822         |
| Impairment of loans and accounts receivable (Note 9)   | 846,355            | (846,355)            | -                                | -                 | -                            | -                   | -                  |
| Expected credit loss of financial assets at amortised cost (Note 10)                                 |                    |                      |                                  |                   |                              |                     |                    |
| Debt instruments   | -                  | 2,120,405            | -                                | 20,089,708        | (999,682)                    | (19,104,757)        | 2,105,674          |
| Other instruments  | -                  | 377,286              | -                                | 4,997             | -                            | (380,905)           | 1,378              |
| Impairment of property for own use (Note 11)   | 9,931,407          | -                    | -                                | 4,176,071         | (2,263,289)                  | (592,129)           | 11,252,060         |
| Impairment of inventories (Note 14)  | -                  | -                    | -                                | 750,000           | -                            | -                   | 750,000            |
| Impairment of goodwill (Note 15)   | 957,001            | -                    | -                                | -                 | -                            | (957,001)           | -                  |
| Adjustments to premiums pending collection (Note 18)   | 14,027,641         | -                    | -                                | 14,149,940        | -                            | 8,496,145           | 36,673,726         |
| Adjustments for doubtful debts (Note 18)   | 46,462,232         | -                    | 90,943                           | 13,201,681        | -                            | (7,297,145)         | 52,457,711         |
|  | <u>450,793,036</u> | <u>(285,911,744)</u> | <u>622,502</u>                   | <u>77,046,757</u> | <u>(33,520,794)</u>          | <u>(28,332,021)</u> | <u>206,476,557</u> |

|   | 2019               |                                  |                    |                              |                      |                   |                    |
|---|--------------------|----------------------------------|--------------------|------------------------------|----------------------|-------------------|--------------------|
|   | Opening balances   | Entry in consolidation perimeter | Increases          | Recoveries and cancellations | Use                  | Others            | Closing balances   |
| Impairment of available-for-sale investments (Note 8) |                    |                                  |                    |                              |                      |                   |                    |
| Debt instruments                                      | 54,778,794         | -                                | 889,641            | -                            | (5,683,068)          | -                 | 49,985,367         |
| Equity instruments                                    | 419,706,012        | -                                | 120,079,463        | -                            | (235,791,498)        | -                 | 303,993,977        |
| Other instruments                                     | 32,487,124         | -                                | 1,682,946          | -                            | (9,581,014)          | -                 | 24,589,056         |
| Impairment of loans and accounts receivable (Note 9)  | 695,779            | -                                | 150,576            | -                            | -                    | -                 | 846,355            |
| Impairment of property for own use (Note 11)          | 9,206,387          | -                                | 2,030,864          | (1,168,254)                  | (137,590)            | -                 | 9,931,407          |
| Impairment of goodwill (Note 15)                      | 957,001            | -                                | -                  | -                            | -                    | -                 | 957,001            |
| Adjustments to premiums pending collection (Note 18)  | 9,799,351          | -                                | -                  | (2,843,372)                  | -                    | 7,071,662         | 14,027,641         |
| Value adjustments IFAP (Note 18)                      | 137,408            | -                                | -                  | (137,408)                    | -                    | -                 | -                  |
| Adjustments for doubtful debts (Note 18)              | 39,041,508         | 494,791                          | 2,889,867          | -                            | -                    | 4,036,066         | 46,462,232         |
|   | <u>566,809,364</u> | <u>494,791</u>                   | <u>127,723,357</u> | <u>(4,149,034)</u>           | <u>(251,193,170)</u> | <u>11,107,728</u> | <u>450,793,036</u> |

In 2020 and 2019, the account heading “Impairment losses (net of reversals)” includes uses of EUR 12,293,927 and constitutions of EUR 23,401,488 of “Other provisions” (Note 27), respectively.

At 31 December 2020 the decomposition by rating based on balance sheet value was the following:

**Financial assets designated at fair value through other comprehensive income**

|               | ECL 12 M       | LT ECL         | Credit Impaired | Total           |
|---------------|----------------|----------------|-----------------|-----------------|
| A- até A+     | 2,203,581,305  | 35,221,856     | -               | 2,238,803,161   |
| AA- até AA+   | 488,633,755    | -              | -               | 488,633,755     |
| AAA           | 110,145,177    | -              | -               | 110,145,177     |
| B- até B+     | 42,695,636     | 21,396,578     | -               | 64,092,214      |
| BB- até BB+   | 700,494,531    | 11,091,553     | -               | 711,586,084     |
| BBB- até BBB+ | 5,229,920,975  | 2,397,796      | -               | 5,232,318,771   |
| CCC- até CCC+ | 1,237,656      | 9,634,602      | -               | 10,872,258      |
| Not Rated     | 618,147,257    | 626,876        | 49,979,822      | 668,753,955     |
|               | 9,394,856,292  | 80,369,261     | 49,979,822      | 9,525,205,375   |
| ECL           | ( 32,998,859 ) | ( 20,257,326 ) | ( 49,979,822 )  | ( 103,236,007 ) |
| Net Amount    | 9,361,857,433  | 60,111,935     | -               | 9,421,969,368   |

**Financial assets at amortised cost**

|               |               |             |             |               |
|---------------|---------------|-------------|-------------|---------------|
| BBB- até BBB+ | 1,060,379,016 | -           | -           | 1,060,379,016 |
| Not Rated     | 2,204,579     | 3,581,519   | 455,242     | 6,241,340     |
|               | 1,062,583,595 | 3,581,519   | 455,242     | 1,066,620,356 |
| ECL           | ( 1,492,646 ) | ( 157,786 ) | ( 455,242 ) | ( 2,105,674 ) |
| Net Amount    | 1,061,090,949 | 3,423,733   | -           | 1,064,514,682 |

Between 1 January 2020 and 31 December 2020, the movement based on the balance sheet value was the following:

**Financial assets designated at fair value through other comprehensive income**

|   | ECL 12 M          | LT ECL        | Credit Impaired | Total             |
|---|-------------------|---------------|-----------------|-------------------|
| <b>Balance Value at 01/01/2020</b>      | 9,471,461,060     | 5,003,943     | -               | 9,476,465,003     |
| New assets originated or purchased      | 1,969,780,166     | 15,538,744    | -               | 1,985,318,910     |
| Assets derecognised or matured          | ( 1,570,804,353 ) | ( 4,429,501 ) | -               | ( 1,575,233,854 ) |
| Accrued interest capitalised            | ( 34,442,347 )    | ( 127,851 )   | -               | -                 |
| Change in fair value                    | ( 205,610,336 )   | ( 3,702,303 ) | -               | ( 209,312,639 )   |
| Net foreign exchange expense / (income) | ( 165,979,095 )   | ( 1,462,574 ) | -               | ( 167,441,669 )   |
| Movement between 12mECL and LTECL       | ( 69,548,803 )    | 69,548,803    | -               | -                 |
| <b>Balance Value at 31/12/2020</b>      | 9,394,856,292     | 80,369,261    | -               | 9,475,225,553     |

**Financial assets at amortised cost**

|                                    | ECL 12 M       | LT ECL        | Credit Impaired | Total         |
|------------------------------------|----------------|---------------|-----------------|---------------|
| <b>Balance Value at 01/01/2020</b> | 1,072,516,424  | -             | 883,694         | 1,073,400,118 |
| New assets originated or purchased | 5,713,854      | ( 420,253 )   | -               | 5,293,601     |
| Accrued interest capitalised       | ( 17,940,169 ) | ( 64,167 )    | ( 263,768 )     | -             |
| Change in fair value               | 800,840        | ( 2,939,313 ) | ( 1,011,039 )   | ( 3,149,512 ) |
| Movement between 12mECL and LTECL  | -              | -             | 389,735         | 389,735       |
| <b>Balance Value at 31/12/2020</b> | 1,061,090,949  | ( 3,423,733 ) | ( 1,378 )       | 1,057,665,838 |

At 31 December 2020 the decomposition by rating based on the expected credit loss value was the following:

**Financial assets designated at fair value through other comprehensive income**

|               | ECL 12 M              | LT ECL                | Credit Impaired       | Total                  |
|---------------|-----------------------|-----------------------|-----------------------|------------------------|
| A- até A+     | ( 1,011,366 )         | ( 16,870,047 )        | -                     | ( 17,881,413 )         |
| AA- até AA+   | ( 778,278 )           | -                     | -                     | ( 778,278 )            |
| AAA           | ( 98,154 )            | -                     | -                     | ( 98,154 )             |
| B- até B+     | ( 851,702 )           | ( 1,356,357 )         | -                     | ( 2,208,059 )          |
| BB- até BB+   | ( 2,396,176 )         | ( 294,172 )           | -                     | ( 2,690,348 )          |
| BBB- até BBB+ | ( 5,914,334 )         | ( 17,511 )            | -                     | ( 5,931,845 )          |
| CCC- até CCC+ | ( 94,505 )            | ( 1,711,444 )         | -                     | ( 1,805,949 )          |
| Not Rated     | ( 21,854,344 )        | ( 7,795 )             | ( 49,979,822 )        | ( 71,841,961 )         |
|               | <u>( 32,998,859 )</u> | <u>( 20,257,326 )</u> | <u>( 49,979,822 )</u> | <u>( 103,236,007 )</u> |

**Financial assets at amortised cost**

|               |                      |                    |                    |                      |
|---------------|----------------------|--------------------|--------------------|----------------------|
| BBB- até BBB+ | ( 1,492,646 )        | -                  | -                  | ( 1,492,646 )        |
| Not Rated     | -                    | ( 157,786 )        | ( 455,242 )        | ( 613,028 )          |
|               | <u>( 1,492,646 )</u> | <u>( 157,786 )</u> | <u>( 455,242 )</u> | <u>( 2,105,674 )</u> |

Between 1 January 2020 and 31 December 2020, the movement based on the expected credit loss was the following:

**Financial assets designated at fair value through other comprehensive income**

|   | ECL 12 M          | LT ECL            | Credit Impaired   | Total              |
|---|-------------------|-------------------|-------------------|--------------------|
| <b>ECL Ammount at 01/01/2020</b>        | 41,471,218        | 85,755            | 49,979,822        | 91,536,795         |
| New assets originated or purchased      | 3,956,906         | 1,711,445         | -                 | 5,668,351          |
| Assets derecognised or matured          | ( 11,402,975 )    | ( 30,887 )        | -                 | ( 11,433,862 )     |
| Net foreign exchange expense / (income) | 17,454,216        | 10,508            | -                 | 17,464,724         |
| Movement between 12mECL and LTECL       | ( 18,480,506 )    | 18,480,506        | -                 | -                  |
| <b>ECL Ammount at 31/12/2020</b>        | <u>32,998,859</u> | <u>20,257,327</u> | <u>49,979,822</u> | <u>103,236,008</u> |

**Financial assets at amortised cost**

|  | ECL 12 M             | LT ECL             | Credit Impaired    | Total                |
|--|----------------------|--------------------|--------------------|----------------------|
| <b>ECL Ammount at 01/01/2020</b>             | ( 1,651,335 )        | -                  | ( 846,356 )        | ( 2,497,691 )        |
| New assets originated or purchased           | ( 4,606 )            | ( 9,934 )          | -                  | ( 14,540 )           |
| Impact of net re-measurement of year end ECL | 163,295              | ( 147,852 )        | 389,736            | 405,179              |
| <b>ECL Ammount at 31/12/2020</b>             | <u>( 1,492,646 )</u> | <u>( 157,786 )</u> | <u>( 456,620 )</u> | <u>( 2,107,052 )</u> |

## 44. Other Technical Income/Expenses, Net of Reinsurance

In 2020 and 2019, this heading was composed as follows:

|                                      | 2020              |                       |                       | 2019             |                       |                       |
|--------------------------------------|-------------------|-----------------------|-----------------------|------------------|-----------------------|-----------------------|
|                                      | Income            | Expenses              | Net                   | Income           | Expenses              | Net                   |
| <b>Related to life insurance</b>     |                   |                       |                       |                  |                       |                       |
| Co-insurance management commissions  | 46,006            | ( 275,977 )           | ( 229,971 )           | 50,906           | ( 347,455 )           | ( 296,549 )           |
| Pension fund management commissions  | 1,171,521         | -                     | 1,171,521             | 717,044          | ( 148,727 )           | 568,317               |
| Others                               | 2,627,550         | ( 1,337,507 )         | 1,290,043             | 9,341            | ( 4,389,899 )         | ( 4,380,558 )         |
|                                      | <u>3,845,077</u>  | <u>( 1,613,484 )</u>  | <u>2,231,593</u>      | <u>777,291</u>   | <u>( 4,886,081 )</u>  | <u>( 4,108,790 )</u>  |
| <b>Related to non-life insurance</b> |                   |                       |                       |                  |                       |                       |
| Co-insurance management commissions  | 388,846           | ( 488,914 )           | ( 100,068 )           | 641,242          | ( 154,163 )           | 487,079               |
| Others                               | 8,006,813         | ( 22,806,433 )        | ( 14,799,620 )        | 1,285,990        | ( 29,718,753 )        | ( 28,432,763 )        |
|                                      | <u>8,395,659</u>  | <u>( 23,295,347 )</u> | <u>( 14,899,688 )</u> | <u>1,927,232</u> | <u>( 29,872,916 )</u> | <u>( 27,945,684 )</u> |
|                                      | <u>12,240,736</u> | <u>( 24,908,831 )</u> | <u>( 12,668,095 )</u> | <u>2,704,523</u> | <u>( 34,758,997 )</u> | <u>( 32,054,474 )</u> |

## 45. Other Income/Expenses

In 2020 and 2019 (restated), this heading was composed as follows:

|   | 2020                   | 2019<br>Restated         |
|---|------------------------|--------------------------|
| <b>Non-current income and gains</b>               |                        |                          |
| Tax rebates                                       | 1,462,828              | 2,646,844                |
| Others  | 7,763,557              | 3,613,251                |
|   | <u>9,226,385</u>       | <u>6,260,095</u>         |
| <b>Financial income and gains</b>                 |                        |                          |
| Interest obtained                                 | 1,021,275              | 1,343,065                |
| Exchange rate gains                               | 232,410,562            | 1,265,466,802            |
| Cash discounts                                    | 754,415                | 875,811                  |
| Others  | 695,300                | 4,623,298                |
|   | <u>234,881,552</u>     | <u>1,272,308,976</u>     |
| <b>Income from other assets</b>                   |                        |                          |
| Gains on other intangible assets                  | 77,591                 | -                        |
| Gains on other tangible assets                    | 250,139                | 421,435                  |
|   | <u>327,730</u>         | <u>421,435</u>           |
| <b>Gains with pension plans</b>                   |                        |                          |
| Pension funds management fees (Macao Branch Life) | 4,148                  | 4,088                    |
|   | <u>4,148</u>           | <u>4,088</u>             |
| <b>Other non-technical income</b>                 |                        |                          |
| Adjustments to balances                           | 515,893                | 303,834                  |
| Provisions of services                            | 550,748,920            | 528,046,246              |
|   | <u>551,264,813</u>     | <u>528,350,080</u>       |
| <b>Non-current expenses and losses</b>            |                        |                          |
| Donations   | ( 2,232,263 )          | ( 1,279,975 )            |
| Sponsorship                                       | ( 10,315 )             | ( 566,587 )              |
| Gifts to clients                                  | ( 474,657 )            | ( 298,832 )              |
| Fines and penalties                               | ( 771,735 )            | ( 918,056 )              |
| Miscellaneous contributions                       | ( 334,326 )            | ( 331,541 )              |
| Insufficient tax estimate                         | ( 447,437 )            | ( 3,268,133 )            |
| Corrections to previous years                     | ( 666,118 )            | ( 1,590,003 )            |
| Bad debts   | ( 402,655 )            | ( 1,058,876 )            |
| Adjustments to balances                           | ( 177,200 )            | ( 180,347 )              |
| Others  | ( 2,430,295 )          | ( 6,154,486 )            |
|   | <u>( 7,947,001 )</u>   | <u>( 15,646,836 )</u>    |
| <b>Financial expenses and losses</b>              |                        |                          |
| Interest paid                                     | ( 866,436 )            | ( 6,137,512 )            |
| Exchange rate losses                              | ( 237,188,791 )        | ( 1,269,764,492 )        |
| Banking services                                  | ( 808,393 )            | ( 691,353 )              |
| Others  | ( 2,309,451 )          | ( 1,548,457 )            |
|   | <u>( 241,173,071 )</u> | <u>( 1,278,141,814 )</u> |
| <b>Losses in other assets</b>                     |                        |                          |
| Losses in other tangible assets                   | -                      | ( 141,478 )              |
|   | <u>-</u>               | <u>( 141,478 )</u>       |
| <b>Other non-technical expenses:</b>              |                        |                          |
| Allocation of non-technical expenses (Note 34)    |                        |                          |
| Employee costs                                    | ( 159,281,078 )        | ( 154,378,737 )          |
| External supplies and services                    | ( 304,036,065 )        | ( 323,162,166 )          |
| Depreciation for the year                         | ( 41,307,792 )         | ( 37,915,223 )           |
| Interest  | ( 10,378,757 )         | ( 8,938,552 )            |
| Others  | ( 5,069,871 )          | ( 1,381,316 )            |
|   | <u>( 520,073,563 )</u> | <u>( 525,775,994 )</u>   |
| <b>Cost of goods sold</b>                         |                        |                          |
|   | <u>( 65,728,163 )</u>  | <u>( 2,716,873 )</u>     |
|   | <u>( 39,217,170 )</u>  | <u>( 15,078,321 )</u>    |

## 46. Gains and Losses of Associates and Joint Ventures (Equity Method)

In 2020 and 2019, this heading was composed as follows:

|   | 2020             | 2019          |
|---|------------------|---------------|
| Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. | 101,664          | 316,158       |
| Genomed - Diagnósticos de Medicina Molecular, S.A.                        | ( 19,081 )       | ( 76,845 )    |
| Serfun Portugal, SGPS, S.A  | ( 14,591 )       | ( 9,454 )     |
| Promotores e Inversiones Investa S.A                                      | ( 439,388 )      | ( 140,567 )   |
| Transacciones Especiales S.A.   | 89,415           | -             |
| EA One Holding, Inc   | 1,335,689        | -             |
|   | <u>1,053,708</u> | <u>89,292</u> |

## 47. Segment Reporting

The Group presents operating segments based on management information produced internally. An operating segment is an identifiable component of the Group which is engaged in supplying a product or individual service or a set of related products and services within a specific economic environment and which is subject to risks and benefits which can be differentiated from others which operate in different economic environments.

For the purpose of business segment reporting, the Group has named two segments: “Health” and “Insurance”. In the insurer sector it has chosen the following sub-segments:

| Sub-segment:                       | Sub-segment areas:                              |
|------------------------------------|---|
| <b>Life</b>                        |   |
| Risk                               | Risk  |
| Capitalisation with profit sharing | Capitalisation with profit sharing              |
| Financial liabilities              | Financial liabilities                           |
| <b>Non-Life</b>                    |   |
| Workers' compensation              | Workers' compensation                           |
| Health                             | Health  |
| Property                           | Fire and other damage                           |
|                                    | Credit  |
|                                    | Suretyship                                      |
|                                    | Miscellaneous pecuniary losses on property      |
| Motor                              | Passengers                                      |
|                                    | Land vehicles                                   |
|                                    | Third party liability for land motor vehicles   |
|                                    | Miscellaneous pecuniary losses related to motor |
|                                    | Legal protection for motor                      |
|                                    | Motor assistance                                |
| Transported goods                  | Transported goods                               |
|                                    | Marine and transport                            |
|                                    | Aviation  |
| Third party liability              | Third party liability                           |
| Other                              | Personal accidents                              |
|                                    | Legal protection - other                        |
|                                    | Assistance - other                              |
|                                    | Miscellaneous insurance                         |

For reporting by geographical segment, the Group selected the following:

- Portugal
- European Union
- Africa
- Asia
- South America
- Rest of the World

The distribution of income by lines of business and geographical markets in 2020 and 2019 was as follows:

| 2020   | Insurance segment |                   |                | Health segment | Consolidation adjustments | Total             |
|--|-------------------|-------------------|----------------|----------------|---------------------------|-------------------|
|  | Life              | Non-life          | Not allocated  |                |                           |                   |
| <b>Gains and losses</b>  |                   |                   |                |                |                           |                   |
| Earned premiums net of reinsurance   | 351,719,516       | 1,735,422,128     | -              | -              | 20,984,102                | 2,108,125,746     |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | 931,133           | -                 | -              | -              | -                         | 931,133           |
| Claims costs, net of reinsurance   | ( 409,281,663 )   | ( 1,170,385,616 ) | ( 840,249 )    | ( 67,600,454 ) | 116,822,814               | ( 1,531,285,168 ) |
| Other technical provisions, net of reinsurance   | 266,969           | ( 8,496,204 )     | -              | -              | -                         | ( 8,229,235 )     |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | 124,847,411       | ( 6,825,852 )     | -              | -              | 5,858,990                 | 123,880,549       |
| Operating costs and expenses, net  | ( 152,801,529 )   | ( 463,585,808 )   | ( 42,534 )     | -              | ( 22,257,631 )            | ( 638,687,502 )   |
| Financial income   | 250,593,219       | 54,641,351        | 105,945,676    | 82,333         | ( 23,599,900 )            | 387,662,679       |
| Financial expenses and net income on financial assets and liabilities  | ( 29,545,397 )    | ( 37,873,284 )    | 94,904,563     | ( 98,950 )     | ( 101,976,550 )           | ( 74,589,618 )    |
| Impairment losses (net of reversals)   | 30,405,221        | ( 18,393,780 )    | ( 10,135,671 ) | ( 3,876,745 )  | ( 19,231,061 )            | ( 21,232,036 )    |
| Overlay Approach adjustment  | ( 20,375,193 )    | 7,538,750         | 10,591,833     | -              | 11,850,244                | 9,605,635         |
| Other income/expenses  | 2,209,630         | 28,816,058        | ( 12,639,205 ) | 43,128,369     | ( 112,346,410 )           | ( 50,831,557 )    |
| Gains and losses from non-current assets (or groups for disposal) classified as held for sale                                | -                 | -                 | ( 7,794 )      | -              | -                         | ( 7,794 )         |
| Current income tax   | ( 23,508,863 )    | ( 48,890,552 )    | ( 23,131,329 ) | 10,698,395     | ( 2,238,857 )             | ( 87,071,206 )    |
| Non-controlling interests  | -                 | -                 | -              | 461,086        | 3,595,960                 | 4,057,046         |
|  | 125,460,454       | 71,967,191        | 164,645,291    | ( 17,205,966 ) | ( 122,538,299 )           | 222,328,672       |
| <b>Assets</b>  |                   |                   |                |                |                           |                   |
| Cash and cash equivalents and sight deposits   | 181,487,739       | 164,415,404       | 573,805,220    | 17,164,116     | -                         | 936,872,479       |
| Investments in associates and joint ventures   | 1,630,354,276     | 750,154,364       | 2,068,082,826  | 856,163        | ( 4,425,609,365 )         | 23,838,264        |
| Financial assets held for trading  | 2,183,426,150     | 822,610,044       | 463,661,827    | 7,668,484      | ( 542,826,144 )           | 2,934,540,361     |
| Financial assets initially recognised at fair value through profit or loss   | -                 | -                 | 5,216,868      | -              | 223,839                   | 5,440,707         |
| Hedge derivatives  | 8,598,152,623     | 846,464,263       | 477,159,671    | -              | ( 382,286,180 )           | 9,539,490,377     |
| Available-for-sale assets  | 1,393,964,458     | 117,863,871       | 360,538,099    | -              | ( 320,681,851 )           | 1,551,684,577     |
| Loans and accounts receivable  | 9,519,431         | ( 123,412,899 )   | 2,214,423,857  | 391,270,444    | ( 11,574,771 )            | 2,480,226,062     |
| Held-to-maturity investments   | 10,810,809        | 140,007,893       | 5,319,471      | 104,840,739    | -                         | 260,978,911       |
| Properties   | -                 | 4,346,598         | -              | 147,676,750    | 309,365,625               | 461,388,973       |
| Other tangible and intangible assets   | 64,182,510        | 401,367,696       | -              | -              | ( 94,648,494 )            | 370,901,712       |
| Goodwill   | -                 | -                 | 6,991,111      | -              | -                         | 6,991,111         |
| Technical provisions for reinsurance ceded   | 46,439,012        | 349,281,972       | 175,700,324    | 100,950,649    | 256,419,828               | 928,791,785       |
| Asset for post-employment and other long-term benefits   | 72,482,506        | 86,460,044        | 74,993,028     | 33,846,451     | ( 41,170,420 )            | 226,611,609       |
| Other debtors for insurance and other operations   | 7,290,180         | 6,002,402         | 13,930,705     | 44,955,062     | ( 2,311 )                 | 72,176,038        |
| Tax assets   | -                 | 3,198             | 4,171,357      | -              | -                         | 4,174,555         |
|  | 14,198,109,694    | 3,565,564,850     | 6,443,994,363  | 849,228,858    | ( 5,252,790,244 )         | 19,804,107,521    |
| <b>Liabilities</b>   |                   |                   |                |                |                           |                   |
| Provision for unearned premiums  | 3,225,564         | 511,320,398       | -              | -              | ( 32,378,797 )            | 482,167,165       |
| Mathematical provision for life insurance  | 2,887,652,329     | -                 | -              | -              | -                         | 2,887,652,329     |
| Claims provision   | 164,426,888       | 1,980,140,348     | 1,322          | -              | ( 73,302,212 )            | 2,071,266,346     |
| Provision for profit sharing   | 75,716,828        | 6,251             | -              | -              | -                         | 75,723,079        |
| Provision for interest rate commitments  | 29,012,022        | -                 | -              | -              | -                         | 29,012,022        |
| Provision for portfolio stabilisation  | 26,345,782        | -                 | -              | -              | -                         | 26,345,782        |
| Equalisation provision   | -                 | 31,346,274        | -              | -              | -                         | 31,346,274        |
| Provision for unexpired risks  | 131,691           | 37,205,312        | -              | -              | -                         | 37,337,003        |
| Other technical provisions   | -                 | 8,969,196         | -              | -              | -                         | 8,969,196         |
| Financial liabilities  | 8,498,904,542     | 148,839,279       | 59,224,267     | 410,996,015    | ( 109,527,126 )           | 9,008,436,977     |
| Liabilities for post-employment and other long-term benefits   | -                 | 254,474           | 86,499         | -              | -                         | 340,973           |
| Other creditors for insurance and other operations   | 27,917,674        | 220,252,248       | 756,473,332    | 68,275,011     | ( 151,278,789 )           | 921,639,476       |
| Tax liabilities  | 113,240,911       | 71,970,331        | 92,448,430     | 16,745,995     | ( 20,903,860 )            | 273,501,807       |
| Accruals and deferrals   | 51,106,137        | 94,998,768        | 36,338,860     | 75,593,508     | ( 144,542 )               | 257,892,731       |
| Other provisions   | -                 | 76,436,194        | 36,072,901     | 7,936,146      | -                         | 120,445,241       |
| Liabilities from a group for disposal classified as held for sale  | -                 | 591,193           | ( 16,265 )     | -              | -                         | 574,928           |
|  | 11,877,680,367    | 3,182,330,266     | 980,629,346    | 579,546,675    | ( 387,535,326 )           | 16,232,651,329    |
| Total segments   |                   |                   |                |                |                           | 3,349,127,520     |
| Shareholders' equity, reserves, retained earnings and non-controlling interests  |                   |                   |                |                |                           | 3,349,127,520     |



(Amounts in euros except when expressly indicated otherwise)

| 2020   | Life            |                                       |                       |                 |
|--|-----------------|---------------------------------------|-----------------------|-----------------|
|  | Risk            | Capitalisation<br>with profit sharing | Financial liabilities | Total           |
| <b>Gains and losses</b>  |                 |                                       |                       |                 |
| Earned premiums net of reinsurance   | 277,096,154     | 74,623,362                            | -                     | 351,719,516     |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | -               | -                                     | 931,133               | 931,133         |
| Claims costs, net of reinsurance   | ( 160,356,019 ) | ( 248,668,019 )                       | ( 257,625 )           | ( 409,281,663 ) |
| Other technical provisions, net of reinsurance   | 107,136         | 159,833                               | -                     | 266,969         |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | ( 24,083,888 )  | 148,931,299                           | -                     | 124,847,411     |
| Operating costs and expenses, net  | ( 89,404,352 )  | ( 13,638,500 )                        | ( 49,758,677 )        | ( 152,801,529 ) |
| Financial income   | 50,398,827      | 41,148,664                            | 159,045,728           | 250,593,219     |
| Financial expenses and net income on financial assets and liabilities  | 17,210,161      | ( 4,987,116 )                         | ( 41,768,443 )        | ( 29,545,397 )  |
| Impairment losses (net of reversals)   | 983,813         | ( 1,199,220 )                         | 30,620,628            | 30,405,221      |
| Overlay Approach adjustment  | ( 4,779,363 )   | 205,576                               | ( 15,801,406 )        | ( 20,375,193 )  |
| Other income/expenses  | 3,306,740       | ( 1,097,110 )                         | -                     | 2,209,630       |
| Current income tax   | ( 10,291,442 )  | ( 337,845 )                           | ( 12,879,576 )        | ( 23,508,863 )  |
|  | 60,187,767      | ( 4,859,076 )                         | 70,131,763            | 125,460,454     |
| <b>Assets</b>  |                 |                                       |                       |                 |
| Cash and cash equivalents and sight deposits   | 9,788,970       | 45,221,773                            | 126,476,996           | 181,487,739     |
| Investments in associates and joint ventures   | 56,432,561      | -                                     | 1,573,921,715         | 1,630,354,276   |
| Financial assets held for trading  | 45,174,035      | 161,546,760                           | 1,976,705,356         | 2,183,426,150   |
| Hedge derivatives  | 1,008,955,377   | 1,775,600,106                         | 5,813,597,140         | 8,598,152,623   |
| Available-for-sale assets  | 88,313,949      | 201,266,770                           | 1,104,383,738         | 1,393,964,458   |
| Loans and accounts receivable  | 5,034,549       | 2,781,798                             | 1,703,084             | 9,519,431       |
| Held-to-maturity investments   | 4,926,542       | 1,236,490                             | 4,647,777             | 10,810,809      |
| Other tangible and intangible assets   | 64,182,510      | -                                     | -                     | 64,182,510      |
| Technical provisions for reinsurance ceded   | 28,138,902      | 9,857,528                             | 8,442,582             | 46,439,012      |
| Asset for post-employment and other long-term benefits   | 8,947,467       | 3,565,991                             | 59,969,048            | 72,482,506      |
| Other debtors for insurance and other operations   | 429,537         | 977,668                               | 5,882,975             | 7,290,180       |
|  | 1,320,324,399   | 2,202,054,884                         | 10,675,730,411        | 14,198,109,694  |
| <b>Liabilities</b>   |                 |                                       |                       |                 |
| Provision for unearned premiums  | 3,221,786       | 3,778                                 | -                     | 3,225,564       |
| Mathematical provision for life insurance  | 985,606,460     | 1,902,045,869                         | -                     | 2,887,652,329   |
| Claims provision   | 135,540,218     | 28,886,670                            | -                     | 164,426,888     |
| Provision for profit sharing   | 36,564,577      | 39,152,251                            | -                     | 75,716,828      |
| Provision for interest rate commitments  | -               | 29,012,022                            | -                     | 29,012,022      |
| Provision for portfolio stabilisation  | 26,345,782      | -                                     | -                     | 26,345,782      |
| Provision for unexpired risks  | 131,691         | -                                     | -                     | 131,691         |
| Financial liabilities  | 2,390,599       | 300,364                               | 8,496,213,579         | 8,498,904,542   |
| Other creditors for insurance and other operations   | 16,897,930      | 7,255,366                             | 3,764,378             | 27,917,674      |
| Tax liabilities  | 11,261,041      | 2,247,893                             | 99,731,977            | 113,240,911     |
| Accruals and deferrals   | 10,034,929      | 6,707,976                             | 34,363,232            | 51,106,137      |
|  | 1,227,995,013   | 2,015,612,189                         | 8,634,073,165         | 11,877,680,367  |

(Amounts in euros except when expressly indicated otherwise)

| 2020   | Non-life              |               |               |               |                   |                       |               |                 |
|--|-----------------------|---------------|---------------|---------------|-------------------|-----------------------|---------------|-----------------|
|  | Workers' compensation | Health        | Property      | Motor         | Transported goods | Third party liability | Other         | Total           |
| <b>Gains and losses</b>  |                       |               |               |               |                   |                       |               |                 |
| Earned premiums net of reinsurance   | 326,736,053           | 391,525,088   | 239,146,898   | 639,762,449   | 15,066,115        | 41,432,891            | 81,752,634    | 1,735,422,128   |
| Claims costs, net of reinsurance   | (260,204,237)         | (291,032,861) | (125,398,729) | (413,555,492) | (6,884,420)       | (19,617,183)          | (53,692,694)  | (1,170,385,616) |
| Other technical provisions, net of reinsurance                                   | 83,944                | (4,392,842)   | (2,088,863)   | 576,183       | -                 | (1,787,164)           | (887,462)     | (8,496,204)     |
| Mathematical provision for life insurance and profit sharing, net of reinsurance | -                     | -             | (398,097)     | (489,526)     | (22,472)          | -                     | (5,915,757)   | (6,825,852)     |
| Operating costs and expenses, net  | (67,951,278)          | (60,276,081)  | (102,126,149) | (189,673,492) | (6,322,170)       | (19,937,564)          | (17,299,073)  | (463,585,808)   |
| Financial income   | 23,754,659            | 5,620,251     | 6,351,034     | 13,944,622    | 361,589           | 2,884,756             | 1,724,440     | 54,641,351      |
| Financial expenses and net income on financial assets and liabilities            | (5,812,004)           | (2,586,486)   | (4,739,628)   | (14,062,209)  | (335,118)         | (2,790,818)           | (7,547,021)   | (37,873,284)    |
| Impairment losses (net of reversals)   | (3,512,810)           | (2,527,023)   | (625,395)     | (3,962,760)   | 33,339            | 33,229                | (7,832,360)   | (18,393,780)    |
| Overlay Approach adjustment  | 7,273,314             | 23,863        | -             | 239,029       | -                 | -                     | 2,544         | 7,538,750       |
| Other income/expenses  | 311,730               | (2,292,232)   | 10,562,042    | 10,609,553    | (503,715)         | (815,132)             | 10,943,812    | 28,816,058      |
| Current income tax   | (4,681,351)           | (4,368,287)   | (6,781,048)   | (14,163,553)  | (416,556)         | (1,273,274)           | (17,206,483)  | (48,890,552)    |
|  | 15,998,019            | 29,693,390    | 13,902,065    | 29,224,804    | 976,592           | (1,870,259)           | (15,957,420)  | 71,967,191      |
| <b>Assets</b>  |                       |               |               |               |                   |                       |               |                 |
| Cash and cash equivalents and sight deposits                                     | 9,767,330             | 36,869,989    | 7,079,019     | 19,525,854    | 473,747           | 3,339,535             | 87,359,930    | 164,415,404     |
| Investments in associates and joint ventures                                     | 351,733,571           | 37,032,759    | 86,937,082    | 216,181,071   | 2,782,025         | 39,039,873            | 16,447,983    | 750,154,364     |
| Financial assets held for trading  | 405,657,581           | 42,269,269    | 90,704,628    | 227,215,967   | 2,760,429         | 40,388,429            | 13,613,740    | 822,610,044     |
| Hedge derivatives  | 398,411,707           | 95,830,234    | 71,608,194    | 174,604,701   | 1,372,802         | 39,092,267            | 65,544,358    | 846,464,263     |
| Available-for-sale assets  | 7,581,124             | 86,486,964    | 4,083,418     | 13,810,276    | 328,994           | 2,869,365             | 2,703,731     | 117,863,871     |
| Loans and accounts receivable  | 2,831,334             | 20,980,781    | 25,344,811    | 58,900,762    | 1,263,742         | 10,948,186            | (243,682,515) | (123,412,899)   |
| Held-to-maturity investments   | 5,123,756             | 5,054,215     | 12,782,187    | 23,599,081    | 411,360           | 3,485,878             | 89,551,416    | 140,007,893     |
| Other tangible and intangible assets   | 6,314,951             | 87,291,303    | 185,136,304   | 35,379,833    | 11,868,450        | 53,515,574            | 21,861,281    | 401,367,696     |
| Technical provisions for reinsurance ceded                                       | 20,341,031            | 76,019,585    | 108,672,984   | 81,309,875    | 10,758,809        | 30,291,884            | 21,887,805    | 349,281,972     |
| Asset for post-employment and other long-term benefits                           | 15,983,777            | 8,219,652     | 14,394,753    | 33,492,461    | 697,942           | 4,716,848             | 8,954,611     | 86,460,044      |
| Other debtors for insurance and other operations                                 | 433,678               | 549,930       | 1,057,841     | 3,112,143     | 22,291            | 247,620               | 578,899       | 6,002,402       |
| Tax assets   | 3,198                 | -             | -             | -             | -                 | -                     | -             | 3,198           |
|  | 1,224,183,037         | 496,604,681   | 607,801,221   | 887,132,024   | 32,740,591        | 227,935,459           | 89,167,837    | 3,565,564,850   |
| <b>Liabilities</b>   |                       |               |               |               |                   |                       |               |                 |
| Provision for unearned premiums  | 14,300,607            | 72,533,918    | 161,802,534   | 220,254,275   | 7,659,643         | 26,147,003            | 8,622,418     | 511,320,398     |
| Claims provision   | 1,055,031,942         | 121,488,778   | 179,148,425   | 441,771,832   | 14,235,709        | 122,062,182           | 46,401,480    | 1,980,140,348   |
| Provision for profit sharing   | -                     | -             | 6,250         | -             | -                 | -                     | 1             | 6,251           |
| Equalisation provision   | -                     | -             | 31,172,915    | 111,678       | -                 | 61,681                | -             | 31,346,274      |
| Provision for unexpired risks  | 894,185               | 9,305,489     | 4,006,233     | 18,854,183    | -                 | 3,036,904             | 1,108,318     | 37,205,312      |
| Other technical provisions   | -                     | -             | -             | -             | -                 | 8,969,196             | -             | 8,969,196       |
| Financial liabilities  | 1,393,812             | 79,331,234    | 23,007,902    | 11,356,239    | 226,176           | 1,071,977             | 32,451,940    | 148,839,279     |
| Liabilities for post-employment and other long-term benefits                     | -                     | 5,466         | -             | 2,045         | -                 | -                     | 246,963       | 254,474         |
| Other creditors for insurance and other operations                               | 18,448,017            | 74,557,341    | 59,389,727    | 30,405,651    | 3,147,054         | 19,914,276            | 14,390,182    | 220,252,248     |
| Tax liabilities  | 24,957,369            | 4,519,388     | 13,598,472    | 24,735,167    | 646,575           | 1,914,970             | 1,598,390     | 71,970,331      |
| Accruals and deferrals   | 9,887,432             | 15,589,528    | 16,743,562    | 31,827,073    | 752,231           | 3,380,685             | 16,818,257    | 94,998,768      |
| Other provisions   | 76,072,439            | 144,207       | -             | 120,530       | -                 | -                     | 99,018        | 76,436,194      |
| Liabilities from a group for disposal classified as held for sale                | 591,193               | -             | -             | -             | -                 | -                     | -             | 591,193         |
|  | 1,201,576,996         | 377,475,349   | 488,876,020   | 779,438,673   | 26,667,388        | 186,558,874           | 121,736,966   | 3,182,330,266   |

(Amounts in euros except when expressly indicated otherwise)

| 2019   | Insurance segment |                 |                 | Health segment | Consolidation adjustments   | Total             |
|--|-------------------|-----------------|-----------------|----------------|---|-------------------|
|  | Life              | Non-life        | Not allocated   |                |   |                   |
| <b>Gains and losses</b>  |                   |                 |                 |                |   |                   |
| Earned premiums net of reinsurance   | 814,544,639       | 1,268,698,291   | ( 52,891 )      | -              | 68,272  | 2,083,258,311     |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | 1,215,867         | -               | -               | -              | -   | 1,215,867         |
| Claims costs, net of reinsurance   | ( 363,470,566 )   | ( 845,506,328 ) | -               | ( 58,138,648 ) | 99,285,548  | ( 1,167,829,994 ) |
| Other technical provisions, net of reinsurance   | ( 6,049,605 )     | 2,444,252       | -               | -              | -   | ( 3,605,353 )     |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | ( 373,615,937 )   | 183,613         | -               | -              | -   | ( 373,432,324 )   |
| Operating costs and expenses, net  | ( 143,492,247 )   | ( 451,039,590 ) | ( 25,196 )      | -              | 8,168,417   | ( 586,388,616 )   |
| Financial income   | 286,348,634       | 67,007,781      | 113,367,455     | 70,465         | ( 56,609,798 )  | 410,184,536       |
| Financial expenses and net income on financial assets and liabilities  | 7,442,273         | 35,466,680      | 40,955,929      | 14,096         | ( 21,368,994 )  | 62,509,984        |
| Impairment losses (net of reversals)   | ( 50,430,307 )    | ( 25,322,723 )  | ( 102,364,419 ) | ( 1,292,117 )  | 32,433,755  | ( 146,975,811 )   |
| Other income/expenses  | ( 16,756,734 )    | 10,278,317      | ( 8,342,359 )   | 71,961,331     | ( 104,184,059 )   | ( 47,043,503 )    |
| Current income tax   | -                 | ( 17,176,267 )  | 39,124,274      | 1,510,546      | ( 31,718,357 )  | ( 8,259,804 )     |
| Non-controlling interests  | -                 | -               | -               | ( 2,538,119 )  | ( 20,699,077 )  | ( 23,237,196 )    |
|  | 155,736,017       | 45,034,026      | 82,662,793      | 11,587,554     | ( 94,624,293 )  | 200,396,097       |
| <b>Assets</b>  |                   |                 |                 |                |   |                   |
| Cash and cash equivalents and sight deposits   | 275,150,228       | 116,892,646     | 408,111,335     | 67,431,843     | -   | 867,586,052       |
| Investments in associates and joint ventures   | 1,452,741,150     | 713,780,012     | 1,566,184,367   | 875,244        | ( 3,729,601,691 )   | 3,979,082         |
| Financial assets held for trading  | 9,790,799         | 2,667,579       | 28,926,924      | -              | ( 19,546,282 )  | 21,839,020        |
| Financial assets initially recognised at fair value through profit or loss   | 449,673,069       | 91,175,765      | 448,275,848     | 1,155,275      | ( 18,383,716 )  | 971,896,241       |
| Hedge derivatives  | 1,920,703         | 1,482,657       | 2,200,026       | -              | ( 1,926,441 )   | 3,676,945         |
| Available-for-sale assets  | 9,826,013,143     | 1,294,706,061   | 671,199,265     | 3,157,544      | ( 698,549,889 )   | 11,096,526,124    |
| Loans and accounts receivable  | 1,061,861,355     | 87,719,076      | 486,231,108     | -              | ( 250,758,813 )   | 1,385,052,726     |
| Held-to-maturity investments   | 1,074,167,759     | -               | -               | -              | -   | 1,074,167,759     |
| Properties   | 10,471,300        | 165,960,956     | 2,247,277,955   | 347,441,295    | ( 513,945 )   | 2,770,637,561     |
| Other tangible and intangible assets   | 8,647,694         | 109,741,630     | 4,548,916       | 121,027,507    | ( 8,429,590 )   | 235,536,157       |
| Goodwill   | -                 | -               | -               | 154,226,219    | 306,950,711   | 461,176,930       |
| Technical provisions for reinsurance ceded   | 63,991,620        | 383,129,104     | -               | -              | ( 12,235,463 )  | 434,885,261       |
| Asset for post-employment and other long-term benefits   | -                 | -               | 4,302,237       | -              | -   | 4,302,237         |
| Other debtors for insurance and other operations   | 37,094,337        | 337,909,230     | 109,744,719     | 99,485,846     | 202,349,357   | 786,583,488       |
| Tax assets   | 83,396,158        | 81,652,681      | 99,738,458      | 15,082,495     | ( 32,018,215 )  | 247,851,577       |
| Accruals and deferrals   | 9,415,549         | 6,492,111       | 11,779,728      | 59,830,732     | ( 93,954 )  | 87,424,166        |
| Non-current assets held for sale   | -                 | 155,777         | 4,171,357       | -              | -   | 4,327,134         |
|  | 14,364,334,863    | 3,393,465,285   | 6,092,692,243   | 869,714,000    | ( 4,262,757,931 )   | 20,457,448,460    |
| <b>Liabilities</b>   |                   |                 |                 |                |   |                   |
| Provision for unearned premiums  | 4,590,354         | 511,410,726     | -               | -              | ( 2,235,912 )   | 513,765,169       |
| Mathematical provision for life insurance  | 3,163,842,270     | -               | -               | -              | -   | 3,163,842,270     |
| Claims provision   | 185,205,108       | 1,848,582,227   | -               | -              | ( 19,583,494 )  | 2,014,203,841     |
| Provision for profit sharing   | 85,368,233        | 1,751           | -               | -              | -   | 85,369,984        |
| Provision for interest rate commitments  | 29,392,059        | -               | -               | -              | -   | 29,392,059        |
| Provision for portfolio stabilisation  | 26,462,475        | -               | -               | -              | -   | 26,462,475        |
| Equalisation provision   | -                 | 29,119,191      | -               | -              | -   | 29,119,191        |
| Provision for unexpired risks  | 415,113           | 31,376,292      | -               | -              | -   | 31,791,404        |
| Financial liabilities  | 9,006,501,681     | 157,116,557     | 514,873,077     | 418,152,289    | ( 46,121,159 )  | 10,050,522,445    |
| Liabilities for post-employment and other long-term benefits   | -                 | 1,881           | 85,078          | -              | -   | 86,959            |
| Other creditors for insurance and other operations   | 47,662,387        | 185,544,303     | 376,410,112     | 56,236,247     | ( 19,881,691 )  | 645,971,358       |
| Tax liabilities  | 82,095,199        | 67,210,269      | 79,223,925      | 14,013,894     | ( 12,652,340 )  | 229,890,947       |
| Accruals and deferrals   | 50,014,836        | 83,151,877      | 26,704,666      | 77,086,759     | ( 1,011,997 )   | 235,946,141       |
| Other provisions   | -                 | 75,816,862      | 45,256,611      | 11,567,457     | -   | 132,640,930       |
| Liabilities from a group for disposal classified as held for sale  | -                 | 1,081,671       | -               | -              | -   | 1,081,671         |
|  | 12,681,549,716    | 2,990,413,607   | 1,042,553,469   | 577,056,646    | ( 101,486,593 )   | 17,190,086,844    |
|  |                   |                 |                 |                | Total segments  | 3,066,965,519     |
|  |                   |                 |                 |                | Shareholders' equity, reserves, retained earnings and non-controlling interests | 3,066,965,519     |

(Amounts in euros except when expressly indicated otherwise)

| 2019   | Life            |                                       |                       |                 |
|--|-----------------|---------------------------------------|-----------------------|-----------------|
|  | Risk            | Capitalisation<br>with profit sharing | Financial liabilities | Total           |
| <b>Gains and losses</b>  |                 |                                       |                       |                 |
| Earned premiums net of reinsurance   | 293,334,440     | 521,210,199                           | -                     | 814,544,639     |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | -               | -                                     | 1,215,867             | 1,215,867       |
| Claims costs, net of reinsurance   | ( 163,912,178 ) | ( 199,558,388 )                       | -                     | ( 363,470,566 ) |
| Other technical provisions, net of reinsurance   | 439,140         | ( 6,488,745 )                         | -                     | ( 6,049,605 )   |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | ( 17,200,462 )  | ( 356,415,475 )                       | -                     | ( 373,615,937 ) |
| Operating costs and expenses, net  | ( 77,854,816 )  | ( 10,384,685 )                        | ( 55,252,745 )        | ( 143,492,247 ) |
| Financial income   | 51,353,727      | 44,239,342                            | 190,755,565           | 286,348,634     |
| Financial expenses and net income on financial assets and liabilities  | 2,708,503       | 7,701,339                             | ( 2,967,569 )         | 7,442,273       |
| Impairment losses (net of reversals)   | ( 862,137 )     | ( 31,127 )                            | ( 49,537,043 )        | ( 50,430,307 )  |
| Other income/expenses  | ( 16,174,028 )  | ( 98,365 )                            | ( 484,340 )           | ( 16,756,734 )  |
|  | 71,832,188      | 174,095                               | 83,729,734            | 155,736,017     |
| <b>Assets</b>  |                 |                                       |                       |                 |
| Cash and cash equivalents and sight deposits   | 12,587,531      | 63,803,723                            | 198,758,974           | 275,150,228     |
| Investments in associates and joint ventures   | 59,723,559      | -                                     | 1,393,017,591         | 1,452,741,150   |
| Financial assets held for trading  | 507,354         | 2,656,220                             | 6,627,225             | 9,790,799       |
| Financial assets initially recognised at fair value through profit or loss   | 8,339,644       | 151,194,345                           | 290,139,080           | 449,673,069     |
| Hedge derivatives  | -               | 24,989                                | 1,895,714             | 1,920,703       |
| Available-for-sale assets  | 1,106,184,751   | 1,707,091,633                         | 7,012,736,758         | 9,826,013,143   |
| Loans and accounts receivable  | 57,102,828      | 415,888,195                           | 588,870,332           | 1,061,861,355   |
| Held-to-maturity investments   | -               | -                                     | 1,074,167,759         | 1,074,167,759   |
| Properties   | 5,661,045       | 2,134,766                             | 2,675,489             | 10,471,300      |
| Other tangible and intangible assets   | 4,023,622       | 859,492                               | 3,764,580             | 8,647,694       |
| Technical provisions for reinsurance ceded   | 63,991,620      | -                                     | -                     | 63,991,620      |
| Other debtors for insurance and other operations   | 23,169,165      | 10,114,122                            | 3,811,050             | 37,094,337      |
| Tax assets   | 7,949,373       | 4,698,831                             | 70,747,954            | 83,396,158      |
| Accruals and deferrals   | 190,593         | 3,339,765                             | 5,885,191             | 9,415,549       |
|  | 1,349,431,085   | 2,361,806,081                         | 10,653,097,697        | 14,364,334,863  |
| <b>Liabilities</b>   |                 |                                       |                       |                 |
| Provision for unearned premiums  | 4,585,609       | 4,745                                 | -                     | 4,590,354       |
| Mathematical provision for life insurance  | 1,105,661,010   | 2,058,181,260                         | -                     | 3,163,842,270   |
| Claims provision   | 163,690,849     | 21,514,259                            | -                     | 185,205,108     |
| Provision for profit sharing   | 35,995,121      | 49,373,112                            | -                     | 85,368,233      |
| Provision for interest rate commitments  | 220,204         | 29,171,855                            | -                     | 29,392,059      |
| Provision for portfolio stabilisation  | 26,462,475      | -                                     | -                     | 26,462,475      |
| Provision for unexpired risks  | 415,113         | -                                     | -                     | 415,113         |
| Financial liabilities  | 3,405,948       | 2,315,126                             | 9,000,780,607         | 9,006,501,681   |
| Other creditors for insurance and other operations   | 14,705,876      | 11,253,138                            | 21,703,373            | 47,662,387      |
| Tax liabilities  | 7,016,279       | 2,556,682                             | 72,522,238            | 82,095,199      |
| Accruals and deferrals   | 8,405,612       | 6,098,296                             | 35,510,928            | 50,014,836      |
|  | 1,370,564,097   | 2,180,468,473                         | 9,130,517,146         | 12,681,549,716  |

(Amounts in euros except when expressly indicated otherwise)

| 2019   | Non-life              |                |                 |                 |                   |                       |                |                 |
|--|-----------------------|----------------|-----------------|-----------------|-------------------|-----------------------|----------------|-----------------|
|  | Workers' compensation | Health         | Property        | Motor           | Transported goods | Third party liability | Other          | Total           |
| <b>Gains and losses</b>  |                       |                |                 |                 |                   |                       |                |                 |
| Earned premiums net of reinsurance   | 262,799,652           | 56,242,207     | 226,423,583     | 628,977,669     | 16,027,763        | 46,064,633            | 32,162,783     | 1,268,698,291   |
| Claims costs, net of reinsurance   | ( 227,381,438 )       | ( 43,910,576 ) | ( 93,442,868 )  | ( 441,139,623 ) | ( 6,027,424 )     | ( 17,320,027 )        | ( 16,284,372 ) | ( 845,506,328 ) |
| Other technical provisions, net of reinsurance                                   | 526,727               | ( 1,169,174 )  | ( 2,190,228 )   | 6,997,089       | 166,274           | ( 552,895 )           | ( 1,333,540 )  | 2,444,252       |
| Mathematical provision for life insurance and profit sharing, net of reinsurance | -                     | ( 14,040 )     | ( 154,982 )     | ( 669,847 )     | 15,481            | -                     | 1,007,002      | 183,613         |
| Operating costs and expenses, net  | ( 65,049,315 )        | ( 22,582,575 ) | ( 110,451,439 ) | ( 201,542,897 ) | ( 7,578,840 )     | ( 24,706,169 )        | ( 19,128,354 ) | ( 451,039,590 ) |
| Financial income   | 29,809,094            | 4,022,226      | 9,116,233       | 18,913,872      | 490,734           | 3,478,774             | 1,176,848      | 67,007,781      |
| Financial expenses and net income on financial assets and liabilities            | ( 2,671,722 )         | 5,319,226      | 8,563,671       | 19,536,813      | 611,563           | 3,486,204             | 620,926        | 35,466,680      |
| Impairment losses (net of reversals)   | ( 3,033,526 )         | ( 1,224,457 )  | ( 4,650,061 )   | ( 11,666,986 )  | 163,298           | ( 2,178,131 )         | ( 2,732,860 )  | ( 25,322,723 )  |
| Other income/expenses  | ( 776,631 )           | ( 2,276,105 )  | ( 2,919,912 )   | 18,289,268      | ( 673,879 )       | ( 1,043,966 )         | ( 320,458 )    | 10,278,317      |
| Current income tax   | ( 1,725,187 )         | ( 785,505 )    | ( 5,035,043 )   | ( 8,079,299 )   | ( 275,098 )       | ( 628,242 )           | ( 647,893 )    | ( 17,176,267 )  |
|  | ( 7,502,346 )         | ( 6,378,773 )  | 25,258,954      | 29,616,058      | 2,919,871         | 6,600,180             | ( 5,479,918 )  | 45,034,026      |
| <b>Assets</b>  |                       |                |                 |                 |                   |                       |                |                 |
| Cash and cash equivalents and sight deposits                                     | 9,441,633             | 6,662,175      | 8,272,674       | 28,075,533      | 327,955           | 2,655,513             | 61,457,163     | 116,892,646     |
| Investments in associates and joint ventures                                     | 320,276,922           | 37,916,218     | 83,569,421      | 223,095,370     | 4,748,017         | 35,892,910            | 8,281,154      | 713,780,012     |
| Financial assets held for trading  | 1,467,566             | 91,662         | 336,500         | 555,754         | 11,604            | 181,349               | 23,144         | 2,667,579       |
| Financial assets initially recognised at fair value through profit or loss       | 19,809,661            | 5,225,404      | 16,080,665      | 40,267,670      | 687,446           | 5,976,738             | 3,128,181      | 91,175,765      |
| Hedge derivatives  | 629,856               | 82,179         | 181,128         | 483,460         | 10,291            | 77,794                | 17,949         | 1,482,657       |
| Available-for-sale assets  | 666,573,568           | 50,221,288     | 139,175,345     | 358,770,797     | 6,165,420         | 55,888,079            | 17,911,564     | 1,294,706,061   |
| Loans and accounts receivable  | 38,697,114            | 11,148,757     | 10,479,677      | 17,553,520      | 4,655,357         | 2,792,723             | 2,391,928      | 87,719,076      |
| Properties   | 6,818,989             | 16,547,306     | 27,995,074      | 60,180,471      | 1,377,085         | 10,619,540            | 42,422,491     | 165,960,956     |
| Other tangible and intangible assets   | 4,541,812             | 3,069,337      | 9,533,496       | 20,918,080      | 210,474           | 2,234,934             | 69,233,497     | 109,741,630     |
| Technical provisions for reinsurance ceded                                       | 6,374,805             | 92,059,454     | 179,964,597     | 27,007,588      | 12,769,396        | 42,703,606            | 22,249,658     | 383,129,104     |
| Other debtors for insurance and other operations                                 | 22,698,649            | 65,867,886     | 95,576,872      | 102,100,229     | 8,925,983         | 32,319,977            | 10,419,635     | 337,909,230     |
| Tax assets   | 12,456,860            | 5,481,978      | 16,794,222      | 39,112,355      | 955,738           | 4,881,124             | 1,970,404      | 81,652,681      |
| Accruals and deferrals   | 243,974               | 283,723        | 437,797         | 2,610,654       | 13,436            | 118,512               | 2,784,015      | 6,492,111       |
| Non-current assets held for sale   | 3,198                 | 14,707         | 32,405          | 86,493          | 1,841             | 13,918                | 3,215          | 155,777         |
|  | 1,110,034,606         | 294,672,074    | 588,429,873     | 920,817,975     | 40,860,043        | 196,356,717           | 242,293,998    | 3,393,465,285   |
| <b>Liabilities</b>   |                       |                |                 |                 |                   |                       |                |                 |
| Provision for unearned premiums  | 59,983,216            | 38,591,493     | 147,595,780     | 220,193,367     | 6,712,359         | 29,435,490            | 8,899,021      | 511,410,726     |
| Claims provision   | 954,314,783           | 76,653,563     | 187,629,240     | 447,165,030     | 15,276,937        | 112,595,360           | 54,947,314     | 1,848,582,227   |
| Provision for profit sharing   | -                     | -              | 1,750           | -               | -                 | -                     | 1              | 1,751           |
| Equalisation provision   | -                     | -              | 28,966,342      | 91,167          | -                 | 61,682                | -              | 29,119,191      |
| Provision for unexpired risks  | 19,857,180            | 4,912,646      | 4,152,052       | 19,473,870      | -                 | 1,801,686             | ( 18,821,142 ) | 31,376,292      |
| Financial liabilities  | 1,338,082             | 81,760,966     | 21,744,220      | 15,525,103      | 549,851           | 1,592,374             | 34,605,961     | 157,116,557     |
| Liabilities for post-employment and other long-term benefits                     | -                     | -              | -               | 1,881           | -                 | -                     | -              | 1,881           |
| Other creditors for insurance and other operations                               | 19,879,733            | 54,317,425     | 55,264,168      | 29,039,180      | 2,687,985         | 11,149,359            | 13,206,454     | 185,544,303     |
| Tax liabilities  | 21,874,231            | 4,280,436      | 11,892,980      | 25,156,489      | 500,179           | 2,182,730             | 1,323,224      | 67,210,269      |
| Accruals and deferrals   | 9,851,126             | 10,539,220     | 14,545,033      | 30,342,750      | 505,890           | 3,075,447             | 14,292,411     | 83,151,877      |
| Other provisions   | 75,698,415            | -              | -               | 118,447         | -                 | -                     | -              | 75,816,862      |
| Liabilities from a group for disposal classified as held for sale                | 552,021               | 51,054         | 112,486         | 300,244         | 6,391             | 48,313                | 11,162         | 1,081,671       |
|  | 1,163,348,787         | 271,106,803    | 471,904,051     | 787,407,528     | 26,239,592        | 161,942,441           | 108,464,406    | 2,990,413,607   |

## Geographical markets

| 2020   | Geographical segment |                        |                |                |                 |               |   |                   |
|--|----------------------|------------------------|----------------|----------------|-----------------|---------------|---|-------------------|
|  | Portugal             | Rest of European Union | Africa         | Asia           | South America   | Rest of World | Consolidation adjustments   | Total             |
| <b>Gains and losses</b>  |                      |                        |                |                |                 |               |   |                   |
| Earned premiums net of reinsurance   | 1,554,192,177        | 54,697,386             | 45,137,127     | 35,423,876     | 397,691,078     | -             | 20,984,102  | 2,108,125,746     |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | 881,545              | 49,588                 | -              | -              | -               | -             | -   | 931,133           |
| Claims costs, net of reinsurance   | ( 1,279,126,683 )    | ( 41,747,374 )         | ( 25,948,521 ) | ( 12,968,130 ) | ( 288,317,274 ) | -             | 116,822,814   | ( 1,531,285,168 ) |
| Other technical provisions, net of reinsurance   | ( 6,269,913 )        | ( 687,280 )            | ( 38,885 )     | ( 196,707 )    | ( 1,036,450 )   | -             | -   | ( 8,229,235 )     |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | 119,789,682          | ( 6,955,522 )          | ( 666,159 )    | ( 26,408,982 ) | 32,262,540      | -             | 5,858,990   | 123,880,549       |
| Operating costs and expenses, net  | ( 419,391,278 )      | ( 16,863,621 )         | ( 16,011,242 ) | ( 4,295,930 )  | ( 159,867,800 ) | -             | ( 22,257,631 )  | ( 638,687,502 )   |
| Financial income   | 250,328,294          | 57,298,901             | 2,690,680      | 26,581,578     | 74,363,138      | ( 12 )        | ( 23,599,900 )  | 387,662,679       |
| Financial expenses and net income on financial assets and liabilities  | ( 75,961,604 )       | ( 17,004,199 )         | 4,893,673      | 117,928,106    | ( 2,458,933 )   | ( 10,111 )    | ( 101,976,550 )   | ( 74,589,618 )    |
| Impairment losses (net of reversals)   | 32,303,501           | 2,390,635              | ( 1,357,221 )  | 221,155        | ( 35,559,045 )  | -             | ( 19,231,061 )  | ( 21,232,036 )    |
| Overlay Approach adjustment  | ( 15,825,964 )       | 3,603,763              | ( 483,307 )    | -              | 10,460,899      | -             | 11,850,244  | 9,605,635         |
| Other income/expenses  | 54,498,183           | 2,300,999              | ( 5,319,849 )  | 2,985,954      | 7,042,969       | 6,597         | ( 112,346,410 )   | ( 50,831,557 )    |
| Gains and losses from non-current assets (or groups for disposal) classified as held for sale                                | ( 7,794 )            | -                      | -              | -              | -               | -             | -   | ( 7,794 )         |
| Current income tax   | ( 43,270,188 )       | ( 12,369,217 )         | ( 913,922 )    | ( 17,645,575 ) | ( 10,633,447 )  | -             | ( 2,238,857 )   | ( 87,071,206 )    |
| Non-controlling interests  | 461,086              | -                      | -              | -              | -               | -             | 3,595,960   | 4,057,046         |
|  | 172,601,044          | 24,714,059             | 1,982,374      | 121,625,345    | 23,947,675      | ( 3,526 )     | ( 122,538,299 )   | 222,328,672       |
| <b>Assets</b>  |                      |                        |                |                |                 |               |   |                   |
| Cash and cash equivalents and sight deposits   | 481,777,022          | 115,983,716            | 20,166,022     | 242,767,293    | 76,178,426      | -             | -   | 936,872,479       |
| Investments in associates and joint ventures   | 3,760,401,447        | 446,874,659            | 11,503         | 28,388,535     | 213,771,485     | -             | ( 4,425,609,365 )   | 23,838,264        |
| Financial assets held for trading  | 2,802,725,263        | 417,371,912            | 3,916,538      | 147,299,975    | 106,052,817     | -             | ( 542,826,144 )   | 2,934,540,361     |
| Financial assets initially recognised at fair value through profit or loss   | 5,126,581            | -                      | -              | -              | 90,287          | -             | 223,839   | 5,440,707         |
| Hedge derivatives  | 8,101,706,258        | 861,119,712            | 1,864,533      | -              | 957,086,054     | -             | ( 382,286,180 )   | 9,539,490,377     |
| Available-for-sale assets  | 1,562,904,847        | 7,907,510              | 26,004,601     | 153,483,447    | 122,066,023     | -             | ( 320,681,851 )   | 1,551,684,577     |
| Loans and accounts receivable  | 1,182,811,677        | 1,103,102,002          | 21,196,017     | -              | 184,691,137     | -             | ( 11,574,771 )  | 2,480,226,062     |
| Held-to-maturity investments   | 167,383,976          | 669,564                | 2,991,526      | 213,507        | 89,720,338      | -             | -   | 260,978,911       |
| Properties   | 152,023,348          | -                      | -              | -              | -               | -             | 309,365,625   | 461,388,973       |
| Other tangible and intangible assets   | 216,037,645          | 61,784,039             | 9,544,583      | 10,142,699     | 168,041,240     | -             | ( 94,648,494 )  | 370,901,712       |
| Goodwill   | 6,991,111            | -                      | -              | -              | -               | -             | -   | 6,991,111         |
| Technical provisions for reinsurance ceded   | 331,304,679          | 48,889,131             | 14,870,104     | 108,313,320    | 145,212,371     | -             | 256,419,828   | 905,009,433       |
| Asset for post-employment and other long-term benefits   | 222,301,273          | 23,493,960             | 118,510        | 125            | 10,506,416      | -             | ( 41,170,420 )  | 215,249,864       |
| Other debtors for insurance and other operations   | 64,918,951           | 3,408,981              | 468,976        | 200,876        | 3,180,565       | -             | ( 2,311 )   | 72,176,038        |
| Tax assets   | 4,174,555            | -                      | -              | -              | -               | -             | -   | 4,174,555         |
|  | 19,062,588,633       | 3,090,605,186          | 101,152,913    | 690,809,777    | 2,076,597,159   | -             | ( 5,252,790,244 )   | 19,768,963,424    |
| <b>Liabilities</b>   |                      |                        |                |                |                 |               |   |                   |
| Provision for unearned premiums  | 320,810,556          | 11,964,702             | 14,240,503     | 6,104,179      | 161,426,022     | -             | ( 32,378,797 )  | 482,167,165       |
| Mathematical provision for life insurance  | 1,628,388,091        | 350,900,871            | 4,037,470      | 146,466,113    | 757,859,784     | -             | -   | 2,887,652,329     |
| Claims provision   | 1,786,948,496        | 60,762,822             | 25,859,169     | 14,155,458     | 256,842,613     | -             | ( 73,302,212 )  | 2,071,266,346     |
| Provision for profit sharing   | 72,140,767           | 3,492,426              | -              | 89,886         | -               | -             | -   | 75,723,079        |
| Provision for interest rate commitments  | 28,942,710           | 69,312                 | -              | -              | -               | -             | -   | 29,012,022        |
| Provision for portfolio stabilisation  | 26,345,782           | -                      | -              | -              | -               | -             | -   | 26,345,782        |
| Equalisation provision   | 31,031,571           | 39,332                 | -              | -              | 275,371         | -             | -   | 31,346,274        |
| Provision for unexpired risks  | 35,482,172           | 451,915                | 302,135        | 474,815        | 625,966         | -             | -   | 37,337,003        |
| Other technical provisions   | -                    | 8,969,196              | -              | -              | -               | -             | -   | 8,969,196         |
| Financial liabilities  | 9,028,345,055        | 38,290,921             | 2,576,801      | -              | 48,751,326      | -             | ( 109,527,126 )   | 9,008,436,977     |
| Liabilities for post-employment and other long-term benefits   | 340,973              | -                      | -              | -              | -               | -             | -   | 340,973           |
| Other creditors for insurance and other operations   | 467,707,294          | 286,004,790            | 22,260,823     | 112,954,009    | 160,208,997     | -             | ( 151,278,789 )   | 897,857,124       |
| Tax liabilities  | 197,197,004          | 9,734,782              | 404,120        | 42,617,546     | 33,090,470      | -             | ( 20,903,860 )  | 262,140,062       |
| Accruals and deferrals   | 219,296,188          | 21,124,251             | 2,964,059      | 1,180,162      | 13,472,613      | -             | ( 144,542 )   | 257,892,731       |
| Other provisions   | 117,591,219          | 736,801                | 449,849        | -              | 1,667,372       | -             | -   | 120,445,241       |
| Liabilities from a group for disposal classified as held for sale  | 574,928              | -                      | -              | -              | -               | -             | -   | 574,928           |
|  | 13,961,142,806       | 792,542,121            | 73,094,929     | 324,042,168    | 1,434,220,534   | -             | ( 387,535,326 )   | 16,197,507,232    |
|  |                      |                        |                |                |                 |               | Total Segments  | 3,349,127,520     |
|  |                      |                        |                |                |                 |               | Shareholders' equity, reserves, retained earnings and non-controlling interests | 3,349,127,520     |

(Amounts in euros except when expressly indicated otherwise)

| 2019   | Geographical segment |                        |                |                |                 |               |   |                   |
|--|----------------------|------------------------|----------------|----------------|-----------------|---------------|---|-------------------|
|  | Portugal             | Rest of European Union | Africa         | Asia           | South America   | Rest of World | Consolidation adjustments   | Total             |
| <b>Gains and losses</b>  |                      |                        |                |                |                 |               |   |                   |
| Earned premiums net of reinsurance   | 1,532,412,594        | 55,927,571             | 44,279,150     | 93,545,854     | 357,024,870     | -             | 68,272  | 2,083,258,311     |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | 1,163,741            | 52,126                 | -              | -              | -               | -             | -   | 1,215,867         |
| Claims costs, net of reinsurance   | ( 1,005,403,703 )    | ( 44,885,151 )         | ( 30,482,155 ) | ( 8,000,340 )  | ( 178,344,194 ) | -             | 99,285,548  | ( 1,167,829,994 ) |
| Other technical provisions, net of reinsurance   | ( 5,607,928 )        | 206,262                | 388,953        | 30,386         | 1,376,974       | -             | -   | ( 3,605,353 )     |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | ( 276,406,886 )      | ( 2,249,701 )          | ( 1,183,018 )  | ( 82,867,217 ) | ( 10,725,502 )  | -             | -   | ( 373,432,324 )   |
| Operating costs and expenses, net  | ( 371,943,420 )      | ( 21,651,467 )         | ( 17,550,614 ) | ( 4,394,307 )  | ( 179,017,225 ) | -             | 8,168,417   | ( 586,388,616 )   |
| Financial income   | 314,559,640          | 52,191,965             | 2,993,719      | 27,949,626     | 69,098,413      | 971           | ( 56,609,798 )  | 410,184,536       |
| Financial expenses and net income on financial assets and liabilities  | 39,452,845           | 39,672,333             | 11,586,765     | ( 10,302,706 ) | 3,492,623       | ( 22,882 )    | ( 21,368,994 )  | 62,509,984        |
| Impairment losses (net of reversals)   | ( 132,135,071 )      | ( 42,647,048 )         | ( 636,679 )    | ( 158,900 )    | ( 3,831,868 )   | -             | 32,433,755  | ( 146,975,811 )   |
| Other income/expenses  | 86,472,878           | ( 374,429 )            | ( 3,696,901 )  | 2,127,520      | ( 27,385,176 )  | ( 3,336 )     | ( 104,184,059 )   | ( 47,043,503 )    |
| Gains and losses from non-current assets (or groups for disposal) classified as held for sale                                | -                    | -                      | -              | -              | -               | -             | -   | -                 |
| Current income tax   | 8,733,393            | 23,882,681             | ( 1,814,095 )  | ( 3,659,642 )  | ( 3,683,784 )   | -             | ( 31,718,357 )  | ( 8,259,804 )     |
| Non-controlling interests  | ( 2,538,362 )        | -                      | -              | -              | 243             | -             | ( 20,699,077 )  | ( 23,237,196 )    |
|  | 188,759,722          | 60,125,142             | 3,885,125      | 14,270,274     | 28,005,374      | ( 25,247 )    | ( 94,624,293 )  | 200,396,097       |
| <b>Assets</b>  |                      |                        |                |                |                 |               |   |                   |
| Cash and cash equivalents and sight deposits   | 581,691,040          | 102,187,645            | 14,312,516     | 57,370,689     | 111,445,120     | 579,042       | -   | 867,586,052       |
| Investments in associates and joint ventures   | 3,120,694,475        | 277,588,257            | 11,584         | 98,268,834     | 237,017,623     | -             | ( 3,729,601,691 )   | 3,979,082         |
| Financial assets held for trading  | 40,291,253           | 1,094,049              | -              | -              | -               | -             | ( 19,546,282 )  | 21,839,020        |
| Financial assets initially recognised at fair value through profit or loss   | 555,511,935          | 390,835,227            | -              | 27,704,134     | 16,228,661      | -             | ( 18,383,716 )  | 971,896,241       |
| Hedge derivatives  | 5,325,203            | -                      | -              | -              | 278,183         | -             | ( 1,926,441 )   | 3,676,945         |
| Available-for-sale assets  | 9,878,078,352        | 832,445,703            | 5,688,112      | -              | 1,078,863,846   | -             | ( 698,549,889 )   | 11,096,526,124    |
| Loans and accounts receivable  | 1,228,288,499        | 58,965,688             | 34,918,835     | 151,775,313    | 161,863,204     | -             | ( 250,758,813 )   | 1,385,052,726     |
| Held-to-maturity investments   | 1,074,167,759        | -                      | -              | -              | -               | -             | -   | 1,074,167,759     |
| Properties   | 1,128,183,228        | 914,772,605            | 26,009,225     | 478,463,089    | 223,723,358     | -             | ( 513,945 )   | 2,770,637,561     |
| Other tangible and intangible assets   | 48,456,118           | 479,568                | 3,153,464      | 265,628        | 191,610,969     | -             | ( 8,429,590 )   | 235,536,157       |
| Goodwill   | 154,226,219          | -                      | -              | -              | -               | -             | 306,950,711   | 461,176,930       |
| Technical provisions for reinsurance ceded   | 216,589,801          | 47,399,597             | 10,535,958     | 13,565,549     | 159,029,819     | -             | ( 12,235,463 )  | 434,885,261       |
| Asset for post-employment and other long-term benefits   | 4,302,237            | -                      | -              | -              | -               | -             | -   | 4,302,237         |
| Other debtors for insurance and other operations   | 361,886,829          | 41,053,353             | 32,602,387     | 10,664,629     | 120,687,137     | -             | 202,349,357   | 769,243,692       |
| Tax assets   | 228,930,322          | 34,105,455             | 2,823,212      | 662,463        | 10,113,251      | 1,208         | ( 32,018,215 )  | 244,617,696       |
| Accruals and deferrals   | 81,589,905           | 1,547,767              | 517,136        | 659,360        | 3,203,952       | -             | ( 93,954 )  | 87,424,166        |
| Non-current assets held for sale   | 4,327,134            | -                      | -              | -              | -               | -             | -   | 4,327,134         |
|  | 18,712,540,309       | 2,702,474,914          | 130,572,429    | 839,399,688    | 2,314,065,123   | 580,250       | ( 4,262,757,931 )   | 20,436,874,783    |
| <b>Liabilities</b>   |                      |                        |                |                |                 |               |   |                   |
| Provision for unearned premiums  | 281,656,203          | 9,771,694              | 16,538,211     | 8,687,555      | 199,347,418     | -             | ( 2,235,912 )   | 513,765,169       |
| Mathematical provision for life insurance  | 1,790,210,355        | 345,680,893            | 3,868,498      | 137,085,447    | 886,997,077     | -             | -   | 3,163,842,270     |
| Claims provision   | 1,708,168,045        | 55,387,223             | 23,983,215     | 15,473,565     | 230,775,287     | -             | ( 19,583,494 )  | 2,014,203,841     |
| Provision for profit sharing   | 82,181,628           | 3,112,901              | -              | 75,455         | -               | -             | -   | 85,369,984        |
| Provision for interest rate commitments  | 29,102,543           | 69,312                 | -              | -              | 220,204         | -             | -   | 29,392,059        |
| Provision for portfolio stabilisation  | 26,462,475           | -                      | -              | -              | -               | -             | -   | 26,462,475        |
| Equalisation provision   | 29,071,541           | 39,332                 | -              | 8,318          | -               | -             | -   | 29,119,191        |
| Provision for unexpired risks  | 11,849,898           | 316,580                | 263,251        | 315,811        | 19,045,864      | -             | -   | 31,791,404        |
| Financial liabilities  | 9,546,251,075        | 132,644,921            | 2,884,216      | 311,094,941    | 103,768,451     | -             | ( 46,121,159 )  | 10,050,522,445    |
| Liabilities for post-employment and other long-term benefits   | 86,959               | -                      | -              | -              | -               | -             | -   | 86,959            |
| Other creditors for insurance and other operations   | 218,007,619          | 282,127,307            | 41,748,326     | 18,734,465     | 87,895,536      | -             | ( 19,881,691 )  | 628,631,562       |
| Tax liabilities  | 180,414,618          | 9,907,379              | 4,321,446      | 18,017,526     | 26,648,437      | -             | ( 12,652,340 )  | 226,657,066       |
| Accruals and deferrals   | 201,282,459          | 11,953,036             | 3,162,695      | 9,082,229      | 11,476,520      | 1,199         | ( 1,011,997 )   | 235,946,141       |
| Other provisions   | 122,738,406          | 3,584,900              | 995,049        | -              | 5,322,575       | -             | -   | 132,640,930       |
| Liabilities from a group for disposal classified as held for sale  | 1,081,671            | -                      | -              | -              | -               | -             | -   | 1,081,671         |
|  | 14,228,565,494       | 854,595,478            | 97,764,907     | 518,575,312    | 1,571,497,369   | 1,199         | ( 101,486,593 )   | 17,169,513,167    |
|  |                      |                        |                |                |                 |               | Total Segments  | 3,066,965,519     |
|  |                      |                        |                |                |                 |               | Shareholders' equity, reserves, retained earnings and non-controlling interests | 3,066,965,519     |

The headings “Other debtors for insurance and other operations”, “Tax assets”, “Other creditors for insurance and other operations”, “Tax liabilities”, “Non-current assets held for sale” and “Liabilities from a group for disposal classified as held for sale” are broken down differently between Assets and Liabilities, when compared to the Financial Statements due to the fact that the process of allocation by segments leads to a different breakdown of balances.

## 48. Related Parties

The Fidelidade Group's related parties are deemed to be the subsidiaries and associates of the Fosun Group, and Caixa Geral de Depósitos, S.A. and respective management bodies.

At 31 December 2020 and 2019 the Group's financial statements include the following balances and transactions with related parties, excluding the management bodies:

### 2020

|  | Caixa Geral de Depósitos, S.A. | Peak Reinsurance Company | Xingtao Assets Limited | Fosun Management (Portugal), LDA | Hauck & Aufhäuser Privatbankiers AG | Fosun Asset Management Limited | H&A Global Investment Management GmbH |
|--|--------------------------------|--------------------------|------------------------|----------------------------------|-------------------------------------|--------------------------------|---------------------------------------|
|  | (€)                            | (€)                      | (€)                    | (€)                              | (€)                                 | (€)                            | (€)                                   |
| <b>Assets</b>  |                                |                          |                        |                                  |                                     |                                |                                       |
| Cash and cash equivalents  | 461,300,871                    | -                        | -                      | -                                | 18,821,465                          | -                              | -                                     |
| Investments in associates and joint ventures   | -                              | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Financial assets at fair value through profit or loss  | 43,568,987                     | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Financial assets designated at fair value through other comprehensive income                       | 112,937,619                    | -                        | 269,577,450            | -                                | -                                   | -                              | -                                     |
| Financial assets at amortised cost   | 9,680                          | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Properties for own use   | 28,931                         | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Technical provisions on reinsurance ceded  | -                              | 2,652,588                | -                      | -                                | -                                   | -                              | -                                     |
| Accounts receivable for direct insurance operations  | 6,717,210                      | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Accounts receivable for other reinsurance operations   | -                              | 19,602                   | -                      | -                                | -                                   | -                              | -                                     |
| Accounts receivable for other operations   | 17,052,596                     | -                        | -                      | 102                              | -                                   | -                              | -                                     |
| <b>Liabilities</b>   |                                |                          |                        |                                  |                                     |                                |                                       |
| Provision for unearned premiums  | 789,852                        | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Claims provision   | ( 22,120,123 )                 | 55,972                   | -                      | -                                | -                                   | -                              | -                                     |
| Other financial liabilities  | 12,865,615                     | 3,459,113                | -                      | -                                | -                                   | -                              | -                                     |
| Accounts payable for direct insurance operations   | 7,234,604                      | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Accounts payable for other reinsurance operations  | -                              | 2,877,817                | -                      | -                                | -                                   | -                              | -                                     |
| Accounts payable for other operations  | -                              | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Accruals and deferrals   | 31,690,765                     | -                        | -                      | -                                | 88,000                              | 1,696,500                      | 46,125                                |
| <b>Gains and Losses</b>  |                                |                          |                        |                                  |                                     |                                |                                       |
| Gross premiums written   | 4,444,075                      | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Reinsurance ceded premiums   | -                              | ( 12,330,237 )           | -                      | -                                | -                                   | -                              | -                                     |
| Provision for unearned premiums (change)   | ( 1,406,332 )                  | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Provision for unearned premiums, reinsurers' share (change)  | -                              | 95,804                   | -                      | -                                | -                                   | -                              | -                                     |
| Claims costs, net of reinsurance   | ( 232,902 )                    | 4,489,821                | -                      | -                                | -                                   | ( 6,457 )                      | -                                     |
| Operating costs and expenses, net  | ( 59,230,041 )                 | 2,029,249                | -                      | -                                | -                                   | ( 89,872 )                     | -                                     |
| Financial income   | 6,206,039                      | -                        | 8,914,864              | -                                | 34,942                              | -                              | -                                     |
| Financial expenses   | ( 4,089,029 )                  | ( 1,217 )                | -                      | -                                | ( 388,491 )                         | ( 6,539,609 )                  | ( 187,615 )                           |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss | 59,114                         | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Net income on financial assets and liabilities recognised at fair value through profit or loss     | ( 66,983 )                     | -                        | -                      | -                                | -                                   | -                              | -                                     |
| Exchange differences   | ( 11,953,956 )                 | -                        | -                      | -                                | ( 410,296 )                         | -                              | -                                     |
| Impairment losses (net of reversals)   | ( 231,450 )                    | -                        | ( 949,510 )            | -                                | -                                   | -                              | -                                     |
| Other income/expenses  | ( 1,939,608 )                  | -                        | -                      | ( 288 )                          | -                                   | -                              | -                                     |
| Gains and losses from associated companies and joint ventures (equity method)                      | -                              | -                        | -                      | -                                | -                                   | -                              | -                                     |



(Amounts in euros except when expressly indicated otherwise)

|  | Banco Comercial<br>Português, S.A. | Shanghai Fosun Long<br>March Medical<br>Science | Audatex Portugal -<br>Peritagens Inf.<br>Deriv. de<br>Acidentes, S.A. | Serfun Portugal,<br>SGPS, S.A. | EA One Holding, Inc | Longrun Portugal,<br>SGPS, S.A. | TOTAL          |
|--|------------------------------------|---|---|--------------------------------|---------------------|---------------------------------|----------------|
|  | (5)                                | (5)   | (3)   | (3)                            | (3)                 | (1)                             |                |
| <b>Assets</b>  |                                    |   |   |                                |                     |                                 |                |
| Cash and cash equivalents  | 5,886,603                          | -   | -   | -                              | -                   | -                               | 486,008,939    |
| Investments in associates and joint ventures   | -                                  | -   | 1,356,398   | 39,655                         | 20,479,407          | -                               | 21,875,460     |
| Financial assets at fair value through profit or loss  | 15,649,979                         | -   | -   | -                              | -                   | -                               | 59,218,966     |
| Financial assets designated at fair value through other comprehensive income                       | 65,650,311                         | -   | -   | -                              | -                   | -                               | 448,165,380    |
| Financial assets at amortised cost   | 2,755,292                          | -   | -   | -                              | -                   | -                               | 2,764,972      |
| Properties for own use   | -                                  | -   | -   | -                              | -                   | -                               | 28,931         |
| Technical provisions on reinsurance ceded  | -                                  | -   | -   | -                              | -                   | -                               | 2,652,588      |
| Accounts receivable for direct insurance operations  | -                                  | -   | -   | -                              | -                   | -                               | 6,717,210      |
| Accounts receivable for other reinsurance operations   | -                                  | -   | -   | -                              | -                   | -                               | 19,602         |
| Accounts receivable for other operations   | -                                  | -   | -   | -                              | -                   | 13,660,488                      | 30,713,186     |
| <b>Liabilities</b>   |                                    |   |   |                                |                     |                                 |                |
| Provision for unearned premiums  | -                                  | -   | -   | -                              | -                   | -                               | 789,852        |
| Claims provision   | -                                  | -   | -   | -                              | -                   | -                               | ( 22,064,151 ) |
| Other financial liabilities  | -                                  | -   | -   | -                              | -                   | -                               | 16,324,728     |
| Accounts payable for direct insurance operations   | -                                  | -   | -   | -                              | -                   | -                               | 7,234,604      |
| Accounts payable for other reinsurance operations  | -                                  | -   | -   | -                              | -                   | -                               | 2,877,817      |
| Accounts payable for other operations  | -                                  | 1,649,931                                       | -   | -                              | -                   | 9,418,756                       | 11,068,687     |
| Accruals and deferrals   | -                                  | -   | -   | -                              | -                   | -                               | 33,521,390     |
| <b>Gains and Losses</b>  |                                    |   |   |                                |                     |                                 |                |
| Gross premiums written   | -                                  | -   | -   | -                              | -                   | -                               | 4,444,075      |
| Reinsurance ceded premiums   | -                                  | -   | -   | -                              | -                   | -                               | ( 12,330,237 ) |
| Provision for unearned premiums (change)   | -                                  | -   | -   | -                              | -                   | -                               | ( 1,406,332 )  |
| Provision for unearned premiums, reinsurers' share (change)  | -                                  | -   | -   | -                              | -                   | -                               | 95,804         |
| Claims costs, net of reinsurance   | -                                  | -   | ( 1,018,306 )   | -                              | -                   | -                               | 3,232,156      |
| Operating costs and expenses, net  | -                                  | -   | ( 4,230 )   | -                              | -                   | -                               | ( 57,294,894 ) |
| Financial income   | 4,336,331                          | -   | -   | -                              | -                   | -                               | 19,492,176     |
| Financial expenses   | -                                  | -   | -   | -                              | -                   | -                               | ( 11,205,961 ) |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss | ( 64,363 )                         | -   | -   | -                              | -                   | -                               | ( 5,249 )      |
| Net income on financial assets and liabilities recognised at fair value through profit or loss     | 444,267                            | -   | -   | -                              | 1,643,963           | -                               | 2,021,247      |
| Exchange differences   | ( 508,133 )                        | -   | -   | -                              | 610,638             | -                               | ( 12,261,747 ) |
| Impairment losses (net of reversals)   | ( 281,989 )                        | -   | -   | -                              | -                   | -                               | ( 1,462,949 )  |
| Other income/expenses  | 26,840                             | -   | 4,473   | -                              | -                   | 6,504                           | ( 1,902,079 )  |
| Gains and losses from associated companies and joint ventures (equity method)                      | -                                  | -   | 101,664   | ( 14,591 )                     | 1,335,689           | -                               | 1,422,762      |

## 2019

|  | Fidelidade<br>Assistência -<br>Companhia de<br>Seguros, S.A. | Caixa Geral de<br>Depósitos, S.A. | Cares - Assistências<br>e Reparações, S.A. | Multicare - Seguros<br>de Saúde, S.A. | Peak Reinsurance<br>Company | Xingtao Assets<br>Limited |
|--|--|-----------------------------------|--|---------------------------------------|-----------------------------|---------------------------|
|  | (2)  | (5)                               | (2)  | (2)                                   | (5)                         | (5)                       |
| <b>Assets</b>  |  |                                   |  |                                       |                             |                           |
| Cash and cash equivalents  | -  | 351,723,929                       | -  | -                                     | -                           | -                         |
| Investments in associates and joint ventures   | -  | -                                 | -  | -                                     | -                           | -                         |
| Financial assets held for trading  | -  | 63,064                            | -  | -                                     | -                           | -                         |
| Financial assets initially recognised at fair value through profit or loss                         | -  | 25,469,831                        | -  | -                                     | -                           | -                         |
| Available-for-sale investments   | -  | 80,602,109                        | -  | -                                     | -                           | 269,979,750               |
| Loans and accounts receivable  | -  | 19,259,979                        | -  | -                                     | -                           | -                         |
| Technical provisions on reinsurance ceded  | 94,005   | -                                 | -  | 89,423,155                            | 2,454,832                   | -                         |
| Accounts receivable for direct insurance operations  | -  | 442,375                           | -  | 822,971                               | -                           | -                         |
| Accounts receivable for other reinsurance operations   | 3,029,967  | -                                 | -  | -                                     | 2,582,922                   | -                         |
| Accounts receivable for other operations   | 154,542  | 16,972,766                        | 3,042                                      | 1,519                                 | -                           | -                         |
| Accruals and deferrals   | 207,412  | -                                 | -  | -                                     | -                           | -                         |
| <b>Liabilities</b>   |  |                                   |  |                                       |                             |                           |
| Provision for unearned premiums  | -  | -                                 | -  | ( 2,805,643 )                         | -                           | -                         |
| Claims provision   | -  | -                                 | 111,599                                    | 1,062,834                             | 55,972                      | -                         |
| Financial liabilities held for trading   | -  | 3,226,034                         | -  | -                                     | -                           | -                         |
| Other financial liabilities  | -  | 14,928,530                        | -  | 81,349,885                            | 4,187,238                   | -                         |
| Accounts payable for direct insurance operations   | -  | 4,128,143                         | -  | 1,087,612                             | -                           | -                         |
| Accounts payable for other reinsurance operations  | 4,503,681  | -                                 | -  | 13,218,417                            | 305,680                     | -                         |
| Accounts payable for other operations  | 2,505  | -                                 | 1,016                                      | 10,719,733                            | -                           | -                         |
| Accruals and deferrals   | 22,778   | 27,315,660                        | -  | 48,406                                | -                           | -                         |
| <b>Gains and Losses</b>  |  |                                   |  |                                       |                             |                           |
| Gross premiums written   | -  | -                                 | -  | ( 4,647,559 )                         | -                           | -                         |
| Reinsurance ceded premiums   | ( 51,200,290 )   | -                                 | -  | ( 321,750,166 )                       | ( 9,866,716 )               | -                         |
| Provision for unearned premiums (change)   | -  | -                                 | -  | 2,022,351                             | -                           | -                         |
| Provision for unearned premiums, reinsurers' share (change)  | ( 50,514 )   | -                                 | -  | 577,258                               | 86,257                      | -                         |
| Claims costs, net of reinsurance   | 125,289  | ( 41,439 )                        | ( 6,541,787 )                              | 248,549,259                           | 2,835,664                   | -                         |
| Operating costs and expenses, net  | 3,389,157  | ( 52,989,643 )                    | ( 10 )                                     | 44,923,606                            | 1,554,174                   | -                         |
| Financial income   | 272,303  | 6,927,585                         | -  | 578,665                               | -                           | 8,923,971                 |
| Financial expenses   | -  | ( 4,088,219 )                     | -  | ( 1,096,220 )                         | ( 1,414 )                   | -                         |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss | -  | 977,141                           | -  | -                                     | -                           | -                         |
| Net income on financial assets and liabilities recognised at fair value through profit or loss     | -  | 1,797,590                         | -  | -                                     | -                           | -                         |
| Exchange differences   | -  | 10,844,755                        | -  | -                                     | -                           | -                         |
| Other technical income/expenses, net of reinsurance  | -  | -                                 | -  | 29,187                                | -                           | -                         |
| Other income/expenses  | ( 132,387 )  | ( 32,222 )                        | 2,273                                      | ( 551,668 )                           | -                           | -                         |
| Gains and losses from associated companies and joint ventures (equity method)                      | -  | -                                 | -  | -                                     | -                           | -                         |

(Amounts in euros except when expressly indicated otherwise)

|  | FOSUN<br>MANAGEMENT<br>(PORTUGAL), LDA | Hauck & Aufhäuser<br>Privatbankiers AG | Everest Healthcare<br>Properties, LLC | Fosun Asset<br>Management<br>Limited | H&A Global<br>Investment<br>Management<br>GmbH | Banco Comercial<br>Português, S.A. |
|--|--|--|---------------------------------------|--------------------------------------|--|------------------------------------|
|  | (5)                                    | (5)                                    | (5)                                   | (5)                                  | (5)  | (5)                                |
| <b>Assets</b>  |  |  |                                       |                                      |  |                                    |
| Cash and cash equivalents  | -                                      | 17,778,410                             | -                                     | -                                    | -  | 28,070,402                         |
| Investments in associates and joint ventures   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Financial assets held for trading  | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Financial assets initially recognised at fair value through profit or loss                         | -                                      | -                                      | 16,889,117                            | -                                    | -  | 28,118,167                         |
| Available-for-sale investments   | -                                      | -                                      | -                                     | -                                    | -  | 32,305,444                         |
| Loans and accounts receivable  | -                                      | -                                      | -                                     | -                                    | -  | 1,912,172                          |
| Technical provisions on reinsurance ceded  | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Accounts receivable for direct insurance operations  | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Accounts receivable for other reinsurance operations   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Accounts receivable for other operations   | 576                                    | -                                      | -                                     | -                                    | -  | -                                  |
| Accruals and deferrals   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| <b>Liabilities</b>   |  |  |                                       |                                      |  |                                    |
| Provision for unearned premiums  | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Claims provision   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Financial liabilities held for trading   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Other financial liabilities  | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Accounts payable for direct insurance operations   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Accounts payable for other reinsurance operations  | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Accounts payable for other operations  | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Accruals and deferrals   | -                                      | 64,000                                 | -                                     | 70,500                               | 46,125   | -                                  |
| <b>Gains and Losses</b>  |  |  |                                       |                                      |  |                                    |
| Gross premiums written   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Reinsurance ceded premiums   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Provision for unearned premiums (change)   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Provision for unearned premiums, reinsurers' share (change)  | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Claims costs, net of reinsurance   | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Operating costs and expenses, net  | -                                      | -                                      | -                                     | (2,541)                              | -  | -                                  |
| Financial income   | -                                      | 26,718                                 | -                                     | -                                    | -  | 2,611,037                          |
| Financial expenses   | -                                      | (325,919)                              | -                                     | (360,105)                            | (140,465)                                      | (11,639)                           |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Net income on financial assets and liabilities recognised at fair value through profit or loss     | -                                      | -                                      | 968,697                               | -                                    | -  | 2,732,750                          |
| Exchange differences   | -                                      | (45,596)                               | 300,333                               | -                                    | -  | 22,858                             |
| Other technical income/expenses, net of reinsurance  | -                                      | -                                      | -                                     | -                                    | -  | -                                  |
| Other income/expenses  | 189                                    | -                                      | -                                     | -                                    | -  | -                                  |
| Gains and losses from associated companies and joint ventures (equity method)                      | -                                      | -                                      | -                                     | -                                    | -  | -                                  |

|  | Tom Tailor, GmbH | Audatex Portugal -<br>Peritagens Inf.<br>Deriv. de<br>Acidentes, S.A. | SERFUN<br>PORTUGAL, SGPS,<br>S.A | Longrun Portugal,<br>SGPS, S.A. | TOTAL           |
|--|------------------|---|----------------------------------|---------------------------------|-----------------|
|  | (5)              | (3)   | (3)                              | (1)                             |                 |
| <b>Assets</b>  |                  |   |                                  |                                 |                 |
| Cash and cash equivalents  | -                | -   | -                                | -                               | 397,572,741     |
| Investments in associates and joint ventures   | -                | 1,259,736   | 15,046                           | -                               | 1,274,782       |
| Financial assets held for trading  | -                | -   | -                                | -                               | 63,064          |
| Financial assets initially recognised at fair value through profit or loss                         | -                | -   | -                                | -                               | 70,477,115      |
| Available-for-sale investments   | -                | -   | -                                | -                               | 382,887,303     |
| Loans and accounts receivable  | -                | -   | -                                | -                               | 21,172,151      |
| Technical provisions on reinsurance ceded  | -                | -   | -                                | -                               | 91,971,992      |
| Accounts receivable for direct insurance operations  | -                | -   | -                                | -                               | 1,265,346       |
| Accounts receivable for other reinsurance operations   | -                | -   | -                                | -                               | 5,612,889       |
| Accounts receivable for other operations   | -                | -   | -                                | 33,847,557                      | 50,980,793      |
| Accruals and deferrals   | -                | -   | -                                | -                               | 207,412         |
| <b>Liabilities</b>   |                  |   |                                  |                                 |                 |
| Provision for unearned premiums  | -                | -   | -                                | -                               | ( 2,805,643 )   |
| Claims provision   | -                | -   | -                                | -                               | 1,391,493       |
| Financial liabilities held for trading   | -                | -   | -                                | -                               | 3,226,034       |
| Other financial liabilities  | -                | -   | -                                | -                               | 100,465,653     |
| Accounts payable for direct insurance operations   | -                | -   | -                                | -                               | 5,215,755       |
| Accounts payable for other reinsurance operations  | -                | -   | -                                | -                               | 18,027,778      |
| Accounts payable for other operations  | -                | -   | -                                | 828,204                         | 11,551,463      |
| Accruals and deferrals   | -                | -   | -                                | -                               | 27,567,469      |
| <b>Gains and Losses</b>  |                  |   |                                  |                                 |                 |
| Gross premiums written   | -                | -   | -                                | -                               | ( 4,647,559 )   |
| Reinsurance ceded premiums   | -                | -   | -                                | -                               | ( 382,817,172 ) |
| Provision for unearned premiums (change)   | -                | -   | -                                | -                               | 2,022,351       |
| Provision for unearned premiums, reinsurers' share (change)  | -                | -   | -                                | -                               | 613,001         |
| Claims costs, net of reinsurance   | -                | ( 1,302,497 )   | -                                | -                               | 243,067,905     |
| Operating costs and expenses, net  | -                | ( 188 )   | -                                | -                               | ( 3,126,870 )   |
| Financial income   | -                | -   | -                                | -                               | 19,340,279      |
| Financial expenses   | -                | -   | -                                | -                               | ( 6,023,981 )   |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss | 500,548          | -   | -                                | -                               | 1,477,689       |
| Net income on financial assets and liabilities recognised at fair value through profit or loss     | -                | -   | -                                | -                               | 5,499,037       |
| Exchange differences   | -                | -   | -                                | -                               | 11,122,350      |
| Other technical income/expenses, net of reinsurance  | -                | -   | -                                | -                               | 29,187          |
| Other income/expenses  | -                | ( 12,847 )  | -                                | -                               | ( 725,357 )     |
| Gains and losses from associated companies and joint ventures (equity method)                      | -                | 316,158   | ( 9,454 )                        | -                               | 306,704         |

The related parties are divided into the following categories:

- (1) Parent company;
- (2) Subsidiaries;
- (3) Associates;
- (4) Joint Ventures;
- (5) Other related parties.

Transactions with the related parties are performed on the basis of the market values on the respective dates.

## Payment of remuneration to statutory bodies

The Remunerations Committee is responsible for approving the remuneration of the members of the Corporate Bodies, in line with criteria established by the shareholders.

The remuneration and benefits paid to the members of the Corporate Bodies during 2020 were as follows:

### Board of Directors

|  | Fixed<br>Remuneration | Variable<br>Remuneration* | Meal allowance | Health insurance | Life insurance |
|--|-----------------------|---------------------------|----------------|------------------|----------------|
| <b>Non-executive members</b>                         |                       |                           |                |                  |                |
| Jorge Manuel Baptista Magalhães Correia <sup>1</sup> | 210,000               | -                         | -              | -                | -              |
| José Manuel Alvarez Quintero <sup>1</sup>            | 52,500                | -                         | -              | -                | -              |
| <b>Executive members</b>                             |                       |                           |                |                  |                |
| <b>Chairman of executive board</b>                   |                       |                           |                |                  |                |
| Jorge Manuel Baptista Magalhães Correia <sup>3</sup> | 210,000               | 551.369 (*)               | 2,698          | 1,111            | 181            |
| Rogério Miguel Antunes Campos Henriques              | 387,000               | 400.483 (*)               | 2,698          | 2,429            | 181            |
| <b>Members of Executive Board</b>                    |                       |                           |                |                  |                |
| José Manuel Alvarez Quintero <sup>3</sup>            | 166,500               | 389.761 (*)               | 2,698          | 1,550            | 134            |
| António Manuel Marques de Sousa Noronha              | 351,300               | 389.761 (*)               | 2,698          | 1,550            | 134            |
| Wai Lam William Mak                                  | 351,300               | 389.761 (*)               | 2,676          | 1,477            | 134            |
| Hui Chen <sup>1</sup>                                | 145,000               | -                         | 2,698          | 336              | 134            |
| André Simões Cardoso                                 | 329,800               | 109.874 (**)              | 2,698          | 2,429            | 134            |
| Juan Ignacio Arsuaga Serrats <sup>2</sup>            | 170,443               | -                         | 1,215          | 995              | 67             |

### Supervisory Board

|                                    | Fixed<br>Remuneration | Variable<br>Remuneration | Meal allowance | Health insurance | Life insurance |
|------------------------------------|-----------------------|--------------------------|----------------|------------------|----------------|
| <b>Chairman</b>                    |                       |                          |                |                  |                |
| Pedro Nunes de Almeida             | 46,000                | -                        | -              | -                | -              |
| <b>Members</b>                     |                       |                          |                |                  |                |
| João Filipe Gonçalves Pinto        | 40,400                | -                        | -              | -                | -              |
| Vasco Jorge Valdez Ferreira Matias | 40,400                | -                        | -              | -                | -              |

(\*) Concerning the financial years 2016, 2017, 2018 and 2019

(\*\*) Concerning the financial years 2017, 2018 e 2019

(1) 01.07.2020 to 31.12.2020

(2) 16.07.2020 to 31.12.2020

(3) 01.01.2020 to 30.06.2020

The estimated fees of Ernst & Young, SROC, S.A., the Company's Statutory Auditor, and the companies in their network, related to 2020, are EUR 1,020,725, EUR 841,365 of which are related to the Statutory Audit and EUR 179,360 to compliance and assurance services.

Other assurance services basically include:

- Certification of the annual solvency and financial condition report pursuant to Article 3(1) a) of ASF Regulatory Standard No. 2/2017-R, of 24 March (Fidelidade – Companhia de Seguros, S.A., Via Directa – Companhia de Seguros, S.A. and Companhia Portuguesa de Resseguros, S.A.);
- Production of the report on the Risk Management and Internal Control System at Garantia Companhia de Seguros de Cabo Verde, S.A..

## 49. Disclosures Relating to Financial Instruments

### STATEMENTS OF FINANCIAL POSITION

At 31 December 2020 and 2019 the financial instruments had the following balance sheet value:

|  | 2020                     |                              |                       |
|--|--------------------------|------------------------------|-----------------------|
|  | Recognised at fair value | Not recognised at fair value | Balance sheet value   |
| <b>Assets</b>  |                          |                              |                       |
| Cash and cash equivalents  | -                        | 936,872,479                  | 936,872,479           |
| Investments in associates and joint ventures   | -                        | 23,838,264                   | 23,838,264            |
| Financial assets at fair value through profit or loss  | 2,932,131,204            | 2,409,157                    | 2,934,540,361         |
| Hedge Derivatives  | 5,440,707                | -                            | 5,440,707             |
| Financial assets designated at fair value through other comprehensive income   | 9,539,490,377            | -                            | 9,539,490,377         |
| Financial assets at amortised cost   | -                        | 1,551,684,577                | 1,551,684,577         |
| Other debtors  | -                        | 315,504,961                  | 315,504,961           |
|  | <u>12,477,062,288</u>    | <u>2,830,309,438</u>         | <u>15,307,371,726</u> |
| <b>Liabilities</b>   |                          |                              |                       |
| Mathematical provision for life insurance  | -                        | 1,767,082,920                | 1,767,082,920         |
| Financial liabilities held for trading   | 38,009,681               | -                            | 38,009,681            |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 523,530,129              | 7,836,592,350                | 8,360,122,479         |
| Hedge derivatives  | 6,496,962                | -                            | 6,496,962             |
| Deposits received from reinsurers  | -                        | 36,294,822                   | 36,294,822            |
| Other financial liabilities  | -                        | 567,513,033                  | 567,513,033           |
| Other creditors  | -                        | 288,396,384                  | 288,396,384           |
|  | <u>568,036,772</u>       | <u>10,495,879,509</u>        | <u>11,063,916,281</u> |

|  | 2019                     |                              | Balance sheet value   |
|--|--------------------------|------------------------------|-----------------------|
|  | Recognised at fair value | Not recognised at fair value |                       |
| <b>Assets</b>  |                          |                              |                       |
| Cash and cash equivalents  | -                        | 867,586,052                  | 867,586,052           |
| Investments in associates and joint ventures   | 1,829,056                | 2,150,026                    | 3,979,082             |
| Financial assets held for trading  | 21,839,020               | -                            | 21,839,020            |
| Financial assets initially recognised at fair value through profit or loss   | 971,896,241              | -                            | 971,896,241           |
| Hedge derivatives  | 3,676,945                | -                            | 3,676,945             |
| Available-for-sale investments   | 11,080,697,810           | 15,828,314                   | 11,096,526,124        |
| Loans and accounts receivable  | -                        | 1,385,052,726                | 1,385,052,726         |
| Held-to-maturity investments   | -                        | 1,074,167,759                | 1,074,167,759         |
| Other debtors  | -                        | 300,906,716                  | 300,906,716           |
|  | <u>12,079,939,072</u>    | <u>3,645,691,593</u>         | <u>15,725,630,665</u> |
| <b>Liabilities</b>   |                          |                              |                       |
| Mathematical provision for life insurance  | -                        | 1,926,511,320                | 1,926,511,320         |
| Financial liabilities held for trading   | 82,034,738               | -                            | 82,034,738            |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 138,730,678              | 8,786,271,012                | 8,925,001,690         |
| Hedge derivatives  | 25,705,957               | -                            | 25,705,957            |
| Deposits received from reinsurers  | -                        | 156,495,712                  | 156,495,712           |
| Other financial liabilities  | -                        | 861,284,348                  | 861,284,348           |
| Other creditors  | -                        | 247,620,270                  | 247,620,270           |
|  | <u>246,471,372</u>       | <u>11,978,182,662</u>        | <u>12,224,654,035</u> |

The amount in the heading “Mathematical provision for life insurance” corresponds to the value of the mathematical provisions of capitalisation products in the life insurance business with profit sharing.

The amount considered in the headings “Other debtors” and “Other creditors” essentially corresponds to the balances receivable and payable from and to insured persons, reinsurers, reinsured persons, brokers, agents and other external entities.

## GAINS AND LOSSES

In the years ended on 31 December 2020 and 2019, the net gains and losses on financial instruments had the following breakdown:

|   | 2020               |                      |                    |
|---|--------------------|----------------------|--------------------|
|   | As a charge to     |                      |                    |
|   | Income             | Shareholders' equity | Total              |
| Earned premiums net of reinsurance  | 56,848,174         | -                    | 56,848,174         |
| Claims costs , net of reinsurance   | ( 239,428,660 )    | -                    | ( 239,428,660 )    |
| Mathematical provision for life insurance, net of reinsurance                                       | 165,878,524        | -                    | 165,878,524        |
| Income from financial instruments   |                    |                      |                    |
| Financial assets at fair value through profit or loss   | 65,283,708         | -                    | 65,283,708         |
| Financial assets designated at fair value through other comprehensive income                        | 226,165,536        | -                    | 226,165,536        |
| Financial assets at amortised cost  | 18,846,977         | -                    | 18,846,977         |
| Sight deposits  | 371,875            | -                    | 371,875            |
| Net gains from financial assets and liabilities not recognised at fair value through profit or loss |                    |                      |                    |
| Financial assets designated at fair value through other comprehensive income                        | 37,059,723         | 32,695,342           | 69,755,065         |
| Financial assets at amortised cost  | ( 108,093 )        | -                    | ( 108,093 )        |
| Financial liabilities at amortised cost   | ( 26,505,499 )     | -                    | ( 26,505,499 )     |
| Net gains from financial assets and liabilities recognised at fair value through profit or loss     |                    |                      |                    |
| Financial assets and liabilities at fair value through profit or loss                               | 183,508,520        | -                    | 183,508,520        |
| Exchange differences  | ( 237,503,742 )    | -                    | ( 237,503,742 )    |
| Impairment losses (net of reversals)  |                    |                      |                    |
| Financial assets designated at fair value through other comprehensive income                        | 5,583,463          | -                    | 5,583,463          |
| Financial assets at amortised cost  | ( 19,095,023 )     | -                    | ( 19,095,023 )     |
| Other   | ( 11,592,889 )     | -                    | ( 11,592,889 )     |
| Interest from deposits received from reinsurers   | ( 481,706 )        | -                    | ( 481,706 )        |
|   | <u>224,830,888</u> | <u>32,695,342</u>    | <u>257,526,230</u> |



|   | 2019               |                      |                    |
|---|--------------------|----------------------|--------------------|
|   | As a charge to     |                      |                    |
|   | Income             | Shareholders' equity | Total              |
| Earned premiums net of reinsurance  | 439,696,362        | -                    | 439,696,362        |
| Claims costs , net of reinsurance   | ( 190,836,460 )    | -                    | ( 190,836,460 )    |
| Mathematical provision for life insurance, net of reinsurance                                       | ( 273,454,001 )    | -                    | ( 273,454,001 )    |
| Income from financial instruments   |                    |                      |                    |
| Assets held for trading   | ( 6,419,502 )      | -                    | ( 6,419,502 )      |
| Financial assets at fair value through profit or loss   | 30,339,154         | -                    | 30,339,154         |
| Available-for-sale investments  | 278,004,583        | -                    | 278,004,583        |
| Loans and accounts receivable   | 14,205,303         | -                    | 14,205,303         |
| Held-to-maturity investments  | 6,948,172          | -                    | 6,948,172          |
| Sight deposits  | 1,680,167          | -                    | 1,680,167          |
| Other financial assets  | 569,155            | -                    | 569,155            |
| Net gains from financial assets and liabilities not recognised at fair value through profit or loss |                    |                      |                    |
| Available-for-sale investments  | 124,970,540        | 422,968,834          | 547,939,374        |
| Loans and accounts receivable   | ( 2,245 )          | -                    | ( 2,245 )          |
| Financial liabilities at amortised cost   | ( 40,002,921 )     | -                    | ( 40,002,921 )     |
| Other   | ( 3,187,453 )      | -                    | ( 3,187,453 )      |
| Net gains from financial assets and liabilities recognised at fair value through profit or loss     |                    |                      |                    |
| Financial assets and liabilities held for trading   | ( 227,270,914 )    | -                    | ( 227,270,914 )    |
| Financial assets and liabilities initially recognised at fair value through profit or loss          | 49,982,276         | -                    | 49,982,276         |
| Other   | ( 15,166,709 )     | -                    | ( 15,166,709 )     |
| Exchange differences  | 125,064,487        | -                    | 125,064,487        |
| Impairment losses (net of reversals)  |                    |                      |                    |
| Available-for-sale investments  | ( 122,652,049 )    | -                    | ( 122,652,049 )    |
| Loans and accounts receivable at amortised cost   | ( 150,576 )        | -                    | ( 150,576 )        |
| Interest from deposits received from reinsurers   | ( 1,654,920 )      | -                    | ( 1,654,920 )      |
|   | <u>190,662,452</u> | <u>422,968,834</u>   | <u>613,631,286</u> |

In the years ended on 31 December 2020 and 2019, the income and expenses with interest, calculated according to the effective interest rate method, relating to financial assets and liabilities not recognised at fair value through profit or loss, had the following breakdown:

|  | 2020                  |
|--|-----------------------|
| <b>Assets</b>  |                       |
| Financial assets designated at fair value through other comprehensive income   | 220,751,560           |
| Financial assets at amortised cost   | 18,846,977            |
| Sight deposits   | 371,875               |
|  | <u>239,970,412</u>    |
| <b>Liabilities</b>   |                       |
| Mathematical provision for life insurance  | ( 50,369,230 )        |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | ( 26,505,499 )        |
| Deposits received from reinsurers  | ( 481,706 )           |
|  | <u>( 77,356,435 )</u> |

|  | 2019                  |
|--|-----------------------|
| <b>Assets</b>  |                       |
| Available-for-sale investments   | 232,468,327           |
| Loans and accounts receivable  | 14,205,303            |
| Held-to-maturity investments   | 6,948,172             |
| Sight deposits   | 1,680,167             |
|  | <u>255,301,969</u>    |
| <b>Liabilities</b>   |                       |
| Mathematical provision for life insurance  | ( 29,839,362 )        |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | ( 40,334,879 )        |
| Deposits received from reinsurers  | ( 1,654,920 )         |
|  | <u>( 71,829,160 )</u> |

## OTHER DISCLOSURES

### Fair Value of Financial Instruments

At 31 December 2020 and 2019, the method for assessing the fair value of the financial instruments reflected in the Group's financial statements can be summarised as follows:

|  | 2020                              |                      |                    |                              |                       |
|--|-----------------------------------|----------------------|--------------------|------------------------------|-----------------------|
|  | Fair value assessment methodology |                      |                    | Not recognised at fair value | Total                 |
|  | Level 1                           | Level 2              | Level 3            |                              |                       |
| <b>Assets</b>  |                                   |                      |                    |                              |                       |
| Cash and cash equivalents  | -                                 | -                    | -                  | 936,872,479                  | 936,872,479           |
| Investments in associates and joint ventures   | -                                 | -                    | -                  | 23,838,264                   | 23,838,264            |
| Financial assets at fair value through profit or loss  | 1,851,898,571                     | 585,185,549          | 495,047,084        | 2,409,157                    | 2,934,540,361         |
| Hedge Derivatives  | -                                 | 5,440,707            | -                  | -                            | 5,440,707             |
| Financial assets designated at fair value through other comprehensive income   | 8,411,712,235                     | 853,396,668          | 274,381,474        | -                            | 9,539,490,377         |
| Financial assets at amortised cost   | -                                 | -                    | -                  | 1,551,684,577                | 1,551,684,577         |
| Other debtors  | -                                 | -                    | -                  | 315,504,961                  | 315,504,961           |
|  | <u>10,263,610,806</u>             | <u>1,444,022,924</u> | <u>769,428,558</u> | <u>2,830,309,438</u>         | <u>15,307,371,726</u> |
| <b>Liabilities</b>   |                                   |                      |                    |                              |                       |
| Mathematical provision for life insurance  | -                                 | -                    | -                  | 1,767,082,920                | 1,767,082,920         |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | -                                 | 523,530,129          | -                  | 7,836,592,350                | 8,360,122,479         |
| Financial liabilities held for trading   | 1,724,081                         | 35,291,651           | 993,949            | -                            | 38,009,681            |
| Hedge derivatives  | 416,082                           | 6,080,880            | -                  | -                            | 6,496,962             |
| Deposits received from reinsurers  | -                                 | -                    | -                  | 36,294,822                   | 36,294,822            |
| Other financial liabilities  | -                                 | -                    | -                  | 567,513,033                  | 567,513,033           |
| Other creditors  | -                                 | -                    | -                  | 288,396,384                  | 288,396,384           |
|  | <u>2,140,163</u>                  | <u>564,902,660</u>   | <u>993,949</u>     | <u>10,495,879,509</u>        | <u>11,063,916,281</u> |
|  | <u>10,261,470,643</u>             | <u>879,120,264</u>   | <u>768,434,609</u> | <u>( 7,665,570,071 )</u>     | <u>4,243,455,445</u>  |

|  | 2019                              |               |             |                   |                |
|--|-----------------------------------|---------------|-------------|-------------------|----------------|
|  | Fair value assessment methodology |               |             | Not recognised at | Total          |
|  | Level 1                           | Level 2       | Level 3     | fair value        |                |
| <b>Assets</b>  |                                   |               |             |                   |                |
| Cash and cash equivalents  | -                                 | -             | -           | 867,586,052       | 867,586,052    |
| Investments in associates and joint ventures   | -                                 | -             | 1,829,056   | 2,150,026         | 3,979,082      |
| Financial assets held for trading  | 21,421,904                        | 417,116       | -           | -                 | 21,839,020     |
| Financial assets initially recognised at fair value through profit or loss   | 308,381,082                       | 594,146,593   | 69,368,566  | -                 | 971,896,241    |
| Hedge derivatives  | 3,454,164                         | 222,781       | -           | -                 | 3,676,945      |
| Available-for-sale investments   | 9,885,402,308                     | 660,947,308   | 534,348,194 | 15,828,314        | 11,096,526,124 |
| Loans and accounts receivable  | -                                 | -             | -           | 1,385,052,726     | 1,385,052,726  |
| Held-to-maturity investments   | -                                 | -             | -           | 1,074,167,759     | 1,074,167,759  |
| Other debtors  | -                                 | -             | -           | 300,906,716       | 300,906,716    |
|  | 10,218,659,458                    | 1,255,733,798 | 605,545,816 | 3,645,691,593     | 15,725,630,665 |
| <b>Liabilities</b>   |                                   |               |             |                   |                |
| Mathematical provision for life insurance  | -                                 | -             | -           | 1,926,511,320     | 1,926,511,320  |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | -                                 | 138,730,678   | -           | 8,786,271,012     | 8,925,001,690  |
| Financial liabilities held for trading   | 8,704,017                         | 73,330,721    | -           | -                 | 82,034,738     |
| Hedge derivatives  | 4,138,374                         | 21,567,583    | -           | -                 | 25,705,957     |
| Deposits received from reinsurers  | -                                 | -             | -           | 156,495,712       | 156,495,712    |
| Other financial liabilities  | -                                 | -             | -           | 861,284,348       | 861,284,348    |
| Other creditors  | -                                 | -             | -           | 247,620,270       | 247,620,270    |
|  | 12,842,391                        | 233,628,982   | -           | 11,978,182,662    | 12,224,654,035 |
|  | 10,205,817,067                    | 1,022,104,816 | 605,545,816 | ( 8,332,491,069 ) | 3,500,976,630  |

The tables above present the classification in line with the fair value hierarchy, as set out in IFRS 13 – “Fair Value Measurement”, of the financial instruments held by the Group at 31 December 2020 and 2019 which are valued at fair value, in line with the following assumptions:

- Level 1 – Financial instruments valued on the basis of quoted prices in active markets to which the Group has access. Included in this category are securities valued on the basis of executable prices (with immediate liquidity) published by external sources.
- Level 2 – Financial instruments which are valued based on data which is observable, either directly or indirectly, in active markets. Included in this category are securities valued on the basis of bids supplied by external counterparties and internal valuation techniques which only use observable market data.
- Level 3 – All the financial instruments measured at fair value which do not fit within Levels 1 and 2.

The movement in 2020 and 2019 in the financial instruments classified within Level 3 of the fair value hierarchy can be broken down as follows:

|                                     | Financial assets<br>designated at fair<br>value through<br>other<br>comprehensive<br>income | Financial assets at<br>fair value through<br>profit or loss | Investments in<br>associates and<br>joint ventures |
|-------------------------------------|---|---|--|
| <b>Balances at 31 December 2019</b> | <b>277.417.125</b>  | <b>328.903.394</b>  | <b>1.829.057</b>                                   |
| Acquisitions                        | 4.343.798   | 204.236.281   | -  |
| Revaluations                        |   |   |  |
| as a charge to the income statement | ( 224.141 )   | ( 498.382 )   | -  |
| as a charge to shareholders' equity | ( 344.388 )   | ( 2.820.059 )   | -  |
| Disposals                           | ( 6.810.920 )   | ( 34.774.150 )  | ( 1.829.057 )                                      |
| <b>Balances at 31 December 2020</b> | <b>274.381.474</b>  | <b>495.047.084</b>  | <b>-</b>   |

|   | Financial assets<br>designated at fair<br>value through<br>other<br>comprehensive<br>income | Financial assets at<br>fair value through<br>profit or loss | Investments in<br>associates and<br>joint ventures |
|---|---|---|--|
| <b>Balances at 31 December 2018</b>           | <b>438.699.083</b>  | <b>31.422.934</b>   | <b>-</b>   |
| Acquisitions                                  | 122.883.315   | 51.744.293  | 2.395.430  |
| Revaluations                                  |   |   |  |
| as a charge to the income statement           | ( 171.560 )   | 595.154   | (566.374)  |
| as a charge to shareholders' equity           | ( 6.569.752 )   | -   | -  |
| Increase / reversal of impairment in the year | ( 1.682.946 )   | -   | -  |
| Disposals                                     | ( 18.809.947 )  | ( 14.393.816 )  | -  |
| <b>Balances at 31 December 2019</b>           | <b>534.348.194</b>  | <b>69.368.566</b>   | <b>1.829.056</b>                                   |

At 31 December 2020 and 2019, the balance sheet value and the fair value of the financial assets valued at amortised cost or at historical cost were as follows:

|   | 2020                 |                      |                       |
|---|----------------------|----------------------|-----------------------|
|   | Balance sheet value  | Fair value           | Difference            |
| <b>Assets</b>   |                      |                      |                       |
| Cash and cash equivalents                             | 936,872,479          | 936,872,479          | -                     |
| Financial assets at fair value through profit or loss | 2,409,157            | 2,409,157            | -                     |
| Financial assets at amortised cost                    | 1,551,684,577        | 1,586,235,473        | ( 34,550,896 )        |
| Other debtors   | 315,504,961          | 315,504,961          | -                     |
|   | <b>2,806,471,174</b> | <b>2,841,022,070</b> | <b>( 34,550,896 )</b> |

|                                    | 2019                 |                      |                       |
|------------------------------------|----------------------|----------------------|-----------------------|
|                                    | Balance sheet value  | Fair value           | Difference            |
| <b>Assets</b>                      |                      |                      |                       |
| Cash and cash equivalents          | 867,586,052          | 867,586,052          | -                     |
| Available-for-sale investments     | 15,828,314           | 15,828,314           | -                     |
| Loans and accounts receivable      | 1,385,052,726        | 1,385,052,726        | -                     |
| Investments to be held to maturity | 1,074,167,759        | 1,089,881,501        | ( 15,713,742 )        |
| Other debtors                      | 300,906,716          | 300,906,716          | -                     |
|                                    | <u>3,643,541,567</u> | <u>3,659,255,309</u> | <u>( 15,713,742 )</u> |

The main assumptions used to calculate the fair value of these assets were:

- The fair value of the financial applications recognised in “Cash and cash equivalents” is the same as their balance sheet value, as essentially they correspond to short-term deposits.
- The heading “Loans and accounts receivable” includes:
  - i) Term deposits – fair value is the same as their balance sheet value, as essentially they correspond to short-term deposits;
  - ii) Mortgage loans – fair value has not been calculated, given the intangible nature of the value and the fact that these are loans given to employees, with real guarantees.

#### **Policies on managing financial risks inherent to the Group’s activity**

The Group’s objectives, rules and procedures on market risk management are governed by means of its Investments Policy.

This Policy is reviewed annually, or whenever other reviews are necessary in the light of changes in the law, trends in assets markets or changes to the company’s investment guidelines and/or risk profile. The Policy defines:

- the main guidelines for managing investments and how the Group assesses, approves, implements, controls and monitors its investment activities and the risks resulting from those activities;
- activities related to the Group’s investment process, including Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), the decision-making process and control and reporting activities;
- the duties and responsibilities of those involved in the investment process.

The Investments Policy aims to ensure alignment between the portfolio objectives and the investment strategy, and to encourage effective and continual monitoring. It is the cornerstone of the Group’s investment process.

Establishing an appropriate assets portfolio is, at any time, the result of a well-structured, disciplined and transparent investment process, which includes the following components:

- an investment strategy designed to create value, yet in line with the Group’s business profile and risk appetite;
- an investments policy reflecting that strategy, implemented by investment managers with appropriate knowledge and resources;

- continual and independent control of the investment activity;
- appropriate reporting procedures;

These aspects having been established, the Group's investment management cycle is composed of the following key activities:

- **Defining** – Definition and approval of the general investment management cycle, including the global investment strategy, investment policies, asset and liability and liquidity management, and strategic asset allocation (SAA);
- **Investing** – Performance of all investment activities, in line with the strategies and policies defined (identification, assessment and approval of investment opportunities, and placing, settling and allocating investments);
- **Monitoring** – Monitoring the evolution of the assets portfolio in terms of performance, liquidity and credit quality;
- **Managing** – Reviewing the strategies, policies, benchmarks and limits in line with current and future market conditions/expectations and internal risk capacity;
- **Controlling** – Ensuring compliance with all the strategies, policies, procedures and responsibilities assigned.

The following items are also decisive within the scope of the Group's investment activity:

#### 1. Definition of the portfolio objective

The main objective of the Group's investments portfolio management is to optimise its return in a sound and prudent manner, ensuring that all stakeholders are protected, protecting in particular the interests of policyholders, insured persons and beneficiaries. Accordingly, the portfolio must be systematically optimised according to the nature of the business subscribed, the Group's risk appetite and its liquidity needs.

#### 2. Rules for investment in assets

On one hand, the Group's assets are invested appropriately, taking into account both the nature and duration of the responsibilities assumed by the Group and the capacity to ensure the security, quality, availability, liquidity and profitability of the portfolio as a whole.

On the other hand, the assets are well diversified to avoid excessive concentration of risk in the portfolio as a whole.

Lastly, the assets are invested to guarantee a regular cash return, thereby enabling the Group to adequately manage its liquidity.

### 3. Classes of assets

As a general rule, the Group's portfolio is mainly composed of liquid assets (in line with the liquidity criteria set out in the ALM and Liquidity Policy), participation units in investment funds and real estate.

The classes of assets eligible for investment by the Group are:

- Treasury (cash, deposits and equivalent);
- Fixed income (medium and long-term debt instruments);
- Variable income (instruments which provide variable gains);
- Real estate (including properties for own use and for investment);
- Alternative investments.

Derivatives may be used exceptionally and in a simple format (swaps, forwards, futures, etc.) to hedge specific positions or for asset-liability management purposes.

### 4. Exposure limits

In order to enable the Group, in the light of market changes, to pursue its investment objectives without taking excessive risks, a set of targets and maximum and minimum limits has been established, in line with the following criteria:

- Class of asset;
- Credit quality and duration;
- Sector of activity;
- Geographical location;
- Concentration by position;
- Currency.

### 5. Risk management and control process

The Risk Management Division (DGR) is responsible for **controlling and monitoring the allocation of assets**, in the light of the targets and limits established.

Accordingly, procedures are defined, including those responsible for them, for when there is non-compliance with the targets and/or limits established.

Regarding **asset losses control mechanisms**, DGR provides information on the evolution of the most important risks related with investments, in particular, their impact on the solvency capital requirements. Based on the time-weighted return (TWR) evolution and solvency capital requirement estimates, DGR provides regular information on the estimated solvency position coverage, and procedures are defined to be adopted when certain warning levels are reached.

A regular **process of reporting** has been set up for the various levels of the Group involved in investment management, in order to enable adequate supervision and the activation of risk mitigation management mechanisms. Accordingly, the information which should be produced has been defined, including the type of report, its content, its frequency and the body responsible for producing it.

### Credit risk

At 31 December 2020 and 2019, the Group's exposure to credit risk was as follows:

|  | 2020             |                |                |
|--|------------------|----------------|----------------|
|  | Gross book value | Impairment     | Net book value |
| Sight deposits   | 934,535,567      | -              | 934,535,567    |
| Financial assets at fair value through profit or loss                        | 728,930,375      | -              | 728,930,375    |
| Financial assets designated at fair value through other comprehensive income | 9,475,225,553    | -              | 9,475,225,553  |
| Financial assets at amortised cost   | 1,503,886,472    | -              | 1,503,886,472  |
| Other debtors  | 367,002,432      | ( 51,497,471 ) | 315,504,961    |
| Maximum exposure to credit risk  | 13,009,580,399   | ( 51,497,471 ) | 12,958,082,928 |

|  | 2019             |                |                |
|--|------------------|----------------|----------------|
|  | Gross book value | Impairment     | Net book value |
| Sight deposits   | 863,667,593      | -              | 863,667,593    |
| Financial assets initially recognised at fair value through profit or loss | 556,090,028      | -              | 556,090,028    |
| Available-for-sale investments   | 9,436,645,017    | ( 49,985,367 ) | 9,386,659,650  |
| Loans and accounts receivable  | 1,385,899,082    | ( 846,356 )    | 1,385,052,726  |
| Held-to-maturity investments   | 1,074,167,759    | -              | 1,074,167,759  |
| Other debtors  | 326,587,555      | ( 25,680,840 ) | 300,906,716    |
| Maximum exposure to credit risk  | 13,643,057,033   | ( 76,512,562 ) | 13,566,544,471 |

In 2019, the net book value of the available-for-sale investments presented in the table includes shares with credit risk, of EUR 3,002,884, which are recognised under the heading "Other Instruments" (Note 8).



**Credit quality**

The following table provides a breakdown of the balance sheet value of the financial applications at 31 December 2020 and 2019, by Standard & Poor's rating, or equivalent, and by country of origin of the counterparty:

| Class of asset                  | 2020               |                        |                  |                    |                      |
|---------------------------------|--------------------|------------------------|------------------|--------------------|----------------------|
|                                 | Country of origin  |                        |                  |                    |                      |
|                                 | Portugal           | Rest of European Union | North America    | Other              | Total                |
| Deposits in credit institutions |                    |                        |                  |                    |                      |
| AAA                             | -                  | -                      | -                | 10,470,534         | 10,470,534           |
| AA- to AA+                      | 1,999,675          | -                      | -                | 100,227            | 2,099,902            |
| A- to A+                        | 233,744            | 71,012,132             | (1,109,601)      | 337,047,916        | 407,184,191          |
| BBB- to BBB+                    | 881,258            | 33,630,537             | -                | 126,800,730        | 161,312,525          |
| BB- to BB+                      | 467,901,077        | -                      | -                | 23,960,099         | 491,861,176          |
| B- to B+                        | -                  | -                      | -                | 22,615,771         | 22,615,771           |
| CCC- até CCC+                   | 387,940            | -                      | -                | 2,163,423          | 2,551,363            |
| Not rated                       | 3,946,658          | 36,347,609             | 3,998,197        | 227,919,227        | 272,211,691          |
|                                 | <u>475,350,352</u> | <u>140,990,278</u>     | <u>2,888,596</u> | <u>751,077,927</u> | <u>1,370,307,153</u> |
| Deposits in ceding companies    |                    |                        |                  |                    |                      |
| Not rated                       | 136,464            | -                      | -                | 602                | 137,066              |
|                                 | <u>136,464</u>     | <u>-</u>               | <u>-</u>         | <u>602</u>         | <u>137,066</u>       |
| Total                           | <u>475,486,816</u> | <u>140,990,278</u>     | <u>2,888,596</u> | <u>751,078,529</u> | <u>1,370,444,219</u> |

| Class of asset                  | 2019               |                        |               |                    |                      |
|---------------------------------|--------------------|------------------------|---------------|--------------------|----------------------|
|                                 | Country of origin  |                        |               |                    |                      |
|                                 | Portugal           | Rest of European Union | North America | Other              | Total                |
| Deposits in credit institutions |                    |                        |               |                    |                      |
| AAA                             | -                  | 308,392                | -             | 11,030,505         | 11,338,897           |
| AA- to AA+                      | 12,139,799         | 111,556                | -             | 17,469,092         | 29,720,447           |
| A- to A+                        | 254,071            | 662,623,451            | -             | 231,587,715        | 894,465,237          |
| BBB- to BBB+                    | 270,618,729        | 311,341,299            | -             | 23,933,864         | 605,893,892          |
| BB- to BB+                      | 398,596,157        | -                      | -             | 17,297,793         | 415,893,950          |
| B- to B+                        | -                  | -                      | -             | 12,320,390         | 12,320,390           |
| CCC- até CCC+                   | 388,912            | -                      | -             | -                  | 388,912              |
| Not rated                       | 9,183,793          | 49,922,837             | -             | 196,662,997        | 255,769,627          |
|                                 | <u>691,181,461</u> | <u>1,024,307,535</u>   | <u>-</u>      | <u>510,302,356</u> | <u>2,225,791,352</u> |
| Deposits in ceding companies    |                    |                        |               |                    |                      |
| Not rated                       | -                  | -                      | -             | 146,916            | 146,916              |
|                                 | <u>-</u>           | <u>-</u>               | <u>-</u>      | <u>146,916</u>     | <u>146,916</u>       |
| Total                           | <u>691,181,461</u> | <u>1,024,307,535</u>   | <u>-</u>      | <u>510,449,272</u> | <u>2,225,938,268</u> |

(Amounts in euros except when expressly indicated otherwise)

At 31 December 2020 and 2019, the balance sheet value of the debt instruments in portfolio, net of impairment, by Standard & Poor's rating, or equivalent, by type of issuer and by country of origin of the counterparty, can be broken down as follows:

| Class of asset  | 2020              |                        |               |             |             |
|---|-------------------|------------------------|---------------|-------------|-------------|
|   | Country of origin |                        |               |             |             |
|   | Portugal          | Rest of European Union | North America | Other       | Total       |
| Financial assets at fair value through profit or loss       |                   |                        |               |             |             |
| Corporate   |                   |                        |               |             |             |
| A- to A+  | -                 | 6,936,984              | 2,639,521     | 8,260,135   | 17,836,640  |
| BBB- to BBB+  | 25,948,998        | 50,477,292             | 43,701,708    | 98,803,265  | 218,931,263 |
| BB- to BB+  | 35,968,612        | 27,345,214             | 6,410,886     | 26,386,553  | 96,111,265  |
| B- to B+  | -                 | 2,039,668              | 2,833,270     | 246,942     | 5,119,880   |
| Not rated   | 24,369,798        | 2,164                  | 12,954,844    | 20,934,535  | 58,261,341  |
|   | 86,287,408        | 86,801,322             | 68,540,229    | 154,631,430 | 396,260,389 |
| Governments and other local authorities                     |                   |                        |               |             |             |
| AAA   | -                 | 2,584,811              | -             | -           | 2,584,811   |
| AA- to AA+  | -                 | 3,764,332              | -             | 284,262     | 4,048,594   |
| A- to A+  | -                 | 35,444                 | -             | -           | 35,444      |
| BB- até BB+   | 1,778,981         | -                      | -             | -           | 1,778,981   |
| BBB- to BBB+  | 11,319,292        | 8,240,885              | -             | -           | 19,560,177  |
|   | 13,098,273        | 14,625,472             | -             | 284,262     | 28,008,007  |
| Financial Institutions                                      |                   |                        |               |             |             |
| AAA   | -                 | -                      | -             | 2,818,282   | 2,818,282   |
| AA- to AA+  | -                 | -                      | -             | 1,475,337   | 1,475,337   |
| A- to A+  | -                 | 6,041,531              | 2,719,154     | 5,471,474   | 14,232,159  |
| BBB- to BBB+  | -                 | 10,519,037             | 39,775,628    | 8,311,418   | 58,606,083  |
| BB- to BB+  | 24,372,633        | 41,982,611             | -             | -           | 66,355,244  |
| B- to B+  | 12,947,730        | 12,593,562             | -             | -           | 25,541,292  |
|   | 37,320,363        | 71,136,741             | 42,494,782    | 18,076,511  | 169,028,397 |
| Total Financial assets at fair value through profit or loss | 136,706,044       | 172,563,535            | 111,035,011   | 172,992,203 | 593,296,793 |

(Amounts in euros except when expressly indicated otherwise)

| Class of asset  | 2019              |                        |                    |                    |                    |
|---|-------------------|------------------------|--------------------|--------------------|--------------------|
|   | Country of origin |                        |                    |                    | Total              |
|   | Portugal          | Rest of European Union | North America      | Other              |                    |
| <b>Financial assets initially recognised at fair value through profit or loss</b>       |                   |                        |                    |                    |                    |
| Corporate   |                   |                        |                    |                    |                    |
| A- to A+  | -                 | 5,721,217              | 51,292,156         | 1,975,753          | 58,989,126         |
| BBB- to BBB+  | 1,440,738         | 41,764,049             | 83,481,259         | 89,169,419         | 215,855,465        |
| BB- to BB+  | 1,717,972         | 2,781,221              | 1,488,339          | 447,369            | 6,434,901          |
| Not rated   | 1,187,565         | 36                     | 53,619,570         | 53,554,475         | 108,361,646        |
|   | 4,346,275         | 50,266,523             | 189,881,324        | 145,147,016        | 389,641,138        |
| Governments and other local authorities   |                   |                        |                    |                    |                    |
| AAA   | -                 | 1,999,616              | -                  | -                  | 1,999,616          |
| AA- to AA+  | -                 | 3,138,806              | -                  | -                  | 3,138,806          |
| A- to A+  | -                 | 43,495                 | -                  | -                  | 43,495             |
| BBB- to BBB+  | 489,123           | 8,922,645              | -                  | -                  | 9,411,768          |
|   | 489,123           | 14,104,562             | -                  | -                  | 14,593,685         |
| Financial Institutions  |                   |                        |                    |                    |                    |
| AA- to AA+  | -                 | 100,616                | -                  | 718,384            | 819,000            |
| A- to A+  | -                 | 1,062,301              | 1,231,883          | 4,184,474          | 6,478,658          |
| BBB- to BBB+  | -                 | 8,510,514              | 38,499,228         | 1,026,264          | 48,036,006         |
| BB- to BB+  | -                 | 1,068,441              | -                  | -                  | 1,068,441          |
| B- to B+  | 25,469,640        | -                      | -                  | -                  | 25,469,640         |
| CCC- to CCC+  | 28,118,167        | -                      | -                  | -                  | 28,118,167         |
|   | 53,587,807        | 10,741,872             | 39,731,111         | 5,929,122          | 109,989,912        |
| Other issuers   |                   |                        |                    |                    |                    |
| AAA   | -                 | -                      | -                  | 2,003,628          | 2,003,628          |
| AA- to AA+  | -                 | -                      | -                  | 6,526,407          | 6,526,407          |
| A- to A+  | -                 | -                      | -                  | 354,059            | 354,059            |
|   | -                 | -                      | -                  | 8,884,094          | 8,884,094          |
| <b>Total Financial assets initially recognised at fair value through profit or loss</b> | <b>58,423,205</b> | <b>75,112,957</b>      | <b>229,612,435</b> | <b>159,960,232</b> | <b>523,108,829</b> |

(Amounts in euros except when expressly indicated otherwise)

| Class of asset  | 2020                 |                        |                      |                      |                      |
|---|----------------------|------------------------|----------------------|----------------------|----------------------|
|   | Country of origin    |                        |                      |                      |                      |
|   | Portugal             | Rest of European Union | North America        | Other                | Total                |
| <b>Financial assets designated at fair value through other comprehensive income</b>       |                      |                        |                      |                      |                      |
| Corporate   |                      |                        |                      |                      |                      |
| AA- to AA+  | -                    | 4,517,071              | 9,094,356            | -                    | 13,611,427           |
| A- to A+  | -                    | 322,801,488            | 86,717,906           | 303,174,147          | 712,693,541          |
| BBB- to BBB+  | 719,509              | 376,188,354            | 332,301,629          | 504,104,352          | 1,213,313,844        |
| BB- to BB+  | 10,939,382           | 105,703,036            | 252,727,573          | 119,578,264          | 488,948,255          |
| B- to B+  | -                    | -                      | 26,384,899           | 9,754,278            | 36,139,177           |
| CCC- to CCC+  | -                    | -                      | -                    | 9,634,602            | 9,634,602            |
| Not rated   | 31,436,110           | -                      | -                    | 322,232,819          | 353,668,929          |
|   | 43,095,001           | 809,209,949            | 707,226,363          | 1,268,478,462        | 2,828,009,775        |
| Governments and other local authorities   |                      |                        |                      |                      |                      |
| AAA   | -                    | 557,133                | -                    | 2,477,723            | 3,034,856            |
| AA- to AA+  | -                    | 1,061,817              | -                    | -                    | 1,061,817            |
| A- to A+  | -                    | 62,147,555             | -                    | 4,645,895            | 66,793,450           |
| BBB- to BBB+  | 75,217,169           | -                      | -                    | -                    | 75,217,169           |
| BB- to BB+  | 1,345,088,645        | 1,632,554,924          | 3,128,593            | 46,769,692           | 3,027,541,854        |
| CCC- to CCC+  | -                    | -                      | -                    | 1,237,656            | 1,237,656            |
|   | 1,420,305,814        | 1,696,321,429          | 3,128,593            | 55,130,966           | 3,174,886,802        |
| Financial institutions  |                      |                        |                      |                      |                      |
| AA- to AA+  | -                    | -                      | -                    | 17,306,307           | 17,306,307           |
| A- to A+  | 17,391,088           | 5,788,869              | 38,433,845           | 184,866,997          | 246,480,799          |
| BBB- to BBB+  | -                    | 102,801,418            | 141,193,592          | 940,947,705          | 1,184,942,715        |
| BB- to BB+  | 1,528,706            | 173,876,910            | 171,740,918          | 542,301,416          | 889,447,950          |
| B- to B+  | 84,841,363           | 29,338,638             | 9,146,499            | 22,068,586           | 145,395,086          |
| CCC- to CCC+  | 27,953,037           | -                      | -                    | -                    | 27,953,037           |
| Not rated   | -                    | 135,823,726            | -                    | 128,654,603          | 264,478,329          |
|   | 131,714,194          | 447,629,561            | 360,514,854          | 1,836,145,614        | 2,776,004,223        |
| Other issuers   |                      |                        |                      |                      |                      |
| AA- to AA+  | -                    | -                      | -                    | 114,378              | 114,378              |
|   | -                    | -                      | -                    | 114,378              | 114,378              |
| <b>Total Financial assets designated at fair value through other comprehensive income</b> | <b>1,595,115,009</b> | <b>2,953,160,939</b>   | <b>1,070,869,810</b> | <b>3,159,869,420</b> | <b>8,779,015,178</b> |

(Amounts in euros except when expressly indicated otherwise)

| 2019   |                   |                        |               |               |               |
|--|-------------------|------------------------|---------------|---------------|---------------|
| Class of asset   | Country of origin |                        |               |               |               |
|  | Portugal          | Rest of European Union | North America | Other         | Total         |
| Available-for-sale investments (net of impairment)       |                   |                        |               |               |               |
| Corporate  |                   |                        |               |               |               |
| AAA  | -                 | -                      | -             | 82,029,281    | 82,029,281    |
| AA- to AA+   | -                 | 2,401,378              | -             | 204,496,473   | 206,897,851   |
| A- to A+   | -                 | 319,933,630            | 129,796,258   | 591,101,499   | 1,040,831,387 |
| BBB- to BBB+   | -                 | 416,876,900            | 359,368,344   | 377,420,333   | 1,153,665,577 |
| BB- to BB+   | 21,023,283        | 93,269,322             | 111,234,139   | 100,681,254   | 326,207,998   |
| B- to B+   | -                 | 7,248,507              | 24,141,245    | 35,156,083    | 66,545,835    |
| CCC- to CCC+   | -                 | 3,255,312              | -             | 15,502,093    | 18,757,405    |
| Not rated  | 30,700,539        | -                      | -             | 293,272,696   | 323,973,235   |
|  | 51,723,822        | 842,985,049            | 624,539,986   | 1,699,659,712 | 3,218,908,569 |
| Governments and other local authorities                  |                   |                        |               |               |               |
| AAA  | -                 | 560,806                | -             | -             | 560,806       |
| AA- to AA+   | -                 | 3,889,015              | -             | 11,189,060    | 15,078,075    |
| A- to A+   | -                 | 13,792,013             | -             | 213,336,134   | 227,128,147   |
| BBB- to BBB+   | 1,790,939,128     | 1,723,275,796          | 9,316,695     | 55,292,805    | 3,578,824,424 |
| BB- to BB+   | 16,585,044        | -                      | -             | -             | 16,585,044    |
| CCC- to CCC+   | -                 | -                      | -             | 1,511,086     | 1,511,086     |
| Not rated  | -                 | -                      | -             | 626,455       | 626,455       |
|  | 1,807,524,172     | 1,741,517,630          | 9,316,695     | 281,955,540   | 3,840,314,037 |
| Financial institutions                                   |                   |                        |               |               |               |
| AAA  | -                 | 1,609,791              | -             | 10,366,843    | 11,976,634    |
| AA- to AA+   | 17,201,958        | 7,249,914              | 7,996,874     | 208,784,525   | 241,233,271   |
| A- to A+   | 8,775,232         | 700,935,225            | 57,492,524    | 413,429,012   | 1,180,631,993 |
| BBB- to BBB+   | 1,534,718         | 428,893,023            | 141,793,413   | 105,010,470   | 677,231,624   |
| BB- to BB+   | 73,548,386        | 44,793,435             | 4,256,279     | 14,149,219    | 136,747,319   |
| B- to B+   | 29,049,217        | -                      | -             | 2,636,388     | 31,685,605    |
| Not rated  | -                 | -                      | -             | 47,822,168    | 47,822,168    |
|  | 130,109,511       | 1,183,481,388          | 211,539,090   | 802,198,625   | 2,327,328,614 |
| Other issuers  |                   |                        |               |               |               |
| AAA  | -                 | -                      | -             | 108,430       | 108,430       |
|  | -                 | -                      | -             | 108,430       | 108,430       |
| Total Available-for-sale investments (net of impairment) | 1,989,357,505     | 3,767,984,067          | 845,395,771   | 2,783,922,307 | 9,386,659,650 |

| 2020                                     |                   |                        |               |           |               |
|--|-------------------|------------------------|---------------|-----------|---------------|
| Class of asset                           | Country of origin |                        |               |           |               |
|  | Portugal          | Rest of European Union | North America | Other     | Total         |
| Financial assets at amortised cost       |                   |                        |               |           |               |
| Governments and other local authorities  |                   |                        |               |           |               |
| BB- até BB+                              | 353,568,570       | 705,317,800            | -             | -         | 1,058,886,370 |
| Sem rating                               | -                 | -                      | -             | 3,392,920 | 3,392,920     |
|  | 353,568,570       | 705,317,800            | -             | 3,392,920 | 1,062,279,290 |
| Financial Institutions                   |                   |                        |               |           |               |
| Sem rating                               | -                 | -                      | -             | 43,763    | 43,763        |
|  | -                 | -                      | -             | 43,763    | 43,763        |
| Total financial assets at amortised cost | 353,568,570       | 705,317,800            | -             | 3,436,683 | 1,062,323,053 |

| Class of asset                            | Portugal           |                        |                      |
|---|--------------------|------------------------|----------------------|
|   | Country of origin  |                        |                      |
|   | Portugal           | Rest of European Union | Total                |
| <b>Held-to-maturity investments</b>       |                    |                        |                      |
| Governments and other local authorities   |                    |                        |                      |
| BBB- até BBB+                             | 358,706,978        | 715,460,781            | 1,074,167,759        |
|   | 358,706,978        | 715,460,781            | 1,074,167,759        |
| <b>Total Held-to-maturity investments</b> | <b>358,706,978</b> | <b>715,460,781</b>     | <b>1,074,167,759</b> |

The Group periodically undertakes a collective analysis of the debt recovery risk of premiums pending collection recognised in the balance sheet, in order to identify and quantify impairment losses to be recognised as “Adjustments for premiums pending collection” (Note 43). At 31 December 2020 and 2019, the balance sheet value of premiums from insured persons pending collection was as follows:

|                                     | 2020                      |                                |                                 |                                     |                     |                   | Net balance sheet value |
|-------------------------------------|---------------------------|--------------------------------|---------------------------------|-------------------------------------|---------------------|-------------------|-------------------------|
|                                     | Less than 30 days overdue | Between 30 and 90 days overdue | Between 90 and 180 days overdue | Between 180 days and 1 year overdue | Over 1 year overdue | Impairment losses |                         |
| <b>Life insurance</b>               |                           |                                |                                 |                                     |                     |                   |                         |
| Capitalisation products             | 6,200,632                 | 375,759                        | 316,483                         | 1,150,677                           | 4,425               | ( 1,327 )         | 8,046,648               |
| Life risk products                  | 25,128,294                | -                              | 327,154                         | 129,319                             | 643,408             | ( 9,268,867 )     | 16,959,308              |
| <b>Non-life insurance</b>           |                           |                                |                                 |                                     |                     |                   |                         |
| Motor                               | 355,748,047               | 3,085,786                      | 5,245,893                       | -                                   | 225,167             | ( 9,091,588 )     | 355,213,305             |
| Workers' compensation               | 5,267,944                 | 5,551,105                      | 4,023,159                       | 7,882                               | 843,051             | ( 6,032,762 )     | 9,660,380               |
| Domestic animals                    | 2,207                     | 426                            | 38                              | 147                                 | 17                  | -                 | 2,835                   |
| Health                              | 47,131,751                | 2,733,904                      | 3,841,651                       | 4,877                               | 3,614,843           | ( 3,710,322 )     | 53,616,704              |
| Fire and other damage               | 335,219,605               | 5,893,639                      | 2,301,395                       | 197,155                             | 8,580,618           | ( 3,523,909 )     | 348,668,503             |
| Transports                          | 57,929,531                | 212,831                        | 63,948                          | -                                   | 22,913              | ( 579,095 )       | 57,650,127              |
| Third party liability               | 124,282,608               | 918,624                        | 221,484                         | 3,368,544                           | 683,156             | ( 1,461,922 )     | 128,012,494             |
| Other (includes personal accidents) | ( 748,011,789 )           | 1,613,859                      | 238,201                         | 10,369                              | 5,113,212           | ( 3,003,934 )     | ( 744,040,082 )         |
|                                     | 208,898,829               | 20,385,933                     | 16,579,406                      | 4,868,970                           | 19,730,810          | ( 36,673,726 )    | 233,790,221             |
|                                     |                           |                                |                                 |                                     |                     |                   |                         |
|                                     | 2019                      |                                |                                 |                                     |                     |                   | Net balance sheet value |
|                                     | Less than 30 days overdue | Between 30 and 90 days overdue | Between 90 and 180 days overdue | Between 180 days and 1 year overdue | Over 1 year overdue | Impairment losses |                         |
| <b>Life insurance</b>               |                           |                                |                                 |                                     |                     |                   |                         |
| Capitalisation products             | 3,777,173                 | -                              | -                               | -                                   | -                   | ( 22,600 )        | 3,754,573               |
| Life risk products                  | 12,513,015                | -                              | -                               | -                                   | -                   | ( 604,082 )       | 11,908,933              |
| <b>Non-life insurance</b>           |                           |                                |                                 |                                     |                     |                   |                         |
| Motor                               | 45,823,489                | -                              | -                               | -                                   | -                   | ( 4,177,029 )     | 41,646,460              |
| Workers' compensation               | 8,084,197                 | 593,983                        | 37,457                          | 71,713                              | 31,864              | ( 1,277,088 )     | 7,542,127               |
| Domestic animals                    | 346                       | 54                             | 72                              | 57                                  | 913                 | -                 | 1,442                   |
| Health                              | 26,366,653                | 76,531                         | -                               | -                                   | -                   | ( 1,189,580 )     | 25,253,604              |
| Fire and other damage               | 47,124,269                | -                              | -                               | -                                   | -                   | ( 2,670,796 )     | 44,453,473              |
| Transports                          | 7,500,200                 | -                              | -                               | -                                   | -                   | ( 436,402 )       | 7,063,798               |
| Third party liability               | 20,693,826                | -                              | -                               | -                                   | -                   | ( 1,028,225 )     | 19,665,601              |
| Other (includes personal accidents) | 18,913,952                | -                              | -                               | 12,940                              | 35,825              | ( 2,621,839 )     | 16,340,878              |
|                                     | 190,797,119               | 670,568                        | 37,529                          | 84,711                              | 68,601              | ( 14,027,641 )    | 177,630,887             |

## Liquidity risk

At 31 December 2020 and 2019, the estimated undiscounted cash flows of the financial instruments, according to the respective contractual maturity, were as follows:

|  | 2020                 |                          |                           |                         |                       |                       |                        |                    |                      | Total                 |
|--|----------------------|--------------------------|---------------------------|-------------------------|-----------------------|-----------------------|------------------------|--------------------|----------------------|-----------------------|
|  | Up to 1 month        | From 1 month to 3 months | From 3 months to 6 months | From 6 months to 1 year | Between 1 and 3 years | Between 3 and 5 years | Between 5 and 10 years | More than 10 years | Indefinite           |                       |
| <b>Assets</b>  |                      |                          |                           |                         |                       |                       |                        |                    |                      |                       |
| Cash and cash equivalents  | 936,872,479          | -                        | -                         | -                       | -                     | -                     | -                      | -                  | -                    | 936,872,479           |
| Investments in associates and joint ventures   | -                    | -                        | -                         | -                       | -                     | -                     | -                      | -                  | 23,838,264           | 23,838,264            |
| Financial assets at fair value through profit or loss  | 2,488,684            | 2,841,884                | 32,009,643                | 7,222,439               | 177,554,210           | 197,796,664           | 185,973,103            | 104,529,189        | 188,922,480          | 899,338,295           |
| Hedge Derivatives  | -                    | -                        | -                         | -                       | -                     | -                     | -                      | -                  | 5,440,707            | 5,440,707             |
| Financial assets designated at fair value through other comprehensive income   | 127,229,550          | 181,635,843              | 751,015,881               | 602,026,915             | 2,927,263,248         | 2,210,165,353         | 2,048,849,529          | 242,749,994        | 1,957,523,281        | 11,048,459,594        |
| Financial assets at amortised cost   | 535,528              | -                        | 27,793                    | 1,884                   | 23,900                | 50,836                | 295,668                | 154,560            | -                    | 1,090,169             |
| Other debtors  | 315,504,961          | -                        | -                         | -                       | -                     | -                     | -                      | -                  | -                    | 315,504,961           |
|  | <b>1,382,631,202</b> | <b>184,477,727</b>       | <b>783,053,317</b>        | <b>609,251,238</b>      | <b>3,104,841,357</b>  | <b>2,408,012,853</b>  | <b>2,235,118,300</b>   | <b>347,433,743</b> | <b>2,175,724,733</b> | <b>13,230,544,469</b> |
| <b>Liabilities</b>   |                      |                          |                           |                         |                       |                       |                        |                    |                      |                       |
| Mathematical provision for life insurance  | 20,074,725           | 25,856,462               | 34,483,079                | 115,409,477             | 425,003,390           | 389,697,255           | 271,817,363            | 275,882,524        | 22,360,677           | 1,580,584,952         |
| Financial liabilities held for trading   | -                    | 2,846,747                | -                         | 1,641,049               | -                     | 21,789,014            | 11,732,870             | -                  | -                    | 38,009,681            |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 236,910,386          | 429,389,898              | 431,919,836               | 818,937,089             | 2,982,879,929         | 1,694,382,639         | 971,688,670            | 587,269,396        | 5,288,666            | 8,158,666,508         |
| Hedge derivatives  | -                    | -                        | -                         | -                       | -                     | -                     | -                      | -                  | 6,496,962            | 6,496,962             |
| Deposits received from reinsurers  | 37,807               | 75,614                   | 113,421                   | 36,521,665              | -                     | -                     | -                      | -                  | -                    | 36,824,121            |
| Other financial liabilities  | 1,329                | 4,652                    | 30,103                    | 54,307,904              | 51,295,905            | 71,734,138            | 207,805,207            | 10,527,815         | 62,214,725           | 457,921,777           |
| Other creditors  | 288,396,384          | -                        | -                         | -                       | -                     | -                     | -                      | -                  | -                    | 288,396,384           |
|  | <b>545,420,631</b>   | <b>458,173,373</b>       | <b>466,546,438</b>        | <b>1,026,817,184</b>    | <b>3,459,179,224</b>  | <b>2,177,603,046</b>  | <b>1,463,044,112</b>   | <b>873,679,735</b> | <b>96,361,030</b>    | <b>10,566,824,772</b> |

|  | 2019                 |                          |                           |                         |                       |                       |                        |                      |                      | Total                 |
|--|----------------------|--------------------------|---------------------------|-------------------------|-----------------------|-----------------------|------------------------|----------------------|----------------------|-----------------------|
|  | Up to 1 month        | From 1 month to 3 months | From 3 months to 6 months | From 6 months to 1 year | Between 1 and 3 years | Between 3 and 5 years | Between 5 and 10 years | More than 10 years   | Indefinite           |                       |
| <b>Assets</b>  |                      |                          |                           |                         |                       |                       |                        |                      |                      |                       |
| Cash and cash equivalents  | 1,034,494,244        | -                        | -                         | -                       | -                     | -                     | -                      | -                    | -                    | 1,034,494,244         |
| Investments in associates and joint ventures   | -                    | -                        | -                         | -                       | -                     | -                     | -                      | -                    | 3,979,082            | 3,979,082             |
| Financial assets held for trading  | -                    | -                        | -                         | -                       | -                     | -                     | -                      | -                    | 21,839,020           | 21,839,020            |
| Financial assets initially recognised at fair value through profit or loss   | 7,789,037            | 2,148,485                | 54,004,322                | 55,293,259              | 200,521,217           | 33,090,264            | 132,725,062            | 61,704,815           | 47,572,285           | 594,848,746           |
| Hedge derivatives  | -                    | -                        | -                         | -                       | -                     | -                     | -                      | -                    | 3,676,945            | 3,676,945             |
| Available-for-sale investments   | 24,010,152           | 67,084,805               | 622,392,116               | 570,038,473             | 3,129,529,782         | 2,803,228,091         | 2,583,144,192          | 185,989,937          | 3,748,648,182        | 13,734,065,730        |
| Loans and accounts receivable  | 504,212,906          | 277,913,246              | 178,662,527               | 237,531,424             | 158,166,980           | 55,221                | 321,172                | 167,894              | -                    | 1,357,031,369         |
| Other debtors  | 300,906,716          | -                        | -                         | -                       | -                     | -                     | -                      | -                    | -                    | 300,906,716           |
|  | <b>1,871,413,055</b> | <b>347,146,536</b>       | <b>855,058,964</b>        | <b>862,863,155</b>      | <b>3,488,217,979</b>  | <b>2,836,373,577</b>  | <b>2,716,190,426</b>   | <b>247,862,646</b>   | <b>3,825,715,513</b> | <b>17,050,841,851</b> |
| <b>Liabilities</b>   |                      |                          |                           |                         |                       |                       |                        |                      |                      |                       |
| Mathematical provision for life insurance  | 28,429,571           | 23,065,946               | 37,521,300                | 109,845,149             | 421,002,541           | 433,432,601           | 391,463,308            | 303,463,408          | 23,576,624           | 1,771,800,449         |
| Financial liabilities held for trading   | -                    | 12,038,554               | 5,414,373                 | 24,838,389              | 64,833,522            | 101,118,624           | 41,254,381             | -                    | -                    | 249,497,844           |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 119,594,054          | 286,223,987              | 314,278,458               | 767,258,039             | 3,015,946,503         | 2,600,142,052         | 1,170,513,691          | 688,495,436          | 5,968,496            | 8,968,420,716         |
| Hedge derivatives  | -                    | -                        | -                         | -                       | -                     | -                     | -                      | -                    | 25,705,957           | 25,705,957            |
| Deposits received from reinsurers  | 163,016              | 326,033                  | 489,049                   | 157,473,811             | -                     | -                     | -                      | -                    | -                    | 158,451,909           |
| Other financial liabilities  | 1,315,021            | 11,033,862               | 53,037,195                | 61,130,003              | 350,540,704           | 35,332,676            | 187,202,572            | 11,366,820           | 62,214,725           | 773,173,577           |
| Other creditors  | 247,620,270          | -                        | -                         | -                       | -                     | -                     | -                      | -                    | -                    | 247,620,270           |
|  | <b>397,121,932</b>   | <b>332,688,381</b>       | <b>410,740,375</b>        | <b>1,120,545,391</b>    | <b>3,852,323,270</b>  | <b>3,170,025,953</b>  | <b>1,790,433,952</b>   | <b>1,003,325,664</b> | <b>117,465,801</b>   | <b>12,194,670,720</b> |

The amounts presented above are not comparable with the accounting balances as they include cash-flow projections.

The calculation of the estimated cash flows of the financial instruments is based on the principles and assumptions the Group uses as part of its activity to manage and control liquidity, with the adjustments needed to comply with the applicable disclosure requirements. The main assumptions used to calculate the cash-flow estimates were:

- “Cash and cash equivalents” were classified as payable on demand and included in the “up to 1 month” category;
- The amount of “Loans and accounts receivable” classified as being of “Indefinite” maturity relates to operations with Group companies, without a defined repayment period or defined rate of interest, in addition to deposits of precious materials;
- The amounts included in “Other debtors” and “Other creditors” are payable on demand, and classified with maturity of “Up to 1 month”;
- Equity instruments were classified as being of “Indefinite” maturity;
- In debt instruments the contractual maturity was considered to be the earlier of the following dates: call, put or maturity;
- The amounts recognised in “Deposits received from reinsurers” correspond to provisions retained from reinsurers, as part of the reinsurance treaty in force, and are renewable for annual periods. The cash-flow estimates were calculated on the basis of the next due date;
- “Hedge Derivatives” were classified as “Indefinite”, since they are foreign exchange futures and forwards contracts;
- To calculate the projected cash flows of “Financial liabilities held for trading” the contracts’ maturity dates were considered;
- The following assumptions were considered when calculating the estimated cash flows of the mathematical provision for life insurance and financial liabilities of the deposit component of insurance contracts and investment contracts:
  - Mortality was determined according to the Group’s history of the last five years;
  - The estimate of future outflows for redemption of capitalisation contracts was based on a generalised linear model with four factors: type of product, the initial contract duration and the difference between the market interest rate, the source company and the technical rate;
  - Expected yields were determined based on the rates of the interest rate curve, the duration of the liability and plus / minus unrealised gains;
  - The expected costs were estimated based on the values recorded in year.



## Market risk

At 31 December 2020 and 2019, the breakdown of financial instruments by type of exposure to interest rate risk was as follows:

|  | 2020                  |                      |                      |                       |
|--|-----------------------|----------------------|----------------------|-----------------------|
|  | Exposure to           |                      | Not subject to       |                       |
|  | Fixed rate            | Variable rate        | Interest rate risk   | Total                 |
| <b>Assets</b>  |                       |                      |                      |                       |
| Cash and cash equivalents  | -                     | 934,535,567          | 2,336,912            | 936,872,479           |
| Investments in associates and joint ventures   | -                     | -                    | 23,838,264           | 23,838,264            |
| Financial assets at fair value through profit or loss  | 549,629,402           | 518,595,977          | 1,866,314,982        | 2,934,540,361         |
| Hedge Derivatives  | 90,287                | -                    | 5,350,420            | 5,440,707             |
| Financial assets designated at fair value through other comprehensive income   | 8,871,966,663         | 662,283,529          | 5,240,185            | 9,539,490,377         |
| Financial assets at amortised cost   | 1,494,657,774         | 829,286              | 56,197,517           | 1,551,684,577         |
| Other debtors  | -                     | -                    | 315,504,961          | 315,504,961           |
|  | <u>10,916,344,126</u> | <u>2,116,244,359</u> | <u>2,274,783,241</u> | <u>15,307,371,726</u> |
| <b>Liabilities</b>   |                       |                      |                      |                       |
| Mathematical provision for life insurance  | -                     | 1,767,082,920        | -                    | 1,767,082,920         |
| Financial liabilities held for trading   | 35,429,371            | ( 266,437 )          | 2,846,747            | 38,009,681            |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 7,836,592,350         | 523,530,129          | -                    | 8,360,122,479         |
| Hedge derivatives  | 4,296,288             | -                    | 2,200,674            | 6,496,962             |
| Deposits received from reinsurers  | -                     | 36,294,822           | -                    | 36,294,822            |
| Other financial liabilities  | -                     | 567,513,033          | -                    | 567,513,033           |
| Other creditors  | -                     | -                    | 288,396,384          | 288,396,384           |
|  | <u>7,876,318,009</u>  | <u>2,894,154,467</u> | <u>293,443,805</u>   | <u>11,063,916,281</u> |
|  |                       |                      |                      |                       |
|  | 2019                  |                      |                      |                       |
|  | Exposure to           |                      | Not subject to       |                       |
|  | Fixed rate            | Variable rate        | Interest rate risk   | Total                 |
| <b>Assets</b>  |                       |                      |                      |                       |
| Cash and cash equivalents  | -                     | 863,667,593          | 3,918,459            | 867,586,052           |
| Investments in associates and joint ventures   | -                     | -                    | 3,979,082            | 3,979,082             |
| Financial assets held for trading  | ( 69,263 )            | 132,327              | 21,775,956           | 21,839,020            |
| Financial assets initially recognised at fair value through profit or loss   | 499,039,285           | 403,260,242          | 69,596,714           | 971,896,241           |
| Hedge derivatives  | -                     | -                    | 3,676,945            | 3,676,945             |
| Available-for-sale investments   | 8,938,961,109         | 447,696,782          | 1,709,868,233        | 11,096,526,124        |
| Loans and accounts receivable  | -                     | 1,385,052,726        | -                    | 1,385,052,726         |
| Investments to be held to maturity   | 1,074,167,759         | -                    | -                    | 1,074,167,759         |
| Other debtors  | -                     | -                    | 300,906,716          | 300,906,716           |
|  | <u>10,512,098,890</u> | <u>3,099,809,670</u> | <u>2,113,722,105</u> | <u>15,725,630,665</u> |
| <b>Liabilities</b>   |                       |                      |                      |                       |
| Mathematical provision for life insurance  | -                     | 1,926,511,320        | -                    | 1,926,511,320         |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 8,786,271,012         | 138,730,678          | -                    | 8,925,001,690         |
| Other financial liabilities  | 80,884,019            | ( 9,784,520 )        | 10,935,239           | 82,034,738            |
| Hedge derivatives  | 3,771,156             | -                    | 21,934,801           | 25,705,957            |
| Deposits received from reinsurers  | -                     | 156,495,712          | -                    | 156,495,712           |
| Other financial liabilities  | -                     | 861,284,348          | -                    | 861,284,348           |
| Other creditors  | -                     | -                    | 247,620,270          | 247,620,270           |
|  | <u>8,870,926,187</u>  | <u>3,073,237,538</u> | <u>280,490,309</u>   | <u>12,224,654,035</u> |

(Amounts in euros except when expressly indicated otherwise)

At 31 December 2020 and 2019, the sensitivity of the fair value of the Group's financial instruments with exposure to interest rate risk to positive and negative changes of 50, 100 and 200 basis points (bps), respectively, was:

|  | 2020                   |                        |                        |                    |                      |                      |
|--|------------------------|------------------------|------------------------|--------------------|----------------------|----------------------|
|  | Change<br>+200 bp's    | Change<br>+100 bp's    | Change<br>+50 bp's     | Change<br>-50 bp's | Change<br>-100 bp's  | Change<br>-200 bp's  |
| <b>Assets</b>  |                        |                        |                        |                    |                      |                      |
| Financial assets initially recognised at fair value through profit or loss   | ( 23,222,803 )         | ( 11,974,590 )         | ( 6,082,559 )          | 6,282,842          | 12,776,452           | 26,442,023           |
| Financial assets designated at fair value through other comprehensive income | ( 595,139,772 )        | ( 314,193,270 )        | ( 162,223,076 )        | 175,546,269        | 368,943,939          | 839,837,385          |
| Financial assets at amortised cost   | ( 91,430,834 )         | ( 46,747,191 )         | ( 23,640,172 )         | 24,191,551         | 48,953,528           | 100,269,319          |
|  | <u>( 709,793,409 )</u> | <u>( 372,915,050 )</u> | <u>( 191,945,807 )</u> | <u>206,020,662</u> | <u>430,673,919</u>   | <u>966,548,727</u>   |
| <b>Liabilities</b>   |                        |                        |                        |                    |                      |                      |
| Other financial liabilities  | 2,641,215              | 1,348,381              | 681,328                | ( 696,009 )        | ( 1,407,118 )        | ( 2,876,391 )        |
|  | <u>2,641,215</u>       | <u>1,348,381</u>       | <u>681,328</u>         | <u>( 696,009 )</u> | <u>( 1,407,118 )</u> | <u>( 2,876,391 )</u> |

|  | 2019                   |                        |                        |                      |                      |                      |
|--|------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|
|  | Change<br>+200 bp's    | Change<br>+100 bp's    | Change<br>+50 bp's     | Change<br>-50 bp's   | Change<br>-100 bp's  | Change<br>-200 bp's  |
| <b>Assets</b>  |                        |                        |                        |                      |                      |                      |
| Financial assets initially recognised at fair value through profit or loss | (18,635,625)           | (9,585,066)            | (4,862,433)            | 5,008,941            | 10,171,593           | 20,989,845           |
| Hedge derivatives  | -                      | -                      | -                      | -                    | -                    | -                    |
| Available-for-sale investments   | (670,413,033)          | (352,959,099)          | (181,927,446)          | 196,050,983          | 411,044,053          | 930,839,578          |
| Loans and accounts receivable  | (11,269,246)           | (5,697,117)            | (2,864,454)            | 2,896,805            | 5,826,534            | 11,787,123           |
| Investments to be held to maturity   | -                      | -                      | -                      | -                    | -                    | -                    |
|  | <u>( 700,317,903 )</u> | <u>( 368,241,282 )</u> | <u>( 189,654,333 )</u> | <u>203,956,729</u>   | <u>427,042,180</u>   | <u>963,616,546</u>   |
| <b>Liabilities</b>   |                        |                        |                        |                      |                      |                      |
| Financial liabilities held for trading                                     | 4,117,584              | 2,108,203              | 1,066,844              | ( 1,093,145 )        | ( 2,213,441 )        | ( 4,539,046 )        |
|  | <u>4,117,584</u>       | <u>2,108,203</u>       | <u>1,066,844</u>       | <u>( 1,093,145 )</u> | <u>( 2,213,441 )</u> | <u>( 4,539,046 )</u> |

The sensitivity of the fair value of the financial assets and technical liabilities was calculated by considering the future cash flows discounted at the respective YTM, with positive and negative changes of 50, 100 and 200 bps, in the respective yields.

At 31 December 2020 and 2019, the breakdown of financial instruments by currency was as follows:

|  | 2020                  |                      |                    |                      |                       |
|--|-----------------------|----------------------|--------------------|----------------------|-----------------------|
|  | Euros                 | U.S. Dollar          | Hong-Kong Dollar   | Other currencies     | Total                 |
| <b>Assets</b>  |                       |                      |                    |                      |                       |
| Cash and cash equivalents  | 500,542,986           | 62,518,054           | 331,086            | 373,480,352          | 936,872,479           |
| Investments in associates and joint ventures   | 2,252,217             | 20,479,407           | -                  | 1,106,640            | 23,838,264            |
| Financial assets initially recognised at fair value through profit or loss   | 2,033,347,261         | 439,599,487          | 351,737,370        | 109,856,243          | 2,934,540,361         |
| Hedge Derivatives  | 5,350,419             | -                    | -                  | 90,287               | 5,440,707             |
| Financial assets designated at fair value through other comprehensive income   | 6,241,550,386         | 1,656,295,539        | -                  | 1,641,644,451        | 9,539,490,377         |
| Financial assets at amortised cost   | 1,264,853,356         | 112,603,784          | 33,740,726         | 140,486,711          | 1,551,684,577         |
| Other debtors  | 159,139,260           | 162,263,233          | 31,228             | 217,018,873          | 538,452,594           |
|  | <u>10,207,035,885</u> | <u>2,453,759,504</u> | <u>385,840,410</u> | <u>2,483,683,558</u> | <u>15,530,319,357</u> |
| <b>Liabilities</b>   |                       |                      |                    |                      |                       |
| Mathematical provision for life insurance  | 1,751,056,928         | -                    | -                  | 16,025,991           | 1,767,082,920         |
| Financial liabilities held for trading   | ( 905,773,581 )       | 5,393,876            | -                  | 938,389,386          | 38,009,681            |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 8,276,624,799         | 8,388,092            | -                  | 75,109,588           | 8,360,122,479         |
| Hedge derivatives  | 5,089,744             | ( 62,292 )           | -                  | 1,469,510            | 6,496,962             |
| Deposits received from reinsurers  | 30,172,555            | 4,633,311            | -                  | 1,488,956            | 36,294,822            |
| Other financial liabilities  | 479,878,836           | ( 1,401 )            | -                  | 87,635,599           | 567,513,033           |
| Other creditors  | 145,630,201           | 243,860,629          | 126,938            | 121,726,246          | 511,344,014           |
|  | <u>9,782,679,483</u>  | <u>262,212,214</u>   | <u>126,938</u>     | <u>1,241,845,277</u> | <u>11,286,863,912</u> |

|  | 2019                  |                      |                    |                      |                       |
|--|-----------------------|----------------------|--------------------|----------------------|-----------------------|
|  | Euros                 | U.S. Dollar          | Hong-Kong Dollar   | Other currencies     | Total                 |
| <b>Assets</b>  |                       |                      |                    |                      |                       |
| Cash and cash equivalents  | 602,906,432           | 110,038,852          | 1,669,940          | 152,970,828          | 867,586,052           |
| Investments in associates and joint ventures   | 2,150,026             | -                    | -                  | 1,829,056            | 3,979,082             |
| Financial assets held for trading  | 2,638,106             | 19,146,941           | -                  | 53,973               | 21,839,020            |
| Financial assets initially recognised at fair value through profit or loss   | 624,946,966           | 326,426,591          | -                  | 20,522,684           | 971,896,241           |
| Hedge derivatives  | 222,781               | 3,403,359            | -                  | 50,805               | 3,676,945             |
| Available-for-sale investments   | 7,042,192,533         | 1,867,738,502        | 410,344,223        | 1,776,250,866        | 11,096,526,124        |
| Loans and accounts receivable  | 1,002,380,431         | 172,342,081          | 26,875,446         | 183,454,768          | 1,385,052,726         |
| Held-to-maturity investments   | 1,074,167,759         | -                    | -                  | -                    | 1,074,167,759         |
| Other debtors  | 145,320,168           | 110,931,548          | 20,907             | 66,588,488           | 322,861,111           |
|  | <b>10,496,925,202</b> | <b>2,610,027,874</b> | <b>438,910,516</b> | <b>2,201,721,468</b> | <b>15,747,585,060</b> |
| <b>Liabilities</b>   |                       |                      |                    |                      |                       |
| Mathematical provision for life insurance  | 1,610,147,157         | -                    | -                  | 316,364,163          | 1,926,511,320         |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 8,866,884,569         | 4,763,102            | -                  | 53,354,019           | 8,925,001,690         |
| Financial liabilities held for trading   | -                     | 28,644,120           | -                  | 53,390,618           | 82,034,738            |
| Hedge derivatives  | 21,564,876            | 2,025,385            | -                  | 2,115,696            | 25,705,957            |
| Subordinated liabilities   | -                     | -                    | -                  | -                    | -                     |
| Deposits received from reinsurers  | 125,526,897           | 3,837,802            | -                  | 27,131,013           | 156,495,712           |
| Other financial liabilities  | 461,259,236           | -                    | -                  | 400,025,112          | 861,284,348           |
| Other creditors  | 152,139,407           | 18,488,033           | 2,544,279          | 96,402,946           | 269,574,665           |
|  | <b>11,237,522,142</b> | <b>57,758,442</b>    | <b>2,544,279</b>   | <b>948,783,567</b>   | <b>12,246,608,430</b> |

The headings “Other debtors” and “Other creditors” are broken down differently between Assets and Liabilities, when compared with the Financial Statements due to the fact that the allocation by currency leads to a different breakdown of balances.

## 50. Disclosures Relating to Insurance Contract Risks

Below is a summary of the acceptance and risk management policies in force.

### 50.1. Risk underwriting

Risk acceptance and management is structured at two levels, following a model for delegating competence.

Each level has specific methodologies and procedures, in line with its competence, enabling interconnection and harmonisation between the two.

The second level, for commercial networks, includes delegated competence for risk acceptance, duly established by written standards and procedures, essentially based on the following criteria:

- Products with standard clauses;
- Risks or activities with a stable claims history;
- Homogeneous and easily identifiable risk universe;
- Small amounts of capital allowing dilution of higher risk;
- Risks with known and controllable accumulation, regarding cover and/or geographical spread;
- Premiums in line with a product tariff, adjustable by a delegated discount of reduced scope.

The following instruments are available: tariffs, simulators, underwriting manuals, algorithms that identify risks that require careful technical analysis and rules on delegation of competence, product manuals, general conditions and pre-contractual information, insurance proposals, standard declarations, technical questionnaires and rules on circuits and procedures.

The first level is for the Business Divisions – bodies in the structure that are responsible for managing the business areas, from product design to claims management, and including underwriting and portfolio management – which have additional instruments for risk analysis.

The Business Divisions have a multidisciplinary technical staff who are highly specialised in the different insurance lines of business, and are assisted by actuarial specialists. When the characteristics of the risk so justify, they use risk analyses performed by specialist companies.

Risk acceptance is based on strict technical standards, which seek to identify risks with high potential losses (in terms of severity and frequency), apply adjusted contract conditions and define premiums appropriate to the specific risk, in order to obtain sustained growth in the portfolio and a stable technical result. All risks which do not fit within the Reinsurance Treaties are analysed by the Business Divisions, and Facultative Reinsurance may be used when the conditions for accepting the risk are deemed to have been met.

When the risks analysed do not fit within the Reinsurance Charging Manuals or the conditions for acceptance defined by the Company, they are sent to the Reinsurers' Underwriting Departments for proposals for acceptance of the conditions of these risks to be presented.

The Business Divisions also have access to reports and analyses of a technical and actuarial nature which allow them to gain knowledge on the technical evolution of the insurance business and on the evolution of risk behaviour in relation to the cover and main characteristics of the insurable objects.

The Risk Acceptance Policy identifies situations with a particularly high risk and/or a high level of uncertainty. These situations are not delegated to the Technical Divisions, and competence to accept them is reserved for the Underwriting Policy Acceptance and Supervision Committee, which meets whenever it is necessary to assess risks with these characteristics.

## **50.2. Technical management**

The technical management of the Lines of Business includes product design, definition of clauses and prices, definition and control of the underwriting policy, calculation of maximum risks and also monitoring of the technical results, namely supervision of the evolution of processed income, the number of insurance contracts, portfolio distribution by risk segments and guarantees, average premiums, risk characteristics, claims and the technical margin.

In order to monitor the above, periodic reports are produced containing management indicators and information is regularly prepared for the Reinsurance Division, with information on portfolio profiles, with the aim of aiding negotiation of the Reinsurance Treaties.

## **50.3. Risk control management instruments**

### **Internal risks of the organisation**

In order to control and minimise the organisation's internal risk, acceptance rules and procedures and product manuals have been published. These are freely available and employees are well aware of their content, and the process for application them is duly monitored by the competent areas.

### **Portfolio profile studies**

Regular studies are produced on the risk profile of the portfolios, by class of capital/liabilities assumed, type of activity, type of objects insured and covers.

Studies are also regularly made of the claims rate behaviour of products according to the most important characteristics for defining the risk.

This type of study enables a qualitative and quantitative analysis to be obtained of the portfolio's claims rate (by scales of sums insured, types of objects insured, types of activities, covers), with the aim of gauging the existing delegations and correcting any distortions, and also, correlating the main price determination factors and deciding on changes in products being commercialised or the creation of new ones.

### **Periodic analyses of portfolio evolution**

The portfolio being managed is subject to periodic analysis of the behaviour of the policy movements, both in terms of numbers of policies and in terms of new and cancelled policies, variations in premiums/average rates and changes in the distribution of contracts across the various business segments.

These studies also include analysis of claims behaviour, and monitor the respective frequency and rate of claims. This analysis is produced not only in terms of groups of business, but mainly in terms of products being managed.

In specific cases in the motor insurance line of business, extensive and detailed diagnoses are made regarding the portfolio's evolution, with the aim of identifying operational problems in the business, together with their causes, both from a commercial and technical perspective. Proposals are developed as a result of these diagnoses.

### **Portfolio selection and reorganisation**

The aim of this function is to improve the profitability of the portfolio being managed, both by reorganising loss-making risks (high frequency and/or level of claims), and by introducing changes to the conditions of the contract (cover, deductibles, premiums), and also by providing advice to the Client (recommending the implementation of prevention and safety measures which improve the quality of the risk).

This function also includes the assessment of irregularities which are detected in contracts or in claims, which may lead to the implementation of measures which, depending on the seriousness of the irregularity, may lead to cancellation of the insured person's contract or portfolio.

### **Insurance risk concentrations**

By producing regular studies on the risk profile of the portfolios, by class of capital/liabilities assumed, by activities and objects insured, and by cover, indicators are obtained which enable an estimate to be made of the impact of potential changes to the cover, and an analysis of the impact of any changes to the reinsurance treaties and to the Group's retention policy. In some cases, specific studies are conducted to assess these impacts.

These studies are also focused on specific cover, the geographical area, the type of responsibilities assumed or on the type of object insured, enabling the determination and quantification of maximum risk by classes, and also evaluating the impact of catastrophic claims circumstances on the portfolio.

## Behaviour of the non-life portfolio – Direct insurance

### Direct insurance

|                                  | 2020                  |                            |  | 2019                  |                            |  |
|----------------------------------|-----------------------|----------------------------|--|-----------------------|----------------------------|--|
|                                  | Gross Premiums Earned | Claims and Expenses Ratios | Post-investment Claims and Expenses Ratios | Gross Premiums Earned | Claims and Expenses Ratios | Post-investment Claims and Expenses Ratios |
| Accidents                        | 276,303,785           | 1.02                       | 1.01                                       | 266,932,438           | 1.08                       | 1.07                                       |
| Health                           | 357,718,266           | 0.85                       | 0.84                                       | 329,907,498           | 0.93                       | 0.92                                       |
| Fire and Other Damage            | 267,040,275           | 0.80                       | 0.79                                       | 251,519,913           | 0.74                       | 0.73                                       |
| Motor                            | 462,049,626           | 0.90                       | 0.90                                       | 449,103,430           | 0.98                       | 0.97                                       |
| Marine                           | 5,263,510             | 0.32                       | 0.32                                       | 4,439,221             | 0.44                       | 0.43                                       |
| Aviation                         | 10,102,649            | -0.42                      | -0.42                                      | 8,492,634             | 0.14                       | 0.13                                       |
| Transported Goods                | 7,028,318             | 0.58                       | 0.58                                       | 6,637,501             | 0.39                       | 0.37                                       |
| Third Party Liabilities          | 52,663,571            | 1.04                       | 1.03                                       | 43,612,782            | 0.84                       | 0.83                                       |
| Other Lines of Business          |                       |                            |  |                       |                            |  |
| (Credit and SuretyShip + Others) | 80,162,539            | 0.57                       | 0.56                                       | 79,029,240            | 0.44                       | 0.43                                       |

Note: Ratios for the years of occurrence 2020 and 2019 for the company Fidelidade.

In the last 12 months some variations in the post-investment claims/expenses ratio were seen. Only Transported Goods, Other Lines of Business, Third Party Liabilities and Fire and Other Damage saw a decrease in the ratio of 53.8%; 31.6%; 25.1% and 7.9% respectively.

The ratio trend is to decrease in Accidents, Health, Motor, Marine, and Aviation.

An analysis of the above table reveals that in the last 12 months only in the Accidents and Third Party Liabilities lines of business premiums were not sufficient to meet the liabilities.

Fidelidade Portugal's pre-tax technical results for non-life were positive in December 2020, reaching over EUR 60.4 million.

### Premiums sufficiency and creation of a provision for unexpired risks

#### Direct insurance

Fidelidade's direct non-life insurance premiums for Accidents and Third Party Liabilities were insufficient to meet the liabilities associated with claims, operating costs and investments. A reduction of 0.8% and 3.4% respectively in the costs would be needed to eliminate the premiums shortfall in this lines of business.

The premiums earned from direct insurance were sufficient to meet the liabilities assumed in all other lines of business.

In the non-life lines of business, in the last 12 months, the operating result from direct insurance was sufficient in overall terms to meet the liabilities associated with their operation.

#### Net of reinsurance

Since the Provision for Unexpired Risks is calculated separately for each geography we indicate for each the need to establish or not this provision in 2020.

In Portugal, with the exception of Aviation, Marine and Transported Goods lines of business, the insurance company's premiums net of reinsurance were insufficient, in 2020, to meet the costs associated with the operation of most of the lines of business.

In Spain, Provision for Unexpired Risks was only necessary for Fire and Other Damages and Other Lines of Business.

In France, Provision for Unexpired Risks was only necessary for Fire and Other Damages.

In Mozambique, only for the Marine, Aviation and Transported Goods lines of business the insurance company's premiums net of reinsurance were sufficient, to meet the costs associated with the operation.

Consequently, a provision for unexpired risks was set up, in line with the rules in force, which is lower than the provision set up in 2019 for all branches except Spain.

### **Provision for unearned premiums**

The provision is calculated in line with the rules in force, and tests are carried out in order to determine the adequacy of the level of provisions.

### **Equalisation provision**

The calculation for the equalisation provision is defined in the rules of the ASF which are applied both in terms of the algorithms and regarding the lines of business to be considered. The Group follows the criteria listed there.

### **Claims provision**

The claims provision is calculated as described in the accounting policies. Throughout the year actuaries monitor the levels of the provisions set up, and statistical methods are used which are appropriate to the nature of the risks, namely estimating using stochastic methods of future cash flows associated with the assumed liabilities.

### **Risk concentration and mitigation**

At Fidelidade, the Accidents, Health, Fire and Other Damage and Motor lines of business represent approximately 89.8% of the Gross Premiums Earned and 94.5% of the claims.

In order to control the risks assumed, the insurance company has underwriting and acceptance rules to select and control the level of exposure to which the Company is subject.

In non-life, risk mitigation is mostly by means of specific reinsurance programmes for each type of risk, and high demands are placed on the quality of the reinsurers involved.

The following table presents the rating of the main reinsurers, updated at the end of December 2020:

| Rating    | % Reinsurers |       |
|-----------|--------------|-------|
|           | 2020         | 2019  |
| A -       | 7.4%         | 10.3% |
| A         | 29.6%        | 31.0% |
| A +       | 22.2%        | 27.6% |
| AA        | 33.3%        | 20.7% |
| AA+       | 3.8%         | 3.5%  |
| Not Rated | 3.7%         | 6.9%  |

There's a not rated Reinsurer, with a participation of 5% in Personal Accidents, Third Party Liabilities, Motor and Workers' Compensation.

There is a specific "Excess of Loss" treaty to guarantee catastrophic risks, with a retention of EUR 63,000,000 and a capacity of EUR 358,000,000.

At Fidelidade 60.11% of the sums insured retained for cover for Seismic Phenomena are located in Zone I, the most serious in terms of seismic risk. The sums insured considered in this analysis are estimates.

#### **Comparison between estimated and actual claims**

Fidelidade's claims provision at 31 December 2019 totalled EUR 1,607 million. During 2020, EUR 336,212,751 were paid for claims which occurred in 2019 and previous years.

In December 2020, natural consumption would lead to a provision of EUR 1,271,783,947. However, there was a positive readjustment of over EUR 60.3 million, and the provision at the end of December 2020 was EUR 1,332,115,254.

There were positive readjustments for Accidents and Health, Fire and Other Damage, Motor, Marine and Transport, Transported Goods, Third Party Liabilities. The most significant, in absolute terms, was in Accidents and Health, which was greater than EUR 50 million.



**Development of Claims Provisions regarding claims occurred in previous years and their readjustments (corrections):**

| Headings                | Claims Provisions at 31<br>December 2019 | Claims Paid in the year* | Claims Provisions at 31<br>December 2020 * | Readjustments     |
|-------------------------|--|--------------------------|--|-------------------|
|                         | (1)                                      | (2)                      | (3)  | (3)-(2)-(1)       |
| Accidents and Health    | 990,167,115                              | 148,707,995              | 892,221,766                                | 50,762,646        |
| Fire and Other Damage   | 118,334,568                              | 49,232,835               | 74,342,777                                 | 5,241,044         |
| Motor                   | 379,281,200                              | 126,085,653              | 259,953,580                                | 6,758,033         |
| Marine and Transport    | 2,261,190                                | 984,804                  | 1,601,532                                  | 325,146           |
| Aviation                | 6,008,735                                | 210,220                  | 703,709                                    | (5,094,806)       |
| Transported Goods       | 2,421,323                                | 511,204                  | 1,976,636                                  | 66,517            |
| Third Party Liabilities | 99,462,559                               | 7,981,859                | 94,180,927                                 | 2,700,227         |
| Credit and SuretyShip   | 411,540                                  | (1,880)                  | 299,045                                    | (114,375)         |
| Legal Protection        | 24,421                                   | 274                      | 1,348                                      | (22,799)          |
| Assistance              | 219,775                                  | (56,261)                 | 9,148                                      | (266,888)         |
| Other Lines of Business | 9,404,272                                | 2,556,048                | 6,824,786                                  | (23,438)          |
| <b>Total</b>            | <b>1,607,996,698</b>                     | <b>336,212,751</b>       | <b>1,332,115,254</b>                       | <b>60,331,307</b> |

\* Claims occurred in the year N-1 and previous year

## Insurance Risks

The Group underwrites contracts in all the non-life lines of business, the most significant risks of which are:

- Changes in the longevity of pensioners in the Workers' Compensation line of business and in income rates associated with assets allocated to the respective mathematical provisions;
- Climate change and natural disasters;
- Inflation risk, in the lines of business in which claims take longer to be fully settled;
- In health insurance, the most significant risks are the result of changes in lifestyle and scientific and technological developments.

Exposure to risks is mitigated by the diversification obtained due to the size of the group's portfolio of policies and the extent of the risks underwritten in all non-life lines of business. Variability of the risks is improved by the selection of risks to be underwritten and the implementation of underwriting strategies and policies which are defined so as to ensure that the risks are diversified in terms of the type of risk and the level of guarantees taken out.

Furthermore, policies are defined for claims revision and claims management procedures. These policies are regularly checked to ensure they reflect the practices in course and form the basis of the control carried out. Claims being managed are regularly reviewed, and any giving rise to suspicions of fraud are investigated. The group carries out active and timely management of claims, in order to reduce its exposure to unforeseen developments which may have a negative impact on its liabilities.

In relation to whole life provisions in the Workers' Compensation line of business, the mortality table applied is regularly assessed, in order to reflect the real longevity of the beneficiaries of these covers.

The Group also limits its exposure to risk by both imposing maximum amounts of indemnifiable damage in most contracts and using reinsurance programmes which limit its exposure in particular to catastrophic events.

The assessment of exposure to seismic risk is studied by the insurer's reinsurers, and their conclusions are considered when the reinsurance treaties are acquired and renewed.

## **Risk Assessment Assumptions**

### **Non-life lines of business, except annuities**

The main assumption for estimating the group's liabilities is that future development of claims and indemnities will follow a similar pattern to known past experience for those variables. These assumptions include probabilities relating to the average cost of claims, claims management costs, inflation and the number of claims per year.

Qualitative judgements are also used to assess the adequacy of the past trends and whether they can be applied in the future or not, for example:

- Changes in market conditions, such as clients' attitudes regarding reporting claims;
- Economic conditions;
- Internal factors, such as the composition of the portfolios of policies, policy guarantees, and procedures, and greater or lesser speed in managing claims;
- External factors, namely changes to legislation or rules and court decisions and relevant regulations or legislation that may affect the cost estimate.

### **Annuities and whole life assistance in the Workers' Compensation line of business**

For whole life liabilities in the Workers' Compensation line of business, assumptions are adopted regarding the longevity of the beneficiaries of these provisions, discount rates and the costs of their management.

The table below shows the impact on the insurer's liabilities of changes which are reasonably possible in the assumptions indicated. All the others remain constant.

| <b>Assumption</b>    | <b>Factor</b> | <b>Increase in Liability</b> |
|----------------------|---------------|------------------------------|
| <b>Longevity</b>     | + 20%         | 6.13%                        |
| <b>Expense</b>       | + 10%         | 0.70%                        |
| <b>Revision</b>      | 4%            | 2.34%                        |
| <b>Interest Rate</b> | -1%           | 12.29%                       |

## Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on Non-Life net liabilities, profit before tax and equity. The reinsurance impacts on the sensitivity analysis corresponds to the proportional effect of the current reinsurance protection.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

| Key Assumptions        | Change in assumptions | 2020  |  |                                      | 2019  |  |                                      |
|------------------------|-----------------------|---|--|--------------------------------------|---|--|--------------------------------------|
|                        |                       | Increase/<br>(decrease) on<br>net liabilities | Increase/<br>(decrease) on<br>profit before<br>tax | Increase/<br>(decrease) on<br>equity | Increase/<br>(decrease) on<br>net liabilities | Increase/<br>(decrease) on<br>profit before<br>tax | Increase/<br>(decrease) on<br>equity |
| Number of claims       | +10%                  | 48,871,470                                    | (48,871,470)                                       | (33,476,957)                         | 71,253,328                                    | (71,253,328)                                       | (48,808,529)                         |
| Average claims cost    | +10%                  | 44,279,997                                    | (44,279,997)                                       | (30,331,798)                         | 65,295,129                                    | (65,295,129)                                       | (44,727,163)                         |
| Average claims reserve | +10%                  | 18,320,129                                    | (18,320,129)                                       | (12,549,288)                         | 80,525,457                                    | (80,525,457)                                       | (55,159,938)                         |
| Longevity              | +10%                  | 672,269                                       | (672,269)  | (460,504)                            | 1,334,309                                     | (1,334,309)  | (914,002)                            |
| Longevity              | -10%                  | (1,114,874)                                   | 1,114,874  | 763,689                              | (768,605)                                     | 768,605  | 526,494                              |
| Discount rate          | +1%                   | (5,034,250)                                   | 5,034,250  | 3,448,461                            | (6,112,574)                                   | 6,112,574  | 4,187,113                            |
| Discount rate          | -1%                   | 6,012,260                                     | (6,012,260)  | (4,118,398)                          | 7,242,594                                     | (7,242,594)  | (4,961,177)                          |

## 50.4. Reinsurance Policies

The decisive factors for limiting or transferring the risk insured are the nature of the business and the amounts of the risks to be insured, and a distinction is made mainly between those which are considered mass lines of business (Motor, Workers' Compensation, Personal Accidents and Multi-risks Home Insurance) and those which are dealt with more on a case-by-case basis, such as the remaining lines of business of Property, Engineering and Machinery, Marine risks, Transported Goods, Third Party Liability and Other risks.

Compliance with the Underwriting Rules is intrinsically associated with the contracts available and in force in Reinsurance, and these are decisive for the acceptance or refusal of certain risks and its pricing.

Risks involving significant amounts insured or serious situations are subject to prior analysis and their acceptance is strictly interdependent with and supported by Reinsurance.

The Group has based its Reinsurance Policy on the existence of Proportional and Non-Proportional Reinsurance Treaties, as well as Facultative Reinsurance and other types of reinsurance which prove necessary to obtain adequate Reinsurance protection for the risks accepted.

In Fire and Other Damage, Engineering and Aviation, the Group works with Proportional Treaties.

The Reinsurance cover in the main property lines of business, and the respective retention, takes into consideration the portfolio structure's ratio of sums insured and the respective volume of premiums for each line of business and also considers the statistical monitoring of the profitability of that portfolio, the Retention/Premiums ratio at the end of one year or one cycle and the Group's financial capacity, in terms of whether it is sufficient to absorb frequent claims.

Accumulations resulting from “Cover for Seismic Phenomena and Natural Risks”, which are catastrophic in Retentions, are reinsured by Excess of Loss, and the Retention is determined by the Group’s financial capacity.

When determining the Retention by event, the low frequency of catastrophes in Portugal is taken into account, and the retention reflects what is technically foreseeable from the point of view of the impact of a catastrophe on the Group’s capital and its absorption over a defined period, working with a conservative scenario with a period of return of 500 years, which is unusual in markets exposed to catastrophes.

Accumulations resulting from natural disasters that do not relate to seismic phenomena are protected by an Excess of Loss Treaty, and the Retention and Capacity are defined on the basis of the history of events that have occurred in the last 15 years and the Group’s financial capacity.

Motor, Workers’ Compensation, Personal Accidents, Marine Hull, Transported Goods and Third Party Liability are covered by Excess of Loss treaties, which proves more appropriate to the nature of the risks and the portfolio and the Group’s financial capacity. To establish the priority, the statistical behaviour of the claims rate and quotes for different levels of this are taken into consideration.

The criteria for selecting reinsurers take into account their reliability and financial solvency and their capacity to provide services. The selection process requires their constant observation and monitoring.

The information obtained in the International Market from Rating Agencies is a fundamental reference regarding the sound financial health of the Reinsurers.

The rating by the S&P Rating Agency or equivalent (A.M. Best, Fitch or Moody’s) is therefore a factor in the selection of Reinsurers. The minimum rating required for a reinsurer to be part of our Panel of Reinsurers is “A-”.

## **50.5. Life Insurance**

In the Life Insurance Line of Business there are three major groups of insurance contracts, covered by IFRS 4, in relation to which the nature of risks covered is characterised as follows:

### **Risk products**

With regard to these products, the greatest risk factor is mortality, and there are a large number of contracts which also have an associated disability risk, with a significant part of these being transferred to reinsurers.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}.$

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

### Annuity products

The greatest risk factor for these products is longevity.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$ .

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

### Capitalisation products

The greatest risk factor for these products is interest rate risk.

Only the contracts with profit sharing are covered by IFRS 4, so the income awarded to the insured persons has a fixed component and a variable component which depends on the profitability of a given portfolio of assets partially dependent on the Group's discretion.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Percentage of Income} - \text{Technical Income} - \text{Management Costs} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$ .

The discretionary nature of this profit sharing is associated with its use in determining income and the profit sharing coefficient, the percentage of income and the management costs, given that the plans for awarding it only define minimum amounts for these figures.

Expected cash inflows and outflows for the next three years are presented for each of these groups of products (PS – Profit sharing).

| Year | Risk        |             | Annuities |            | Capitalization with PS |             |
|------|-------------|-------------|-----------|------------|------------------------|-------------|
|      | Inflow      | Outflow     | Inflow    | Outflow    | Inflow                 | Outflow     |
| 2021 | 150,674,086 | 112,255,991 | -         | 14,923,532 | 18,004,665             | 202,101,589 |
| 2022 | 127,813,194 | 94,164,822  | -         | 14,029,015 | 16,296,288             | 230,645,376 |
| 2023 | 117,715,895 | 86,241,522  | -         | 13,126,005 | 14,605,629             | 212,320,908 |

The following tables provide information on the changes of these cash inflows and outflows, considering a 5% increase in expected redemptions.

| Year | Risk        |             | Annuities |            | Capitalization with PS |             |
|------|-------------|-------------|-----------|------------|------------------------|-------------|
|      | Inflow      | Outflow     | Inflow    | Outflow    | Inflow                 | Outflow     |
| 2021 | 147,119,582 | 109,878,214 | -         | 14,923,532 | 17,550,593             | 265,545,065 |
| 2022 | 117,869,106 | 87,865,964  | -         | 14,029,015 | 15,083,568             | 270,125,730 |
| 2023 | 102,647,918 | 76,827,505  | -         | 13,126,005 | 12,836,002             | 231,970,425 |

## Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions, showing the impact on net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

| Key Assumptions                  | Change in assumptions | 2020                                    |   |                                | 2019                                    |   |                                |
|----------------------------------|-----------------------|---|---|--------------------------------|---|---|--------------------------------|
|                                  |                       | Increase/ (decrease) on net liabilities | Increase/ (decrease) on profit before tax | Increase/ (decrease) on equity | Increase/ (decrease) on net liabilities | Increase/ (decrease) on profit before tax | Increase/ (decrease) on equity |
| Mortality                        | +10%                  | (5,716,411)                             | 5,716,411                                 | 3,915,742                      | (5,063,648)                             | 5,063,648                                 | 3,468,599                      |
| Mortality                        | -10%                  | 6,459,400                               | (6,459,400)                               | (4,424,689)                    | 6,739,151                               | (6,739,151)                               | (4,616,318)                    |
| Expected income rate             | +0,5%                 | (15,007,478)                            | 15,007,478                                | 10,280,122                     | (17,905,219)                            | 17,905,219                                | 12,265,075                     |
| Expected income rate             | -0,5%                 | 20,147,608                              | (20,147,608)                              | (13,801,111)                   | 24,639,766                              | (24,639,766)                              | (16,878,240)                   |
| Incorred but not reported claims | +10%                  | 2,005,716                               | (2,005,716)                               | (1,373,915)                    | 2,005,716                               | (2,005,716)                               | (1,373,915)                    |

## 51. Capital Management

The new solvency regime (Solvency II), approved by Directive 2009/138/EC of the European Parliament and of the Council, of 25 November, and transposed into Portuguese Law by Law No. 147/2015, of 9 September, came into force on 1 January 2016.

The Solvency II rules are divided into three pillars.

### Pillar I (quantitative requirements)

The Solvency II rules define criteria for determining own funds eligible for the purposes of capital requirements by undertaking an economic assessment of the insurance Company's assets and liabilities. They also define two levels of capital requirements: the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).

The SCR is calculated taking into account all the risks that an Insurance Company may be exposed to, namely market risks, credit risks, specific insurance risks and operational risks. The SCR aims to guarantee the existence of eligible funds in an amount which is sufficient to absorb significant losses resulting from risks to which an Insurance Company may be exposed.

The MCR establishes the maximum warning level, corresponding to the amount of own funds that must be kept, so as not to jeopardise the Insurer's compliance with its liabilities.

If it is detected that the SCR or the MCR are no longer being complied with or if there is a risk of non-compliance in the following three months, even circumstantial or temporary non-compliance, it shall immediately inform the ASF. In the event of failure to comply with the SCR, it shall send this Authority a recovery plan within two months and take the measures necessary to ensure that, within six months, a level of own funds eligible to cover the SCR has been restored or the company's risk profile has been reduced.

In the event of failure to comply with the MCR or where a risk of non-compliance is detected, it shall send to the ASF, within one month, a short-term financing plan, with a view to avoiding non-compliance or restoring the eligible own funds, at least to the level of the MCR, or with a view to reducing the company's risk profile.

## **Pillar II (qualitative requirements and supervision)**

This pillar defines qualitative requirements related with the existence and maintenance of effective systems of governance, risk management and internal control, including systems to ensure the suitability and qualification of those persons who effectively run the Company, supervise it and are responsible for key functions (risk management, internal audit and compliance and actuarial functions).

One of the main requirements of this pillar is the own risk and solvency assessment (ORSA), which must be performed at least once a year. Through this exercise, the company must conduct a prospective assessment of the adequacy of the capital available to achieve its business objectives, taking into account its risk profile, and also the adequacy of the regulatory capital, and conduct a solvency analysis considering stress scenarios. The resulting report must be sent to the ASF.

## **Pillar III (prudential reporting and public disclosures)**

Pillar III sets out the obligations for disclosing public information and information to the Supervisor.

Within this context, the Group's capital management objectives meet the following general principles:

- Complying with the legal requirements by which the Group is bound;
- Generating adequate profitability, creating value for the shareholder and providing it with remuneration on the capitals applied;
- Sustaining the development of the operations that the Group is legally authorised to perform, maintaining a solid capital structure capable of responding to growth in the business and to the risks arising from it.

To achieve the objectives described, the Group has defined a set of policies and processes.

On one hand, it has implemented a risk management system which is an integral part of the Group's daily activities, with an integrated approach being applied to ensure that the strategic objectives (clients' interests, financial solidity and efficiency of processes) are being maintained. This integrated approach also ensures value creation by identifying an appropriate balance between risk and return, at the same time guaranteeing the Group's obligations to its stakeholders.

Risk management aids the Group in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile.

In establishing its risk profile, the Group identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Group has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

On the other hand, the ORSA enables risk, capital and return to be related, in a prospective vision, in the context of the Group's business strategy.

The ORSA, which coincides timewise with the Group's strategic planning (which is never less than 3 years), plays a key role in the Group's Capital Management, and supports its main activities, namely:

- Assessing, together with risk management, the risk appetite structure in relation to the business and capital management strategy;
- Contributing to the commencement of the strategic planning process, by performance of a capital adequacy assessment in the most recent period;
- Monitoring capital adequacy in line with the regulatory capital requirements and internal capital needs.

Taking into account the results obtained in the ORSA, and if the capital requirements differ from those defined, both in terms of the regulations and other limits defined internally, corrective actions to be implemented are prepared, in order to restore the capital level to the adequate or intended level.

Lastly, the obligations regarding public information, in particular, the obligation to disclose an annual "Solvency and Financial Condition Report", enable detailed information to be provided on the Group's activities and performance, governance system, risk profile, solvency assessment and capital management.

Given the time lag between the disclosure of these financial statements and the prudential information contained in the "Solvency and Financial Condition Report", it is important to state that the Group complies comfortably with the capital requirements, considering the preliminary data reported to the ASF on a quarterly basis and the information available on this date.

To ensure compliance with the policies and processes, the Group has implemented an appropriate system of governance involving, among others, an organisational structure which involves several bodies that perform key risk management and internal control functions: the Risk Management Division, the Compliance Division, the Audit Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, the Life and Non-Life Products Committees and the Assets and Liabilities Management Committee.

## **52. Public Service Concessions**

### **Main risks identified are operational and financial**

Luz Saúde manages Hospital Beatriz Ângelo through its subsidiary Sociedade Gestora do Hospital de Loures, SA ("SGHL") under a Public-Private Partnership agreement with the Portuguese State ("PPP Agreement"). HL – Sociedade Gestora do Edifício, S.A., in which the Company has a 10% shareholding, is also a party to the PPP agreement and is responsible for the management of Hospital Beatriz Ângelo's building and facilities.



Under the PPP Agreement, SGHL has undertaken to provide healthcare services within the National Health Service, through Hospital Beatriz Ângelo, for a 10-year period as of the Hospital's opening date (19 January 2012). The term of the PPP agreement may be renewed for successive periods by mutual agreement and each period cannot exceed 10 years. Notwithstanding, the total duration of the PPP Agreement, including the initial period and any additional periods, cannot exceed 30 years, as of the PPP agreement's effective date (31 December 2009). However, and according to the ARS-LVT letter of 17 January 2020, the decision not to renew the aforementioned contract was communicated.

With respect to the Hospital's management, the PPP Agreement governs the relationship between the State and SGHL, sets prices and payment methods, establishes quality standards, notice and information duties, compliance levels (clinical and non-clinical), hospital operating rules (e.g. human resources) and other duties and undertakings for each party, as well as consequences for default on the contractual obligations.

In addition, the PPP Agreement establishes that annual volumes of patient treatment at Hospital Beatriz Ângelo (defined with reference to doctor consultations, emergency room visits and inpatient and outpatient surgical and non-surgical services) shall be agreed by annual negotiation between the Public Awarding Entity (in this case *Administração Regional de Saúde de Lisboa e Vale do Tejo, I.P.*) and the hospital's management, based on historical data for public healthcare demands by the population in the Hospital's catchment area. However, it should be noted that the aforementioned production level is determined based on historical data regarding the demand for public healthcare by the population living in the Hospital's catchment area.

On the other hand, the prices charged by the hospital to the National Health Service have been contractually defined and are adjusted annually according to the growth of the inflation rate.

The PPP Agreement further provides that, at the end of each month, the State must pay 90% of 1/12 of the agreed annual production value (regardless of the actual production value reached). The adjustment amount (which may include the remaining 10%, plus any additional production above the agreed amount, given that there are areas where the set production limit can be surpassed, such as emergency room visits and hospitalisation) must be calculated by the end of the first semester of the following year, and payment must be made during that same period.

## 53. Managed Pension Funds

At 31 December 2020 and 2019, the Macao branch was managing the following pension funds. In these periods, the pension fund portfolio contained the following assets:

|                    | 2020             |                                    |                                 |                                   |  |  |   |                        |
|--------------------|------------------|------------------------------------|---------------------------------|-----------------------------------|--|--|---|------------------------|
|                    | BNU Pension Fund | Golden Age Retirement Pension Fund | Guaranteed Capital Pension Fund | International Stable Pension Fund | International Opportunities Pension Fund | Greater China Opportunities Pension Fund | Emerging Markets Opportunities Pension Fund | SmartSafe Pension Fund |
| Amounts in Patacas |                  |                                    |                                 |                                   |  |  |   |                        |
| Cash and deposits  | 16,060,388       | 20,990,947                         | 79,963,164                      | 1,035,443                         | 2,540,798                                | 2,772,278                                | 293,089                                     | 44,123,196             |
| Debt instruments   | 160,367,633      | 622,274,461                        | -                               | 28,539,438                        | 18,275,610                               | 23,510,856                               | 6,529,762                                   | -                      |
| Equity instruments | 31,529,754       | 302,397,427                        | -                               | 10,361,036                        | 30,606,727                               | 36,324,087                               | 13,615,367                                  | -                      |
| Others             | ( 150,670 )      | ( 472,831 )                        | ( 104,912 )                     | ( 64,371 )                        | ( 80,372 )                               | ( 101,621 )                              | ( 32,847 )                                  | ( 72,404 )             |
|                    | 207,807,105      | 945,190,004                        | 79,858,251                      | 39,871,546                        | 51,342,763                               | 62,505,600                               | 20,405,372                                  | 44,050,792             |
| Amounts in Euros   |                  |                                    |                                 |                                   |  |  |   |                        |
| Cash and deposits  | 1,638,882        | 2,142,021                          | 8,159,840                       | 105,662                           | 259,276                                  | 282,897                                  | 29,908                                      | 4,502,551              |
| Debt instruments   | 16,364,712       | 63,499,986                         | -                               | 2,912,306                         | 1,864,934                                | 2,399,165                                | 666,329                                     | -                      |
| Equity instruments | 3,217,453        | 30,858,140                         | -                               | 1,057,292                         | 3,123,263                                | 3,706,691                                | 1,389,380                                   | -                      |
| Others             | ( 15,375 )       | ( 48,250 )                         | ( 10,706 )                      | ( 6,569 )                         | ( 8,202 )                                | ( 10,370 )                               | ( 3,352 )                                   | ( 7,389 )              |
|                    | 21,205,672       | 96,451,897                         | 8,149,134                       | 4,068,691                         | 5,239,271                                | 6,378,383                                | 2,082,265                                   | 4,495,162              |

Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 9,79960 MOP.

|                           | 2019              |                                    |                                 |                                   |  |  |   |                        |
|---------------------------|-------------------|------------------------------------|---------------------------------|-----------------------------------|--|--|---|------------------------|
|                           | BNU Pension Fund  | Golden Age Retirement Pension Fund | Guaranteed Capital Pension Fund | International Stable Pension Fund | International Opportunities Pension Fund | Greater China Opportunities Pension Fund | Emerging Markets Opportunities Pension Fund | SmartSafe Pension Fund |
| <b>Amounts in Patacas</b> |                   |                                    |                                 |                                   |  |  |   |                        |
| Cash and deposits         | 2,722,671         | 3,996,973                          | 7,264,467                       | ( 7,765 )                         | 11,161                                   | 49,092                                   | 9,051                                       | 2,146,235              |
| Debt instruments          | 11,991,265        | 55,426,480                         | -                               | 1,815,105                         | 1,196,271                                | 1,580,505                                | 545,068                                     | -                      |
| Equity instruments        | 2,367,250         | 26,339,326                         | -                               | 624,115                           | 1,818,583                                | 2,361,246                                | 1,015,126                                   | -                      |
| Others                    | ( 12,254 )        | ( 42,881 )                         | ( 11,173 )                      | ( 9,554 )                         | ( 11,935 )                               | ( 15,040 )                               | ( 6,188 )                                   | ( 4,289 )              |
|                           | <u>17,068,932</u> | <u>85,719,897</u>                  | <u>7,253,294</u>                | <u>2,421,901</u>                  | <u>3,014,080</u>                         | <u>3,975,803</u>                         | <u>1,563,058</u>                            | <u>2,141,946</u>       |
| <b>Amounts in Euros</b>   |                   |                                    |                                 |                                   |  |  |   |                        |
| Cash and deposits         | 302,193           | 443,630                            | 806,294                         | ( 862 )                           | 1,239                                    | 5,449                                    | 1,005                                       | 238,214                |
| Debt instruments          | 1,330,928         | 6,151,867                          | -                               | 201,461                           | 132,776                                  | 175,423                                  | 60,498                                      | -                      |
| Equity instruments        | 262,745           | 2,923,441                          | -                               | 69,271                            | 201,847                                  | 262,078                                  | 112,670                                     | -                      |
| Others                    | ( 1,360 )         | ( 4,759 )                          | ( 1,240 )                       | ( 1,060 )                         | ( 1,325 )                                | ( 1,669 )                                | ( 687 )                                     | ( 476 )                |
|                           | <u>1,894,506</u>  | <u>9,514,179</u>                   | <u>805,054</u>                  | <u>268,810</u>                    | <u>334,537</u>                           | <u>441,281</u>                           | <u>173,486</u>                              | <u>237,738</u>         |

Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 9.00970 MOP.

## 54. Subsequent Events

At the beginning of 2021, Portugal recorded a significant escalation of the Covid-19 pandemic, leading to a second period of extended lockdown in the country, which is expected to continue for longer than the previous lockdown ordered in March 2020.

This third wave of Covid-19, exacerbated by the spread of new variants of the virus, has made the current situation more challenging, due both to its impact on public health and to its effects on the economy and society. The national vaccination programme initiated in December 2020 is expected to be extended to the entire population during 2021 and this is expected to mark the start of new recovery phase.

The Group has continued the measures taken at the start of the pandemic, and these have proved effective in terms of guaranteeing the safety and well-being of our employees and supporting our clients and business partners and the communities where we are present.

On 19 January 2021, Fidelidade signed an assignment of shares agreement and completed the acquisition of 100% of Clínica Fisiátrica das Antas, Lda (“CFA”), a physiotherapy clinic in Porto, established in 1988, which is specialised in traumatology, in particular shoulder, back and knee rehabilitation. Prior to the transaction date, CFA was already a privileged provider of Fidelidade in the treatment of its workers’ compensation accident victims. The clinic invoices around EUR 500,000 annually and has 12 permanent employees.

On 11 January 2021, Moody’s assigned the Macao operation an “A3” (IFSR) rating with “Stable” outlook. This investment grade rating will allow the Macao subsidiary to expand its potential market for corporate clients.

On 5 January 2021, Feller-Rate assigned the Chile operation an “A+” rating with “Stable” outlook.

# **B2 Report and Opinions on the Consolidated Accounts**

**Legal Certification of Consolidated Accounts**

**Report and Opinion of the Supervisory Board**

Translation of a document originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

*(Translation of a report originally issued in Portuguese)*

## Statutory Auditor's Report

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying consolidated financial statements of Fidelidade – Companhia de Seguros, S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2020 (which establishes a total of 19,297,206,111 euros and total equity and non-controlling interests of 3,571,456,192 euros, including a net profit for the year of 222,328,672 euros), the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Fidelidade – Companhia de Seguros, S.A. as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by the Supervisory Authority for insurance and pension funds in Portugal (“Autoridade de Supervisão de Seguros e Fundos de Pensões”).

#### Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors’ code of ethics.

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Measurement of technical provisions for life insurance and of financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement   |
|---|---|
| As described in Notes 22 and 23 of consolidated financial statements, as at 31 December 2020, the technical provisions for life insurance and the financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations | Our approach to the risk of material misstatements in the measurement of technical provisions for life insurance and financial liabilities included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following: |

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement   |
|---|---|
| <p>considered for accounting purposes as investment contracts amounted to 3,186 million euros (m€) and 8,360 m€, respectively, representing approximately 73% of the total liabilities.</p> <p>This matter was considered to be as a key audit matter based on materiality to the consolidated financial statements and the fact that it represents a significant estimate of management. To determine it, management needs to establish assumptions about future events, including the timing and total value of liabilities to policyholders and the income of the assets portfolio underlying these obligations.</p> <p>Additionally, the Covid-19 pandemic had an atypical impact on the Group's claims rates, increasing the uncertainty inherent in the measurement of responsibilities and requiring more assumptions by management.</p> <p>As described in Note 2.17, the liabilities for insurance contracts are determined based on actuarial assumptions, historical data and other methods accepted in the sector, and the actual amounts to be disbursed in the future may be significantly different from the estimates made.</p> | <ul style="list-style-type: none"> <li>▶ Understanding of the Group's internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the measurement of technical provisions for life insurance and financial liabilities;</li> <li>▶ Analytical review procedures, recalculation and analysis of the methodologies for the projection of future cash flows, including the underlying financial and demographic assumptions (when applicable), with special attention to the obligations for products with guaranteed rates;</li> <li>▶ With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the Group's actuaries for the measurement of liabilities arising from life insurance and investment contracts, including an analysis of their consistency with those used in the previous year and using as reference the specific terms of the products, regulatory requirements and practices in the insurance sector; and</li> <li>▶ Review the completeness and consistency of the disclosures in the consolidated financial statements of the technical provisions for life insurance and financial liabilities with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.</li> </ul> |

## 2. Measurement of claims provisions (non-life)

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement  |
|---|--|
| <p>As described in Note 22 to the consolidated financial statements as at 31 December 2020, the claims provisions arising from non-life insurance contracts amounted to 1,907 m€ (12% of total liabilities). These provisions are determined using actuarial assumptions and methodologies and are based on the history of the Group's loss ratio by business and they present the estimated value of damages to pay for claims already incurred, including claims incurred but not reported (IBNR), and administrative costs related to future settlement.</p> <p>These provisions include estimates for long-term claims provisions of workers' compensation, requiring assumptions based on judgments, in particular the discount rate, mortality tables and expenses to be incurred</p> | <p>Our approach to the risk of material misstatements in the measurement of claims provisions (non-life) included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> <li>▶ Understanding of the internal control procedures of the Group and its subsidiaries and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the measurement of claims provisions (non-life);</li> <li>▶ Analytical review procedures on the consolidated financial statements line items relating to claims provisions (non-life) to understand the annual changes and of the main factors contributing to the most significant variations;</li> <li>▶ With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the actuaries of the Group and its subsidiaries for the measurement of the claims liabilities (non-life), including analysis of consistency</li> </ul> |

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement  |
|---|--|
| <p>(see details in subparagraph (d) in Note 2.17).</p> <p>Additionally, the Covid-19 pandemic had an atypical impact on the Group's claims rates, increasing the uncertainty inherent in the measurement of responsibilities and requiring more assumptions by management.</p> <p>In view of the materiality of these liabilities to the consolidated financial statements and since it is a significant estimate based on assumptions and actuarial techniques applied to information currently available, the actual amounts payable in the future may be different from recorded amounts, we considered the claims provisions (non-life) to be a key audit matter.</p> | <p>with those used in the previous years and with the default payment history by segment, having as reference the specifics of the Group's products and its subsidiaries regulatory requirements and practices in the insurance sector;</p> <ul style="list-style-type: none"> <li>▶ Recalculation of claims provisions with the support of our actuarial specialists for the segments representing the most significant share of the liabilities of the Group (Auto and Workers' compensation), on the basis of actuarial methods recognised in the insurance sector, to assess their adequacy. Additionally, for Workers' compensation segment, we examined the financial and demographic assumptions used in the estimation of the long-term obligations;</li> <li>▶ As for the above procedures, we also took into account Circular Letter Nr. 12/2020-R – Guidelines on the calculation of Technical Provisions in the context of the exceptional situation related to the coronavirus pandemic – Covid-19, issued by Autoridade de Supervisão de Seguros e Fundos de Pensões on 23 December 2020; and</li> <li>▶ Review the completeness and consistency of disclosures in the consolidated financial statements for claims provisions (non-life) with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.</li> </ul> |

### 3. Valuation of financial instruments at fair value

| Description of the most significant assessed risks of material misstatement  | Summary of our response to the most significant assessed risks of material misstatement  |
|--|--|
| <p>As detailed in Note 49, the consolidated assets and liabilities include financial instruments valued at fair value amounting to 12,477 m€ and 568 m€, respectively, which represent about 65% of the total consolidated assets and 4% of the total consolidated liabilities.</p> <p>The determination of the fair value of the financial instruments was primarily based on quotes in active markets. In the case of instruments with reduced liquidity in these markets, valuation models were used and other information involving judgment, such as information provided by specialised entities, observable and unobservable market assumptions and other estimates.</p> <p>Uncertainties in financial market trends and economic conditions in the context of the Covid-19 pandemic impacted the</p> | <p>Our approach to the risk of material misstatements in the valuation of financial instruments at fair value included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> <li>▶ Understanding of the internal control procedures of the Group and its subsidiaries and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the valuation of financial instruments at fair value;</li> <li>▶ Analytical review of the consolidated financial statements line items relating to financial instruments and recalculation of fair value financial instruments by comparing the rates used by the Group and its subsidiaries (when relevant) with those observed in external sources of information;</li> <li>▶ Analysis of the methodologies and assumptions used by the Group and its subsidiaries in determining fair value, using as reference the details of its investment policy, regulatory requirements and sector practices; and</li> </ul> |

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement   |
|---|---|
| <p>assumptions used to measure the fair value of these financial assets.</p> <p>The total value of instruments with reduced liquidity, recognised in the consolidated assets and liabilities of the Group, amounting to about 769 m€ (4% of the asset) and 1 m€ (0% of the liabilities), respectively, which were classified under the fair value hierarchy defined in the accounting framework as level 3 (Note 49).</p> | <ul style="list-style-type: none"> <li>▶ Review the completeness and consistency of disclosures of financial instruments at fair value in the consolidated financial statements with the respective accounting data and requirements of International Financial Reporting Standards.</li> </ul> |

#### 4. Impairment of Goodwill

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement  |
|---|--|
| <p>The consolidated financial statements of the Group as at 31 December 2020 include in the statement of financial position as more fully disclosed in Note 15, Goodwill arising from investments in subsidiaries of 461m€, representing approximately 2% of the consolidated assets.</p> <p>In accordance with the accounting principles and as disclosed in Note 2.3, Goodwill corresponds to the positive difference, on the acquisition date, between the acquisition cost of a subsidiary and the effective percentage acquired by the Group, at fair value, of its identifiable assets, liabilities and contingent liabilities, and should be tested annually for eventual impairment. This impairment assessment is a process that requires judgment and is based on assumptions regarding economic and financial market conditions of the subsidiaries (such as discount rates, inflation, growth rates/profit margins and prospective financial information, among others).</p> <p>The Covid-19 pandemic significantly increased the uncertainties that the Group faces in the impairment tests of Goodwill, including the assumptions used in calculating the recoverable value of cash generating units.</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation</p> | <p>Our approach to the risk of material misstatements in the impairment of Goodwill included a specific response by performing the following procedures:</p> <ul style="list-style-type: none"> <li>▶ Obtaining an understanding of the existing internal control procedures in the process for determining impairment losses of Goodwill;</li> <li>▶ Analysis of contracts, accords and other information that supports the ownership, the cost of business combination and the fair value of assets, liabilities and contingent liabilities.</li> <li>▶ Review of the assumptions used in the valuation models approved by the management, in particular the future cash flow projections, the discount rate, the rate of inflation, the growth rate in perpetuity and the sensitivity analysis, supported by internal corporate finance experts;</li> <li>▶ Review of the consistency of the assumptions used in the construction of the business plan with previous years, comparison with historical data and with external sources. We tested the calculations of the models used; and</li> <li>▶ Review of the completeness and consistency of disclosures of Goodwill in the consolidated financial statements with the respective accounting data and the requirements of International Financial Reporting Standards.</li> </ul> |



| Description of the most significant assessed risks of material misstatement | Summary of our response to the most significant assessed risks of material misstatement |
|---|---|
| assumptions can result in different estimates of impairment losses.         |   |

5. Application of IFRS 9 - Financial Instruments, with overlay approach as provided for in IFRS 4 - Insurance Contracts

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement  |
|---|--|
| <p>The Group applied IFRS 9 with overlay approach, as provided for in IFRS 4, reclassifying between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if the Group had applied IAS 39 to the designated financial assets. On 31 December 2020, the amount of financial assets eligible for the application of overlay approach amounts to 1,573 m€ (Note 6) and, for them, the Group carried out impairment tests as if IAS 39 were applicable and the impairment losses were recognised on evidence of impairment such as, among others, financial difficulties of the issuer or a significant or prolonged decline in the fair value of financial assets below cost price.</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the recognition and measurement of impairment losses on financial assets, since they are based on assumptions taking into account impairment indicators observable at a given time and that the use of different assumptions or obtaining additional information may result in different estimates of impairment losses.</p> <p>The details of the accounting policies, methodologies, concepts and assumptions used are disclosed in Note 2.6 of the Annex to the consolidated financial statements.</p> | <p>Our approach to the risk of material misstatements in the recognition and measurement of impairment losses of financial assets included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> <li>▶ Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of financial instruments and recognition of impairment losses for the Group and its subsidiaries;</li> <li>▶ We have validated the eligibility of financial assets to apply overlay approach, and tested the valuation and impairment for a sample of capital instruments, thus ensuring the correct reclassification of amounts between profit or loss and other comprehensive income;</li> <li>▶ Obtained the understanding about the impacts of the transition of standards in the consolidated financial statements and validation of the amounts restated;</li> <li>▶ Analytical review tests on the consolidated financial statements line items related to financial assets and recalculation of impairment losses on a sample basis; and</li> <li>▶ Review the completeness and consistency of disclosures in the consolidated financial statements on recognition of impairment losses on financial assets with the respective accounting data and requirements of International Financial Reporting Standards.</li> </ul> |



## 6. Valuation of real estate investments

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement   |
|---|---|
| <p>The consolidated financial statements of the Group as at 31 December 2020 include real estate assets as disclosed in Notes 11 and 21 to the consolidated financial statements, recorded at fair value and classified as Investment Properties, of 1,951m€ which represents a total of about 10% of the consolidated assets.</p> <p>The real estate appraisals were based on the methods disclosed in Note 11 to the consolidated financial statements and assumptions for which the effects of the economic, in particular the impacts and uncertainties arising from the Covid-19 pandemic, and the ability of the market to absorb the available supply is crucial.</p> <p>The consideration of this matter as a key audit matter was based on their materiality to the consolidated financial statements and the inherent risk on the assumptions used in appraisals performed by external experts.</p> | <p>Our approach to the risk of material misstatements included a specific strategy consisting of a combination of evaluation of controls and substantive procedures, namely:</p> <ul style="list-style-type: none"> <li>▶ Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of real estate investments;</li> <li>▶ Analytical review tests on real estate items included in the consolidated financial statements;</li> <li>▶ Analysis of the valuation reports prepared by experts, testing the appropriateness of the valuation methods used and reasonableness of the assumptions made;</li> <li>▶ Comparative analysis of value and assumptions of the appraisals made in the year with those of previous years and price comparison with available market information; and</li> <li>▶ Verification of the completeness and consistency of disclosures of real estate in the consolidated financial statements with the respective accounting data and requirements of International Financial Reporting Standards.</li> </ul> |

## Responsibilities of management and the supervisory board for the consolidated financial statements

Management is responsible for:

- ▶ the preparation of the consolidated financial statements which present a true and fair view of financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by *Autoridade de Supervisão de Seguros e Fundos de Pensões*;
- ▶ the preparation of the Management Report, in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the consolidated Management Report with consolidated financial statements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the consolidated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

### On additional items set out in article 10º of Regulation (EU) nr. 537/2014

Pursuant to article 10º of Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of Fidelidade – Companhia de Seguros, S.A. (Group's Parent Entity) for the first time in the shareholders' general meeting held on 15 May 2014 for the year 2014. We were reappointed for a second mandate in the shareholders' general meeting held on 31 March 2015 for the period between 2015 and 2017. On 29 March 2017, we renounced that mandate, between 2015 and 2017, and were appointed at the shareholders' meeting held on 31 March for the mandate between 2017 and 2019. We were appointed at the shareholders' meeting held on 30 June 2020 for the term between 2020 and 2022;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated financial statements. In planning and executing our audit in accordance with the ISA we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Group; and
- ▶ We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Group in conducting the audit.

Lisbon, 12 March 2021

Ernst & Young Audit & Associados – SROC, S.A.  
Sociedade de Revisores Oficiais de Contas  
Represented by:

*(signed)*

Ricardo Nuno Lopes Pinto - ROC nr. 1579  
Registered with the Portuguese Securities Market Commission under license nr. 20161189

**FIDELIDADE – COMPANHIA DE SEGUROS, S.A.**

**REPORT AND OPINION OF THE SUPERVISORY BOARD**

**2020**

In compliance with the applicable legal provisions, articles of association and our instructions we hereby submit the report on our inspection and opinion on the accounting documents produced by the Board of Directors for which the Board is responsible.

We have monitored the company's activity during this accounting period, taking all the necessary steps to comply with the duties by which we are bound, and noted the regularity of its accounting records and compliance with the applicable legal and statutory regulations, having made the checks considered expedient.

We were provided with regular information and clarifications on the operation of the company and its corporate business by the Board of Directors and other governing bodies.

We have examined the Management Report and the other consolidated accounting documents for the year in addition to the Statutory Auditor's Report, with which we are in agreement.

In consideration of the above, the Supervisory Board issues the following

**OPINION**

- That the Management Report and other consolidated accounting documents for the year, as submitted by the Board of Directors, should be approved;

The Supervisory Board wishes to express its gratitude to the Board of Directors and other governing bodies for their excellent collaboration during the course of the year.

Lisbon, 15 March 2021.

**SUPERVISORY BOARD**

Vasco Jorge Valdez Ferreira Matias – Chairman

João Filipe Gonçalves Pinto – Member

Pedro Antunes de Almeida – Member

**DECLARATION OF COMPLEMENTARY LIABILITY  
TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD  
OF FIDELIDADE – COMPANHIA DE SEGUROS, S.A.  
FOR 2020**

In compliance with the provisions of Article 420(6) of the Commercial Companies Code, the members of the Supervisory Board hereby declare that, to the best of their knowledge, the consolidated accounts and other accounting documents for the year have been produced in conformity with the applicable accounting standards and are a true and fair reflection of the company's assets and liabilities, its financial situation and its results.

They also declare that, to the best of their knowledge, the Management Report provides a faithful account of the evolution of the company's business, performance and position, and that this report refers to the risks and uncertainties attached to the activity.

Lisbon, 15 March 2021.

**SUPERVISORY BOARD**

Vasco Jorge Valdez Ferreira Matias – Chairman

João Filipe Gonçalves Pinto – Member

Pedro Antunes de Almeida – Member

# C1 Separate Financial Statements

**Separate Statement of Financial Position**

**Separate Income Statement**

**Separate Statement of Changes in Equity**

**Separate Statement of Comprehensive Income**

**Separate Statement of Cash Flows**

**Notes to the Separate Accounts**

Translation of a document originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

## FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

## SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019 (Restated)

Tax no: 500 918 880

(amounts in euros)

| ASSETS   | Notes     | 2020                  |  |                       | 31.12.2019<br>(Restated) | 01.01.2019<br>(Restated) |
|--|-----------|-----------------------|--|-----------------------|--------------------------|--------------------------|
|  |           | Gross amount          | Impairment,<br>depreciation /<br>amortisation and<br>adjustments | Net amount            |                          |                          |
| Cash and cash equivalents  | 3 and 11  | 254.989.747           | -  | 254.989.747           | 423.229.394              | 661.741.958              |
| Investments in subsidiaries, associates and joint ventures                   | 4 and 11  | 2.859.578.864         | -  | 2.859.578.864         | 2.422.644.063            | 1.778.402.252            |
| Financial assets held for trading  | 5 and 11  | -                     | -  | -                     | 41.215.195               | 24.406.607               |
| Financial assets initially recognised at fair value through profit or loss   | 5 and 11  | -                     | -  | -                     | 584.013.101              | 589.429.181              |
| Financial assets at fair value through profit or loss                        | 5 and 11  | 2.681.360.705         | -  | 2.681.360.705         | -                        | -                        |
| Hedge derivatives  | 6 and 11  | -                     | -  | -                     | 3.403.359                | 4.122.951                |
| Available-for-sale investments   | 7 and 11  | -                     | -  | -                     | 10.137.602.152           | 10.108.576.225           |
| Financial assets designated at fair value through other comprehensive income | 7 and 11  | 8.380.136.584         | -  | 8.380.136.584         | -                        | -                        |
| Loans and accounts receivable  | 8         | -                     | -  | -                     | 1.194.739.410            | 1.967.616.270            |
| Deposits in ceding companies   | 8         | -                     | -  | -                     | 514.538                  | 884.593                  |
| Other deposits   | 8         | -                     | -  | -                     | 1.191.015.502            | 1.934.867.931            |
| Loans made   | 8         | -                     | -  | -                     | 3.209.370                | 31.863.746               |
| Held-to-maturity investments   | 9         | -                     | -  | -                     | 1.074.167.759            | -                        |
| Financial assets at amortised cost   | 9         | 1.265.549.435         | -  | 1.265.549.435         | -                        | -                        |
| Properties   | 10 and 11 | 142.777.353           | ( 23.235.812 )   | 119.541.541           | 130.734.667              | 149.608.933              |
| Properties for own use   | 10        | 79.846.526            | ( 23.235.812 )   | 56.610.714            | 65.078.218               | 71.098.069               |
| Investment properties  | 10        | 62.930.827            | -  | 62.930.827            | 65.656.449               | 78.510.864               |
| Other tangible assets  | 11 and 12 | 94.267.116            | ( 73.210.916 )   | 21.056.200            | 20.809.658               | 13.160.446               |
| Inventories  | 12        | 315.147               | -  | 315.147               | 143.081                  | 144.124                  |
| Other intangible assets  | 13        | 92.723.323            | ( 53.020.432 )   | 39.702.891            | 23.863.019               | 18.086.126               |
| Technical provisions on reinsurance ceded                                    |           | 270.327.816           | -  | 270.327.816           | 258.680.141              | 289.323.355              |
| Provision for unearned premiums  | 14        | 66.583.589            | -  | 66.583.589            | 56.859.004               | 52.916.393               |
| Mathematical provision for life insurance                                    | 14        | 21.535.404            | -  | 21.535.404            | 15.731.409               | 13.014.309               |
| Claims provision   | 14        | 173.788.078           | -  | 173.788.078           | 186.065.664              | 223.392.653              |
| Profit sharing provision   | 14        | 3.494                 | -  | 3.494                 | 24.064                   | -                        |
| Other technical provisions   | 14        | 8.417.251             | -  | 8.417.251             | -                        | -                        |
| Assets for post-employment and long-term benefits                            | 32        | 6.817.869             | -  | 6.817.869             | 4.131.028                | 7.111.692                |
| Other debtors for insurance and other operations                             |           | 238.747.708           | ( 34.636.269 )   | 204.111.439           | 285.682.388              | 343.073.157              |
| Accounts receivable for direct insurance operations                          | 15        | 166.213.307           | ( 21.256.980 )   | 144.956.327           | 133.641.862              | 146.885.103              |
| Accounts receivable for other reinsurance operations                         | 15        | 33.422.202            | ( 6.099.803 )  | 27.322.399            | 23.022.952               | 25.054.653               |
| Accounts receivable for other operations                                     | 15        | 39.112.199            | ( 7.279.486 )  | 31.832.713            | 129.017.574              | 171.133.401              |
| Tax assets   |           | 151.840.506           | -  | 151.840.506           | 168.324.233              | 283.142.131              |
| Recoverable tax assets   | 16        | 81.914                | -  | 81.914                | 1.924.299                | 1.674.356                |
| Deferred tax assets  | 16        | 151.758.592           | -  | 151.758.592           | 166.399.934              | 281.467.775              |
| Accruals and deferrals   | 17        | 18.005.378            | -  | 18.005.378            | 18.492.953               | 22.199.015               |
| Non-current assets held for sale   | 18        | 4.174.555             | -  | 4.174.555             | 4.327.134                | 4.352.579                |
| <b>TOTAL ASSETS</b>  |           | <b>16.461.612.106</b> | <b>( 184.103.429 )</b>   | <b>16.277.508.677</b> | <b>16.796.202.736</b>    | <b>16.264.497.002</b>    |

## FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

## SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019 (Restated)

Tax no: 500 918 880

(amounts in euros)

| LIABILITIES AND SHAREHOLDERS' EQUITY   | Notes    | 2020                  | 31.12.2019<br>(Restated) | 01.01.2019<br>(Restated) |
|--|----------|-----------------------|--------------------------|--------------------------|
| <b>LIABILITIES</b>   |          |                       |                          |                          |
| Technical provisions   |          | 4.213.363.534         | 4.467.742.132            | 4.105.432.669            |
| Provision for unearned premiums  | 19       | 287.742.414           | 276.335.875              | 257.892.834              |
| Mathematical provision for life insurance  | 19       | 1.979.443.654         | 2.275.782.949            | 1.904.143.381            |
| Claims provision   |          | 1.747.669.367         | 1.714.280.275            | 1.750.809.506            |
| Life   | 19       | 105.342.959           | 106.283.577              | 118.841.538              |
| Workers' compensation  | 19       | 943.271.218           | 896.376.311              | 862.642.520              |
| Other  | 19       | 699.055.190           | 711.620.387              | 769.325.448              |
| Provision for profit sharing   | 19       | 75.633.193            | 85.369.984               | 81.102.423               |
| Provision for interest rate commitments  | 19       | 29.012.022            | 29.171.855               | 22.683.110               |
| Provision for portfolio stabilisation  | 19       | 26.345.782            | 26.462.475               | 26.254.032               |
| Equalisation provision   | 19       | 30.959.225            | 29.019.705               | 27.222.726               |
| Provision for unexpired risks  | 19       | 27.588.681            | 31.319.014               | 35.324.657               |
| Other technical provisions   | 19       | 8.969.196             | -                        | -                        |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 20       | 8.276.624.799         | 8.866.884.569            | 9.276.469.443            |
| Financial liabilities held for trading   | 6 and 21 | -                     | 101.581.020              | 30.056.302               |
| Financial liabilities at fair value through profit or loss   | 6 and 21 | 44.939.333            | -                        | -                        |
| Other financial liabilities  |          | 172.409.963           | 166.053.112              | 130.891.826              |
| Hedge Derivatives  | 21       | -                     | 2.439.323                | 112.884                  |
| Deposits received from reinsurers  | 21       | 108.430.121           | 126.007.518              | 130.778.942              |
| Others   | 21       | 63.979.842            | 37.606.271               | -                        |
| Liabilities for post-employment and other long-term benefits   | 32       | 86.499                | 85.078                   | 83.422                   |
| Other creditors for insurance and other operations   |          | 200.599.716           | 209.314.104              | 161.914.669              |
| Accounts payable for direct insurance operations   | 22       | 71.262.077            | 77.697.481               | 70.031.470               |
| Accounts payable for other reinsurance operations  | 22       | 109.625.821           | 75.044.475               | 52.720.950               |
| Accounts payable for other operations  | 22       | 19.711.818            | 56.572.147               | 39.162.249               |
| Tax liabilities  |          | 183.878.876           | 161.863.675              | 141.120.784              |
| Tax payable liabilities  | 16       | 40.556.684            | 32.987.425               | 32.723.717               |
| Deferred tax liabilities   | 16       | 143.322.192           | 128.876.250              | 108.397.067              |
| Accruals and deferrals   | 23       | 133.860.576           | 117.928.972              | 105.672.918              |
| Other provisions   | 24       | 109.436.636           | 114.384.300              | 98.598.845               |
| Liabilities from a group for disposal classified as held for sale  | 18       | 574.928               | 1.081.671                | 529.650                  |
| <b>TOTAL LIABILITIES</b>   |          | <b>13.335.774.860</b> | <b>14.206.918.633</b>    | <b>14.050.770.528</b>    |
| <b>SHAREHOLDERS' EQUITY</b>  |          |                       |                          |                          |
| Paid-in Capital  | 25       | 509.263.524           | 457.380.000              | 457.380.000              |
| (Treasury shares)  | 25       | (148.960)             | (148.960)                | (148.960)                |
| Other Capital Instruments  | 25       | 314.977.301           | 378.019.900              | 378.019.900              |
| Revaluation reserves   | 26       | 191.645.278           | 342.893.300              | 3.021.663                |
| Adjustments in fair value of financial assets  | 26       | -                     | 324.760.427              | (18.900.608)             |
| From adjustments in fair value of debt instruments at fair value through other comprehensive income  | 26       | 161.153.294           | -                        | -                        |
| Revaluation of properties for own use  | 26       | 1.276.035             | 1.256.812                | 1.213.220                |
| Exchange differences   | 26       | -                     | 16.876.061               | 20.709.051               |
| From adjustments in fair value of equity instruments at fair value through other comprehensive income  | 26       | (2.581.781)           | -                        | -                        |
| Allowance for expected credit losses in debt instruments at fair value through other comprehensive income  | 26       | 31.797.730            | -                        | -                        |
| Deferred tax reserve   | 26       | (91.447.502)          | (76.498.731)             | 25.013.137               |
| Overlay Approach adjustment  | 5 and 26 | 210.130.237           | -                        | -                        |
| Other reserves   | 26       | 1.628.029.179         | 1.276.047.035            | 896.234.376              |
| Retained earnings  | 26       | 28.450.543            | 66.320.073               | 176.650.514              |
| Net income for the year  | 26       | 150.834.217           | 145.271.486              | 277.555.844              |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>  |          | <b>2.941.733.817</b>  | <b>2.589.284.103</b>     | <b>2.213.726.474</b>     |
| <b>TOTAL LIABILITIES, NON-CONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY</b>   |          | <b>16.277.508.677</b> | <b>16.796.202.736</b>    | <b>16.264.497.002</b>    |

Lisbon, 23 February 2021

Chief Accounting Officer

Certified Public Accountant

On Behalf of the Board of Directors

Ana Paula Bailão Rodrigues

Filipa Jesus Martins Pires

Jorge Manuel Baptista Magalhães Correia  
PresidentRogério Miguel Antunes Campos Henriques  
MemberHui CHEN  
Member



**FIDELIDADE - COMPANHIA DE SEGUROS, S.A.**  
**SEPARATE INCOME STATEMENT FOR THE YEARS ENDED AS AT 31 DECEMBER 2020 AND 2019 (Restated)**

Tax no: 500 918 880

(amounts in euros)

| STATEMENTS OF PROFIT AND LOSS   | Notes     | 2020               |                      |                       |                    | 31.12.2019<br>(Restated) |
|---|-----------|--------------------|----------------------|-----------------------|--------------------|--------------------------|
|   |           | Technical - life   | Technical - non-life | Non-technical         | Total              |                          |
| Earned premiums net of reinsurance  |           | 229.254.759        | 956.459.716          | -                     | 1.185.714.475      | 1.633.659.887            |
| Gross premiums written  | 27        | 253.008.941        | 1.545.316.037        | -                     | 1.798.324.978      | 2.191.420.462            |
| Reinsurance ceded premiums  | 27        | ( 23.454.307 )     | ( 583.294.167 )      | -                     | ( 606.748.474 )    | ( 541.235.221 )          |
| Provision for unearned premiums (change)  | 19 and 27 | ( 326.864 )        | ( 18.153.351 )       | -                     | ( 18.480.215 )     | ( 21.537.061 )           |
| Provision for unearned premiums, reinsurers' share (change)   | 14 and 27 | 26.989             | 12.591.197           | -                     | 12.618.186         | 5.011.707                |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts                  | 28        | 931.133            | -                    | -                     | 931.133            | 1.215.867                |
| Claims costs, net of reinsurance  |           | ( 320.682.541 )    | ( 626.810.029 )      | -                     | ( 947.492.570 )    | ( 941.366.831 )          |
| Amounts paid  |           | ( 321.014.553 )    | ( 579.172.834 )      | -                     | ( 900.187.387 )    | ( 937.355.434 )          |
| Gross amounts   | 29 and 30 | ( 328.640.097 )    | ( 875.446.629 )      | -                     | ( 1.204.086.726 )  | ( 1.267.091.007 )        |
| Reinsurers' share   | 29        | 7.625.544          | 296.273.795          | -                     | 303.899.339        | 329.735.573              |
| Claims Provision (change)   |           | 332.012            | ( 47.637.195 )       | -                     | ( 47.305.183 )     | ( 4.011.397 )            |
| Gross amount  | 29        | 1.055.674          | ( 41.558.185 )       | -                     | ( 40.502.511 )     | 38.687.646               |
| Reinsurers' share   | 29        | ( 723.662 )        | ( 6.079.010 )        | -                     | ( 6.802.672 )      | ( 42.699.043 )           |
| Other technical provisions, net of reinsurance  | 29        | 269.715            | 1.010.004            | -                     | 1.279.719          | ( 4.488.525 )            |
| Mathematical provision for life insurance, net of reinsurance   |           | 163.769.666        | -                    | -                     | 163.769.666        | ( 352.544.868 )          |
| Gross amount  | 19 and 29 | 157.896.931        | -                    | -                     | 157.896.931        | ( 355.260.516 )          |
| Reinsurers' share   | 29        | 5.872.735          | -                    | -                     | 5.872.735          | 2.715.648                |
| Profit sharing, net of reinsurance  | 19 and 29 | ( 2.287.775 )      | ( 398.942 )          | -                     | ( 2.686.717 )      | ( 9.676.165 )            |
| Operating costs and expenses, net   |           | ( 94.399.688 )     | ( 280.455.412 )      | -                     | ( 374.855.100 )    | ( 384.458.592 )          |
| Acquisition expenses  | 30        | ( 79.523.004 )     | ( 304.772.318 )      | -                     | ( 384.295.322 )    | ( 361.512.181 )          |
| Deferred cost acquisition (change)  | 19        | 40.635             | 7.073.581            | -                     | 7.114.216          | 3.704.722                |
| Administrative expenses   | 30        | ( 22.682.885 )     | ( 78.094.468 )       | -                     | ( 100.777.353 )    | ( 98.376.992 )           |
| Commissions and reinsurance profit sharing  | 30        | 7.765.566          | 95.337.793           | -                     | 103.103.359        | 71.725.859               |
| Financial income  |           | 189.655.123        | 42.988.409           | 4.108.575             | 236.752.107        | 308.315.552              |
| From Interest on financial assets not recognised at fair value through profit or loss   | 33        | 164.947.322        | 17.813.757           | 342.839               | 183.103.918        | 239.913.273              |
| Other   | 33        | 24.707.801         | 25.174.652           | 3.765.736             | 53.648.189         | 68.402.279               |
| Financial expenses  |           | ( 17.361.976 )     | ( 7.293.760 )        | ( 10.839.860 )        | ( 35.495.596 )     | ( 29.302.190 )           |
| Other   | 30 and 34 | ( 17.361.976 )     | ( 7.293.760 )        | ( 10.839.860 )        | ( 35.495.596 )     | ( 29.302.190 )           |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss  |           | ( 5.451.989 )      | 4.713.832            | ( 459.574 )           | ( 1.197.731 )      | 78.149.380               |
| Available-for-sale investments  | 35        | -                  | -                    | -                     | -                  | 115.941.937              |
| Financial assets designated at fair value through other comprehensive income  | 35        | 17.647.816         | 4.713.832            | ( 459.574 )           | 21.902.074         | -                        |
| Financial assets recognised at amortised cost   |           | -                  | -                    | -                     | -                  | ( 37.792.557 )           |
| Financial liabilities recognised at amortised cost  | 20 and 35 | ( 23.099.805 )     | -                    | -                     | ( 23.099.805 )     | -                        |
| Net income on financial assets and liabilities recognised at fair value through profit or loss  |           | 186.283.407        | 6.528.676            | 8.466.084             | 201.278.167        | ( 195.042.403 )          |
| Net income on financial assets and liabilities held for trading   | 36        | -                  | -                    | -                     | -                  | ( 227.270.915 )          |
| Net income on financial assets and liabilities initially recognised at fair value through profit or loss                                      | 36        | -                  | -                    | -                     | -                  | 47.395.221               |
| Net income on financial assets and liabilities at fair value through profit or loss   | 36        | 186.283.407        | 6.528.676            | 8.466.084             | 201.278.167        | -                        |
| Other   | 6 and 36  | -                  | -                    | -                     | -                  | ( 15.166.709 )           |
| Exchange differences  | 37        | ( 199.865.537 )    | ( 35.027.894 )       | ( 8.382.766 )         | ( 243.276.197 )    | 113.168.496              |
| Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations | 38        | -                  | 5.021                | 2.396.457             | 2.401.478          | 59.217.436               |
| Impairment losses (net of reversals)  |           | 30.552.709         | ( 5.907.756 )        | 14.850.837            | 39.495.790         | ( 96.237.657 )           |
| Available-for-sale investments  | 39        | -                  | -                    | -                     | -                  | ( 81.923.196 )           |
| Financial assets designated at fair value through other comprehensive income  | 39        | 6.089.288          | ( 704.984 )          | 153                   | 5.384.457          | -                        |
| Loans and accounts receivable at amortised cost   | 38        | -                  | -                    | -                     | -                  | ( 4.728 )                |
| Financial assets at amortised cost  | 38        | 164.140            | ( 4.607 )            | -                     | 159.533            | -                        |
| Other   | 39        | 24.299.281         | ( 5.198.165 )        | 14.850.684            | 33.951.800         | ( 14.309.733 )           |
| Overlay Approach adjustment   | 36        | ( 20.587.017 )     | 12.306.407           | 692.319               | ( 7.588.291 )      | -                        |
| Other technical income/expenses, net of reinsurance   | 40        | ( 884.304 )        | ( 7.686.617 )        | -                     | ( 8.570.921 )      | 1.021.704                |
| Other income/expenses   | 41        | -                  | -                    | ( 8.110.947 )         | ( 8.110.947 )      | ( 7.435.113 )            |
| Gains and losses from non-current assets (or groups for disposal) classified as held for sale   | 18        | -                  | -                    | ( 7.794 )             | ( 7.794 )          | -                        |
| <b>NET INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS</b>  |           | <b>139.195.685</b> | <b>60.431.655</b>    | <b>2.713.331</b>      | <b>202.340.671</b> | <b>174.195.978</b>       |
| Current income tax - current taxes  | 16        | -                  | -                    | ( 26.044.897 )        | ( 26.044.897 )     | 4.561.168                |
| Current income tax - deferred taxes   | 16        | -                  | -                    | ( 25.461.557 )        | ( 25.461.557 )     | ( 33.485.660 )           |
| <b>NET INCOME FOR THE YEAR</b>  |           | <b>139.195.685</b> | <b>60.431.655</b>    | <b>( 48.793.123 )</b> | <b>150.834.217</b> | <b>145.271.486</b>       |

Lisbon, 23 February 2021

Chief Accounting Officer

Certified Public Accountant

On Behalf of the Board of Directors

Ana Paula Bailão Rodrigues

Filipa Jesus Martins Pires

Jorge Manuel Baptista Magalhães Correia  
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## FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

## SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE 2020 AND 2019 FINANCIAL YEARS

Tax no: 500 918 880

(amounts in euros)

|   | Paid-in capital and other capital instruments | Revaluation reserves | Deferred tax reserves | Overlay Approach adjustment | Legal reserve      | Other reserves     |                   |                    | Retained earnings  | Net income for year | Total                |
|---|---|----------------------|-----------------------|-----------------------------|--------------------|--------------------|-------------------|--------------------|--------------------|---------------------|----------------------|
|   |   |                      |                       |                             |                    | Share premiums     | Merger reserves   | Other reserves     |                    |                     |                      |
| <b>Balance at 31 December 2018</b>  | <b>835.250.940</b>                            | <b>25.241.623</b>    | <b>30.267.795</b>     | -                           | <b>168.973.640</b> | <b>182.379.280</b> | <b>91.335.345</b> | <b>453.546.111</b> | <b>167.373.758</b> | <b>278.236.439</b>  | <b>2.232.604.931</b> |
| Change in accounting policy - Properties for Own Use  | -   | ( 22.219.960)        | ( 5.254.658)          | -                           | -                  | -                  | -                 | -                  | 9.276.756          | ( 680.595)          | ( 18.878.457)        |
| <b>Balance at 1 January 2019</b>  | <b>835.250.940</b>                            | <b>3.021.663</b>     | <b>25.013.137</b>     | -                           | <b>168.973.640</b> | <b>182.379.280</b> | <b>91.335.345</b> | <b>453.546.111</b> | <b>176.650.514</b> | <b>277.555.844</b>  | <b>2.213.726.474</b> |
| Appropriation of net income   | -   | -                    | -                     | -                           | 27.823.644         | -                  | -                 | 360.062.641        | ( 110.330.441)     | ( 277.555.844)      | -                    |
| Net gains through adjustments in fair value of available-for-sale investments                                   | -   | 339.828.045          | ( 103.263.038)        | -                           | -                  | -                  | -                 | -                  | -                  | -                   | 236.565.007          |
| Revaluation of properties for own use   | -   | 43.592               | -                     | -                           | -                  | -                  | -                 | -                  | -                  | -                   | 43.592               |
| Actuarial gains and losses  | -   | -                    | 1.751.170             | -                           | -                  | -                  | -                 | ( 8.073.626)       | -                  | -                   | ( 6.322.456)         |
| Net income for the year   | -   | -                    | -                     | -                           | -                  | -                  | -                 | -                  | -                  | 145.271.486         | 145.271.486          |
| <b>Balance at 31 December 2019</b>  | <b>835.250.940</b>                            | <b>342.893.300</b>   | <b>( 76.498.731)</b>  | -                           | <b>196.797.284</b> | <b>182.379.280</b> | <b>91.335.345</b> | <b>805.535.126</b> | <b>66.320.073</b>  | <b>145.271.486</b>  | <b>2.589.284.103</b> |
| Change in accounting policy - IFRS 9  | -   | ( 165.455.956)       | ( 11.784.700)         | 203.531.455                 | -                  | -                  | -                 | -                  | ( 27.421.966)      | -                   | ( 1.131.167)         |
| <b>Balance at 1 January 2020</b>  | <b>835.250.940</b>                            | <b>177.437.344</b>   | <b>( 88.283.431)</b>  | <b>203.531.455</b>          | <b>196.797.284</b> | <b>182.379.280</b> | <b>91.335.345</b> | <b>805.535.126</b> | <b>38.898.107</b>  | <b>145.271.486</b>  | <b>2.588.152.936</b> |
| Appropriation of net income   | -   | -                    | -                     | -                           | 14.440.640         | -                  | -                 | 141.279.907        | ( 10.449.061)      | ( 145.271.486)      | -                    |
| Capital increase  | 51.883.524                                    | -                    | -                     | -                           | -                  | 200.286.874        | -                 | -                  | -                  | -                   | 252.170.398          |
| Redemption of capital supplementary contributions   | ( 63.042.599)                                 | -                    | -                     | -                           | -                  | -                  | -                 | -                  | -                  | -                   | ( 63.042.599)        |
| Net gains from adjustments in fair value of debt instruments at fair value through other comprehensive income   | -   | 23.048.261           | ( 6.972.530)          | -                           | -                  | -                  | -                 | -                  | -                  | -                   | 16.075.731           |
| Allowance for expected credit losses in debt instruments at fair value through other comprehensive income       | -   | ( 6.277.769)         | 2.062.708             | -                           | -                  | -                  | -                 | -                  | -                  | -                   | ( 4.215.061)         |
| Overlay Approach adjustment   | -   | -                    | ( 861.043)            | 6.598.782                   | -                  | -                  | -                 | -                  | -                  | -                   | 5.737.739            |
| Net gains from adjustments in fair value of equity instruments at fair value through other comprehensive income | -   | ( 2.581.781)         | 817.964               | -                           | -                  | -                  | -                 | -                  | -                  | -                   | ( 1.763.817)         |
| Revaluation of properties for own use   | -   | 19.223               | 742.550               | -                           | -                  | -                  | -                 | -                  | -                  | -                   | 761.773              |
| Actuarial gains and losses  | -   | -                    | 1.046.280             | -                           | -                  | -                  | -                 | ( 4.025.277)       | -                  | -                   | ( 2.978.997)         |
| Others  | -   | -                    | -                     | -                           | -                  | -                  | -                 | -                  | 1.497              | -                   | 1.497                |
| Net income for the year   | -   | -                    | -                     | -                           | -                  | -                  | -                 | -                  | -                  | 150.834.217         | 150.834.217          |
| <b>Balance at 31 December 2020</b>  | <b>824.091.865</b>                            | <b>191.645.278</b>   | <b>( 91.447.502)</b>  | <b>210.130.237</b>          | <b>211.237.924</b> | <b>382.666.154</b> | <b>91.335.345</b> | <b>942.789.756</b> | <b>28.450.543</b>  | <b>150.834.217</b>  | <b>2.941.733.817</b> |

## FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

## SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AS AT 31 DECEMBER 2020 AND 2019

Tax no: 500 918 880

(amounts in euros)

|   | 2020               | 2019<br>(Restated) |
|---|--------------------|--------------------|
| <b>NET INCOME FOR THE YEAR</b>  | <b>150.834.217</b> | <b>145.271.486</b> |
| <b>Items that may be reclassified subsequently to gains and losses</b>                                    |                    |                    |
| Change in potential gains on financial investments  |                    |                    |
| Gross amount  |                    |                    |
| Appreciation  | -                  | 349.562.117        |
| Impairment  | -                  | 65.303.631         |
| Disposal  | -                  | ( 63.892.264 )     |
| Life insurance contracts with profit sharing  | -                  | ( 7.312.449 )      |
| Exchange differences  |                    |                    |
| Gross amount  | -                  | ( 3.832.990 )      |
| Deferred tax  | -                  | ( 102.777.312 )    |
| Current tax - Life insurance contracts with profit sharing  | -                  | ( 485.726 )        |
| Change in fair value of debt instruments at fair value through other comprehensive income                 |                    |                    |
| Gross amount  |                    |                    |
| Appreciation  | 22.821.218         | -                  |
| Disposal  | ( 2.372.973 )      | -                  |
| Life insurance contracts with profit sharing  | 2.600.016          | -                  |
| Deferred tax  | ( 6.954.693 )      | -                  |
| Current tax - Life insurance contracts with profit sharing  | ( 17.837 )         | -                  |
| Allowance for expected credit losses in debt instruments at fair value through other comprehensive income |                    |                    |
| Gross amount  | ( 5.384.457 )      | -                  |
| Life insurance contracts with profit sharing  | ( 893.312 )        | -                  |
| Deferred tax  | 2.062.708          | -                  |
| Overlay Approach adjustment   |                    |                    |
| Gross amount  | 8.143.938          | -                  |
| Life insurance contracts with profit sharing  | ( 1.545.156 )      | -                  |
| Deferred tax  | ( 861.043 )        | -                  |
| <b>Items that may not be reclassified subsequently to gains and losses</b>                                |                    |                    |
| Change in fair value of debt instruments at fair value through other comprehensive income                 |                    |                    |
| Gross amount  | ( 2.447.416 )      | -                  |
| Life insurance contracts with profit sharing  | ( 134.365 )        | -                  |
| Deferred tax  | 817.964            | -                  |
| Change in potential gains on properties for own use   |                    |                    |
| Gross amount  | 19.223             | 43.592             |
| Deferred tax  | 742.550            | -                  |
| Actuarial deviations  |                    |                    |
| Post-employment benefits  | 1.280.001          | ( 5.672.987 )      |
| Health benefits   | ( 5.305.278 )      | ( 2.400.639 )      |
| Current tax   | ( 194.442 )        | 744.156            |
| Deferred tax  | 1.240.722          | 1.007.014          |
| <b>INCOME / (EXPENSES) DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY</b>                                    | <b>13.617.368</b>  | <b>230.286.143</b> |
| <b>TOTAL INCOME AND EXPENSES RECOGNISED IN THE YEAR</b>   | <b>164.451.585</b> | <b>375.557.629</b> |

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE 2020 AND 2019 FINANCIAL YEARS

Tax no. 500 918 880

(Amounts in euros)

|  | 2020                     | 2019                     |
|--|--------------------------|--------------------------|
| <b>1. Cash flows generated by operating activities</b>                       |                          |                          |
| Net income for the year  | <b>150.834.217</b>       | <b>145.271.486</b>       |
| Adjustments for  |                          |                          |
| Properties for own use depreciation  | 716.839                  | 1.573.963                |
| Tangible assets depreciation   | 5.358.867                | 5.090.475                |
| Right of use assets depreciation   | 12.636.411               | 8.832.496                |
| Intangible assets amortisation   | 1.206.402                | 1.957.240                |
| Impairment losses (net of reversal)  | ( 39.495.791 )           | 96.237.655               |
| Overlay approach gains/losses  | 8.143.938                | -                        |
| Income from investment assets/liabilities                                    | ( 61.159.715 )           | ( 639.241.793 )          |
| Lease interest payments  | 305.006                  | 249.218                  |
| Interest paid  | 21.168                   | 3.686                    |
| Interest received  | ( 31.592 )               | ( 1.507.734 )            |
| Income tax - current tax   | 26.078.370               | ( 4.561.168 )            |
| Income tax - deferred tax  | 25.461.557               | 33.485.660               |
| Changes:   |                          |                          |
| Change in provision for unearned premiums                                    | 11.406.538               | 18.443.041               |
| Change in mathematical provision for life insurance                          | ( 296.339.294 )          | 371.639.568              |
| Change in claims provision   | 33.389.093               | ( 36.529.231 )           |
| Change in provision for insurance and reinsurance contracts                  | ( 11.647.675 )           | 30.643.214               |
| Change in other technical provisions   | ( 13.266.553 )           | 21.344.670               |
| Change in accruals and deferrals assets and liabilities                      | 16.419.179               | 15.962.115               |
| Change in financial liabilities on investment contracts                      | ( 590.259.770 )          | ( 409.584.873 )          |
| Change in other financial liabilities  | ( 17.577.397 )           | ( 4.771.424 )            |
| Change in other debtors for insurance and other operations                   | 265.404.725              | 35.951.392               |
| Change in other creditors for insurance and other operations                 | ( 15.389.795 )           | 41.328.156               |
| Change in inventories  | ( 172.066 )              | 1.043                    |
| <b>Net cash from operating activities before tax</b>                         | <b>(487.957.338)</b>     | <b>(268.181.145)</b>     |
| Payment/receipt of taxes   | 5.332.908                | 12.165.275               |
| <b>Net cash from operating activities</b>                                    | <b>(482.624.430)</b>     | <b>(256.015.870)</b>     |
| <b>2. Net cash flows generated by investing activities</b>                   |                          |                          |
| Receipts on the sale or redemption of  |                          |                          |
| Investment in subsidiaries, associates and joint ventures                    | 66.000.000               | 78.111                   |
| Financial assets initially recognised at fair value through profit or loss   | -                        | 358.834.150              |
| Financial assets at fair value through profit or loss                        | 665.625.116              | -                        |
| Available-for-sale investments   | -                        | 5.435.328.665            |
| Financial assets designated at fair value through other comprehensive income | 2.317.980.069            | -                        |
| Loans and accounts receivable  | -                        | 2.883.424.329            |
| Financial assets at amortised cost   | 1.665.491.351            | -                        |
| Investment properties  | 8.333.712                | 38.474.638               |
| Properties for own use   | 8.105.862                | 82.240.694               |
| Tangible assets  | 14.362                   | 2.086.902                |
| Other assets   | -                        | 771.469                  |
| Dividends received   | 47.461.433               | 86.243.382               |
|  | <b>4.779.011.905</b>     | <b>8.887.482.340</b>     |
| Payments on the acquisition or origination of                                |                          |                          |
| Investment in subsidiaries, associates and joint ventures                    | ( 483.363.215 )          | ( 638.658.052 )          |
| Financial assets initially recognised at fair value through profit or loss   | -                        | ( 277.907.558 )          |
| Financial assets at fair value through profit or loss                        | ( 903.365.456 )          | -                        |
| Available-for-sale investments   | -                        | ( 4.794.038.472 )        |
| Financial assets designated at fair value through other comprehensive income | ( 2.272.689.781 )        | -                        |
| Held-to-maturity investments   | -                        | ( 1.067.219.587 )        |
| Loans and accounts receivable  | -                        | ( 2.087.747.360 )        |
| Financial assets at amortised cost   | ( 752.629.079 )          | -                        |
| Investment properties  | ( 512.822 )              | ( 1.652.735 )            |
| Properties for own use   | ( 92.148 )               | ( 17.909 )               |
| Tangible assets  | ( 5.473.522 )            | ( 8.715.692 )            |
| Intangible assets  | ( 17.046.274 )           | ( 7.734.132 )            |
| Other assets   | ( 7.794 )                | -                        |
|  | <b>( 4.435.180.091 )</b> | <b>( 8.883.691.497 )</b> |
| Change in hedging derivative instruments                                     | -                        | ( 33.783.722 )           |
| Change in derivatives held for trading                                       | ( 49.708.846 )           | 54.716.130               |
| Change in financial liabilities at fair value through profit or loss         | 33.192.808               | -                        |
| <b>Net cash from investing activities</b>                                    | <b>327.315.776</b>       | <b>24.723.251</b>        |
| <b>3. Cash flows generated by financing activities</b>                       |                          |                          |
| Interest paid  | ( 21.168 )               | ( 3.686 )                |
| Interest received  | 31.592                   | 1.507.734                |
| Lease payments (Note 21)   | ( 12.941.417 )           | ( 8.723.993 )            |
| Capital increase/ decrease   | 63.042.599               | -                        |
| Supplementary contributions  | ( 63.042.599 )           | -                        |
| <b>Net cash from financing activities</b>                                    | <b>(12.930.993)</b>      | <b>(7.219.945)</b>       |
| <b>4. Increase / decrease of net of cash and equivalents</b>                 | <b>( 168.239.647 )</b>   | <b>( 238.512.564 )</b>   |
| Cash and equivalents at start of the year                                    | 423.229.394              | 661.741.958              |
| <b>5. Cash and equivalents at end of the year</b>                            | <b>254.989.747</b>       | <b>423.229.394</b>       |

## Index

|     |  |    |
|-----|--|----|
| 1.  | Introductory Note .....  | 3  |
| 2.  | Accounting Policies .....  | 4  |
| 3.  | Cash and Cash Equivalents .....  | 37 |
| 4.  | Investments in Subsidiaries, Associates and Joint Ventures .....   | 37 |
| 5.  | Financial Assets Held for Trading, Financial Assets Initially Recognised at Fair Value Through Profit or Loss and Financial Assets at Fair Value Through Profit or Loss .....    | 46 |
| 6.  | Derivatives .....  | 48 |
| 7.  | Available-for-Sale Investments and Financial Assets Designated At Fair Value Through Other Comprehensive Income .....  | 51 |
| 8.  | Loans and Accounts Receivable .....  | 52 |
| 9.  | Held-to-maturity investments and Financial Assets at Amortised Cost .....  | 53 |
| 10. | Properties .....   | 54 |
| 11. | Allocation of Investments and Other Assets .....   | 56 |
| 12. | Other Tangible Assets and Inventories .....  | 57 |
| 13. | Other Intangible Assets .....  | 58 |
| 14. | Technical Provisions for Reinsurance Ceded .....   | 58 |
| 15. | Other Debtors for Insurance and Other Operations .....   | 63 |
| 16. | Tax Assets and Liabilities .....   | 64 |
| 17. | Accruals and Deferrals (Assets) .....  | 68 |
| 18. | Non-Current Assets Held for Sale .....   | 68 |
| 19. | Technical Provisions .....   | 69 |
| 20. | Financial Liabilities of the Deposit Component of Insurance Contracts and on Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts ..... | 77 |
| 21. | Financial Liabilities at Fair Value Through Profit or Loss and Other Financial Liabilities .....   | 78 |
| 22. | Other Creditors for Insurance and Other Operations .....   | 79 |
| 23. | Accruals and Deferrals (Liabilities) .....   | 80 |
| 24. | Other Provisions .....   | 80 |
| 25. | Paid-in Capital and Other capital instruments .....  | 82 |
| 26. | Reserves, Retained Earnings and Income for the Year .....  | 84 |
| 27. | Earned Premiums, Net of Reinsurance .....  | 86 |
| 28. | Fees from Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts or Service Contracts .....   | 87 |
| 29. | Claims Costs, Net of Reinsurance .....   | 88 |

|     |   |     |
|-----|---|-----|
| 30. | Net Operating Costs, by Type and Function .....   | 90  |
| 31. | Employee Costs.....   | 93  |
| 32. | Retirement Pensions and Other Long-Term Benefits.....   | 94  |
| 33. | Income .....  | 101 |
| 34. | Financial Expenses .....  | 103 |
| 35. | Net Income on Financial Assets and Liabilities not Recognised at Fair Value through Profit or Loss .....  | 103 |
| 36. | Net Income on Financial Assets and Liabilities Recognised at Fair Value through Profit or Loss .....  | 105 |
| 37. | Exchange Differences.....   | 107 |
| 38. | Net Income on the sale of Non-Financial Assets which have not been Recognised as Non-Current Assets<br>Held for Sale and Discontinued Operations..... | 108 |
| 39. | Impairment Losses (Net of Reversals) .....  | 109 |
| 40. | Other Technical Income/Expenses, Net of Reinsurance.....  | 112 |
| 41. | Other Income/Expenses .....   | 113 |
| 42. | Segment Reporting .....   | 114 |
| 43. | Related Parties.....  | 122 |
| 44. | Disclosures Relating to Financial Instruments .....   | 134 |
| 45. | Disclosures Relating to Insurance Contract Risks .....  | 152 |
| 46. | Capital Management .....  | 163 |
| 47. | Managed Pension Funds.....  | 165 |
| 48. | Subsequent Events.....  | 166 |

## 1. Introductory Note

Fidelidade - Companhia de Seguros, S.A. (“Fidelidade” or “Company”), with its head office at Largo do Calhariz, 30, Portugal, is a public limited liability company, resulting from the merger by incorporation of Império Bonança - Companhia de Seguros, S.A. in Companhia de Seguros Fidelidade-Mundial, S.A., in accordance with the public deed dated 31 May 2012, effective 1 January 2012. The operation was authorised by the Portuguese insurance regulator (Insurance and Pension Funds Supervisory Authority or “ASF”) by a resolution of its Board of Directors dated 23 February 2012. From 15 May 2014, with the initial acquisition of Fidelidade share capital, the Company became part of Fosun International Holdings Ltd by way of the interest held by Longrun Portugal, SGPS, S.A. (“Longrun”).

The Company’s corporate purpose is the performance of insurance and reinsurance activities in all technical lines of business. Traditionally, life insurance, including investment contracts, is the most important in terms of the technical liabilities being managed. Regarding the non-life technical lines of business, those with the greatest expression in volume of premiums are motor, fire and other damage, health and workers’ compensation, representing approximately 87.5% and 87.8% of total non-life premiums written during 2020 and 2019, respectively.

In order to perform its activity, Fidelidade has a nationwide branch network, agent centres and client branches. Overseas, the Company operates in Spain, France, Luxembourg, China and Mozambique.

Fidelidade’s financial statements at 31 December 2020 were approved by the Board of Directors on 23 February 2021. On the date of issue of the financial statements, these were pending approval by the General Meeting.

## 2. Accounting Policies

### 2.1. Basis of presentation

The financial statements at 31 December 2020 have been prepared in accordance with the accounting principles in the Chart of Accounts for Insurance Companies (PCES), approved by Standard No. 3/2018-R, of 29 March, of the Insurance and Pension Funds Supervisory Authority (ASF), and the remaining regulatory standards issued by ASF.

The standards set out in the PCES correspond in general terms to the International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July, transposed into the Portuguese legal order by Decree-Law No. 35/2005, of 17 February, with the amendments introduced by Law No. 53-A/2006, of 29 December, and Decree-Law No. 237/2008, of 15 December, except with regard to the application of IFRS 4 – “Insurance Contracts”, in respect of which only the classification principles relating to insurance type contracts were adopted.

In 2020 Fidelidade adopted the IAS/IFRS and interpretations of mandatory application for the tax year beginning on 1 January 2020. These standards are listed in Note 2.20. In line with the transitory provisions of those standards and interpretations, comparative amounts are presented in relation to the new disclosures required.

The basis for the preparation of the financial statements from the accounting books and records was the accrual method, consistency of presentation, materiality and aggregation and the assumption of going concern.

The accounting policies used by the Company in the preparation of its financial statements relating to 31 December 2020 are consistent with those used in the preparation of the financial statements relating to 31 December 2019, with the following exception:

- The Company adopted IFRS 9 – “Financial Instruments” on 1 January 2020 with the overlay approach as described in Note 2.6.a). The requirements of the standard were applied retrospectively, by means of adjustments to the balance sheet values at 1 January 2020, as demonstrated in Note 2.21. The Company applied the exception that permits an entity not to restate comparative financial information from prior periods.

In 2020 the Company voluntarily adopted the following accounting policies:

- Change in the Statement of Cash Flows method from the direct method to the indirect method, with the aim of providing more reliable and more relevant information on the effects of transactions that have occurred during the respective years. In addition, there is reasonable correlation between the cash flow position and the other financial items presented by the Company, guaranteeing a clear and coherent interpretation of the cash flows generated during the year. Accordingly, the Statement of Cash Flows from the comparative period is restated;
- Change in the method used to value Properties for Own Use from the revaluation method to the cost method. This change seeks to guarantee greater reliability of the information presented and alignment with the accounting policies of the shareholders. The adjustments made as part of this change in policy are demonstrated in Note 2.21.



The amounts in the financial statements are expressed in Euros. They were prepared using the historical cost principle, with the exception of assets and liabilities recognised at their fair value, namely investments relating to life contracts where the investment risk is borne by the policyholder, derivative financial instruments, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and real estate for income generation. The remaining assets, namely held-to-maturity investments and financial liabilities, and non-financial assets and liabilities, are recognised at amortised cost or historical cost.

The preparation of the financial statements requires the Company to make judgements and estimates and use assumptions which affect the application of the accounting policies and the amounts of the income, costs, assets and liabilities. Changes to those assumptions, or the differences between them and actual amounts, may impact these estimates and judgements. Areas which involve a higher level of judgement or complexity, or where significant estimates and assumptions are used in the preparation of the financial statements, are described in Note 2.18.

## **2.2. Investments in subsidiaries, associates and joint ventures**

Investments in subsidiaries include holdings in companies over whose day-to-day management the Company exercises effective control. Control is presumed to exist when the Company holds the ownership of the majority of voting rights. Control may also exist when the Group holds, directly or indirectly, the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, even though the percentage holding of its equity is less than 50%.

“Associates” are those entities over whose financial and operational policies the Group has the power to exercise significant influence, although it does not have control. Significant influence is presumed to exist whenever the Fidelidade Group holding in an invested company is, directly or indirectly, between 20% and 50% of the capital or voting rights. The Company may also exercise significant influence over an investee by means of a role in management of the associate or membership of the Board of Directors with executive powers.

There are also situations where the Company could exercise, together with other bodies, control over the activity of the company in which it has a holding (so-called joint ventures), where, under the terms of IFRS 11 – “Joint Arrangements”, it exercises shared control of the voting rights and equivalent decision-making rights.

These investments are recognised at cost and are subject to impairment tests. Dividends are recognised as income for the year in which a decision is taken to distribute them.

The recoverable amount of investments in subsidiaries, associates and joint ventures is assessed annually, regardless of the existence of impairment indicators. Impairment losses are calculated based on the difference between the recoverable amount of investments in subsidiaries or associates and their book value. The identified impairment losses are recorded in the income statement, and are subsequently reversed, if there is a reduction in the estimated loss, in a subsequent period. The recoverable amount is determined as the assets’ value in use or their fair value less selling costs, whichever is higher, and is calculated using valuation methodologies based on techniques of discounted cash-flows, considering market conditions, time value and business risk. When the value of the liabilities of a subsidiary exceeds its assets, besides setting up impairment to cancel the investment, the Company sets up a provision when there is responsibility on the liabilities of that subsidiary, associate or joint venture.

## 2.3. Conversion of foreign currency balances and transactions

Foreign currency transactions are recognised on the basis of the exchange rates in force on the date they were performed.

At each balance sheet date, monetary assets and liabilities in a foreign currency are converted to the functional currency based on the exchange rate in force. Non-monetary assets which are valued at fair value are converted based on the exchange rate in force on the date of their latest valuation. Non-monetary assets recognised at historical cost, including tangible and intangible assets, continue to be recognised in the original exchange rate.

Exchange rate differences calculated on exchange rate conversion are recognised in the income statement, with the exception of those resulting from non-monetary financial instruments recognised at fair value through other comprehensive income.

## 2.4. Financial instruments

### a) Adoption of IFRS 9 – “Financial Instruments”

IFRS 9 replaced IAS 39 – “Financial Instruments: Recognition and Measurement” for annual periods after 1 January 2018. In order to ensure consistency in the insurance sector between the application of IFRS 9 and IFRS 17 – “Insurance Contracts”, the IASB issued an amendment to IFRS 4 with effects from 1 January 2018 which allowed insurance companies to defer the application of IFRS 9 to periods after 1 January 2023, thereby aligning the effective date of IFRS 9 and IFRS 17.

The Company was developing business models and assessing the impact of applying IFRS 9, and opted to defer the application of the standard until 31 December 2019.

On 1 January 2020, the Company applied IFRS 9 retrospectively, with the overlay approach option. The differences that arose with the adoption of IFRS 9 have been recognised in Retained Earnings, as stated in Note 2.21.

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company’s business model for managing the assets and the assets’ contractual cash flow characteristics.

### Changes in classification and measurement

The IAS 39 measurement categories for Financial assets at fair value through profit or loss, Available-for-sale investments, Held-to-maturity investments, Loans and accounts receivable and Financial liabilities held for trading have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives. The IAS 39 balances relating to equity instruments other than perpetual instruments classified under “Available-for-sale investments” are now classified under this heading in line with the Business Model. Debt instruments previously classified as “Financial assets initially recognised at fair value through profit or loss” have been included under this heading, as the contractual cash flows are not solely payments of principal and interest. Derivatives previously classified in IAS 39 as “Hedge derivatives” and “Financial assets held for trading” have also been included under this heading;

- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition. The IAS 39 balances relating to debt securities with contractual cash flows that are not solely payments of principal and interest that were previously classified under Available-for-sale investments have been classified under this heading;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition. The Company opted to classify perpetual equity instruments under this heading in line with the Business Model;
- Debt instruments at amortised cost. The IAS 39 balances relating to Held-to-maturity investments and Loans and accounts receivable have been classified under this heading;
- Financial liabilities at fair value through profit or loss. The IAS 39 balances relating to derivatives included under the IAS 39 heading “Financial liabilities held for trading” have been classified under this heading. Hedge derivatives previously classified under “Other financial liabilities” have also been reclassified under this heading.

### Changes in the impairment calculation

The adoption of IFRS 9 has fundamentally changed the accounting for impairment losses for financial assets at fair value through other comprehensive income and financial assets at amortised cost, since the IAS 39’s incurred loss approach has been replaced by the expected credit loss approach.

IFRS 9 requires recording of an expected credit loss allowance for all debt instruments not recognised at fair value through profit or loss.

The quantitative impact of applying IFRS 9 as of 1 January 2020 is disclosed in Note 2.21.

## b) Financial Assets

### Classification, initial recognition and subsequent measurement

Financial assets are recognised at the contract date (trade date) at fair value. On initial recognition, financial assets are classified in one of the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income; or
- Financial assets at fair value through profit or loss.

The classification depends on the following aspects, except when the option to measure the financial instrument by its fair value through profit or loss is applied:

- The entity’s business model for managing the financial asset;
- The financial asset’s contractual cash flow characteristics.

### Business model assessment

The Company assessed the business model within which the financial instruments are held at portfolio level, since this approach best reflects how the assets are managed and how information is reported to the management bodies.

### Assessment as to whether contractual cash flows are solely payments of principal and interest (SPPI)

“Principal” for the purpose of this test is defined as the fair value of the financial asset at initial recognition. “Interest” is defined as consideration for the time value of money, the credit risk associated with the amount owed for a particular period of time and other risks and costs associated with the business (e.g., liquidity risk and administrative costs), and also a profit margin.

When assessing financial instruments in which the contractual cash flows are solely payments of principal and interest, the Company considered the instrument’s original contractual terms. This assessment included an analysis of the existence of situations in which the contractual terms may change the timing or amount of contractual cash flows so that they do not meet the SPPI condition. During the assessment process, the Company takes into consideration:

- Contingent events that may change the timing or amount of cash flows;
- Characteristics resulting in leverage;
- Prepayment and extended maturity clauses;
- Characteristics that may change the consideration for the time value of money.

In addition, a prepayment feature is consistent with the SPPI criterion, if:

- The financial asset was acquired or originated at a premium or discount to the contractual per amount;
- The prepayment amount substantially represents the contractual nominal amount and accrued, but unpaid, contractual interest (which may include reasonable compensation for early payment);
- On initial recognition, the fair value of the prepayment feature is insignificant.

The classification of financial assets follows the scheme below:

| Contractual Cash Flows   | Business Model   | Classification of financial assets                                |
|--|--|---|
| Contractual cash flows that are solely payments of principal and interest (SPPI) | Collect contractual cash flows   | Financial assets at amortised cost                                |
|  | Collect contractual cash flows and sell  | Financial assets at fair value through other comprehensive income |
| Others (non-SPPI)  | Derivatives and other financial instruments used to hedge risks  | Derivatives – Hedge Accounting                                    |
|  | Acquired for sale in the near term   | Financial assets at fair value through profit or loss             |
|  | Group of identified financial instruments that are managed together and for which there is a pattern of short-term profit-taking |   |
|  | Others   |   |

## **i. Financial assets at amortised cost**

### **Classification**

A financial asset is classified in the category “Financial assets at amortised cost” if it meets all of the following conditions:

- The financial asset is held within a business model with the main objective of holding assets to collect the contractual cash flows;
- Its contractual cash flows occur on specified dates and are solely payments of principal and interest (SPPI) on the principal amount outstanding.

### **Initial recognition and subsequent measurement**

Financial assets at amortised cost are initially recognised at their fair value, plus transaction costs, and are subsequently measured at amortised cost. In addition, they are subject, from their initial recognition, to calculation of impairment losses for expected credit losses, which are registered as a charge to the heading “Impairment losses on financial assets measured at amortised cost” in the Profit and Loss Account.

Interest on financial assets at amortised cost is recognised under “Interest income from financial assets not recognised at fair value through profit or loss”, calculated according to the effective interest rate method. Gains and losses on derecognition are registered under the heading “Net income on financial assets and liabilities recognised at amortised cost”.

## **ii. Financial assets at fair value through other comprehensive income**

### **Classification**

A financial asset is classified in the category “Financial assets at fair value through other comprehensive income” (FVOCI) if it meets all of the following conditions:

- The financial asset is held within a business model the objective of which is both collecting contractual cash flows and selling that financial asset;
- Its contractual cash flows occur on specified dates and are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These instruments largely comprise debt instruments that had previously been classified as Available-for-sale assets under IAS 39.

### **Initial recognition and subsequent measurement**

Debt instruments at fair value through other comprehensive income are initially recognised at their fair value, plus transaction costs, and are subsequently measured at fair value. Changes in the fair value of these financial assets are registered as a charge to other comprehensive income and, on their disposal, the respective accumulated gains or losses in other comprehensive income are reclassified to a specific income statement heading called “Net income from financial assets and liabilities recognised at fair value through other comprehensive income”.

Debt instruments at fair value through other comprehensive income are also subject, from their initial recognition, to calculation of impairment losses for expected credit losses. The estimated impairment losses are recognised in the income statement, under the heading “Impairment losses on financial assets recognised at fair value through other comprehensive income”, as a charge to other comprehensive income, and do not reduce the carrying amount of the financial asset on the balance sheet.

Interest, premiums or discounts on financial assets at fair value through other comprehensive income are recognised under “Interest income from financial assets not recognised at fair value through profit or loss” calculated according to the effective interest rate method.

Equity instruments at fair value through other comprehensive income are initially recognised at their fair value, plus transaction costs, and are subsequently measured at fair value. Changes in the fair value of these financial assets are registered as a charge to other comprehensive income. Dividends are recognised in the income statement when the right to the payment has been established.

### **iii. Financial assets at fair value through profit or loss**

#### **Classification**

A financial asset is classified in the category “Financial assets at fair value through profit or loss” (FVPL) if the business model defined by the Company for managing it or its contractual cash flow characteristics do not meet the conditions described above for measuring it at amortised cost or FVOCI.

Additionally, even if a financial asset meets the requirements to be measured at amortised cost or FVOCI, the Company may irrevocably designate it, at initial recognition, as measured at fair value through profit or loss, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on it on different bases.

The Company has classified the following types of assets as “Financial assets at fair value through profit or loss”:

- Financial assets that are acquired for the purpose of sale in the near term, or that, on initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or that fall under the definition of derivatives (except for derivatives designated as hedging instruments);
- Debt instruments the contractual cash flows of which are not solely payments of principal and interest (SPPI) on the principal amount outstanding;
- Financial assets that the Company has opted to designate at fair value through profit or loss to eliminate an accounting mismatch;
- Financial assets that do not meet the requirements to be classified as financial assets at amortised cost or at fair value through other comprehensive income, whether they are debt instruments or equity instruments that have not been designated at fair value through other comprehensive income.

#### **Initial recognition and subsequent measurement**

Given that the transactions performed by the Company in the normal course of its business are made under market conditions, financial assets at fair value through profit or loss are initially recognised at their fair value, and the costs or gains associated with the transactions are recognised initially in the income statement. Subsequent changes in the fair value of these financial assets are recognised in the income statement.

The accrual of interest and premium/discount (when applicable) is recognised under "Other income" on the basis of the effective interest rate of each transaction, and the accrual of interest on the derivatives associated with the financial instruments is classified in this category. Dividends are recognised in the income statement when the right to the payment has been established.

Derivatives for trading with a positive fair value are included under "Financial assets at fair value through profit or loss", and derivatives for trading with a negative fair value are included under "Financial liabilities at fair value through profit or loss".

#### **iv. Overlay approach**

An insurer may elect to apply the overlay approach described in paragraph 35B of IFRS 4, only when it first applies IFRS 9.

In line with this approach, the Company must reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if the Company had applied IAS 39 to the designated financial assets. Accordingly, the amount reclassified is equal to the difference between:

- i) the amount reported in profit or loss for the designated financial assets applying IFRS 9;
- ii) the amount that would have been reported in profit or loss for the designated financial assets if the insurer had applied IAS 39.

A financial asset is eligible for designation for the overlay approach if, and only if, the following criteria are met:

- it is measured at fair value through profit or loss applying IFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying IAS 39;
- it is not held in respect of an activity that is unconnected with contracts within the scope of IFRS 4.

The Company meets the overlay approach requirements for financial instruments which, according to the IAS 39 classification requirements, were considered available-for-sale investments and according to the IFRS 9 classification requirements were reclassified to financial assets recognised at fair value through profit or loss. Financial assets in account are equity instruments and debt instruments that do not fulfil the contractual cash flow characteristics of the SPPI (solely payments of principal and interest) test.

The Company applies the overlay approach to a designated financial asset until that financial asset is derecognised.

#### **v. Assets sold with a repurchase agreement (repos)**

Assets sold with a repurchase agreement (repos) for a fixed price or for a price that is equal to the sale price plus interest inherent to the maturity of the operation are not derecognised on the balance sheet. The corresponding liability is accounted for in Other Financial Liabilities. The difference between the sale amount and the repurchase amount is treated as interest and is deferred during the life of the agreement, using the effective interest rate method.

#### **vi. Fair value**

Financial assets recognised in the categories "Financial assets at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income" are measured at fair value.

A financial instrument's fair value corresponds to the price that would be received for an asset if it was sold or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets is determined based on the closing price at the balance sheet date, for instruments traded in active markets.

Regarding debt instruments not traded in active markets (including unquoted securities or securities of limited liquidity), valuation methods and techniques are used, which include:

- Bid prices published by financial information services, namely Bloomberg and Reuters, including market prices available for recent transactions;
- Bid prices obtained from financial institutions which operate as market-makers;
- Internal valuation models, which take into account the market data which would be used to define a price for the financial instrument, reflecting the market interest rates and volatility, and the liquidity and credit risk associated with the instrument.

Other unquoted equity instruments the fair value of which cannot be reliably measured (for example, due to an absence of recent transactions) continue to be recognised at cost, less any impairment losses.

#### **vii. Derecognition of financial assets**

These assets are derecognised when the Company's contractual rights to receive cash flows from them have expired or when the Company has transferred substantially all the risks and rewards associated with holding the assets.

The Company considers control of a financial asset to be transferred if, and only if, the transferee has the ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

#### **viii. Transfers between categories of financial assets**

Financial assets are reclassified to other categories only if the business model for managing them is changed. In this case, all the affected financial assets are reclassified.

Reclassification is applied prospectively from the reclassification date, and no previously recognised gains or losses (including those related with impairment) or interest are restated.

Investments in equity instruments measured at fair value through other comprehensive income and financial instruments designated at fair value through profit or loss may not be reclassified.

#### **c) Financial liabilities**

An instrument is classified as a financial liability when there is a contractual obligation for settlement by delivering cash or another financial asset, regardless of its legal form. Non-derivative financial liabilities include loans, creditors for direct insurance and reinsurance operations and other liabilities. These financial liabilities are initially recorded at fair value less transaction costs, and subsequently at amortised cost based on the effective interest rate method. The Company derecognises financial liabilities when they are cancelled or extinguished.



Financial liabilities are recognised at the contract date at fair value, less costs directly attributable to the transaction. Financial liabilities are classified in the following categories:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include derivative financial instruments with negative revaluation. These liabilities are recognised at fair value, and the gains or losses arising from any subsequent appreciation are recognised in “Net income on financial assets and liabilities recognised at fair value through profit or loss”.

**Other financial liabilities**

This category includes subordinated liabilities, deposits received from reinsurers, amounts received in repo transactions and also liabilities incurred on payment for provision of services or the purchase of assets, recognised in “Other creditors for insurance and other operations”.

These financial liabilities are recognised at amortised cost, and any applicable interest is recognised in line with the effective interest rate method.

**d) Derivatives and hedge accounting**

The Company performs operations with derivative products as part of its activity, with the aim of reducing its exposure to fluctuations in exchange and interest rates.

Derivative financial instruments are recognised at their fair value at the contract date. They are also recognised in off-balance sheet accounts at their notional value.

Subsequently, derivatives are measured at their fair value. Fair value is calculated:

- On the basis of quotes obtained in active markets (for example, regarding futures trading in organised markets);
- On the basis of models which incorporate valuation techniques accepted in the market, including discounted cash flows and option valuation models.

**Embedded derivatives**

Derivatives embedded in other assets that are not within the scope of IFRS 9 are separated from the host contract and treated as separate derivatives, if:

- The embedded derivative’s economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract;
- The hybrid contract is not measured at fair value with changes recognised in profit or loss;

The major impact of this procedure with regard to the Company’s activity consists of the need to separate and value derivatives embedded in debt instruments, where the return is not in the form of interest (for example, return indexed to share prices and indexes, exchange rates, etc.) At the time of the separation, the derivative is recognised at its fair value, with the initial value of the host contract corresponding to the difference between the total value of the combined contract and the initial revaluation of the derivative. No income is recognised on the initial valuation of the operation.

## Hedge derivatives

These are derivatives used to hedge the Company's exposure to the risks inherent to its activity, namely hedging of the fair value of foreign currency assets (currency fluctuation risk).

At the beginning of all hedging operations, the Company prepares formal documentation, which includes the following minimum items:

- Risk management objectives and strategy associated with the performance of the hedging operation, in line with the defined hedging policies;
- Description of the hedged risk(s);
- Identification and description of the hedged and hedging financial instruments;
- Method for assessing the hedge's effectiveness and the frequency of assessment.

Fair value hedge derivatives are recognised at fair value, and the results are assessed daily and recognised in the period's profit and loss for the year. If the hedge is shown to be effective, the Company also reflects in the period's profit and loss the fair value change of the hedged item attributable to the hedged risk. If the hedging relationship is no longer effective, the accumulated fair value variation on the hedged element is recognized in profit and loss until its maturity.

Positive and negative revaluations of hedge derivatives are recognised in specific assets and liabilities headings, respectively.

Appreciations of hedged items are recognised in the balance sheet heading where the related instruments are recognised.

The Company used hedge accounting between the 2015 and 2019 accounting periods. In the light of IFRS 9, the Company no longer uses hedge accounting. However, it must maintain the rules for the aforementioned hedging as it has applied IFRS 9 with the overlay approach.

## Derivatives at fair value through profit or loss

These include all derivatives not associated with effective hedging relationships, in particular:

- Derivatives used to hedge risk in assets and liabilities recognised at fair value through profit or loss, rendering the use of hedge accounting unnecessary;
- Derivatives used to hedge risks which do not meet the criteria defined for use of hedge accounting under IFRS 9, in particular due to the difficulty in specifically identifying the hedged items, in cases other than micro-hedges, or because the results of the effectiveness assessment demonstrate that the hedge is not effective;
- Derivatives used for trading purposes.

Derivatives at fair value through profit or loss are recognised at fair value, and the results of revaluation are calculated daily and recognised in gains and losses for the year, under the headings “Net income on financial assets and liabilities recognised at fair value through profit or loss”, with the exception of the part related to interest accrued and paid, which is recognised in “Other income”. Positive and negative revaluations are recognised in “Financial assets recognised at fair value through profit or loss” and “Other financial liabilities”, respectively.

#### e) Impairment losses

##### Financial instruments subject to recognition of impairment losses

The Company recognises impairment losses for expected credit losses in financial instruments recognised under the following accounting headings:

- Financial assets recognised at amortised cost – Impairment losses on Financial assets measured at amortised cost reduce the balance sheet value of those financial assets as a charge to “Impairment losses of financial assets measured at amortised cost”.
- Debt instruments measured at fair value through other comprehensive income - Impairment losses on debt instruments at fair value through other comprehensive income are recognised in the income statement, under “Impairment losses on financial assets measured at fair value through other comprehensive income” as a charge to other comprehensive income (they do not reduce the balance sheet value of those financial assets).

Impairment losses are based on the difference between contractual cash flows and all cash flows that the Company expects to receive, discounted at the original effective interest rate.

##### General Approach

The expected credit loss allowance is calculated taking into account, at the time of assessment, the risk exposure (monetary value of the loan), probability of default (PD), loss given default (LGD) and the relevant discount factor. It is a risk assessment that takes into account an estimate of the probability and time value of the future cash flows being assessed.

This assessment is complemented by an assessment of whether the credit rating has decreased since initial recognition. A significant decrease in the credit rating means that the assessment will no longer be made considering a 12-month period, but will be made considering the remaining lifetime of the loan. Loans with no deterioration in rating are therefore considered in stage 1, loans with deterioration in rating are considered in stage 2, and stage 3 comprises loans with objective evidence of default.

In general terms, a significant decrease in rating since initial recognition is equivalent to a decrease of at least 2 notches from the time the initial rating is at BBB, although this decision will always be based on a case-by-case analysis of the factors leading to the rating downgrade.

Expected credit loss allowances are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, the expected credit loss allowance reflects credit losses that may result from default events within the next 12 months (12-month expected credit losses).

For other credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default, called lifetime expected credit losses.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk since initial recognition. When conducting the assessment, the Company compares the risk of default on the financial instrument at

the reporting date with the risk of default on the financial instrument at the date of initial recognition and considers all reasonable and supportable information available without undue cost or effort.

The Company considers a financial asset to be in default when information indicates that the contract has reached a situation of default, and the Company is unlikely to receive the outstanding contractual amounts in full. The book value of a financial asset in this stage, Stage 3, is reduced so as only to reflect the recovery value since there is no reasonable expectation of recovering the contractual cash flows.

#### Classification of financial instruments by stages

| Change in credit risk since initial recognition |                                 |   |                 |
|---|---------------------------------|---|-----------------|
|   | Stage 1                         | Stage 2   | Stage 3         |
| Classification criterion                        | Initial recognition             | Significant increase in credit risk since initial recognition | Credit-impaired |
| Impairment losses                               | 12-month expected credit losses | Lifetime expected credit losses                               | Default         |

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to a reduction of the recoverable value under the general approach and are classified in the following stages for measurement of the credit loss allowances:

- **Stage 1:** Financial instruments for which there has not been a significant increase in credit risk since initial recognition and for which the loss allowance is measured at an amount equal to a 12-month expected credit loss;
- **Stage 2:** Financial instruments for which there has been a significant increase in credit risk since initial recognition, but which are not financial assets with a reduction in the recoverable value and for which the loss allowance is measured at an amount equal to the lifetime credit loss;
- **Stage 3:** Financial assets with a reduction in the recoverable value at the reporting date (but which were not purchased or originated with a reduction in the recoverable value), and which are impaired (assets in default).

#### Simplified Approach

The Company makes a prospective assessment of the expected impairments associated with the heading “Other Debtors for Insurance and Other Operations”. The impairment method applied depends on the type of asset, with the performance of an analysis of the uncollectability of premiums pending collection and a case-by-case analysis of brokers, reinsurers and other debtors, to assess whether there has been a significant increase in credit risk.

## 2.5. Non-current assets held for sale and groups of assets and liabilities for disposal

IFRS 5 – “Non-current assets held for sale and discontinued operations” applies to single assets and to groups of assets for disposal, by sale or another means, in aggregate form in a single transaction, and all liabilities directly associated with those assets which are subsequently transferred in the transaction (entitled “groups of assets and liabilities for disposal”).

Non-current assets, or groups of assets and liabilities for disposal are classified as held for sale whenever their carrying amount is expected to be recovered through a sale transaction rather than through continuing use, and are transferred at their net book value at the reclassification date. For an asset (or group of assets and liabilities) to be classified in the heading the following requirements must be met:

- The probability of the sale occurring is high;
- The asset is available for immediate sale in its present condition;
- The sale should be expected to occur within one year of the asset being classified in this heading.

Assets recognised in this heading are not amortised, and are valued at the lower of their acquisition cost and fair value less costs to sell. The fair value of these assets is determined on the basis of experts' assessments.

If the amount recognised on the balance sheet is higher than the fair value less costs to sell, impairment losses are recognised in "Gains and losses from non-current assets (or groups for disposal) classified as held for sale".

## 2.6. Investment properties

These are properties held by the Company to earn income through rental and/or capital appreciation.

Investment properties, are initially recognised at cost, including directly related measurement costs. They are not amortised and are recognised at fair value, determined on the basis of experts' assessments. Changes in the fair value and realised capital gains and losses are reflected in the income statement, in "Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations".

Investment properties are assessed each year to ensure that their balance sheet value does not differ significantly from their fair value. The Company has set a maximum period of 2 years between evaluations carried out by independent experts.

## 2.7. Properties for own use

Properties for own use are initially recognised at acquisition cost, less accumulated depreciation and any accumulated impairment losses. The acquisition cost includes the purchase cost and any costs directly attributable to the activities needed to bring the assets to their location and place them in the conditions necessary for their use as intended.

The costs of repair, maintenance and other expenses associated with the use of these assets are recognised as expenses for the year, except for expenses on items where capitalisation criteria are met and which are depreciated throughout their useful life.

Depreciation is calculated using the straight line method, at rates corresponding to the estimated useful life of the properties for own use and is recognised in expenses for the year. Land is not depreciated, given that it does not have a defined useful life. The Company periodically assesses the adequacy of the estimated useful life of its assets.

Analyses are periodically undertaken to identify evidence of impairment on Properties for own use. An impairment loss is recognised in “Other impairment losses (net of reversals)” in the income statement for the year whenever the net book value of these assets is greater than their recoverable value (the greater of the value in use and the fair value). “Other impairment losses” may be reversed, also with an impact on the income statement for the year, if an increase in that asset’s recoverable value subsequently occurs.

The gain (or loss) arising from the sale or write-off of a property for own use is determined based on the difference between the amount received in the transaction and the net book value of that asset and is recognised in the income statement in the year when the write-off or sale occurs.

In addition, buildings under construction are recognised at cost less any impairment losses and are not subject to depreciation. The costs of these properties include the direct construction cost and the costs inherent to the loan obtained for the construction of these properties. Properties under construction are reclassified to established properties when they become available for use.

## **2.8. Other tangible assets**

These are recognised at acquisition cost, less depreciation and accumulated impairment losses. Costs of repair, maintenance and other expenses associated with their use are recognised as costs for the year.

Depreciation is calculated systematically throughout the estimated useful life of the asset, which corresponds to the period during which it is expected that the asset will be available for use, which is:

|                         | <u>Years of<br/>useful life</u> |
|-------------------------|---------------------------------|
| Furniture and materials | 2 - 12                          |
| Machinery and tools     | 4 - 10                          |
| IT equipment            | 4                               |
| Interior installations  | 8 - 10                          |
| Transport material      | 4                               |
| Safety equipment        | 4 - 10                          |

Depreciation is recognised in expenses for the year. The Company periodically assesses the adequacy of the estimated useful life of its tangible assets.

Analyses are periodically undertaken to identify evidence of impairment on other tangible assets. An impairment loss is recognised in “Impairment losses (net of reversals) of others” in the income statement for the year whenever the net book value of the tangible assets is greater than their fair value (the greater of the value in use and the fair value). Impairment losses may be reversed, also with an impact on the income statement for the year, if an increase in the asset’s recoverable value subsequently occurs.

## **2.9. Inventories**

Inventories are valued at the lower of acquisition cost and net realisable value.

Inventory costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, applying the average cost method.

The net realisable value is the estimated selling price in the ordinary course of business less any estimated costs of completion and estimated costs to conclude the sale.

Whenever the net realisable value is lower than the acquisition cost, the value of the inventories is reduced, by recognising an impairment loss, recorded under the heading “Impairment losses (net of reversals) of others” in the income statement. These losses may be reversed whenever the factors giving rise to the impairment cease to exist.

## 2.10. Leases

IFRS 16 - “Leases” sets out the principles for the recognition, measurement, presentation and disclosure of lease agreements.

### Lessee

On the commencement date of the lease, the lessee recognises a liability for the obligation to make payments to the lessor and an asset representing the right-of-use the underlying asset for the lease term. Lessees are required to recognise separately interest on the lease liability and depreciation of the right-of-use asset.

At the date of the standard’s entry into force the lessee shall measure the lease liability at the present value of the lease payments not paid on that date. The discount rate of the payments will be determined as the interest rate implicit in the lease, that is, the rate that causes the present value of the lease payments and the unguaranteed residual value to equal the fair value of the underlying asset plus the direct costs of the lessor. If the rate implicit in the lease cannot be readily determined the incremental borrowing rate will be used, that is, a discount rate that can be obtained to borrow, with the same maturity and a similar guarantee, the funds necessary to acquire the underlying asset.

After that date, the lessee shall measure the liability:

- i) by increasing the carrying amount to reflect interest on the lease liability;
- ii) by reducing the carrying amount to reflect the lease payments made;
- iii) by remeasuring the carrying amount to reflect any reassessment or lease modifications.

The standard sets out two recognition exemptions for lessees – leases of low value assets (for example, laptops) and short-term leases, that is, leases with a lease term of 12 months or less.

The Company opted to use the exemptions applicable to the standard on lease contracts where the lease term ends within 12 months of the date of initial application (except for real estate leases), and on lease contracts where the underlying asset is of low value. The Company has leases of some office equipment (for example, laptops) that are considered low value. The Company also decided to separate the leases from the non-lease (service) components and to consider only the lease component when applying this standard.

For all lease contracts covered by the exemptions, the lease payments associated with these contracts will be recognised as expenses.

## Lessor

Leases continue to be classified as finance leases or operating leases, and there are therefore no significant changes to that previously defined. Assets under finance leases are recorded in the financial position as “Accounts receivable for other operations”, and this is reimbursed by means of the capital amortisations set out in the contracts’ financial plans. Interest included in rents is recorded as “Other income/expenses”.

### 2.11. Intangible assets

This heading includes the costs of acquisition, development or preparation for use of the software used in the development of the Company’s activities.

Intangible assets are recognised at acquisition cost, less amortisation and accumulated impairment losses.

Amortisation is recognised systematically throughout the estimated useful life of the assets, which normally corresponds to a period of 3 to 6 years, except the IT structural projects that may go to a period of 10 years.

Software maintenance expenses are accounted for as a cost for the year in which they are incurred.

### 2.12. Income tax

The Company is subject to taxation under the Corporate Income Tax Code (CIT Code) and to Municipal Surcharge, the aggregate rate of which, in 2019 and 2020, is 22.5%. Additionally, there is a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between EUR 1,500,000 and EUR 7,500,000, 5% of the profit between EUR 7,500,000 and EUR 35,000,000 and 9% of any profit which exceeds this amount.

The accounts of the Company branches are included in the accounts of the head office for fiscal purposes. Besides being subject to CIT, the income of the branches is also further subject to local taxes in the countries/territories where these are established. The local taxes of the various branches are deductible from the corporate income tax of the head office pursuant to Article 91 of the Corporate Income Tax Code and to Double Taxation Agreements.

The Company is subject to CIT under the Special Rules for the Taxation of Corporate Groups (SRTCG), in line with Article 69 and following of the CIT Code. Under these taxation rules, Longrun (the controlling company) presents a single tax declaration in which the results of the subsidiaries making up the SRTCG are consolidated. The amount of CIT to be paid or received by the Company is recorded in the balance sheet as an amount receivable from or payable to Longrun. The tax which corresponds to the Company’s activity is recognised in the income statement and/or in shareholders’ equity of each company, depending on the case.

Total income tax recognised in the income statement includes current and deferred taxes.

Current tax is calculated on the basis of the taxable profit for the year, which is different from accounting income because of adjustments to taxable income resulting from expenses or income which are not considered for fiscal purposes, or which will only be considered in other accounting periods.

Deferred tax represents tax recoverable / payable in future periods resulting from temporary deductible or taxable differences between the book value of assets and liabilities and their tax basis, used to determine taxable income.



Deferred tax liabilities are normally recognised for all temporary taxable differences, whereas deferred tax assets are only recognised to the extent that it is probable that sufficient future taxable income will be generated, allowing the use of the corresponding temporary deductible tax differences or tax losses carried forward. In addition, deferred tax assets are not recognised where their recoverability may be questionable due to other situations, including issues regarding the interpretation of the tax legislation in force.

The main situations giving rise to temporary differences correspond to (i) impairments, (ii) provisions temporarily not accepted for fiscal purposes, (iii) fair value adjustments on financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income and (iv) fair value adjustments on land and buildings.

Deferred taxes are calculated at the tax rates expected to be in force on the date of reversal of the temporary differences, which correspond to the tax rules that have been enacted, or substantially enacted, at the balance sheet date.

Income tax (current or deferred) is recognised in the income statement for the year, except for cases in which the originating transactions have been recognised in other shareholders' equity headings (for example, in the case of changes in fair value of financial assets at fair value through other comprehensive income). The corresponding tax, in these cases, is also recognised in shareholders' equity and does not affect the income statement for the year.

### **2.13. Provisions and contingent assets and liabilities**

Provisions are set up whenever there is a current (legal or constructive) obligation resulting from past events involving the probable future expenditure of resources and when such expenditure may be reliably assessed. The amount of the provision corresponds to the best estimate of the amount payable to settle the liability at the balance sheet date.

When the future expenditure of resources is not probable, this is a contingent liability. Contingent liabilities are subject to disclosure, unless the possibility of occurrence is remote.

“Other provisions” are for legal, fiscal and other contingencies resulting from the Company's activity.

Contingent assets are not recognised in the financial statements, but they are disclosed in the notes to the accounts, if future economic benefits are likely to flow from them.

### **2.14. Employee benefits**

Liabilities for employee benefits are recognised in line with the principles established in IAS 19 – Employee Benefits. The principal benefits granted by the Company correspond to retirement and survivors' pensions and healthcare benefits.

## Defined benefit plan - Liabilities with pensions and healthcare

In line with the collective employment agreement (CEA) then in force for the insurance activity, the Company is committed to making cash payments, to complement the retirement pensions paid by the Social Security services, to its employees hired prior to 22 June 1995, the date on which the CEA was published. The amount of these payments varies according to the employee's remuneration, the number of years contributing to Social Security, the history of remuneration on which Social Security was collected and also, in the case of disability, the number of years in the insurance activity.

In addition, the former Império Bonança is also committed to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

The defined benefit plans are financed through a closed pension fund. This fund includes liabilities with retirement supplements, and liabilities relating to early retirement and pre-retirement. These plans meet the requirements for classification as defined benefit plans, since they comply with the criteria for determining the amount of pension that an employee will receive during retirement, usually dependent on one or more factors such as age, years of service and salary at retirement date.

Liabilities recognised on the balance sheet relating to defined benefit plans correspond to the difference between the current value of liabilities and the fair value of the pension fund assets. The total amount of liabilities is determined annually by specialised actuaries using the Projected Unit Credit Method and actuarial assumptions considered appropriate (Note 32). The discount rate used to update the liabilities reflects market interest rates on prime corporate bonds, denominated in the currency in which the liabilities are paid and with similar maturity periods to the average periods for settlement of liabilities.

Gains and losses resulting from the differences between the actuarial and financial assumptions used and the actual amounts of the pension obligation and expected return from the pension fund, as well as the results of changes to actuarial assumptions, are recognised directly in shareholders' equity.

The cost in the year for retirement and survivors' pensions, which includes the cost of current services, the cost of past services, the cost of payments and the net interest on the defined benefit liability (asset), is reflected at net value in "Employee Costs". The healthcare cost for the year is recognised in "Other Provisions".

The impact of employees' retirement prior to the standard retirement age, defined in the actuarial study, is directly recognised in "Employee Costs".

## Defined contribution plan

The new collective employment agreements for the insurance sector, published on 15 January 2012 and 29 January 2016, entitle all employees of working age employed as permanent staff, with indefinite employment contracts, covered by these CEAs, to an individual retirement plan ("IRP"), a defined contribution plan with capital guaranteed by the Associate which replaces the system of retirement pensions defined in the former CEAs.

These plans meet the requirements for classification as defined contribution plans, since the amount of post-employment benefits received by the employee is determined by the amount of contributions paid by an entity to a benefit plan, together with investment returns arising from the contributions.

The provisions of the previous defined benefit plan apply to active workers in full employment, with employment contracts for an indefinite period, who are not covered by the above-mentioned Collective Labour Regulation Instruments (CLRI) for the insurance sector.

The Company's contributions to the defined contribution plan are made in line with the terms of the CEA, and are recorded as a cost for the year to which they relate, in "Employee Costs".

### Other long-term benefits

Under the new CEA, published on February 8, 2019, and as provided in its clauses 32nd to 34th and 65th to 68th, new long-term benefits are established, called Career Benefits. The responsibilities related to Career Benefits are calculated annually using universally accepted actuarial methods.

### Short-term benefits

Short-term benefits, including performance bonuses paid to employees for the performance of the different business units and their contribution to the company's results, are recognised in "Employee Costs" in the period to which they relate, on an accrual basis.

## 2.15. Insurance and investment contracts

### a) Classification of contracts

Transactions associated with insurance and reinsurance contracts issued and with reinsurance contracts held by the Company are recognised in accordance with ASF regulations. Under the transition to the new PCES, the classification principles for contracts established by IFRS 4 – "Insurance Contracts", were incorporated into these regulations, according to which contracts without a significant insurance risk are considered to be investment contracts and recognised in line with IFRS 9 requirements.

In addition, as provided by IFRS 4, investment contracts with a discretionary profit-sharing component also continue to be classified as insurance contracts, and are therefore valued in line with the ASF regulations.

Calculation of contracts associated with insurance contracts is covered by specific regulations issued by the ASF.

An insurance or investment contract is considered to include a discretionary profit-sharing component when the respective contractual conditions provide for, in addition to the contract's guaranteed component, the allocation of additional benefits to the insured with the following characteristics:

- It is probable that they will constitute a significant part of the total benefits to be allocated within the scope of the contract;
- The amount or time of their allocation is contractually at the issuer's discretion; and
- They are dependent on the performance of a given group of contracts, on realised or unrealised income on certain assets held by the contract issuer, or on the profit of the entity responsible for issuing the contract.

Potential capital gains, net of capital losses, resulting from the revaluation of assets allocated to insurance with profit sharing and which are expected to be paid to insured persons are recognised in the profit-sharing provision.

## **b) Recognition of income and costs**

Premiums for non-life insurance and reinsurance contracts, life insurance contracts and investment contracts with a discretionary profit-sharing component are recognised when due in “Earned premiums net of reinsurance” in the profit and loss statement.

Premiums written on non-life insurance and reinsurance contracts and the associated acquisition costs are recognised as income and cost over the corresponding risk periods, through the use of the provision for unearned premiums.

Insured persons’ liabilities relating to life insurance contracts and to investment contracts with a discretionary profit-sharing component are recognised via the life insurance mathematical provision, and their cost is recognised at the same time as recognition of the income associated with the premiums written.

## **c) Provision for unearned premiums and deferred acquisition costs**

The provision for unearned premiums corresponds to the value of the premiums written on insurance and reinsurance contracts which relate to subsequent years, i.e. the part corresponding to the period between the balance sheet close and the end of the period to which the premium refers. It is calculated, for each contract, using the *pro rata temporis* method on the respective gross premiums written.

In 2020, as a consequence of the COVID-19 pandemic, in the Health line of business there was a transfer of additional risk arising from the periods of lockdown that meant insured persons stopped seeking medical care. Therefore, added to the aforementioned premium transfer is the proportion of unreported claims applied to unearned premiums in the months of low demand. The amortisation period for this part of the premium is considered to be from 1 September 2020 until the end of the year of each policy. The quantitative impact of this change is disclosed in Notes 14 and 19.

Expenditure incurred with the acquisition of non-life insurance contracts, including brokerage commissions and other expenses allocated to the acquisition function, is deferred over the course of the period to which it relates and is recognised as a deduction from the amount of the technical provisions on insurance contracts in provisions for unearned premiums.

## **d) Claims provision**

This provision recognises the estimated amount of indemnities payable on claims incurred, including claims incurred but not reported (IBNR), and administrative costs to be incurred for future settlement of claims which are currently being managed and those for IBNR claims. Except for mathematical provisions and whole life assistance for workers’ compensation, the claims provision set up by the Company is not discounted.

### **Claims provision for workers’ compensation**

The provision for workers’ compensation claims includes the mathematical provision, provision for temporary assistance expenses and provision for whole life assistance expenses.

The mathematical provision for workers’ compensation relates to:

- Approved pensions – pensions payable for claims where the amounts have already been approved by the Employment Tribunal;
- Defined pensions – estimate of liabilities for pensions for claims already incurred but awaiting a final agreement or ruling;

- Presumed pensions – estimate of liabilities for pensions relating to claims already incurred but the clinical processes of which are not yet concluded at the date of the financial statements or pensions relating to claims already incurred but not yet reported.

The hypotheses and technical bases used to calculate approved and defined mathematical provisions for workers' compensation are the following:

|                  | Mandatorily Redeemable | Non - Redeemable        |
|------------------|------------------------|-------------------------|
| Mortality table  | TD 88/90               | INE 2010_2012 by gender |
| Discount rate    | 5.25%                  | 3.10%                   |
| Management costs | 2.40%                  | 3%                      |

The mathematical provision for presumed pensions for workers' compensation claims incurred in the tax year is based on an estimate of the number of claims for permanent disability (IP's) and death and the average mathematical provision, representing the expected cost of each of those pensions after approval and including the risk of future revision. For claims incurred in previous tax years the variation of this provision corresponds to the difference between the amount paid in pensions and redemptions less the estimated technical interest and the variation of the provision for approved and defined pensions.

In accordance with current legislation, the liability resulting from the annual increase in pensions is covered by FAT (*"Fundo de Acidentes de Trabalho"* – Workers' Compensation Fund). The company pays the pensions in full and is subsequently reimbursed for the part corresponding to FAT's liability. FAT is managed by the ASF, and the fund's income consists of contributions made by the insurance companies and by workers' compensation insurance policyholders. A provision is set up for future contributions to FAT relating to liabilities for pensions already contracted at the balance sheet date.

The objective of the provision for temporary assistance expenses is to recognise the liability relating to expenses of workers' compensation claimants which are not whole life in nature. Using monthly development matrices, the number of claims incurred in the tax year is estimated, which is then multiplied by the estimated average cost of temporary assistance expenses for claims incurred in 2019 and 2020, which results from actuarial projections, based on matrices of payment and claims participation frequency, in order to obtain the cost in the tax year for this type of expense. For claims incurred in previous tax years the variation of the provision corresponds to the amounts paid for temporary assistance expenses recognised in the accounts.

Provision for whole life assistance expenses (AV) relates to:

- Provision for declared whole life assistance – this relates to expenses which are whole life in nature, with claimants who are beneficiaries of pensions, where the service date occurs 730 days after the pension claims incurred
- Provision for presumed whole life assistance – expenses of a whole life nature relating to claims already incurred but which have not yet resulted in any costs.

This provision is calculated according to the following technical bases:

|                   |                         |
|-------------------|-------------------------|
| Mortality table   | INE 2010_2012 by gender |
| Discount rate     | 3.10%                   |
| Rate of inflation | 2%                      |
| Management costs  | 2%                      |

The provision for presumed whole life assistance is calculated using methodology similar to that described for the mathematical provision for presumed pensions.

#### **Claims provision for motor insurance**

The opening of a motor insurance claim automatically generates the recognition of an initial average provision for each sub-claim, which affects the unit at risk and the insurance element in question. The automatic provision also varies according to the seriousness of any bodily injury. This provision may be revised, when the claims manager confirms it is inadequate, with adjustments being made in accordance with the information gathered (specialised technical reports) during the life of the claim, i.e. a specific analysis of the provision is made.

In addition, provisions are calculated for claims occurred but not reported (IBNR) using actuarial methods that analyse claims reporting speeds and the expected costs of claims not yet reported.

#### **Provision for Multi-risk Home Insurance and Multi-risk Business Insurance claims**

An initial provision is generated for Multi-risk Home Insurance and Multi-risk Business Insurance when the claim is opened, according to the covers and type of property affected. The amount of these provisions is adjusted when the claims manager receives more detailed information on the indemnifiable damage, in particular from loss adjusters' reports.

In addition, provisions are calculated for claims occurred but not reported (IBNR) using actuarial methods that analyse claims reporting speeds and the expected costs of claims not yet reported.

#### **Claims provision for other types of insurance**

The claims provision for other types of insurance is calculated on a case-by-case basis by the claims manager and revised whenever updated information is obtained from specialised technical reports.

In addition, provisions are calculated for claims occurred but not reported (IBNR) using actuarial methods that analyse claims reporting speeds and the expected costs of claims not yet reported.

#### **Analysis of sufficiency of the claims provisions**

The sufficiency of the provisions for the various types of insurance is assessed / validated by actuarial studies performed throughout the year.

The analyses performed include direct liabilities to the insured (whether or not the claims have been reported) as well as future payments, notably contributions to FAT.

The estimates are for the most part based on claims reporting triangles and use both deterministic and stochastic models.

**e) Mathematical provision for life insurance**

This corresponds to the estimated actuarial value of the insurance company's commitments, including profit-sharing payments already distributed and following the deduction of the actuarial value of future premiums, calculated for each policy in accordance with actuarial methods and their respective technical bases.

In the case of life insurance contracts in which the investment risk is borne by the policyholder, this heading only includes any additional technical provisions which may be set up to cover mortality risks, administrative expenses or other expenditure (e.g. guaranteed payments at maturity date or guaranteed surrender values).

**f) Profit-sharing provision**

The profit-sharing provision includes amounts payable to policyholders or contract beneficiaries, in the form of a profit-sharing scheme, whether already allocated or yet to be allocated, provided that such amounts have not yet been distributed.

**Provision for profit sharing to be allocated**

This provision includes the balances arising from the net capital gains to be allocated to the insured persons which transited from the former accounting standards applicable to insurance companies until 2007, which were registered in the then named "Fund for Future Appropriations". It also reflects the net amount of the subsequent potential capital gains and losses (fair value adjustments) relating to investments linked to life insurance contracts with a profit-sharing component, in the portion estimated for the policyholder or contract beneficiary, provided that the balances by portfolio are not negative.

This provision is set up in "Profit sharing to be allocated", in the profit and loss statement, or directly in the revaluation reserves for adjustments to the fair value of financial assets at fair value through other comprehensive income linked to life insurance with a profit-sharing component, depending on the classification of the assets.

Throughout the duration of the contracts of each type or set of types, the balance of the provision for profit sharing to be allocated corresponding to this is used in full.

The use of the provision for profit sharing to be allocated is by portfolio, according to the following order of priorities:

- The balances of the net capital gains to be allocated to the insured persons which transited from the former "Fund for Future Appropriations" are used in the first place to cover the losses arising each year in the technical accounts of the respective life insurance products with a profit-sharing component, which were reflected as losses for the Company, and are recognised in its profit and loss up to the limit of the losses they seek to compensate. The Company has been using this procedure since 2011;
- The amounts corresponding to the insured persons' potential sharing of the loss of the related portfolios are reflected in this provision until the corresponding positive balance is reached. Thus, amounts arising from the former "Fund for Future Appropriations" which are still available after the use referred to in the item above are used to offset potential capital losses of the respective portfolios;

- If the balance of the provision for profit sharing to be allocated is positive after the movements above, and there are losses to be recovered, calculated in previous years in the technical accounts of the respective products and which have been recognised in the Company's income statement due to the fact that the income from the related portfolios was not sufficient to cover the costs resulting from the guaranteed technical rates, that positive balance is recognised in the Company's income statement up until these losses are recovered. This movement can be reversed, also having an impact on the income statement, when the balance arising from the potential gains/losses ceases to be positive.

#### **Provision for allocated profit sharing**

This provision includes the amounts intended for policyholders or beneficiaries of insurance contracts, in the form of a profit-sharing scheme, which have not yet been distributed but which have already been allocated.

For the majority of the products, this provision is calculated on the basis of the income from the related assets, including the capital gains and losses due to impairment recorded in the period, less any negative balances from previous tax years, in cases where this deduction is provided for in the contract.

#### **g) Provision for interest rate commitments**

The provision for interest rate commitments is set up for all insurance and operations in the "Life" line of business where there is an interest rate guarantee, whenever the effective profitability rate of the applications which represent the mathematical provisions of certain insurance contracts is lower than the technical interest rate used to determine the mathematical provisions of those contracts.

#### **h) Provision for portfolio stabilising**

The provision for portfolio stabilising is set up for group insurance contracts, which are renewable annually, and which guarantee as their main cover the risk of death, with the aim of responding to any increase in the risk inherent in the increasing average age of the insured group, whenever the latter are charged according to a single rate, which, by contractual agreement, must be maintained for a given period.

#### **i) Equalisation provision**

The equalisation provision is intended to respond to exceptionally large insurance claims in insurance areas which, by their nature, are predicted to fluctuate considerably. This provision is set up for loan insurance, deposit insurance, crop insurance, earthquakes and reinsurance accepted — atomic risk, in accordance with ASF standards.

#### **j) Provision for unexpired risks**

This provision is calculated for all non-life insurance and is intended to respond to situations where premiums to be allocated to subsequent years for contracts in force at the date of the financial statements are not sufficient to pay for the indemnities and the expenses of the respective technical lines of business. This provision is calculated on the basis of the ratios for claims, operating costs, ceding and income, in accordance with ASF definitions.

#### **k) Technical provisions for reinsurance ceded**

These provisions are determined by applying the criteria described above for direct insurance, taking into account the ceding percentages, in addition to the remaining provisions of the treaties in force.



**l) Liabilities to subscribers of Unit-linked products**

Liabilities associated with investment contracts issued by the Company in which the risk is borne by the policyholder (Unit-linked products) are recognised at fair value, determined on the basis of the fair value of the assets included in the investment portfolio linked to each of the products, less the corresponding management costs, and are recognised in “Financial liabilities on insurance contracts and operations considered for accounting purposes as investment contracts”.

Investment portfolios linked to Unit-linked products are composed of financial assets, including fixed-income securities, variable-income securities, derivative instruments and deposits in credit institutions, which are recognised at fair value, and the corresponding unrealised capital gains and losses are recognised in the profit and loss statement for the year.

For insurance and capitalisation operations on investment units with a guarantee of capital and income at the end of the contract, the provisions are set up for either the value which results from multiplying the value of the reference unit by the number of existing units, or the guaranteed capital and income at the end of the contract discounted up to the date of calculation at the guaranteed rate, whichever is higher.

**m) Liabilities to subscribers of other investment contracts**

Liabilities to subscribers of other regulated products, classified as investment contracts under IFRS 4, and which do not include a discretionary profit-sharing component, are valued in accordance with the requirements of IFRS 9 and recognised in “Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts”.

**n) Impairment of debtor balances related with insurance and reinsurance contracts**

For each date the financial statements are presented, the Company assesses the existence of evidence of impairment on assets from insurance or reinsurance contracts, namely accounts receivable from insured persons, agents, reinsurers and reinsured, and technical provisions for reinsurance ceded.

If impairment losses are identified, the balance sheet value of the respective assets is reduced in the profit and loss statement for the year, with the cost being recognised in “Impairment losses (net of reversals)”.

## **2.16. Fees**

Fees related to financial instruments, such as commissions charged or paid on contracting of operations, are included in the amortised cost and recognised in the statement of gains and losses throughout the operation, by the effective interest rate method.

Fees for services provided are normally recognised as earnings throughout the period of service provision or on a one-off basis if they relate to payment for the performance of single acts.

## **2.17. Cash and cash equivalents**

For the purposes of the statement of cash flows, “Cash and cash equivalents” includes amounts recognised in the balance sheet with a maturity of less than three months from the date of their acquisition, readily convertible to cash and with low risk of a change in value, and cash and deposits with credit institutions which do not have an investment purpose.

## **2.18. Critical accounting estimates and most relevant judgements in the application of the accounting policies**

When applying the accounting principles described above, estimates must be made by the Company’s Board of Directors. The estimates with the greatest impact on the financial statements include those presented below.

### **Determination of impairment losses on financial assets**

Impairment losses on financial assets are determined in line with the methodology defined in Note 2.4. d). Accordingly, the determination of impairment takes into account the conclusions of the specific evaluation conducted by Fidelidade on the basis of knowledge regarding the situation of the issuers of the financial instruments in question.

The Company considers that impairment determined on the basis of this methodology adequately reflects the risk associated with its portfolio of financial assets, taking into account the rules defined by IFRS 9.

### **Valuation of financial instruments not traded in active markets**

In line with IFRS 9, the Company recognises all financial instruments at fair value, with the exception of those recognised at amortised cost. Valuation models and techniques such as those described in Note 2.4. a) are used to value financial instruments not traded in liquid markets. The valuations obtained correspond to the best estimate of the fair value of these instruments at the balance sheet date. To guarantee adequate separation between functions, such financial instruments are valued by a body that is independent from the trading function.

### **Employee benefits**

As stated in Note 2.14., the Company’s liabilities for post-employment and other long term benefits granted to its employees are determined on the basis of actuarial assessments. These assessments incorporate, in particular, financial and actuarial assumptions on mortality, disability, wage and pensions growth, assets returns and discount rates. The assumptions adopted correspond to the best estimate of the Company and its actuaries regarding the future performance of the respective variables.

### **Determination of liabilities on insurance and reinsurance contracts**

The Company’s liabilities for insurance and reinsurance contracts are determined based on the methodologies and assumptions described in Note 2.15. These liabilities reflect a quantified estimate of the impact of future events on the Company’s accounts, calculated based on actuarial assumptions, claims history and other methods accepted in the sector.

Owing to the nature of the insurance activity, determining the claims provisions and other liabilities on insurance and reinsurance contracts is highly subjective and the actual amounts payable in the future may differ significantly from the estimates.

The Company considers, however, that the liabilities on insurance and reinsurance contracts recognised in the financial statements adequately reflect the best estimates at the balance sheet date of the amounts to be disbursed by the Company.

### **Determination of income tax**

The Company determines income tax (both current and deferred) based on the rules defined by the tax framework in force. However, in some situations the tax legislation is not sufficiently clear and objective and may give rise to different interpretations. In these cases, the amounts recognised result from the best understanding of the Company's responsible bodies with regard to the correct presentation of its operations, which may, however, be questioned by the Tax Authorities.

### **Valuation of Investment Properties**

As stated in Note 2.6 Investment Properties are valued at each balance sheet date, to ensure that their balance sheet value does not differ significantly from their fair value. The Company has set a maximum period of 2 years between valuations performed by qualified experts.

As stated in Note 10, properties are valued to obtain an estimate of their transaction price, which is normally the market value (fair value). If there are any rental agreements, the assessment of the estimated transaction price takes the rental value into consideration. The valuation techniques normally used are the market method, the cost method and the income method, as described in Note 10.

As set out in IFRS 13 – “Fair Value Measurement”, valuations of properties maximise the use of observable market data. However, since most valuations also consider unobservable data, the fair value of the Company's properties is classified as Level 3 in the fair value hierarchy defined by IFRS 13.

The Company considers that the valuations obtained based on these methods correspond to the best estimate of the fair value of these assets at the balance sheet date.

### **Impairment of investments in subsidiaries, associates and joint ventures**

The Company conducts an annual valuation, with reference to the end of the financial year, of the recoverable value of investments in subsidiaries, associates and joint ventures. Whenever possible, the recoverable value is assessed on the basis of valuation methods based on discounted future cash flow models, considering the strategy for each entity, market conditions and the time value and business risks, for which certain assumptions or judgements are used to establish estimates of fair value. In the remaining cases, the recoverable value is assessed on the basis of the Shareholders' Equity of each company.

Alternative methods and the use of different assumptions and estimates may lead to different valuations of investments in subsidiaries, associates and joint ventures, with an impact on the Company's results.

### **Provisions and contingent liabilities**

As stated in Note 2.13, provisions are set up whenever there is a current (legal or constructive) obligation resulting from past events involving the probable future expenditure of resources and when such expenditure may be reliably assessed.

When the future expenditure of resources is not probable, this is a contingent liability. Contingent liabilities are subject to disclosure, unless the possibility of occurrence is remote.

The decision to recognise provisions and measurement of these takes into account the Company's assessment of the risks and uncertainties associated with the processes in progress and the expectation regarding expenditure of resources, which uses as a reference the best available information at the date the financial statements are closed.

## 2.19. Subsequent Events

Events occurring after the balance sheet date that provide additional information about conditions that existed on the balance sheet date are included in the financial statements.

Events occurring after the balance sheet date that provide additional information about conditions that existed after the balance sheet date are included in the notes to the accounts, if considered material.

## 2.20. Adoption of standards (new or revised) issued by the “International Accounting Standards Board” (IASB) and interpretations issued by the “International Financial Reporting Interpretation Committee” (IFRIC), as endorsed by the European Union

### 2.20.1 Adopted Standards (New or Revised)

During the course of 2020 Fidelidade adopted, in the preparation of its financial statements, the standards and interpretations issued by IASB and IFRIC, respectively, provided they had been endorsed by the European Union, with application in financial periods beginning on or after 1 January 2020. The relevant changes for Fidelidade were as follows:

| Standards / Interpretations                                 | Date of issue | E.U. Regulation | Applicable to accounting periods beginning on or after |
|---|---------------|-----------------|--|
| IFRS 3 - Business Combination (Amendment)                   | 22-10-2018    | 2020/551        | 01-01-2020   |
| IAS 1 - Definition of Material (Amendment)                  | 31-10-2018    | 2019/2075       | 01-01-2020   |
| IAS 8 - Definition of Material (Amendment)                  | 31-10-2018    | 2019/2075       | 01-01-2020   |
| IFRS 9 - Financial Instruments                              | 24-07-2014    | 2016/2067       | 01-01-2020   |
| IFRS 9 - Prepayments Features with Negative Compensation    | 12-10-2017    | 2018/498        | 01-01-2020   |
| IFRS 9 - Interest Rate Benchmark Reform Phase I (Amendment) | 26-09-2019    | 2020/34         | 01-01-2020   |
| IAS 39 - Interest Rate Benchmark Reform Phase I (Amendment) | 26-09-2019    | 2020/34         | 01-01-2020   |
| IFRS 7 - Interest Rate Benchmark Reform Phase I (Amendment) | 26-09-2019    | 2020/34         | 01-01-2020   |

IFRS 9 replaced IAS 39 – Financial Instruments: Recognition and Measurement for annual periods after 1 January 2018. In order to ensure consistency in the insurance sector between the application of IFRS 9 and IFRS 17, the IASB issued an amendment to IFRS 4 with effects from 1 January 2018 which allowed insurance companies to defer the application of IFRS 9 to periods after 1 January 2023, thereby aligning the effective date of IFRS 9 and IFRS 17.

The Company was developing business models and assessing the impact of applying IFRS 9, and opted to defer the application of the standard until 31 December 2019.

As described in Note 2.4, on 1 January 2020, the Company applied IFRS 9 retrospectively, with the overlay approach option. The differences that arose with the adoption of IFRS 9 have been recognised in Retained Earnings, as stated in Note 2.21.

## 2.20.2 Standards, Interpretations, Amendments and Revisions with Mandatory Application in Future Accounting Periods

The following standards, interpretations, amendments and revisions with mandatory application in future accounting periods, had been endorsed by the European Union up to the date these financial statements were approved:

| Standards / Interpretations                                  | Date of issue | E.U. Regulation | Applicable to accounting periods beginning on or after |
|--|---------------|-----------------|--|
| IFRS 9 - Interest Rate Benchmark Reform Phase II (Amendment) | 27-08-2020    | 2021/25         | 01-01-2021   |
| IAS 39 - Interest Rate Benchmark Reform Phase II (Amendment) | 27-08-2020    | 2021/25         | 01-01-2021   |
| IFRS 7 - Interest Rate Benchmark Reform Phase II (Amendment) | 27-08-2020    | 2021/25         | 01-01-2021   |

The Company is analysing its implementation, and it is not possible at this time to assess the impact on the financial statements.

## 2.20.3 Standards, Interpretations, Amendments and Revisions Not Yet Endorsed by the European Union

The following standards, interpretations, amendments and revisions, of mandatory application in future accounting periods, had not been endorsed by the European Union up to the date these financial statements were approved:

| Standards / Interpretations  | Date of issue | Applicable to accounting periods beginning on or after |
|--|---------------|--|
| IFRS 17 - Insurance Contracts  | 18-05-2017    | 01-01-2023   |
| IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendment)                              | 23-01-2020    | 01-01-2023   |
| IFRS 3 - Business Combinations (Amendment)   | 14-05-2020    | 01-01-2022   |
| IFRS 3 - Business Combinations: Reference to the Conceptual Framework (Amendment)  | 14-05-2020    | 01-01-2022   |
| IAS 16 - Property, Plant and Equipment (Amendment)   | 14-05-2020    | 01-01-2022   |
| IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (Amendment)  | 14-05-2020    | 01-01-2022   |
| IAS 37 - Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract (Amendment)              | 14-05-2020    | 01-01-2022   |
| IFRS 9 - Financial Instruments (Annual Improvements 2018-2020)   | 14-05-2020    | 01-01-2022   |
| IFRS 16 - Leases (Annual Improvements 2018-2020)   | 14-05-2020    | 01-01-2022   |
| IFRS 17 - Insurance Contracts (Amendment)  | 25-06-2020    | 01-01-2023   |
| IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of effective date (Amendment) | 15-07-2020    | 01-01-2023   |

These standards have not been endorsed by the European Union and, as such, have not been applied by the Company for the year ended 31 December 2020, and it is not possible at this time to assess the impact on the financial statements.

## 2.21. Changes in Accounting Policies

The change in the accounting policy regarding the valuation of Properties for Own Use impacted the composition of the Company's shareholders' equity at 31 December 2019 and the income for the year ended on that date.

The reconciliation of shareholders' equity at 1 January 2019 and at 31 December 2019 and the reconciliation of the net income for the year ended at 31 December 2019 is presented in the table below:

|  | Shareholder's Equity |               | Profit and loss |
|--|----------------------|---------------|-----------------|
|  | 01/01/2019           | 31/12/2019    | 31/12/2019      |
| Balances before accounting policy change                 | 2,232,604,931        | 2,605,137,757 | 144,406,401     |
| Impact of accounting policy change                       |                      |               |                 |
| Change of recognition criteria in properties for own-use | (13,623,799)         | (11,714,632)  | 4,868,388       |
| Fiscal Effect  | (5,254,658)          | (4,139,022)   | (4,003,303)     |
|  | (18,878,457)         | (15,853,654)  | 865,085         |
| Balances after accounting policy change                  | 2,213,726,474        | 2,589,284,103 | 145,271,486     |

The impact on the financial position at 01 January 2019 and 31 December 2019 is as follows:

|   | 31-12-2019         |                |                    |
|---|--------------------|----------------|--------------------|
|   | Restated           | Adjustments    | Original           |
| <b>ASSETS</b>   |                    |                |                    |
| Properties for own use  | 65,078,218         | (8,691,149)    | 73,769,367         |
| Deferred tax assets   | 166,399,934        | 2,326,218      | 164,073,716        |
|   | 231,478,152        | (6,364,931)    | 237,843,083        |
| <b>LIABILITIES</b>  |                    |                |                    |
| Deferred tax liabilities  | 128,876,250        | 9,488,723      | 119,387,527        |
|   | 128,876,250        | 9,488,723      | 119,387,527        |
| <b>SHAREHOLDERS' EQUITY</b>   |                    |                |                    |
| Revaluation reserves  |                    |                |                    |
| Revaluation of properties for own use   | 1,256,812          | (12,916,772)   | 14,173,584         |
| Deferred tax reserve  | (76,498,731)       | (4,139,022)    | (72,359,709)       |
| Retained earnings   | 66,320,073         | 337,055        | 65,983,018         |
| Net income for the year   | 145,271,486        | 865,085        | 144,406,401        |
|   | 136,349,640        | (15,853,654)   | 152,203,294        |
| <b>STATEMENTS OF PROFIT AND LOSS</b>  |                    |                |                    |
| Claims costs, net of reinsurance  | (941,366,831)      | 90,422         | (941,457,253)      |
| Operating costs and expenses, net   | (384,458,592)      | 222,244        | (384,680,836)      |
| Financial expenses  | (29,302,190)       | 6,439          | (29,308,629)       |
| Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations | 59,217,436         | 5,431,075      | 53,786,361         |
| Impairment losses (net of reversals)  | (96,237,657)       | (881,794)      | (95,355,863)       |
| Other income/expenses   | (7,435,113)        | 2              | (7,435,115)        |
| Current income tax - current taxes  | 4,561,168          | (1,496,381)    | 6,057,549          |
| Current income tax - deferred taxes   | (33,485,660)       | (2,506,922)    | (30,978,738)       |
| <b>Net income for the year</b>  | <b>145,271,486</b> | <b>865,085</b> | <b>144,406,401</b> |

|                                       | 01-01-2019  |              |             |
|---------------------------------------|-------------|--------------|-------------|
|                                       | Restated    | Adjustments  | Original    |
| <b>ASSETS</b>                         |             |              |             |
| Properties for own use                | 71,098,069  | (13,107,237) | 84,205,306  |
| Deferred tax assets                   | 281,467,775 | 1,989,277    | 279,478,498 |
|                                       | 352,565,844 | (11,117,960) | 363,683,804 |
| <b>LIABILITIES</b>                    |             |              |             |
| Deferred tax liabilities              | 108,397,067 | 7,760,496    | 100,636,571 |
|                                       | 108,397,067 | 7,760,496    | 100,636,571 |
| <b>SHAREHOLDERS' EQUITY</b>           |             |              |             |
| Revaluation reserves                  |             |              |             |
| Revaluation of properties for own use | 1,213,220   | (22,219,960) | 23,433,180  |
| Deferred tax reserve                  | 25,013,137  | (5,254,658)  | 30,267,795  |
| Retained earnings                     | 176,650,514 | 9,276,756    | 167,373,758 |
| Net income for the year               | 277,555,844 | (680,595)    | 278,236,439 |
|                                       | 480,432,715 | (18,878,457) | 499,311,172 |

(Amounts in euros except when expressly indicated otherwise)

The adoption of the Financial Instruments accounting policy, IFRS 9, resulted in the following impacts on the financial position as of January 01, 2020:

|   | 01/01/2020      |                            |                      |                         |                    |
|---|-----------------|----------------------------|----------------------|-------------------------|--------------------|
|   | Adjustments     |                            |                      |                         | IFRS 9             |
|   | IAS 39          | Business Model Application | Expected Credit Loss | Policyholder adjustment | Total Adjustments  |
| <b>ASSETS</b>   |                 |                            |                      |                         |                    |
| Financial assets initially recognised at fair value through profit or loss                              | 584.013.101     | ( 584.013.101 )            | -                    | -                       | ( 584.013.101 )    |
| to: Financial assets recognised at fair value through profit or loss                                    | -               | ( 584.013.101 )            | -                    | -                       | ( 584.013.101 )    |
| Financial assets held for trading   | 41.215.195      | ( 41.215.195 )             | -                    | -                       | ( 41.215.195 )     |
| to: Financial assets recognised at fair value through profit or loss                                    | -               | ( 41.215.195 )             | -                    | -                       | ( 41.215.195 )     |
| Financial assets recognised at fair value through profit or loss  | -               | 2.386.499.480              | -                    | -                       | 2.386.499.480      |
| from: Available-for-sale investments  | -               | 1.757.867.825              | -                    | -                       | 1.757.867.825      |
| from: Financial assets held for trading   | -               | 41.215.195                 | -                    | -                       | 41.215.195         |
| from: Hedge derivatives   | -               | 3.403.359                  | -                    | -                       | 3.403.359          |
| from: Financial assets initially recognised at fair value through profit or loss                        | -               | 584.013.101                | -                    | -                       | 584.013.101        |
| Available-for-sale investments  | 10.137.602.152  | ( 10.137.602.152 )         | -                    | -                       | ( 10.137.602.152 ) |
| to: Financial assets designated at fair value through other comprehensive income                        | -               | ( 8.379.734.327 )          | -                    | -                       | ( 8.379.734.327 )  |
| to: Financial assets recognised at fair value through profit or loss                                    | -               | ( 1.757.867.825 )          | -                    | -                       | ( 1.757.867.825 )  |
| Hedge derivatives   | 3.403.359       | ( 3.403.359 )              | -                    | -                       | ( 3.403.359 )      |
| to: Financial assets recognised at fair value through profit or loss                                    | -               | ( 3.403.359 )              | -                    | -                       | ( 3.403.359 )      |
| Financial assets designated at fair value through other comprehensive income                            | -               | 8.379.734.327              | -                    | -                       | 8.379.734.327      |
| from: Available-for-sale investments  | -               | 8.379.734.327              | -                    | -                       | 8.379.734.327      |
| Financial assets at amortised cost  | -               | 2.268.907.169              | ( 1.651.335 )        | -                       | 2.267.255.834      |
| from: Held-to-maturity investments  | -               | 1.074.167.759              | ( 1.651.335 )        | -                       | 1.072.516.424      |
| from: Loans and accounts receivable   | -               | 1.194.739.410              | -                    | -                       | 1.194.739.410      |
| Held-to-maturity investments  | 1.074.167.759   | ( 1.074.167.759 )          | -                    | -                       | ( 1.074.167.759 )  |
| to: Financial assets at amortised cost  | -               | ( 1.074.167.759 )          | -                    | -                       | ( 1.074.167.759 )  |
| Loans and accounts receivable   | 1.194.739.410   | ( 1.194.739.410 )          | -                    | -                       | ( 1.194.739.410 )  |
| to: Financial assets at amortised cost  | -               | ( 1.194.739.410 )          | -                    | -                       | ( 1.194.739.410 )  |
| Deferred tax assets   | 164.073.716     | 8.862.009                  | 520.171              | -                       | 9.382.180          |
|   | 13.199.214.692  | 8.862.009                  | ( 1.131.164 )        | -                       | 7.730.845          |
| <b>LIABILITIES</b>  |                 |                            |                      |                         |                    |
| Financial liabilities held for trading  | ( 101.581.020 ) | 101.581.020                | -                    | -                       | 101.581.020        |
| to: Financial liabilities initially recognised at fair value through profit or loss                     | -               | 101.581.020                | -                    | -                       | 101.581.020        |
| Financial liabilities initially recognised at fair value through profit or loss                         | -               | ( 104.020.343 )            | -                    | -                       | ( 104.020.343 )    |
| from: Other financial liabilities   | -               | ( 2.439.323 )              | -                    | -                       | ( 2.439.323 )      |
| from: Financial liabilities held for trading  | -               | ( 101.581.020 )            | -                    | -                       | ( 101.581.020 )    |
| Other financial liabilities   | ( 166.053.112 ) | 2.439.323                  | -                    | -                       | 2.439.323          |
| to: Financial liabilities initially recognised at fair value through profit or loss                     | -               | 2.439.323                  | -                    | -                       | 2.439.323          |
| Deferred tax liabilities  | ( 119.387.527 ) | ( 8.862.009 )              | -                    | -                       | ( 8.862.009 )      |
|   | ( 387.021.659 ) | ( 8.862.009 )              | -                    | -                       | ( 8.862.009 )      |
| <b>EQUITY</b>   |                 |                            |                      |                         |                    |
| Revaluation reserves  | -               | -                          | -                    | 0,00                    | -                  |
| Adjustments in fair value of financial assets   | ( 324.760.427 ) | 324.760.427                | -                    | -                       | 324.760.427        |
| to: From adjustments in fair value of debt instruments at fair value through other comprehensive income | -               | 138.528.409                | -                    | -                       | 138.528.409        |
| to: Overlay Approach adjustment   | -               | 186.232.018                | -                    | -                       | 186.232.018        |
| From adjustments in fair value of debt instruments at fair value through other comprehensive income     | -               | ( 138.528.409 )            | -                    | 423.376                 | ( 138.105.033 )    |
| from: Adjustments in fair value of financial assets   | -               | ( 138.528.409 )            | -                    | 423.376                 | ( 138.105.033 )    |
| Exchange differences  | ( 16.876.061 )  | 16.876.061                 | -                    | -                       | 16.876.061         |
| to: Overlay Approach adjustment   | -               | 16.876.061                 | -                    | -                       | 16.876.061         |
| Allowance for credit losses in instruments measured at fair value to other comprehensive income         | -               | -                          | ( 39.923.273 )       | 1.847.773               | ( 38.075.500 )     |
| Deferred tax reserve  | 72.359.709      | -                          | 11.784.700           | -                       | 11.784.700         |
| Overlay Approach adjustment   | -               | ( 203.108.079 )            | -                    | ( 423.376 )             | ( 203.531.455 )    |
| from: Adjustments in fair value of financial assets   | -               | ( 186.232.018 )            | -                    | ( 423.376 )             | ( 186.655.394 )    |
| from: Exchange differences  | -               | ( 16.876.061 )             | -                    | -                       | ( 16.876.061 )     |
| Retained earnings   | ( 210.389.419 ) | -                          | 29.269.737           | ( 1.847.773 )           | 27.421.964         |
|   | ( 479.666.198 ) | -                          | 1.131.164            | -                       | 1.131.164          |



### 3. Cash and Cash Equivalents

At 31 December 2020 and 2019, this heading was composed as follows:

|                                  | 2020               | 2019               |
|----------------------------------|--------------------|--------------------|
| <b>Cash and cash equivalents</b> |                    |                    |
| Headquarters                     | 708,000            | 2,286,486          |
| Branch offices                   | 9,991              | 75,248             |
|                                  | <u>717,991</u>     | <u>2,361,734</u>   |
| <b>Sight deposits</b>            |                    |                    |
| Domestic currency                | 199,941,033        | 302,827,957        |
| Foreign currency                 | 54,330,723         | 118,039,703        |
|                                  | <u>254,271,756</u> | <u>420,867,660</u> |
|                                  | <u>254,989,747</u> | <u>423,229,394</u> |

### 4. Investments in Subsidiaries, Associates and Joint Ventures

At 31 December 2020 and 2019, this heading was composed as follows:

|   |         | 2020                 |                       |                      |
|---|---------|----------------------|-----------------------|----------------------|
|   |         | Effective share %    | Gross amount          | Balance sheet value  |
|   |         |                      |                       | (Note 39)            |
| <b>Valued at acquisition cost</b>   |         |                      |                       |                      |
| <b>Subsidiaries</b>   |         |                      |                       |                      |
| Multicare - Seguros de Saúde, S.A.  | 100.00% | 113,205,508          | -                     | 113,205,508          |
| Fidelidade Assistência – Companhia de Seguros, S.A.                         | 100.00% | 75,922,290           | -                     | 75,922,290           |
| Via Directa - Companhia de Seguros, S.A.                                    | 100.00% | 41,000,000           | -                     | 41,000,000           |
| Fidelidade - Property Europe, S.A.  | 100.00% | 1,524,604,925        | -                     | 1,524,604,925        |
| Fidelidade - Property International, S.A.                                   | 100.00% | 258,664,012          | -                     | 258,664,012          |
| Companhia Portuguesa de Resseguros, S.A.                                    | 100.00% | 14,315,928           | ( 112,933 )           | 14,202,995           |
| Cetra - Centro Técnico de Reparação Automóvel, S.A.                         | 100.00% | 2,717,053            | -                     | 2,717,053            |
| Luz Saúde, S.A.   | 50.85%  | 246,163,130          | -                     | 246,163,130          |
| FCM Beteiligungs GmbH   | 100.00% | 14,093,818           | ( 10,621,832 )        | 3,471,986            |
| FID III (HK) LIMITED  | 100.00% | -                    | -                     | -                    |
| Garantia - Companhia de Seguros de Cabo Verde, S.A.                         | 55.89%  | 6,260,184            | -                     | 6,260,184            |
| GEP - Gestão de Peritagens Automóveis, S.A.                                 | 100.00% | 100,000              | -                     | 100,000              |
| E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.                  | 100.00% | 449,880              | ( 69,601 )            | 380,279              |
| Fidelidade Angola - Companhia de Seguros, S.A.                              | 69.25%  | 13,203,495           | -                     | 13,203,495           |
| Fidelidade Macau - Companhia de Seguros, S.A.                               | 99.99%  | 17,889,052           | -                     | 17,889,052           |
| Fidelidade - Consultoria e Gestão de Risco, Lda.                            | 80.00%  | 335                  | ( 141 )               | 194                  |
| Fidelidade - Assistência e Serviços, Lda.                                   | 80.00%  | 335                  | ( 335 )               | -                    |
| FID Loans 1 (Ireland) Limited   | 100.00% | 350,000,000          | -                     | 350,000,000          |
| Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A. | 100.00% | 1,500,000            | ( 617,976 )           | 882,024              |
| FID LatAm SGPS, S.A.  | 100.00% | 324,985              | ( 66,085 )            | 258,900              |
| FID Perú, S.A.  | 99.80%  | 137,216,160          | -                     | 137,216,160          |
| FID Chile, SpA.   | 100.00% | 17,473,346           | ( 8,183,236 )         | 9,290,110            |
| FID I&D, S.A.   | 100.00% | 50,000               | -                     | 50,000               |
| Fidelidade Macau Vida – Companhia de Seguros, S.A.                          | 99.99%  | 18,811,806           | -                     | 18,811,806           |
| Tenax Capital Limited   | 75.00%  | 5,436,252            | -                     | 5,436,252            |
|   |         | <u>2,859,402,494</u> | <u>( 19,672,139 )</u> | <u>2,839,730,355</u> |
| <b>Associates</b>   |         |                      |                       |                      |
| Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.   | 34.78%  | 641,091              | -                     | 641,091              |
| Serfun Portugal, SGPS, S.A.   | 49.00%  | 63,700               | -                     | 63,700               |
| EA One Holding, Inc.  | 44.16%  | 19,143,718           | -                     | 19,143,718           |
|   |         | <u>19,848,509</u>    | <u>-</u>              | <u>19,848,509</u>    |
|   |         | <u>2,879,251,003</u> | <u>( 19,672,139 )</u> | <u>2,859,578,864</u> |

|  |         | 2019                 |                       |                      |
|--|---------|----------------------|-----------------------|----------------------|
|  |         | Effective share %    | Gross amount          | Balance sheet value  |
|  |         |                      |                       | (Note 39)            |
| <b>Valued at acquisition cost</b>  |         |                      |                       |                      |
| <b>Subsidiaries</b>  |         |                      |                       |                      |
| Via Directa - Companhia de Seguros, S.A.                                       | 100.00% | 41,000,000           | -                     | 41,000,000           |
| Fidelidade - Property Europe, S.A.   | 100.00% | 1,289,104,925        | -                     | 1,289,104,925        |
| Fidelidade - Property International, S.A.                                      | 100.00% | 323,664,012          | ( 26,664,010 )        | 297,000,002          |
| Companhia Portuguesa de Resseguros, S.A.                                       | 100.00% | 14,315,928           | ( 926,362 )           | 13,389,566           |
| Cetra - Centro Técnico de Reparação Automóvel, S.A.                            | 100.00% | 2,717,053            | -                     | 2,717,053            |
| Luz Saúde, S.A.  | 50.85%  | 246,163,101          | -                     | 246,163,101          |
| FCM Beteiligungs GmbH  | 100.00% | 14,093,818           | ( 10,564,491 )        | 3,529,327            |
| FID III (HK) LIMITED   | 100.00% | -                    | -                     | -                    |
| Garantia - Companhia de Seguros de Cabo Verde, S.A.                            | 55.89%  | 6,260,184            | -                     | 6,260,184            |
| GEP - Gestão de Peritagens Automóveis, S.A.                                    | 100.00% | 100,000              | -                     | 100,000              |
| E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.                     | 100.00% | 449,880              | ( 8,810 )             | 441,070              |
| Fidelidade Angola - Companhia de Seguros, S.A.                                 | 69.25%  | 13,203,495           | -                     | 13,203,495           |
| Fidelidade Macau - Companhia de Seguros, S.A.                                  | 99.99%  | 17,889,052           | -                     | 17,889,052           |
| Fidelidade - Consultoria e Gestão de Risco, Lda.                               | 80.00%  | 335                  | ( 335 )               | -                    |
| Fidelidade - Assistência e Serviços, Lda.                                      | 80.00%  | 335                  | ( 325 )               | 10                   |
| FID Loans 1 (Ireland) Limited  | 100.00% | 340,000,000          | -                     | 340,000,000          |
| Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A. | 100.00% | 1,500,000            | ( 1,069,806 )         | 430,194              |
| FID LatAm SGPS, S.A.   | 100.00% | 324,985              | ( 9,587 )             | 315,398              |
| FID Perú, S.A.   | 99.80%  | 137,216,160          | -                     | 137,216,160          |
| FID Chile, SpA.  | 100.00% | 13,168,935           | -                     | 13,168,935           |
| FID I&D, S.A.  | 100.00% | 50,000               | -                     | 50,000               |
|  |         | <u>2,461,222,198</u> | <u>( 39,243,726 )</u> | <u>2,421,978,472</u> |
| <b>Associates</b>  |         |                      |                       |                      |
| Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.      | 34.78%  | 641,091              | -                     | 641,091              |
| Serfun Portugal, SGPS, S.A.  | 49.00%  | 24,500               | -                     | 24,500               |
|  |         | <u>665,591</u>       | <u>-</u>              | <u>665,591</u>       |
|  |         | <u>2,461,887,789</u> | <u>( 39,243,726 )</u> | <u>2,422,644,063</u> |

**The following changes occurred during 2020:**

In January 2020 the Company increased the share capital of the company FID Loans 1 (Ireland) Limited, by EUR 10,000,000.

On 15 February 2020 the Company acquired 17,885 share in the company EA One Holding, Inc. for EUR 19,143,718, representing a participation of 44.1605% in the company's share capital.

In March 2020 there was a reduction in the supplementary contributions of Fidelidade – Property International, S.A., of EUR 65,000,000.

On 31 March 2020 Fidelidade Macau Vida - Companhia de Seguros, S.A. was set up with a share capital of MOP 120,000,000 with Fidelidade holding a 99.98% of the share, in the amount of MOP 119,980,000, which when converted to Euros at the exchange rate on the incorporation date, is equal to EUR 13,521,92. This company was set up by means of the transformation of Fidelidade's former branch, Macau Vida.

In May 2020 the Company increased the share capital of the company Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A., by EUR 1,000,000, through the issue of 200,000 new ordinary shares, with the nominal value of 5 Euros each. In the same act, it was deliberated that the supplementary contributions totalling EUR 1,000,000 would be repaid in full to Fidelidade, and the share capital therefore became EUR 1,500,000, represented by 300,000 shares with the nominal value of 5 Euros each.

In June 2020 the Company increased the share capital of the company FID Chile, SpA., by EUR 4,304,412, bringing it to a total of EUR 17,473,347.

In July 2020 the Company acquired shares in Luz Saúde, S.A., increasing its participation in the share capital by 0.00000523%, for EUR 29.

In August 2020 the Company acquired 225,000 shares in the company Tenax Capital Limited, for EUR 5,436,252, representing a participation of 75% in the company's share capital.

In September 2020 the Company granted a supplementary contributions to Fidelidade – Property Europe, S.A., of EUR 56,500,000.

In September 2020 the Company increased the share capital of the company Serfun Portugal, SGPS, S.A., by EUR 39,200, bringing it to a total of EUR 63,700

In September 2020 Fidelidade made a capital increase by new contributions in kind, of EUR 38,912,643, with subscription reserved for the holders of shares in the Companies Multicare – Seguros de Saúde, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A., with the Company becoming the owner of 100% of the two companies, in the amount of EUR 113,205,508 and EUR 75,922,290, respectively.

In October 2020, the Company increased the share capital of the company Fidelidade Macau Vida – Companhia de Seguros, S.A. by EUR 5,289,886, increasing its participation in the share capital from 99.983% to 99.988%.

On 6 November 2020 the fund FSG Saúde – Fundo de Investimento Imobiliário Fechado was set up, with a subscription value of EUR 51,000,000, wholly owned by the Company.

The financial data of the subsidiaries and associates at 31 December 2020 and 2019 was as follows:

| Operating sector/entity   | 2020              |               |             |                          |                |               |
|---|-------------------|---------------|-------------|--------------------------|----------------|---------------|
|   | Effective share % | Assets        | Liabilities | Shareholders' equity (a) | Net income     | Total revenue |
| <b>Insurance</b>  |                   |               |             |                          |                |               |
| Multicare - Seguros de Saúde, S.A.  | 100.00%           | 219,282,533   | 108,364,681 | 110,917,852              | 17,547,146     | 337,009,604   |
| Fidelidade Assistência – Companhia de Seguros, S.A.                           | 100.00%           | 66,891,613    | 15,216,507  | 51,675,106               | 7,377,796      | 55,417,205    |
| Via Directa - Companhia de Seguros, S.A.                                      | 100.00%           | 89,047,447    | 59,940,778  | 29,106,669               | 2,144,729      | 52,709,614    |
| Companhia Portuguesa de Resseguros, S.A.                                      | 100.00%           | 18,147,783    | 4,170,554   | 13,977,229               | 707,636        | 1,812,918     |
| Fidelidade Angola - Companhia de Seguros, S.A. (b)                            | 69.25%            | 56,062,806    | 45,851,643  | 10,211,163               | 2,394,107      | 38,996,118    |
| Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)                       | 55.89%            | 32,848,071    | 19,515,298  | 13,332,773               | 1,567,683      | 11,774,804    |
| Fidelidade Macau - Companhia de Seguros, S.A. (d)                             | 99.99%            | 53,170,038    | 23,841,722  | 29,328,316               | 3,005,941      | 11,656,005    |
| Fidelidade Macau Vida - Companhia de Seguros, S.A. (d)                        | 99.99%            | 166,178,794   | 147,389,584 | 18,789,210               | 1,548,228      | 29,944,910    |
| <b>Property</b>   |                   |               |             |                          |                |               |
| Fidelidade - Property Europe, S.A.  | 100.00%           | 1,573,485,457 | 17,209,801  | 1,556,275,656            | 5,901,662      | 278,237,139   |
| Fidelidade - Property International, S.A.                                     | 100.00%           | 159,153,608   | 2,553,117   | 156,600,491              | 5,070,180      | 6,808,404     |
| Fundo de Investimento Imobiliário Fechado Saudeinvest (e)                     | 98.85%            | 182,775,595   | 14,317,824  | 168,457,771              | 11,058,374     | 13,888,119    |
| Fundo de Investimento Imobiliário Aberto IMOFID (e)                           | 35.44%            | 192,974,339   | 1,202,934   | 191,771,405              | 179,243        | 179,243       |
| Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.   | 100.00%           | 1,249,419     | 400,537     | 848,882                  | 345,746        | 2,177,345     |
| EA One Holding, Inc. (f) (g)  | 44.16%            | 155,711,350   | 93,797,844  | 61,913,506               | 3,340,634      | 10,380,741    |
| FSG Saúde – Fundo de Investimento de Imobiliário Fechado (e)                  | 100.00%           | 50,950,939    | 84,474      | 50,866,465               | ( 13,535 )     | -             |
| <b>Healthcare</b>   |                   |               |             |                          |                |               |
| Luz Saúde, S.A. (g)   | 50.85%            | 813,910,849   | 563,946,371 | 249,964,478              | ( 15,280,396 ) | 613,345,382   |
| <b>Other sectors</b>  |                   |               |             |                          |                |               |
| Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (h) | 34.78%            | 4,158,628     | 1,167,482   | 2,991,146                | 277,925        | 4,941,932     |
| Cetra - Centro Técnico de Reparação Automóvel, S.A.                           | 100.00%           | 7,445,716     | 2,356,033   | 5,089,683                | ( 103,054 )    | 6,268,584     |
| E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.                    | 100.00%           | 1,477,083     | 1,114,724   | 362,359                  | 33,174         | 3,125,233     |
| GEP - Gestão de Peritagens Automóveis, S.A.                                   | 100.00%           | 4,111,118     | 3,704,501   | 406,617                  | 49,441         | 19,950,448    |
| FCM Beteiligungs GmbH   | 100.00%           | 3,733,371     | 281,031     | 3,452,340                | ( 61,462 )     | 1,000         |
| FID III (HK) LIMITED (i)  | 100.00%           | 642           | 24,172      | ( 23,530 )               | ( 3,681 )      | -             |
| Fidelidade - Consultoria e Gestão de Risco, Lda. (j)                          | 80.00%            | 5,197         | 3,677       | 1,520                    | 314            | 40,473        |
| Fidelidade - Assistência e Serviços, Lda. (j)                                 | 80.00%            | 7,265         | 4,190       | 3,075                    | 2,296          | 31,490        |
| FID Loans 1 (Ireland) Limited   | 100.00%           | 366,700,341   | 7,899,867   | 358,800,474              | 5,311,106      | 14,193,229    |
| FID LatAm SGPS, S.A.  | 100.00%           | 301,586       | 63,532      | 238,054                  | ( 74,177 )     | -             |
| FID Perú, S.A. (l)  | 99.80%            | 134,499,405   | 23,571,512  | 110,927,893              | 13,583,259     | 19,443,499    |
| FID Chile, SpA. (m)   | 100.00%           | 16,036,008    | 5,849       | 16,030,159               | ( 78,491 )     | -             |
| Serfun Portugal, SGPS, S.A.   | 49.00%            | 84,084        | 3,155       | 80,929                   | ( 29,777 )     | -             |
| FID I&D, S.A.   | 100.00%           | 51,132        | 47,397      | 3,735                    | ( 40,115 )     | -             |
| Tenax Capital Limited (n)   | 75.00%            | 2,334,255     | 1,081,534   | 1,252,721                | ( 89,612 )     | 1,151,444     |

(a) The shareholders' equity includes net income for the year.

(b) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 797.1291 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 665.85631 AOA for the profit and loss headings.

(c) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 110.265 CVE for balance sheet headings and profit and loss headings.

(d) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 9.7996 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.12446 MOP for the profit and loss headings.

(e) Amounts recorded in Financial assets initially recognised at fair value through profit or loss.

(f) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 1.2271 USD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 1.1422 USD for the profit and loss headings.

(g) Statutory consolidated accounts of Group.

(h) Values at March 2020 (accounting period March 2019 to March 2020).

(i) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 9.5142 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 8.8587 HKD for the profit and loss headings.

(j) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 91.050 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 79.78167 MZN for the profit and loss headings.

(l) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 4.4409 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 4.0298 PEN for the profit and loss headings.

(m) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 870.9340 CLP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 905.14508 CLP for the profit and loss headings.

(n) Amounts in Euros, considering the exchange rate at 31 December 2020 of 1 EUR/ 0.89903 GBP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 0.8897 GBP for the profit and loss headings.

(Amounts in euros except when expressly indicated otherwise)

| Operating sector/entity  | 2019              |               |             |                          |               |               |
|--|-------------------|---------------|-------------|--------------------------|---------------|---------------|
|  | Effective share % | Assets        | Liabilities | Shareholders' equity (a) | Net income    | Total revenue |
| <b>Insurance</b>   |                   |               |             |                          |               |               |
| Via Directa - Companhia de Seguros, S.A.                                       | 100.00%           | 79,637,408    | 52,654,171  | 26,983,237               | 810,106       | 50,448,564    |
| Companhia Portuguesa de Resseguros, S.A.                                       | 100.00%           | 18,004,069    | 4,736,990   | 13,267,079               | 70,151        | 1,169,324     |
| Fidelidade Angola - Companhia de Seguros, S.A. (b)                             | 69.25%            | 91,754,503    | 72,032,812  | 19,721,691               | 1,160,585     | 286,485,651   |
| Garantia - Companhia de Seguros de Cabo Verde, S.A. (c)                        | 55.89%            | 30,373,400    | 18,108,084  | 12,265,316               | 1,543,323     | 11,569,530    |
| Fidelidade Macau - Companhia de Seguros, S.A. (d)                              | 99.99%            | 59,802,055    | 30,946,691  | 28,855,364               | 4,618,727     | 11,533,050    |
| <b>Property</b>  |                   |               |             |                          |               |               |
| Fidelidade - Property Europe, S.A.   | 100.00%           | 1,330,945,850 | 16,070,368  | 1,314,875,482            | 7,013,772     | 37,455,529    |
| Fidelidade - Property International, S.A.                                      | 100.00%           | 223,135,212   | 6,604,901   | 216,530,311              | ( 4,346,774 ) | 725,439       |
| Fundo de Investimento Imobiliário Fechado Saudeinvest (e)                      | 98.85%            | 173,829,701   | 16,430,304  | 157,399,397              | 12,084,965    | 14,120,715    |
| Fundo de Investimento Imobiliário Fechado IMOFID (e)                           | 68.17%            | 178,411,669   | 1,321,991   | 177,089,678              | 1,748,993     | 4,134,865     |
| Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A. | 100.00%           | 811,118       | 307,542     | 503,576                  | 233,131       | 1,276,543     |
| <b>Healthcare</b>  |                   |               |             |                          |               |               |
| Luz Saúde, S.A. (f)  | 50.85%            | 830,404,806   | 565,715,342 | 264,689,464              | 16,583,972    | 590,099,298   |
| <b>Other sectors</b>   |                   |               |             |                          |               |               |
| Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A. (g)  | 34.78%            | 4,833,016     | 1,210,773   | 3,622,243                | 909,022       | 6,005,239     |
| Cetra - Centro Técnico de Reparação Automóvel, S.A.                            | 100.00%           | 7,872,503     | 2,626,709   | 5,245,794                | 75,463        | 7,663,102     |
| E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A.                     | 100.00%           | 1,188,919     | 859,733     | 329,186                  | ( 170,906 )   | 3,070,917     |
| GEP - Gestão de Peritagens Automóveis, S.A.                                    | 100.00%           | 3,275,910     | 2,750,734   | 525,176                  | 169,278       | 22,324,553    |
| FCM Beteiligungs GmbH  | 100.00%           | 3,796,138     | 277,571     | 3,518,567                | 181,708       | 397,405       |
| FID III (HK) LIMITED (h)   | 100.00%           | 767           | 22,632      | ( 21,865 )               | ( 3,922 )     | -             |
| Fidelidade - Consultoria e Gestão de Risco, Lda. (i)                           | 80.00%            | 29,827        | 28,471      | 1,356                    | 604           | 108,767       |
| Fidelidade - Assistência e Serviços, Lda. (i)                                  | 80.00%            | 16,668        | 14,975      | 1,693                    | 772           | 68,438        |
| FID Loans 1 (Ireland) Limited  | 100.00%           | 352,272,960   | 8,783,593   | 343,489,367              | 7,814,492     | 14,714,396    |
| FID LatAm SGPS, S.A.   | 100.00%           | 319,683       | 7,453       | 312,230                  | ( 6,942 )     | 5,847         |
| FID Perú, S.A. (j)   | 99.80%            | 140,721,170   | 235,544     | 140,485,626              | 836,681       | 2,227,563     |
| FID Chile, SpA. (l)  | 100.00%           | 11,929,747    | 6,748       | 11,922,999               | 38,989        | 7             |
| Serfun Portugal, SGPS, S.A.  | 49.00%            | 37,551        | 6,845       | 30,706                   | ( 19,294 )    | -             |
| FID I&D, S.A.  | 100.00%           | 50,000        | -           | 50,000                   | -             | -             |

(a) The shareholders' equity includes net income for the year.

(b) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 536.2617 AOA for balance sheet headings and an average monthly exchange rate of 1 EUR/ 414.89188 AOA for the profit and loss headings.

(c) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 110.265 CVE for balance sheet headings and profit and loss headings.

(d) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 9.0097 MOP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 9.03465 MOP for the profit and loss headings.

(e) Amounts recorded in Available-for-sale investments.

(f) Statutory consolidated accounts of Luz Saúde Group.

(g) Values at March 2019 (accounting period March 2018 to March 2019).

(h) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 8.7473 HKD for balance sheet headings and an average monthly exchange rate of 1 EUR/ 8.7715 HKD for the profit and loss headings.

(i) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 68.7000 MZN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 69.43667 MZN for the profit and loss headings.

(j) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 3.71960 PEN for balance sheet headings and an average monthly exchange rate of 1 EUR/ 3.73571 PEN for the profit and loss headings.

(l) Amounts in Euros, considering the exchange rate at 31 December 2019 of 1 EUR/ 844.2350 CLP for balance sheet headings and an average monthly exchange rate of 1 EUR/ 792.58092 CLP for the profit and loss headings.

The financial data at 31 December 2020 was taken from the non audited provisional financial statements which are subject to alterations before they are approved by the General Meeting of Shareholders. However, no material changes to the Company's financial statements are expected.

The subsidiaries and associates, grouped according to the nature of their main business, are the following:

## INSURANCE

**Multicare - Seguros de Saúde, S.A.**, with its head office in Lisbon, at Rua Alexandre Herculano, nº 53, was set up on 9 March 2007, with the corporate purpose of performing insurance and reinsurance activities, in all legally authorised non-life insurance lines of business, and may also perform activities related to insurance and reinsurance. The company is engaged in health insurance management.

**Fidelidade Assistência – Companhia de Seguros, S.A. (formerly Cares – Companhia de Seguros, S.A.),** with its head office in Lisbon, at Avenida José Malhoa nº 13 - 7º, was set up on 17 February 1995, under the name Companhia de Seguros Táguis, S.A., with the corporate purpose of performing insurance and reinsurance activities, in all legally authorised non-life insurance lines of business, and it may also perform activities related to insurance and reinsurance. In 2015, the name and image of CARES – Companhia de Seguros, S.A. was changed to Fidelidade Assistência – Companhia de Seguros, S.A., operating with the Fidelidade Assistance brand.

**Via Directa - Companhia de Seguros, S.A. (OK Teleseguros),** with its head office in Lisbon, at Avenida José Malhoa, nº 13 - 4º, was set up on 28 November 1997 with the corporate purpose of performing insurance and reinsurance activities, in all legally authorised non-life insurance lines of business, and may also perform activities related to insurance and reinsurance.

**Companhia Portuguesa de Resseguros, S.A.,** with its head office in Lisbon, at Largo do Calhariz nº 30, was set up on 22 September 1979 with the corporate purpose of performing any operations regarding reinsurance of non-life lines of business, both in Portugal and abroad, in addition to participating in the redistribution in the market of certain risks of a specific type or dimension.

**Fidelidade Angola – Companhia de Seguros, S.A.,** (previously Universal Seguros, S.A.), with its head office in Luanda, Angola, at Condomínio Cidade Financeira, Bloco 10 - 3º Piso Talatona was set up on 2 June 2009 with the corporate purpose of performing insurance activities in the life and non-life lines of business in the national territory of the Republic of Angola.

**Garantia - Companhia de Seguros de Cabo Verde, S.A.** resulted from the split of the former Instituto de Seguros e Providência Social, EP which occurred on 30 October 1991, pursuant to Decree-Law No. 136/91, of 2 October, with all the assets and liabilities related to the insurance business being transferred to it. The Company has its head office in Chã de Areia, C.P. 138, Cidade da Praia, in the Republic of Cape Verde, and branches in the Sal, São Vicente, Boavista, São Nicolau, Fogo and Santo Antão islands. In order to attract clients to purchase insurance policies, the company also has a network of agents. The Company is engaged in the activity of direct insurance and reinsurance in all lines of business and operations, and may also perform related and complementary activities.

**Fidelidade Macau – Companhia de Seguros, S.A.,** with its head office in Macao at Avenida da Praia Grande, nº 567, BNU Building, 14º, was set up on 30 September 2015 with the corporate purpose of performing the insurance and reinsurance activities, in all legally authorised non-life insurance lines of business and operations, and may also perform activities related to insurance and reinsurance.

**Fidelidade Macau Vida – Companhia de Seguros, S.A.,** with its head office at Avenida da Praia Grande, nº 567, Edifício BNU, 14º andar, Macao, was set up on 31 March 2020, with the corporate purpose of performing insurance and reinsurance activities in all legally authorised life insurance lines of business, and may also perform activities related to insurance and reinsurance.

## **PROPERTY**

**Fidelidade – Property Europe, S.A.,** using this name since 2014, with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 19 November 1991 with the main object of renting own property which it has acquired or built and the provision of related services. On 24 November 2004 a public deed was signed for the merger by incorporation of Caixa Imobiliário - Sociedade de Gestão e Investimento Imobiliário, S.A., in Mundial Confiança - Sociedade de Gestão e Investimento Imobiliário, S.A., which altered its name to Fidelidade-Mundial, Sociedade de Gestão e Investimento Imobiliário, S.A., and this name was altered in 2013 to Fidelidade – Investimentos Imobiliários, S.A..

**Fidelidade – Property International, S.A.** with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 5 November 2014 with the main object of purchasing and selling real estate, including purchase for re-sale, renting or the setting up of other real rights over property and, also, developing, promoting and administering real estate projects, in the area of construction and rehabilitation, in addition to the provision of related services.

**Fundo de Investimento Imobiliário Fechado Saudeinveste** was set up on 10 December 2002 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. The fund is managed by Caixa Gestão de Ativos, SGOIC, S.A. since 1 July 2020.

**Fundo de Investimento Imobiliário Aberto IMOFID (previously Bonança I)** was set up on 22 December 1993 with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund was managed by Fundger – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. until September 2018, and as of 1 October it has been managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Imobiliário, S.A.. IMOFID is an open fund since 4 May 2020.

**Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.** with its head office in Lisbon, at Largo do Chiado, nº 8, 1º andar, was set up on 8 February 2018 with the corporate purpose of managing, on behalf of the participants and in their exclusive interest, one or more public or private, closed or open real estate investment undertakings, and managing the property included in the applications portfolios or collective interest bodies managed by it. The fund changed the name in 2020.

**EA One Holding, Inc.**, a special purpose vehicle with its head office at Wilmington, 251 Little Falls Drive, United States of America, was set up on 2 July 2018.

**FSG Saúde – Fundo de Investimento de Imobiliário Fechado** was set up on 6 November 2020, with the investment aim of achieving medium and long-term capital appreciation, by investment in a diversified range of assets, predominantly real estate. This fund is managed by Fidelidade - Sociedade Gestora de Organismos de Investimento Coletivo, S.A..

## **HEALTHCARE**

**Luz Saúde, S.A.**, with its head office in Lisbon, at Rua Carlos Alberto da Mota Pinto, 17 - 9º, was set up on 6 July 2000 with the legal character of a “Holding Company”, pursuant to Decree-Law No. 495/88, of 30 December, and is one of the largest healthcare groups in terms of revenues in this expanding market in Portugal. The Group provides services via 18 units in the North, Centre and South of the country, and has a strong presence in Lisbon, where it operates Hospital da Luz, the largest private hospital in Portugal, and in Oporto, where it operates the Hospital da Arrábida.

## **OTHER SECTORS**

**Audatex Portugal - Peritagens Informatizadas Derivadas de Acidentes, S.A.**, with its head office in Lisbon, at Rua Basílio Teles, nº 24 - 3º, was set up in 1994 with the corporate purpose of operating a computerised system for the direct and indirect calculation of damage resulting from accidents. The company may also provide complementary support services to the aforementioned system, namely to insurance companies, loss adjusters, repair workshops or other interested parties.



**Cetra - Centro Técnico de Reparação Automóvel, S.A. (Fidelidade Car Service)**, with its head office in Lisbon, at Rua Cidade de Bolama, nº 1 - B, was set up on 12 February 1973 with the corporate purpose of performing all and any type of activity related to motor vehicles, including repairs, loss adjustments, assessments and salvage recovery, in addition to vehicle leasing operations. The company may also perform related or complementary operations.

**E.A.P.S. - Empresa de Análise, Prevenção e Segurança, S.A. (Safemode)**, with its head office in Lisbon, at Rua Nova da Trindade, nº 3, was set up on 11 November 1996 with the corporate purpose of providing risk analysis and prevention services, in addition to technical consultancy and training to improve hygiene, safety and health conditions in the workplace, laboratory support, environmental recovery planning and monitoring of interventions and the management of industrial premises for treatment, recovery or recycling operations.

**GEP - Gestão de Peritagens Automóveis, S.A.**, with its head office in Lisbon, at Avenida 5 de Outubro n.º 35 8º Piso, was set up on 11 November 1996 with the corporate purpose of providing services to assess damage to light and heavy motor vehicles, motorbikes and bicycles, including their trailers and coupled items.

**FCM Beteiligungs GmbH**, with its head office in Garstedter Weg 14, 22453 Hamburg, Germany, was set up on 6 May 2014 with the corporate purpose of acquiring, alienating, holding or managing its own investments in other companies in Germany and abroad. The company may act in its own name in these activities.

**FID III (HK) LIMITED** is a special purpose vehicle with its head office at Level 54 Hopewell Centre 183, Queen's Road East, Hong Kong, and was set up on 4 November 2014.

**Fidelidade - Consultoria e Gestão de Risco, Lda.**, with its head office at Rua 1393, nº 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the purpose of performing health and safety at work activities, and providing risk analysis and prevention services, technical consultancy and human resources management and training services, laboratory support, planning and monitoring of environmental recovery interventions and facilities management.

**Fidelidade - Assistência e Serviços, Lda.**, with its head office at Rua 1393, nº 47 (Parallel to Rua José Craveirinha), District of Polana - Maputo, Mozambique, was set up on 23 July 2015 with the main purpose of providing assistance services and claims management support services, as well as the provision of accounting services, human resource management and IT support, and also the provision of services for the organisation, evaluation, expert assessment and management of any repair work, restoration, installation and improvements to be made to any property, and the hiring of any entities to perform such work, acquisition and supply of various materials, products and tools, and the provision of any services which are related or complementary to these activities.

**FID Loans 1 (Ireland) Limited** is a special purpose vehicles, with its head office at 1st Floor, 118 Lower Baggot Street, Dublin 2, Ireland, and was set up on 13 June 2017.

**FID LatAm SGPS, S.A.**, with its head office in Lisbon, at Largo do Calhariz, nº 30, was set up on 19 February 2018 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

**FID Perú, S.A.**, with its head office in Lima, Peru, at Av. Victor Andrés Belaunde 147, San Isidro District, Province and Department of Lima, was set up on 9 July 2018 with the corporate purpose of investments and the holding of securities, including, but not limited to, shares in other companies, either national or foreign, in any form.



**FID Chile, SpA.**, with its head office in Santiago, Chile, was set up on 16 October 2018 with the corporate purpose of making all kinds of investments, in tangible and intangible assets, all kinds of securities and property, and setting up and participating in other companies and/or legal persons of any kind, regardless of their purpose, managing those investments and assessing their results, and carrying on any other type of investment that the partners agree.

**Serfun Portugal, SGPS, S.A.**, with its head office in Lisbon, at Largo do Calhariz, n.º 30, was set up on 1 February 2019 with the corporate purpose of managing shares in other companies, as an indirect means of exercising economic activities.

**FID I&D, S.A.**, with its head office in Lisbon, at Largo do Calhariz, n.º 30, was set up on 27 December 2019 with the purpose of providing consultancy services and services for the development of new digital solutions and platforms, analytical models, new solutions based on artificial intelligence models and Machine Learning and other advanced analytics models, as well as the sale and distribution of those solutions and models.

**Tenax Capital Limited**, with its head office at Dominican House, 4 Priory Court, Pilgrim Street, in London, has the main activity of managing investment funds.

## 5. Financial Assets Held for Trading, Financial Assets Initially Recognised at Fair Value Through Profit or Loss and Financial Assets at Fair Value Through Profit or Loss

At 31 December 2020 and 2019, these headings were composed as follows:

|  | 2020  | 2019                              |   |
|--|---|-----------------------------------|---|
|  | Financial assets at fair value through profit or loss | Financial assets held for trading | Financial assets initially recognised at fair value |
|  |   |                                   | Total   |
| <b>Investments related to Unit-linked contracts</b>    | 489,529,130   | 191,848                           | 126,811,469   |
| <b>Other investments</b>                               |   |                                   |   |
| Debt instruments                                       |   |                                   |   |
| Public Issuers   |   |                                   |   |
| Public Debt  |   |                                   |   |
| Foreign issuers  | 100,509   | -                                 | -   |
|  | 100,509   | -                                 | -   |
| Other issuers  |   |                                   |   |
| Bonds and other securities                             |   |                                   |   |
| Domestic issuers                                       | -   | -                                 | 53,587,807  |
| Foreign issuers  | 357,303,844   | -                                 | 386,530,349   |
|  | 357,303,844   | -                                 | 440,118,156   |
|  | 357,404,353   | -                                 | 440,118,156   |
| Equity instruments                                     |   |                                   |   |
| Residents  | 88,007,157  | -                                 | -   |
| Foreign issuers  | 466,825,692   | -                                 | -   |
|  | 554,832,849   | -                                 | -   |
| <b>Other financial instruments</b>                     |   |                                   |   |
| Investment units                                       |   |                                   |   |
| Domestic issuers                                       | 350,326,152   | -                                 | 194,359   |
| Foreign issuers  | 893,543,816   | -                                 | -   |
|  | 1,243,869,968   | -                                 | 194,359   |
| <b>Derivative instruments with positive fair value</b> |   |                                   |   |
| Interest rate swaps                                    | 27,285  | 20,221                            | -   |
| Other Derivatives                                      | 576,251   | -                                 | -   |
| Exchange rate futures                                  | 19,120,381  | 23,322,365                        | -   |
| Interest Rate Futures                                  | 162,230   | -                                 | -   |
| Exchange forwards                                      | 15,838,260  | 17,680,761                        | -   |
|  | 35,724,407  | 41,023,347                        | -   |
|  | 2,681,360,707   | 41,215,195                        | 584,013,101   |
|  |   |                                   | 625,228,296   |

Investments in Unit-linked contracts are assets managed by the Company in which the risk is borne by the policyholder. Accordingly, the assets are recognised at fair value, and the liability to the insured is recognised in the “Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts” accounting heading.

At 31 December 2020 the heading “Financial assets initially recognised at fair value through profit or loss” and at 31 December 2019 the heading “Financial Assets Initially Recognised at Fair Value Through Profit or Loss” includes fixed-income securities with embedded derivatives of EUR 357,303,844 and EUR 440,118,156, respectively. These securities are recognised at their fair value, which is assessed on the basis of the prices indicated by the respective issuing bodies for the whole amount of the instrument, in line with the market conditions in operation at the reference date of the financial statements.

At 31 December 2020, the Company recognised net gains with the valuation of these investments of EUR 4,825,343. At 31 December 2019, the Company recognised net losses with the valuation of these investments of EUR 42,006,747.

At 31 December 2020 and 2019, investments allocated to Unit-linked contracts were composed as follows:

|   | 2020               | 2019               |
|---|--------------------|--------------------|
| <b>Financial assets recognised at fair value through profit or loss</b> |                    |                    |
| Debt instruments  |                    |                    |
| Group companies   | 37,320,363         | -                  |
| Public debt   |                    |                    |
| Domestic issuers  | 11,319,292         | 489,123            |
| Foreign issuers   | 14,809,225         | 14,104,562         |
| Other issuers   |                    |                    |
| Domestic issuers  | 88,066,389         | 4,346,275          |
| Foreign issuers   | 158,531,227        | 63,893,940         |
| Equity instruments  |                    |                    |
| Domestic issuers  | 101,826,863        | 35,274,473         |
| Foreign issuers   | 78,397,155         | 9,229,722          |
| Derivatives Instruments   | 475,663            | 191,848            |
| Accounts receivable   | -                  | 190                |
| Transactions to be settled  | ( 1,217,047 )      | ( 526,816 )        |
|   | <u>489,529,130</u> | <u>127,003,317</u> |
| <b>Other assets</b>   |                    |                    |
| Current deposits  | 34,000,997         | 11,419,235         |
| Term deposits   | -                  | 300,091            |
|   | <u>34,000,997</u>  | <u>11,719,326</u>  |
| <b>Total (Note 20)</b>  | <u>523,530,127</u> | <u>138,722,643</u> |

At 31 December of 2020 and 1 January 2020, the amount of eligible assets for overlay approach corresponds to EUR 1,720,207,230 and EUR 1,757,867,825, respectively. Consequently, the amounts reported in Revaluation reserves by adjustments to fair value were as follows:

|                            | 31/12/2020             | 01/01/2020             |
|----------------------------|------------------------|------------------------|
| <b>Capital Instruments</b> |                        |                        |
| <b>Domestic issuers</b>    |                        |                        |
| Equity                     | 3,871,757              | ( 9,902,736 )          |
| Investment units           | ( 99,680,311 )         | ( 95,033,362 )         |
| <b>Foreign issuers</b>     |                        |                        |
| Equity                     | ( 110,953,030 )        | ( 91,057,207 )         |
| Investment units           | ( 4,490,433 )          | ( 7,114,774 )          |
|                            | <u>( 211,252,017 )</u> | <u>( 203,108,079 )</u> |

## 6. Derivatives

The Company performs operations with derivative products as part of its activity, with the aim of reducing its exposure to fluctuations in exchange and interest rates.

The Company controls the risks of its derivative activities by approval procedures for operations, definition of exposure limits per product and counterparty, and monitoring of the evolution of the respective income.

At 31 December 2020 and 2019, these operations were valued in line with the criteria in Note 2.4.d ). On these dates, the notional amount and the book value had the following breakdown:

|                          | 2020  |   |                |                |
|--------------------------|---|---|----------------|----------------|
|                          | Notional Amount                                   | Book Value  |                | Total          |
|                          | Derivatives at fair value through profit and loss | Derivatives at fair value through profit and loss |                |                |
|                          |   | Assets  | Liabilities    |                |
|                          |   | (Note 5)  | (Note 21)      |                |
| <b>Hedge Derivatives</b> |   |   |                |                |
| Interest Rate Swaps      | 40,668,155  | 85,092  | ( 1,641,049 )  | ( 1,555,957 )  |
| Currency Swaps           | 833,807,114                                       | -   | ( 33,521,885 ) | ( 33,521,885 ) |
| Currency Futures         | 2,116,750,000                                     | 19,120,383  | ( 2,035,420 )  | 17,084,963     |
| Interest Rate Futures    | 176,500,000                                       | 162,230   | ( 104,742 )    | 57,488         |
| Exchange Rate Forwards   | 897,722,578                                       | 16,832,365  | ( 7,636,237 )  | 9,196,128      |
|                          | 4,065,447,847                                     | 36,200,070  | ( 44,939,333 ) | ( 8,739,263 )  |

|                         | 2019                 |                    |                      |                     |                        |                  |                      |
|-------------------------|----------------------|--------------------|----------------------|---------------------|------------------------|------------------|----------------------|
|                         | Notional Amount      |                    |                      | Book Value          |                        |                  |                      |
|                         | Trading Derivatives  | Hedge Derivatives  | Total                | Trading Derivatives | Hedge Derivatives      | Total            |                      |
|                         |                      |                    |                      | Assets              | Liabilities            | Assets           | Liabilities          |
|                         |                      |                    |                      | (Note 5)            | (Note 21)              |                  | (Note 21)            |
| <b>Fair value hedge</b> |                      |                    |                      |                     |                        |                  |                      |
| Interest rate swaps     | 40,668,155           | -                  | 40,668,155           | 63,064              | ( 3,226,034 )          | -                | -                    |
| Currency Swaps          | 848,714,164          | -                  | 848,714,164          | -                   | ( 67,873,466 )         | -                | -                    |
| Exchange rate futures   | 1,888,750,000        | 492,250,000        | 2,381,000,000        | 21,012,742          | ( 10,604,476 )         | 3,403,359        | ( 2,288,718 )        |
| Interest rate Futures   | 162,700,000          | -                  | 162,700,000          | 2,309,623           | -                      | -                | -                    |
| Exchange rate forwards  | 612,671,165          | 5,588,040          | 618,259,205          | 17,829,766          | ( 19,877,044 )         | -                | ( 150,605 )          |
|                         | <u>3,553,503,484</u> | <u>497,838,040</u> | <u>4,051,341,524</u> | <u>41,215,195</u>   | <u>( 101,581,020 )</u> | <u>3,403,359</u> | <u>( 2,439,323 )</u> |

The interest rate swaps contracted by the Company and classified as derivatives held for trading are essentially intended to hedge its liabilities on life insurance investment contracts which, except for Unit-linked contracts, are valued at amortised cost (Note 21).

To mitigate the risk of exchange fluctuations of financial instruments, EUR/USD and EUR/GBP futures listed on the Chicago Mercantile Exchange (CME) were contracted, in order to ensure the exchange rate alignment of the currency of the assets with the currency of the liabilities. In the case of EUR/JPY, EUR/USD, EUR/GBP EUR/AUD risks, the instruments contracted are over-the-counter forwards.

The distribution of Fidelidade's derivative financial instrument operations at 31 December 2020 and 2019, by period to maturity, was as follows:

|                         | 2020                 |                           |                         |                       |                      |
|-------------------------|----------------------|---------------------------|-------------------------|-----------------------|----------------------|
|                         | Up to 3 months       | From 3 months to 6 months | From 6 months to 1 year | Between 1 and 5 years | More than 5 years    |
| <b>Fair value hedge</b> |                      |                           |                         |                       |                      |
| Interest rate swaps     | -                    | -                         | 40,000,000              | 668,155               | -                    |
| Currency Swaps          | -                    | -                         | -                       | 552,293,614           | 281,513,500          |
| Exchange rate futures   | 2,116,750,000        | -                         | -                       | -                     | -                    |
| Interest rate Futures   | 176,500,000          | -                         | -                       | -                     | -                    |
| Exchange rate forwards  | 750,386,784          | 126,987,704               | 18,179,281              | 2,168,809             | -                    |
|                         | <u>3,043,636,784</u> | <u>126,987,704</u>        | <u>58,179,281</u>       | <u>555,130,578</u>    | <u>281,513,500</u>   |
|                         |                      |                           |                         |                       | <u>4,065,447,847</u> |
|                         | 2019                 |                           |                         |                       |                      |
|                         | Up to 3 months       | From 3 month to 6 months  | From 6 month to 1 year  | Between 1 and 5 years | More than 5 years    |
| <b>Fair value hedge</b> |                      |                           |                         |                       |                      |
| Interest rate swaps     | -                    | -                         | -                       | 40,668,155            | -                    |
| Currency swaps          | -                    | -                         | -                       | 561,062,467           | 287,651,697          |
| Exchange rate futures   | 2,381,000,000        | -                         | -                       | -                     | -                    |
| Interest rate Futures   | 155,800,000          | 6,900,000                 | -                       | -                     | -                    |
| Exchange rate forwards  | 430,443,325          | 187,815,880               | -                       | -                     | -                    |
|                         | <u>2,967,243,325</u> | <u>194,715,880</u>        | <u>-</u>                | <u>601,730,622</u>    | <u>287,651,697</u>   |
|                         |                      |                           |                         |                       | <u>4,051,341,524</u> |

The distribution of the Company's derivative financial operations at 31 December 2020 and 2019, by counterparty type, was as follows:

|                               | 2020                 |                      | 2019                 |                       |
|-------------------------------|----------------------|----------------------|----------------------|-----------------------|
|                               | Notional Amount      | Book Value           | Notional Amount      | Book Value            |
| <b>Swaps</b>                  |                      |                      |                      |                       |
| Currency Swaps                |                      |                      |                      |                       |
| Financial institutions        | <u>833,807,114</u>   | <u>(33,521,885)</u>  | <u>848,714,164</u>   | <u>(67,873,466)</u>   |
| Interest rate swaps           |                      |                      |                      |                       |
| Financial institutions        |                      |                      |                      |                       |
| Caixa Geral Depósitos Group   | 40,668,155           | ( 1,555,957 )        | 40,668,155           | ( 3,162,970 )         |
| <b>Futures</b>                |                      |                      |                      |                       |
| Interest Rate Futures         | 176,500,000          | 57,488               | 162,700,000          | 2,309,623             |
| Exchange rate futures         |                      |                      |                      |                       |
| On a stock exchange           |                      |                      |                      |                       |
| Chicago                       | 2,116,750,000        | 17,084,963           | 2,381,000,000        | 11,522,907            |
| <b>Exchange rate forwards</b> |                      |                      |                      |                       |
| Financial institutions        | <u>897,722,578</u>   | <u>9,196,128</u>     | <u>618,259,205</u>   | <u>( 2,197,883 )</u>  |
|                               | <u>4,065,447,847</u> | <u>( 8,739,263 )</u> | <u>4,051,341,524</u> | <u>( 59,401,789 )</u> |

In 2019 the following gains and losses related to fair value hedge accounting were generated:

|               | 2019              |                       |                       |
|---------------|-------------------|-----------------------|-----------------------|
|               | Gains             | Losses                | Net                   |
| Derivatives   | 43,750,951        | ( 80,013,953 )        | ( 36,263,002 )        |
| Hedged assets | 30,247,239        | ( 9,150,946 )         | 21,096,293            |
|               | <u>73,998,190</u> | <u>( 89,164,899 )</u> | <u>( 15,166,709 )</u> |

In 2020, with the application of IFRS 9, the Company stopped applying hedge accounting, being the valuations of derivatives reflected in the financial caption "Net income on financial assets and liabilities recognised at fair value through profit or loss" and the differences in exchange rate of the assets recognized under "Exchange differences".

On 30 June 2016, the Company entered into a trustee contract with its subsidiaries Fidelidade – Property Europe, S.A., Fidelidade – Property International, S.A. and FPE (Lux) Holding S.à r.l..

This contract grants Fidelidade powers to, on behalf of its subsidiaries, identify, negotiate and enter into any agreements and mechanisms considered appropriate to hedge exchange risk to which it is subject. This option derives from the specificities and complexities of the hedging operations which require technical competences which the subsidiaries do not possess. With this option Fidelidade protects exchange risks in the subsidiaries and the economic effects of this hedging are passed on to these entities.

At 31 December 2020 and 2019, the Company had the following traded derivatives in its portfolio within the scope of the trustee contract:

|                        | 2020               |                  | 2019               |                       |
|------------------------|--------------------|------------------|--------------------|-----------------------|
|                        | Notional Amount    | Book Value       | Notional Amount    | Book Value            |
| Exchange rate futures  | 29,250,000         | ( 416,082 )      | 31,500,000         | ( 1,798,851 )         |
| Exchange rate forwards | 745,857,481        | 3,565,827        | 525,892,728        | ( 17,423,040 )        |
|                        | <u>775,107,481</u> | <u>3,149,745</u> | <u>557,392,728</u> | <u>( 19,221,891 )</u> |

Due to the contract entered into, Fidelidade passed the following results to its subsidiaries:

|                        | 2020                  |              | 2019              |              |
|------------------------|-----------------------|--------------|-------------------|--------------|
|                        | Profit or losses      | Commissions  | Profit or losses  | Commissions  |
| Exchange rate futures  | ( 2,141,119 )         | 6,366        | 2,834,456         | 3,787        |
| Exchange rate forwards | ( 22,274,963 )        | -            | 27,110,963        | -            |
|                        | <u>( 24,416,082 )</u> | <u>6,366</u> | <u>29,945,418</u> | <u>3,787</u> |

## 7. Available-for-Sale Investments and Financial Assets Designated At Fair Value Through Other Comprehensive Income

At 31 December 2020 and 2019, this heading was composed as follows:

| 2020                                  |                          |                                  |                          |                                  |                              |                      |                              |
|---------------------------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|------------------------------|----------------------|------------------------------|
|                                       | Acquisition cost         | Interest receivable              | Amount before impairment | Accumulated impairment (Note 39) | Net amount                   | Exchange differences | Fair value reserve (Note 26) |
| <b>Debt instruments</b>               |                          |                                  |                          |                                  |                              |                      |                              |
| Public debt                           |                          |                                  |                          |                                  |                              |                      |                              |
| Domestic issuers                      | 1,188,110,863            | 19,875,886                       | 1,207,986,749            | -                                | 1,207,986,749                | -                    | 52,005,200                   |
| Foreign issuers                       | 1,547,562,165            | 18,262,880                       | 1,565,825,045            | -                                | 1,565,825,045                | (95,341)             | 43,510,727                   |
| Other public issuers                  |                          |                                  |                          |                                  |                              |                      |                              |
| Domestic issuers                      | 69,752,844               | 166,340                          | 69,919,184               | -                                | 69,919,184                   | -                    | 1,326,818                    |
| Foreign issuers                       | 86,555,228               | 536,033                          | 87,091,261               | -                                | 87,091,261                   | -                    | 2,208,083                    |
| International financial organisations | 66,906                   | 565                              | 67,471                   | -                                | 67,471                       | -                    | 46,907                       |
| Other issuers                         |                          |                                  |                          |                                  |                              |                      |                              |
| Domestic issuers                      | 116,250,491              | 569,704                          | 116,820,195              | (49,979,822)                     | 66,840,373                   | -                    | 1,205,162                    |
| Foreign issuers                       | 4,794,830,762            | 34,263,056                       | 4,829,093,818            | -                                | 4,829,093,818                | (95,369,461)         | 102,780,841                  |
| Group companies                       | 376,700,953              | 4,797,313                        | 381,498,266              | -                                | 381,498,266                  | -                    | (69,343)                     |
|                                       | 8,179,830,212            | 78,471,777                       | 8,258,301,989            | (49,979,822)                     | 8,208,322,167                | (95,464,802)         | 203,014,395                  |
| <b>Other instruments</b>              |                          |                                  |                          |                                  |                              |                      |                              |
| Investment units                      |                          |                                  |                          |                                  |                              |                      |                              |
| Residents                             | 66,175,740               | 536,500                          | 66,712,240               | -                                | 66,712,240                   | -                    | (2,447,416)                  |
|                                       | 8,246,005,952            | 79,008,277                       | 8,325,014,229            | (49,979,822)                     | 8,275,034,407                | (95,464,802)         | 200,566,979                  |
|                                       |                          |                                  |                          |                                  |                              |                      | 8,315,871,760                |
| 2019                                  |                          |                                  |                          |                                  |                              |                      |                              |
|                                       | Amount before impairment | Accumulated impairment (Note 39) | Net amount               | Exchange differences             | Fair value reserve (Note 26) | Balance Sheet Value  |                              |
| <b>Debt instruments</b>               |                          |                                  |                          |                                  |                              |                      |                              |
| Public debt                           |                          |                                  |                          |                                  |                              |                      |                              |
| Domestic issuers                      | 1,659,719,979            | -                                | 1,659,719,979            | -                                | 76,052,801                   | 1,735,772,780        |                              |
| Foreign issuers                       | 1,667,646,274            | -                                | 1,667,646,274            | (27,287)                         | 40,255,746                   | 1,707,874,733        |                              |
| Other public issuers                  |                          |                                  |                          |                                  |                              |                      |                              |
| Domestic issuers                      | 31,132,878               | -                                | 31,132,878               | -                                | 297,410                      | 31,430,288           |                              |
| Foreign issuers                       | 23,906,139               | -                                | 23,906,139               | -                                | 182,337                      | 24,088,476           |                              |
| International financial organisations | 67,462                   | -                                | 67,462                   | -                                | 40,969                       | 108,431              |                              |
| Other issuers                         |                          |                                  |                          |                                  |                              |                      |                              |
| Domestic issuers                      | 116,549,930              | (49,979,822)                     | 66,570,108               | -                                | 1,622,615                    | 68,192,723           |                              |
| Foreign issuers                       | 4,232,140,310            | -                                | 4,232,140,310            | 81,735,867                       | 62,894,050                   | 4,376,770,227        |                              |
| Group companies                       | 380,688,641              | -                                | 380,688,641              | -                                | 1,220,221                    | 381,908,862          |                              |
|                                       | 8,111,851,613            | (49,979,822)                     | 8,061,871,791            | 81,708,580                       | 182,566,149                  | 8,326,146,520        |                              |
| <b>Equity instruments</b>             |                          |                                  |                          |                                  |                              |                      |                              |
| Recognised at fair value              |                          |                                  |                          |                                  |                              |                      |                              |
| Domestic issuers                      | 105,250,715              | (13,205,088)                     | 92,045,627               | -                                | 9,902,736                    | 101,948,363          |                              |
| Foreign issuers                       | 665,438,475              | (137,751,319)                    | 527,687,156              | 34,823,713                       | 74,027,503                   | 636,538,372          |                              |
|                                       | 770,689,190              | (150,956,407)                    | 619,732,783              | 34,823,713                       | 83,930,239                   | 738,486,735          |                              |
| <b>Other instruments</b>              |                          |                                  |                          |                                  |                              |                      |                              |
| Investment units                      |                          |                                  |                          |                                  |                              |                      |                              |
| Residents                             | 240,924,444              | (27,356,191)                     | 213,568,253              | -                                | 95,033,362                   | 308,601,615          |                              |
| Non-residents                         | 757,502,964              | (250,456)                        | 757,252,508              | (153,643)                        | 7,268,417                    | 764,367,282          |                              |
|                                       | 998,427,408              | (27,606,647)                     | 970,820,761              | (153,643)                        | 102,301,779                  | 1,072,968,897        |                              |
|                                       | 9,880,968,211            | (228,542,876)                    | 9,652,425,335            | 116,378,650                      | 368,798,167                  | 10,137,602,152       |                              |

## 8. Loans and Accounts Receivable

On 1 January 2020 due to the adoption of IFRS9, as described in Note 2.4., the assets included in “Loans and accounts receivable” (IAS 39), were registered in “Financial Assets at Amortized Cost” (Note 9).

|                              | 2019                        |                              |                             |
|------------------------------|-----------------------------|------------------------------|-----------------------------|
|                              | Gross amount                | Impairment Loss<br>(Note 39) | Net amount                  |
| Deposits in ceding companies | 514,538                     | -                            | 514,538                     |
| Other deposits               |                             |                              |                             |
| Term deposits                | 1,153,570,017               | -                            | 1,153,570,017               |
| Margin accounts              | 37,445,485                  | -                            | 37,445,485                  |
|                              | <u>1,191,015,502</u>        | <u>-</u>                     | <u>1,191,015,502</u>        |
| Loans made                   |                             |                              |                             |
| Mortgage loans               | 3,210                       | -                            | 3,210                       |
| Loans over policies          | 1,161,779                   | ( 10,597 )                   | 1,151,182                   |
| Others                       | 2,421,667                   | ( 366,689 )                  | 2,054,978                   |
|                              | <u>3,586,656</u>            | <u>( 377,286 )</u>           | <u>3,209,370</u>            |
|                              | <u><u>1,195,116,696</u></u> | <u><u>( 377,286 )</u></u>    | <u><u>1,194,739,410</u></u> |

The change in Mortgage loans in the year of 2019 is due to the receipt of a loan of EUR 21,500,000.



## 9. Held-to-maturity investments and Financial Assets at Amortised Cost

At 31 December 2020 the “Financial assets at amortised cost” heading was composed as follows:

|   | 2020               |                      |                                      |                       |                        |                        |                                 |
|---|--------------------|----------------------|--------------------------------------|-----------------------|------------------------|------------------------|---------------------------------|
|   | Nominal<br>Amount  | Amortised Cost       | Expected Credit<br>Loss<br>(Note 39) | Exchange<br>Valuation | Interest<br>receivable | Balance Sheet<br>Value | Unrecognised<br>potential gains |
| <b>Debt instruments</b>                             |                    |                      |                                      |                       |                        |                        |                                 |
| Public debt   |                    |                      |                                      |                       |                        |                        |                                 |
| Domestic issuers                                    | 302,950,000        | 342,796,860          | ( 511,955 )                          | -                     | 7,104,021              | 349,388,926            | 16,600,170                      |
| Foreign issuers                                     | 693,600,000        | 702,549,251          | ( 975,240 )                          | -                     | 3,743,788              | 705,317,799            | 19,428,473                      |
| Deposits in ceeding companies                       | -                  | 518,865              | -                                    | ( 29,144 )            | -                      | 489,721                | -                               |
| Loans   | -                  | 189                  | ( 1,378 )                            | -                     | 1,378                  | 189                    | -                               |
| Policy loans  | -                  | 831,473              | -                                    | -                     | 255,294                | 1,086,767              | -                               |
| <b>Financial investments in credit institutions</b> |                    |                      |                                      |                       |                        |                        |                                 |
| Term deposits                                       | -                  | 131,551,189          | -                                    | ( 228,993 )           | 169,961                | 131,492,157            | -                               |
| Deposit certificates                                | -                  | 29,975,771           | -                                    | -                     | -                      | 29,975,771             | -                               |
| Other deposits                                      | -                  | 48,249,629           | -                                    | ( 451,525 )           | -                      | 47,798,104             | -                               |
|   | <u>996,550,000</u> | <u>1,256,473,227</u> | <u>( 1,488,573 )</u>                 | <u>( 709,662 )</u>    | <u>11,274,442</u>      | <u>1,265,549,434</u>   | <u>36,028,643</u>               |

(1) Corresponds to the market value calculated in line with the methodology described in Note 2.4.

At 31 December 2019 the “Held-to-maturity investments” heading was composed as follows:

|                         | 2019               |                      |                        |                        |                             |                                 |
|-------------------------|--------------------|----------------------|------------------------|------------------------|-----------------------------|---------------------------------|
|                         | Nominal<br>Amount  | Amortized Cost       | Interest<br>receivable | Balance Sheet<br>Value | Market Value <sup>(1)</sup> | Unrecognised<br>potential gains |
| <b>Debt instruments</b> |                    |                      |                        |                        |                             |                                 |
| Public debt             |                    |                      |                        |                        |                             |                                 |
| Domestic issuers        | 302,950,000        | 351,611,336          | 7,095,642              | 358,706,978            | 360,210,701                 | 1,503,723                       |
| Foreign issuers         |                    |                      |                        |                        |                             |                                 |
| Italy                   | 662,600,000        | 677,356,190          | 3,583,817              | 680,940,007            | 694,457,280                 | 13,517,273                      |
| Spain                   | 31,000,000         | 34,378,691           | 142,083                | 34,520,774             | 35,213,520                  | 692,746                         |
|                         | <u>996,550,000</u> | <u>1,063,346,217</u> | <u>10,821,542</u>      | <u>1,074,167,759</u>   | <u>1,089,881,501</u>        | <u>15,713,742</u>               |

(1) Corresponds to the market value calculated in line with the methodology described in Note 2.4.

## 10. Properties

In 2020 and 2019, the “Properties” headings saw the following movements:

|   | Own Use               |                   | Investment Properties | Total                 |
|---|-----------------------|-------------------|-----------------------|-----------------------|
|   | Right of Properties   | Right-of-Use      |                       |                       |
| Balances at 31 December 2018                            |                       |                   |                       |                       |
| Gross amount  | 119,677,898           | -                 | 78,510,864            | 198,188,762           |
| Accumulated depreciation and impairment                 | ( 35,472,592 )        | -                 | -                     | ( 35,472,592 )        |
|   | <u>84,205,306</u>     | <u>-</u>          | <u>78,510,864</u>     | <u>162,716,170</u>    |
| Change accounting policies                              |                       |                   |                       |                       |
| Gross amount  | ( 35,788,435 )        | -                 | -                     | ( 35,788,435 )        |
| Accumulated depreciation and impairment                 | 22,681,198            | -                 | -                     | 22,681,198            |
|   | <u>( 13,107,237 )</u> | <u>-</u>          | <u>-</u>              | <u>( 13,107,237 )</u> |
| Balances at 1 January 2019 Restated                     |                       |                   |                       |                       |
| Gross amount  | 83,889,462            | -                 | 78,510,864            | 162,400,326           |
| Accumulated depreciation and impairment                 | ( 12,791,393 )        | -                 | -                     | ( 12,791,393 )        |
|   | <u>71,098,069</u>     | <u>-</u>          | <u>78,510,864</u>     | <u>149,608,933</u>    |
| IFRS 16 Adoption  | -                     | 21,922,950        | -                     | 21,922,950            |
| Additions   |                       |                   |                       |                       |
| Acquisitions made in the period                         | -                     | 17,458,403        | 1,504,638             | 18,963,041            |
| Subsequent expenditure                                  | 17,909                | -                 | 148,097               | 166,006               |
| Revaluations  |                       |                   |                       |                       |
| As a credit to the income statement (Note 38)           | -                     | -                 | 4,172,330             | 4,172,330             |
| As a credit to shareholders' equity                     | -                     | -                 | 43,589                | 43,589                |
| Additions/reversals of impairment in the year (Note 39) | ( 478,579 )           | -                 | -                     | ( 478,579 )           |
| Depreciation for the year                               | ( 1,573,959 )         | ( 6,469,036 )     | -                     | ( 8,042,995 )         |
| Transfers from non-current assets held for sale         | -                     | -                 | 4,200,000             | 4,200,000             |
| Transfers to non-current assets held for sale           | -                     | -                 | ( 3,359,750 )         | ( 3,359,750 )         |
| Transfers   | 624,998               | -                 | ( 1,493,196 )         | ( 868,198 )           |
| Disposals and write-offs (net)                          | ( 37,522,537 )        | -                 | ( 18,070,123 )        | ( 55,592,660 )        |
| Balances at 31 December 2019                            |                       |                   |                       |                       |
| Gross amount  | 41,856,212            | 39,381,353        | 65,656,449            | 146,894,014           |
| Accumulated depreciation and impairment                 | ( 9,690,312 )         | ( 6,469,036 )     | -                     | ( 16,159,347 )        |
|   | <u>32,165,900</u>     | <u>32,912,318</u> | <u>65,656,449</u>     | <u>130,734,667</u>    |
| Additions   |                       |                   |                       |                       |
| Acquisitions made in the period                         | -                     | 1,748,980         | -                     | 1,748,980             |
| Subsequent expenditure                                  | 92,148                | -                 | 512,822               | 604,969               |
| Revaluations  |                       |                   |                       |                       |
| As a credit to the income statement (Note 38)           | -                     | -                 | ( 489,635 )           | ( 489,635 )           |
| As a credit to shareholders' equity                     | -                     | -                 | 19,223                | 19,223                |
| Additions/reversals of impairment in the year (Note 39) | 2,207,267             | -                 | -                     | 2,207,267             |
| Depreciation for the year                               | ( 716,839 )           | ( 9,759,406 )     | -                     | ( 10,476,245 )        |
| Transfers   | ( 404,968 )           | -                 | 404,968               | -                     |
| Disposals and write-offs (net)                          | ( 1,893,720 )         | -                 | ( 3,173,000 )         | ( 5,066,720 )         |
| Other movements   | -                     | 259,034           | -                     | 259,034               |
| Balances at 31 December 2020                            |                       |                   |                       |                       |
| Gross amount  | 39,089,204            | 40,757,322        | 62,930,827            | 142,777,353           |
| Accumulated depreciation and impairment                 | ( 7,639,417 )         | ( 15,596,396 )    | -                     | ( 23,235,812 )        |
|   | <u>31,449,787</u>     | <u>25,160,926</u> | <u>62,930,827</u>     | <u>119,541,541</u>    |

In 2019 disposals of Own Use include EUR 42,776,656, related to the disposal of “Calhariz” properties.

If the Company had opted to value properties for own use using the fair value model, its balance sheet value would be EUR 62,846,100 in 2020 and EUR 73,769,368 in 2019.

Properties for own use are valued at cost and subject to impairment tests in line with the option set out in IAS 16, as described in Note 2.7. Own use buildings are depreciated throughout their useful life.

Investment properties are also valued at fair value, in line with the treatment provided for in IAS 40 and mentioned in Note 2.6.

Investment properties are valued in line with the treatment mentioned in Notes 2.6, by experts who are qualified for the purpose. The Company considers that the properties which it holds are put to the highest and best use possible, and the valuations performed to ascertain the respective fair value are therefore prepared taking into consideration their current use, as set out in IFRS 13 – “Fair Value Measurement”.

Gains and losses resulting from revaluation of investment properties are recognised in profit and loss.

### Valuation methods

Properties are valued to obtain an estimate of their transaction price, which is normally the market value (fair value), i.e., the price at which the property could be sold, at the valuation date, in a private agreement between an independent and interested vendor and purchaser, where the property is put up for sale on the market, the conditions of sale permit a regular and ordered sale, and the period for negotiating the sale is normal, taking into account the nature of the property. If there are any rental agreements, the assessment of the estimated transaction price takes the rental value into consideration.

The valuation techniques which are normally used are:

- a) Market method: consists of valuing the property by comparison, based on transactions and/or real purchase offers for land and buildings which have identical physical and functional characteristics, and which are located in the same area of the real estate market;
- b) Cost method: consists of determining the value of the building based on the sum of the market value of the land and all costs necessary for the construction of a building with the same physical and functional characteristics, depreciated on the basis of its age, state of conservation and estimated useful life, plus the required profit margins. Alternatively, this method may be based on the fair value of the property in its current state, subtracting from that value, after conclusion of works, all the associated costs and margins which have not yet been made;
- c) Income method: consists of calculating the value of the property based on the ratio between the annual effective rent and an appropriate capitalisation rate.

As set out in IFRS 13, valuations of properties maximise the use of observable market data. However, since most valuations also consider unobservable data, the fair value of the Company's properties is classified as Level 3 in the fair value hierarchy defined by IFRS 13.

## 11. Allocation of Investments and Other Assets

At 31 December 2020 and 2019, the allocation of investments and other assets, using a prudential perspective, for insurance contracts or insurance contracts and other operations classified for accounting purposes as investment contracts, may be summarised as follows:

|  | 2020                               |                                       |  |                      |                       |
|--|------------------------------------|---------------------------------------|--|----------------------|-----------------------|
|  | Life insurance with profit sharing | Life insurance without profit sharing | Life insurance and operations classified as investment contracts | Non-life insurance   | Not allocated         |
| Cash and cash equivalents  | 15,170,791                         | 2,617,957                             | 61,411,247   | 8,813,458            | 166,976,294           |
| Investments in subsidiaries, associates and joint ventures                   | -                                  | 56,432,561                            | 1,573,921,715  | 743,295,771          | 485,928,817           |
| Financial assets at fair value through profit or loss                        | 152,782,204                        | 27,673,680                            | 1,716,338,486  | 743,746,581          | 40,819,754            |
| Financial assets designated at fair value through other comprehensive income | 1,814,283,583                      | 246,115,035                           | 5,747,882,504  | 571,839,894          | 15,568                |
| Financial assets at amortised cost   | 148,761,758                        | 1,815,767                             | 1,104,246,345  | 12,738,303           | ( 2,012,738 )         |
| Properties   | -                                  | -                                     | -  | 82,619,639           | 36,921,902            |
| Other tangible assets  | -                                  | -                                     | -  | -                    | 21,056,200            |
|  | <u>2,130,998,336</u>               | <u>334,655,000</u>                    | <u>10,203,800,297</u>  | <u>2,163,053,646</u> | <u>749,705,797</u>    |
|  |                                    |                                       |  |                      | <u>15,582,213,076</u> |

|  | 2019                               |                                       |  |                      |                       |
|--|------------------------------------|---------------------------------------|--|----------------------|-----------------------|
|  | Life insurance with profit sharing | Life insurance without profit sharing | Life insurance and operations classified as investment contracts | Non-life insurance   | Not allocated         |
| Cash and cash equivalents  | 43,401,196                         | 9,595,862                             | 170,553,929  | 21,979,907           | 177,698,500           |
| Investments in subsidiaries, associates and joint ventures                 | -                                  | 59,723,559                            | 1,393,017,591  | 713,744,885          | 256,158,028           |
| Financial assets held for trading  | 2,737,313                          | 426,261                               | 6,627,225  | 2,667,579            | 28,756,817            |
| Financial assets initially recognised at fair value through profit or loss | 151,194,345                        | 8,339,644                             | 290,139,080  | 73,271,883           | 61,068,149            |
| Hedge Derivatives  | 24,989                             | -                                     | 1,895,714  | 1,482,656            | -                     |
| Available-for-sale investments   | 1,788,538,645                      | 213,175,785                           | 6,958,591,672  | 1,147,042,663        | 30,253,387            |
| Loans and accounts receivable  | 464,576,426                        | 2,620,173                             | 588,870,332  | 42,833,617           | 95,838,862            |
| Held-to-maturity investments   | -                                  | -                                     | 1,074,167,759  | -                    | -                     |
| Properties   | -                                  | -                                     | -  | 84,419,640           | 46,315,027            |
| Other tangible assets  | -                                  | -                                     | -  | -                    | 20,809,658            |
|  | <u>2,450,472,914</u>               | <u>293,881,284</u>                    | <u>10,483,863,302</u>  | <u>2,087,442,830</u> | <u>716,898,428</u>    |
|  |                                    |                                       |  |                      | <u>16,032,558,758</u> |

## 12. Other Tangible Assets and Inventories

In 2020 and 2019, the other tangible assets and inventories headings saw the following movements:

| 2020                        |                  |                              |           |                           |                                |                 |                  |                              |            |
|-----------------------------|------------------|------------------------------|-----------|---------------------------|--------------------------------|-----------------|------------------|------------------------------|------------|
|                             | Opening balances |                              |           | Depreciation for the year | Disposals and write-offs (net) | Other movements | Closing balances |                              |            |
|                             | Gross amount     | Accumulated depreciation and | Additions |                           |                                |                 | Gross amount     | Accumulated depreciation and | Net amount |
|                             |                  | impairment                   |           |                           |                                |                 |                  | impairment                   |            |
| Equipment                   |                  |                              |           |                           |                                |                 |                  |                              |            |
| Administrative              | 19,764,170       | (19,443,247)                 | 327,401   | (348,804)                 | -                              | -               | 20,091,571       | (19,792,051)                 | 299,520    |
| Machinery and tools         | 8,871,956        | (6,699,133)                  | 39,884    | (644,059)                 | -                              | -               | 8,911,469        | (7,342,821)                  | 1,568,648  |
| IT equipment                | 15,136,309       | (11,899,993)                 | 2,314,594 | (3,184,394)               | -                              | 172             | 17,450,836       | (15,084,148)                 | 2,366,688  |
| Interior installations      | 26,189,858       | (20,702,858)                 | 29,537    | (849,104)                 | -                              | -               | 26,219,395       | (21,551,962)                 | 4,667,433  |
| Transport material          | 410,697          | (300,888)                    | -         | (42,175)                  | (14,362)                       | -               | 380,723          | (327,451)                    | 53,272     |
| Hospital equipment          | 15,964           | (14,972)                     | -         | (992)                     | -                              | -               | 15,964           | (15,964)                     | -          |
| Other equipment             |                  |                              |           |                           |                                |                 |                  |                              |            |
| Security equipment          | 2,129,213        | (1,963,972)                  | 27,531    | (68,028)                  | -                              | -               | 2,156,744        | (2,032,000)                  | 124,744    |
| Other equipment             | 2,028,231        | (1,609,596)                  | -         | (221,313)                 | -                              | -               | 2,028,231        | (1,830,909)                  | 197,322    |
| Artistic assets             | 1,960,305        | -                            | -         | -                         | -                              | -               | 1,960,305        | -                            | 1,960,305  |
| Tangible assets in progress |                  |                              |           |                           |                                |                 |                  |                              |            |
| Other assets                | 2,913,618        | -                            | 3,317,113 | -                         | -                              | -               | 6,230,731        | -                            | 6,230,731  |
|                             | 79,420,321       | (62,634,658)                 | 6,056,060 | (5,358,869)               | (14,362)                       | 172             | 85,445,969       | (67,977,305)                 | 17,468,664 |
| Leasing                     |                  |                              |           |                           |                                |                 |                  |                              |            |
| Equipment                   |                  |                              |           |                           |                                |                 |                  |                              |            |
| IT equipment                | 3,654,452        | (1,320,877)                  | 1,185,062 | (1,792,303)               | -                              | 82,574          | 4,902,654        | (3,093,746)                  | 1,808,909  |
| Transport material          | 2,766,277        | (1,075,857)                  | 854,639   | (1,084,702)               | -                              | 318,269         | 3,918,492        | (2,139,866)                  | 1,778,626  |
|                             | 6,420,729        | (2,396,734)                  | 2,039,702 | (2,877,005)               | -                              | 400,843         | 8,821,147        | (5,233,611)                  | 3,587,535  |
|                             | 85,841,050       | (65,031,392)                 | 8,095,762 | (8,235,874)               | (14,362)                       | 401,015         | 94,267,116       | (73,210,916)                 | 21,056,200 |
| Inventories                 | 143,081          | -                            | 234,792   | -                         | (62,726)                       | -               | 315,147          | -                            | 315,147    |
|                             | 85,984,131       | (65,031,392)                 | 8,330,554 | (8,235,874)               | (77,088)                       | 401,015         | 94,582,263       | (73,210,916)                 | 21,371,347 |

| 2019                        |                  |                              |                             |                              |                           |                           |                                |                  |                              |              |            |
|-----------------------------|------------------|------------------------------|-----------------------------|------------------------------|---------------------------|---------------------------|--------------------------------|------------------|------------------------------|--------------|------------|
|                             | Opening balances |                              | Balance of IFRS 16 adoption |                              | Transfers and Adjustments | Depreciation for the year | Disposals and write-offs (net) | Closing balances |                              |              |            |
|                             | Gross amount     | Accumulated depreciation and | Gross amount                | Accumulated depreciation and |                           |                           |                                | Gross amount     | Accumulated depreciation and | Net amount   |            |
|                             |                  | impairment                   |                             | impairment                   |                           |                           |                                |                  | impairment                   |              |            |
| Equipment                   |                  |                              |                             |                              |                           |                           |                                |                  |                              |              |            |
| Administrative              | 18,532,198       | (18,335,174)                 | -                           | -                            | 1,107,828                 | 124,144                   | (1,108,073)                    | -                | 19,764,170                   | (19,443,247) | 320,923    |
| Machinery and tools         | 8,752,666        | (6,029,521)                  | -                           | -                            | 113,855                   | 5,435                     | (669,612)                      | -                | 8,871,956                    | (6,699,133)  | 2,172,823  |
| IT equipment                | 12,580,080       | (9,980,463)                  | -                           | -                            | 2,513,813                 | 42,416                    | (1,919,530)                    | -                | 15,136,309                   | (11,899,993) | 3,236,316  |
| Interior installations      | 23,527,096       | (19,657,790)                 | -                           | -                            | 2,409,042                 | 253,720                   | (1,045,068)                    | -                | 26,189,858                   | (20,702,858) | 5,487,000  |
| Transport material          | 382,115          | (250,137)                    | -                           | -                            | 28,582                    | -                         | (50,751)                       | -                | 410,697                      | (300,888)    | 109,809    |
| Hospital equipment          | 15,964           | (11,831)                     | -                           | -                            | -                         | -                         | (3,141)                        | -                | 15,964                       | (14,972)     | 992        |
| Other equipment             |                  |                              |                             |                              |                           |                           |                                |                  |                              |              |            |
| Security equipment          | 2,094,653        | (1,892,146)                  | -                           | -                            | 34,560                    | -                         | (71,826)                       | -                | 2,129,213                    | (1,963,972)  | 165,241    |
| Other equipment             | 2,028,231        | (1,387,121)                  | -                           | -                            | -                         | -                         | (222,475)                      | -                | 2,028,231                    | (1,609,596)  | 418,635    |
| Artistic assets             | 1,960,305        | -                            | -                           | -                            | -                         | -                         | -                              | -                | 1,960,305                    | -            | 1,960,305  |
| Tangible assets in progress | -                | -                            | -                           | -                            | -                         | -                         | -                              | -                | -                            | -            | -          |
| Other assets                | 831,321          | -                            | -                           | -                            | 2,394,947                 | (312,650)                 | -                              | -                | 2,913,618                    | -            | 2,913,618  |
|                             | 70,704,629       | (57,544,183)                 | -                           | -                            | 8,602,627                 | 113,065                   | (5,090,475)                    | -                | 79,420,321                   | (62,634,658) | 16,785,663 |
| Leasing                     |                  |                              |                             |                              |                           |                           |                                |                  |                              |              |            |
| Equipment                   |                  |                              |                             |                              |                           |                           |                                |                  |                              |              |            |
| IT equipment                | 33,274           | (33,274)                     | 3,621,178                   | -                            | -                         | -                         | (1,287,603)                    | -                | 3,654,452                    | (1,320,877)  | 2,333,575  |
| Transport material          | -                | -                            | 2,312,296                   | -                            | 453,981                   | -                         | (1,075,857)                    | -                | 2,766,277                    | (1,075,857)  | 1,690,420  |
|                             | 33,274           | (33,274)                     | 5,933,474                   | -                            | 453,981                   | -                         | (2,363,460)                    | -                | 6,420,729                    | (2,396,734)  | 4,023,995  |
|                             | 70,737,903       | (57,577,457)                 | 5,933,474                   | -                            | 9,056,608                 | 113,065                   | (7,453,935)                    | -                | 85,841,050                   | (65,031,392) | 20,809,658 |
| Inventories                 | 144,124          | -                            | -                           | -                            | 21,583                    | -                         | -                              | (22,626)         | 143,081                      | -            | 143,081    |
|                             | 70,882,027       | (57,577,457)                 | 5,933,474                   | -                            | 9,078,191                 | 113,065                   | (7,453,935)                    | (22,626)         | 85,984,131                   | (65,031,392) | 20,952,739 |

At 31 December 2020 and 2019, the heading “Tangible assets” includes fully amortised assets still in use of EUR 57,264,899 and EUR 53,740,829 respectively.

### 13. Other Intangible Assets

In 2020 and 2019, the other intangible assets headings saw the following movements:

|  | 2020              |   |                   |                           |                           |                                | 2019              |   |                   |
|--|-------------------|---|-------------------|---------------------------|---------------------------|--------------------------------|-------------------|---|-------------------|
|  | Opening balances  |   | Additions         | Transfers and adjustments | amortisation for the year | Disposals and write-offs (net) | Closing balances  |   |                   |
|  | Gross amount      | Accumulated amortisation and impairment |                   |                           |                           |                                | Gross amount      | Accumulated amortisation and impairment | Net amount        |
| Automatic data processing systems (software) | 53,433,901        | ( 51,814,030 )                          | 2,402,240         | -                         | ( 1,206,402 )             | -                              | 55,836,141        | ( 53,020,432 )                          | 2,815,709         |
| Intangible assets in progress                | 22,243,148        | -                                       | 14,644,034        | -                         | -                         | -                              | 36,887,182        | -                                       | 36,887,182        |
|  | <u>75,677,049</u> | <u>( 51,814,030 )</u>                   | <u>17,046,274</u> | <u>-</u>                  | <u>( 1,206,402 )</u>      | <u>-</u>                       | <u>92,723,323</u> | <u>( 53,020,432 )</u>                   | <u>39,702,891</u> |

|  | 2019              |   |                  |                           |                           |                                | 2018              |   |                   |
|--|-------------------|---|------------------|---------------------------|---------------------------|--------------------------------|-------------------|---|-------------------|
|  | Opening balances  |   | Additions        | Transfers and adjustments | amortisation for the year | Disposals and write-offs (net) | Closing balances  |   |                   |
|  | Gross amount      | Accumulated amortisation and impairment |                  |                           |                           |                                | Gross amount      | Accumulated amortisation and impairment | Net amount        |
| Automatic data processing systems (software) | 52,782,721        | ( 49,856,790 )                          | 528,517          | 122,663                   | ( 1,957,240 )             | -                              | 53,433,901        | ( 51,814,030 )                          | 1,619,871         |
| Intangible assets in progress                | 15,160,196        | -                                       | 7,205,616        | ( 122,663 )               | -                         | -                              | 22,243,148        | -                                       | 22,243,148        |
|  | <u>67,942,917</u> | <u>( 49,856,790 )</u>                   | <u>7,734,132</u> | <u>-</u>                  | <u>( 1,957,240 )</u>      | <u>-</u>                       | <u>75,677,049</u> | <u>( 51,814,030 )</u>                   | <u>23,863,019</u> |

At 31 December 2020 and 2019, the values recognised in “Intangible assets in progress” refer to costs incurred with the development of new IT applications (software).

In 2020 and 2019, the Company recognised directly on the statement of gains and expenses the expenditure with external costs related with research, development and maintenance of automatic data processing systems, of EUR 20,014,991 and EUR 20,715,142, respectively.

### 14. Technical Provisions for Reinsurance Ceded

At 31 December 2020 and 2019, technical provisions for reinsurance ceded were composed as follows:

|   | 2020              |                    |                    | 2019              |                    |                    |
|---|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|   | Life              | Non- Life          | Total              | Life              | Non- Life          | Total              |
| Provision for unearned premiums         | 223,139           | 66,360,450         | 66,583,589         | 196,150           | 56,662,854         | 56,859,004         |
| Mathematical provision                  | 21,535,404        | -                  | 21,535,404         | 15,731,409        | -                  | 15,731,409         |
| Claims provision                        |                   |                    |                    |                   |                    |                    |
| Reported claims                         | 4,320,196         | 144,194,397        | 148,514,593        | 5,134,967         | 159,207,425        | 164,342,392        |
| Claims incurred but not reported (IBNR) | 2,785,373         | 22,488,112         | 25,273,485         | 2,695,738         | 19,027,534         | 21,723,272         |
|   | <u>7,105,569</u>  | <u>166,682,509</u> | <u>173,788,078</u> | <u>7,830,705</u>  | <u>178,234,959</u> | <u>186,065,664</u> |
| Provision for profit sharing            | -                 | 3,494              | 3,494              | -                 | 24,064             | 24,064             |
| Other technical provisions              | -                 | 8,417,251          | 8,417,251          | -                 | -                  | -                  |
|   | <u>28,864,112</u> | <u>241,463,704</u> | <u>270,327,816</u> | <u>23,758,264</u> | <u>234,921,877</u> | <u>258,680,141</u> |

Information on the provision for unearned premiums on reinsurance ceded, at 31 December 2020 and 2019, is set out in the following table:

|                                   | 2020              |                       |                   | 2019              |                      |                   |
|-----------------------------------|-------------------|-----------------------|-------------------|-------------------|----------------------|-------------------|
|                                   | Deferred premiums | Deferred costs        | Net               | Deferred premiums | Deferred costs       | Net               |
| <b>Life insurance</b>             | 223,287           | ( 148 )               | 223,139           | 196,298           | ( 148 )              | 196,150           |
| <b>Non-life insurance</b>         |                   |                       |                   |                   |                      |                   |
| Workers' compensation             | -                 | -                     | -                 | 44,151            | ( 9,934 )            | 34,217            |
| Personal accidents and passengers | 3,844,977         | ( 1,858,563 )         | 1,986,414         | 2,483,208         | ( 1,155,784 )        | 1,327,424         |
| Health                            | 33,529,314        | -                     | 33,529,314        | 28,126,674        | -                    | 28,126,674        |
| Fire and other damage             | 26,385,399        | ( 4,844,926 )         | 21,540,473        | 24,454,414        | ( 4,006,977 )        | 20,447,437        |
| Motor                             | 23,161            | ( 1 )                 | 23,160            | 195,921           | ( 36,610 )           | 159,311           |
| Marine, aviation and transport    | 127,463           | ( 23,773 )            | 103,690           | 343,079           | ( 27,032 )           | 316,047           |
| Third party liability             | 7,250,718         | ( 1,310,816 )         | 5,939,902         | 4,294,999         | ( 593,754 )          | 3,701,245         |
| Credit and suretyship             | 43,886            | ( 1,358 )             | 42,528            | 78,336            | ( 2,831 )            | 75,505            |
| Legal protection                  | 1,159             | ( 117 )               | 1,042             | 1,470             | ( 117 )              | 1,353             |
| Assistance                        | 56,910            | ( 13,505 )            | 43,405            | 55,670            | ( 2,077 )            | 53,593            |
| Others                            | 5,416,296         | ( 2,265,774 )         | 3,150,522         | 4,010,164         | ( 1,590,116 )        | 2,420,048         |
|                                   | <u>76,679,283</u> | <u>( 10,318,833 )</u> | <u>66,360,450</u> | <u>64,088,086</u> | <u>( 7,425,232 )</u> | <u>56,662,854</u> |
|                                   | <u>76,902,570</u> | <u>( 10,318,981 )</u> | <u>66,583,589</u> | <u>64,284,384</u> | <u>( 7,425,380 )</u> | <u>56,859,004</u> |

The following tables provide information on the movement in the provision for unearned premiums on reinsurance ceded during 2020 and 2019:

|  | 2020            |                                    |                 |
|--|-----------------|------------------------------------|-----------------|
|  | Opening balance | Liabilities originated in the year | Closing balance |
| <b>Provision for unearned premiums</b> |                 |                                    |                 |
| <b>Life insurance</b>                  | 196,298         | 26,989                             | 223,287         |
| <b>Non-life insurance</b>              |                 |                                    |                 |
| Workers' compensation                  | 44,151          | ( 44,151 )                         | -               |
| Personal accidents and passengers      | 2,483,208       | 1,361,769                          | 3,844,977       |
| Health                                 | 28,126,674      | 5,402,640                          | 33,529,314      |
| Fire and other damage                  | 24,454,414      | 1,930,985                          | 26,385,399      |
| Motor                                  | 195,921         | ( 172,760 )                        | 23,161          |
| Marine, aviation and transport         | 343,079         | ( 215,616 )                        | 127,463         |
| Third party liability                  | 4,294,999       | 2,955,719                          | 7,250,718       |
| Credit and suretyship                  | 78,336          | ( 34,450 )                         | 43,886          |
| Legal protection                       | 1,470           | ( 311 )                            | 1,159           |
| Assistance                             | 55,670          | 1,240                              | 56,910          |
| Others                                 | 4,010,164       | 1,406,132                          | 5,416,296       |
|  | 64,088,086      | 12,591,197                         | 76,679,283      |
|  | 64,284,384      | 12,618,186                         | 76,902,570      |
| <b>Deferred acquisition costs</b>      |                 |                                    |                 |
| <b>Life insurance</b>                  | ( 148 )         | -                                  | ( 148 )         |
| <b>Non-life insurance</b>              |                 |                                    |                 |
| Workers' compensation                  | ( 9,934 )       | 9,934                              | -               |
| Personal accidents and passengers      | ( 1,155,784 )   | ( 702,779 )                        | ( 1,858,563 )   |
| Fire and other damage                  | ( 4,006,977 )   | ( 837,949 )                        | ( 4,844,926 )   |
| Motor                                  | ( 36,610 )      | 36,609                             | ( 1 )           |
| Marine, aviation and transport         | ( 27,032 )      | 3,259                              | ( 23,773 )      |
| Third party liability                  | ( 593,754 )     | ( 717,062 )                        | ( 1,310,816 )   |
| Credit and suretyship                  | ( 2,831 )       | 1,473                              | ( 1,358 )       |
| Legal protection                       | ( 117 )         | -                                  | ( 117 )         |
| Assistance                             | ( 2,077 )       | ( 11,428 )                         | ( 13,505 )      |
| Others                                 | ( 1,590,116 )   | ( 675,658 )                        | ( 2,265,774 )   |
|  | ( 7,425,232 )   | ( 2,893,601 )                      | ( 10,318,833 )  |
|  | ( 7,425,380 )   | ( 2,893,601 )                      | ( 10,318,981 )  |
|  | 56,859,004      | 9,724,585                          | 66,583,589      |



|  | 2019                 |                                    |                      |
|--|----------------------|------------------------------------|----------------------|
|  | Opening balance      | Liabilities originated in the year | Closing balance      |
| <b>Provision for unearned premiums</b> |                      |                                    |                      |
| <b>Life insurance</b>                  | 818,263              | ( 621,965 )                        | 196,298              |
| <b>Non-life insurance</b>              |                      |                                    |                      |
| Workers' compensation                  | 35,778               | 8,373                              | 44,151               |
| Personal accidents and passengers      | 2,483,270            | ( 62 )                             | 2,483,208            |
| Health                                 | 27,545,640           | 581,034                            | 28,126,674           |
| Fire and other damage                  | 21,530,261           | 2,924,153                          | 24,454,414           |
| Motor                                  | 235,260              | ( 39,339 )                         | 195,921              |
| Marine, aviation and transport         | 228,077              | 115,002                            | 343,079              |
| Third party liability                  | 2,035,850            | 2,259,149                          | 4,294,999            |
| Credit and suretyship                  | 60,475               | 17,861                             | 78,336               |
| Legal protection                       | 1,486                | ( 16 )                             | 1,470                |
| Assistance                             | 46,418               | 9,252                              | 55,670               |
| Others                                 | 4,251,899            | ( 241,735 )                        | 4,010,164            |
|  | <u>58,454,414</u>    | <u>5,633,672</u>                   | <u>64,088,086</u>    |
|  | <u>59,272,677</u>    | <u>5,011,707</u>                   | <u>64,284,384</u>    |
| <b>Deferred acquisition costs</b>      |                      |                                    |                      |
| <b>Life insurance</b>                  | -                    | ( 148 )                            | ( 148 )              |
| <b>Non-life insurance</b>              |                      |                                    |                      |
| Workers' compensation                  | ( 8,050 )            | ( 1,884 )                          | ( 9,934 )            |
| Personal accidents and passengers      | ( 1,145,052 )        | ( 10,732 )                         | ( 1,155,784 )        |
| Fire and other damage                  | ( 3,342,777 )        | ( 664,200 )                        | ( 4,006,977 )        |
| Motor                                  | ( 44,273 )           | 7,663                              | ( 36,610 )           |
| Marine, aviation and transport         | ( 16,809 )           | ( 10,223 )                         | ( 27,032 )           |
| Third party liability                  | ( 122,003 )          | ( 471,751 )                        | ( 593,754 )          |
| Credit and suretyship                  | ( 2,859 )            | 28                                 | ( 2,831 )            |
| Legal protection                       | ( 117 )              | -                                  | ( 117 )              |
| Assistance                             | ( 2,077 )            | -                                  | ( 2,077 )            |
| Others                                 | ( 1,672,267 )        | 82,151                             | ( 1,590,116 )        |
|  | <u>( 6,356,284 )</u> | <u>( 1,068,948 )</u>               | <u>( 7,425,232 )</u> |
|  | <u>( 6,356,284 )</u> | <u>( 1,069,096 )</u>               | <u>( 7,425,380 )</u> |
|  | <u>52,916,393</u>    | <u>3,942,611</u>                   | <u>56,859,004</u>    |

The change in the provision for unearned premiums on reinsurance ceded calculation method due to COVID-19 impact described in Note 2.12.c) originated a reinforcement of EUR 3,295,735 in deferred premiums.

Information on the claims provision for reinsurance ceded, at 31 December 2020 and 2019, is set out below:

|                                   | 2020        |              |             | 2019        |              |             |
|-----------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
|                                   | Reported    | Not reported | Total       | Reported    | Not reported | Total       |
| <b>Life Insurance</b>             | 4,320,196   | 2,785,373    | 7,105,569   | 5,134,967   | 2,695,738    | 7,830,705   |
| <b>Non-life insurance</b>         |             |              |             |             |              |             |
| Workers' compensation             | 2,844,115   | 996,975      | 3,841,090   | 2,831,851   | 1,367,362    | 4,199,213   |
| Personal accidents and passengers | 17,365,814  | 429,973      | 17,795,787  | 16,905,147  | 351,517      | 17,256,664  |
| Health                            | 44,778,841  | 6,492,845    | 51,271,686  | 56,603,674  | 4,880,688    | 61,484,362  |
| Fire and other damage             | 51,009,974  | 5,993,698    | 57,003,672  | 51,218,742  | 5,602,177    | 56,820,919  |
| Motor                             | 6,782,092   | 2,803,698    | 9,585,790   | 8,167,125   | 2,255,879    | 10,423,004  |
| Marine, aviation and transport    | 1,424,800   | 89,108       | 1,513,908   | 6,335,580   | 122,947      | 6,458,527   |
| Third party liability             | 14,115,366  | 5,202,426    | 19,317,792  | 12,597,544  | 3,939,602    | 16,537,146  |
| Credit and suretyship             | -           | 159          | 159         | 396         | ( 225 )      | 171         |
| Assistance                        | 500         | 5,525        | 6,025       | 500         | 7,833        | 8,333       |
| Others                            | 5,872,895   | 473,705      | 6,346,600   | 4,546,866   | 499,754      | 5,046,620   |
|                                   | 144,194,397 | 22,488,112   | 166,682,509 | 159,207,425 | 19,027,534   | 178,234,959 |
|                                   | 148,514,593 | 25,273,485   | 173,788,078 | 164,342,392 | 21,723,272   | 186,065,664 |

The following tables provide information on the movement in the claims provisions for reinsurance ceded during 2020 and 2019:

|                                   | 2020            |                                    |                 |                 |
|-----------------------------------|-----------------|------------------------------------|-----------------|-----------------|
|                                   | Opening balance | Liabilities originated in the year | Claims paid     | Closing balance |
| <b>Life insurance</b>             | 7,830,705       | 7,214,012                          | ( 7,939,148 )   | 7,105,569       |
| <b>Non-life insurance</b>         |                 |                                    |                 |                 |
| Workers' compensation             | 4,199,213       | 1,388,667                          | ( 1,746,790 )   | 3,841,090       |
| Personal accidents and passengers | 17,256,664      | 2,639,319                          | ( 2,100,196 )   | 17,795,787      |
| Health                            | 61,484,362      | 250,830,698                        | ( 261,043,374 ) | 51,271,686      |
| Fire and other damage             | 56,820,919      | 41,208,838                         | ( 41,026,085 )  | 57,003,672      |
| Motor                             | 10,423,004      | 834,651                            | ( 1,671,865 )   | 9,585,790       |
| Marine, aviation and transport    | 6,458,527       | ( 4,342,143 )                      | ( 602,476 )     | 1,513,908       |
| Third party liability             | 16,537,146      | 5,935,223                          | ( 3,154,577 )   | 19,317,792      |
| Credit and suretyship             | 171             | ( 12 )                             | -               | 159             |
| Assistance                        | 8,333           | ( 27,854 )                         | 25,546          | 6,025           |
| Others                            | 5,046,620       | 7,084,098                          | ( 5,784,118 )   | 6,346,600       |
|                                   | 178,234,959     | 305,551,485                        | ( 317,103,935 ) | 166,682,509     |
|                                   | 186,065,664     | 312,765,497                        | ( 325,043,083 ) | 173,788,078     |

|                                   | 2019            |                                    |                 |                 |
|-----------------------------------|-----------------|------------------------------------|-----------------|-----------------|
|                                   | Opening balance | Liabilities originated in the year | Claims paid     | Closing balance |
| <b>Life insurance</b>             | 9,482,849       | 5,396,159                          | ( 7,048,303 )   | 7,830,705       |
| <b>Non-life insurance</b>         |                 |                                    |                 |                 |
| Workers' compensation             | 3,422,757       | 1,345,126                          | ( 568,670 )     | 4,199,213       |
| Personal accidents and passengers | 18,785,512      | 265,518                            | ( 1,794,366 )   | 17,256,664      |
| Health                            | 58,852,640      | 258,644,839                        | ( 256,013,117 ) | 61,484,362      |
| Fire and other damage             | 93,840,255      | 28,137,761                         | ( 65,157,097 )  | 56,820,919      |
| Motor                             | 4,676,667       | 6,487,819                          | ( 741,482 )     | 10,423,004      |
| Marine, aviation and transport    | 7,560,178       | ( 149,229 )                        | ( 952,422 )     | 6,458,527       |
| Third party liability             | 17,415,547      | 3,898,197                          | ( 4,776,598 )   | 16,537,146      |
| Credit and suretyship             | 11,906          | ( 11,735 )                         | -               | 171             |
| Assistance                        | -               | 36,679                             | ( 28,346 )      | 8,333           |
| Others                            | 9,344,342       | 2,365,047                          | ( 6,662,769 )   | 5,046,620       |
|                                   | 213,909,804     | 301,020,022                        | ( 336,694,867 ) | 178,234,959     |
|                                   | 223,392,653     | 306,416,181                        | ( 343,743,170 ) | 186,065,664     |

Liabilities originated in the year and the claims paid are not deducted from the reinsurers' portion of the processed reimbursements.

## 15. Other Debtors for Insurance and Other Operations

At 31 December 2020 and 2019 this heading was composed as follows:

|   | 2020                  | 2019                  |
|---|-----------------------|-----------------------|
| <b>Accounts receivable for direct insurance operations</b>  |                       |                       |
| Premiums pending collection                                 | 101,771,703           | 60,510,213            |
| Brokers   | 27,998,627            | 35,057,829            |
| Claims reimbursements                                       | 19,256,273            | 26,412,287            |
| Co-insurers   | 12,491,995            | 13,244,176            |
| Workers' compensation fund                                  | 2,605,873             | 2,259,920             |
| Funding Institute of Agriculture and Fisheries (IFAP)       | 2,087,658             | 6,453,627             |
| Others  | 1,177                 | 85,413                |
|   | <u>166,213,307</u>    | <u>144,023,465</u>    |
| (Adjustments to premiums pending collection - Note 39)      | ( 16,284,062 )        | ( 6,754,692 )         |
| (Adjustments for doubtful debts - Note 39)                  | ( 4,972,918 )         | ( 3,626,911 )         |
|   | <u>( 21,256,980 )</u> | <u>( 10,381,603 )</u> |
|   | <u>144,956,327</u>    | <u>133,641,862</u>    |
| <b>Accounts receivable for other reinsurance operations</b> |                       |                       |
| Reinsurers' current accounts                                | 28,906,659            | 24,713,474            |
| Reinsureds' current accounts                                | 4,515,543             | 4,267,207             |
|   | <u>33,422,202</u>     | <u>28,980,681</u>     |
| (Adjustments for doubtful debts - Note 39)                  | ( 6,099,803 )         | ( 5,957,729 )         |
|   | <u>27,322,399</u>     | <u>23,022,952</u>     |
| <b>Accounts receivable for other operations:</b>            |                       |                       |
| Group companies   | 10,122,193            | 29,445,802            |
| Transactions to be settled                                  | 6,892,041             | 82,436,369            |
| Clients - current accounts                                  | 4,272,179             | 9,582,419             |
| Property rentals  | 2,710,108             | 2,030,950             |
| Funding Institute of Agriculture and Fisheries (IFAP)       | 2,000,000             | 953,240               |
| Other suppliers and services provided                       | 1,316,909             | 1,768,883             |
| Others  | 11,798,769            | 10,383,781            |
| Taxes on dividends  | 2,654,721             | 1,825,661             |
| Other internal regularisation accounts                      | 1,564,184             | 1,420,217             |
| Others  | 7,579,865             | 7,137,903             |
|   | <u>39,112,199</u>     | <u>136,601,444</u>    |
| (Adjustments for doubtful debts - Note 39)                  | ( 7,279,486 )         | ( 7,583,870 )         |
|   | <u>31,832,713</u>     | <u>129,017,574</u>    |
|   | <u>204,111,439</u>    | <u>285,682,388</u>    |

The heading "Transactions to be settled" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month. In 2019, the heading includes the amount receivable of EUR 74,739,328 relating to the sale of the Largo do Calhariz property.

Balances receivable from IFAP correspond essentially to bonuses and compensation for excess claims regarding crop insurance campaigns of 2020.

## 16. Tax Assets and Liabilities

The balances for tax assets and liabilities at 31 December 2020 and 2019 were as follows:

|   | 2020                  | 2019<br>(Restated)    |
|---|-----------------------|-----------------------|
| <b>Current tax assets</b>                             |                       |                       |
| Income tax recoverable                                | 3,188,328             | 1,857,051             |
| Pagamentos por conta                                  | 7,104                 | -                     |
| Others  | 606,898               | 67,248                |
|   | <u>3,802,329</u>      | <u>1,924,299</u>      |
| <b>Current tax liabilities</b>                        |                       |                       |
| Income tax payable                                    | ( 6,309,785 )         | -                     |
| Others  |                       |                       |
| Stamp duty  | ( 11,048,017 )        | ( 8,984,384 )         |
| Motor insurance guarantee fund                        | ( 1,970,852 )         | ( 2,070,988 )         |
| Workers' compensation fund                            | ( 4,552,433 )         | ( 4,464,917 )         |
| National civil protection authority tax               | ( 2,362,935 )         | ( 1,666,373 )         |
| Insurance and pension funds supervisory authority tax | ( 2,055,770 )         | ( 1,925,740 )         |
| National medical emergency institute tax              | ( 3,157,079 )         | ( 3,033,326 )         |
| Social security                                       | ( 3,447,856 )         | ( 2,633,786 )         |
| Withholdings  | ( 4,592,855 )         | ( 4,384,429 )         |
| Others  | ( 4,779,516 )         | ( 3,823,482 )         |
|   | <u>( 44,277,098 )</u> | <u>( 32,987,425 )</u> |
| <b>Deferred tax assets</b>                            | 151,758,592           | 166,399,934           |
| <b>Deferred tax liabilities</b>                       | ( 143,322,192 )       | ( 128,876,250 )       |
|   | <u>8,436,400</u>      | <u>37,523,684</u>     |
| <b>Total</b>  | <u>( 32,038,369 )</u> | <u>6,460,558</u>      |

At 31 December 2020 and 2019, the balances relating to current income tax assets and liabilities break down as follows:

|  | 2020             | 2019                 |
|--|------------------|----------------------|
| Income tax estimate recognised as a charge to the income statement | ( 25,456,817 )   | ( 3,303,401 )        |
| Income tax estimate recognised as a charge to reserves             | ( 797,453 )      | ( 1,098,318 )        |
| Withholding tax  | 1,855,535        | 547,670              |
| Income tax from previous years                                     | 29,233,935       | -                    |
| Others   | ( 105,237 )      | ( 2,754,148 )        |
|  | <u>4,729,963</u> | <u>( 6,608,197 )</u> |

At 31 December 2020 and 2019 the heading “Income tax estimate recognised as a charge to the income statement” corresponds to the amount of the estimate of CIT.

In 2020 and 2019, the income tax registered in reserves is the result of the change in the fair value reserve of available-for-sale investments linked to life insurance products with profit sharing and of the change in actuarial deviations relating to post-employment benefits granted to employees.

On the other hand, the Company has recorded in its balance sheet amounts receivable from Longrun referring to (i) income tax related to previous years, in the amount of EUR 29,233,935 and (ii) withholding tax in the amount of EUR 1,855,535 and an amount payable to Longrun, related to the estimated income tax in the total amount of EUR 25,302,947.

On 31 December 2020, the item “Others” corresponds, among others, to the insufficient estimate for the year 2019 (EUR 1,383,113), to the excess estimate for the years 2016 (EUR 1,562,726) and 2018 (EUR 573,817) as well as the estimate of the tax benefit of the Tax Incentive System for Business Research and Development (SIFIDE II) for the year of 2019 and adjustments to the same benefit for 2018 (EUR 599,812).

In fact, in the period of 2019, the Company incurred expenses in Research and Development (“R&D”) projects, in the amount of EUR 3,174,498, having, in March 2020, applied to SIFIDE II, in the amount of EUR 1,031,712.

As of 31 December 2020, the application submitted had not yet been approved by Agência de Inovação, S.A. (ANI) so the Company recorded in 2020 the amount of EUR 722,198 as shown in the following table:

|              | 2019             |                |
|--------------|------------------|----------------|
|              | R&D expenses     | Tax credit     |
| R&D projects | 3,174,498        | 722,198        |
|              | <u>3,174,498</u> | <u>722,198</u> |

Movements of deferred taxes during 2020 and 2019 were:

|   | 2020                   |  |                      |   |                       |                        |
|---|------------------------|--|----------------------|---|-----------------------|------------------------|
|   | Opening balance        | Real estate accounting policy alteration | IFRS 9 Impact        | Change in<br>Other comprehensive income | Income statement      | Closing balance        |
| <b>Assets</b>   |                        |  |                      |   |                       |                        |
| Valuation of assets classified at fair value through other comprehensive income | 11,925,407             | -  | 8,862,008            | 1,250,458                               | -                     | 22,037,873             |
| Expected credit losses (ECL)  | -                      | -  | 520,171              | 2,062,708                               | ( 2,114,412 )         | 468,467                |
| Properties  |                        |  |                      |   |                       |                        |
| For own use   | 7,396,746              | 2,244,529                                | -                    | -                                       | ( 1,588,569 )         | 8,052,706              |
| Investment properties   | 21,049,466             | ( 430 )                                  | -                    | 1,002,494                               | ( 1,816,744 )         | 20,234,786             |
| Provisions and impairment temporarily not allowed for fiscal purposes           | 109,350,249            | 82,120                                   | -                    | 1,240,722                               | ( 21,360,730 )        | 89,312,361             |
| Employee benefits   | 13,691,045             | -  | -                    | ( 839,887 )                             | ( 2,238,008 )         | 10,613,150             |
| IFRS 16 (Leases)  | 660,803                | -  | -                    | -                                       | 378,447               | 1,039,250              |
|   | <u>164,073,716</u>     | <u>2,326,219</u>                         | <u>9,382,179</u>     | <u>4,716,493</u>                        | <u>( 28,740,015 )</u> | <u>151,758,592</u>     |
| <b>Liabilities</b>  |                        |  |                      |   |                       |                        |
| Valuation of assets classified at fair value through other comprehensive income | ( 116,555,554 )        | -  | ( 8,862,008 )        | ( 8,248,230 )                           | 2,668,071             | ( 130,997,721 )        |
| Properties  |                        |  |                      |   |                       |                        |
| For own use   | ( 1,258,260 )          | ( 9,488,162 )                            | -                    | -                                       | 62,277                | ( 10,684,198 )         |
| Investment properties   | ( 1,573,713 )          | ( 563 )                                  | -                    | ( 259,944 )                             | 193,947               | ( 1,640,273 )          |
|   | <u>( 119,387,527 )</u> | <u>( 9,488,725 )</u>                     | <u>( 8,862,008 )</u> | <u>( 8,508,174 )</u>                    | <u>2,924,295</u>      | <u>( 143,322,192 )</u> |
|   | <u>44,686,189</u>      | <u>( 7,162,506 )</u>                     | <u>520,171</u>       | <u>( 3,791,681 )</u>                    | <u>( 25,815,720 )</u> | <u>8,436,400</u>       |

|   | 2019            |                            |                  |
|---|-----------------|----------------------------|------------------|
|   | Opening balance | Change in                  | Closing balance  |
|   |                 | Other comprehensive income | Income statement |
| <b>Assets</b>   |                 |                            |                  |
| Valuation of assets classified at fair value through other comprehensive income | 85,104,531      | ( 73,179,124 )             | -                |
| Properties  |                 |                            |                  |
| For own use   | 8,716,569       | ( 1,938,748 )              | 618,925          |
| Investment properties   | 26,125,385      | -                          | ( 5,075,919 )    |
| Provisions and impairment temporarily not allowed for fiscal purposes           | 144,272,318     | 1,007,014                  | ( 35,929,083 )   |
| Employee benefits   | 15,259,695      | ( 839,887 )                | ( 728,763 )      |
| IFRS 16 (Leases)  | -               | -                          | 660,803          |
|   | 279,478,498     | ( 74,950,745 )             | ( 40,454,037 )   |
|   |                 |                            | 164,073,716      |
| <b>Liabilities</b>  |                 |                            |                  |
| Valuation of assets classified at fair value through other comprehensive income | ( 92,741,511 )  | ( 29,598,188 )             | 5,784,145        |
| Properties  |                 |                            |                  |
| For own use   | ( 4,039,635 )   | 823,111                    | 1,958,264        |
| Investment properties   | ( 3,855,425 )   | -                          | 2,281,712        |
|   | ( 100,636,571 ) | ( 28,775,077 )             | 10,024,121       |
|   | 178,841,927     | ( 103,725,822 )            | ( 30,429,916 )   |
|   |                 |                            | 44,686,189       |

In 2020 the tax rate was 31.5%, except for the part corresponding to tax losses, where the tax rate was 21% (when applicable).

Law 64-B/2011, which approved the State Budget for 2012, was published on 30 December 2011. Article 183 of this law lays down that losses made in 2011, deriving from changes to the accounting policy for the recognition of actuarial profit resulting from recognition of liabilities with retirement pensions and other defined post-employment benefits, relating to contributions made in that period or in previous years, are not included in the limits of deductions established in Article 43 of the CIT Code, but are reported within the calculation of taxable income in the 2012 tax year and the following nine taxation periods.

Income tax recognised in profits and losses, and the tax burden, measured as the ratio between the income tax and the profit in the year before tax, may be represented as follows:

|                                      | 2020          | 2019<br>(Restated) |
|--------------------------------------|---------------|--------------------|
| <b>Current tax</b>                   |               |                    |
| Estimated tax for the year           | 18,232,629    | ( 2,779,510 )      |
| State and municipal surcharge        | 7,298,536     | -                  |
| Autonomous taxation                  | 578,511       | 834,235            |
|                                      | 26,109,676    | ( 1,945,275 )      |
| <b>Others</b>                        |               |                    |
| Branches                             | 153,870       | 138,255            |
| Excess / under estimation of CIT     | ( 1,461,293 ) | -                  |
| Tax asset                            | 3,122,726     | -                  |
| SIFIDE II                            | ( 1,880,082 ) | ( 2,754,148 )      |
|                                      | 26,044,897    | ( 4,561,168 )      |
| <b>Deferred tax</b>                  | 25,461,557    | 33,485,660         |
| <b>Total tax in income statement</b> | 51,506,454    | 28,924,492         |
| <b>Income before tax</b>             | 202,340,671   | 174,195,978        |
| <b>Tax burden</b>                    | 25.46%        | 16.60%             |

Reconciliation between the nominal tax rate and the effective tax rate in 2020 and 2019 was as follows:

|  | 2020          |                   | 2019<br>(Restated) |                   |
|--|---------------|-------------------|--------------------|-------------------|
|  | Rate          | Tax               | Rate               | Tax               |
| Income before tax  | 0.00%         | 202,340,671       | 0.00%              | 174,195,978       |
| Income tax calculated at nominal rate                                    | 22.50%        | 45,526,651        | 21.00%             | 36,581,155        |
| <b>Permanent differences to be deducted</b>                              |               |                   |                    |                   |
| Dividends from equity instruments  | (2.79%)       | ( 5,643,722 )     | (6.01%)            | ( 10,460,676 )    |
| Capital losses included in the net profit                                | 0.00%         | -                 | (4.30%)            | ( 7,490,206 )     |
| Impairment losses non-deductible   | (2.18%)       | ( 4,402,570 )     | 0.00%              | -                 |
| Reimbursement of non-deductible tax and over estimation of CIT           | 0.00%         | -                 | (0.08%)            | ( 139,816 )       |
| Adjustments in respect of previous periods                               | (1.00%)       | ( 2,026,318 )     | 0.00%              | -                 |
| <b>Permanent differences to be added</b>                                 |               |                   |                    |                   |
| Impairment losses non-deductible   | 0.00%         | -                 | 0.09%              | 158,193           |
| Capital gains (computed in fiscal terms)                                 | 0.12%         | 245,173           | 0.00%              | -                 |
| Under estimation of CIT  | 1.09%         | 2,212,555         | 0.31%              | 544,869           |
| Adjustments in respect of previous periods                               | 0.00%         | -                 | 0.03%              | 59,705            |
| Others   | 2.11%         | 4,260,720         | 0.46%              | 802,811           |
| <b>Tax benefits</b>  |               |                   |                    |                   |
| Net job creation   | 0.11%         | 232,604           | (0.13%)            | ( 226,478 )       |
| International double taxation  | (0.18%)       | ( 361,171 )       | (1.26%)            | ( 2,187,484 )     |
| SIFIDE II  | (0.93%)       | ( 1,880,082 )     | 0.00%              | -                 |
| Others   | (0.36%)       | ( 725,423 )       | (1.64%)            | ( 2,859,004 )     |
| <b>Autonomous taxation</b>   | 0.29%         | 578,511           | 0.48%              | 834,235           |
| <b>State Surcharge</b>   | 3.07%         | 6,210,623         | 0.00%              | -                 |
| <b>Deferred taxes assets and liabilities - Effect of tax rate change</b> | 3.60%         | 7,278,903         | 7.64%              | 13,307,188        |
|  | <b>25.46%</b> | <b>51,506,454</b> | <b>16.60%</b>      | <b>28,924,492</b> |

The tax authorities have the option of inspecting the four prior years in Portugal (in the years in which the tax loss is determined, the period for reviewing the tax situation is the period for reporting that loss). Different interpretations of the legislation could lead to potential adjustments to the taxable profit of past years. Given the nature of any corrections which may be made, it is not possible to quantify these at the present time. However, in the opinion of the Company's Board of Directors, it is unlikely that any correction concerning the years referred to above will be significant for the attached financial statements.

## 17. Accruals and Deferrals (Assets)

At 31 December 2020 and 2019 this heading was composed as follows:

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| <b>Accrued income</b>                          | 5,912,852         | 4,503,645         |
| <b>Deferred expenses</b>                       |                   |                   |
| Commission on the issue of financial products  | 5,561,062         | 8,906,871         |
| Insurance                                      | 70,245            | 14,669            |
| Rents and leases                               | 34,582            | 76,714            |
| Assistance for IT equipment                    | 611,558           | 505,648           |
| Advertising                                    | 353,625           | 353,625           |
| Portuguese Insurance Association subscriptions | 560,837           | 313,481           |
| Software licences                              | 3,503,804         | 1,358,567         |
| Others   | 1,396,813         | 2,459,733         |
|  | <u>18,005,378</u> | <u>18,492,953</u> |

At 31 December 2020 and 2019, the heading “Accrued income” includes estimates of the profit commissions receivable from life reinsurers, of EUR 5,820,000 and EUR 4,509,500, respectively.

The heading “Deferred expenses – Commissions on the issue of financial products” corresponds to the deferral of commission charges made by Caixa Geral de Depósitos, S.A. on the commercialisation of capitalisation products recognised as financial liabilities, which are deferred during the lifetime of the contracts.

## 18. Non-Current Assets Held for Sale

At 31 December 2020 and 2019, the non-current held for sale assets, liabilities, and gains and losses were composed as follows:

|   | 2020             | 2019             |
|---|------------------|------------------|
| <b>Non-current assets held for sale</b>                                   |                  |                  |
| Investment properties   | 4,171,357        | 4,171,357        |
| Deferred tax assets   | 3,198            | 155,777          |
|   | <u>4,174,555</u> | <u>4,327,134</u> |
| <b>Liabilities of a group for sale classified as held for sale</b>        |                  |                  |
| Deferred tax liabilities  | 574,928          | 1,081,671        |
|   | <u>574,928</u>   | <u>1,081,671</u> |
| <b>Gains and losses on non-current assets classified as held for sale</b> |                  |                  |
| <b>Losses</b>   |                  |                  |
| Realized Losses   | -                | -                |
| Other Losses  | ( 7,794 )        | -                |
|   | <u>( 7,794 )</u> | <u>-</u>         |
|   | <u>( 7,794 )</u> | <u>-</u>         |



At 31 December 2019 and 2020 this balance refers to the property in P. Guilherme Gomes Fernandes, 2 to 18, in Oporto, which was not sold until the end of 2020, as it did not meet all the conditions negotiated for the sale.

The property fulfils the requirements of IFRS 5 – “Non-current assets held for sale and discontinued operations” to be classified as a non-current asset held for sale, and the Company is taking steps to sell the property, with the sale expected to occur in 2021.

## 19. Technical Provisions

At 31 December 2020 and 2019, technical provisions for direct insurance and reinsurance accepted were composed as follows:

|   | 2020          |               |               | 2019          |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Vida          | Não Vida      | Total         | Vida          | Não Vida      | Total         |
| Provisão para prémios não adquiridos      | 1,949,697     | 285,792,717   | 287,742,414   | 1,622,833     | 274,713,042   | 276,335,875   |
| Provisão matemática do ramo vida          | 1,979,443,654 | -             | 1,979,443,654 | 2,275,782,949 | -             | 2,275,782,949 |
| Provisão para sinistros                   |               |               |               |               |               |               |
| Sinistros declarados                      | 84,084,888    | 1,552,791,318 | 1,636,876,206 | 84,408,269    | 1,528,038,509 | 1,612,446,778 |
| Sinistros não declarados (IBNR)           | 21,258,071    | 89,535,090    | 110,793,161   | 21,875,308    | 79,958,189    | 101,833,497   |
|   | 105,342,959   | 1,642,326,408 | 1,747,669,367 | 106,283,577   | 1,607,996,698 | 1,714,280,275 |
| Provisão para participação nos resultados | 75,626,943    | 6,250         | 75,633,193    | 85,368,234    | 1,750         | 85,369,984    |
| Provisão para compromissos de taxa        | 29,012,022    | -             | 29,012,022    | 29,171,855    | -             | 29,171,855    |
| Provisão para estabilização de carteira   | 26,345,782    | -             | 26,345,782    | 26,462,475    | -             | 26,462,475    |
| Provisão para desvios de sinistralidade   | -             | 30,959,225    | 30,959,225    | -             | 29,019,705    | 29,019,705    |
| Provisão para riscos em curso             | -             | 27,588,681    | 27,588,681    | 228,864       | 31,090,150    | 31,319,014    |
| Outras provisões técnicas                 | -             | 8,969,196     | 8,969,196     | -             | -             | -             |
|   | 2,217,721,057 | 1,995,642,477 | 4,213,363,534 | 2,524,920,787 | 1,942,821,345 | 4,467,742,132 |

At 31 December 2020 and 2019, the provision for unearned premiums on direct insurance and reinsurance accepted was as follows:

|                                   | 2020              |                |             | 2019              |                |             |
|-----------------------------------|-------------------|----------------|-------------|-------------------|----------------|-------------|
|                                   | Deferred premiums | Deferred costs | Net         | Deferred premiums | Deferred costs | Net         |
| <b>Life insurance</b>             | 1,949,697         | -              | 1,949,697   | 1,622,833         | -              | 1,622,833   |
| <b>Non-life insurance</b>         |                   |                |             |                   |                |             |
| Workers' compensation             | 16,617,602        | ( 3,513,473 )  | 13,104,129  | 16,267,998        | ( 3,268,616 )  | 12,999,382  |
| Personal accidents and passengers | 9,530,583         | ( 3,105,820 )  | 6,424,763   | 8,659,683         | ( 2,433,524 )  | 6,226,159   |
| Health                            | 34,358,122        | ( 4,444,278 )  | 29,913,844  | 29,160,267        | ( 3,469,278 )  | 25,690,989  |
| Fire and other damage             | 100,451,137       | ( 25,540,386 ) | 74,910,751  | 95,623,400        | ( 23,611,619 ) | 72,011,781  |
| Motor                             | 158,674,072       | ( 33,503,540 ) | 125,170,532 | 158,116,983       | ( 32,351,749 ) | 125,765,234 |
| Marine, aviation and transport    | 1,948,442         | ( 298,569 )    | 1,649,873   | 1,875,402         | ( 244,016 )    | 1,631,386   |
| Third party liability             | 18,197,517        | ( 5,237,360 )  | 12,960,157  | 14,160,918        | ( 4,107,326 )  | 10,053,592  |
| Credit and suretyship             | 116,294           | ( 9,502 )      | 106,792     | 142,125           | ( 8,627 )      | 133,498     |
| Legal protection                  | 2,251,765         | ( 1,177,666 )  | 1,074,099   | 2,078,726         | ( 935,298 )    | 1,143,428   |
| Assistance                        | 15,738,423        | ( 3,774,520 )  | 11,963,903  | 15,012,684        | ( 3,340,079 )  | 11,672,605  |
| Others                            | 11,680,483        | ( 3,166,609 )  | 8,513,874   | 10,312,998        | ( 2,928,010 )  | 7,384,988   |
|                                   | 369,564,440       | ( 83,771,723 ) | 285,792,717 | 351,411,184       | ( 76,698,142 ) | 274,713,042 |
|                                   | 371,514,137       | ( 83,771,723 ) | 287,742,414 | 353,034,017       | ( 76,698,142 ) | 276,335,875 |

The movements in the provision for unearned premiums and in the deferred acquisition costs on direct insurance and reinsurance accepted during 2020 and 2019 were as follows:

|  | 2020                  |                                    |                       |
|--|-----------------------|------------------------------------|-----------------------|
|  | Opening balance       | Liabilities originated in the year | Closing balance       |
| <b>Provision for unearned premiums</b> |                       |                                    |                       |
| <b>Life insurance</b>                  | 1,622,833             | 326,864                            | 1,949,697             |
| <b>Non-life insurance</b>              |                       |                                    |                       |
| Workers' compensation                  | 16,267,998            | 349,604                            | 16,617,602            |
| Personal accidents and passengers      | 8,659,683             | 870,900                            | 9,530,583             |
| Health                                 | 29,160,267            | 5,197,855                          | 34,358,122            |
| Fire and other damage                  | 95,623,400            | 4,827,737                          | 100,451,137           |
| Motor                                  | 158,116,983           | 557,089                            | 158,674,072           |
| Marine, aviation and transport         | 1,875,402             | 73,040                             | 1,948,442             |
| Third party liability                  | 14,160,918            | 4,036,599                          | 18,197,517            |
| Credit and suretyship                  | 142,125               | ( 25,831 )                         | 116,294               |
| Legal protection                       | 2,078,726             | 173,039                            | 2,251,765             |
| Assistance                             | 15,012,684            | 725,739                            | 15,738,423            |
| Others                                 | 10,312,998            | 1,367,485                          | 11,680,483            |
|  | <u>351,411,184</u>    | <u>18,153,256</u>                  | <u>369,564,440</u>    |
|  | <u>353,034,017</u>    | <u>18,480,120</u>                  | <u>371,514,137</u>    |
| <b>Deferred acquisition costs</b>      |                       |                                    |                       |
| <b>Non-life insurance</b>              |                       |                                    |                       |
| Workers' compensation                  | ( 3,268,616 )         | ( 244,857 )                        | ( 3,513,473 )         |
| Personal accidents and passengers      | ( 2,433,524 )         | ( 672,296 )                        | ( 3,105,820 )         |
| Health                                 | ( 3,469,278 )         | ( 975,000 )                        | ( 4,444,278 )         |
| Fire and other damage                  | ( 23,611,619 )        | ( 1,928,767 )                      | ( 25,540,386 )        |
| Motor                                  | ( 32,351,749 )        | ( 1,151,791 )                      | ( 33,503,540 )        |
| Marine, aviation and transport         | ( 244,016 )           | ( 54,553 )                         | ( 298,569 )           |
| Third party liability                  | ( 4,107,326 )         | ( 1,130,034 )                      | ( 5,237,360 )         |
| Credit and suretyship                  | ( 8,627 )             | ( 875 )                            | ( 9,502 )             |
| Legal protection                       | ( 935,298 )           | ( 242,368 )                        | ( 1,177,666 )         |
| Assistance                             | ( 3,340,079 )         | ( 434,441 )                        | ( 3,774,520 )         |
| Others                                 | ( 2,928,010 )         | ( 238,599 )                        | ( 3,166,609 )         |
|  | <u>( 76,698,142 )</u> | <u>( 7,073,581 )</u>               | <u>( 83,771,723 )</u> |
|  | <u>276,335,875</u>    | <u>11,406,539</u>                  | <u>287,742,414</u>    |

The change in the method for calculating the provision for unearned premiums on direct insurance due to the impact of the pandemic on the 2020 accounting year, described in Note 2.12. c), originated an increase of EUR 461,923 in deferred costs.

|  | 2019                  |                                    |                       |
|--|-----------------------|------------------------------------|-----------------------|
|  | Opening balance       | Liabilities originated in the year | Closing balance       |
| <b>Provision for unearned premiums</b> |                       |                                    |                       |
| <b>Life insurance</b>                  | 1,634,440             | ( 11,607 )                         | 1,622,833             |
| <b>Non-life insurance</b>              |                       |                                    |                       |
| Workers' compensation                  | 14,842,442            | 1,425,556                          | 16,267,998            |
| Personal accidents and passengers      | 8,627,521             | 32,162                             | 8,659,683             |
| Health                                 | 28,446,297            | 713,970                            | 29,160,267            |
| Fire and other damage                  | 88,852,139            | 6,771,261                          | 95,623,400            |
| Motor                                  | 149,629,119           | 8,487,864                          | 158,116,983           |
| Marine, aviation and transport         | 1,666,303             | 209,099                            | 1,875,402             |
| Third party liability                  | 10,802,175            | 3,358,743                          | 14,160,918            |
| Credit and suretyship                  | 134,858               | 7,267                              | 142,125               |
| Legal protection                       | 2,021,234             | 57,492                             | 2,078,726             |
| Assistance                             | 13,983,395            | 1,029,289                          | 15,012,684            |
| Others                                 | 10,857,178            | ( 544,180 )                        | 10,312,998            |
|  | <u>329,862,661</u>    | <u>21,548,523</u>                  | <u>351,411,184</u>    |
|  | <u>331,497,101</u>    | <u>21,536,916</u>                  | <u>353,034,017</u>    |
| <b>Deferred acquisition costs</b>      |                       |                                    |                       |
| <b>Non-life insurance</b>              |                       |                                    |                       |
| Workers' compensation                  | ( 2,709,406 )         | ( 559,210 )                        | ( 3,268,616 )         |
| Personal accidents and passengers      | ( 2,253,134 )         | ( 180,390 )                        | ( 2,433,524 )         |
| Health                                 | ( 3,898,256 )         | 428,978                            | ( 3,469,278 )         |
| Fire and other damage                  | ( 21,630,939 )        | ( 1,980,680 )                      | ( 23,611,619 )        |
| Motor                                  | ( 32,196,806 )        | ( 154,943 )                        | ( 32,351,749 )        |
| Marine, aviation and transport         | ( 245,890 )           | 1,874                              | ( 244,016 )           |
| Third party liability                  | ( 3,110,419 )         | ( 996,907 )                        | ( 4,107,326 )         |
| Credit and suretyship                  | ( 9,863 )             | 1,236                              | ( 8,627 )             |
| Legal protection                       | ( 925,570 )           | ( 9,728 )                          | ( 935,298 )           |
| Assistance                             | ( 3,191,044 )         | ( 149,035 )                        | ( 3,340,079 )         |
| Others                                 | ( 3,432,940 )         | 504,930                            | ( 2,928,010 )         |
|  | <u>( 73,604,267 )</u> | <u>( 3,093,875 )</u>               | <u>( 76,698,142 )</u> |
|  | <u>257,892,834</u>    | <u>18,443,041</u>                  | <u>276,335,875</u>    |

At 31 December 2020 and 2019, the claims provisions on direct insurance and reinsurance accepted were as follows:

|                                     | 2020          |              |               | 2019          |              |               |
|-------------------------------------|---------------|--------------|---------------|---------------|--------------|---------------|
|                                     | Reported      | Not reported | Total         | Reported      | Not reported | Total         |
| <b>Life insurance</b>               | 84,084,888    | 21,258,071   | 105,342,959   | 84,408,269    | 21,875,308   | 106,283,577   |
| <b>Non-life insurance</b>           |               |              |               |               |              |               |
| <b>Workers' compensation</b>        |               |              |               |               |              |               |
| Mathematical provision              | 679,622,911   | 1,392,925    | 681,015,836   | 646,043,636   | 1,100,910    | 647,144,546   |
| Provision for whole life assistance | 193,043,500   | 7,994,534    | 201,038,034   | 182,614,623   | 7,959,018    | 190,573,641   |
| Provision for temporary assistance  | 57,977,799    | 3,239,549    | 61,217,348    | 55,614,407    | 3,043,717    | 58,658,124    |
|                                     | 930,644,210   | 12,627,008   | 943,271,218   | 884,272,666   | 12,103,645   | 896,376,311   |
| <b>Others</b>                       |               |              |               |               |              |               |
| Personal accidents and passengers   | 26,980,875    | 6,665,206    | 33,646,081    | 26,280,960    | 4,431,831    | 30,712,791    |
| Health                              | 46,289,930    | 7,051,439    | 53,341,369    | 57,906,489    | 5,171,524    | 63,078,013    |
| Fire and other damage               | 102,082,422   | 18,794,475   | 120,876,897   | 102,018,571   | 16,315,997   | 118,334,568   |
| Motor                               | 351,160,643   | 16,273,100   | 367,433,743   | 363,008,507   | 16,272,693   | 379,281,200   |
| Marine, aviation and transport      | 3,490,982     | 2,443,234    | 5,934,216     | 8,039,436     | 2,651,812    | 10,691,248    |
| Third party liability               | 82,644,992    | 23,746,131   | 106,391,123   | 78,376,650    | 21,085,909   | 99,462,559    |
| Credit and suretyship               | 216,958       | 87,087       | 304,045       | 328,341       | 83,199       | 411,540       |
| Legal protection                    | 12,971        | 8,811        | 21,782        | 15,758        | 8,663        | 24,421        |
| Assistance                          | 101,185       | 77,214       | 178,399       | 139,929       | 79,846       | 219,775       |
| Others                              | 9,166,150     | 1,761,385    | 10,927,535    | 7,651,202     | 1,753,070    | 9,404,272     |
|                                     | 622,147,108   | 76,908,082   | 699,055,190   | 643,765,843   | 67,854,544   | 711,620,387   |
|                                     | 1,552,791,318 | 89,535,090   | 1,642,326,408 | 1,528,038,509 | 79,958,189   | 1,607,996,698 |
|                                     | 1,636,876,206 | 110,793,161  | 1,747,669,367 | 1,612,446,778 | 101,833,497  | 1,714,280,275 |

The movement in the claims provisions on direct insurance and reinsurance accepted during 2020 and 2019 was as follows:

|                                   | 2020            |                                    |                   |                 |
|-----------------------------------|-----------------|------------------------------------|-------------------|-----------------|
|                                   | Opening balance | Liabilities originated in the year | Claims paid       | Closing balance |
| <b>Life insurance</b>             | 106,283,577     | 325,286,054                        | ( 326,226,672 )   | 105,342,959     |
| <b>Non-life insurance</b>         |                 |                                    |                   |                 |
| Workers' compensation             | 896,376,311     | 200,002,919                        | ( 153,108,012 )   | 943,271,218     |
| Personal accidents and passengers | 30,712,791      | 12,377,428                         | ( 9,444,138 )     | 33,646,081      |
| Health                            | 63,078,013      | 256,540,182                        | ( 266,276,826 )   | 53,341,369      |
| Fire and other damage             | 118,334,568     | 123,095,332                        | ( 120,553,003 )   | 120,876,897     |
| Motor                             | 379,281,200     | 322,482,898                        | ( 334,330,355 )   | 367,433,743     |
| Marine, aviation and transport    | 10,691,248      | ( 1,411,568 )                      | ( 3,345,464 )     | 5,934,216       |
| Third party liability             | 99,462,559      | 19,634,277                         | ( 12,705,713 )    | 106,391,123     |
| Credit and suretyship             | 411,540         | ( 104,870 )                        | ( 2,625 )         | 304,045         |
| Legal protection                  | 24,421          | ( 30 )                             | ( 2,609 )         | 21,782          |
| Assistance                        | 219,775         | ( 92,469 )                         | 51,093            | 178,399         |
| Others                            | 9,404,272       | 17,211,939                         | ( 15,688,676 )    | 10,927,535      |
|                                   | 1,607,996,698   | 949,736,038                        | ( 915,406,328 )   | 1,642,326,408   |
|                                   | 1,714,280,275   | 1,275,022,092                      | ( 1,241,633,000 ) | 1,747,669,367   |

|                                   | 2019                 |                                    |                          |                      |
|-----------------------------------|----------------------|------------------------------------|--------------------------|----------------------|
|                                   | Opening balance      | Liabilities originated in the year | Claims paid              | Closing balance      |
| <b>Life insurance</b>             | 118,841,538          | 285,552,665                        | ( 298,110,626 )          | 106,283,577          |
| <b>Non-life insurance</b>         |                      |                                    |                          |                      |
| Workers' compensation             | 862,642,520          | 205,744,856                        | ( 172,011,065 )          | 896,376,311          |
| Personal accidents and passengers | 32,270,532           | 12,576,571                         | ( 14,134,312 )           | 30,712,791           |
| Health                            | 60,244,622           | 266,598,398                        | ( 263,765,007 )          | 63,078,013           |
| Fire and other damage             | 158,276,266          | 98,138,900                         | ( 138,080,598 )          | 118,334,568          |
| Motor                             | 393,501,966          | 357,757,221                        | ( 371,977,987 )          | 379,281,200          |
| Marine, aviation and transport    | 11,570,435           | 3,340,675                          | ( 4,219,862 )            | 10,691,248           |
| Third party liability             | 99,564,781           | 16,690,253                         | ( 16,792,475 )           | 99,462,559           |
| Credit and suretyship             | 408,757              | 4,310                              | ( 1,527 )                | 411,540              |
| Legal protection                  | 22,921               | 2,942                              | ( 1,442 )                | 24,421               |
| Assistance                        | 175,432              | 101,035                            | ( 56,692 )               | 219,775              |
| Others                            | 13,289,736           | 12,826,516                         | ( 16,711,980 )           | 9,404,272            |
|                                   | <u>1,631,967,968</u> | <u>973,781,677</u>                 | <u>( 997,752,947 )</u>   | <u>1,607,996,698</u> |
|                                   | <u>1,750,809,506</u> | <u>1,259,334,342</u>               | <u>( 1,295,863,573 )</u> | <u>1,714,280,275</u> |

Liabilities originated in the year and the claims paid do not include the costs allocated to claims management and are not deducted from the reimbursements processed by the Company.

At 31 December 2020 and 2019, the provisions for unexpired risks on direct insurance and reinsurance accepted were as follows:

|                                   | 2020              | 2019              |
|-----------------------------------|-------------------|-------------------|
| <b>Life insurance</b>             | -                 | 228,864           |
| <b>Non-life insurance</b>         |                   |                   |
| Workers' compensation             | 631,521           | 997,564           |
| Personal accidents and passengers | 1,194,634         | 476,269           |
| Health                            | 691,569           | 4,912,646         |
| Fire and other damage             | 3,601,537         | 4,115,950         |
| Motor                             | 15,980,859        | 15,635,598        |
| Third party liability             | 3,025,260         | 1,786,828         |
| Credit and suretyship             | 508               | -                 |
| Legal protection                  | 477,133           | 225,411           |
| Assistance                        | 1,974,627         | 2,932,315         |
| Others                            | 11,033            | 7,569             |
|                                   | <u>27,588,681</u> | <u>31,090,150</u> |
|                                   | <u>27,588,681</u> | <u>31,319,014</u> |

The movement in the provision for unexpired risks in direct insurance and reinsurance accepted during 2020 and 2019 was as follows:

|                                   | 2020            |                             |             |                 |
|-----------------------------------|-----------------|-----------------------------|-------------|-----------------|
|                                   | Opening balance | Appropriations for the year | Others      | Closing balance |
| <b>Life insurance</b>             | 228,864         | 6,812                       | ( 235,676 ) | -               |
| <b>Non-life insurance</b>         |                 |                             |             |                 |
| Workers' compensation             | 997,564         | ( 366,043 )                 | -           | 631,521         |
| Personal accidents and passengers | 476,269         | 718,365                     | -           | 1,194,634       |
| Health                            | 4,912,646       | ( 4,221,077 )               | -           | 691,569         |
| Fire and other damage             | 4,115,950       | ( 514,413 )                 | -           | 3,601,537       |
| Motor                             | 15,635,598      | 345,261                     | -           | 15,980,859      |
| Third party liability             | 1,786,828       | 1,238,432                   | -           | 3,025,260       |
| Credit and suretyship             | -               | 508                         | -           | 508             |
| Legal protection                  | 225,411         | 251,722                     | -           | 477,133         |
| Assistance                        | 2,932,315       | ( 957,688 )                 | -           | 1,974,627       |
| Others                            | 7,569           | 3,464                       | -           | 11,033          |
|                                   | 31,090,150      | ( 3,501,469 )               | -           | 27,588,681      |
|                                   | 31,319,014      | ( 3,494,657 )               | ( 235,676 ) | 27,588,681      |

In the motor line of business, calculation of the ratios based on the values recorded in 2020 did not prove to be the most appropriate, and instead the average of the combined ratios was used to calculate this provision, with an impact of EUR 15,900,772.

The heading “Others” corresponds to the split of portfolio associated with the conversion of the former Macao Life branch to a local legal entity.

|                                   | 2019            |                             |                 |
|-----------------------------------|-----------------|-----------------------------|-----------------|
|                                   | Opening balance | Appropriations for the year | Closing balance |
| <b>Life insurance</b>             | -               | 228,864                     | 228,864         |
| <b>Non-life insurance</b>         |                 |                             |                 |
| Workers' compensation             | 1,328,197       | ( 330,633 )                 | 997,564         |
| Personal accidents and passengers | 99,674          | 376,595                     | 476,269         |
| Health                            | 3,755,245       | 1,157,401                   | 4,912,646       |
| Fire and other damage             | 3,235,259       | 880,691                     | 4,115,950       |
| Motor                             | 20,988,612      | ( 5,353,014 )               | 15,635,598      |
| Marine, aviation and transport    | 190,199         | ( 190,199 )                 | -               |
| Third party liability             | 1,154,727       | 632,101                     | 1,786,828       |
| Credit and suretyship             | 64,500          | ( 64,500 )                  | -               |
| Legal protection                  | 67,471          | 157,940                     | 225,411         |
| Assistance                        | 4,440,773       | ( 1,508,458 )               | 2,932,315       |
| Others                            | -               | 7,569                       | 7,569           |
|                                   | 35,324,657      | ( 4,234,507 )               | 31,090,150      |
|                                   | 35,324,657      | ( 4,005,643 )               | 31,319,014      |

At 31 December 2020 and 2019, the mathematical provision and the provision for profit sharing for life insurance in direct insurance and reinsurance accepted were as follows:

|   | 2020                   |                            |                              |                              |                      |
|---|------------------------|----------------------------|------------------------------|------------------------------|----------------------|
|   | Mathematical provision | Deferred acquisition costs | Total mathematical provision | Provision for profit sharing | Total                |
| <b>Insurance contracts</b>  |                        |                            |                              |                              |                      |
| Life individual risk  | 99,327,264             | ( 25,498 )                 | 99,301,766                   | 17,934,214                   | 117,235,980          |
| Life group risk   | 123,701,401            | -                          | 123,701,401                  | 18,630,363                   | 142,331,764          |
| Life individual capitalisation  | 2,824,169              | -                          | 2,824,169                    | 108,319                      | 2,932,488            |
| Life group capitalisation   | 2,559,393              | -                          | 2,559,393                    | 48,729                       | 2,608,122            |
|   | <u>228,412,227</u>     | <u>( 25,498 )</u>          | <u>228,386,729</u>           | <u>36,721,625</u>            | <u>265,108,354</u>   |
| <b>Investment contracts with a discretionary profit sharing component</b> |                        |                            |                              |                              |                      |
| Life individual capitalisation  | 94,440,480             | ( 4,653 )                  | 94,435,827                   | 6,884,308                    | 101,320,135          |
| Life group capitalisation   | 339,814,163            | -                          | 339,814,163                  | 4,059,701                    | 343,873,864          |
| Life individual PPR   | 1,316,819,528          | ( 12,593 )                 | 1,316,806,935                | 27,961,309                   | 1,344,768,244        |
|   | <u>1,751,074,171</u>   | <u>( 17,246 )</u>          | <u>1,751,056,925</u>         | <u>38,905,318</u>            | <u>1,789,962,243</u> |
|   | <u>1,979,486,398</u>   | <u>( 42,744 )</u>          | <u>1,979,443,654</u>         | <u>75,626,943</u>            | <u>2,055,070,597</u> |
|   |                        |                            |                              |                              |                      |
|   | 2019                   |                            |                              |                              |                      |
|   | Mathematical provision | Deferred acquisition costs | Total mathematical provision | Provision for profit sharing | Total                |
| <b>Insurance contracts</b>  |                        |                            |                              |                              |                      |
| Life individual risk  | 91,404,905             | ( 822,945 )                | 90,581,960                   | 18,126,916                   | 108,708,876          |
| Life group risk   | 129,263,425            | -                          | 129,263,425                  | 17,868,206                   | 147,131,631          |
| Life individual capitalisation  | 130,832,912            | ( 384,621 )                | 130,448,291                  | 193,023                      | 130,641,314          |
| Life group capitalisation   | 1,035,402              | -                          | 1,035,402                    | -                            | 1,035,402            |
|   | <u>352,536,644</u>     | <u>( 1,207,566 )</u>       | <u>351,329,078</u>           | <u>36,188,145</u>            | <u>387,517,223</u>   |
| <b>Investment contracts with a discretionary profit sharing component</b> |                        |                            |                              |                              |                      |
| Life individual capitalisation  | 146,422,685            | ( 5,950 )                  | 146,416,735                  | 11,646,185                   | 158,062,920          |
| Life group capitalisation   | 327,172,210            | -                          | 327,172,210                  | 4,027,640                    | 331,199,850          |
| Life individual PPR   | 1,450,880,401          | ( 15,475 )                 | 1,450,864,926                | 33,506,264                   | 1,484,371,190        |
|   | <u>1,924,475,296</u>   | <u>( 21,425 )</u>          | <u>1,924,453,871</u>         | <u>49,180,089</u>            | <u>1,973,633,960</u> |
|   | <u>2,277,011,940</u>   | <u>( 1,228,991 )</u>       | <u>2,275,782,949</u>         | <u>85,368,234</u>            | <u>2,361,151,183</u> |

The movement in the mathematical provision and in the provision for profit sharing for life insurance in direct insurance and reinsurance accepted during 2020 and 2019 was as follows:

| 2020   |                      |  |  |                                      |                         |                       |                      |
|--|----------------------|--|--|--------------------------------------|-------------------------|-----------------------|----------------------|
|  | Opening balance      | Liabilities originated in the year and interest attributed | Amount attributable to insured persons from equity | Change in deferred acquisition costs | Portfolio recomposition | Income distributed    | Closing balance      |
| <b>Direct insurance and reinsurance accepted</b>                   |                      |  |  |                                      |                         |                       |                      |
| <b>Mathematical provision</b>                                      |                      |  |  |                                      |                         |                       |                      |
| Insurance contracts  | 351,329,078          | 12,860,558   | -  | ( 44,814 )                           | -                       | ( 561,217 )           | 228,386,729          |
| Investment contracts with a discretionary profit sharing component | 1,924,453,871        | ( 170,757,489 )  | -  | 4,179                                | ( 676,561 )             | 8,534,228             | 1,751,056,925        |
|  | <u>2,275,782,949</u> | <u>( 157,896,931 )</u>                                     | <u>-</u>   | <u>( 40,635 )</u>                    | <u>( 676,561 )</u>      | <u>7,973,011</u>      | <u>1,979,443,654</u> |
| <b>Profit sharing provision</b>                                    |                      |  |  |                                      |                         |                       |                      |
| Insurance contracts  | 36,188,145           | 4,433,695  | ( 1,119,057 )                                      | -                                    | -                       | ( 2,701,969 )         | 36,721,625           |
| Investment contracts with a discretionary profit sharing component | 49,180,089           | ( 2,145,920 )  | 1,091,874  | -                                    | -                       | ( 9,143,718 )         | 38,905,318           |
|  | <u>85,368,234</u>    | <u>2,287,775</u>   | <u>( 27,183 )</u>                                  | <u>-</u>                             | <u>-</u>                | <u>( 11,845,687 )</u> | <u>75,626,943</u>    |
|  | <u>2,361,151,183</u> | <u>( 155,609,156 )</u>                                     | <u>( 27,183 )</u>                                  | <u>( 40,635 )</u>                    | <u>( 676,561 )</u>      | <u>( 3,872,676 )</u>  | <u>2,055,070,597</u> |

The heading “Others” corresponds to the split of portfolio associated with the conversion of the former Macao Life branch to a local legal entity.

| 2019   |                      |  |  |                                      |                         |                       |                      |
|--|----------------------|--|--|--------------------------------------|-------------------------|-----------------------|----------------------|
|  | Opening balance      | Liabilities originated in the year and interest attributed | Amount attributable to insured persons from equity | Change in deferred acquisition costs | Portfolio recomposition | Income distributed    | Closing balance      |
| <b>Direct insurance and reinsurance accepted</b>                   |                      |  |  |                                      |                         |                       |                      |
| <b>Mathematical provision</b>                                      |                      |  |  |                                      |                         |                       |                      |
| Insurance contracts  | 269,184,201          | 82,529,349   | -  | ( 616,238 )                          | -                       | 231,766               | 351,329,078          |
| Investment contracts with a discretionary profit sharing component | 1,634,959,180        | 272,731,167  | -  | 5,536                                | 7,462,032               | 9,295,956             | 1,924,453,871        |
|  | <u>1,904,143,381</u> | <u>355,260,516</u>   | <u>-</u>   | <u>( 610,702 )</u>                   | <u>7,462,032</u>        | <u>9,527,722</u>      | <u>2,275,782,949</u> |
| <b>Profit sharing provision</b>                                    |                      |  |  |                                      |                         |                       |                      |
| Insurance contracts  | 35,208,739           | 3,997,544  | 11,484   | -                                    | -                       | ( 3,029,622 )         | 36,188,145           |
| Investment contracts with a discretionary profit sharing component | 45,873,121           | 5,527,254  | 7,300,965  | -                                    | -                       | ( 9,521,251 )         | 49,180,089           |
|  | <u>81,081,860</u>    | <u>9,524,798</u>   | <u>7,312,449</u>                                   | <u>-</u>                             | <u>-</u>                | <u>( 12,550,873 )</u> | <u>85,368,234</u>    |
|  | <u>1,985,225,241</u> | <u>364,785,314</u>   | <u>7,312,449</u>                                   | <u>( 610,702 )</u>                   | <u>7,462,032</u>        | <u>( 3,023,151 )</u>  | <u>2,361,151,183</u> |

The provisions for profit sharing to be allocated and already allocated are accounted for in line with the policy described in Note 2.15. f).



## 20. Financial Liabilities of the Deposit Component of Insurance Contracts and on Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts

Information on movements in this account heading for 2020 and 2019 is set out below:

| 2020                                     |                      |                      |                          |                        |                         |                      |
|--|----------------------|----------------------|--------------------------|------------------------|-------------------------|----------------------|
|  | Opening balance      | Issues               | Redemptions              | Income and expenditure | Portfolio recomposition | Closing balance      |
| <b>Valued at fair value</b>              |                      |                      |                          |                        |                         |                      |
| Unit-linked contracts                    |                      |                      |                          |                        |                         |                      |
| Unit-linked individual capitalisation    | 123,232,458          | 314,532,002          | ( 11,403,383 )           | 10,234,093             | ( 169,520 )             | 436,425,650          |
| Unit-linked group capitalisation         | 721,245              | -                    | -                        | -                      | -                       | 721,245              |
| Unit-linked PPR                          | 14,768,940           | 70,843,775           | ( 1,235,785 )            | 2,043,712              | ( 37,410 )              | 86,383,232           |
|  | <u>138,722,643</u>   | <u>385,375,777</u>   | <u>( 12,639,168 )</u>    | <u>12,277,805</u>      | <u>( 206,930 )</u>      | <u>523,530,127</u>   |
| <b>Valued at amortised cost</b>          |                      |                      |                          |                        |                         |                      |
| Other investment contracts               |                      |                      |                          |                        |                         |                      |
| PPR Life individual fixed rate           | 6,149,070,517        | 246,238,998          | ( 993,805,979 )          | 1,938,417              | 713,971                 | 5,404,155,924        |
| Life individual fixed rate               | 2,574,655,854        | 326,532,274          | ( 578,767,772 )          | 21,161,388             | 169,520                 | 2,343,751,264        |
| Life group fixed rate                    | -                    | 751,929              | -                        | -                      | -                       | 751,929              |
| Capitalisation OP. Individual fixed rate | 4,435,555            | -                    | -                        | -                      | -                       | 4,435,555            |
|  | <u>8,728,161,926</u> | <u>573,523,201</u>   | <u>( 1,572,573,751 )</u> | <u>23,099,805</u>      | <u>883,491</u>          | <u>7,753,094,672</u> |
|  | <u>8,866,884,569</u> | <u>958,898,978</u>   | <u>( 1,585,212,919 )</u> | <u>35,377,610</u>      | <u>676,561</u>          | <u>8,276,624,799</u> |
| 2019                                     |                      |                      |                          |                        |                         |                      |
|  | Opening balance      | Issues               | Redemptions              | Income and expenditure | Portfolio recomposition | Closing balance      |
| <b>Valued at fair value</b>              |                      |                      |                          |                        |                         |                      |
| Unit-linked contracts                    |                      |                      |                          |                        |                         |                      |
| Unit-linked individual capitalisation    | 24,925,020           | 100,609,413          | ( 3,559,306 )            | 1,358,452              | ( 101,121 )             | 123,232,458          |
| Unit-linked group capitalisation         | 721,245              | -                    | -                        | -                      | -                       | 721,245              |
| Unit-linked PPR                          | 14,641,455           | 188,410              | ( 925,355 )              | 891,603                | ( 27,173 )              | 14,768,940           |
|  | <u>40,287,720</u>    | <u>100,797,823</u>   | <u>( 4,484,661 )</u>     | <u>2,250,055</u>       | <u>( 128,294 )</u>      | <u>138,722,643</u>   |
| <b>Valued at amortised cost</b>          |                      |                      |                          |                        |                         |                      |
| Other investment contracts               |                      |                      |                          |                        |                         |                      |
| PPR Life individual fixed rate           | 6,260,810,306        | 411,254,925          | ( 528,400,408 )          | 12,840,553             | ( 7,434,859 )           | 6,149,070,517        |
| Life individual fixed rate               | 2,970,703,013        | 604,005,277          | ( 1,025,105,561 )        | 24,952,004             | 101,121                 | 2,574,655,854        |
| Capitalisation OP. Individual fixed rate | 4,668,404            | -                    | ( 232,849 )              | -                      | -                       | 4,435,555            |
|  | <u>9,236,181,723</u> | <u>1,015,260,202</u> | <u>( 1,553,738,818 )</u> | <u>37,792,557</u>      | <u>( 7,333,738 )</u>    | <u>8,728,161,926</u> |
|  | <u>9,276,469,443</u> | <u>1,116,058,025</u> | <u>( 1,558,223,479 )</u> | <u>40,042,612</u>      | <u>( 7,462,032 )</u>    | <u>8,866,884,569</u> |

“Other investment contracts” corresponds, for the most part, to liabilities with contracts which guarantee the insured person a fixed yield throughout the whole of the contract, and these are recognised at amortised cost.

## 21. Financial Liabilities at Fair Value Through Profit or Loss and Other Financial Liabilities

At 31 December 2020 and 2019 this heading was composed as follows:

|   | 2020               | 2019               |
|---|--------------------|--------------------|
| <b>Financial liabilities at fair value through profit or loss</b> |                    |                    |
| Fair Value Hedge (Note 6)   | 44,939,333         | 101,581,020        |
| <b>Other financial liabilities</b>                                |                    |                    |
| Hedge Derivatives   |                    |                    |
| Fair Value Hedge (Note 6)   | -                  | 2,439,323          |
| Deposits received from reinsurers                                 | 108,430,121        | 126,007,518        |
| Life  | 2,374,457          | 2,621,403          |
| Non-life  | 106,055,664        | 123,386,115        |
| Repo agreement  | 34,146,488         |                    |
| Lease liabilities   | 29,833,354         | 37,606,271         |
|   | <u>172,409,963</u> | <u>166,053,112</u> |
|   | <u>217,349,296</u> | <u>267,634,132</u> |

The movements in the finance leases during 2020 was as follows:

| Movement                         | Lease liability   |
|----------------------------------|-------------------|
| <b>Value at 31 December 2019</b> | <u>37,606,271</u> |
| <b>Increase for the period</b>   | <u>5,168,500</u>  |
| Additions                        | 4,805,883         |
| Interest increment               | 305,006           |
| Others                           | 57,611            |
| <b>Decrease for the period</b>   | <u>12,941,417</u> |
| Payments made                    | 12,941,417        |
| <b>Value at 31 December 2020</b> | <u>29,833,354</u> |

The amounts recorded during the year are recognised in accordance with the implementation of the principles defined in IFRS 16 – “Leases”.

## 22. Other Creditors for Insurance and Other Operations

At 31 December 2020 and 2019 this heading was composed as follows:

|  | 2020               | 2019               |
|--|--------------------|--------------------|
| <b>Accounts payable for direct insurance operations</b>  |                    |                    |
| Brokers  | 21,491,352         | 35,825,154         |
| Current account  | 15,109,035         | 31,072,056         |
| Commissions payable                                      | 6,382,317          | 4,753,098          |
| Policyholders  | 40,295,641         | 33,311,529         |
| Co-insurers  | 9,475,084          | 8,560,797          |
|  | <u>71,262,077</u>  | <u>77,697,480</u>  |
| <b>Accounts payable for other reinsurance operations</b> |                    |                    |
| Reinsurers' current accounts                             | 108,046,223        | 73,237,035         |
| Insured's current accounts                               | 1,579,598          | 1,807,440          |
|  | <u>109,625,821</u> | <u>75,044,475</u>  |
| <b>Accounts payable for other operations</b>             |                    |                    |
| Group companies  | 2,080,330          | 13,768,457         |
| Suppliers' current accounts                              | 13,214,161         | 12,236,757         |
| Employees  | 19,152             | 10,918             |
| Pension funds  | 333,634            | 367,693            |
| Transactions to be settled                               | -                  | 19,000,000         |
| Other internal regularisation accounts                   | 2,268,746          | 1,151,737          |
| Miscellaneous creditors                                  | 1,795,795          | 10,036,586         |
|  | <u>19,711,818</u>  | <u>56,572,149</u>  |
|  | <u>200,599,716</u> | <u>209,314,104</u> |

The heading "Other internal regularisation accounts" recognises various transactions performed in the last days of December, which will be settled in the first days of the following month.

## 23. Accruals and Deferrals (Liabilities)

At 31 December 2020 and 2019 this heading was composed as follows:

|  | 2020               | 2019               |
|--|--------------------|--------------------|
| <b>Deferred income</b>                     |                    |                    |
| Rents and leases                           | 224,026            | 287,349            |
|  | <u>224,026</u>     | <u>287,349</u>     |
| <b>Accrued expenses</b>                    |                    |                    |
| Holiday and holiday subsidies payable      | 15,003,904         | 14,522,361         |
| Insurance                                  | 4,617,756          | 5,759,101          |
| Variable remuneration payable to employees | 773,306            | 882,930            |
| Performance bonus                          | 10,575,717         | 11,164,455         |
| Optional career benefits                   | 1,156,642          | 563,681            |
| Other employee costs                       | 573,525            | 550,398            |
| Commissions payable                        | 70,507,601         | 66,674,786         |
| Deferred payments - marketing              | 6,582,910          | 5,261,744          |
| Municipal tax on real estate               | 294,094            | 303,164            |
| Audit                                      | 520,870            | 41,361             |
| Advertising                                | 4,291              | 16,120             |
| Invoices pending conferral                 | 5,645,444          | 7,982,868          |
| Others                                     | 17,380,490         | 3,918,654          |
|  | <u>133,636,550</u> | <u>117,641,623</u> |
|  | <u>133,860,576</u> | <u>117,928,972</u> |

## 24. Other Provisions

Information on the above account heading movements for 2020 and 2019 is set out below:

|   | 2020               |                   |                              |                    |  |
|---|--------------------|-------------------|------------------------------|--------------------|--|
|   | Opening balances   | Increases         | Recoveries and cancellations | Uses               | Actuarial gains and losses from equity |
| <b>Provisions for the cost of employee benefits (Note 32)</b> |                    |                   |                              |                    | <b>Closing balances</b>                |
| Health benefits   | 22,784,917         | -                 | ( 1,083,440 )                | -                  | 5,305,278                              |
| Pension costs   | 3,404,910          | -                 | ( 2,038,431 )                | -                  | ( 1,366,479 )                          |
| Provision for Workers' compensation fund                      | 52,736,302         | 1,200,000         | -                            | -                  | -                                      |
| Provision for restructuring                                   | 3,586,283          | 9,000,000         | ( 3,184,016 )                | -                  | -                                      |
| Provision for judicial contingencies                          | 1,289,576          | -                 | ( 299,475 )                  | ( 1,500 )          | -                                      |
| Others  | 30,582,312         | -                 | ( 12,361,200 )               | ( 118,401 )        | -                                      |
|   | <u>114,384,300</u> | <u>10,200,000</u> | <u>( 18,966,562 )</u>        | <u>( 119,901 )</u> | <u>3,938,799</u>                       |
|   |                    |                   |                              |                    | <u>109,436,636</u>                     |

|  | 2019              |                   |                              |                    |                |  |
|--|-------------------|-------------------|------------------------------|--------------------|----------------|--|
|  | Opening balances  | Increases         | Recoveries and cancellations | Uses               | Others         | Actuarial gains and losses from equity |
| Provisions for the cost of employee benefits (Note 32) |                   |                   |                              |                    |                |  |
| Health benefits  | 21,053,228        | -                 | ( 668,950 )                  | -                  | -              | 2,400,639                              |
| Pension costs  | 2,678,341         | -                 | ( 69,661 )                   | -                  | -              | 796,230                                |
| Provision for Workers' compensation fund               | 51,536,302        | 1,200,000         | -                            | -                  | -              | -                                      |
| Provision for restructuring                            | 13,380,073        | -                 | ( 9,793,790 )                | -                  | -              | -                                      |
| Provision for judicial contingencies                   | 1,269,575         | -                 | ( 115,999 )                  | -                  | 136,000        | -                                      |
| Others   | 8,681,326         | 22,170,833        | -                            | ( 269,847 )        | -              | -                                      |
|  | <u>98,598,845</u> | <u>23,370,833</u> | <u>( 10,648,400 )</u>        | <u>( 269,847 )</u> | <u>136,000</u> | <u>3,196,869</u>                       |
|  |                   |                   |                              |                    |                | <u>114,384,300</u>                     |

Fidelidade set up a provision related to the employee restructuring and rejuvenation programme which consists of hiring new qualified employees and a negotiated exit solution for a group of employees prior to retirement age.

This plan, implemented since 2014, aims to integrate competency profiles more adapted to market and business challenges and the need for constant transformation for Fidelidade to better respond to these challenges, based on a well-defined strategic program in the medium and long term.

230 employees left in 2019, which led to EUR 9,793,790 being used. 300 employees were hired during the same period.

181 employees left in 2020, which led to EUR 3,184,016 being used. 279 new employees were hired during the same period.

Taking into account this continued strategy of constantly renewing skills and introducing new profiles, revision of the development plan was necessary, and on 31 December 2020 Fidelidade added a further EUR 9,000,000 to the provision, considering the actual cost of recently negotiated employee departures, based on the legal retirement age of 66 years and 6 months in 2021.

The other amounts recognised in the heading "Others" are to respond to ongoing legal cases and other contingencies resulting from the Company's activity.

In 2020 and 2019, the "Other Provisions" headings include the use of EUR 12,886,200 in 2020 and the constitution of EUR 22,110,799 in 2019 which are registered under the heading "Impairment Losses (net of reversals)".

The heading "Provisions for costs of employee benefits - Health benefits" represents the liabilities assumed by the Company in relation to employees' health benefits. The heading "Provisions for costs of employee benefits - Pension costs" represents the liabilities assumed by the Company resulting from the complement to the retirement pension granted to some of its employees, and which are not covered by the pension fund set up by the Company to cover liabilities with post-employment benefits in the defined benefit pensions plan (Note 32).

## 25. Paid-in Capital and Other capital instruments

The share capital of EUR 509,263,525 is composed of 161.7 million shares with the nominal unit value of EUR 3.15 and is fully paid up.

Other equity instruments are supplementary contributions, and repayment of these is not expected in the short term. In accordance with the legislation in force, repayment is subject to a resolution of the shareholders, which can only be approved if, by virtue of this resolution, the Company's net equity does not become less than the sum of the share capital and the legal reserve.

On December 2015 supplementary contributions were made by shareholders in order to strengthen Fidelidade's equity amounting to EUR 521,530,515 as follows:

- Longrun Portugal, SGPS, S.A.: EUR 500,000,000;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

In 2015, pursuant to a deliberation of the General Meeting of 31 March 2015 under item 9 of its agenda, 13,300 own shares were acquired at a unit price of EUR 11.20, with a total value of EUR 148,960. This acquisition was completed on 22 December 2015.

In May 2018 there was a capital increase of EUR 76,230,000, with an Issue Premium of EUR 67,276,000, and repayment of supplementary contributions totalling EUR 143,510,614, as follows:

- Longrun Portugal, SGPS, S.A.: EUR 121,980,100;
- Caixa Geral de Depósitos, S.A.: EUR 21,530,515.

In September 2020 there was a capital increase of EUR 38,912,643 by new contributions in kind, with subscription reserved for the holders of shares in the companies Multicare and Fidelidade Assistência.

In October 2020 there was an increase by new contributions in cash, in the remaining amount of EUR 12,970,881.

The capital was increased with an Issue Premium of EUR 63,042,599, and supplementary contributions totalling EUR 63,042,599, made by Longrun, were repaid.

The Company's shareholder structure at 31 December 2020 and 2019 was as follows:

| Shareholders  | 2020               |             | 2019               |             |
|---|--------------------|-------------|--------------------|-------------|
|   | Number of Shares   | % Share     | Number of Shares   | % Share     |
| Longrun Portugal, SGPS, S.A.  | 137,402,839        | 84.9892%    | 123,403,140        | 84.9884%    |
| Caixa Geral de Depósitos, S.A.  | 24,250,644         | 15.0000%    | 21,780,000         | 15.0000%    |
| Employees and former employees of Fidelidade - Companhia de Seguros, S.A. | 4,177              | 0.0026%     | 3,560              | 0.0025%     |
| Own Shares  | 13,300             | 0.0082%     | 13,300             | 0.0092%     |
|   | <u>161,670,960</u> | <u>100%</u> | <u>145,200,000</u> | <u>100%</u> |

The Company became a part of the Fosun Group as of 15 May 2014 when Longrun acquired 80% of Fidelidade's share capital.

The income of 2019 and 2018 was applied as indicated below:

|                                    | 2019               | 2018               |
|------------------------------------|--------------------|--------------------|
| Application of income for the year |                    |                    |
| Legal Reserve                      | 14,440,640         | 27,823,644         |
| Free Reserves                      | 141,279,907        | 360,062,641        |
| Retained earnings                  | ( 10,449,061 )     | ( 110,330,441 )    |
|                                    | <u>145,271,486</u> | <u>277,555,844</u> |

The income per share at 31 December 2020 and 2019 was as follows:

|   | 2020        | 2019        |
|---|-------------|-------------|
| Net Income for the year                   | 150,834,217 | 145,271,486 |
| Number of shares (at the end of the year) | 161,670,960 | 145,200,000 |
| Income per Share (in Euros)               | <u>0.93</u> | <u>1.00</u> |

## 26. Reserves, Retained Earnings and Income for the Year

At 31 December 2020 and 2019, reserves and retained earnings were composed as follows:

|   | 2020           | 2019           |
|---|----------------|----------------|
| Revaluation reserves  |                |                |
| Fair value adjustments  |                |                |
| Available-for-sale investments  |                |                |
| Gross gains (Note 7)  | -              | 368,798,167    |
| Amount attributable to policyholders  | -              | ( 44,037,740 ) |
|   | -              | 324,760,427    |
| Debt instruments at fair value through other comprehensive income   |                |                |
| Gross gains (Note 7)  | 203,014,395    | -              |
| Amount attributable to policyholders  | ( 41,861,101 ) | -              |
|   | 161,153,294    | -              |
| Equity instruments at fair value through other comprehensive income                                       |                |                |
| Gross gains (Note 7)  | ( 2,447,416 )  | -              |
| Amount attributable to policyholders  | ( 134,365 )    | -              |
|   | ( 2,581,781 )  | -              |
| Revaluations of properties for own use (Note 10)  | 1,276,035      | 1,256,812      |
| Exchange differences  |                |                |
| Gross gains   | -              | 16,876,061     |
|   | -              | 16,876,061     |
| Allowance for expected credit losses in debt instruments at fair value through other comprehensive income |                |                |
| Gross gains (Note 39)   | 34,538,815     | -              |
| Amount attributable to policyholders  | ( 2,741,085 )  | -              |
|   | 31,797,730     | -              |
|   | 191,645,278    | 342,893,300    |
| Deferred tax reserve  |                |                |
| Available-for-sale investments  | -              | ( 92,890,687 ) |
| Debt instruments at fair value through other comprehensive income   | ( 55,632,905 ) | -              |
| Equity instruments at fair value through other comprehensive income                                       | ( 53,977,546 ) | -              |
| Properties for own use  | 1,296,352      | 553,802        |
| Actuarial gains and losses  |                |                |
| Post-employment benefits  | 25,220,123     | 25,845,005     |
| Health benefits   | 4,030,584      | 2,359,422      |
| Tax (paid)/deducted from potential capital gains or losses  | ( 12,384,110 ) | ( 12,366,273 ) |
|   | ( 91,447,502 ) | ( 76,498,731 ) |
| Overlay Approach adjustment   |                |                |
| Gross gains (Note 5)  | 211,252,017    | -              |
| Amount attributable to policyholders  | ( 1,121,780 )  | -              |
|   | 210,130,237    | -              |
| Other reserves  |                |                |
| Legal reserve   | 211,237,924    | 196,797,284    |
| Share premiums  | 382,666,154    | 182,379,280    |
| Actuarial gains and losses  |                |                |
| Post-employment benefits  | ( 55,583,592 ) | ( 56,863,593 ) |
| Health benefits   | ( 12,795,505 ) | ( 7,490,227 )  |
| Merger reserves   | 91,335,345     | 91,335,345     |
| Other reserves  | 1,011,168,853  | 869,888,946    |
|   | 1,628,029,179  | 1,276,047,035  |
| Retained earnings   | 28,450,543     | 66,320,073     |
| Income for the year   | 150,834,217    | 145,271,486    |
|   | 2,117,641,952  | 1,754,033,163  |



In accordance with the legislation in force, a percentage of not less than 10% of the net profits for each year must be transferred to the legal reserve, until it totals the amount of share capital. The legal reserve may not be distributed, but may be used to increase the share capital or to offset accumulated losses.

“Revaluation reserves” reflects potential capital gains and losses on financial assets at fair value through other comprehensive income and available-for-sale investments, in 2020 and 2019, respectively, and properties for own use, transferred to investment properties.

The change in “Other reserves” corresponds to the application of the previous year’s distributable income recognised in Free Reserves.

## 27. Earned Premiums, Net of Reinsurance

In 2020 and 2019 this heading was composed as follows:

|  | 2020                                      |                        |                      | 2019                                      |                        |                       |
|--|---|------------------------|----------------------|---|------------------------|-----------------------|
|  | Direct insurance and reinsurance accepted | Reinsurance ceded      | Net                  | Direct insurance and reinsurance accepted | Reinsurance ceded      | Net                   |
| <b>Gross premiums written</b>                                      |   |                        |                      |   |                        |                       |
| <b>Life insurance</b>  |   |                        |                      |   |                        |                       |
| Insurance contracts without profit sharing                         | 189,497,443                               | ( 22,408,304 )         | 167,089,139          | 187,425,688                               | ( 18,835,932 )         | 168,589,756           |
| Insurance contracts with profit sharing                            | 11,995,983                                | ( 1,046,003 )          | 10,949,980           | 93,722,540                                | ( 1,059,060 )          | 92,663,480            |
| Investment contracts with a discretionary profit sharing component | 51,515,515                                | -                      | 51,515,515           | 438,869,103                               | -                      | 438,869,103           |
|  | <u>253,008,941</u>                        | <u>( 23,454,307 )</u>  | <u>229,554,634</u>   | <u>720,017,331</u>                        | <u>( 19,894,992 )</u>  | <u>700,122,339</u>    |
| <b>Non-life insurance</b>  |   |                        |                      |   |                        |                       |
| Workers' compensation  | 246,912,493                               | ( 6,299,308 )          | 240,613,185          | 237,458,500                               | ( 7,508,365 )          | 229,950,135           |
| Personal accidents and passengers                                  | 30,980,315                                | ( 9,672,558 )          | 21,307,757           | 31,637,017                                | ( 8,447,534 )          | 23,189,483            |
| Health   | 362,968,469                               | ( 354,734,411 )        | 8,234,058            | 330,986,247                               | ( 322,828,609 )        | 8,157,638             |
| Fire and other damage  | 278,091,312                               | ( 115,761,415 )        | 162,329,897          | 264,631,449                               | ( 104,575,016 )        | 160,056,433           |
| Motor  | 463,878,435                               | ( 2,236,170 )          | 461,642,265          | 459,319,789                               | ( 2,047,845 )          | 457,271,944           |
| Marine, aviation and transport                                     | 22,578,244                                | ( 14,234,865 )         | 8,343,379            | 20,152,964                                | ( 12,112,232 )         | 8,040,732             |
| Third party liability  | 57,464,236                                | ( 27,938,276 )         | 29,525,960           | 47,603,528                                | ( 15,518,225 )         | 32,085,303            |
| Credit and suretyship  | 394,295                                   | ( 253,613 )            | 140,682              | 525,543                                   | ( 393,710 )            | 131,833               |
| Legal protection   | 5,575,406                                 | ( 4,103,603 )          | 1,471,803            | 5,226,702                                 | ( 3,832,988 )          | 1,393,714             |
| Assistance   | 42,627,881                                | ( 33,993,201 )         | 8,634,680            | 41,239,704                                | ( 32,858,917 )         | 8,380,787             |
| Others   | 33,844,951                                | ( 14,066,747 )         | 19,778,204           | 32,621,688                                | ( 11,216,788 )         | 21,404,900            |
|  | <u>1,545,316,037</u>                      | <u>( 583,294,167 )</u> | <u>962,021,870</u>   | <u>1,471,403,131</u>                      | <u>( 521,340,229 )</u> | <u>950,062,902</u>    |
|  | <u>1,798,324,978</u>                      | <u>( 606,748,474 )</u> | <u>1,191,576,504</u> | <u>2,191,420,462</u>                      | <u>( 541,235,221 )</u> | <u>1,650,185,241</u>  |
| <b>Change in provision for unearned premiums</b>                   |   |                        |                      |   |                        |                       |
| <b>Life insurance</b>  |   |                        |                      |   |                        |                       |
| Insurance contracts without profit sharing                         | ( 389,994 )                               | 33,130                 | ( 356,864 )          | ( 48,656 )                                | ( 637,415 )            | ( 686,071 )           |
| Insurance contracts with profit sharing                            | 62,163                                    | ( 6,141 )              | 56,022               | 56,453                                    | 15,450                 | 71,903                |
| Investment contracts with a discretionary profit sharing component | 967                                       | -                      | 967                  | 3,665                                     | -                      | 3,665                 |
|  | <u>( 326,864 )</u>                        | <u>26,989</u>          | <u>( 299,875 )</u>   | <u>11,462</u>                             | <u>( 621,965 )</u>     | <u>( 610,503 )</u>    |
| <b>Non-life insurance</b>  |   |                        |                      |   |                        |                       |
| Workers' compensation  | ( 349,609 )                               | ( 44,151 )             | ( 393,760 )          | ( 1,425,556 )                             | 8,373                  | ( 1,417,183 )         |
| Personal accidents and passengers                                  | ( 870,899 )                               | 1,361,769              | 490,870              | ( 32,162 )                                | ( 62 )                 | ( 32,224 )            |
| Health   | ( 5,197,924 )                             | 5,402,640              | 204,716              | ( 713,970 )                               | 581,034                | ( 132,936 )           |
| Fire and other damage  | ( 4,827,748 )                             | 1,930,985              | ( 2,896,763 )        | ( 6,771,261 )                             | 2,924,153              | ( 3,847,108 )         |
| Motor  | ( 557,095 )                               | ( 172,760 )            | ( 729,855 )          | ( 8,487,864 )                             | ( 39,339 )             | ( 8,527,203 )         |
| Marine, aviation and transport                                     | ( 73,040 )                                | ( 215,616 )            | ( 288,656 )          | ( 209,099 )                               | 115,002                | ( 94,097 )            |
| Third party liability  | ( 4,036,599 )                             | 2,955,719              | ( 1,080,880 )        | ( 3,358,743 )                             | 2,259,149              | ( 1,099,594 )         |
| Credit and suretyship  | 25,831                                    | ( 34,450 )             | ( 8,619 )            | ( 7,267 )                                 | 17,861                 | 10,594                |
| Legal protection   | ( 173,037 )                               | ( 311 )                | ( 173,348 )          | ( 57,492 )                                | ( 16 )                 | ( 57,508 )            |
| Assistance   | ( 725,746 )                               | 1,240                  | ( 724,506 )          | ( 1,029,289 )                             | 9,252                  | ( 1,020,037 )         |
| Others   | ( 1,367,485 )                             | 1,406,132              | 38,647               | 544,180                                   | ( 241,735 )            | 302,445               |
|  | <u>( 18,153,351 )</u>                     | <u>12,591,197</u>      | <u>( 5,562,154 )</u> | <u>( 21,548,523 )</u>                     | <u>5,633,672</u>       | <u>( 15,914,851 )</u> |
|  | <u>( 18,480,215 )</u>                     | <u>12,618,186</u>      | <u>( 5,862,029 )</u> | <u>( 21,537,061 )</u>                     | <u>5,011,707</u>       | <u>( 16,525,354 )</u> |
| <b>Earned premiums</b>   |   |                        |                      |   |                        |                       |
| <b>Life insurance</b>  |   |                        |                      |   |                        |                       |
| Insurance contracts without profit sharing                         | 189,107,449                               | ( 22,375,174 )         | 166,732,275          | 187,377,032                               | ( 19,473,347 )         | 167,903,685           |
| Insurance contracts with profit sharing                            | 12,058,146                                | ( 1,052,144 )          | 11,006,002           | 93,778,993                                | ( 1,043,610 )          | 92,735,383            |
| Investment contracts with a discretionary profit sharing component | 51,516,482                                | -                      | 51,516,482           | 438,872,768                               | -                      | 438,872,768           |
|  | <u>252,682,077</u>                        | <u>( 23,427,318 )</u>  | <u>229,254,759</u>   | <u>720,028,793</u>                        | <u>( 20,516,957 )</u>  | <u>699,511,836</u>    |
| <b>Non-life insurance</b>  |   |                        |                      |   |                        |                       |
| Workers' compensation  | 246,562,884                               | ( 6,343,459 )          | 240,219,425          | 236,032,944                               | ( 7,499,992 )          | 228,532,952           |
| Personal accidents and passengers                                  | 30,109,416                                | ( 8,310,789 )          | 21,798,627           | 31,604,855                                | ( 8,447,596 )          | 23,157,259            |
| Health   | 357,770,545                               | ( 349,331,771 )        | 8,438,774            | 330,272,277                               | ( 322,247,575 )        | 8,024,702             |
| Fire and other damage  | 273,263,564                               | ( 113,830,430 )        | 159,433,134          | 257,860,188                               | ( 101,650,863 )        | 156,209,325           |
| Motor  | 463,321,340                               | ( 2,408,930 )          | 460,912,410          | 450,831,925                               | ( 2,087,184 )          | 448,744,741           |
| Marine, aviation and transport                                     | 22,505,204                                | ( 14,450,481 )         | 8,054,723            | 19,943,865                                | ( 11,997,230 )         | 7,946,635             |
| Third party liability  | 53,427,637                                | ( 24,982,557 )         | 28,445,080           | 44,244,785                                | ( 13,259,076 )         | 30,985,709            |
| Credit and suretyship  | 420,126                                   | ( 288,063 )            | 132,063              | 518,276                                   | ( 375,849 )            | 142,427               |
| Legal protection   | 5,402,369                                 | ( 4,103,914 )          | 1,298,455            | 5,169,210                                 | ( 3,833,004 )          | 1,336,206             |
| Assistance   | 41,902,135                                | ( 33,991,961 )         | 7,910,174            | 40,210,415                                | ( 32,849,665 )         | 7,360,750             |
| Others   | 32,477,466                                | ( 12,660,615 )         | 19,816,851           | 33,165,868                                | ( 11,458,523 )         | 21,707,345            |
|  | <u>1,527,162,686</u>                      | <u>( 570,702,970 )</u> | <u>956,459,716</u>   | <u>1,449,854,608</u>                      | <u>( 515,706,557 )</u> | <u>934,148,051</u>    |
|  | <u>1,779,844,763</u>                      | <u>( 594,130,288 )</u> | <u>1,185,714,475</u> | <u>2,169,883,401</u>                      | <u>( 536,223,514 )</u> | <u>1,633,659,887</u>  |

In 2020 and 2019, premiums for life insurance contracts may be broken down as follows:

|  | 2020                 | 2019                 |
|--|----------------------|----------------------|
| <b>Direct insurance gross premiums written</b>                               | <b>252,845,474</b>   | <b>719,804,852</b>   |
| Individual contracts   | 60,166,022           | 534,848,554          |
| Group contracts  | 192,679,452          | 184,956,298          |
|  | <b>252,845,474</b>   | <b>719,804,852</b>   |
| Periodic   | 225,368,690          | 230,644,884          |
| Non-periodic   | 27,476,784           | 489,159,968          |
|  | <b>252,845,474</b>   | <b>719,804,852</b>   |
| Contracts without profit sharing   | 189,333,975          | 187,213,210          |
| Contracts with profit sharing  | 63,511,499           | 532,591,642          |
|  | <b>252,845,474</b>   | <b>719,804,852</b>   |
| <b>Reinsurance accepted gross premiums written</b>                           | <b>163,467</b>       | <b>212,479</b>       |
| <b>Gross premiums written from direct insurance and reinsurance accepted</b> | <b>253,008,941</b>   | <b>720,017,331</b>   |
| <b>Reinsurance balance</b>   | <b>( 2,887,135 )</b> | <b>( 6,766,796 )</b> |

## **28. Fees from Insurance Contracts and Operations Considered for Accounting Purposes as Investment Contracts or Service Contracts**

In 2020 and 2019, the commissions received relating to insurance contracts and operations considered for accounting purposes as investment contracts totalled EUR 931,133 and EUR 1,215,867 respectively.

## 29. Claims Costs, Net of Reinsurance

In 2020 and 2019, this heading was composed as follows:

|  | 2020                   |                             |                        | 2019                   |                             |                        |
|--|------------------------|-----------------------------|------------------------|------------------------|-----------------------------|------------------------|
|  | Claims paid            | Changes in claims provision | Total                  | Claims paid            | Changes in claims provision | Total                  |
| <b>Life insurance</b>                            |                        |                             |                        |                        |                             |                        |
| <b>Direct insurance and reinsurance accepted</b> | 328,640,097            | ( 1,055,674 )               | 327,584,423            | 304,936,832            | ( 11,673,585 )              | 293,263,247            |
| <b>Reinsurance ceded</b>                         | ( 7,625,544 )          | 723,662                     | ( 6,901,882 )          | ( 6,610,308 )          | 1,295,200                   | ( 5,315,108 )          |
|  | <u>321,014,553</u>     | <u>( 332,012 )</u>          | <u>320,682,541</u>     | <u>298,326,524</u>     | <u>( 10,378,385 )</u>       | <u>287,948,139</u>     |
| <b>Non-life insurance</b>                        |                        |                             |                        |                        |                             |                        |
| <b>Direct insurance and reinsurance accepted</b> |                        |                             |                        |                        |                             |                        |
| Workers' compensation                            | 149,026,660            | 47,290,547                  | 196,317,207            | 172,543,183            | 36,088,705                  | 208,631,888            |
| Personal accidents and passengers                | 12,640,337             | 2,920,116                   | 15,560,453             | 16,448,496             | ( 1,566,503 )               | 14,881,993             |
| Health   | 254,049,670            | ( 8,604,429 )               | 245,445,241            | 256,359,399            | 1,590,111                   | 257,949,510            |
| Fire and other damage                            | 126,138,266            | 2,080,010                   | 128,218,276            | 143,839,458            | ( 38,986,449 )              | 104,853,009            |
| Motor  | 305,747,595            | ( 10,296,791 )              | 295,450,804            | 334,443,535            | ( 14,548,990 )              | 319,894,545            |
| Marine, aviation and transport                   | 3,543,401              | ( 4,758,208 )               | ( 1,214,807 )          | 4,288,604              | ( 879,662 )                 | 3,408,942              |
| Third party liability                            | 14,276,806             | 6,674,454                   | 20,951,260             | 16,999,086             | 8,090                       | 17,007,176             |
| Credit and suretyship                            | 39,710                 | ( 107,495 )                 | ( 67,785 )             | ( 338,635 )            | 2,783                       | ( 335,852 )            |
| Legal protection                                 | 120,525                | ( 2,639 )                   | 117,886                | 119,032                | 1,501                       | 120,533                |
| Assistance                                       | 830,576                | ( 41,377 )                  | 789,199                | 985,395                | 44,344                      | 1,029,739              |
| Others   | 9,033,083              | 6,403,997                   | 15,437,080             | 16,466,622             | ( 8,767,991 )               | 7,698,631              |
|  | <u>875,446,629</u>     | <u>41,558,185</u>           | <u>917,004,814</u>     | <u>962,154,175</u>     | <u>( 27,014,061 )</u>       | <u>935,140,114</u>     |
| <b>Reinsurance ceded</b>                         |                        |                             |                        |                        |                             |                        |
| Workers' compensation                            | ( 1,384,171 )          | 358,124                     | ( 1,026,047 )          | ( 568,670 )            | ( 776,457 )                 | ( 1,345,127 )          |
| Personal accidents and passengers                | ( 2,079,184 )          | ( 538,872 )                 | ( 2,618,056 )          | ( 1,794,366 )          | 1,528,847                   | ( 265,519 )            |
| Health   | ( 248,618,536 )        | 9,075,619                   | ( 239,542,917 )        | ( 248,139,882 )        | ( 1,378,647 )               | ( 249,518,529 )        |
| Fire and other damage                            | ( 39,256,607 )         | ( 186,053 )                 | ( 39,442,660 )         | ( 61,343,082 )         | 36,990,453                  | ( 24,352,629 )         |
| Motor  | ( 1,546,417 )          | 836,968                     | ( 709,449 )            | ( 195,588 )            | ( 5,746,338 )               | ( 5,941,926 )          |
| Marine, aviation and transport                   | ( 564,782 )            | 4,944,619                   | 4,379,837              | ( 912,466 )            | 1,101,650                   | 189,184                |
| Third party liability                            | ( 2,556,693 )          | ( 2,608,179 )               | ( 5,164,872 )          | ( 3,749,097 )          | 877,656                     | ( 2,871,441 )          |
| Credit and suretyship                            | -                      | 12                          | 12                     | -                      | 11,735                      | 11,735                 |
| Assistance                                       | 25,546                 | 2,307                       | 27,853                 | ( 28,346 )             | ( 8,332 )                   | ( 36,678 )             |
| Others   | ( 292,951 )            | ( 5,805,535 )               | ( 6,098,486 )          | ( 6,393,768 )          | 8,803,276                   | 2,409,508              |
|  | <u>( 296,273,795 )</u> | <u>6,079,010</u>            | <u>( 290,194,785 )</u> | <u>( 323,125,265 )</u> | <u>41,403,843</u>           | <u>( 281,721,422 )</u> |
|  | <u>579,172,834</u>     | <u>47,637,195</u>           | <u>626,810,029</u>     | <u>639,028,910</u>     | <u>14,389,782</u>           | <u>653,418,692</u>     |
|  | <u>900,187,387</u>     | <u>47,305,183</u>           | <u>947,492,570</u>     | <u>937,355,434</u>     | <u>4,011,397</u>            | <u>941,366,831</u>     |

"Claims paid" includes costs with claims management and refunds processed by the Company.

The following is a breakdown of claims costs and changes in other life insurance technical provisions in 2020 and 2019:

|  | 2020                 |                             |                      |                                       |                                    |                  |
|--|----------------------|-----------------------------|----------------------|---------------------------------------|------------------------------------|------------------|
|  | Claims paid          | Changes in claims provision | Sub-total            | Changes in other technical provisions | Changes in mathematical provisions | Profit sharing   |
| <b>Direct insurance and reinsurance accepted</b>                   |                      |                             |                      |                                       |                                    |                  |
| Insurance contracts  | 97,683,965           | ( 8,236,321 )               | 89,447,644           | ( 109,882 )                           | 12,860,558                         | 4,433,695        |
| Investment contracts with a discretionary profit sharing component | 230,956,132          | 7,180,647                   | 238,136,779          | ( 159,833 )                           | ( 170,757,489 )                    | ( 2,145,920 )    |
|  | <u>328,640,097</u>   | <u>( 1,055,674 )</u>        | <u>327,584,423</u>   | <u>( 269,715 )</u>                    | <u>( 157,896,931 )</u>             | <u>2,287,775</u> |
| <b>Reinsurance ceded</b>   |                      |                             |                      |                                       |                                    |                  |
| Insurance contracts  | ( 7,625,544 )        | 723,662                     | ( 6,901,882 )        | -                                     | ( 5,872,735 )                      | -                |
|  | <u>( 7,625,544 )</u> | <u>723,662</u>              | <u>( 6,901,882 )</u> | <u>-</u>                              | <u>( 5,872,735 )</u>               | <u>-</u>         |
| <b>Net</b>   |                      |                             |                      |                                       |                                    |                  |
| Insurance contracts  | 90,058,421           | ( 7,512,659 )               | 82,545,762           | ( 109,882 )                           | 6,987,823                          | 4,433,695        |
| Investment contracts with a discretionary profit sharing component | 230,956,132          | 7,180,647                   | 238,136,779          | ( 159,833 )                           | ( 170,757,489 )                    | ( 2,145,920 )    |
|  | <u>321,014,553</u>   | <u>( 332,012 )</u>          | <u>320,682,541</u>   | <u>( 269,715 )</u>                    | <u>( 163,769,666 )</u>             | <u>2,287,775</u> |
|  |                      |                             |                      |                                       |                                    |                  |
|  | 2019                 |                             |                      |                                       |                                    |                  |
|  | Claims paid          | Changes in claims provision | Sub-total            | Changes in other technical provisions | Changes in mathematical provisions | Profit sharing   |
| <b>Direct insurance and reinsurance accepted</b>                   |                      |                             |                      |                                       |                                    |                  |
| Insurance contracts  | 116,064,100          | ( 13,457,010 )              | 102,607,090          | 437,308                               | 82,529,349                         | 3,997,544        |
| Investment contracts with a discretionary profit sharing component | 188,872,732          | 1,783,425                   | 190,656,157          | 6,488,745                             | 272,731,167                        | 5,527,254        |
|  | <u>304,936,832</u>   | <u>( 11,673,585 )</u>       | <u>293,263,247</u>   | <u>6,926,053</u>                      | <u>355,260,516</u>                 | <u>9,524,798</u> |
| <b>Reinsurance ceded</b>   |                      |                             |                      |                                       |                                    |                  |
| Insurance contracts  | ( 6,610,308 )        | 1,295,200                   | ( 5,315,108 )        | -                                     | ( 2,715,648 )                      | -                |
|  | <u>( 6,610,308 )</u> | <u>1,295,200</u>            | <u>( 5,315,108 )</u> | <u>-</u>                              | <u>( 2,715,648 )</u>               | <u>-</u>         |
| <b>Net</b>   |                      |                             |                      |                                       |                                    |                  |
| Insurance contracts  | 109,453,792          | ( 12,161,810 )              | 97,291,982           | 437,308                               | 79,813,701                         | 3,997,544        |
| Investment contracts with a discretionary profit sharing component | 188,872,732          | 1,783,425                   | 190,656,157          | 6,488,745                             | 272,731,167                        | 5,527,254        |
|  | <u>298,326,524</u>   | <u>( 10,378,385 )</u>       | <u>287,948,139</u>   | <u>6,926,053</u>                      | <u>352,544,868</u>                 | <u>9,524,798</u> |

In 2020 and 2019, changes in other technical provisions include the reversal of the provision to stabilise the portfolio and the provision for unexpired risks of EUR 109,882 and the allocation of EUR 437,308, respectively. In 2020 and 2019, this heading also includes the reversal of EUR 159,833 and the allocation of EUR 6,488,745 respectively, to the provision for interest rate commitments.

### 30. Net Operating Costs, by Type and Function

In 2020 and 2019, Fidelidade's operating costs, by type, were as follows:

|  | 2020        | 2019          |
|--|-------------|---------------|
| Employee costs (Note 31)   | 143,926,732 | 152,343,339   |
| External supplies and services                                   |             |               |
| Electricity  | 1,424,787   | 1,694,219     |
| Fuel   | 458,833     | 670,640       |
| Water  | 161,132     | 202,022       |
| Printed Material   | 320,790     | 337,281       |
| Office supplies  | 122,849     | 212,219       |
| Conservation and repair  | 5,743,931   | 6,599,042     |
| Rents and leases   | 5,460,318   | 9,047,940     |
| Representation expenses  | 715,377     | 1,023,708     |
| Communication  | 7,089,771   | 6,262,896     |
| Travel and accommodation   | 1,794,923   | 4,390,261     |
| Insurance  | 651,054     | 438,013       |
| Expenditure with self-employed workers                           | 359,520     | 419,758       |
| Advertising and publicity  | 14,792,256  | 12,881,340    |
| Litigation and notary expenses                                   | 249,764     | 263,773       |
| Security and surveillance  | 1,292,264   | 1,276,578     |
| Specialist work  | 63,132,313  | 56,287,264    |
| Contributions  | 1,640,131   | 1,186,481     |
| Cleanliness, hygiene and comfort                                 | 1,656,905   | 1,464,675     |
| Expenses with premium collections                                | 1,422,181   | 1,314,515     |
| Software licences  | 10,131,566  | 9,503,606     |
| Others   | 3,336,737   | 3,676,399     |
|  | 121,957,402 | 119,152,630   |
| Taxes and charges  | 11,038,782  | 11,509,095    |
| Depreciation and amortisation for the year (Notes 10, 12 and 13) | 19,918,519  | 17,454,172    |
| Other provisions   | 14,119,638  | ( 9,388,366 ) |
| Commissions  | 5,868,315   | 6,373,991     |
| Interest paid  | 2,024,429   | 1,704,829     |
|  | 318,853,817 | 299,149,690   |

In 2020 the cost with interest related to leasings are as follow:

|                    | 2020              |                     | 2019              |                     |
|--------------------|-------------------|---------------------|-------------------|---------------------|
|                    | Financial leasing | Operational leasing | Financial leasing | Operational leasing |
| Land and Buildings | -                 | 269,014             | 5,868             | 207,419             |
| IT equipment       | -                 | -                   | -                 | 21,953              |
| Transport material | -                 | 15,079              | -                 | 13,979              |
| <b>Total</b>       | -                 | 284,093             | 5,868             | 221,398             |

In 2020 and 2019 the Company also incurred in the following costs related with leasings:

|                               | 2020                                      |                                      |  |
|-------------------------------|---|--------------------------------------|--|
|                               | Depreciation<br>of right of use<br>assets | Expense<br>relating to<br>short-term | Expense<br>relating to low<br>value assets |
| Land and Buildings            | 9,759,406                                 | -                                    | -  |
| Machinery and tools equipment | -   | 15,856                               | -  |
| IT equipment                  | 1,792,303                                 | 243,578                              | -  |
| Transport material            | 1,084,702                                 | -                                    | 13,416                                     |
| Other equipment               | -   | 186,560                              | -  |
|                               | <u>12,636,411</u>                         | <u>445,994</u>                       | <u>13,416</u>                              |

|                               | 2019                                      |                                      |  |
|-------------------------------|---|--------------------------------------|--|
|                               | Depreciation<br>of right-of-use<br>assets | Expense<br>relating to<br>short-term | Expense<br>relating to low<br>value assets |
| Land and Buildings            | 6,469,036                                 | -                                    | -  |
| Machinery and tools equipment | -   | -                                    | 13,797                                     |
| IT equipment                  | 1,287,603                                 | -                                    | -  |
| Transport material            | 1,075,857                                 | 72,354                               | -  |
| Other equipment               |   |                                      | 237,480                                    |
|                               | <u>8,832,496</u>                          | <u>72,354</u>                        | <u>251,277</u>                             |

In 2020 and 2019, the balance of reinsurance commissions and profit sharing is as follows:

|                               | 2020              |                            |                    |
|-------------------------------|-------------------|----------------------------|--------------------|
|                               | Commissions       | Reinsurance profit sharing | Total              |
| Related to life insurance     | 3,364,694         | 4,400,872                  | 7,765,566          |
| Related to non-life insurance | 88,262,590        | 7,075,203                  | 95,337,793         |
|                               | <u>91,627,284</u> | <u>11,476,075</u>          | <u>103,103,359</u> |

|                               | 2019              |                            |                   |
|-------------------------------|-------------------|----------------------------|-------------------|
|                               | Commissions       | Reinsurance profit sharing | Total             |
| Related to life insurance     | 1,862,666         | 3,856,739                  | 5,719,405         |
| Related to non-life insurance | 62,747,687        | 3,258,767                  | 66,006,454        |
|                               | <u>64,610,353</u> | <u>7,115,506</u>           | <u>71,725,859</u> |

In the 2020 and 2019 profit and loss statement, these costs were as follows:

|                                   | 2020                         |                                  |                             |               |
|-----------------------------------|------------------------------|----------------------------------|-----------------------------|---------------|
|                                   | Life<br>technical<br>account | Non life<br>technical<br>account | Non<br>technical<br>account | Total         |
| Claims costs - amounts paid       |                              |                                  |                             |               |
| Cost allocations                  | 9,997,268                    | 52,700,205                       | -                           | 62,697,473    |
| Technical costs                   | 318,642,829                  | 822,746,424                      | -                           | 1,141,389,253 |
|                                   | 328,640,097                  | 875,446,629                      | -                           | 1,204,086,726 |
| Acquisition costs                 |                              |                                  |                             |               |
| Cost allocations                  | 20,516,330                   | 107,669,256                      | -                           | 128,185,586   |
| Brokerage commissions             | 58,858,303                   | 196,048,420                      | -                           | 254,906,723   |
| Others                            | 148,371                      | 1,054,642                        | -                           | 1,203,013     |
|                                   | 79,523,004                   | 304,772,318                      | -                           | 384,295,322   |
| Administrative expenses           |                              |                                  |                             |               |
| Cost allocations                  | 22,607,074                   | 71,540,693                       | -                           | 94,147,767    |
| Brokerage remuneration            | 75,485                       | 4,847,296                        | -                           | 4,922,781     |
| Others                            | 326                          | 1,706,479                        | -                           | 1,706,805     |
|                                   | 22,682,885                   | 78,094,468                       | -                           | 100,777,353   |
| Financial expenses (Note 34)      |                              |                                  |                             |               |
| Cost allocations                  | 16,365,922                   | 7,103,681                        | 10,353,388                  | 33,822,991    |
| Others                            | 996,054                      | 190,079                          | 486,472                     | 1,672,605     |
|                                   | 17,361,976                   | 7,293,760                        | 10,839,860                  | 35,495,596    |
| Total operating costs allocations | 69,486,594                   | 239,013,835                      | 10,353,388                  | 318,853,817   |
|                                   |                              |                                  |                             |               |
|                                   | 2019                         |                                  |                             |               |
|                                   | Life<br>technical<br>account | Non life<br>technical<br>account | Non<br>technical<br>account | Total         |
| Claims costs - amounts paid       |                              |                                  |                             |               |
| Cost allocations                  | 8,504,430                    | 54,004,661                       | -                           | 62,509,091    |
| Technical costs                   | 296,432,402                  | 908,149,514                      | -                           | 1,204,581,916 |
|                                   | 304,936,832                  | 962,154,175                      | -                           | 1,267,091,007 |
| Acquisition costs                 |                              |                                  |                             |               |
| Cost allocations                  | 26,794,759                   | 91,542,643                       | -                           | 118,337,402   |
| Brokerage commissions             | 56,517,664                   | 185,173,998                      | -                           | 241,691,662   |
| Others                            | 202,040                      | 1,281,077                        | -                           | 1,483,117     |
|                                   | 83,514,463                   | 277,997,718                      | -                           | 361,512,181   |
| Administrative expenses           |                              |                                  |                             |               |
| Cost allocations                  | 21,564,943                   | 68,729,605                       | -                           | 90,294,548    |
| Brokerage remuneration            | 70,313                       | 6,502,323                        | -                           | 6,572,636     |
| Others                            | 231                          | 1,509,577                        | -                           | 1,509,808     |
|                                   | 21,635,487                   | 76,741,505                       | -                           | 98,376,992    |
| Financial expenses (Note 34)      |                              |                                  |                             |               |
| Cost allocations                  | 9,356,442                    | 8,008,160                        | 10,644,047                  | 28,008,649    |
| Others                            | 872,406                      | 181,069                          | 240,066                     | 1,293,541     |
|                                   | 10,228,848                   | 8,189,229                        | 10,884,113                  | 29,302,190    |
| Total operating costs allocations | 66,220,574                   | 222,285,069                      | 10,644,047                  | 299,149,690   |



## 31. Employee Costs

In 2020 and 2019, this heading was composed as follows:

|                                    | 2020               | 2019               |
|------------------------------------|--------------------|--------------------|
| Remuneration                       |                    |                    |
| Statutory bodies                   | 4,150,118          | 4,580,197          |
| Employees                          | 97,331,151         | 96,774,315         |
| Remuneration expenses              | 22,310,445         | 21,963,334         |
| Post-employment benefits           | 4,566,593          | 9,156,934          |
| Termination of employment benefits | 2,742,223          | 3,386,073          |
| Mandatory insurance                | 2,097,106          | 2,136,272          |
| Social action costs                | 8,101,296          | 8,820,079          |
| Other employee costs               | 2,627,800          | 5,526,135          |
|                                    | <u>143,926,732</u> | <u>152,343,339</u> |

The existence of structures which are transversal to some of the companies in the Group creates the need to allocate common costs between several companies, based on breakdown keys subordinated to the cost-benefit principle. Consequently, in 2020 and 2019, employee costs included the impact resulting from the following movements with related entities:

|  | 2020                 | 2019                 |
|--|----------------------|----------------------|
| Expenses with Company employees performing functions for                   |                      |                      |
| Multicare - Seguros de Saúde, S.A.   | ( 3,325,769 )        | ( 3,408,032 )        |
| Fidelidade - Property Europe, S.A.   | ( 538,974 )          | ( 248,996 )          |
| Fidelidade Assistência - Companhia de Seguros, S.A.                        | ( 391,018 )          | ( 300,597 )          |
| Fidelidade -Sociedade Gestora de Organismos de Investimento Coletivo, S.A. | ( 176,628 )          | ( 176,268 )          |
| Via Directa - Companhia de Seguros, S.A.                                   | ( 165,495 )          | ( 135,651 )          |
| GEP - Gestão de Peritagens Automóveis, S.A.                                | ( 161,912 )          | ( 53,164 )           |
| Others   | ( 311,686 )          | ( 558,884 )          |
|  | <u>( 5,071,481 )</u> | <u>( 4,881,591 )</u> |

In 2020 and 2019, the costs of post-employment benefits were as follows:

|                                | 2020             | 2019             |
|--------------------------------|------------------|------------------|
| Post-employment benefits       |                  |                  |
| Defined benefit plan (Note 32) | 1,464,297        | 7,023,908        |
| Individual retirement plan     | 1,257,073        | 1,241,564        |
| Employee transfer              | ( 66,907 )       | ( 7,076 )        |
| Other costs                    | 1,912,131        | 898,538          |
|                                | <u>4,566,593</u> | <u>9,156,934</u> |

In 2020 and 2019, the heading “Post-employment benefits – Employee transfer” corresponds to the cost of post-employment benefits for employees of the Company who were assigned to other entities in the Group.

In 2020 and 2019, the number of employees working for the Company, by category, was as follows:

|                   | 2020         | 2019         |
|-------------------|--------------|--------------|
| Senior management | 38           | 38           |
| Line management   | 304          | 297          |
| Technical         | 1,477        | 1,344        |
| Administrative    | 771          | 805          |
| Ancillary         | 5            | 5            |
|                   | <u>2,595</u> | <u>2,489</u> |

In 2019 and 2020, the Company established an estimate for optional career benefits of EUR 447,566 and EUR 461,096 respectively.

## 32. Retirement Pensions and Other Long-Term Benefits

At 31 December 2020 and 2019, the headings “Assets for post-employment benefits and other long-term benefits” and “Liabilities for post-employment benefits and other long-term benefits” were as follows:

|                           | 2020             | 2019             |
|---------------------------|------------------|------------------|
| <b>Assets</b>             |                  |                  |
| Defined benefit plan      | 6,817,869        | 4,131,028        |
| <b>Liabilities</b>        |                  |                  |
| Defined contribution plan | ( 86,499 )       | ( 85,078 )       |
|                           | <u>6,731,370</u> | <u>4,045,950</u> |

Regarding 2020, in the “Defined contribution plan” the Company recorded a cost of EUR 1,246,498, with the payment of EUR 86,499 still pending, which corresponds to December 2020 contributions that were paid in January 2021.

### Defined Contribution Plan

Within the scope of the new collective employment agreement applicable to companies in the Insurance Sector of the Fidelidade Group, published on 8 February 2019, all permanent employees and, also, those whose employment contracts are suspended due to illness or workplace accidents, covered by this Collective Labour Regulation Instrument (CLRI), are entitled to an individual retirement plan (“IRP”), a defined contribution plan which replaces the system of retirement pensions set out in the former CLRI’s.

The provisions of the previous defined benefit plan apply to active workers in full employment, with employment contracts for an indefinite period, who are not covered by the above-mentioned Collective Labour Regulation Instruments (CLRI) for the insurance sector.

In line with the rules set out in the new CEAs, the capitalised amount of the payments into the IRP can be claimed by the employee, in accordance with the law, on the date he/she retires through the Social Security system due to disability or old age, and there is a capital guarantee on the amounts of the initial transfer and the contributions made by the Company and by the beneficiaries themselves.

In the event of the death of an employee, the capitalised amount of the payments reverts to the beneficiaries named by the employee or, where these are not named, to his/her legal heirs.

The Company's contributions to the individual retirement plan are made in line with that set out in Chapter VIII of the aforementioned CLRI and correspond to the sum resulting from the application of 3.25% to each employee's basic annual salary.

At 31 December 2020 and 2019, the liabilities and assets of Fidelidade's Individual Retirement Plan were:

|  |                   |
|--|-------------------|
| <b>Liabilities at 31 December 2019</b> | <b>26,324,262</b> |
| Expenses for the year                  | 1,246,498         |
| <b>Liabilities at 31 December 2020</b> | <b>27,570,760</b> |
| <b>Assets at 31 December 2019</b>      | <b>26,239,184</b> |
| Contributions                          | 1,245,077         |
| <b>Assets at 31 December 2020</b>      | <b>27,484,261</b> |
| <b>Difference</b>                      | <b>1.00</b>       |
| Funding level                          | <b>99.69%</b>     |

### Defined Benefit Plan

In line with the collective employment agreement previously in force for the insurance activity (CEA 2008), the Company granted to its employees hired by the insurance activity prior to June 1995, cash payments, to complement the retirement pensions paid by the Social Security services. The amount of these payments varied according to the employee's remuneration, the number of years contributing to Social Security, the history of remuneration on which Social Security was collected and also, in the case of disability, the number of years in the insurance activity. Currently, this Plan covers pension fund beneficiaries (retired employees) and workers covered by the 2008 CEA, who took early retirement before 31 December 2018.

In addition, the former Império Bonança granted the following benefits:

- Between 1999 and 2005, it assumed, in situations of early retirement, the payment of a whole life pension which corresponded to the difference between 80% of the last remuneration and the amount paid by the Social Security.
- It assumed the commitment to extend the benefits set out in the collective employment agreement to employees hired up to June 2005 and also to grant to the beneficiaries of the pensions fund, the additional benefits guaranteed by the complementary plan which was in force at the Millennium bcp Group, to which the company belonged until 31 January 2005. The liabilities associated with the complementary plan are financed by the related pension fund.
- For a very small group of employees (4), with "XVII internal salary levels", coming from the former Império, there is a commitment, when they retire, to award a supplement to the Social Security pension, to 80% of their remuneration at the time they retire.

## Determination of liabilities with defined benefit plans

Liabilities for current payments of retirement pensions and the past services of current employees, at 31 December 2020 and 2019, were determined by Fidelidade's life insurance actuarial department.

The assumptions and technical bases used to calculate the liabilities were as follows:

|                            | 2020                     | 2019                     |
|----------------------------|--------------------------|--------------------------|
| Actuarial method           | Projected<br>Unit Credit | Projected<br>Unit Credit |
| Mortality table            |                          |                          |
| Men                        | TV 73/77 (-2)            | TV 73/77 (-2)            |
| Women                      | TV 88/90 (-2)            | TV 88/90 (-2)            |
| Discount rate              | 0.75%                    | 1.00%                    |
| Salary growth rate         | 2.40%                    | 2.40%                    |
| Pensions growth rate       | 0.75%                    | 0.75%                    |
| Pre-retirement growth rate | 1.25%                    | 1.25%                    |
| Exclusions table           | n/a                      | n/a                      |

The following table provides a comparison between the actuarial and financial assumptions used to determine Fidelidade's pension costs for 2020 and 2019 and the actual amounts:

|                      | 2020        |       | 2019        |       |
|----------------------|-------------|-------|-------------|-------|
|                      | Assumptions | Real  | Assumptions | Real  |
| Salary growth rate   | 2.40%       | 1.27% | 2.40%       | 4.57% |
| Pensions growth rate | 0.75%       | 0.21% | 0.75%       | 0.23% |

At 31 December 2020 and 2019, Fidelidade's liabilities for past service, based on the actuarial studies performed, and the funds and provisions available, were as follows:

|                               | 2020               | 2019               |
|-------------------------------|--------------------|--------------------|
| Liabilities for past services |                    |                    |
| Active employees              | 13,109,637         | 10,252,540         |
| Retired and pre-retired       | 143,346,088        | 159,625,021        |
|                               | <u>156,455,725</u> | <u>169,877,561</u> |
| Autonomous pension funds      | 126,635,008        | 134,619,928        |
| Mathematical provisions       | 36,638,586         | 39,388,661         |
|                               | <u>163,273,594</u> | <u>174,008,589</u> |
| Difference                    | <u>6,817,869</u>   | <u>4,131,028</u>   |
| Funding level                 | <u>104.36%</u>     | <u>102.43%</u>     |

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

- the full funding of the current amount of the liability with current pensions, including pre-retirement and early retirement provisions payable up until the normal age of retirement and subsequently; and
- the funding of at least 95% of the current amount of the liability for past service of employees of working age, excluding those who are pre-retired or in early retirement.

At 31 December 2020 and 2019, Fidelidade's liabilities for past service were fully funded.

The pensions plan is non-contributory and independent of social security, and is funded by the Company's pension fund.

Fidelidade's defined benefit pension funds have the following average durations:

- Fidelidade – Companhia de Seguros, S.A.:
 

|                                |             |
|--------------------------------|-------------|
| Fidelidade Pension Fund        | 8.06 years  |
| Mundial Confiança Pension Fund | 6.66 years  |
| Império Bonança Pension Fund   | 11.47 years |
| Ex-Império Pension Fund        | 14.70 years |

At 31 December 2020 and 2019, the number of beneficiaries was as follows:

|                         | 2020         | 2019         |
|-------------------------|--------------|--------------|
| Active employees        | 898          | 914          |
| Retired and pre-retired | 1,875        | 2,011        |
| Annuity holders         | 390          | 426          |
|                         | <u>3,163</u> | <u>3,351</u> |

The movements in the pension fund and in the mathematical provisions during 2020 and 2019 were as follows:

|   |                    |
|---|--------------------|
| <b>Balances at 31 December 2018</b>             | <u>181,733,953</u> |
| Contributions                                   | 8,919,998          |
| Change in mathematical provisions               | ( 2,775,771 )      |
| Pensions paid                                   | ( 19,298,322 )     |
| (Payments)/ Receipts relating to other benefits | ( 635,312 )        |
| Net income of pension funds                     | 6,064,043          |
| <b>Balances at 31 December 2019</b>             | <u>174,008,589</u> |
| Corrections                                     | 2,528,264          |
| Contributions                                   | 2,820,000          |
| Change in mathematical provisions               | ( 2,750,073 )      |
| Pensions paid                                   | ( 17,468,233 )     |
| (Payments)/ Receipts relating to other benefits | ( 617,865 )        |
| Net income of pension funds                     | 4,752,912          |
| <b>Balances at 31 December 2020</b>             | <u>163,273,594</u> |

At 31 December 2020 and 2019, Fidelidade's Pension Funds were managed by CGD Pensões – Sociedade Gestora de Fundos de Pensões, S.A..

At 31 December 2020 and 2019, the pension fund assets were composed as follows, according to the respective valuation sources:

|                           | 2020              |                   |                    | 2019              |                   |                    |
|---------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
|                           | Market value      | Others            | Portfolio value    | Market value      | Others            | Portfolio value    |
| <b>Equity instruments</b> | 524,516           | -                 | 524,516            | 542,662           | -                 | 542,662            |
| <b>Debt instruments</b>   |                   |                   |                    |                   |                   |                    |
| Public debt               | 7,093,082         | 9,277,158         | 16,370,240         | 5,439,060         | 11,434,613        | 16,873,673         |
| Other issuers             | 37,880,734        | 33,809,327        | 71,690,061         | 38,748,558        | 40,042,674        | 78,791,232         |
|                           | <u>44,973,816</u> | <u>43,086,485</u> | <u>88,060,301</u>  | <u>44,187,618</u> | <u>51,477,287</u> | <u>95,664,905</u>  |
| <b>Real Estate</b>        | 16,308,310        | -                 | 16,308,310         | 14,267,910        | -                 | 14,267,910         |
| <b>Investment funds</b>   |                   |                   |                    |                   |                   |                    |
| European shares           | 2,014,812         | -                 | 2,014,812          | 2,734,655         | -                 | 2,734,655          |
| Real Estate               | 4,032,444         | -                 | 4,032,444          | 4,291,029         | -                 | 4,291,029          |
| Bonds                     |                   |                   |                    |                   |                   |                    |
| Other issuers             | 5,783,333         | -                 | 5,783,333          | 1,483,457         | -                 | 1,483,457          |
| Treasury                  | 2,152,789         | -                 | 2,152,789          | 1,928,551         | -                 | 1,928,551          |
| Others                    | 565,768           | -                 | 565,768            | 693,616           | -                 | 693,616            |
|                           | <u>14,549,146</u> | <u>-</u>          | <u>14,549,146</u>  | <u>11,131,308</u> | <u>-</u>          | <u>11,131,308</u>  |
| <b>Others</b>             | 7,192,735         | -                 | 7,192,735          | 13,013,143        | -                 | 13,013,143         |
|                           | <u>83,548,523</u> | <u>43,086,485</u> | <u>126,635,008</u> | <u>83,142,641</u> | <u>51,477,287</u> | <u>134,619,928</u> |

On these dates, the pension fund portfolio contained the following assets issued or managed by entities in the CGD Group:

|                         | 2020             | 2019             |
|-------------------------|------------------|------------------|
| <b>Debt instruments</b> | 510,046          | 302,190          |
| <b>Investment funds</b> |                  |                  |
| Real estate             | 2,228,288        | 2,213,971        |
| Bonds                   |                  |                  |
| Other issuers           | 4,021,226        | 1,023,916        |
| Others                  | 565,768          | 582,742          |
|                         | <u>6,815,282</u> | <u>3,820,629</u> |
|                         | <u>7,325,328</u> | <u>4,122,819</u> |

The change in the difference between the Company's liabilities for past services and the respective cover, and the corresponding impact on the financial statements at 31 December 2020 and 2019, can be demonstrated as follows:

|   | Liabilities        | Cover              | Difference           |
|---|--------------------|--------------------|----------------------|
| <b>Position at 31 December 2018</b>                               | <b>174,622,261</b> | <b>181,733,953</b> | <b>7,111,692</b>     |
| Current services expenses   | 106,233            | -                  | ( 106,233 )          |
| Net defined benefit interest                                      | 2,456,174          | 2,598,407          | 142,233              |
| Normal cost for the year  | 2,562,407          | 2,598,407          | 36,000               |
| Increased liabilities for early retirements                       | 6,424,596          | -                  | ( 6,424,596 )        |
| Other changes in the income statement                             | -                  | ( 635,312 )        | ( 635,312 )          |
| <b>Changes having an impact in the income statement (Note 31)</b> | <b>8,987,003</b>   | <b>1,963,095</b>   | <b>( 7,023,908 )</b> |
| Actuarial gains and losses  |                    |                    |                      |
| return on plan assets, not included in interest income            | -                  | 3,465,634          | 3,465,634            |
| resulting from changes in financial assumptions                   | 11,726,879         | -                  | ( 11,726,879 )       |
| resulting from differences between assumptions and actual amounts | ( 3,384,484 )      | -                  | 3,384,484            |
| <b>Changes with an impact on shareholders' equity</b>             | <b>8,342,395</b>   | <b>3,465,634</b>   | <b>( 4,876,761 )</b> |
| Contributions to the plan   |                    |                    |                      |
| paid by entity  | -                  | 8,920,005          | 8,920,005            |
| Change in mathematical provisions                                 | ( 2,775,772 )      | ( 2,775,772 )      | -                    |
| Payment made by the plan  |                    |                    |                      |
| pensions paid   | ( 19,298,326 )     | ( 19,298,326 )     | -                    |
| <b>Position at 31 December 2019</b>                               | <b>169,877,561</b> | <b>174,008,589</b> | <b>4,131,028</b>     |
| Impact of the change in the retirement age                        | 2,415,078          | 2,528,264          | 113,186              |
| Current services expenses   | 170,582            | -                  | ( 170,582 )          |
| Net defined benefit interest                                      | 1,248,893          | 1,289,454          | 40,561               |
| Normal cost for the year  | 1,419,475          | 1,289,454          | ( 130,021 )          |
| Increased liabilities for early retirements                       | 716,411            | -                  | ( 716,411 )          |
| Other changes in the income statement                             | -                  | ( 617,865 )        | ( 617,865 )          |
| <b>Changes having an impact in the income statement (Note 31)</b> | <b>2,135,886</b>   | <b>671,589</b>     | <b>( 1,464,297 )</b> |
| Actuarial gains and losses  |                    |                    |                      |
| return on plan assets, not included in interest income            | -                  | 3,463,460          | 3,463,460            |
| resulting from changes in financial assumptions                   | 2,671,681          | -                  | ( 2,671,681 )        |
| resulting from differences between assumptions and actual amounts | ( 426,174 )        | -                  | 426,174              |
| <b>Changes with an impact on shareholders' equity</b>             | <b>2,245,507</b>   | <b>3,463,460</b>   | <b>1,217,953</b>     |
| Contributions to the plan   |                    |                    |                      |
| paid by entity  | -                  | 2,819,999          | 2,819,999            |
| Change in mathematical provisions                                 | ( 2,750,075 )      | ( 2,750,075 )      | -                    |
| Payment made by the plan  |                    |                    |                      |
| pensions paid   | ( 17,468,232 )     | ( 17,468,232 )     | -                    |
| <b>Position at 31 December 2020</b>                               | <b>156,455,725</b> | <b>163,273,594</b> | <b>6,817,869</b>     |

## Medical assistance

The Company contributes part of the cost of health insurance provided for its retired and pre-retired employees. In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

At 31 December 2020 and 2019, these liabilities totalled EUR 27,006,755 and EUR 22,784,917, respectively, and were covered by provisions (Note 24). The actuarial deviations determined at 31 December 2020 and 2019 relating to this benefit amounted to EUR 3,938,799 and EUR 3,196,869, respectively.

Liabilities for past service with medical assistance were determined on the basis of actuarial studies performed by Fidelidade's life actuarial department, using actuarial assumptions identical to those presented above for liabilities with pensions.

### Sensitivity analysis

At 31 December 2020, the sensitivity of the defined benefit liabilities assumed by the Company, due to significant changes in the assumptions, excluding the liabilities covered by whole life annuities, corresponds to:

| Scenarios                              |                                   | 2020               | A                  | B                  | C                  |
|--|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Financial Assumptions</b>           |                                   |                    |                    |                    |                    |
|  | Discount Rate                     | 0.75%              | 0.50%              | 1.00%              | 0.75%              |
|  | Salary Growth Rate                | 2.40%              | 2.40%              | 2.40%              | 2.40%              |
|  | Pre-retirement Salary Growth Rate | 1.25%              | 1.25%              | 1.25%              | 1.25%              |
|  | Pensions Growth Rate              | 0.75%              | 0.75%              | 0.75%              | 0.75%              |
| <b>Demographic Assumptions</b>         |                                   |                    |                    |                    |                    |
|  | Mortality table                   |                    |                    |                    |                    |
|  | > Women                           | TV 88/90 (-2)      | TV 88/90 (-2)      | TV 88/90 (-2)      | TV 88/90 (-2)      |
|  | > Men                             | TV 73/77 (-2)      | TV 73/77 (-2)      | TV 73/77 (-2)      | TV 88/90 (-2)      |
|  | Age of Retirement                 | 0                  | 0                  | 0                  | 0                  |
| <b>Liabilities at 31 December 2020</b> |                                   |                    |                    |                    |                    |
| Scenarios                              |                                   | 2020               | A                  | B                  | C                  |
| Retirees                               | Old age                           | 49,117,625         | 50,107,300         | 48,162,310         | 53,623,044         |
|  | Early retirement                  | 13,791,755         | 14,083,844         | 13,509,455         | 14,997,360         |
|  | Disability                        | 8,358,852          | 8,648,206          | 8,084,151          | 8,838,933          |
| Pensioners                             | Widow/Widower                     | 4,359,625          | 4,451,272          | 4,271,385          | 4,373,238          |
|  | Orphan                            | 165,807            | 173,787            | 158,361            | 167,106            |
| Pre-retirees                           | Pension up to Retirement Age      | 22,771,821         | 22,920,774         | 22,624,770         | 22,845,200         |
|  | Costs up to Retirement Age        | 6,032,266          | 6,072,034          | 5,993,008          | 6,051,988          |
|  | Pension after Retirement Age      |                    |                    |                    |                    |
|  | > CEA Plan                        | 1,752,606          | 1,811,950          | 1,696,037          | 1,928,192          |
|  | > Complementary Plan              | 357,146            | 371,282            | 343,732            | 365,683            |
| Active employees                       | CEA Plan                          | 4,486,155          | 4,752,678          | 4,237,915          | 4,730,352          |
|  | Complementary Plan                | 8,623,481          | 9,043,578          | 8,234,049          | 8,954,322          |
| <b>Totals</b>                          |                                   | <b>119,817,139</b> | <b>122,436,705</b> | <b>117,315,173</b> | <b>126,875,418</b> |

The information in the above table was prepared based on the method used to calculate the liabilities for accounting purposes, not including mathematical provisions, of EUR 36,638,586.



### 33. Income

In 2020 and 2019, the investment income headings were composed as follows:

|  | 2020               |                   |                  |                    |
|--|--------------------|-------------------|------------------|--------------------|
|  | Interest           | Dividends         | Rents            | Total              |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                    |                   |                  |                    |
| Financial assets initially recognised at fair value through profit or loss                         | 3,400,582          | 1,055,696         | -                | 4,456,278          |
| Financial assets designated at fair value through other comprehensive income                       | 36,943,582         | 720,772           | -                | 37,664,354         |
| Financial assets at amortised cost   | 1,336,958          | -                 | -                | 1,336,958          |
| Sight deposits   | ( 37,702 )         | -                 | -                | ( 37,702 )         |
|  | <u>41,643,420</u>  | <u>1,776,468</u>  | <u>-</u>         | <u>43,419,888</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                    |                   |                  |                    |
| Financial assets initially recognised at fair value through profit or loss                         | ( 7,444,051 )      | 27,948,933        | -                | 20,504,882         |
| Financial assets designated at fair value through other comprehensive income                       | 113,631,216        | 2,434,237         | -                | 116,065,453        |
| Financial assets at amortised cost   | 9,617,948          | -                 | -                | 9,617,948          |
| Sight deposits   | 46,952             | -                 | -                | 46,952             |
|  | <u>115,852,065</u> | <u>30,383,170</u> | <u>-</u>         | <u>146,235,235</u> |
|  | <u>157,495,485</u> | <u>32,159,638</u> | <u>-</u>         | <u>189,655,123</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                    |                   |                  |                    |
| Properties   | -                  | -                 | 5,442,827        | 5,442,827          |
| Financial assets initially recognised at fair value through profit or loss                         | 2,623,652          | 17,407,980        | -                | 20,031,632         |
| Financial assets designated at fair value through other comprehensive income                       | 15,238,836         | 2,258,967         | -                | 17,497,803         |
| Financial assets at amortised cost   | 16,147             | -                 | -                | 16,147             |
| Sight deposits   | -                  | -                 | -                | -                  |
|  | <u>17,878,635</u>  | <u>19,666,947</u> | <u>5,442,827</u> | <u>42,988,409</u>  |
| <b>Investments not allocated</b>   |                    |                   |                  |                    |
| Properties   | -                  | -                 | 3,038,912        | 3,038,912          |
| Investments in subsidiaries, associates and joint ventures   | -                  | 1,176,607         | -                | 1,176,607          |
| Financial assets initially recognised at fair value through profit or loss                         | ( 545,158 )        | 132,784           | -                | ( 412,374 )        |
| Financial assets designated at fair value through other comprehensive income                       | 2,649              | -                 | -                | 2,649              |
| Financial assets at amortised cost   | 57,823             | -                 | -                | 57,823             |
| Sight deposits   | 244,958            | -                 | -                | 244,958            |
|  | <u>( 239,728 )</u> | <u>1,309,391</u>  | <u>3,038,912</u> | <u>4,108,575</u>   |
|  | <u>175,134,392</u> | <u>53,135,976</u> | <u>8,481,739</u> | <u>236,752,107</u> |

|  | 2019               |                   |                   |                    |
|--|--------------------|-------------------|-------------------|--------------------|
|  | Interest           | Dividends         | Rents             | Total              |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                    |                   |                   |                    |
| Investments in subsidiaries, associates and joint ventures   | -                  | 820,247           | -                 | 820,247            |
| Financial assets held for trading  | ( 52,829 )         | -                 | -                 | ( 52,829 )         |
| Financial assets initially recognised at fair value through profit or loss                         | 2,095,007          | -                 | -                 | 2,095,007          |
| Available-for-sale investments   | 39,795,266         | 4,676,284         | -                 | 44,471,550         |
| Loans and accounts receivable  | 4,283,188          | -                 | -                 | 4,283,188          |
| Sight deposits   | 9,123              | -                 | -                 | 9,123              |
|  | <u>46,129,755</u>  | <u>5,496,531</u>  | <u>-</u>          | <u>51,626,286</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                    |                   |                   |                    |
| Investments in subsidiaries, associates and joint ventures   | -                  | 31,163,348        | -                 | 31,163,348         |
| Financial assets held for trading  | ( 4,808,366 )      | -                 | -                 | ( 4,808,366 )      |
| Financial assets initially recognised at fair value through profit or loss                         | 11,258,340         | 161,705           | -                 | 11,420,045         |
| Available-for-sale investments   | 118,965,133        | 22,728,814        | -                 | 141,693,947        |
| Loans and accounts receivable  | 1,864,715          | -                 | -                 | 1,864,715          |
| Held-to-maturity investments   | 6,948,172          | -                 | -                 | 6,948,172          |
| Sight deposits   | 41,472             | -                 | -                 | 41,472             |
|  | <u>134,269,466</u> | <u>54,053,867</u> | <u>-</u>          | <u>188,323,333</u> |
|  | <u>180,399,221</u> | <u>59,550,398</u> | <u>-</u>          | <u>239,949,619</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                    |                   |                   |                    |
| Properties   | -                  | -                 | 9,933,292         | 9,933,292          |
| Investments in subsidiaries, associates and joint ventures   | -                  | 9,392,340         | -                 | 9,392,340          |
| Financial assets initially recognised at fair value through profit or loss                         | 3,172,706          | -                 | -                 | 3,172,706          |
| Available-for-sale investments   | 21,267,021         | 14,942,360        | -                 | 36,209,381         |
| Loans and accounts receivable  | 382,506            | -                 | -                 | 382,506            |
| Sight deposits   | 1,788              | -                 | -                 | 1,788              |
|  | <u>24,824,021</u>  | <u>24,334,700</u> | <u>9,933,292</u>  | <u>59,092,013</u>  |
| <b>Investments not allocated</b>   |                    |                   |                   |                    |
| Properties   | -                  | -                 | 3,002,642         | 3,002,642          |
| Investments in subsidiaries, associates and joint ventures   | -                  | 2,308,601         | -                 | 2,308,601          |
| Financial assets held for trading  | ( 1,558,305 )      | -                 | -                 | ( 1,558,305 )      |
| Financial assets initially recognised at fair value through profit or loss                         | 1,513,552          | -                 | -                 | 1,513,552          |
| Available-for-sale investments   | 70,763             | 49,682            | -                 | 120,445            |
| Loans and accounts receivable  | 2,427,121          | -                 | -                 | 2,427,121          |
| Sight deposits   | 1,459,864          | -                 | -                 | 1,459,864          |
|  | <u>3,912,995</u>   | <u>2,358,283</u>  | <u>3,002,642</u>  | <u>9,273,920</u>   |
|  | <u>209,136,237</u> | <u>86,243,381</u> | <u>12,935,934</u> | <u>308,315,552</u> |

## 34. Financial Expenses

In 2020 and 2019, the financial expenses headings were composed as follows:

|                                      | 2020                   |                            |                       |                   | 2019                   |                            |                       |                   |
|--------------------------------------|------------------------|----------------------------|-----------------------|-------------------|------------------------|----------------------------|-----------------------|-------------------|
|                                      | Life technical account | Non-life technical account | Non-technical account | Total             | Life technical account | Non-life technical account | Non-technical account | Total             |
| <b>Investment Expenses (Note 30)</b> |                        |                            |                       |                   |                        |                            |                       |                   |
| Costs allocated                      | 16,365,923             | 7,103,681                  | 10,353,388            | 33,822,992        | 9,356,442              | 8,008,160                  | 10,644,046            | 28,008,648        |
| Other Investment expenses            | 996,053                | 190,079                    | 486,472               | 1,672,604         | 872,406                | 181,069                    | 240,067               | 1,293,542         |
|                                      | <u>17,361,976</u>      | <u>7,293,760</u>           | <u>10,839,860</u>     | <u>35,495,596</u> | <u>10,228,848</u>      | <u>8,189,229</u>           | <u>10,884,113</u>     | <u>29,302,190</u> |

## 35. Net Income on Financial Assets and Liabilities not Recognised at Fair Value through Profit or Loss

In 2020 and 2019, these headings were composed as follows:

|  | 2020              |                       |                      |
|--|-------------------|-----------------------|----------------------|
|  | Gains             | Losses                | Net                  |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                   |                       |                      |
| Financial assets designated at fair value through other comprehensive income                       | 4,252,172         | ( 704,763 )           | 3,547,409            |
|  | <u>4,252,172</u>  | <u>( 704,763 )</u>    | <u>3,547,409</u>     |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                   |                       |                      |
| Financial assets designated at fair value through other comprehensive income                       | 28,497,826        | ( 14,397,419 )        | 14,100,407           |
| Financial liabilities at amortised cost  | 353,663           | ( 23,453,468 )        | ( 23,099,805 )       |
|  | <u>28,851,489</u> | <u>( 37,850,887 )</u> | <u>( 8,999,398 )</u> |
|  | <u>33,103,661</u> | <u>( 38,555,650 )</u> | <u>( 5,451,989 )</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                   |                       |                      |
| Financial assets designated at fair value through other comprehensive income                       | 6,615,985         | ( 1,902,153 )         | 4,713,832            |
|  | <u>6,615,985</u>  | <u>( 1,902,153 )</u>  | <u>4,713,832</u>     |
| <b>Investments not allocated</b>   |                   |                       |                      |
| Financial assets designated at fair value through other comprehensive income                       | 11,612            | ( 471,186 )           | ( 459,574 )          |
|  | <u>11,612</u>     | <u>( 471,186 )</u>    | <u>( 459,574 )</u>   |
|  | <u>39,731,258</u> | <u>( 40,928,989 )</u> | <u>( 1,197,731 )</u> |

|  | 2019               |                        |                   |
|--|--------------------|------------------------|-------------------|
|  | Gains              | Losses                 | Net               |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                    |                        |                   |
| Available-for-sale investments   | 20,958,908         | ( 10,989,230 )         | 9,969,678         |
|  | <u>20,958,908</u>  | <u>( 10,989,230 )</u>  | <u>9,969,678</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                    |                        |                   |
| Available-for-sale investments   | 179,960,629        | ( 77,114,441 )         | 102,846,188       |
| Financial liabilities at amortised cost  | 542                | ( 37,793,099 )         | ( 37,792,557 )    |
|  | <u>179,961,171</u> | <u>( 114,907,540 )</u> | <u>65,053,631</u> |
|  | <u>200,920,079</u> | <u>( 125,896,770 )</u> | <u>75,023,309</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                    |                        |                   |
| Available-for-sale investments   | 34,905,634         | ( 32,675,379 )         | 2,230,255         |
|  | <u>34,905,634</u>  | <u>( 32,675,379 )</u>  | <u>2,230,255</u>  |
| <b>Investments not allocated</b>   |                    |                        |                   |
| Available-for-sale investments   | 971,512            | ( 75,696 )             | 895,816           |
|  | <u>971,512</u>     | <u>( 75,696 )</u>      | <u>895,816</u>    |
|  | <u>236,797,225</u> | <u>( 158,647,845 )</u> | <u>78,149,380</u> |

### 36. Net Income on Financial Assets and Liabilities Recognised at Fair Value through Profit or Loss

In 2020 and 2019, these headings were composed as follows:

|  | 2020                 |                          | Net                |
|--|----------------------|--------------------------|--------------------|
|  | Gains                | Losses                   |                    |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                      |                          |                    |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 169,198,991          | ( 146,433,632 )          | 22,765,359         |
|  | <u>169,198,991</u>   | <u>( 146,433,632 )</u>   | <u>22,765,359</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                      |                          |                    |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 1,036,804,573        | ( 873,286,525 )          | 163,518,048        |
|  | <u>1,036,804,573</u> | <u>( 873,286,525 )</u>   | <u>163,518,048</u> |
|  | <u>1,206,003,564</u> | <u>( 1,019,720,157 )</u> | <u>186,283,407</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                      |                          |                    |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 262,415,517          | ( 255,886,841 )          | 6,528,676          |
|  | <u>262,415,517</u>   | <u>( 255,886,841 )</u>   | <u>6,528,676</u>   |
| <b>Investments not allocated</b>   |                      |                          |                    |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 91,228,139           | ( 82,762,055 )           | 8,466,084          |
|  | <u>91,228,139</u>    | <u>( 82,762,055 )</u>    | <u>8,466,084</u>   |
| <b>Net Income at Fair Value Through Profit or Loss</b>   | <u>1,559,647,220</u> | <u>( 1,358,369,053 )</u> | <u>201,278,167</u> |
| Overlay Approach adjustment  | ( 82,008,663 )       | 74,420,372               | ( 7,588,291 )      |
|  | <u>1,477,638,557</u> | <u>( 1,283,948,681 )</u> | <u>193,689,876</u> |

|  | 2019                 |                          |                        |
|--|----------------------|--------------------------|------------------------|
|  | Gains                | Losses                   | Net                    |
| <b>Investments allocated to technical provisions for life insurance</b>                            |                      |                          |                        |
| Financial assets and liabilities held for trading  | 20,400,223           | ( 35,069,566 )           | ( 14,669,343 )         |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 4,436,104            | ( 138,639 )              | 4,297,465              |
| Others   | 2,487,854            | ( 2,599,425 )            | ( 111,571 )            |
|  | <u>27,324,181</u>    | <u>( 37,807,630 )</u>    | <u>( 10,483,449 )</u>  |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                      |                          |                        |
| Financial assets and liabilities held for trading  | 1,071,808,055        | ( 1,232,586,203 )        | ( 160,778,148 )        |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 22,016,458           | ( 2,552,939 )            | 19,463,519             |
| Others   | 48,060,839           | ( 57,087,897 )           | ( 9,027,058 )          |
|  | <u>1,141,885,352</u> | <u>( 1,292,227,039 )</u> | <u>( 150,341,687 )</u> |
|  | <u>1,169,209,533</u> | <u>( 1,330,034,669 )</u> | <u>( 160,825,136 )</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                      |                          |                        |
| Financial assets and liabilities held for trading  | 31,507,644           | ( 52,332,879 )           | ( 20,825,235 )         |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 8,748,348            | ( 633,372 )              | 8,114,976              |
| Others   | 23,449,496           | ( 29,477,576 )           | ( 6,028,080 )          |
|  | <u>63,705,488</u>    | <u>( 82,443,827 )</u>    | <u>( 18,738,339 )</u>  |
| <b>Investments not allocated</b>   |                      |                          |                        |
| Financial assets and liabilities held for trading  | 89,598,149           | ( 120,596,338 )          | ( 30,998,189 )         |
| Financial assets and liabilities initially recognised at fair value through profit or loss         | 19,511,339           | ( 3,992,078 )            | 15,519,261             |
|  | <u>109,109,488</u>   | <u>( 124,588,416 )</u>   | <u>( 15,478,928 )</u>  |
|  | <u>1,342,024,509</u> | <u>( 1,537,066,912 )</u> | <u>( 195,042,403 )</u> |

## 37. Exchange Differences

In 2020 and 2019, this heading was composed as follows:

|  | 2020                   | 2019               |
|--|------------------------|--------------------|
| <b>Investments allocated to technical provisions for life insurance</b>                            |                        |                    |
| Financial assets held for trading  | -                      | ( 331,631 )        |
| Financial assets initially recognised at fair value through profit or loss                         | ( 6,189,675 )          | 685,251            |
| Financial assets designated at fair value through other comprehensive income                       | ( 21,673,215 )         | -                  |
| Available-for-sale investments   | -                      | 5,135,612          |
| Financial assets at amortised cost   | 3,579,882              | -                  |
| Loans and accounts receivable  | -                      | 1,750,070          |
| Sight Deposits   | ( 21,464 )             | 419,192            |
| Others   | 255                    | ( 10,918 )         |
|  | <u>( 24,304,217 )</u>  | <u>7,647,576</u>   |
| <b>Investments related to contracts considered for accounting purposes as investment contracts</b> |                        |                    |
| Financial assets held for trading  | -                      | ( 1,593,141 )      |
| Financial assets initially recognised at fair value through profit or loss                         | ( 36,918,586 )         | 5,761,971          |
| Financial assets designated at fair value through other comprehensive income                       | ( 132,598,840 )        | -                  |
| Available-for-sale investments   | -                      | 82,861,533         |
| Loans and accounts receivable  | -                      | 958,810            |
| Sight Deposits   | ( 6,050,753 )          | 5,054,436          |
| Others   | 6,859                  | ( 421,997 )        |
|  | <u>( 175,561,320 )</u> | <u>92,621,612</u>  |
|  | <u>( 199,865,537 )</u> | <u>100,269,188</u> |
| <b>Investments allocated to technical provisions for non-life insurance</b>                        |                        |                    |
| Financial assets held for trading  | -                      | ( 326,520 )        |
| Financial assets initially recognised at fair value through profit or loss                         | ( 19,191,667 )         | 313,831            |
| Financial assets designated at fair value through other comprehensive income                       | ( 12,740,902 )         | -                  |
| Available-for-sale investments   | -                      | 7,040,294          |
| Financial assets at amortised cost   | ( 988,568 )            | -                  |
| Loans and accounts receivable  | -                      | 340,185            |
| Sight Deposits   | ( 2,111,459 )          | 335,765            |
| Others   | 4,702                  | ( 142,973 )        |
|  | <u>( 35,027,894 )</u>  | <u>7,560,582</u>   |
| <b>Investments not allocated</b>   |                        |                    |
| Financial assets held for trading  | -                      | ( 956,749 )        |
| Financial assets initially recognised at fair value through profit or loss                         | 867,514                | 1,064,578          |
| Available-for-sale investments   | -                      | 237,421            |
| Financial assets at amortised cost   | 1,396,279              | -                  |
| Loans and accounts receivable  | -                      | 8,174,749          |
| Sight Deposits   | ( 10,646,566 )         | ( 3,181,267 )      |
| Others   | 7                      | ( 6 )              |
|  | <u>( 8,382,766 )</u>   | <u>5,338,726</u>   |
|  | <u>( 243,276,197 )</u> | <u>113,168,496</u> |

### 38. Net Income on the sale of Non-Financial Assets which have not been Recognised as Non-Current Assets Held for Sale and Discontinued Operations

In 2020 and 2019, this heading was composed as follows:

| Realised gains and losses   | 2020             |                      |                    | 2019              |                      |                   |
|---|------------------|----------------------|--------------------|-------------------|----------------------|-------------------|
|   | Gains            | Losses               | Net                | Gains             | Losses               | Net               |
| <b>Investments allocated to technical provisions for non-life insurance</b> |                  |                      |                    |                   |                      |                   |
| Properties for own use  | -                | -                    | -                  | 37,393,748        | -                    | 37,393,748        |
| Investment properties   | 557,018          | ( 8,897 )            | 548,121            | 5,624,444         | -                    | 5,624,444         |
|   | <u>557,018</u>   | <u>( 8,897 )</u>     | <u>548,121</u>     | <u>43,018,192</u> | <u>-</u>             | <u>43,018,192</u> |
| <b>Investments not allocated</b>  |                  |                      |                    |                   |                      |                   |
| Properties for own use  | 1,264,646        | ( 47,646 )           | 1,217,000          | -                 | -                    | -                 |
| Investment properties   | 1,125,992        | -                    | 1,125,992          | 12,026,914        | -                    | 12,026,914        |
|   | <u>2,390,638</u> | <u>( 47,646 )</u>    | <u>2,342,992</u>   | <u>12,026,914</u> | <u>-</u>             | <u>12,026,914</u> |
|   | <u>2,947,656</u> | <u>( 56,543 )</u>    | <u>2,891,113</u>   | <u>55,045,106</u> | <u>-</u>             | <u>55,045,106</u> |
| Unrealised gains and losses   | 2020             |                      |                    | 2019              |                      |                   |
|   | Gains            | Losses               | Net                | Gains             | Losses               | Net               |
|   |                  |                      | (Note 10)          |                   |                      | (Note 10)         |
| <b>Investments allocated to technical provisions for non-life insurance</b> |                  |                      |                    |                   |                      |                   |
| Investment properties   | 884,119          | ( 1,427,219 )        | ( 543,100 )        | 7,116,603         | ( 3,911,454 )        | 3,205,149         |
|   | <u>884,119</u>   | <u>( 1,427,219 )</u> | <u>( 543,100 )</u> | <u>7,116,603</u>  | <u>( 3,911,454 )</u> | <u>3,205,149</u>  |
| <b>Investments not allocated</b>  |                  |                      |                    |                   |                      |                   |
| Investment properties   | 263,156          | ( 209,691 )          | 53,465             | 1,360,789         | ( 393,608 )          | 967,181           |
|   | <u>263,156</u>   | <u>( 209,691 )</u>   | <u>53,465</u>      | <u>1,360,789</u>  | <u>( 393,608 )</u>   | <u>967,181</u>    |
|   | <u>1,147,275</u> | <u>( 1,636,910 )</u> | <u>( 489,635 )</u> | <u>8,477,392</u>  | <u>( 4,305,062 )</u> | <u>4,172,330</u>  |
| Total   | 2020             |                      |                    | 2019              |                      |                   |
|   | Gains            | Losses               | Net                | Gains             | Losses               | Net               |
| <b>Investments allocated to technical provisions for non-life insurance</b> |                  |                      |                    |                   |                      |                   |
| Properties for own use  | -                | -                    | -                  | 37,393,748        | -                    | 37,393,748        |
| Investment properties   | 1,441,137        | ( 1,436,116 )        | 5,021              | 12,741,047        | ( 3,911,454 )        | 8,829,593         |
|   | <u>1,441,137</u> | <u>( 1,436,116 )</u> | <u>5,021</u>       | <u>50,134,795</u> | <u>( 3,911,454 )</u> | <u>46,223,341</u> |
| <b>Investments not allocated</b>  |                  |                      |                    |                   |                      |                   |
| Properties for own use  | 1,264,646        | ( 47,646 )           | 1,217,000          | -                 | -                    | -                 |
| Investment properties   | 1,389,148        | ( 209,691 )          | 1,179,457          | 13,387,703        | ( 393,608 )          | 12,994,095        |
|   | <u>2,653,794</u> | <u>( 257,337 )</u>   | <u>2,396,457</u>   | <u>13,387,703</u> | <u>( 393,608 )</u>   | <u>12,994,095</u> |
|   | <u>4,094,931</u> | <u>( 1,693,453 )</u> | <u>2,401,478</u>   | <u>63,522,498</u> | <u>( 4,305,062 )</u> | <u>59,217,436</u> |



### 39. Impairment Losses (Net of Reversals)

Information on impairment losses movements in 2020 and 2019 is set out below:

|  | 2020               |                        |                   |                              |                    |                    |
|--|--------------------|------------------------|-------------------|------------------------------|--------------------|--------------------|
|  | Opening balances   | IFRS 9 application     | Increases         | Recoveries and cancellations | Use                | Closing balances   |
| Impairment on investments in subsidiaries (Note 4)   | 39,243,726         | -                      | 8,963,191         | ( 28,534,778 )               | -                  | 19,672,139         |
| Impairment of available-for-sale investments (Note 7)  |                    |                        |                   |                              |                    |                    |
| Debt instruments   | 49,979,822         | ( 49,979,822 )         | -                 | -                            | -                  | -                  |
| Equity instruments   | 150,956,407        | ( 150,956,407 )        | -                 | -                            | -                  | -                  |
| Other instruments  | 27,606,647         | ( 27,606,647 )         | -                 | -                            | -                  | -                  |
| Expected credit loss of financial assets designated at fair value through other comprehensive income |                    |                        |                   |                              |                    |                    |
| Debt instruments   |                    |                        |                   |                              |                    |                    |
| Stages 1 and 2 (Note 26)   | -                  | 39,923,272             | 24,392,768        | ( 29,777,225 )               | -                  | 34,538,815         |
| Stage 3 (Note 7)   | -                  | 49,979,822             | -                 | -                            | -                  | 49,979,822         |
| Impairment of loans and accounts receivable (Note 8)   | 377,286            | ( 377,286 )            | -                 | -                            | -                  | -                  |
| Expected credit loss of financial assets at amortised cost (Note 9)                                  |                    |                        |                   |                              |                    |                    |
| Debt instruments   | -                  | 1,651,335              | 618,971           | ( 783,111 )                  | -                  | 1,487,195          |
| Other instruments  | -                  | 377,286                | 4,607             | -                            | ( 380,515 )        | 1,378              |
| Impairment of property for own use (Note 10)   | 5,599,843          | -                      | 56,022            | ( 2,263,289 )                | ( 192,345 )        | 3,200,231          |
| Adjustments to premiums pending collection (Note 15)   | 6,754,692          | -                      | 9,528,197         | -                            | -                  | 16,284,062         |
| Adjustments for doubtful debts (Note 15)   | 17,168,510         | -                      | 1,185,057         | -                            | ( 1,360 )          | 18,352,207         |
|  | <u>297,686,933</u> | <u>( 136,988,447 )</u> | <u>44,748,813</u> | <u>( 61,358,403 )</u>        | <u>( 574,220 )</u> | <u>143,515,849</u> |

|   | 2019               |                   |                              |                        |                    |
|---|--------------------|-------------------|------------------------------|------------------------|--------------------|
|   | Opening balances   | Increases         | Recoveries and cancellations | Use                    | Closing balances   |
| Impairment on investments in subsidiaries (Note 4)    | 44,905,595         | 1,088,419         | ( 6,750,288 )                | -                      | 39,243,726         |
| Impairment of available-for-sale investments (Note 7) |                    |                   |                              |                        |                    |
| Debt instruments                                      | 54,778,794         | -                 | -                            | ( 4,798,972 )          | 49,979,822         |
| Equity instruments                                    | 302,370,595        | 80,240,250        | -                            | ( 231,654,438 )        | 150,956,407        |
| Other instruments                                     | 35,504,716         | 1,682,946         | -                            | ( 9,581,015 )          | 27,606,647         |
| Impairment of loans and accounts receivable (Note 8)  | 372,558            | 4,728             | -                            | -                      | 377,286            |
| Impairment of property for own use (Note 10)          | 5,121,264          | 1,659,071         | ( 1,123,901 )                | ( 56,591 )             | 5,599,843          |
| Adjustments to premiums pending collection (Note 15)  | 7,179,914          | -                 | ( 425,222 )                  | -                      | 6,754,692          |
| Value adjustments - IFAP (Note 15)                    | 137,408            | -                 | ( 137,408 )                  | -                      | -                  |
| Adjustments for doubtful debts (Note 15)              | 19,043,371         | -                 | ( 2,111,737 )                | -                      | 17,168,510         |
|   | <u>469,414,215</u> | <u>84,675,414</u> | <u>( 10,548,556 )</u>        | <u>( 246,091,016 )</u> | <u>297,686,933</u> |

In 2020, the account heading “Impairment losses (net of reversals)” includes uses of “Other provisions” (Note 24), of EUR 12,886,200. In 2019, the account heading “Impairment losses (net of reversals)” includes allocations of “Other provisions” (Note 24), of EUR 22,110,799.

At 31 December 2020 the decomposition by rating based on balance sheet value was the following:

**Financial assets designated at fair value through other comprehensive income**

|   | <b>ECL 12 M</b>      | <b>LT ECL</b>     | <b>Credit Impaired</b> | <b>Total</b>         |
|---|----------------------|-------------------|------------------------|----------------------|
| A- até A+                                 | 1,938,463,992        | -                 | -                      | 1,938,463,992        |
| AA- até AA+                               | 76,378,586           | -                 | -                      | 76,378,586           |
| AAA                                       | 5,725,342            | -                 | -                      | 5,725,342            |
| B- até B+                                 | 41,020,604           | 20,837,598        | -                      | 61,858,202           |
| BB- até BB+                               | 659,019,048          | 11,091,553        | -                      | 670,110,601          |
| BBB- até BBB+                             | 4,941,674,693        | 2,397,796         | -                      | 4,944,072,489        |
| CCC- até CCC+                             | 1,237,656            | 9,634,602         | -                      | 10,872,258           |
| Not Rated                                 | 608,390,290          | -                 | -                      | 608,390,290          |
|   | <b>8,271,910,211</b> | <b>43,961,549</b> | <b>-</b>               | <b>8,315,871,760</b> |
| ECL                                       | ( 31,216,912 )       | ( 3,321,903 )     | ( 49,979,822 )         | ( 84,518,637 )       |
| Net Ammount                               | <b>8,240,693,299</b> | <b>40,639,646</b> | <b>-</b>               | <b>8,231,353,123</b> |
| <b>Financial assets at amortised cost</b> |                      |                   |                        |                      |
| BBB- até BBB+                             | 1,056,193,920        | -                 | -                      | 1,056,193,920        |
|   | <b>1,056,193,920</b> | <b>-</b>          | <b>-</b>               | <b>1,056,193,920</b> |
| ECL                                       | ( 1,487,195 )        | -                 | -                      | ( 1,487,195 )        |
| Net Ammount                               | <b>1,054,706,725</b> | <b>-</b>          | <b>-</b>               | <b>1,054,706,725</b> |

Between 1 January 2020 and 31 December 2020 the movement based on the balance sheet value was the following:

**Financial assets designated at fair value through other comprehensive income**

|   | <b>ECL 12 M</b>      | <b>LT ECL</b>     | <b>Credit Impaired</b> | <b>Total</b>         |
|---|----------------------|-------------------|------------------------|----------------------|
| <b>Balance Value at 01/01/2020</b>      | 8,294,133,040        | 32,013,480        | -                      | 8,326,146,520        |
| New assets originated or purchased      | 2,099,532,411        | 15,538,744        | -                      | 2,115,071,155        |
| Assets derecognised or matured          | ( 1,417,229,303 )    | ( 31,156,566 )    | -                      | ( 1,448,385,869 )    |
| Accrued interest capitalised            | ( 33,841,124 )       | ( 136,566 )       | -                      | ( 33,977,690 )       |
| Change in fair value                    | ( 473,897,576 )      | ( 4,308,920 )     | -                      | ( 478,206,496 )      |
| Net foreign exchange expense / (income) | ( 163,246,203 )      | ( 1,529,658 )     | -                      | ( 164,775,861 )      |
| Movement between 12mECL and LTECL       | ( 33,541,034 )       | 33,541,034        | -                      | -                    |
| <b>Balance Value at 31/12/2020</b>      | <b>8,271,910,210</b> | <b>43,961,549</b> | <b>-</b>               | <b>8,315,871,759</b> |

|                                    | <b>ECL 12 M</b>      | <b>LT ECL</b> | <b>Credit Impaired</b> | <b>Total</b>         |
|------------------------------------|----------------------|---------------|------------------------|----------------------|
| <b>Balance Value at 01/01/2020</b> | 1,072,516,424        | -             | 784,493                | 1,073,300,917        |
| Accrued interest capitalised       | ( 17,973,839 )       | -             | ( 247,986 )            | ( 18,221,825 )       |
| Change in fair value               | 164,140              | -             | ( 913,793 )            | ( 749,653 )          |
| Movement between 12mECL and LTECL  | -                    | -             | 375,908                | 375,908              |
| <b>Balance Value at 31/12/2020</b> | <b>1,054,706,725</b> | <b>-</b>      | <b>( 1,378 )</b>       | <b>1,054,705,347</b> |

At 31 December 2020 the decomposition by rating based on the expected credit loss value was the following:

**Financial assets designated at fair value through other comprehensive income**

|               | <b>ECL 12 M</b>       | <b>LT ECL</b>        | <b>Credit Impaired</b> | <b>Total</b>          |
|---------------|-----------------------|----------------------|------------------------|-----------------------|
| A- até A+     | ( 879,429 )           | -                    | -                      | ( 879,429 )           |
| AA- até AA+   | ( 16,547 )            | -                    | -                      | ( 16,547 )            |
| B- até B+     | ( 750,661 )           | ( 1,298,776 )        | -                      | ( 2,049,437 )         |
| BB- até BB+   | ( 2,265,162 )         | ( 294,172 )          | -                      | ( 2,559,334 )         |
| BBB- até BBB+ | ( 5,596,179 )         | ( 17,511 )           | -                      | ( 5,613,690 )         |
| CCC- até CCC+ | ( 94,505 )            | ( 1,711,444 )        | -                      | ( 1,805,949 )         |
| Not Rated     | ( 21,614,429 )        | -                    | ( 49,979,822 )         | ( 71,594,251 )        |
|               | <b>( 31,216,912 )</b> | <b>( 3,321,903 )</b> | <b>( 49,979,822 )</b>  | <b>( 84,518,637 )</b> |

**Financial assets at amortised cost**

|               |                      |          |          |                      |
|---------------|----------------------|----------|----------|----------------------|
| BBB- até BBB+ | ( 1,487,195 )        | -        | -        | ( 1,487,195 )        |
|               | <b>( 1,487,195 )</b> | <b>-</b> | <b>-</b> | <b>( 1,487,195 )</b> |

Between 31 December 2019 and 31 December 2020 the movement based on the expected credit loss was the following:

**Financial assets designated at fair value through other comprehensive income**

|  | <b>ECL 12 M</b>   | <b>LT ECL</b>    | <b>Credit Impaired</b> | <b>Total</b>      |
|--|-------------------|------------------|------------------------|-------------------|
| <b>ECL Ammount at 01/01/2020</b>             | 35,672,367        | 4,250,905        | 49,979,822             | 89,903,094        |
| New assets originated or purchased           | 4,013,891         | 1,711,444        | -                      | 5,725,335         |
| Assets derecognised or matured               | ( 6,982,441 )     | ( 4,240,220 )    | -                      | ( 11,222,661 )    |
| Impact of net re-measurement of year end ECL | 116,485           | ( 3,616 )        | -                      | 112,869           |
| Movement between 12mECL and LTECL            | ( 1,603,390 )     | 1,603,390        | -                      | -                 |
| <b>ECL Ammount at 31/12/2020</b>             | <b>31,216,912</b> | <b>3,321,903</b> | <b>49,979,822</b>      | <b>84,518,637</b> |

**Financial assets at amortised cost**

|  | <b>ECL 12 M</b>      | <b>LT ECL</b> | <b>Credit Impaired</b> | <b>Total</b>         |
|--|----------------------|---------------|------------------------|----------------------|
| <b>ECL Ammount at 01/01/2020</b>             | ( 1,651,335 )        | -             | ( 377,286 )            | ( 2,028,621 )        |
| Impact of net re-measurement of year end ECL | 164,140              | -             | 375,908                | 540,048              |
| <b>ECL Ammount at 31/12/2020</b>             | <b>( 1,487,195 )</b> | <b>-</b>      | <b>( 1,378 )</b>       | <b>( 1,488,573 )</b> |

## 40. Other Technical Income/Expenses, Net of Reinsurance

In 2020 and 2019, this heading was composed as follows:

|                                      | 2020             |                       |                      | 2019             |                    |                  |
|--------------------------------------|------------------|-----------------------|----------------------|------------------|--------------------|------------------|
|                                      | Income           | Expenses              | Net                  | Income           | Expenses           | Net              |
| <b>Related to life insurance</b>     |                  |                       |                      |                  |                    |                  |
| Co-insurance management commissions  | 12,797           | ( 38,210 )            | ( 25,413 )           | 14,599           | ( 205,548 )        | ( 190,949 )      |
| Pension fund management commissions  | 214,702          | -                     | 214,702              | 717,044          | -                  | 717,044          |
| Others                               | 6                | ( 1,073,599 )         | ( 1,073,593 )        | 435              | ( 1,405 )          | ( 970 )          |
|                                      | <u>227,505</u>   | <u>( 1,111,809 )</u>  | <u>( 884,304 )</u>   | <u>732,078</u>   | <u>( 206,953 )</u> | <u>525,125</u>   |
| <b>Related to non-life insurance</b> |                  |                       |                      |                  |                    |                  |
| Co-insurance management commissions  | 191,208          | ( 13,854 )            | 177,354              | 528,919          | ( 80,525 )         | 448,394          |
| Others                               | 2,255,789        | ( 10,119,760 )        | ( 7,863,971 )        | 49,716           | ( 1,531 )          | 48,185           |
|                                      | <u>2,446,997</u> | <u>( 10,133,614 )</u> | <u>( 7,686,617 )</u> | <u>578,635</u>   | <u>( 82,056 )</u>  | <u>496,579</u>   |
|                                      | <u>2,674,502</u> | <u>( 11,245,423 )</u> | <u>( 8,570,921 )</u> | <u>1,310,713</u> | <u>( 289,009 )</u> | <u>1,021,704</u> |

## 41. Other Income/Expenses

In 2020 and 2019, this heading was composed as follows:

|   | 2020                  | 2019                  |
|---|-----------------------|-----------------------|
| <b>Non-current income and gains</b>               |                       |                       |
| Tax rebates                                       | 12,368                | 665,791               |
| Others  | 85,719                | 174,278               |
|   | <u>98,087</u>         | <u>840,069</u>        |
| <b>Financial income and gains</b>                 |                       |                       |
| Interest obtained                                 | 279,235               | 111,114               |
| Exchange rate gains                               | 17,815,781            | 13,924,669            |
| Cash discounts                                    | 1,007                 | 2,102                 |
| Others  | 198,878               | 143,171               |
|   | <u>18,294,901</u>     | <u>14,181,056</u>     |
| <b>Other non-technical income</b>                 |                       |                       |
| Adjustments to balances                           | 80,175                | 38,356                |
| Provisions of services                            | 684,921               | 664,853               |
| Pension funds management fees (Macao Branch Life) | -                     | 4,088                 |
|   | <u>765,096</u>        | <u>707,297</u>        |
| <b>Non-current expenses and losses</b>            |                       |                       |
| Donations   | ( 1,871,177 )         | ( 1,205,578 )         |
| Sponsorship                                       | 21,464                | ( 522,036 )           |
| Gifts to clients                                  | ( 101,379 )           | ( 249,908 )           |
| Fines and penalties                               | ( 43,875 )            | ( 15,492 )            |
| Miscellaneous contributions                       | ( 58,827 )            | ( 75,741 )            |
| Insufficient tax estimate                         | ( 58,059 )            | ( 2,594,614 )         |
| Corrections to previous years                     | ( 4,053 )             | ( 284,309 )           |
| Bad debts   | ( 227,339 )           | ( 797,521 )           |
| Adjustments to balances                           | ( 149,779 )           | ( 144,556 )           |
| Others  | ( 1,319,531 )         | ( 3,994,941 )         |
|   | <u>( 3,812,555 )</u>  | <u>( 9,884,696 )</u>  |
| <b>Financial expenses and losses</b>              |                       |                       |
| Interest paid                                     | ( 228,261 )           | ( 41,497 )            |
| Exchange rate losses                              | ( 22,116,519 )        | ( 12,669,379 )        |
| Banking services                                  | ( 256,795 )           | ( 231,343 )           |
| Others  | ( 1,022,675 )         | ( 336,620 )           |
|   | <u>( 23,624,250 )</u> | <u>( 13,278,839 )</u> |
| <b>Losses in other assets</b>                     |                       |                       |
| Losses in other tangible assets                   | 167,774               | -                     |
|   | <u>167,774</u>        | <u>-</u>              |
|   | <u>( 8,110,947 )</u>  | <u>( 7,435,113 )</u>  |

## 42. Segment Reporting

The Company presents operating segments based on management information produced internally. An operating segment is an identifiable component of the Company which is engaged in supplying a product or individual service or a set of related products and services within a specific economic environment, and which is subject to risks and benefits which can be differentiated from others which operate in different economic environments.

In order to report the business by segment, the Company selected the following:

| Sub-segment:                       | Sub-segment areas:  |
|------------------------------------|---|
| <b>Life</b>                        |   |
| Risk                               | Risk  |
| Capitalisation with profit sharing | Capitalisation with profit sharing  |
| Financial liabilities              | Financial liabilities   |
| <b>Non-Life</b>                    |   |
| Workers' compensation              | Workers' compensation   |
| Health                             | Health  |
| Property                           | Fire and other damage<br>Credit<br>Suretyship<br>Miscellaneous pecuniary losses on property   |
| Motor                              | Passengers<br>Land vehicles<br>Third party liability for land motor vehicles<br>Miscellaneous pecuniary losses related to motor<br>Legal protection for motor<br>Motor assistance |
| Transported goods                  | Transported goods<br>Marine and transport<br>Aviation   |
| Third party liability              | Third party liability   |
| Other                              | Personal accidents<br>Legal protection - other<br>Assistance - other<br>Miscellaneous insurance   |

For reporting by geographical segment, the Company selected the following:

- Portugal
- European Union
- Africa
- Asia
- South America
- Rest of the World

The distribution of income by lines of business and geographical markets in 2020 and 2019 was as follows:

| 2020   | Insurance segment |                 |   | Total           |
|--|-------------------|-----------------|---|-----------------|
|  | Life              | Non-life        | Not allocated   |                 |
| <b>Gains and losses</b>  |                   |                 |   |                 |
| Earned premiums net of reinsurance   | 229,254,759       | 956,459,716     | -   | 1,185,714,475   |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | 931,133           | -               | -   | 931,133         |
| Claims costs, net of reinsurance   | ( 320,682,541 )   | ( 626,810,029 ) | -   | ( 947,492,570 ) |
| Other technical provisions, net of reinsurance   | 269,715           | 1,010,004       | -   | 1,279,719       |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | 161,481,890       | ( 398,941 )     | -   | 161,082,949     |
| Operating costs and expenses, net  | ( 94,399,689 )    | ( 280,455,411 ) | -   | ( 374,855,100 ) |
| Financial income   | 189,655,123       | 42,988,409      | 4,108,575   | 236,752,107     |
| Financial expenses and net income on financial assets and liabilities  | ( 36,396,096 )    | ( 31,074,124 )  | ( 8,819,659 )   | ( 76,289,879 )  |
| Impairment losses (net of reversals)   | 30,552,709        | ( 5,907,756 )   | 14,850,837  | 39,495,790      |
| Overlay Approach adjustment  | ( 20,587,017 )    | 12,306,407      | 692,319   | ( 7,588,291 )   |
| Other income/expenses  | ( 884,304 )       | ( 7,686,616 )   | ( 8,110,949 )   | ( 16,681,868 )  |
| Gains and losses from non-current assets (or groups for disposal) classified as held for sale                                | -                 | -               | ( 7,794 )   | ( 7,794 )       |
| Current income tax   | -                 | -               | ( 51,506,454 )  | ( 51,506,454 )  |
|  | 139,195,682       | 60,431,660      | ( 48,793,125 )  | 150,834,217     |
| <b>Assets</b>  |                   |                 |   |                 |
| Cash and cash equivalents and sight deposits   | 164,475,078       | 25,990,498      | 64,524,171  | 254,989,747     |
| Investments in associates and joint ventures   | 1,630,354,276     | 743,295,770     | 485,928,818   | 2,859,578,864   |
| Financial assets initially recognised at fair value through profit or loss   | 1,896,794,370     | 743,746,579     | 40,819,755  | 2,681,360,705   |
| Financial assets designated at fair value through other comprehensive income   | 7,808,281,122     | 571,839,894     | 15,568  | 8,380,136,584   |
| Financial assets at amortised cost   | 1,254,823,870     | 12,738,305      | ( 2,012,739 )   | 1,265,549,435   |
| Properties   | 5,984,208         | 101,303,758     | 12,253,575  | 119,541,541     |
| Other tangible and intangible assets   | 10,565,406        | 46,075,165      | 4,433,667   | 61,074,238      |
| Technical provisions for reinsurance ceded   | 28,864,112        | 241,463,704     | -   | 270,327,816     |
| Asset for post-employment and other long-term benefits   | -                 | -               | 6,817,869   | 6,817,869       |
| Other debtors for insurance and other operations   | 31,852,859        | 153,467,407     | 28,675,698  | 213,995,964     |
| Tax assets   | 72,482,658        | 76,903,661      | 11,193,082  | 160,579,401     |
| Accruals and deferrals   | 7,275,710         | 3,568,512       | 7,161,156   | 18,005,378      |
| Non-current assets held for sale   | -                 | 3,198           | 4,171,357   | 4,174,555       |
|  | 12,911,753,669    | 2,720,396,451   | 663,981,977   | 16,296,132,097  |
| <b>Liabilities</b>   |                   |                 |   |                 |
| Provision for unearned premiums  | 1,949,697         | 285,792,717     | -   | 287,742,414     |
| Mathematical provision for life insurance  | 1,979,443,654     | -               | -   | 1,979,443,654   |
| Claims provision   | 105,342,959       | 1,642,326,408   | -   | 1,747,669,367   |
| Provision for profit sharing   | 75,626,943        | 6,250           | -   | 75,633,193      |
| Provision for interest rate commitments  | 29,012,022        | -               | -   | 29,012,022      |
| Provision for portfolio stabilisation  | 26,345,782        | -               | -   | 26,345,782      |
| Equalisation provision   | -                 | 30,959,225      | -   | 30,959,225      |
| Provision for unexpired risks  | -                 | 27,588,681      | -   | 27,588,681      |
| Other technical provisions   | -                 | 8,969,196       | -   | 8,969,196       |
| Financial liabilities  | 8,347,812,365     | 106,228,762     | 39,932,968  | 8,493,974,095   |
| Liabilities for post-employment and other long-term benefits   | -                 | -               | 86,499  | 86,499          |
| Other creditors for insurance and other operations   | 23,546,252        | 162,988,760     | 23,949,229  | 210,484,241     |
| Tax liabilities  | 115,835,298       | 65,007,964      | 11,774,509  | 192,617,771     |
| Accruals and deferrals   | 50,883,022        | 69,294,464      | 13,683,090  | 133,860,576     |
| Other provisions   | -                 | 53,936,302      | 55,500,334  | 109,436,636     |
| Liabilities from a group for disposal classified as held for sale  | -                 | 591,193         | ( 16,265 )  | 574,928         |
|  | 10,755,797,994    | 2,453,689,922   | 144,910,364   | 13,354,398,280  |
|  |                   |                 | Total segments  | 2,790,899,600   |
|  |                   |                 | Shareholders' equity, reserves, retained earnings and non-controlling interests | 2,790,899,600   |

(Amounts in euros except when expressly indicated otherwise)

| 2020   | Life           |                                       |                       |                 |
|--|----------------|---------------------------------------|-----------------------|-----------------|
|  | Risk           | Capitalisation<br>with profit sharing | Financial liabilities | Total           |
| <b>Gains and losses</b>  |                |                                       |                       |                 |
| Earned premiums net of reinsurance   | 177,126,004    | 52,128,755                            | -                     | 229,254,759     |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | -              | -                                     | 931,133               | 931,133         |
| Claims costs, net of reinsurance   | ( 81,180,178 ) | ( 239,502,363 )                       | -                     | ( 320,682,541 ) |
| Other technical provisions, net of reinsurance   | 109,882        | 159,833                               | -                     | 269,715         |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | ( 4,593,821 )  | 166,075,711                           | -                     | 161,481,890     |
| Operating costs and expenses, net  | ( 34,362,951 ) | ( 12,512,635 )                        | ( 47,524,103 )        | ( 94,399,689 )  |
| Financial income   | 6,493,701      | 36,926,186                            | 146,235,236           | 189,655,123     |
| Financial expenses and net income on financial assets and liabilities  | 3,650,676      | ( 5,226,802 )                         | ( 34,819,970 )        | ( 36,396,096 )  |
| Impairment losses (net of reversals)   | 1,106,403      | ( 1,174,322 )                         | 30,620,628            | 30,552,709      |
| Overlay Approach adjustment  | ( 4,973,058 )  | 205,576                               | ( 15,819,535 )        | ( 20,587,017 )  |
| Other income/expenses  | 189,289        | ( 1,073,593 )                         | -                     | ( 884,304 )     |
|  | 63,565,947     | ( 3,993,654 )                         | 79,623,389            | 139,195,682     |
| <b>Assets</b>  |                |                                       |                       |                 |
| Cash and cash equivalents and sight deposits   | 7,921,730      | 44,473,981                            | 112,079,367           | 164,475,078     |
| Investments in associates and joint ventures   | 56,432,561     | -                                     | 1,573,921,715         | 1,630,354,276   |
| Financial assets initially recognised at fair value through profit or loss   | 27,689,741     | 152,766,144                           | 1,716,338,486         | 1,896,794,370   |
| Financial assets designated at fair value through other comprehensive income   | 285,147,272    | 1,775,251,346                         | 5,747,882,504         | 7,808,281,122   |
| Financial assets at amortised cost   | 86,577,692     | 63,999,832                            | 1,104,246,345         | 1,254,823,870   |
| Properties   | 2,216,477      | 2,064,647                             | 1,703,084             | 5,984,208       |
| Other tangible and intangible assets   | 4,712,806      | 1,204,823                             | 4,647,777             | 10,565,406      |
| Technical provisions for reinsurance ceded   | 28,864,112     | -                                     | -                     | 28,864,112      |
| Other debtors for insurance and other operations   | 13,575,423     | 9,834,854                             | 8,442,582             | 31,852,859      |
| Tax assets   | 8,946,679      | 3,566,931                             | 59,969,048            | 72,482,658      |
| Accruals and deferrals   | 415,994        | 976,741                               | 5,882,975             | 7,275,710       |
|  | 522,500,487    | 2,054,139,299                         | 10,335,113,883        | 12,911,753,669  |
| <b>Liabilities</b>   |                |                                       |                       |                 |
| Provision for unearned premiums  | 1,945,919      | 3,778                                 | -                     | 1,949,697       |
| Mathematical provision for life insurance  | 223,003,164    | 1,756,440,490                         | -                     | 1,979,443,654   |
| Claims provision   | 76,532,625     | 28,810,334                            | -                     | 105,342,959     |
| Provision for profit sharing   | 36,564,577     | 39,062,366                            | -                     | 75,626,943      |
| Provision for interest rate commitments  | -              | 29,012,022                            | -                     | 29,012,022      |
| Provision for portfolio stabilisation  | 26,345,782     | -                                     | -                     | 26,345,782      |
| Financial liabilities  | 2,390,599      | 300,364                               | 8,345,121,402         | 8,347,812,365   |
| Other creditors for insurance and other operations   | 12,660,808     | 7,121,068                             | 3,764,376             | 23,546,252      |
| Tax liabilities  | 11,318,977     | 2,147,550                             | 102,368,771           | 115,835,298     |
| Accruals and deferrals   | 9,962,623      | 6,557,167                             | 34,363,232            | 50,883,022      |
|  | 400,725,074    | 1,869,455,139                         | 8,485,617,781         | 10,755,797,994  |



(Amounts in euros except when expressly indicated otherwise)

| 2020   | Non-life              |             |              |               |                   |                       |              |               |
|--|-----------------------|-------------|--------------|---------------|-------------------|-----------------------|--------------|---------------|
|  | Workers' compensation | Health      | Property     | Motor         | Transported goods | Third party liability | Other        | Total         |
| <b>Gains and losses</b>  |                       |             |              |               |                   |                       |              |               |
| Earned premiums net of reinsurance   | 240,219,426           | 8,438,775   | 170,766,088  | 477,472,827   | 8,056,127         | 28,445,079            | 23,061,394   | 956,459,716   |
| Claims costs, net of reinsurance   | (195,291,160)         | (5,902,320) | (95,767,509) | (298,006,799) | (3,167,234)       | (15,786,389)          | (12,888,618) | (626,810,029) |
| Other technical provisions, net of reinsurance                                   | 366,043               | 4,221,078   | (1,429,078)  | 482,906       | -                 | (1,790,377)           | (840,568)    | 1,010,004     |
| Mathematical provision for life insurance and profit sharing, net of reinsurance | -                     | -           | (397,834)    | -             | -                 | -                     | (1,107)      | (398,941)     |
| Operating costs and expenses, net  | (53,021,045)          | 3,293,794   | (65,236,833) | (137,860,771) | (2,397,212)       | (13,889,190)          | (11,344,154) | (280,455,411) |
| Financial income   | 18,887,241            | 2,474,065   | 5,320,875    | 12,296,151    | 333,540           | 2,678,693             | 997,844      | 42,988,409    |
| Financial expenses and net income on financial assets and liabilities            | (5,229,837)           | (4,126,467) | (5,186,197)  | (12,861,215)  | (321,222)         | (2,773,601)           | (575,585)    | (31,074,124)  |
| Impairment losses (net of reversals)   | (3,158,118)           | (2,265,726) | 143,720      | (1,453,609)   | 65,017            | 207,980               | 552,980      | (5,907,756)   |
| Overlay Approach adjustment  | 12,306,407            | -           | -            | -             | -                 | -                     | -            | 12,306,407    |
| Other income/expenses  | 135,095               | 152,234     | 2,252,669    | (10,066,107)  | (26)              | 1,449                 | (161,929)    | (7,686,616)   |
|  | 15,214,052            | 6,285,433   | 10,465,901   | 30,003,383    | 2,568,990         | (2,906,356)           | (1,199,743)  | 60,431,660    |
| <b>Assets</b>  |                       |             |              |               |                   |                       |              |               |
| Cash and cash equivalents and sight deposits                                     | 6,155,544             | 2,324,661   | 5,108,263    | 8,014,363     | 101,026           | 2,664,164             | 1,622,477    | 25,990,498    |
| Investments in associates and joint ventures                                     | 351,733,571           | 36,943,097  | 86,937,082   | 216,144,817   | 2,782,025         | 39,039,873            | 9,715,305    | 743,295,770   |
| Financial assets initially recognised at fair value through profit or loss       | 356,380,103           | 36,365,036  | 86,391,727   | 212,735,868   | 2,738,103         | 39,019,789            | 10,115,952   | 743,746,579   |
| Financial assets designated at fair value through other comprehensive income     | 318,854,587           | 18,821,558  | 68,799,459   | 106,059,784   | 1,361,659         | 37,870,682            | 20,072,165   | 571,839,894   |
| Financial assets at amortised cost   | 3,400,587             | 2,676,202   | 2,300,595    | 3,184,733     | 45,270            | 687,185               | 443,734      | 12,738,305    |
| Properties   | 2,792,034             | 9,351,184   | 23,427,047   | 52,717,462    | 681,935           | 9,545,991             | 2,788,105    | 101,303,758   |
| Other tangible and intangible assets   | 4,822,218             | 4,326,670   | 11,044,455   | 19,870,259    | 266,926           | 3,354,285             | 2,390,352    | 46,075,165    |
| Technical provisions for reinsurance ceded                                       | 3,841,090             | 84,801,001  | 88,083,955   | 9,621,257     | 1,617,598         | 33,674,946            | 19,823,857   | 241,463,704   |
| Other debtors for insurance and other operations                                 | 18,377,919            | 38,382,157  | 48,707,402   | 24,397,289    | 2,116,724         | 14,229,676            | 7,256,240    | 153,467,407   |
| Tax assets   | 15,754,605            | 8,062,015   | 13,719,041   | 32,203,595    | 613,600           | 4,669,273             | 1,881,532    | 76,903,661    |
| Accruals and deferrals   | 396,371               | 413,627     | 590,748      | 1,704,258     | 12,052            | 234,431               | 217,025      | 3,568,512     |
| Non-current assets held for sale   | 3,198                 | -           | -            | -             | -                 | -                     | -            | 3,198         |
|  | 1,082,511,827         | 242,467,208 | 435,109,774  | 686,653,685   | 12,336,918        | 184,990,295           | 76,326,744   | 2,720,396,451 |
| <b>Liabilities</b>   |                       |             |              |               |                   |                       |              |               |
| Provision for unearned premiums  | 13,104,129            | 29,913,844  | 80,895,274   | 140,798,838   | 1,648,142         | 12,960,157            | 6,472,333    | 285,792,717   |
| Claims provision   | 943,271,218           | 53,341,368  | 131,692,819  | 368,054,170   | 5,936,488         | 106,391,122           | 33,639,223   | 1,642,326,408 |
| Provision for profit sharing   | -                     | -           | 6,250        | -             | -                 | -                     | -            | 6,250         |
| Equalisation provision   | -                     | -           | 30,897,543   | -             | -                 | 61,682                | -            | 30,959,225    |
| Provision for unexpired risks  | 631,521               | 691,568     | 3,613,077    | 18,561,965    | -                 | 3,025,260             | 1,065,290    | 27,588,681    |
| Other technical provisions   | -                     | -           | -            | -             | -                 | 8,969,196             | -            | 8,969,196     |
| Financial liabilities  | 1,379,101             | 77,756,205  | 21,882,638   | 3,713,909     | 225,403           | 1,072,029             | 199,477      | 106,228,762   |
| Other creditors for insurance and other operations                               | 17,995,947            | 60,688,419  | 39,346,909   | 14,318,422    | 1,164,159         | 18,332,576            | 11,142,328   | 162,988,760   |
| Tax liabilities  | 24,838,966            | 4,254,657   | 12,051,585   | 20,405,732    | 422,749           | 1,963,838             | 1,070,437    | 65,007,964    |
| Accruals and deferrals   | 9,668,296             | 11,416,828  | 14,547,952   | 26,811,066    | 586,629           | 3,241,465             | 3,022,228    | 69,294,464    |
| Other provisions   | 53,936,302            | -           | -            | -             | -                 | -                     | -            | 53,936,302    |
| Liabilities from a group for disposal classified as held for sale                | 591,194               | -           | -            | -             | -                 | -                     | (1)          | 591,193       |
|  | 1,065,416,674         | 238,062,889 | 334,934,047  | 592,664,102   | 9,983,570         | 156,017,325           | 56,611,315   | 2,453,689,922 |

| 2019 (Restated)  | Life           |                                       |                       |                 |
|--|----------------|---------------------------------------|-----------------------|-----------------|
|  | Risk           | Capitalisation<br>with profit sharing | Financial liabilities | Total           |
| <b>Gains and losses</b>  |                |                                       |                       |                 |
| Earned premiums net of reinsurance   | 179,125,231    | 520,386,605                           | -                     | 699,511,836     |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | -              | -                                     | 1,215,867             | 1,215,867       |
| Claims costs, net of reinsurance   | ( 88,569,608 ) | ( 199,378,529 )                       | -                     | ( 287,948,137 ) |
| Other technical provisions, net of reinsurance   | ( 437,308 )    | ( 6,488,745 )                         | -                     | ( 6,926,053 )   |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | ( 6,374,926 )  | ( 355,694,740 )                       | -                     | ( 362,069,666 ) |
| Operating costs and expenses, net  | ( 34,992,511 ) | ( 10,352,274 )                        | ( 53,474,914 )        | ( 98,819,699 )  |
| Financial income   | 7,497,981      | 44,128,306                            | 188,323,333           | 239,949,620     |
| Financial expenses and net income on financial assets and liabilities  | ( 2,658,527 )  | 7,712,072                             | ( 815,032 )           | 4,238,513       |
| Impairment losses (net of reversals)   | ( 665,317 )    | ( 64,891 )                            | ( 49,537,043 )        | ( 50,267,251 )  |
| Other income/expenses  | 526,095        | ( 970 )                               | -                     | 525,124         |
|  | 53,451,110     | 246,834                               | 85,712,211            | 139,410,154     |
| <b>Assets</b>  |                |                                       |                       |                 |
| Cash and cash equivalents and sight deposits   | 12,060,668     | 63,584,261                            | 198,758,974           | 274,403,903     |
| Investments in associates and joint ventures   | 59,723,559     | -                                     | 1,393,017,591         | 1,452,741,150   |
| Financial assets held for trading  | 507,354        | 2,656,220                             | 6,627,225             | 9,790,799       |
| Financial assets initially recognised at fair value through profit or loss   | 8,339,644      | 151,194,345                           | 290,139,080           | 449,673,069     |
| Hedge derivatives  | -              | 24,989                                | 1,895,714             | 1,920,703       |
| Available-for-sale assets  | 295,145,968    | 1,706,568,463                         | 6,958,591,672         | 8,960,306,103   |
| Loans and accounts receivable  | 52,584,648     | 414,611,951                           | 588,870,332           | 1,056,066,931   |
| Held-to-maturity investments   | -              | -                                     | 1,074,167,759         | 1,074,167,759   |
| Properties   | 2,563,031      | 1,794,053                             | 2,713,511             | 7,070,595       |
| Other tangible and intangible assets   | 3,302,719      | 841,006                               | 3,726,558             | 7,870,283       |
| Technical provisions for reinsurance ceded   | 23,758,265     | -                                     | -                     | 23,758,265      |
| Other debtors for insurance and other operations   | 13,450,179     | 10,063,161                            | 3,811,050             | 27,324,390      |
| Tax assets   | 8,343,124      | 4,698,831                             | 70,294,992            | 83,336,947      |
| Accruals and deferrals   | 184,770        | 3,339,604                             | 5,885,191             | 9,409,565       |
|  | 479,963,929    | 2,359,376,884                         | 10,598,499,649        | 13,437,840,462  |
| <b>Liabilities</b>   |                |                                       |                       |                 |
| Provision for unearned premiums  | 1,618,088      | 4,745                                 | -                     | 1,622,833       |
| Mathematical provision for life insurance  | 219,845,385    | 2,055,937,564                         | -                     | 2,275,782,949   |
| Claims provision   | 84,769,317     | 21,514,259                            | -                     | 106,283,576     |
| Provision for profit sharing   | 35,995,121     | 49,373,112                            | -                     | 85,368,233      |
| Provision for interest rate commitments  | -              | 29,171,855                            | -                     | 29,171,855      |
| Provision for portfolio stabilisation  | 26,462,475     | -                                     | -                     | 26,462,475      |
| Provision for unexpired risks  | 228,864        | -                                     | -                     | 228,864         |
| Financial liabilities  | 3,405,948      | 2,315,126                             | 8,942,663,487         | 8,948,384,561   |
| Other creditors for insurance and other operations   | 12,894,478     | 11,267,802                            | 21,758,104            | 45,920,384      |
| Tax liabilities  | 8,208,646      | 2,834,944                             | 71,066,288            | 82,109,878      |
| Accruals and deferrals   | 8,330,154      | 6,094,054                             | 35,510,928            | 49,935,136      |
|  | 401,758,476    | 2,178,513,461                         | 9,070,998,807         | 11,651,270,744  |

(Amounts in euros except when expressly indicated otherwise)

| 2019 (Restated)  | Non-life              |               |                |                 |                   |                       |                |                 |
|--|-----------------------|---------------|----------------|-----------------|-------------------|-----------------------|----------------|-----------------|
|  | Workers' compensation | Health        | Property       | Motor           | Transported goods | Third party liability | Other          | Total           |
| <b>Gains and losses</b>  |                       |               |                |                 |                   |                       |                |                 |
| Earned premiums net of reinsurance   | 228,532,951           | 8,024,702     | 169,926,565    | 464,122,117     | 7,946,673         | 30,985,709            | 24,609,334     | 934,148,051     |
| Claims costs, net of reinsurance   | ( 207,286,762 )       | ( 8,430,982 ) | ( 87,511,356 ) | ( 317,799,927 ) | ( 3,598,126 )     | ( 14,135,735 )        | ( 14,655,806 ) | ( 653,418,694 ) |
| Other technical provisions, net of reinsurance                                   | 330,633               | ( 1,169,174 ) | ( 2,609,444 )  | 6,484,028       | 190,199           | ( 632,102 )           | ( 156,612 )    | 2,437,528       |
| Mathematical provision for life insurance and profit sharing, net of reinsurance | -                     | -             | ( 154,982 )    | -               | -                 | -                     | 3,615          | ( 151,367 )     |
| Operating costs and expenses, net  | ( 50,020,196 )        | ( 6,628,400 ) | ( 64,185,987 ) | ( 134,800,971 ) | ( 2,048,967 )     | ( 16,112,972 )        | ( 11,841,400 ) | ( 285,638,893 ) |
| Financial income   | 26,416,462            | 3,137,223     | 7,732,842      | 16,968,097      | 443,333           | 3,301,896             | 1,092,159      | 59,092,012      |
| Financial expenses and net income on financial assets and liabilities            | ( 3,121,499 )         | 2,175,018     | 6,919,837      | 18,673,739      | 491,104           | 3,317,212             | 631,199        | 29,086,610      |
| Impairment losses (net of reversals)   | ( 3,065,743 )         | ( 2,224,810 ) | ( 4,743,776 )  | ( 12,093,191 )  | ( 373,469 )       | ( 2,292,538 )         | ( 555,759 )    | ( 25,349,286 )  |
| Other income/expenses  | 254,125               | 155,338       | 87,271         | 0               | ( 0 )             | ( 138 )               | ( 18 )         | 496,578         |
|  | ( 7,960,029 )         | ( 4,961,085 ) | 25,460,970     | 41,553,892      | 3,050,747         | 4,431,332             | ( 873,288 )    | 60,702,539      |
| <b>Assets</b>  |                       |               |                |                 |                   |                       |                |                 |
| Cash and cash equivalents and sight deposits                                     | 7,824,541             | 3,602,540     | 5,847,904      | 11,848,266      | 242,241           | 2,161,909             | 1,353,509      | 32,880,910      |
| Investments in associates and joint ventures                                     | 320,276,922           | 37,916,218    | 83,569,421     | 223,060,242     | 4,748,017         | 35,892,910            | 8,281,156      | 713,744,886     |
| Financial assets held for trading  | 1,467,566             | 91,662        | 336,500        | 555,754         | 11,604            | 181,349               | 23,144         | 2,667,579       |
| Financial assets initially recognised at fair value through profit or loss       | 19,809,661            | 5,151,843     | 11,354,945     | 30,308,176      | 645,134           | 4,876,927             | 1,125,198      | 73,271,884      |
| Hedge derivatives  | 629,856               | 82,179        | 181,128        | 483,460         | 10,291            | 77,794                | 17,948         | 1,482,656       |
| Available-for-sale assets  | 580,452,740           | 50,152,592    | 135,766,807    | 290,445,541     | 6,165,118         | 54,915,871            | 29,143,994     | 1,147,042,663   |
| Loans and accounts receivable  | 34,235,570            | 2,009,936     | 2,327,833      | 2,960,744       | 79,508            | 570,990               | 649,036        | 42,833,617      |
| Properties   | 6,843,357             | 9,702,388     | 23,931,296     | 56,162,262      | 1,134,139         | 9,251,087             | 2,745,219      | 109,769,748     |
| Other tangible and intangible assets   | 4,261,983             | 2,713,614     | 8,915,357      | 15,755,320      | 164,933           | 2,101,564             | 1,651,497      | 35,564,268      |
| Technical provisions for reinsurance ceded                                       | 4,233,430             | 89,611,033    | 84,810,701     | 10,591,656      | 6,774,575         | 20,238,391            | 18,662,090     | 234,921,876     |
| Other debtors for insurance and other operations                                 | 18,716,479            | 47,742,522    | 50,361,083     | 62,732,747      | 3,020,198         | 14,133,505            | 7,371,828      | 204,078,362     |
| Tax assets   | 12,380,042            | 5,481,974     | 16,791,881     | 38,875,976      | 955,738           | 4,951,731             | 1,969,527      | 81,406,869      |
| Accruals and deferrals   | 213,740               | 173,003       | 325,456        | 856,244         | 7,557             | 106,650               | 100,908        | 1,783,558       |
| Non-current assets held for sale   | 3,198                 | 14,707        | 32,405         | 86,493          | 1,841             | 13,918                | 3,216          | 155,778         |
|  | 1,011,349,085         | 254,446,211   | 424,552,717    | 744,722,881     | 23,960,894        | 149,474,596           | 73,098,270     | 2,681,604,654   |
| <b>Liabilities</b>   |                       |               |                |                 |                   |                       |                |                 |
| Provision for unearned premiums  | 12,999,382            | 25,690,988    | 77,028,793     | 141,007,547     | 1,629,485         | 10,053,592            | 6,303,255      | 274,713,042     |
| Claims provision   | 896,376,311           | 63,078,014    | 127,649,237    | 380,007,981     | 10,691,316        | 99,462,559            | 30,731,281     | 1,607,996,699   |
| Provision for profit sharing   | -                     | -             | 1,751          | -               | -                 | -                     | -              | 1,751           |
| Equalisation provision   | -                     | -             | 28,958,024     | -               | -                 | 61,681                | -              | 29,019,705      |
| Provision for unexpired risks  | 997,564               | 4,912,646     | 4,123,519      | 19,044,871      | -                 | 1,786,828             | 224,721        | 31,090,149      |
| Financial liabilities  | 1,338,082             | 81,760,966    | 20,379,831     | 5,267,022       | 506,746           | 1,590,585             | 17,037,715     | 127,880,947     |
| Other creditors for insurance and other operations                               | 17,055,109            | 40,168,025    | 38,252,819     | 20,038,020      | 2,144,483         | 10,084,816            | 11,553,029     | 139,296,301     |
| Tax liabilities  | 25,404,510            | 4,924,356     | 13,673,531     | 26,505,290      | 596,217           | 2,497,823             | 1,568,884      | 75,170,611      |
| Accruals and deferrals   | 9,626,706             | 9,965,131     | 13,779,563     | 26,077,768      | 467,385           | 2,985,379             | 2,675,552      | 65,577,484      |
| Other provisions   | 52,736,302            | -             | -              | -               | -                 | -                     | -              | 52,736,302      |
| Liabilities from a group for disposal classified as held for sale                | 552,021               | 51,054        | 112,486        | 300,244         | 6,391             | 48,313                | 11,162         | 1,081,671       |
|  | 1,017,085,987         | 230,551,180   | 323,959,554    | 618,248,743     | 16,042,023        | 128,571,576           | 70,105,599     | 2,404,564,662   |

## Geographical markets

| 2020   | Geographical segment |                        |               |   |                 |
|--|----------------------|------------------------|---------------|---|-----------------|
|  | Portugal             | Rest of European Union | Africa        | Asia  | Total           |
| <b>Gains and losses</b>  |                      |                        |               |   |                 |
| Earned premiums net of reinsurance   | 1,118,119,073        | 54,697,386             | 8,140,998     | 4,757,018   | 1,185,714,475   |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | 881,545              | 49,588                 | -             | -   | 931,133         |
| Claims costs, net of reinsurance   | ( 899,430,924 )      | ( 41,747,374 )         | ( 5,300,459 ) | ( 1,013,813 )   | ( 947,492,570 ) |
| Other technical provisions, net of reinsurance   | 2,012,696            | ( 687,280 )            | ( 38,885 )    | ( 6,812 )   | 1,279,719       |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | 176,669,993          | ( 6,955,522 )          | 92,587        | ( 8,724,109 )   | 161,082,949     |
| Operating costs and expenses, net  | ( 355,122,586 )      | ( 16,863,621 )         | ( 2,432,467 ) | ( 436,426 )   | ( 374,855,100 ) |
| Financial income   | 221,967,135          | 12,899,235             | 486,826       | 1,398,911   | 236,752,107     |
| Financial expenses and net income on financial assets and liabilities  | ( 72,873,595 )       | ( 5,000,338 )          | ( 1,517,911 ) | 3,101,965   | ( 76,289,879 )  |
| Impairment losses (net of reversals)   | 36,723,054           | 2,860,317              | ( 87,342 )    | ( 239 )   | 39,495,790      |
| Overlay Approach adjustment  | ( 11,192,054 )       | 3,603,763              | -             | -   | ( 7,588,291 )   |
| Other income/expenses  | ( 13,938,140 )       | ( 1,561,337 )          | ( 1,390,369 ) | 207,978   | ( 16,681,868 )  |
| Gains and losses from non-current assets (or groups for disposal) classified as held for sale                                | ( 7,794 )            | -                      | -             | -   | ( 7,794 )       |
| Current income tax   | ( 50,876,039 )       | ( 637,032 )            | 12,757        | ( 6,140 )   | ( 51,506,454 )  |
|  | 152,932,364          | 657,785                | ( 2,034,265 ) | ( 721,667 )   | 150,834,217     |
| <b>Assets</b>  |                      |                        |               |   |                 |
| Cash and cash equivalents and sight deposits   | 222,137,680          | 29,726,510             | 3,060,106     | 65,451  | 254,989,747     |
| Investments in associates and joint ventures   | 2,859,578,864        | -                      | -             | -   | 2,859,578,864   |
| Financial assets initially recognised at fair value through profit or loss   | 2,653,958,951        | 27,401,754             | -             | -   | 2,681,360,705   |
| Financial assets designated at fair value through other comprehensive income   | 7,900,065,396        | 478,833,532            | 1,237,656     | -   | 8,380,136,584   |
| Financial assets at amortised cost   | 1,253,168,136        | 7,599,118              | 4,782,181     | -   | 1,265,549,435   |
| Properties   | 115,242,893          | 4,298,648              | -             | -   | 119,541,541     |
| Other tangible and intangible assets   | 60,028,207           | 615,068                | 427,804       | 3,159   | 61,074,238      |
| Technical provisions for reinsurance ceded   | 207,631,686          | 61,784,039             | 912,091       | -   | 270,327,816     |
| Asset for post-employment and other long-term benefits   | 6,817,869            | -                      | -             | -   | 6,817,869       |
| Other debtors for insurance and other operations   | 166,296,453          | 36,250,394             | 1,134,120     | -   | 203,680,967     |
| Tax assets   | 151,039,858          | 1,118,236              | 297,728       | -   | 152,455,822     |
| Accruals and deferrals   | 17,091,529           | 841,454                | 60,950        | 11,445  | 18,005,378      |
| Non-current assets held for sale   | 4,174,555            | -                      | -             | -   | 4,174,555       |
|  | 15,617,232,077       | 648,468,753            | 11,912,636    | 80,055  | 16,277,693,521  |
| <b>Liabilities</b>   |                      |                        |               |   |                 |
| Provision for unearned premiums  | 273,985,010          | 11,964,702             | 1,792,702     | -   | 287,742,414     |
| Mathematical provision for life insurance  | 1,628,388,091        | 350,900,871            | 154,692       | -   | 1,979,443,654   |
| Claims provision   | 1,683,796,379        | 60,762,822             | 3,110,166     | -   | 1,747,669,367   |
| Provision for profit sharing   | 72,140,767           | 3,492,426              | -             | -   | 75,633,193      |
| Provision for interest rate commitments  | 28,942,710           | 69,312                 | -             | -   | 29,012,022      |
| Provision for portfolio stabilisation  | 26,345,782           | -                      | -             | -   | 26,345,782      |
| Equalisation provision   | 30,919,893           | 39,332                 | -             | -   | 30,959,225      |
| Provision for unexpired risks  | 26,846,275           | 451,915                | 290,491       | -   | 27,588,681      |
| Other technical provisions   | -                    | 8,969,196              | -             | -   | 8,969,196       |
| Financial liabilities  | 8,456,509,954        | 37,464,141             | -             | -   | 8,493,974,095   |
| Liabilities for post-employment and other long-term benefits   | 86,499               | -                      | -             | -   | 86,499          |
| Other creditors for insurance and other operations   | 154,653,009          | 43,667,467             | 1,848,768     | -   | 200,169,244     |
| Tax liabilities  | 178,908,897          | 5,520,340              | 64,908        | 47  | 184,494,192     |
| Accruals and deferrals   | 130,386,008          | 2,722,817              | 232,409       | 519,342   | 133,860,576     |
| Other provisions   | 108,714,835          | 721,801                | -             | -   | 109,436,636     |
| Liabilities from a group for disposal classified as held for sale  | 574,928              | -                      | -             | -   | 574,928         |
|  | 12,801,199,037       | 526,747,142            | 7,494,136     | 519,389   | 13,335,959,704  |
|  |                      |                        |               | Total segments  | 2,790,899,600   |
|  |                      |                        |               | Shareholders' equity, reserves, retained earnings and non-controlling interests | 2,790,899,600   |

(Amounts in euros except when expressly indicated otherwise)

| 2019 (Restated)  | Geographical segment |                        |               |   |                 |
|--|----------------------|------------------------|---------------|---|-----------------|
|  | Portugal             | Rest of European Union | Africa        | Asia  | Total           |
| <b>Gains and losses</b>  |                      |                        |               |   |                 |
| Earned premiums net of reinsurance   | 1,485,233,091        | 55,927,571             | 6,540,199     | 85,959,026  | 1,633,659,887   |
| Fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts | 1,163,741            | 52,126                 | -             | -   | 1,215,867       |
| Claims costs, net of reinsurance   | ( 882,864,906 )      | ( 44,885,151 )         | ( 6,286,787 ) | ( 7,329,987 )   | ( 941,366,831 ) |
| Other technical provisions, net of reinsurance   | ( 4,854,876 )        | 206,262                | 388,953       | ( 228,864 )   | ( 4,488,525 )   |
| Mathematical provision for life insurance and profit sharing, net of reinsurance   | ( 277,092,615 )      | ( 2,249,701 )          | ( 11,500 )    | ( 82,867,217 )  | ( 362,221,033 ) |
| Operating costs and expenses, net  | ( 358,768,039 )      | ( 21,651,467 )         | ( 2,541,972 ) | ( 1,497,114 )   | ( 384,458,592 ) |
| Financial income   | 288,808,849          | 14,721,019             | 493,365       | 4,292,319   | 308,315,552     |
| Financial expenses and net income on financial assets and liabilities  | 27,473,796           | ( 2,364,773 )          | ( 159,055 )   | 1,240,751   | 26,190,719      |
| Impairment losses (net of reversals)   | ( 92,629,268 )       | ( 3,455,528 )          | ( 152,983 )   | 122   | ( 96,237,657 )  |
| Other income/expenses  | ( 6,447,795 )        | ( 649,425 )            | 157,115       | 526,696   | ( 6,413,409 )   |
| Current income tax   | ( 28,786,237 )       | ( 118,318 )            | -             | ( 19,937 )  | ( 28,924,492 )  |
|  | 151,235,740          | ( 4,467,385 )          | ( 1,572,665 ) | 75,795  | 145,271,486     |
| <b>Assets</b>  |                      |                        |               |   |                 |
| Cash and cash equivalents and sight deposits   | 383,216,603          | 32,641,022             | 5,156,398     | 2,215,371   | 423,229,394     |
| Investments in associates and joint ventures   | 2,422,644,063        | -                      | -             | -   | 2,422,644,063   |
| Financial assets held for trading  | 40,291,253           | 923,942                | -             | -   | 41,215,195      |
| Financial assets initially recognised at fair value through profit or loss   | 553,414,427          | 21,390,828             | -             | 9,207,846   | 584,013,101     |
| Hedge derivatives  | 3,403,359            | -                      | -             | -   | 3,403,359       |
| Available-for-sale assets  | 9,670,892,948        | 465,198,118            | 1,511,086     | -   | 10,137,602,152  |
| Loans and accounts receivable  | 996,039,594          | 58,657,296             | 3,676,867     | 136,365,653   | 1,194,739,410   |
| Held-to-maturity investments   | 1,074,167,759        | -                      | -             | -   | 1,074,167,759   |
| Properties   | 125,817,690          | 4,916,977              | -             | -   | 130,734,667     |
| Other tangible and intangible assets   | 43,849,260           | 438,402                | 524,150       | 3,946   | 44,815,758      |
| Technical provisions for reinsurance ceded   | 209,948,362          | 47,399,597             | 1,274,884     | 57,298  | 258,680,141     |
| Asset for post-employment and other long-term benefits   | 4,131,028            | -                      | -             | -   | 4,131,028       |
| Other debtors for insurance and other operations   | 233,758,501          | 31,921,132             | 1,300,597     | 154,479   | 267,134,709     |
| Tax assets   | 164,904,461          | 1,761,622              | 258,258       | -   | 166,924,341     |
| Accruals and deferrals   | 18,360,093           | 74,161                 | 35,405        | 23,294  | 18,492,953      |
| Non-current assets held for sale   | 4,327,134            | -                      | -             | -   | 4,327,134       |
|  | 15,949,166,535       | 665,323,097            | 13,737,645    | 148,027,887   | 16,776,255,164  |
| <b>Liabilities</b>   |                      |                        |               |   |                 |
| Provision for unearned premiums  | 264,780,932          | 9,771,694              | 1,783,249     | -   | 276,335,875     |
| Mathematical provision for life insurance  | 1,792,781,542        | 345,680,893            | 235,067       | 137,085,447   | 2,275,782,949   |
| Claims provision   | 1,656,028,948        | 55,387,223             | 2,850,326     | 13,778  | 1,714,280,275   |
| Provision for profit sharing   | 82,181,628           | 3,112,901              | -             | 75,455  | 85,369,984      |
| Provision for interest rate commitments  | 29,102,543           | 69,312                 | -             | -   | 29,171,855      |
| Provision for portfolio stabilisation  | 26,462,475           | -                      | -             | -   | 26,462,475      |
| Equalisation provision   | 28,980,373           | 39,332                 | -             | -   | 29,019,705      |
| Provision for unexpired risks  | 30,521,963           | 316,580                | 251,606       | 228,864   | 31,319,013      |
| Financial liabilities  | 9,007,032,874        | 127,485,827            | -             | -   | 9,134,518,701   |
| Liabilities for post-employment and other long-term benefits   | 85,078               | -                      | -             | -   | 85,078          |
| Other creditors for insurance and other operations   | 153,078,458          | 35,238,308             | 2,136,479     | 313,180   | 190,766,425     |
| Tax liabilities  | 153,595,969          | 6,792,320              | 57,712        | 17,782  | 160,463,783     |
| Accruals and deferrals   | 115,237,456          | 1,914,678              | 338,646       | 438,192   | 117,928,972     |
| Other provisions   | 111,008,825          | 3,375,475              | -             | -   | 114,384,300     |
| Liabilities from a group for disposal classified as held for sale  | 1,081,671            | -                      | -             | -   | 1,081,671       |
|  | 13,451,960,735       | 589,184,543            | 7,653,085     | 138,172,698   | 14,186,971,061  |
|  |                      |                        |               | Total segments  | 2,444,012,617   |
|  |                      |                        |               | Shareholders' equity, reserves, retained earnings and non-controlling interests | 2,444,012,617   |

The headings “Other debtors for insurance and other operations”, “Tax assets”, “Other creditors for insurance and other operations” and “Tax liabilities” are broken down differently between Assets and Liabilities, when compared to the Financial Statements due to the fact that the process of allocation by segments leads to a different breakdown of balances.

## 43. Related Parties

The Company's related parties are deemed to be the subsidiaries and associates of the Fosun Group, and Caixa Geral de Depósitos, S.A., and respective management bodies.

At 31 December 2020 and 2019 the Company's financial statements include the following balances and transactions with related parties, excluding the management bodies:

### 2020

|   | Fidelidade<br>Assistência -<br>Companhia de<br>Seguros, S.A. | Via Directa -<br>Companhia de<br>Seguros, S.A. | Fidelidade<br>Angola<br>Companhia de<br>Seguros, S.A. | Caixa Geral de<br>Depósitos, S.A. | Garantia -<br>Companhia de<br>Seguros de Cabo<br>Verde, S.A. | Fidelidade<br>Property<br>Europe, S.A. |
|---|--|--|---|-----------------------------------|--|--|
|   | (2)  | (2)  | (2)   | (5)                               | (2)  | (2)                                    |
| <b>Assets</b>   |  |  |   |                                   |  |  |
| Cash and cash equivalents   | -  | -  | -   | 214,946,841                       | -  | -                                      |
| Investments in subsidiaries, associates and joint ventures  | 75,922,290   | 41,000,000                                     | 13,203,495  | -                                 | 6,260,184  | 1,524,604,925                          |
| Financial assets at fair value through profit or loss   | -  | -  | -   | 43,568,987                        | -  | 988,049                                |
| Financial assets designated at fair value through other comprehensive income  | -  | -  | -   | 110,465,986                       | -  | -                                      |
| Financial assets at amortised cost  | -  | -  | 232,039   | -                                 | 159,632  | -                                      |
| Properties for own use  | -  | -  | -   | 28,931                            | -  | 662,642                                |
| Technical provisions on reinsurance ceded   | 16,578   | -  | -   | -                                 | -  | -                                      |
| Accounts receivable for direct insurance operations   | -  | -  | -   | 6,717,210                         | -  | -                                      |
| Accounts receivable for other reinsurance operations  | 5,141,767  | 75,358   | 3,303,991   | -                                 | -  | -                                      |
| Accounts receivable for other operations  | 107,011  | 203  | 4,656,411   | 82,179                            | 74,763   | 4,917,847                              |
| <b>Liabilities</b>  |  |  |   |                                   |  |  |
| Provision for unearned premiums   | -  | -  | 314,881   | 789,852                           | 110,952  | -                                      |
| Claims provision  | -  | 5,138,732                                      | 1,875,080   | (22,120,123)                      | 935,120  | -                                      |
| Financial liabilities at fair value through profit or loss  | -  | -  | -   | -                                 | -  | 1,657,053                              |
| Other financial liabilities   | -  | -  | -   | 28,115                            | -  | 504,156                                |
| Accounts payable for direct insurance operations  | -  | -  | -   | 7,234,604                         | -  | -                                      |
| Accounts payable for other reinsurance operations   | 7,767,416  | -  | -   | -                                 | 40,703   | -                                      |
| Accounts payable for other operations   | 36,331   | 76   | 41,803  | -                                 | 34,916   | 15,153                                 |
| Accruals and deferrals  | -  | -  | -   | 31,529,478                        | -  | 6,399                                  |
| <b>Gains and Losses</b>   |  |  |   |                                   |  |  |
| Gross premiums written  | -  | 1,657,158                                      | 656,236   | 4,283,840                         | 1,318,300  | -                                      |
| Reinsurance ceded premiums  | (45,573,405)   | -  | -   | -                                 | -  | -                                      |
| Provision for unearned premiums (change)  | -  | (30)   | 281,890   | (1,406,332)                       | 627  | -                                      |
| Provision for unearned premiums, reinsurers' share (change)   | 2,150  | -  | -   | -                                 | -  | -                                      |
| Claims costs, net of reinsurance  | 15,794   | (2,130,645)                                    | (590,543)   | (228,857)                         | (699,594)  | 33,241                                 |
| Operating costs and expenses, net   | 5,522,746  | 160,961  | (126,831)   | (59,226,706)                      | (356,326)  | 534,627                                |
| Financial income  | 274,269  | 289,541  | 340,637   | 5,898,266                         | 520,751  | -                                      |
| Financial expenses  | 5,443  | 6,431  | -   | (3,660,996)                       | (19,946)   | 8,744                                  |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss  | -  | -  | -   | -                                 | -  | -                                      |
| Net income on financial assets and liabilities recognised at fair value through profit or loss  | -  | -  | -   | -                                 | -  | (10,942,111)                           |
| Exchange differences  | -  | -  | (23,678)  | (11,949,601)                      | -  | (5,740)                                |
| Impairment losses (net of reversals)  | -  | -  | -   | (226,351)                         | -  | -                                      |
| Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations | -  | -  | -   | -                                 | -  | -                                      |
| Other technical income/expenses, net of reinsurance   | -  | -  | 3,483   | -                                 | 4,400  | -                                      |
| Other income/expenses   | 39,307   | 145,030  | (1,699,493)   | (118,588)                         | 10,880   | -                                      |

(Amounts in euros except when expressly indicated otherwise)

|   | GEP - Gestão de Peritagens Automóveis, S.A.<br>(2) | Fundo de Investimento Imobiliário Fechado Saudeinveste<br>(2) | Cetra - Centro Técnico de Reparação Automóvel, S.A.<br>(2) | Fundo de Investimento Imobiliário Aberto IMOFID<br>(2) | Multicare - Seguros de Saúde, S.A.<br>(2) | Companhia Portuguesa de Resseguros, S.A.<br>(2) |
|---|--|---|--|--|---|---|
| <b>Assets</b>   |  |   |  |  |   |   |
| Cash and cash equivalents   | -  | -   | -  | -  | -   | -   |
| Investments in subsidiaries, associates and joint ventures  | 100,000  | -   | 2,717,053  | -  | 113,205,508                               | 14,202,995                                      |
| Financial assets at fair value through profit or loss   | -  | 165,707,096   | -  | 67,964,398   | -   | -   |
| Financial assets designated at fair value through other comprehensive income  | -  | -   | -  | -  | -   | -   |
| Financial assets at amortised cost  | -  | -   | -  | -  | -   | -   |
| Properties for own use  | -  | -   | -  | 32,176   | -   | -   |
| Technical provisions on reinsurance ceded   | -  | -   | -  | -  | 84,516,820                                | 3,135,094                                       |
| Accounts receivable for direct insurance operations   | -  | -   | -  | -  | 1,198,523                                 | -   |
| Accounts receivable for other reinsurance operations  | -  | -   | -  | -  | -   | 421,075   |
| Accounts receivable for other operations  | 3,367  | -   | 50,909   | -  | 7,518,530                                 | -   |
| <b>Liabilities</b>  |  |   |  |  |   |   |
| Provision for unearned premiums   | -  | -   | -  | -  | (2,811,135)                               | 723,778   |
| Claims provision  | 66,703   | -   | 5,935  | -  | (753,888)                                 | 1,300,470                                       |
| Financial liabilities at fair value through profit or loss  | -  | -   | -  | -  | -   | -   |
| Other financial liabilities   | -  | -   | -  | 29,731   | 77,685,628                                | 571,939   |
| Accounts payable for direct insurance operations  | -  | -   | -  | -  | 3,391,332                                 | -   |
| Accounts payable for other reinsurance operations   | -  | -   | -  | -  | 25,170,342                                | 357,038   |
| Accounts payable for other operations   | 1,243  | -   | -  | 23,320,000   | (88,491)                                  | 180,411   |
| Accruals and deferrals  | -  | -   | -  | -  | 48,652                                    | -   |
| <b>Gains and Losses</b>   |  |   |  |  |   |   |
| Gross premiums written  | -  | -   | -  | -  | (4,881,207)                               | 2,241,726                                       |
| Reinsurance ceded premiums  | -  | -   | -  | -  | (353,513,776)                             | (2,704,212)                                     |
| Provision for unearned premiums (change)  | -  | -   | -  | -  | 5,971                                     | 140,697   |
| Provision for unearned premiums, reinsurers' share (change)   | -  | -   | -  | -  | 5,402,641                                 | (108,388)                                       |
| Claims costs, net of reinsurance  | (18,476,307)                                       | -   | (2,177,394)  | (1,629)  | 243,029,944                               | 322,515   |
| Operating costs and expenses, net   | 252,199  | -   | 76,094   | (43,334)   | 62,872,226                                | (29,743)  |
| Financial income  | 288,745  | -   | 65,060   | -  | 582,842                                   | -   |
| Financial expenses  | -  | -   | -  | (18,565)   | (1,160,953)                               | 4,424   |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss  | -  | -   | -  | -  | -   | -   |
| Net income on financial assets and liabilities recognised at fair value through profit or loss  | -  | 11,692,107  | -  | 122,239  | -   | -   |
| Exchange differences  | -  | -   | -  | -  | -   | -   |
| Impairment losses (net of reversals)  | -  | -   | -  | -  | -   | 813,429   |
| Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations | -  | (11,692,107)  | -  | (202,979)  | -   | -   |
| Other technical income/expenses, net of reinsurance   | -  | -   | -  | -  | 17,809                                    | -   |
| Other income/expenses   | 18,591   | -   | 21,486   | -  | 66,336                                    | 57,017  |

(Amounts in euros except when expressly indicated otherwise)

|   | Luz Saúde, S.A. | Fidelidade -<br>Property<br>Internacional,<br>S.A. | Fidelidade<br>Macau -<br>Companhia de<br>Seguros, S.A. | FPE (Lux)<br>Holding Sarl | FID Loans 1<br>Ireland | Fidelidade -<br>Sociedade<br>Gestora de Org.<br>de Investimento<br>Coletivo, S.A. |
|---|-----------------|--|--|---------------------------|------------------------|---|
|   | ( 2 )           | ( 2 )  | ( 2 )  | ( 2 )                     | ( 2 )                  | ( 2 )   |
| <b>Assets</b>   |                 |  |  |                           |                        |   |
| Cash and cash equivalents   | -               | -  | -  | -                         | -                      | -   |
| Investments in subsidiaries, associates and joint ventures  | 246,163,130     | 258,664,012  | 17,889,052   | -                         | 350,000,000            | 882,024   |
| Financial assets at fair value through profit or loss   | -               | 21,839   | -  | 698,062                   | -                      | -   |
| Financial assets designated at fair value through other comprehensive income  | -               | -  | -  | -                         | -                      | -   |
| Financial assets at amortised cost  | -               | -  | -  | -                         | -                      | -   |
| Properties for own use  | -               | -  | -  | -                         | -                      | -   |
| Technical provisions on reinsurance ceded   | -               | -  | -  | -                         | -                      | -   |
| Accounts receivable for direct insurance operations   | -               | -  | -  | -                         | -                      | -   |
| Accounts receivable for other reinsurance operations  | -               | -  | 59,397   | -                         | -                      | -   |
| Accounts receivable for other operations  | -               | ( 229,027 )  | -  | 1,679,037                 | -                      | 15,400  |
| <b>Liabilities</b>  |                 |  |  |                           |                        |   |
| Provision for unearned premiums   | -               | -  | 99,264   | -                         | -                      | -   |
| Claims provision  | 10,370,046      | -  | 254,813  | -                         | -                      | -   |
| Financial liabilities at fair value through profit or loss  | -               | 3,200,642  | -  | -                         | -                      | -   |
| Other financial liabilities   | -               | -  | -  | -                         | -                      | -   |
| Accounts payable for direct insurance operations  | -               | -  | -  | -                         | -                      | -   |
| Accounts payable for other reinsurance operations   | -               | -  | -  | -                         | -                      | -   |
| Accounts payable for other operations   | 39,226          | -  | -  | -                         | -                      | -   |
| Accruals and deferrals  | -               | -  | -  | -                         | -                      | 2,033   |
| <b>Gains and Losses</b>   |                 |  |  |                           |                        |   |
| Gross premiums written  | -               | -  | 342,879  | -                         | -                      | -   |
| Reinsurance ceded premiums  | -               | -  | -  | -                         | -                      | -   |
| Provision for unearned premiums (change)  | -               | -  | ( 8,043 )  | -                         | -                      | -   |
| Provision for unearned premiums, reinsurers' share (change)   | -               | -  | -  | -                         | -                      | -   |
| Claims costs, net of reinsurance  | ( 82,166,551 )  | -  | ( 122,392 )  | -                         | -                      | 17,663  |
| Operating costs and expenses, net   | ( 226,481 )     | -  | ( 68,449 )   | -                         | -                      | 158,965   |
| Financial income  | -               | -  | -  | -                         | -                      | 24,379  |
| Financial expenses  | ( 38,260 )      | 728  | -  | 1,313                     | -                      | -   |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss  | -               | -  | -  | -                         | -                      | -   |
| Net income on financial assets and liabilities recognised at fair value through profit or loss  | -               | ( 6,216,033 )                                      | -  | ( 7,257,938 )             | -                      | -   |
| Exchange differences  | -               | ( 1,861 )  | -  | ( 106,942 )               | -                      | -   |
| Impairment losses (net of reversals)  | -               | 26,664,010   | -  | -                         | -                      | 381,183   |
| Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations | -               | -  | -  | -                         | -                      | -   |
| Other technical income/expenses, net of reinsurance   | -               | -  | -  | -                         | -                      | -   |
| Other income/expenses   | ( 173,396 )     | -  | ( 10,030 )   | -                         | -                      | -   |



(Amounts in euros except when expressly indicated otherwise)

|   | FID PERÚ S.A. | FID CHILE, SpA | Fidelidade<br>Macau Vida-<br>Companhia de<br>Seguros | TENAX CAPITAL<br>LIMITED | FSG Saúde –<br>Fundo de<br>Investimento<br>Imobiliário<br>Fechado | Xingtao Assets<br>Limited |
|---|---------------|----------------|--|--------------------------|---|---------------------------|
|   | ( 2 )         | ( 2 )          | ( 2 )  | ( 2 )                    | ( 2 )   | ( 5 )                     |
| <b>Assets</b>   |               |                |  |                          |   |                           |
| Cash and cash equivalents   | -             | -              | -  | -                        | -   | -                         |
| Investments in subsidiaries, associates and joint ventures  | 137,216,160   | 9,290,111      | 18,811,806   | 5,436,252                | -   | -                         |
| Financial assets at fair value through profit or loss   | -             | -              | -  | -                        | 50,866,380  | -                         |
| Financial assets designated at fair value through other comprehensive income  | -             | -              | -  | -                        | -   | 269,577,450               |
| Financial assets at amortised cost  | -             | -              | -  | -                        | -   | -                         |
| Properties for own use  | -             | -              | -  | -                        | -   | -                         |
| Technical provisions on reinsurance ceded   | -             | -              | -  | -                        | -   | -                         |
| Accounts receivable for direct insurance operations   | -             | -              | -  | -                        | -   | -                         |
| Accounts receivable for other reinsurance operations  | -             | -              | -  | -                        | -   | -                         |
| Accounts receivable for other operations  | -             | -              | -  | 59,642                   | -   | -                         |
| <b>Liabilities</b>  |               |                |  |                          |   |                           |
| Provision for unearned premiums   | -             | -              | -  | -                        | -   | -                         |
| Claims provision  | -             | -              | -  | -                        | -   | -                         |
| Financial liabilities at fair value through profit or loss  | -             | -              | -  | -                        | -   | -                         |
| Other financial liabilities   | -             | -              | -  | -                        | -   | -                         |
| Accounts payable for direct insurance operations  | -             | -              | -  | -                        | -   | -                         |
| Accounts payable for other reinsurance operations   | -             | -              | -  | -                        | -   | -                         |
| Accounts payable for other operations   | -             | -              | -  | 59,642                   | -   | -                         |
| Accruals and deferrals  | -             | -              | -  | 216,235                  | -   | -                         |
| <b>Gains and Losses</b>   |               |                |  |                          |   |                           |
| Gross premiums written  | -             | -              | -  | -                        | -   | -                         |
| Reinsurance ceded premiums  | -             | -              | -  | -                        | -   | -                         |
| Provision for unearned premiums (change)  | -             | -              | -  | -                        | -   | -                         |
| Provision for unearned premiums, reinsurers' share (change)   | -             | -              | -  | -                        | -   | -                         |
| Claims costs, net of reinsurance  | -             | -              | -  | -                        | -   | -                         |
| Operating costs and expenses, net   | -             | -              | -  | -                        | -   | -                         |
| Financial income  | -             | -              | -  | -                        | -   | 8,914,864                 |
| Financial expenses  | -             | -              | -  | ( 216,235 )              | -   | -                         |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss  | -             | -              | -  | -                        | -   | -                         |
| Net income on financial assets and liabilities recognised at fair value through profit or loss  | -             | -              | -  | -                        | ( 133,620 )   | -                         |
| Exchange differences  | -             | ( 26,161 )     | -  | -                        | -   | -                         |
| Impairment losses (net of reversals)  | -             | ( 8,183,236 )  | -  | -                        | -   | ( 949,510 )               |
| Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations | -             | -              | -  | -                        | 133,620   | -                         |
| Other technical income/expenses, net of reinsurance   | -             | -              | -  | -                        | -   | -                         |
| Other income/expenses   | -             | -              | ( 942,721 )  | -                        | -   | -                         |

(Amounts in euros except when expressly indicated otherwise)

|   | Peak<br>Reinsurance<br>Company | Hauck &<br>Aufhäuser<br>Privatbankiers<br>AG | Fosun Asset<br>Management<br>Limited | Banco Comercial<br>Português, S.A. | Longrun<br>Portugal, SGPS,<br>S.A. | Outros        | TOTAL           |
|---|--------------------------------|--|--------------------------------------|------------------------------------|------------------------------------|---------------|-----------------|
|   | (5)                            | (5)  | (5)                                  | (5)                                | (1)                                | -             |                 |
| <b>Assets</b>   |                                |  |                                      |                                    |                                    |               |                 |
| Cash and cash equivalents   | -                              | 18,821,465                                   | -                                    | 2,017,990                          | -                                  | -             | 235,786,296     |
| Investments in subsidiaries, associates and joint ventures  | -                              | -  | -                                    | -                                  | -                                  | 24,009,868    | 2,859,578,865   |
| Financial assets at fair value through profit or loss   | -                              | -  | -                                    | 15,649,979                         | -                                  | -             | 345,464,790     |
| Financial assets designated at fair value through other comprehensive income  | -                              | -  | -                                    | 65,650,311                         | -                                  | -             | 445,693,747     |
| Financial assets at amortised cost  | -                              | -  | -                                    | 2,755,292                          | -                                  | -             | 3,146,963       |
| Properties for own use  | -                              | -  | -                                    | -                                  | -                                  | -             | 723,749         |
| Technical provisions on reinsurance ceded   | 2,533,612                      | -  | -                                    | -                                  | -                                  | -             | 90,202,104      |
| Accounts receivable for direct insurance operations   | -                              | -  | -                                    | -                                  | -                                  | -             | 7,915,733       |
| Accounts receivable for other reinsurance operations  | 19,602                         | -  | -                                    | -                                  | -                                  | -             | 9,021,190       |
| Accounts receivable for other operations  | -                              | -  | -                                    | -                                  | 7,861,964                          | 842,520       | 27,640,756      |
| <b>Liabilities</b>  |                                |  |                                      |                                    |                                    |               |                 |
| Provision for unearned premiums   | -                              | -  | -                                    | -                                  | -                                  | -             | ( 772,408 )     |
| Claims provision  | 55,972                         | -  | -                                    | -                                  | -                                  | 302,774       | ( 2,568,366 )   |
| Financial liabilities at fair value through profit or loss  | -                              | -  | -                                    | -                                  | -                                  | -             | 4,857,695       |
| Other financial liabilities   | 3,459,113                      | -  | -                                    | -                                  | -                                  | -             | 82,278,682      |
| Accounts payable for direct insurance operations  | -                              | -  | -                                    | -                                  | -                                  | -             | 10,625,936      |
| Accounts payable for other reinsurance operations   | 2,845,611                      | -  | -                                    | -                                  | -                                  | -             | 36,181,110      |
| Accounts payable for other operations   | -                              | -  | -                                    | -                                  | -                                  | 2,035,779     | 25,676,089      |
| Accruals and deferrals  | -                              | 88,000                                       | 1,696,500                            | -                                  | -                                  | 46,125        | 33,633,422      |
| <b>Gains and Losses</b>   |                                |  |                                      |                                    |                                    |               |                 |
| Gross premiums written  | -                              | -  | -                                    | -                                  | -                                  | -             | 5,618,932       |
| Reinsurance ceded premiums  | ( 11,875,389 )                 | -  | -                                    | -                                  | -                                  | -             | ( 413,666,782 ) |
| Provision for unearned premiums (change)  | -                              | -  | -                                    | -                                  | -                                  | -             | ( 985,220 )     |
| Provision for unearned premiums, reinsurers' share (change)   | 90,020                         | -  | -                                    | -                                  | -                                  | -             | 5,386,423       |
| Claims costs, net of reinsurance  | 4,220,091                      | -  | ( 6,457 )                            | -                                  | -                                  | ( 9,596,385 ) | 131,442,494     |
| Operating costs and expenses, net   | 2,029,249                      | -  | ( 89,872 )                           | -                                  | -                                  | ( 797,797 )   | 10,641,528      |
| Financial income  | -                              | 34,942                                       | -                                    | 4,336,331                          | -                                  | 96,656        | 21,667,283      |
| Financial expenses  | ( 1,217 )                      | ( 388,491 )                                  | ( 6,539,609 )                        | -                                  | -                                  | ( 237,439 )   | ( 12,254,628 )  |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss  | -                              | -  | -                                    | ( 64,363 )                         | -                                  | -             | ( 5,249 )       |
| Net income on financial assets and liabilities recognised at fair value through profit or loss  | -                              | -  | -                                    | 444,267                            | -                                  | 1,643,963     | ( 10,714,109 )  |
| Exchange differences  | -                              | ( 410,296 )                                  | -                                    | ( 508,133 )                        | -                                  | 610,638       | ( 12,421,774 )  |
| Impairment losses (net of reversals)  | -                              | -  | -                                    | ( 281,989 )                        | -                                  | ( 103,801 )   | 18,113,735      |
| Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations | -                              | -  | -                                    | -                                  | -                                  | -             | ( 11,761,466 )  |
| Other technical income/expenses, net of reinsurance   | -                              | -  | -                                    | -                                  | -                                  | -             | 25,692          |
| Other income/expenses   | -                              | -  | -                                    | 26,840                             | 6,504                              | ( 21,734 )    | ( 2,573,971 )   |

## 2019

|  | Fidelidade<br>Assistência -<br>Companhia de<br>Seguros, S.A. | Via Directa -<br>Companhia de<br>Seguros, S.A. | Fidelidade<br>Angola<br>Companhia de<br>Seguros, S.A. | Caixa Geral de<br>Depósitos, S.A. | Garantia -<br>Companhia de<br>Seguros de Cabo<br>Verde, S.A. | Fidelidade<br>Property<br>Europe, S.A. |
|--|--|--|---|-----------------------------------|--|--|
|  | (2)  | (2)  | (2)   | (5)                               | (2)  | (2)                                    |
| <b>Assets</b>  |  |  |   |                                   |  |  |
| Cash and cash equivalents  | -  | -  | -   | 153,396,716                       | -  | -                                      |
| Investments in subsidiaries, associates and joint ventures   | -  | 41,000,000                                     | 13,203,495  | -                                 | 6,260,184  | 1,289,104,925                          |
| Financial assets held for trading  | -  | -  | -   | 63,064                            | -  | 10,451,414                             |
| Financial assets initially recognised at fair value through profit or loss                         | -  | -  | -   | 25,469,831                        | -  | -                                      |
| Available-for-sale investments   | -  | -  | -   | 79,623,667                        | -  | -                                      |
| Loans and accounts receivable  | -  | -  | 288,961   | 18,949,818                        | 125,455  | 2,054,978                              |
| Technical provisions on reinsurance ceded  | 34,998   | -  | -   | -                                 | -  | -                                      |
| Accounts receivable for direct insurance operations  | -  | -  | -   | 442,375                           | -  | -                                      |
| Accounts receivable for other reinsurance operations   | 2,771,003  | 26,245   | 3,048,477   | -                                 | -  | -                                      |
| Accounts receivable for other operations   | 55,856   | 371  | 8,995,838   | 11,284                            | -  | 446                                    |
| <b>Liabilities</b>   |  |  |   |                                   |  |  |
| Provision for unearned premiums  | -  | (30)   | 533,222   | -                                 | 110,975  | -                                      |
| Claims provision   | -  | 3,724,531                                      | 1,349,756   | -                                 | 762,957  | -                                      |
| Financial liabilities held for trading   | -  | -  | -   | 3,226,034                         | -  | 50,805                                 |
| Other financial liabilities  | -  | -  | -   | 28,530                            | -  | 344,924                                |
| Accounts payable for direct insurance operations   | -  | -  | -   | 4,128,143                         | -  | -                                      |
| Accounts payable for other reinsurance operations  | 4,045,162  | -  | -   | -                                 | 105,618  | -                                      |
| Accounts payable for other operations  | -  | -  | 2,684,353   | -                                 | 59,600   | 1,470,010                              |
| Accruals and deferrals   | 22,778   | -  | -   | 27,076,844                        | -  | -                                      |
| <b>Gains and Losses</b>  |  |  |   |                                   |  |  |
| Gross premiums written   | -  | 1,546,977                                      | 2,237,167   | -                                 | 1,420,710  | -                                      |
| Reinsurance ceded premiums   | (45,368,520)   | -  | -   | -                                 | -  | -                                      |
| Provision for unearned premiums (change)   | -  | 20   | (52,553)  | -                                 | 17,370   | -                                      |
| Provision for unearned premiums, reinsurers' share (change)  | (1,557)  | -  | -   | -                                 | -  | -                                      |
| Claims costs, net of reinsurance   | 17,536   | (2,084,651)                                    | (830,750)   | (39,673)                          | (473,182)  | 34,113                                 |
| Operating costs and expenses, net  | 3,078,170  | 159,312  | 104,427   | (52,988,116)                      | (450,161)  | 136,792                                |
| Financial income   | 272,303  | 287,618  | 24,992  | 6,682,209                         | 445,777  | 36,434,101                             |
| Financial expenses   | -  | (51,029)                                       | -   | (3,587,988)                       | (28,109)   | (468,210)                              |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss | -  | -  | -   | -                                 | -  | -                                      |
| Net income on financial assets and liabilities recognised at fair value through profit or loss     | -  | -  | -   | -                                 | -  | 12,386,419                             |
| Exchange differences   | -  | -  | 15,341  | 10,845,492                        | -  | (236,390)                              |
| Impairment losses (net of reversals)   | -  | -  | -   | -                                 | 122,785  | -                                      |
| Other technical income/expenses, net of reinsurance  | -  | -  | 4,260   | -                                 | -  | -                                      |
| Other income/expenses  | (1,841)  | -  | 1,041,799   | (86,505)                          | -  | (7,468)                                |

(Amounts in euros except when expressly indicated otherwise)

|  | GEP - Gestão de Peritagens Automóveis, S.A.<br>( 2 ) | Fundo de Investimento Imobiliário Fechado Saudeinvest<br>( 2 ) | Cetra - Centro Técnico de Reparação Automóvel, S.A.<br>( 2 ) | Fundo de Investimento Imobiliário Fechado IMOFID<br>( 2 ) | Multicare - Seguros de Saúde, S.A.<br>( 2 ) | Companhia Portuguesa de Resseguros, S.A.<br>( 2 ) |
|--|--|--|--|---|---|---|
| <b>Assets</b>  |  |  |  |   |   |   |
| Cash and cash equivalents  | -  | -  | -  | -   | -   | -   |
| Investments in subsidiaries, associates and joint ventures   | 100,000  | -  | 2,717,053  | -   | -   | 13,389,566  |
| Financial assets held for trading  | -  | -  | -  | -   | -   | -   |
| Financial assets initially recognised at fair value through profit or loss                         | -  | -  | -  | -   | -   | -   |
| Available-for-sale investments   | -  | 154,014,988  | -  | 53,540,725  | -   | -   |
| Loans and accounts receivable  | -  | -  | -  | -   | -   | -   |
| Technical provisions on reinsurance ceded  | -  | -  | -  | -   | 89,202,432                                  | 3,620,325   |
| Accounts receivable for direct insurance operations  | -  | -  | -  | -   | 822,971                                     | -   |
| Accounts receivable for other reinsurance operations   | -  | -  | -  | -   | -   | 355,413   |
| Accounts receivable for other operations   | -  | -  | -  | -   | -   | 446   |
| <b>Liabilities</b>   |  |  |  |   |   |   |
| Provision for unearned premiums  | -  | -  | -  | -   | ( 2,805,643 )                               | 792,802   |
| Claims provision   | 326,410  | -  | 177,234  | -   | ( 1,167,819 )                               | 1,830,842   |
| Financial liabilities held for trading   | -  | -  | -  | -   | -   | -   |
| Other financial liabilities  | -  | -  | -  | 61,879  | 81,237,843                                  | 592,662   |
| Accounts payable for direct insurance operations   | -  | -  | -  | -   | 1,414,064                                   | -   |
| Accounts payable for other reinsurance operations  | -  | -  | -  | -   | 12,391,663                                  | 62,781  |
| Accounts payable for other operations  | 950  | -  | 332  | -   | 10,501,742                                  | -   |
| Accruals and deferrals   | -  | -  | -  | 35  | 48,406                                      | -   |
| <b>Gains and Losses</b>  |  |  |  |   |   |   |
| Gross premiums written   | -  | -  | -  | -   | ( 4,671,431 )                               | 2,624,942   |
| Reinsurance ceded premiums   | -  | -  | -  | -   | ( 320,783,099 )                             | ( 2,887,932 )                                     |
| Provision for unearned premiums (change)   | -  | -  | -  | -   | 2,022,351                                   | 30,646  |
| Provision for unearned premiums, reinsurers' share (change)  | -  | -  | -  | -   | 581,034                                     | ( 42,388 )  |
| Claims costs, net of reinsurance   | ( 19,529,648 )                                       | -  | ( 3,352,669 )  | ( 1,630 )   | 251,973,981                                 | 753,996   |
| Operating costs and expenses, net  | 166,041  | -  | 74,076   | ( 31,097 )  | 44,753,951                                  | ( 5,112 )   |
| Financial income   | 259,943  | -  | 59,892   | -   | 578,665                                     | -   |
| Financial expenses   | -  | -  | -  | ( 44 )  | ( 1,096,218 )                               | ( 1,275 )   |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss | -  | -  | -  | -   | -   | -   |
| Net income on financial assets and liabilities recognised at fair value through profit or loss     | -  | -  | -  | -   | -   | -   |
| Exchange differences   | -  | -  | -  | -   | -   | -   |
| Impairment losses (net of reversals)   | -  | -  | -  | -   | -   | 486,971   |
| Other technical income/expenses, net of reinsurance  | -  | -  | -  | -   | 29,187                                      | -   |
| Other income/expenses  | 74,270   | -  | 21,486   | ( 11,432 )  | ( 103,438 )                                 | 45,776  |

|   | FCM<br>Beteiligungs<br>GmbH | Tom Tailor,<br>GmbH | Luz Saúde, S.A. | Fidelidade -<br>Property<br>Internacional,<br>S.A. | Fidelidade<br>Macau -<br>Companhia de<br>Seguros, S.A. | FPE (Lux)<br>Holding Sarl |
|---|-----------------------------|---------------------|-----------------|--|--|---------------------------|
|   | ( 2 )                       | ( 2 )               | ( 2 )           | ( 2 )  | ( 2 )  | ( 2 )                     |
| <b>Assets</b>   |                             |                     |                 |  |  |                           |
| Cash and cash equivalents   | -                           | -                   | -               | -  | -  | -                         |
| Investments in subsidiaries, associates and joint ventures  | 3,529,327                   | -                   | 246,163,101     | 297,000,002  | 17,889,052   | -                         |
| Financial assets held for trading   | -                           | -                   | -               | 3,662,189  | -  | 5,159,094                 |
| Financial assets initially recognised at<br>fair value through profit or loss                         | -                           | -                   | -               | -  | -  | -                         |
| Available-for-sale investments  | -                           | -                   | -               | -  | -  | -                         |
| Loans and accounts receivable   | -                           | -                   | -               | -  | -  | -                         |
| Technical provisions on reinsurance ceded   | -                           | -                   | -               | -  | -  | -                         |
| Accounts receivable for direct insurance operations   | -                           | -                   | -               | -  | -  | -                         |
| Accounts receivable for other reinsurance operations  | -                           | -                   | -               | -  | 48,023   | -                         |
| Accounts receivable for other operations  | -                           | -                   | -               | -  | -  | -                         |
| <b>Liabilities</b>  |                             |                     |                 |  |  |                           |
| Provision for unearned premiums   | -                           | -                   | -               | -  | 94,043   | -                         |
| Claims provision  | -                           | -                   | 8,743,450       | -  | 145,293  | -                         |
| Financial liabilities held for trading  | -                           | -                   | -               | -  | -  | -                         |
| Other financial liabilities   | -                           | -                   | -               | -  | -  | -                         |
| Accounts payable for direct insurance operations  | -                           | -                   | -               | -  | -  | -                         |
| Accounts payable for other reinsurance operations   | -                           | -                   | -               | -  | -  | -                         |
| Accounts payable for other operations   | -                           | -                   | 6,722           | 9,567,696  | -  | ( 2,101,129 )             |
| Accruals and deferrals  | -                           | -                   | -               | -  | -  | -                         |
| <b>Gains and Losses</b>   |                             |                     |                 |  |  |                           |
| Gross premiums written  | -                           | -                   | -               | -  | 304,344  | -                         |
| Reinsurance ceded premiums  | -                           | -                   | -               | -  | -  | -                         |
| Provision for unearned premiums (change)  | -                           | -                   | -               | -  | ( 35,294 )   | -                         |
| Provision for unearned premiums, reinsurers' share (change)   | -                           | -                   | -               | -  | -  | -                         |
| Claims costs, net of reinsurance  | -                           | -                   | ( 71,992,034 )  | -  | ( 33,983 )   | -                         |
| Operating costs and expenses, net   | -                           | -                   | ( 69,659 )      | -  | ( 61,969 )   | -                         |
| Financial income  | -                           | -                   | -               | -  | -  | -                         |
| Financial expenses  | -                           | -                   | -               | 2,289  | -  | 1,493                     |
| Net income on financial assets and liabilities not recognised at fair value through<br>profit or loss | -                           | 500,548             | -               | -  | -  | -                         |
| Net income on financial assets and liabilities recognised at fair value through<br>profit or loss     | -                           | -                   | -               | 7,016,329  | -  | 10,542,670                |
| Exchange differences  | -                           | -                   | -               | 10,583   | -  | ( 169,567 )               |
| Impairment losses (net of reversals)  | 140,531                     | -                   | -               | 6,000,002  | -  | -                         |
| Other technical income/expenses, net of reinsurance   | -                           | -                   | -               | -  | -  | -                         |
| Other income/expenses   | -                           | -                   | -               | -  | 2,466  | -                         |

(Amounts in euros except when expressly indicated otherwise)

|   | FID Loans 1<br>Ireland | Fidelidade -<br>Sociedade<br>Gestora de Org.<br>de Investimento<br>Imobiliário, S.A. | FID LatAm SGPS,<br>SA | FID PERÚ S.A. | FID CHILE, SpA | Universal<br>Assistência e<br>Serviços, Lda |
|---|------------------------|--|-----------------------|---------------|----------------|---|
|   | ( 2 )                  | ( 2 )  | ( 2 )                 | ( 2 )         | ( 2 )          | ( 2 )                                       |
| <b>Assets</b>   |                        |  |                       |               |                |   |
| Cash and cash equivalents   | -                      | -  | -                     | -             | -              | -   |
| Investments in subsidiaries, associates and joint ventures  | 340,000,000            | 430,194  | 315,398               | 137,216,160   | 13,168,935     | -   |
| Financial assets held for trading   | -                      | -  | -                     | -             | -              | -   |
| Financial assets initially recognised at<br>fair value through profit or loss                         | -                      | -  | -                     | -             | -              | -   |
| Available-for-sale investments  | -                      | -  | -                     | -             | -              | -   |
| Loans and accounts receivable   | -                      | -  | -                     | -             | -              | -   |
| Technical provisions on reinsurance ceded   | -                      | -  | -                     | -             | -              | -   |
| Accounts receivable for direct insurance operations   | -                      | -  | -                     | -             | -              | -   |
| Accounts receivable for other reinsurance operations  | -                      | -  | -                     | -             | -              | -   |
| Accounts receivable for other operations  | -                      | 15,123   | -                     | -             | -              | 38,902                                      |
| <b>Liabilities</b>  |                        |  |                       |               |                |   |
| Provision for unearned premiums   | -                      | -  | -                     | -             | -              | -   |
| Claims provision  | -                      | -  | -                     | -             | -              | -   |
| Financial liabilities held for trading  | -                      | -  | -                     | -             | -              | -   |
| Other financial liabilities   | -                      | -  | -                     | -             | -              | -   |
| Accounts payable for direct insurance operations  | -                      | -  | -                     | -             | -              | -   |
| Accounts payable for other reinsurance operations   | -                      | -  | -                     | -             | -              | -   |
| Accounts payable for other operations   | -                      | -  | -                     | -             | -              | -   |
| Accruals and deferrals  | -                      | 2,023  | -                     | -             | -              | -   |
| <b>Gains and Losses</b>   |                        |  |                       |               |                |   |
| Gross premiums written  | -                      | -  | -                     | -             | -              | -   |
| Reinsurance ceded premiums  | -                      | -  | -                     | -             | -              | -   |
| Provision for unearned premiums (change)  | -                      | -  | -                     | -             | -              | -   |
| Provision for unearned premiums, reinsurers' share (change)   | -                      | -  | -                     | -             | -              | -   |
| Claims costs, net of reinsurance  | -                      | 6,384  | -                     | -             | -              | 1,296                                       |
| Operating costs and expenses, net   | -                      | 136,156  | -                     | -             | -              | 11,660                                      |
| Financial income  | 6,572,388              | 24,230   | -                     | -             | -              | -   |
| Financial expenses  | -                      | ( 11,242 )   | -                     | -             | -              | -   |
| Net income on financial assets and liabilities not recognised at fair value through<br>profit or loss | -                      | -  | -                     | -             | -              | -   |
| Net income on financial assets and liabilities recognised at fair value through<br>profit or loss     | -                      | -  | -                     | -             | -              | -   |
| Exchange differences  | -                      | -  | 875                   | ( 18,377 )    | ( 48,216 )     | -   |
| Impairment losses (net of reversals)  | -                      | ( 1,069,806 )  | ( 9,587 )             | -             | -              | -   |
| Other technical income/expenses, net of reinsurance   | -                      | -  | -                     | -             | -              | -   |
| Other income/expenses   | -                      | -  | -                     | -             | -              | -   |

|  | FID I & D, S.A. | Xingtao Assets Limited | Peak Reinsurance Company | Hauck & Aufhäuser Privatbankiers AG | Everest Healthcare Properties, LLC | Fosun Asset Management Limited |
|--|-----------------|------------------------|--------------------------|-------------------------------------|------------------------------------|--------------------------------|
|  | (2)             | (5)                    | (5)                      | (5)                                 | (5)                                | (5)                            |
| <b>Assets</b>  |                 |                        |                          |                                     |                                    |                                |
| Cash and cash equivalents  | -               | -                      | -                        | 17,778,410                          | -                                  | -                              |
| Investments in subsidiaries, associates and joint ventures   | 50,000          | -                      | -                        | -                                   | -                                  | -                              |
| Financial assets held for trading  | -               | -                      | -                        | -                                   | -                                  | -                              |
| Financial assets initially recognised at fair value through profit or loss                         | -               | -                      | -                        | -                                   | 16,889,117                         | -                              |
| Available-for-sale investments   | -               | 269,979,750            | -                        | -                                   | -                                  | -                              |
| Loans and accounts receivable  | -               | -                      | -                        | -                                   | -                                  | -                              |
| Technical provisions on reinsurance ceded  | -               | -                      | 2,454,832                | -                                   | -                                  | -                              |
| Accounts receivable for direct insurance operations  | -               | -                      | -                        | -                                   | -                                  | -                              |
| Accounts receivable for other reinsurance operations   | -               | -                      | 2,215,753                | -                                   | -                                  | -                              |
| Accounts receivable for other operations   | -               | -                      | -                        | -                                   | -                                  | -                              |
| <b>Liabilities</b>   |                 |                        |                          |                                     |                                    |                                |
| Provision for unearned premiums  | -               | -                      | -                        | -                                   | -                                  | -                              |
| Claims provision   | -               | -                      | 55,972                   | -                                   | -                                  | -                              |
| Financial liabilities held for trading   | -               | -                      | -                        | -                                   | -                                  | -                              |
| Other financial liabilities  | -               | -                      | 4,187,238                | -                                   | -                                  | -                              |
| Accounts payable for direct insurance operations   | -               | -                      | -                        | -                                   | -                                  | -                              |
| Accounts payable for other reinsurance operations  | -               | -                      | 305,680                  | -                                   | -                                  | -                              |
| Accounts payable for other operations  | -               | -                      | -                        | -                                   | -                                  | -                              |
| Accruals and deferrals   | -               | -                      | -                        | 64,000                              | -                                  | 70,500                         |
| <b>Gains and Losses</b>  |                 |                        |                          |                                     |                                    |                                |
| Gross premiums written   | -               | -                      | -                        | -                                   | -                                  | -                              |
| Reinsurance ceded premiums   | -               | -                      | (8,964,927)              | -                                   | -                                  | -                              |
| Provision for unearned premiums (change)   | -               | -                      | -                        | -                                   | -                                  | -                              |
| Provision for unearned premiums, reinsurers' share (change)  | -               | -                      | 86,257                   | -                                   | -                                  | -                              |
| Claims costs, net of reinsurance   | -               | -                      | 2,835,664                | -                                   | -                                  | -                              |
| Operating costs and expenses, net  | -               | -                      | 1,554,174                | -                                   | -                                  | (2,541)                        |
| Financial income   | -               | 8,923,971              | -                        | 26,718                              | -                                  | -                              |
| Financial expenses   | -               | -                      | (1,414)                  | (325,919)                           | -                                  | (360,105)                      |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss | -               | -                      | -                        | -                                   | -                                  | -                              |
| Net income on financial assets and liabilities recognised at fair value through profit or loss     | -               | -                      | -                        | -                                   | 968,697                            | -                              |
| Exchange differences   | -               | -                      | -                        | (45,596)                            | 300,333                            | -                              |
| Impairment losses (net of reversals)   | -               | -                      | -                        | -                                   | -                                  | -                              |
| Other technical income/expenses, net of reinsurance  | -               | -                      | -                        | -                                   | -                                  | -                              |
| Other income/expenses  | -               | -                      | -                        | -                                   | -                                  | -                              |

|  | H&A Global<br>Investment<br>Management<br>GmbH<br>( 5 ) | Banco Comercial<br>Português, S.A.<br>( 5 ) | Longrun<br>Portugal, SGPS,<br>S.A.<br>( 1 ) | Outros        | TOTAL           |
|--|---|---|---|---------------|-----------------|
| <b>Assets</b>  |   |   |   |               |                 |
| Cash and cash equivalents  | -   | 11,313,501                                  | -   | -             | 182,488,627     |
| Investments in subsidiaries, associates and joint ventures   | -   | -   | -   | 1,106,671     | 2,422,644,063   |
| Financial assets held for trading  | -   | -   | -   | -             | 19,335,761      |
| Financial assets initially recognised at fair value through profit or loss                         | -   | 28,118,167                                  | -   | -             | 70,477,115      |
| Available-for-sale investments   | -   | 32,305,444                                  | -   | -             | 589,464,574     |
| Loans and accounts receivable  | -   | 1,912,172                                   | -   | -             | 23,331,384      |
| Technical provisions on reinsurance ceded  | -   | -   | -   | -             | 95,312,587      |
| Accounts receivable for direct insurance operations  | -   | -   | -   | -             | 1,265,346       |
| Accounts receivable for other reinsurance operations   | -   | -   | -   | -             | 8,464,914       |
| Accounts receivable for other operations   | -   | -   | 29,233,935                                  | 571,640       | 38,923,841      |
| <b>Liabilities</b>   |   |   |   |               |                 |
| Provision for unearned premiums  | -   | -   | -   | -             | ( 1,274,631 )   |
| Claims provision   | -   | -   | -   | 350,729       | 16,299,355      |
| Financial liabilities held for trading   | -   | -   | -   | -             | 3,276,839       |
| Other financial liabilities  | -   | -   | -   | -             | 86,453,076      |
| Accounts payable for direct insurance operations   | -   | -   | -   | -             | 5,542,207       |
| Accounts payable for other reinsurance operations  | -   | -   | -   | -             | 16,910,904      |
| Accounts payable for other operations  | -   | -   | -   | 2,357,597     | 24,547,873      |
| Accruals and deferrals   | 46,125  | -   | -   | -             | 27,330,711      |
| <b>Gains and Losses</b>  |   |   |   |               |                 |
| Gross premiums written   | -   | -   | -   | -             | 3,462,709       |
| Reinsurance ceded premiums   | -   | -   | -   | -             | ( 378,004,478 ) |
| Provision for unearned premiums (change)   | -   | -   | -   | -             | 1,982,540       |
| Provision for unearned premiums, reinsurers' share (change)  | -   | -   | -   | -             | 623,346         |
| Claims costs, net of reinsurance   | -   | -   | -   | ( 7,715,569 ) | 149,569,181     |
| Operating costs and expenses, net  | -   | -   | -   | ( 569,051 )   | ( 4,002,947 )   |
| Financial income   | -   | 2,611,037                                   | -   | 316,138       | 63,519,982      |
| Financial expenses   | ( 140,465 )   | ( 11,639 )                                  | -   | ( 29,789 )    | ( 6,109,664 )   |
| Net income on financial assets and liabilities not recognised at fair value through profit or loss | -   | -   | -   | -             | 1,477,689       |
| Net income on financial assets and liabilities recognised at fair value through profit or loss     | -   | 2,732,750                                   | -   | -             | 35,444,455      |
| Exchange differences   | -   | 22,858                                      | -   | -             | 10,677,336      |
| Impairment losses (net of reversals)   | -   | -   | -   | ( 9,027 )     | 5,661,869       |
| Other technical income/expenses, net of reinsurance  | -   | -   | -   | -             | 33,447          |
| Other income/expenses  | -   | -   | -   | 39,042        | 1,014,155       |

The related parties are divided into the following categories

- (1) Parent company;
- (2) Subsidiaries;
- (3) Associates;
- (4) Joint Ventures;
- (5) Other related parties.

Transactions with the related parties are performed on the basis of the market values on the respective dates.



## Payment of remuneration to statutory bodies

The Remunerations Committee is responsible for approving the remuneration of the members of the Corporate Bodies, in line with criteria established by the shareholders.

The remuneration and benefits paid to the members of the Corporate Bodies during 2020 were as follows:

### Board of Directors

|  | Fixed<br>Remuneration | Variable<br>Remuneration* | Meal allowance | Health insurance | Life insurance |
|--|-----------------------|---------------------------|----------------|------------------|----------------|
| <b>Non-executive members</b>                         |                       |                           |                |                  |                |
| Jorge Manuel Baptista Magalhães Correia <sup>1</sup> | 210,000               | -                         | -              | -                | -              |
| José Manuel Alvarez Quintero <sup>1</sup>            | 52,500                | -                         | -              | -                | -              |
| <b>Executive members</b>                             |                       |                           |                |                  |                |
| <b>Chairman of executive board</b>                   |                       |                           |                |                  |                |
| Jorge Manuel Baptista Magalhães Correia <sup>3</sup> | 210,000               | 551.369 (*)               | 2,698          | 1,111            | 181            |
| Rogério Miguel Antunes Campos Henriques              | 387,000               | 400.483 (*)               | 2,698          | 2,429            | 181            |
| <b>Members of Executive Board</b>                    |                       |                           |                |                  |                |
| José Manuel Alvarez Quintero <sup>3</sup>            | 166,500               | 389.761 (*)               | 2,698          | 1,550            | 134            |
| António Manuel Marques de Sousa Noronha              | 351,300               | 389.761 (*)               | 2,698          | 1,550            | 134            |
| Wai Lam William Mak                                  | 351,300               | 389.761 (*)               | 2,676          | 1,477            | 134            |
| Hui Chen <sup>1</sup>                                | 145,000               | -                         | 2,698          | 336              | 134            |
| André Simões Cardoso                                 | 329,800               | 109.874 (**)              | 2,698          | 2,429            | 134            |
| Juan Ignacio Arsuaga Serrats <sup>2</sup>            | 170,443               | -                         | 1,215          | 995              | 67             |

### Supervisory Board

|                                    | Fixed<br>Remuneration | Variable<br>Remuneration | Meal allowance | Health insurance | Life insurance |
|------------------------------------|-----------------------|--------------------------|----------------|------------------|----------------|
| <b>Chairman</b>                    |                       |                          |                |                  |                |
| Pedro Nunes de Almeida             | 46,000                | -                        | -              | -                | -              |
| <b>Members</b>                     |                       |                          |                |                  |                |
| João Filipe Gonçalves Pinto        | 40,400                | -                        | -              | -                | -              |
| Vasco Jorge Valdez Ferreira Matias | 40,400                | -                        | -              | -                | -              |

(\*) Concerning the financial years 2016, 2017, 2018 and 2019

(\*\*) Concerning the financial years 2017, 2018 e 2019

(1) 01.07.2020 to 31.12.2020

(2) 16.07.2020 to 31.12.2020

(3) 01.01.2020 to 30.06.2020

The estimated fees of Ernst & Young, SROC, S.A., the Company's Statutory Auditor, related to 2020, are EUR 653,330, EUR 543,630 of which are related to the Statutory Audit and EUR 109,700 to compliance and assurance services.

Other assurance services basically include certification of the annual solvency and financial condition report pursuant to Article 3(1) a) of ASF Regulatory Standard No. 2/2017-R, of 24 March.

## 44. Disclosures Relating to Financial Instruments

### STATEMENTS OF FINANCIAL POSITION

At 31 December 2020 and 2019, the financial instruments had the following balance sheet value:

|  | 2020                     |                              | Balance sheet value   |
|--|--------------------------|------------------------------|-----------------------|
|  | Recognised at fair value | Not recognised at fair value |                       |
| <b>Assets</b>  |                          |                              |                       |
| Cash and cash equivalents  | -                        | 254,989,747                  | 254,989,747           |
| Investments in associates and joint ventures   | -                        | 2,859,578,864                | 2,859,578,864         |
| Financial assets at fair value through profit or loss  | 2,679,836,163            | 1,524,542                    | 2,681,360,705         |
| Financial assets designated at fair value through other comprehensive income   | 8,380,136,584            | -                            | 8,380,136,584         |
| Financial assets at amortised cost   | -                        | 1,265,549,435                | 1,265,549,435         |
| Other debtors  | -                        | 167,584,635                  | 167,584,635           |
|  | <u>11,059,972,747</u>    | <u>4,549,227,223</u>         | <u>15,609,199,970</u> |
| <b>Liabilities</b>   |                          |                              |                       |
| Mathematical provision for life insurance  | -                        | 1,751,056,927                | 1,751,056,927         |
| Financial liabilities held for trading   | 44,939,333               | -                            | 44,939,333            |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 523,530,129              | 7,753,094,670                | 8,276,624,799         |
| Deposits received from reinsurers  | -                        | 108,430,121                  | 108,430,121           |
| Other financial liabilities  | -                        | 63,979,842                   | 63,979,842            |
| Other creditors  | -                        | 180,887,898                  | 180,887,898           |
|  | <u>568,469,462</u>       | <u>9,857,449,458</u>         | <u>10,425,918,920</u> |
|  |                          |                              |                       |
|  | 2019                     |                              | Balance sheet value   |
|  | Recognised at fair value | Not recognised at fair value |                       |
| <b>Assets</b>  |                          |                              |                       |
| Cash and cash equivalents  | -                        | 423,229,394                  | 423,229,394           |
| Investments in subsidiaries, associates and joint ventures   | -                        | 2,422,644,063                | 2,422,644,063         |
| Financial assets held for trading  | 41,215,195               | -                            | 41,215,195            |
| Financial assets initially recognised at fair value through profit or loss   | 584,013,101              | -                            | 584,013,101           |
| Hedge derivatives  | 3,403,359                | -                            | 3,403,359             |
| Available-for-sale investments   | 10,136,077,610           | 1,524,542                    | 10,137,602,152        |
| Loans and accounts receivable  | -                        | 1,194,739,410                | 1,194,739,410         |
| Investments to be held to maturity   | -                        | 1,074,167,759                | 1,074,167,759         |
| Other debtors  | -                        | 147,778,091                  | 147,778,091           |
|  | <u>10,764,709,266</u>    | <u>5,264,083,259</u>         | <u>16,028,792,525</u> |
| <b>Liabilities</b>   |                          |                              |                       |
| Mathematical provision for life insurance  | -                        | 1,924,453,874                | 1,924,453,874         |
| Financial liabilities held for trading   | 101,581,020              | -                            | 101,581,020           |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 138,722,642              | 8,728,161,927                | 8,866,884,569         |
| Hedge derivatives  | 2,439,323                | -                            | 2,439,323             |
| Deposits received from reinsurers  | -                        | 126,007,518                  | 126,007,518           |
| Other financial liabilities  | -                        | 37,606,271                   | 37,606,271            |
| Other creditors  | -                        | 152,741,956                  | 152,741,956           |
|  | <u>242,742,985</u>       | <u>10,968,971,547</u>        | <u>11,211,714,532</u> |

The amount in the heading “Mathematical provision for life insurance” corresponds to the value of the mathematical provisions of capitalisation products in the life insurance business with profit sharing.

The amount considered in the headings “Other debtors” and “Other creditors” essentially corresponds to the balances receivable and payable from and to insured persons, reinsurers, reinsured persons, brokers, agents and other external entities.

## GAINS AND LOSSES

In the years ended on 31 December 2020 and 2019, the net gains and losses on financial instruments had the following breakdown:

|   | 2020               |                      |                    |
|---|--------------------|----------------------|--------------------|
|   | As a charge to     |                      | Total              |
|   | Income             | Shareholders' equity |                    |
| Earned premiums net of reinsurance  | 51,516,482         | -                    | 51,516,482         |
| Claims costs , net of reinsurance   | ( 238,136,779 )    | -                    | ( 238,136,779 )    |
| Mathematical provision for life insurance, net of reinsurance                                       | 170,757,489        | -                    | 170,757,489        |
| Income from financial instruments   |                    |                      |                    |
| Financial assets at fair value through profit or loss   | 44,580,418         | -                    | 44,580,418         |
| Financial assets designated at fair value through other comprehensive income                        | 171,230,259        | -                    | 171,230,259        |
| Financial assets at amortised cost  | 11,011,556         | -                    | 11,011,556         |
| Sight deposits  | 254,208            | -                    | 254,208            |
| Net gains from financial assets and liabilities not recognised at fair value through profit or loss |                    |                      |                    |
| Financial assets designated at fair value through other comprehensive income                        | 21,902,074         | 14,188,710           | 36,090,784         |
| Financial liabilities at amortised cost   | ( 23,099,805 )     | -                    | ( 23,099,805 )     |
| Net gains from financial assets and liabilities recognised at fair value through profit or loss     |                    |                      |                    |
| Financial assets and liabilities at fair value through profit or loss                               | 201,278,167        | -                    | 201,278,167        |
| Exchange differences  | ( 243,276,197 )    | -                    | ( 243,276,197 )    |
| Impairment losses (net of reversals)  |                    |                      |                    |
| Financial assets designated at fair value through other comprehensive income                        | 5,384,457          | -                    | 5,384,457          |
| Financial assets at amortised cost  | 159,533            | -                    | 159,533            |
| Other   | 33,951,800         | -                    | 33,951,800         |
| Interest from deposits received from reinsurers   | ( 1,698,255 )      | -                    | ( 1,698,255 )      |
|   | <u>205,815,407</u> | <u>14,188,710</u>    | <u>220,004,117</u> |

|   | 2019               |                      |                    |
|---|--------------------|----------------------|--------------------|
|   | As a charge to     |                      |                    |
|   | Income             | Shareholders' equity | Total              |
| Earned premiums net of reinsurance  | 438,872,768        | -                    | 438,872,768        |
| Claims costs , net of reinsurance   | ( 190,657,379 )    | -                    | ( 190,657,379 )    |
| Mathematical provision for life insurance, net of reinsurance                                       | ( 272,731,167 )    | -                    | ( 272,731,167 )    |
| Income from financial instruments   |                    |                      |                    |
| Assets held for trading   | ( 6,419,500 )      | -                    | ( 6,419,500 )      |
| Financial assets at fair value through profit or loss   | 18,201,309         | -                    | 18,201,309         |
| Available-for-sale investments  | 222,495,324        | -                    | 222,495,324        |
| Loans and accounts receivable   | 8,957,531          | -                    | 8,957,531          |
| Held-to-maturity investments  | 6,948,172          | -                    | 6,948,172          |
| Sight deposits  | 1,512,246          | -                    | 1,512,246          |
| Other financial assets  | 43,684,535         | -                    | 43,684,535         |
| Net gains from financial assets and liabilities not recognised at fair value through profit or loss |                    |                      |                    |
| Available-for-sale investments  | 115,941,937        | 339,828,045          | 455,769,982        |
| Financial liabilities at amortised cost   | ( 37,792,557 )     | -                    | ( 37,792,557 )     |
| Net gains from financial assets and liabilities recognised at fair value through profit or loss     |                    |                      |                    |
| Financial assets and liabilities held for trading   | ( 227,270,915 )    | -                    | ( 227,270,915 )    |
| Financial assets and liabilities initially recognised at fair value through profit or loss          | 47,395,221         | -                    | 47,395,221         |
| Other   | ( 15,166,709 )     | -                    | ( 15,166,709 )     |
| Exchange differences  | 113,168,496        | -                    | 113,168,496        |
| Impairment losses (net of reversals)  |                    |                      |                    |
| Available-for-sale investments  | ( 81,923,196 )     | -                    | ( 81,923,196 )     |
| Loans and accounts receivable at amortised cost   | ( 4,728 )          | -                    | ( 4,728 )          |
| Other   | 5,661,869          | -                    | 5,661,869          |
| Other provisions  |                    |                      |                    |
| Interest on deposits received from reinsurers   | ( 1,451,925 )      | -                    | ( 1,451,925 )      |
|   | <u>189,421,334</u> | <u>339,828,045</u>   | <u>529,249,379</u> |

In the years ended on 31 December 2020 and 2019, the income and expenses with interest, calculated according to the effective interest rate method, relating to financial assets and liabilities not recognised at fair value through profit or loss, had the following breakdown:

|  | 2020                  |
|--|-----------------------|
| <b>Assets</b>  |                       |
| Financial assets designated at fair value through other comprehensive income   | 165,816,283           |
| Financial assets at amortised cost   | 11,011,556            |
| Sight deposits   | 254,208               |
|  | <u>177,082,047</u>    |
| <b>Liabilities</b>   |                       |
| Mathematical provision for life insurance  | ( 24,283,153 )        |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | ( 23,099,805 )        |
| Deposits received from reinsurers  | ( 1,698,255 )         |
|  | <u>( 49,081,213 )</u> |

|  | 2019                  |
|--|-----------------------|
| <b>Assets</b>  |                       |
| Available-for-sale investments   | 180,098,181           |
| Loans and accounts receivable  | 8,957,531             |
| Held-to-maturity investments   | 6,948,172             |
| Sight deposits   | 1,512,246             |
|  | <u>197,516,130</u>    |
| <b>Liabilities</b>   |                       |
| Mathematical provision for life insurance  | ( 29,772,569 )        |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | ( 37,792,557 )        |
| Deposits received from reinsurers  | ( 1,451,925 )         |
|  | <u>( 69,017,051 )</u> |

## OTHER DISCLOSURES

### Fair Value of Financial Instruments

At 31 December 2020 and 2019, the method for assessing the fair value of the financial instruments reflected in the Company's financial statements can be summarised as follows:

|  | 2020                              |                    |                      |                              |                       |
|--|-----------------------------------|--------------------|----------------------|------------------------------|-----------------------|
|  | Fair value assessment methodology |                    |                      | Not recognised at fair value | Total                 |
|  | Level 1                           | Level 2            | Level 3              |                              |                       |
| <b>Assets</b>  |                                   |                    |                      |                              |                       |
| Cash and cash equivalents  | -                                 | -                  | -                    | 254,989,747                  | 254,989,747           |
| Investments in associates and joint ventures   | -                                 | -                  | -                    | 2,859,578,864                | 2,859,578,864         |
| Financial assets at fair value through profit or loss  | 1,752,293,622                     | 200,551,620        | 726,990,921          | 1,524,542                    | 2,681,360,705         |
| Financial assets designated at fair value through other comprehensive income   | 7,484,334,260                     | 622,047,726        | 273,754,598          | -                            | 8,380,136,584         |
| Financial assets at amortised cost   | -                                 | -                  | -                    | 1,265,549,435                | 1,265,549,435         |
| Other debtors  | -                                 | -                  | -                    | 167,584,635                  | 167,584,635           |
|  | <u>9,236,627,882</u>              | <u>822,599,346</u> | <u>1,000,745,519</u> | <u>4,549,227,223</u>         | <u>15,609,199,970</u> |
| <b>Liabilities</b>   |                                   |                    |                      |                              |                       |
| Mathematical provision for life insurance  | -                                 | -                  | -                    | 1,751,056,927                | 1,751,056,927         |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | -                                 | 523,530,129        | -                    | 7,753,094,670                | 8,276,624,799         |
| Financial liabilities held for trading   | 2,140,163                         | 41,805,221         | 993,949              | -                            | 44,939,333            |
| Deposits received from reinsurers  | -                                 | -                  | -                    | 108,430,121                  | 108,430,121           |
| Other financial liabilities  | -                                 | -                  | -                    | 63,979,842                   | 63,979,842            |
| Other creditors  | -                                 | -                  | -                    | 180,887,898                  | 180,887,898           |
|  | <u>2,140,163</u>                  | <u>565,335,350</u> | <u>993,949</u>       | <u>9,857,449,458</u>         | <u>10,425,918,920</u> |
|  | <u>9,234,487,719</u>              | <u>257,263,996</u> | <u>999,751,570</u>   | <u>( 5,308,222,236 )</u>     | <u>5,183,281,049</u>  |

|  | 2019                              |             |             |                              |                |
|--|-----------------------------------|-------------|-------------|------------------------------|----------------|
|  | Fair value assessment methodology |             |             | Not recognised at fair value | Total          |
|  | Level 1                           | Level 2     | Level 3     |                              |                |
| <b>Assets</b>  |                                   |             |             |                              |                |
| Cash and cash equivalents  | -                                 | -           | -           | 423,229,394                  | 423,229,394    |
| Investments in associates and joint ventures   | -                                 | -           | -           | 2,422,644,063                | 2,422,644,063  |
| Financial assets held for trading  | 23,322,364                        | 17,708,886  | 183,945     | -                            | 41,215,195     |
| Financial assets initially recognised at fair value through profit or loss   | 268,520,038                       | 264,166,607 | 51,326,456  | -                            | 584,013,101    |
| Hedge derivatives  | 3,403,359                         | -           | -           | -                            | 3,403,359      |
| Available-for-sale investments   | 9,017,284,485                     | 408,169,604 | 710,623,521 | 1,524,542                    | 10,137,602,152 |
| Loans and accounts receivable  | -                                 | -           | -           | 1,194,739,410                | 1,194,739,410  |
| Held-to-maturity investments   | -                                 | -           | -           | 1,074,167,759                | 1,074,167,759  |
| Other debtors  | -                                 | -           | -           | 147,778,091                  | 147,778,091    |
|  | 9,312,530,246                     | 690,045,097 | 762,133,922 | 5,264,083,259                | 16,028,792,524 |
| <b>Liabilities</b>   |                                   |             |             |                              |                |
| Mathematical provision for life insurance  | -                                 | -           | -           | 1,924,453,874                | 1,924,453,874  |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | -                                 | 138,722,642 | -           | 8,728,161,927                | 8,866,884,569  |
| Financial liabilities held for trading   | 10,604,478                        | 90,792,789  | 183,753     | -                            | 101,581,020    |
| Hedge derivatives  | 2,439,323                         | -           | -           | -                            | 2,439,323      |
| Deposits received from reinsurers  | -                                 | -           | -           | 126,007,518                  | 126,007,518    |
| Other financial liabilities  | -                                 | -           | -           | 37,606,271                   | 37,606,271     |
| Other creditors  | -                                 | -           | -           | 152,741,956                  | 152,741,956    |
|  | 13,043,801                        | 229,515,431 | 183,753     | 10,968,971,547               | 11,211,714,532 |
|  | 9,299,486,445                     | 460,529,666 | 761,950,169 | ( 5,704,888,287 )            | 4,817,077,992  |

The tables above present the classification in line with the fair value hierarchy, as set out in IFRS 13 – “Fair Value Measurement”, of the financial instruments held by the Company at 31 December 2020 and 2019 which are valued at fair value, in line with the following assumptions:

- Level 1 – Financial instruments valued on the basis of quoted prices in active markets to which the Company has access. Included in this category are securities valued on the basis of executable prices (with immediate liquidity) published by external sources.
- Level 2 – Financial instruments which are valued based on data which is observable, either directly or indirectly, in active markets. Included in this category are securities valued on the basis of bids supplied by external counterparties and internal valuation techniques which only use observable market data.
- Level 3 – All the financial instruments measured at fair value which do not fit within Levels 1 and 2.

The movement in 2020 and 2019 in the financial instruments classified within Level 3 of the fair value hierarchy can be broken down as follows:

|                                     | Financial assets designated at fair value through other comprehensive income | Financial assets at fair value through profit or loss |
|-------------------------------------|--|---|
| <b>Balances at 31 December 2019</b> | <u>276,790,670</u>   | <u>485,343,253</u>                                    |
| Acquisitions                        | 4,338,513  | 308,615,996   |
| Revaluations                        |  |   |
| as a charge to the income statement | ( 224,141 )  | 8,474   |
| as a charge to shareholders' equity | ( 344,388 )  | 5,480,195   |
| Disposals                           | ( 6,806,056 )  | ( 72,456,997 )  |
| <b>Balances at 31 December 2020</b> | <u>273,754,598</u>   | <u>726,990,921</u>                                    |

At 31 December 2020 and 2019, the balance sheet value and the fair value of the financial assets valued at amortised cost or at historical cost were as follows:

|   | 2020                 |                      |
|---|----------------------|----------------------|
|   | Balance sheet value  | Fair value           |
| <b>Assets</b>   |                      |                      |
| Cash and cash equivalents                             | 254,989,747          | 254,989,747          |
| Financial assets at fair value through profit or loss | 1,524,542            | 1,524,542            |
| Financial assets at amortised cost                    | 1,265,549,435        | 1,256,806,317        |
| Other debtors   | 167,584,635          | 167,584,635          |
|   | <u>1,689,648,359</u> | <u>1,680,905,241</u> |
|   |                      |                      |
|   | 2019                 |                      |
|   | Balance sheet value  | Fair value           |
| <b>Assets</b>   |                      |                      |
| Cash and cash equivalents                             | 423,229,394          | 423,229,394          |
| Available-for-sale investments                        | 1,524,542            | 1,524,542            |
| Loans and accounts receivable                         | 1,194,739,410        | 1,194,739,410        |
| Investments to be held to maturity                    | 1,074,167,759        | 1,089,881,501        |
| Other debtors   | 147,778,091          | 147,778,091          |
|   | <u>2,841,439,196</u> | <u>2,857,152,938</u> |

The main assumptions used to calculate the fair value of these assets were:

- The fair value of the financial applications recognised in “Cash and cash equivalents” is the same as their balance sheet value, as essentially they correspond to short-term deposits.
- The heading “Loans and accounts receivable” includes:
  - i) Term deposits – fair value is the same as their balance sheet value, as essentially they correspond to short-term deposits;
  - ii) Mortgage loans – fair value has not been calculated, given the intangible nature of the value and the fact that these are loans given to employees, with real guarantees.

## Policies on managing financial risks inherent to Fidelidade's activity

The Company's objectives, rules and procedures on market risk management are governed by means of its Investments Policy.

This Policy is reviewed annually, or whenever other reviews are necessary in the light of changes in the law, trends in assets markets or changes to the company's investment guidelines and/or risk profile. The Policy defines:

- the main guidelines for managing investments and how the Company assesses, approves, implements, controls and monitors its investment activities and the risks resulting from those activities;
- activities related to the Company's investment process, including Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), the decision-making process and control and reporting activities;
- the duties and responsibilities of those involved in the investment process.

The Investments Policy aims to ensure alignment between the portfolio objectives and the investment strategy, and to encourage effective and continual monitoring. It is the cornerstone of the Company's investment process.

Establishing an appropriate assets portfolio is, at any time, the result of a well-structured, disciplined and transparent investment process, which includes the following components:

- an investment strategy designed to create value, yet in line with the Company's business profile and risk appetite;
- an investments policy reflecting that strategy, implemented by investment managers with appropriate knowledge and resources;
- continual and independent control of the investment activity;
- appropriate reporting procedures;

These aspects having been established, the Company's investment management cycle is composed of the following key activities:

- **Defining** – Definition and approval of the general investment management cycle, including the global investment strategy, investment policies, asset and liability and liquidity management, and strategic asset allocation (SAA);
- **Investing** – Performance of all investment activities, in line with the strategies and policies defined (identification, assessment and approval of investment opportunities, and placing, settling and allocating investments);
- **Monitoring** – Monitoring the evolution of the assets portfolio in terms of performance, liquidity and credit quality;
- **Managing** – Reviewing the strategies, policies, benchmarks and limits in line with current and future market conditions/expectations and internal risk capacity;
- **Controlling** – Ensuring compliance with all the strategies, policies, procedures and responsibilities assigned.



The following items are also decisive within the scope of the investment activity:

### 1. Definition of the portfolio objective

The main objective of the Company's investments portfolio management is to optimise its return in a sound and prudent manner, ensuring that all stakeholders are protected, protecting in particular the interests of policyholders, insured persons and beneficiaries. Accordingly, the portfolio must be systematically optimised according to the nature of the business subscribed, the Company's risk appetite and its liquidity needs.

### 2. Rules for investment in assets

On one hand, the Company's assets are invested appropriately, taking into account both the nature and duration of the responsibilities assumed by the Company and the capacity to ensure the security, quality, availability, liquidity and profitability of the portfolio as a whole.

On the other hand, the assets are well diversified to avoid excessive concentration of risk in the portfolio as a whole.

Lastly, the assets are invested to guarantee a regular cash return, thereby enabling the Company to adequately manage its liquidity.

### 3. Classes of assets

As a general rule, the Company's portfolio is mainly composed of liquid assets (in line with the liquidity criteria set out in the ALM and Liquidity Policy), participation units in investment funds and real estate.

The classes of assets eligible for investment by the Company are:

- Treasury (cash, deposits and equivalent);
- Fixed income (medium and long-term debt instruments);
- Variable income (instruments which provide variable gains);
- Real estate (including properties for own use and for investment);
- Alternative investments.

Derivatives may be used exceptionally and in a simple format (swaps, forwards, futures, etc.) to hedge specific positions or for asset-liability management purposes.

#### 4. Exposure limits

In order to enable the Company, in the light of market changes, to pursue its investment objectives without taking excessive risks, a set of targets and maximum and minimum limits has been established, in line with the following criteria:

- Class of asset;
- Credit quality and duration;
- Sector of activity;
- Geographical location;
- Concentration by position;
- Currency.

#### 5. Risk management and control process

The Risk Management Division (DGR) is responsible for **controlling and monitoring the allocation of assets**, in the light of the targets and limits established.

Accordingly, procedures are defined, including those responsible for them, for when there is non-compliance with the targets and/or limits established.

**Regarding asset losses control mechanisms**, DGR provides information on the evolution of the most important risks related with investments, in particular, their impact on the solvency capital requirements. Based on the time-weighted return (TWR) evolution and solvency capital requirement estimates, DGR provides regular information on the estimated solvency position coverage, and procedures are defined to be adopted when certain warning levels are reached.

A regular **process of reporting** has been set up for the various levels of the Company involved in investment management, in order to enable adequate supervision and the activation of risk mitigation management mechanisms. Accordingly, the information which should be produced has been defined, including the type of report, its content, its frequency and the body responsible for producing it.

**Credit risk**

At 31 December 2020 and 2019, the Company's exposure to credit risk was as follows:

|  | 2020             |                |                |
|--|------------------|----------------|----------------|
|  | Gross book value | Impairment     | Net book value |
| Sight deposits   | 254,271,756      | -              | 254,271,756    |
| Financial assets at fair value through profit or loss                        | 619,652,743      | -              | 619,652,743    |
| Financial assets designated at fair value through other comprehensive income | 8,315,871,760    | -              | 8,315,871,760  |
| Financial assets at amortised cost   | 1,265,549,435    | -              | 1,265,549,435  |
| Other debtors  | 194,941,417      | ( 27,356,783 ) | 167,584,635    |
| Maximum exposure to credit risk  | 10,650,287,111   | ( 27,356,783 ) | 10,622,930,329 |

|  | 2019             |                |                |
|--|------------------|----------------|----------------|
|  | Gross book value | Impairment     | Net book value |
| Sight deposits   | 420,867,660      | -              | 420,867,660    |
| Financial assets initially recognised at fair value through profit or loss | 522,952,057      | -              | 522,952,057    |
| Available-for-sale investments   | 8,376,126,341    | ( 49,979,822 ) | 8,326,146,519  |
| Loans and accounts receivable  | 1,195,116,696    | ( 377,286 )    | 1,194,739,410  |
| Held-to-maturity investments   | 1,074,167,759    | -              | 1,074,167,759  |
| Other debtors  | 164,206,047      | ( 16,427,956 ) | 147,778,091    |
| Maximum exposure to credit risk  | 11,753,436,560   | ( 66,785,065 ) | 11,686,651,495 |

**Credit quality**

The following table provides a breakdown of the balance sheet value of the financial applications at 31 December 2020 and 2019, by Standard & Poor's rating, or equivalent, and by country of origin of the counterparty:

| Class of asset                  | 2020              |                        |               |             |             |
|---------------------------------|-------------------|------------------------|---------------|-------------|-------------|
|                                 | Country of origin |                        |               |             | Total       |
|                                 | Portugal          | Rest of European Union | North America | Other       |             |
| Deposits in credit institutions |                   |                        |               |             |             |
| AA- to AA+                      | -                 | -                      | -             | 100,227     | 100,227     |
| A- to A+                        | -                 | 47,806,923             | (1,109,601)   | 65,037,583  | 111,734,905 |
| BBB- to BBB+                    | 86,754            | 10,282,436             | -             | 40,266,913  | 50,636,103  |
| BB- to BB+                      | 217,934,166       | -                      | -             | 5,394,418   | 223,328,584 |
| CCC- até CCC+                   | 376,065           | -                      | -             | -           | 376,065     |
| Not rated                       | 557,129           | 26,361,291             | -             | 2,645,379   | 29,563,799  |
|                                 | 218,954,114       | 84,450,650             | ( 1,109,601 ) | 113,444,520 | 415,739,683 |
| Deposits in ceding companies    |                   |                        |               |             |             |
| Not rated                       | 98,050            | -                      | -             | 391,672     | 489,722     |
|                                 | 98,050            | -                      | -             | 391,672     | 489,722     |
| Total                           | 219,052,164       | 84,450,650             | ( 1,109,601 ) | 113,836,192 | 416,229,405 |

(Amounts in euros except when expressly indicated otherwise)

| Class of asset                  | 2019              |                        |             |               |
|---------------------------------|-------------------|------------------------|-------------|---------------|
|                                 | Country of origin |                        |             |               |
|                                 | Portugal          | Rest of European Union | Other       | Total         |
| Deposits in credit institutions |                   |                        |             |               |
| AA- to AA+                      | 177,182           | 111,556                | -           | 288,738       |
| A- to A+                        | 46,323            | 620,467,576            | 50,617,277  | 671,131,176   |
| BBB- to BBB+                    | 270,051,580       | 295,844,763            | 12,281,665  | 578,178,008   |
| BB- to BB+                      | 183,422,869       | -                      | 6,493,543   | 189,916,412   |
| B- to B+                        | -                 | -                      | 6,340,818   | 6,340,818     |
| Below B-                        | 377,009           | -                      | -           | 377,009       |
| Not Rated                       | 528,608           | 30,991,589             | 134,130,804 | 165,651,001   |
|                                 | 454,603,571       | 947,415,484            | 209,864,107 | 1,611,883,162 |
| Deposits in ceding companies    |                   |                        |             |               |
| Not Rated                       | 100,122           | -                      | 414,416     | 514,538       |
|                                 | 100,122           | -                      | 414,416     | 514,538       |
| Total                           | 454,703,693       | 947,415,484            | 210,278,523 | 1,612,397,700 |

At 31 December 2020 and 2019, the balance sheet value of the debt instruments in portfolio, net of impairment, by Standard & Poor's rating, or equivalent, by type of issuer and by country of origin of the counterparty, can be broken down as follows:

| Class of asset   | 2020               |                        |                   |                    |                    |
|--|--------------------|------------------------|-------------------|--------------------|--------------------|
|  | Country of origin  |                        |                   |                    |                    |
|  | Portugal           | Rest of European Union | North America     | Other              | Total              |
| <b>Financial assets at fair value through profit or loss</b>       |                    |                        |                   |                    |                    |
| Corporate  |                    |                        |                   |                    |                    |
| A- to A+   | -                  | 6,502,700              | 319,830           | 2,865,523          | 9,688,053          |
| BBB- to BBB+   | 25,948,998         | 49,395,225             | 38,605,791        | 86,160,954         | 200,110,968        |
| BB- to BB+   | 35,968,612         | 27,255,064             | 6,410,886         | 24,546,608         | 94,181,170         |
| B- to B+   | -                  | 2,039,668              | 2,833,270         | 246,942            | 5,119,880          |
| Not rated  | 24,369,798         | -                      | 12,954,844        | 20,934,534         | 58,259,176         |
|  | 86,287,408         | 85,192,657             | 61,124,621        | 134,754,561        | 367,359,247        |
| Governments and other local authorities                            |                    |                        |                   |                    |                    |
| AAA  | -                  | 2,584,811              | -                 | -                  | 2,584,811          |
| AA- to AA+   | -                  | 3,764,332              | -                 | 284,262            | 4,048,594          |
| A- to A+   | -                  | 35,444                 | -                 | -                  | 35,444             |
| BB- até BB+  | 1,778,981          | -                      | -                 | -                  | 1,778,981          |
| BBB- to BBB+   | 11,319,292         | 8,240,885              | -                 | -                  | 19,560,177         |
|  | 13,098,273         | 14,625,472             | -                 | 284,262            | 28,008,007         |
| Financial Institutions   |                    |                        |                   |                    |                    |
| A- to A+   | -                  | 6,041,531              | 1,262,995         | 1,555,439          | 8,859,965          |
| BBB- to BBB+   | -                  | 5,016,950              | 33,791,964        | 2,253,606          | 41,062,520         |
| BB- to BB+   | 24,372,633         | 41,982,612             | -                 | -                  | 66,355,245         |
| B- to B+   | 12,947,730         | 12,593,562             | -                 | -                  | 25,541,292         |
|  | 37,320,363         | 65,634,655             | 35,054,959        | 3,809,045          | 141,819,022        |
| <b>Total Financial assets at fair value through profit or loss</b> | <b>136,706,044</b> | <b>165,452,784</b>     | <b>96,179,580</b> | <b>138,847,868</b> | <b>537,186,276</b> |

(Amounts in euros except when expressly indicated otherwise)

| Class of asset  | 2019              |                        |                    |                    |                    |
|---|-------------------|------------------------|--------------------|--------------------|--------------------|
|   | Country of origin |                        |                    |                    |                    |
|   | Portugal          | Rest of European Union | North America      | Other              | Total              |
| <b>Financial assets initially recognised at fair value through profit or loss</b>       |                   |                        |                    |                    |                    |
| Corporate   |                   |                        |                    |                    |                    |
| A- to A+  | -                 | 5,721,217              | 50,836,818         | -                  | 56,558,035         |
| BBB- to BBB+  | 1,440,738         | 39,047,791             | 78,083,786         | 83,972,638         | 202,544,953        |
| BB- to BB+  | 1,717,972         | 2,781,221              | 1,488,339          | 447,369            | 6,434,901          |
| Not rated   | 1,187,565         | -                      | 53,619,575         | 53,554,475         | 108,361,615        |
|   | 4,346,275         | 47,550,229             | 184,028,518        | 137,974,482        | 373,899,504        |
| Governments and other local authorities   |                   |                        |                    |                    |                    |
| AAA   | -                 | 1,999,616              | -                  | -                  | 1,999,616          |
| AA- to AA+  | -                 | 3,138,806              | -                  | -                  | 3,138,806          |
| A- to A+  | -                 | 43,495                 | -                  | -                  | 43,495             |
| BBB- to BBB+  | 489,123           | 8,922,645              | -                  | -                  | 9,411,768          |
|   | 489,123           | 14,104,562             | -                  | -                  | 14,593,685         |
| Financial Institutions  |                   |                        |                    |                    |                    |
| AA- to AA+  | -                 | 100,616                | -                  | -                  | 100,616            |
| A- to A+  | -                 | 331,837                | 507,511            | 463,063            | 1,302,411          |
| BBB- to BBB+  | -                 | 7,003,215              | 37,745,607         | 489,074            | 45,237,896         |
| BB- to BB+  | -                 | 1,068,441              | -                  | -                  | 1,068,441          |
| B- to B+  | 25,469,640        | -                      | -                  | -                  | 25,469,640         |
| CCC- to CCC+  | 28,118,170        | -                      | -                  | -                  | 28,118,170         |
|   | 53,587,810        | 8,504,109              | 38,253,118         | 952,137            | 101,297,174        |
| <b>Total Financial assets initially recognised at fair value through profit or loss</b> | <b>58,423,208</b> | <b>70,158,900</b>      | <b>222,281,636</b> | <b>138,926,619</b> | <b>489,790,363</b> |

| Class of asset  | 2020                 |                        |                      |                      |                      |
|---|----------------------|------------------------|----------------------|----------------------|----------------------|
|   | Country of origin    |                        |                      |                      |                      |
|   | Portugal             | Rest of European Union | North America        | Other                | Total                |
| <b>Financial assets designated at fair value through other comprehensive income</b>       |                      |                        |                      |                      |                      |
| Corporate   |                      |                        |                      |                      |                      |
| AA- to AA+  | -                    | 4,517,071              | 9,094,356            | -                    | 13,611,427           |
| A- to A+  | -                    | 321,982,063            | 85,437,917           | 298,091,706          | 705,511,686          |
| BBB- to BBB+  | -                    | 366,593,497            | 327,753,180          | 499,674,341          | 1,194,021,018        |
| BB- to BB+  | 10,939,380           | 100,457,081            | 247,849,882          | 119,578,264          | 478,824,607          |
| B- to B+  | -                    | -                      | 24,709,867           | 9,195,298            | 33,905,165           |
| CCC- to CCC+  | -                    | -                      | -                    | 9,634,602            | 9,634,602            |
| Not rated   | 29,604,935           | -                      | -                    | 322,232,819          | 351,837,754          |
|   | 40,544,315           | 793,549,712            | 694,845,202          | 1,258,407,030        | 2,787,346,259        |
| Governments and other local authorities   |                      |                        |                      |                      |                      |
| AAA   | -                    | 557,133                | -                    | -                    | 557,133              |
| AA- to AA+  | -                    | 1,053,772              | -                    | -                    | 1,053,772            |
| A- to A+  | -                    | 59,990,969             | -                    | 4,645,895            | 64,636,864           |
| BBB- to BBB+  | 63,500,611           | -                      | -                    | -                    | 63,500,611           |
| BB- to BB+  | 1,277,847,470        | 1,585,185,190          | 3,128,593            | 42,740,566           | 2,908,901,819        |
| CCC- to CCC+  | -                    | -                      | -                    | 1,237,656            | 1,237,656            |
|   | 1,341,348,081        | 1,646,787,064          | 3,128,593            | 48,624,117           | 3,039,887,855        |
| Financial institutions  |                      |                        |                      |                      |                      |
| AA- to AA+  | -                    | -                      | -                    | 5,053,831            | 5,053,831            |
| A- to A+  | 17,391,088           | 5,156,987              | 38,433,845           | 731,467              | 61,713,387           |
| BBB- to BBB+  | -                    | 100,284,919            | 137,015,842          | 931,014,681          | 1,168,315,442        |
| BB- to BB+  | 1,528,706            | 169,065,011            | 170,589,368          | 499,966,567          | 841,149,652          |
| B- to B+  | 82,369,730           | 29,338,638             | 6,793,988            | 9,283,026            | 127,785,382          |
| CCC- to CCC+  | 27,953,039           | -                      | -                    | -                    | 27,953,039           |
| Not rated   | -                    | 127,897,934            | -                    | 128,654,601          | 256,552,535          |
|   | 129,242,563          | 431,743,489            | 352,833,043          | 1,574,704,173        | 2,488,523,268        |
| Other issuers   |                      |                        |                      |                      |                      |
| AA- to AA+  | -                    | -                      | -                    | 114,378              | 114,378              |
|   | -                    | -                      | -                    | 114,378              | 114,378              |
| <b>Total Financial assets designated at fair value through other comprehensive income</b> | <b>1,511,134,959</b> | <b>2,872,080,265</b>   | <b>1,050,806,838</b> | <b>2,881,849,698</b> | <b>8,315,871,760</b> |

(Amounts in euros except when expressly indicated otherwise)

| Class of asset  | 2019                 |                        |                    |                      |                      |
|---|----------------------|------------------------|--------------------|----------------------|----------------------|
|   | Country of origin    |                        |                    |                      |                      |
|   | Portugal             | Rest of European Union | North America      | Other                | Total                |
| <b>Available-for-sale investments (net of impairment)</b>       |                      |                        |                    |                      |                      |
| Corporate   |                      |                        |                    |                      |                      |
| AA- to AA+  | -                    | 2,401,378              | -                  | 6,695,238            | 9,096,616            |
| A- to A+  | -                    | 319,933,630            | 129,095,966        | 508,746,696          | 957,776,292          |
| BBB- to BBB+  | -                    | 410,695,252            | 332,574,686        | 327,155,438          | 1,070,425,376        |
| BB- to BB+  | 21,023,283           | 91,687,549             | 110,618,164        | 98,783,932           | 322,112,928          |
| B- to B+  | -                    | 6,589,640              | 23,348,295         | 35,156,083           | 65,094,018           |
| CCC- to CCC+  | -                    | 3,255,312              | -                  | 15,502,093           | 18,757,405           |
| Not rated   | 29,967,482           | -                      | -                  | 293,272,696          | 323,240,178          |
|   | 50,990,765           | 834,562,761            | 595,637,111        | 1,285,312,176        | 2,766,502,813        |
| Governments and other local authorities                         |                      |                        |                    |                      |                      |
| AAA   | -                    | 560,806                | -                  | -                    | 560,806              |
| AA- to AA+  | -                    | 3,889,015              | -                  | -                    | 3,889,015            |
| A- to A+  | -                    | 13,792,013             | -                  | -                    | 13,792,013           |
| BBB- to BBB+  | 1,753,006,959        | 1,706,098,243          | 2,878,054          | 3,233,990            | 3,465,217,246        |
| BB- to BB+  | 14,196,110           | -                      | -                  | -                    | 14,196,110           |
| CCC- to CCC+  | -                    | -                      | -                  | 1,511,086            | 1,511,086            |
|   | 1,767,203,069        | 1,724,340,077          | 2,878,054          | 4,745,076            | 3,499,166,276        |
| Financial institutions  |                      |                        |                    |                      |                      |
| AAA   | -                    | 1,609,791              | -                  | 5,001,432            | 6,611,223            |
| AA- to AA+  | 17,201,958           | 7,249,914              | 7,996,874          | 11,791,429           | 44,240,175           |
| A- to A+  | 8,775,232            | 699,950,513            | 56,526,084         | 409,135,158          | 1,174,386,987        |
| BBB- to BBB+  | 1,534,718            | 428,893,023            | 141,793,413        | 68,676,458           | 640,897,612          |
| BB- to BB+  | 72,569,944           | 44,793,435             | -                  | -                    | 117,363,379          |
| B- to B+  | 29,049,214           | -                      | -                  | -                    | 29,049,214           |
| Not rated   | -                    | -                      | -                  | 47,820,410           | 47,820,410           |
|   | 129,131,066          | 1,182,496,676          | 206,316,371        | 542,424,887          | 2,060,369,000        |
| Other issuers   |                      |                        |                    |                      |                      |
| AAA   | -                    | -                      | -                  | 108,430              | 108,430              |
|   | -                    | -                      | -                  | 108,430              | 108,430              |
| <b>Total Available-for-sale investments (net of impairment)</b> | <b>1,947,324,900</b> | <b>3,741,399,514</b>   | <b>804,831,536</b> | <b>1,832,590,569</b> | <b>8,326,146,519</b> |

| Class of asset                                  | 2020               |                        |               |          |                      |
|---|--------------------|------------------------|---------------|----------|----------------------|
|   | Country of origin  |                        |               |          |                      |
|   | Portugal           | Rest of European Union | North America | Other    | Total                |
| <b>Financial assets at amortised cost</b>       |                    |                        |               |          |                      |
| Governments and other local authorities         |                    |                        |               |          |                      |
| BB- até BB+                                     | 349,388,925        | 705,317,800            | -             | -        | 1,054,706,725        |
| <b>Total financial assets at amortised cost</b> | <b>349,388,925</b> | <b>705,317,800</b>     | <b>-</b>      | <b>-</b> | <b>1,054,706,725</b> |

(Amounts in euros except when expressly indicated otherwise)

| Class of asset                            | 2019               |                        |               |          |                      |
|---|--------------------|------------------------|---------------|----------|----------------------|
|   | Country of origin  |                        |               |          |                      |
|   | Portugal           | Rest of European Union | North America | Other    | Total                |
| <b>Held-to-maturity investments</b>       |                    |                        |               |          |                      |
| Governments and other local authorities   |                    |                        |               |          |                      |
| BB- até BB+                               | 358,706,978        | 715,460,781            | -             | -        | 1,074,167,759        |
| <b>Total Held-to-maturity investments</b> | <b>358,706,978</b> | <b>715,460,781</b>     | <b>-</b>      | <b>-</b> | <b>1,074,167,759</b> |

The Company periodically undertakes a collective analysis of the debt recovery risk of premiums pending collection recognised in the balance sheet, in order to identify and quantify impairment losses to be recognised as “Adjustments for premiums pending collection” (Note 39). At 31 December 2020 and 2019, the balance sheet value of premiums from insured persons pending collection was as follows:

|                                     | 2020                         |                                   |                                    |  |                        |                      |                            |
|-------------------------------------|------------------------------|-----------------------------------|------------------------------------|--|------------------------|----------------------|----------------------------|
|                                     | Less than<br>30 days overdue | Between 30 and 90<br>days overdue | Between 90 and 180<br>days overdue | Between 180 days<br>and 1 year overdue | Over 1 year<br>overdue | Impairment<br>losses | Net balance<br>sheet value |
| Life insurance                      |                              |                                   |                                    |  |                        |                      |                            |
| Capitalisation products             | 7,948,284                    | 33,754                            | ( 8,169 )                          | 3,935                                  | 46,261                 | -                    | 8,024,065                  |
| Life risk products                  | 2,900,176                    | ( 10,152 )                        | ( 87,065 )                         | ( 58,101 )                             | ( 50,102 )             | ( 266,642 )          | 2,428,114                  |
| Non-life insurance                  |                              |                                   |                                    |  |                        |                      |                            |
| Motor                               | 9,491,761                    | 1,718,700                         | 157,091                            | 301,326                                | 813,142                | ( 4,298,516 )        | 8,183,504                  |
| Workers' compensation               | 7,781,130                    | 2,667,266                         | 757,968                            | 627,834                                | 780,162                | ( 5,345,745 )        | 7,268,615                  |
| Domestic animals                    | 2,250                        | 157                               | 372                                | ( 34 )                                 | 90                     | -                    | 2,835                      |
| Health                              | 16,406,967                   | 265,519                           | 241,523                            | ( 2,222 )                              | 64,981                 | ( 2,933,518 )        | 14,043,250                 |
| Fire and other damage               | 16,111,434                   | 11,539,838                        | 1,207,127                          | 3,398,820                              | ( 124,751 )            | ( 1,669,073 )        | 30,463,395                 |
| Transports                          | 1,321,401                    | ( 105,028 )                       | -                                  | 96,180                                 | 413,497                | ( 112,385 )          | 1,613,665                  |
| Third party liability               | 5,154,406                    | 157,251                           | 484,579                            | 206,555                                | 593,350                | ( 521,590 )          | 6,074,551                  |
| Other (includes personal accidents) | 9,044,430                    | 123,053                           | ( 98,159 )                         | 407,191                                | ( 954,276 )            | ( 1,136,593 )        | 7,385,646                  |
|                                     | 76,162,239                   | 16,390,358                        | 2,655,267                          | 4,981,484                              | 1,582,354              | ( 16,284,062 )       | 85,487,640                 |
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## Liquidity risk

At 31 December 2020 and 2019, the estimated undiscounted cash-flows of the financial instruments, according to the respective contractual maturity, were as follows:

| 2020   |                  |                             |                              |                            |                          |                          |                           |                       |               |                  |
|--|------------------|-----------------------------|------------------------------|----------------------------|--------------------------|--------------------------|---------------------------|-----------------------|---------------|------------------|
|  | Up to<br>1 month | From 1 month<br>to 3 months | From 3 months<br>to 6 months | From 6 months<br>to 1 year | Between 1<br>and 3 years | Between 3<br>and 5 years | Between 5<br>and 10 years | More than<br>10 years | Indefinite    | Total            |
| Assets   |                  |                             |                              |                            |                          |                          |                           |                       |               |                  |
| Cash and cash equivalents  | 254,989,747      | -                           | -                            | -                          | -                        | -                        | -                         | -                     | -             | 254,989,747      |
| Investments in associates and joint ventures   | -                | -                           | -                            | -                          | -                        | -                        | -                         | -                     | 2,859,578,864 | 2,859,578,864    |
| Financial assets initially recognised at fair value through profit or loss   | 2,488,684        | 2,841,884                   | 32,003,448                   | 7,216,137                  | 175,538,710              | 197,549,376              | 185,973,103               | 104,529,189           | 188,922,480   | 897,063,012      |
| Financial assets designated at fair value through ot   | 125,249,537      | 180,176,600                 | 723,936,538                  | 597,987,135                | 2,872,479,560            | 2,148,605,742            | 1,996,527,563             | 242,749,994           | 1,925,786,095 | 10,813,498,763   |
| Financial assets at amortised cost   | 170,162,365      | -                           | 27,793                       | 1,884                      | 650,966,266              | 142,475,288              | 92,008,738                | 154,560               | -             | 1,055,796,894    |
| Other debtors  | 167,584,635      | -                           | -                            | -                          | -                        | -                        | -                         | -                     | -             | 167,584,635      |
|  | 720,474,967      | 183,018,484                 | 755,967,779                  | 605,205,156                | 3,698,984,536            | 2,488,630,405            | 2,274,509,405             | 347,433,743           | 4,974,287,439 | 16,048,511,914   |
| Liabilities  |                  |                             |                              |                            |                          |                          |                           |                       |               |                  |
| Mathematical provision for life insurance  | 20,074,725       | 25,856,462                  | 34,483,079                   | 115,409,477                | 425,003,390              | 389,697,255              | 271,817,363               | 275,882,524           | 22,360,677    | 1,580,584,952    |
| Financial liabilities held for trading   | 698,295          | 7,991,808                   | -                            | 2,727,346                  | -                        | 21,789,014               | 11,732,870                | -                     | -             | 44,939,333       |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 236,910,386      | 429,389,898                 | 431,919,836                  | 818,937,089                | 2,982,879,929            | 1,694,382,639            | 971,688,670               | 587,269,396           | 5,288,666     | 8,158,666,508    |
| Deposits received from reinsurers  | 188,425          | 376,850                     | 565,275                      | 182,018,447                | -                        | -                        | -                         | -                     | -             | 183,148,997      |
| Other financial liabilities  | -                | -                           | -                            | -                          | 29,833,354               | -                        | -                         | -                     | -             | 29,833,354       |
| Other creditors  | 180,887,898      | -                           | -                            | -                          | -                        | -                        | -                         | -                     | -             | 180,887,898      |
|  | 438,759,728      | 463,615,017                 | 466,968,189                  | 1,119,092,360              | 3,437,716,674            | 2,105,868,908            | 1,255,238,904             | 863,151,920           | 27,649,343    | 10,178,061,043   |
| 2019   |                  |                             |                              |                            |                          |                          |                           |                       |               |                  |
|  | Up to<br>1 month | From 1 month<br>to 3 months | From 3 months<br>to 6 months | From 6 months<br>to 1 year | Between 1<br>and 3 years | Between 3<br>and 5 years | Between 5<br>and 10 years | More than<br>10 years | Indefinite    | Total            |
| Assets   |                  |                             |                              |                            |                          |                          |                           |                       |               |                  |
| Cash and cash equivalents  | 423,229,394      | -                           | -                            | -                          | -                        | -                        | -                         | -                     | -             | 423,229,394      |
| Investments in associates and joint ventures   | -                | -                           | -                            | -                          | -                        | -                        | -                         | -                     | 2,422,644,063 | 2,422,644,063    |
| Financial assets held for trading  | -                | -                           | -                            | -                          | -                        | -                        | -                         | -                     | 41,215,195    | 41,215,195       |
| Financial assets initially recognised at fair value through profit or loss   | 7,789,037        | 2,147,548                   | 54,004,322                   | 55,293,259                 | 200,521,217              | 33,090,264               | 132,725,062               | 61,704,815            | 47,572,285    | 594,847,808      |
| Hedge derivatives  | -                | -                           | -                            | -                          | -                        | -                        | -                         | -                     | 3,403,359     | 3,403,359        |
| Available-for-sale investments   | 23,962,549       | 66,748,323                  | 616,737,954                  | 567,893,649                | 3,106,967,806            | 2,783,913,689            | 2,559,318,417             | 185,989,937           | 3,739,118,745 | 13,650,651,069   |
| Loans and accounts receivable  | 504,212,906      | 277,913,246                 | 178,662,527                  | 237,531,424                | 158,166,980              | 55,221                   | 321,172                   | 167,894               | -             | 1,357,031,369,32 |
| Investments to be held to maturity   | -                | -                           | -                            | -                          | 299,978,007              | 535,705,531              | 238,484,220               | -                     | -             | 1,074,167,758,82 |
| Other debtors  | 147,778,091      | -                           | -                            | -                          | -                        | -                        | -                         | -                     | -             | 147,778,091      |
|  | 1,106,971,977    | 346,809,117                 | 849,404,802                  | 860,718,331                | 3,765,634,011            | 3,352,764,706            | 2,930,848,871             | 247,862,646           | 6,253,953,647 | 19,714,968,108   |
| Liabilities  |                  |                             |                              |                            |                          |                          |                           |                       |               |                  |
| Mathematical provision for life insurance  | 28,429,571       | 23,065,946                  | 37,521,300                   | 109,845,149                | 421,002,541              | 433,432,601              | 391,463,308               | 303,463,408           | 23,576,624    | 1,771,800,449    |
| Financial liabilities held for trading   | -                | 12,038,554                  | 5,414,373                    | 24,838,389                 | 64,833,522               | 101,118,624              | 41,254,381                | -                     | -             | 249,497,844      |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 119,594,054      | 286,223,987                 | 314,278,458                  | 767,258,039                | 3,015,946,503            | 2,600,142,052            | 1,170,513,691             | 688,495,436           | 5,968,496     | 8,968,420,716    |
| Hedge derivatives  | -                | -                           | -                            | -                          | -                        | -                        | -                         | -                     | 2,439,323     | 2,439,323        |
| Other financial liabilities  | -                | -                           | -                            | -                          | 37,606,271               | -                        | -                         | -                     | -             | 37,606,271       |
| Deposits received from reinsurers  | 131,258          | 262,516                     | 393,773                      | 126,795,065                | -                        | -                        | -                         | -                     | -             | 127,582,612      |
| Other creditors  | 152,741,956      | -                           | -                            | -                          | -                        | -                        | -                         | -                     | -             | 152,741,956      |
|  | 300,896,839      | 321,591,003                 | 357,607,905                  | 1,028,736,643              | 3,539,388,838            | 3,134,693,277            | 1,603,231,380             | 991,958,844           | 31,984,443    | 11,310,089,171   |

The amounts presented above are not comparable with the accounting balances as they include cash-flow projections and are not discounted.

The calculation of the estimated cash flows of the financial instruments is based on the principles and assumptions that Fidelidade uses as part of its activity to manage and control liquidity, with the adjustments needed to comply with the applicable disclosure requirements. The main assumptions used to calculate the cash-flow estimates were:

- “Cash and cash equivalents” were classified as payable on demand and included in the “up to 1 month” category;



- The amount of “Loans and accounts receivable”, classified as being of “Indefinite” maturity, relates to operations with Group companies, without a defined repayment period or defined rate of interest, in addition to deposits of precious materials;
- The amounts included in “Other debtors” and “Other creditors” are payable on demand, and classified with maturity of “Up to 1 month”;
- Equity instruments were classified as being of “Indefinite” maturity;
- In debt instruments the contractual maturity was considered to be the earlier of the following dates: call, put or maturity;
- The amounts recognised in “Deposits received from reinsurers” correspond to provisions retained from reinsurers, as part of the reinsurance treaty in force, and are renewable for annual periods. The cash-flow estimates were calculated on the basis of the next due date;
- “Hedge Derivatives” were classified as “Indefinite”, since they are foreign exchange futures and forwards contracts;
- To calculate the projected cash flows of “Financial liabilities held for trading” the contracts’ maturity dates were considered;
- The following assumptions were considered when calculating the estimated cash flows of the mathematical provision for life insurance and financial liabilities of the deposit component of insurance contracts and investment contracts:
  - Mortality was determined according to the Company’s history of the last five years;
  - The estimate of future outflows for redemption of capitalisation contracts was based on a generalised linear model with four factors: type of product, the initial contract duration and the difference between the market interest rate, the source company and the technical rate;
  - Expected yields were determined based on the rates of the interest rate curve, the duration of the liability and plus / minus unrealised gains;
  - The expected costs were estimated based on the values recorded in year.

## Market risk

At 31 December 2020 and 2019, the breakdown of financial instruments by type of exposure to interest rate risk was as follows:

|  | 2020                 |                      |                      |                       |
|--|----------------------|----------------------|----------------------|-----------------------|
|  | Exposure to          |                      | Not subject to       |                       |
|  | Fixed rate           | Variable rate        | Interest rate risk   | Total                 |
| <b>Assets</b>  |                      |                      |                      |                       |
| Cash and cash equivalents  | -                    | 254,271,756          | 717,991              | 254,989,747           |
| Investments in associates and joint ventures   | -                    | -                    | 2,859,578,864        | 2,859,578,864         |
| Financial assets at fair value through profit or loss  | 537,875,552          | 147,288,773          | 1,996,196,380        | 2,681,360,705         |
| Financial assets designated at fair value through other comprehensive income   | 7,741,623,117        | 638,513,467          | -                    | 8,380,136,584         |
| Financial assets at amortised cost   | 1,216,174,652        | -                    | 49,374,783           | 1,265,549,435         |
| Other debtors  | -                    | -                    | 167,584,635          | 167,584,635           |
|  | <u>9,495,673,321</u> | <u>1,040,073,996</u> | <u>5,073,452,653</u> | <u>15,609,199,970</u> |
| <b>Liabilities</b>   |                      |                      |                      |                       |
| Mathematical provision for life insurance  | -                    | 1,751,056,927        | -                    | 1,751,056,927         |
| Financial liabilities held for trading   | 35,429,371           | ( 266,437 )          | 9,776,399            | 44,939,333            |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 7,753,094,670        | 523,530,129          | -                    | 8,276,624,799         |
| Deposits received from reinsurers  | -                    | 108,430,121          | -                    | 108,430,121           |
| Other financial liabilities  | -                    | 63,979,842           | -                    | 63,979,842            |
| Other creditors  | -                    | -                    | 180,887,898          | 180,887,898           |
|  | <u>7,788,524,041</u> | <u>2,446,730,582</u> | <u>190,664,297</u>   | <u>10,425,918,920</u> |
|  |                      |                      |                      |                       |
|  | 2019                 |                      |                      |                       |
|  | Exposure to          |                      | Not subject to       |                       |
|  | Fixed rate           | Variable rate        | Interest rate risk   | Total                 |
| <b>Assets</b>  |                      |                      |                      |                       |
| Cash and cash equivalents  | -                    | 420,867,660          | 2,361,734            | 423,229,394           |
| Investments in subsidiaries, associates and joint ventures   | -                    | -                    | 2,422,644,063        | 2,422,644,063         |
| Financial assets held for trading  | ( 69,263 )           | 132,327              | 41,152,131           | 41,215,195            |
| Financial assets initially recognised at fair value through profit or loss   | 465,720,816          | 57,231,238           | 61,061,047           | 584,013,101           |
| Hedge derivatives  | -                    | -                    | 3,403,359            | 3,403,359             |
| Available-for-sale investments   | 7,886,604,035        | 439,542,487          | 1,811,455,630        | 10,137,602,152        |
| Loans and accounts receivable  | -                    | 1,194,739,410        | -                    | 1,194,739,410         |
| Investments to be held to maturity   | 1,074,167,759        | -                    | -                    | 1,074,167,759         |
| Other debtors  | -                    | -                    | 147,778,091          | 147,778,091           |
|  | <u>9,426,423,347</u> | <u>2,112,513,122</u> | <u>4,489,856,055</u> | <u>16,028,792,525</u> |
| <b>Liabilities</b>   |                      |                      |                      |                       |
| Mathematical provision for life insurance  | -                    | 1,924,453,874        | -                    | 1,924,453,874         |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 8,728,161,927        | 138,722,642          | -                    | 8,866,884,569         |
| Financial liabilities held for trading   | 80,884,019           | ( 9,784,520 )        | 30,481,521           | 101,581,020           |
| Hedge derivatives  | -                    | -                    | 2,439,323            | 2,439,323             |
| Deposits received from reinsurers  | -                    | 126,007,518          | -                    | 126,007,518           |
| Outros passivos financeiros  | -                    | 37,606,271           | -                    | 37,606,271            |
| Other creditors  | -                    | -                    | 152,741,956          | 152,741,956           |
|  | <u>8,809,045,946</u> | <u>2,217,005,786</u> | <u>185,662,800</u>   | <u>11,211,714,532</u> |

(Amounts in euros except when expressly indicated otherwise)

At 31 December 2020 and 2019, the sensitivity of the fair value of the Company's financial instruments with exposure to interest rate risk to positive and negative changes of 50, 100 and 200 basis points (bps), respectively, was:

|  | 2020                   |                        |                        |                      |                      |                      |
|--|------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|
|  | Change<br>+200 bp's    | Change<br>+100 bp's    | Change<br>+50 bp's     | Change<br>-50 bp's   | Change<br>-100 bp's  | Change<br>-200 bp's  |
| <b>Assets</b>  |                        |                        |                        |                      |                      |                      |
| Financial assets at fair value through profit or loss                        | ( 23,147,523 )         | ( 11,936,062 )         | ( 6,063,068 )          | 6,262,898            | 12,736,141           | 26,354,046           |
| Financial assets designated at fair value through other comprehensive income | ( 581,599,807 )        | ( 307,223,851 )        | ( 158,686,601 )        | 171,902,228          | 361,544,065          | 824,572,562          |
| Financial assets at amortised cost   | ( 90,730,563 )         | ( 46,379,118 )         | ( 23,451,391 )         | 23,992,722           | 48,545,226           | 99,407,543           |
|  | <u>( 605,614,789 )</u> | <u>( 319,596,599 )</u> | <u>( 164,968,754 )</u> | <u>178,385,683</u>   | <u>374,722,751</u>   | <u>851,823,035</u>   |
| <b>Liabilities</b>   |                        |                        |                        |                      |                      |                      |
| Deposits received from reinsurers  | 2,641,215              | 1,348,381              | 681,328                | ( 696,009 )          | ( 1,407,118 )        | 2,567,796            |
|  | <u>2,641,215</u>       | <u>1,348,381</u>       | <u>681,328</u>         | <u>( 696,009 )</u>   | <u>( 1,407,118 )</u> | <u>2,567,796</u>     |
|  |                        |                        |                        |                      |                      |                      |
|  | 2019                   |                        |                        |                      |                      |                      |
|  | Change<br>+200 bp's    | Change<br>+100 bp's    | Change<br>+50 bp's     | Change<br>-50 bp's   | Change<br>-100 bp's  | Change<br>-200 bp's  |
| <b>Assets</b>  |                        |                        |                        |                      |                      |                      |
| Financial assets initially recognised at fair value through profit or loss   | (18,585,963)           | (9,559,761)            | (4,849,659)            | 4,995,919            | 10,145,294           | 20,936,201           |
| Available-for-sale investments   | (665,541,336)          | (350,456,430)          | (180,658,826)          | 194,746,571          | 408,398,167          | 925,394,198          |
| Loans and accounts receivable  | (11,269,246)           | (5,697,117)            | (2,864,454)            | 2,896,805            | 5,826,534            | 11,787,123           |
|  | <u>( 695,396,545 )</u> | <u>( 365,713,308 )</u> | <u>( 188,372,939 )</u> | <u>202,639,295</u>   | <u>424,369,995</u>   | <u>958,117,523</u>   |
| <b>Passivo</b>   |                        |                        |                        |                      |                      |                      |
| Financial liabilities held for trading                                       | 4,117,584              | 2,108,203              | 1,066,844              | (1,093,145)          | (2,213,441)          | (4,539,046)          |
|  | <u>4,117,584</u>       | <u>2,108,203</u>       | <u>1,066,844</u>       | <u>( 1,093,145 )</u> | <u>( 2,213,441 )</u> | <u>( 4,539,046 )</u> |

The sensitivity of the fair value of the financial assets and technical liabilities was calculated by considering the future cash flows discounted at the YTM, with positive and negative changes of 50, 100 and 200 bps, in the respective yields.

At 31 December 2020 and 2019, the breakdown of financial instruments by currency was as follows:

|  | 2020                  |                      |                    |                      |                       |
|--|-----------------------|----------------------|--------------------|----------------------|-----------------------|
|  | Euros                 | U.S. Dollar          | Hong-Kong Dollar   | Other currencies     | Total                 |
| <b>Assets</b>  |                       |                      |                    |                      |                       |
| Cash and cash equivalents  | 200,658,390           | 36,128,334           | 7,700              | 18,195,323           | 254,989,747           |
| Investments in associates and joint ventures   | 2,632,327,892         | 19,143,718           | -                  | 208,107,254          | 2,859,578,864         |
| Financial assets at fair value through profit or loss  | 1,939,869,245         | 367,746,095          | 351,737,370        | 22,007,995           | 2,681,360,705         |
| Financial assets designated at fair value through other comprehensive income   | 6,040,455,911         | 1,406,782,732        | -                  | 932,897,941          | 8,380,136,584         |
| Financial assets at amortised cost   | 1,260,312,275         | 543,876              | -                  | 4,693,284            | 1,265,549,435         |
| Other debtors  | 163,053,577           | 3,475,800            | -                  | 1,055,257            | 167,584,635           |
|  | <u>12,236,677,289</u> | <u>1,833,820,555</u> | <u>351,745,069</u> | <u>1,186,957,055</u> | <u>15,609,199,968</u> |
| <b>Liabilities</b>   |                       |                      |                    |                      |                       |
| Mathematical provision for life insurance  | 1,436,020,553         | -                    | -                  | 315,036,375          | 1,751,056,928         |
| Financial liabilities held for trading   | ( 899,260,010 )       | 5,393,876            | -                  | 938,805,468          | 44,939,333            |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 8,276,624,799         | -                    | -                  | -                    | 8,276,624,799         |
| Deposits received from reinsurers  | 108,430,121           | -                    | -                  | -                    | 108,430,121           |
| Other financial liabilities  | 63,979,842            | -                    | -                  | -                    | 63,979,842            |
| Other creditors  | 178,167,128           | 979,808              | -                  | 1,740,962            | 180,887,898           |
|  | <u>9,163,962,433</u>  | <u>6,373,684</u>     | <u>-</u>           | <u>1,255,582,805</u> | <u>10,425,918,922</u> |

|  | 2019                  |                      |                    |                      |                       |
|--|-----------------------|----------------------|--------------------|----------------------|-----------------------|
|  | Euros                 | U.S. Dollar          | Hong-Kong Dollar   | Other currencies     | Total                 |
| <b>Assets</b>  |                       |                      |                    |                      |                       |
| Cash and cash equivalents  | 305,185,151           | 83,883,112           | 1,199,824          | 32,961,307           | 423,229,394           |
| Investments in subsidiaries, associates and joint ventures   | 2,234,906,227         | -                    | -                  | 187,737,836          | 2,422,644,063         |
| Financial assets held for trading  | 20,113,820            | 19,146,941           | -                  | 1,954,434            | 41,215,195            |
| Financial assets initially recognised at fair value through profit or loss   | 276,820,454           | 300,007,525          | -                  | 7,185,122            | 584,013,101           |
| Hedge derivatives  | -                     | 3,403,359            | -                  | -                    | 3,403,359             |
| Available-for-sale investments   | 7,166,925,409         | 1,614,497,465        | 410,344,223        | 945,835,055          | 10,137,602,152        |
| Loans and accounts receivable  | 1,004,070,541         | 147,209,986          | 16,011,051         | 27,447,832           | 1,194,739,410         |
| Held-to-maturity investments   | 1,074,167,759         | -                    | -                  | -                    | 1,074,167,759         |
| Other debtors  | 143,809,873           | 3,038,611            | 37,864             | 1,006,549            | 147,892,897           |
|  | <u>12,225,999,235</u> | <u>2,171,186,999</u> | <u>427,592,962</u> | <u>1,204,128,135</u> | <u>16,028,907,331</u> |
| <b>Liabilities</b>   |                       |                      |                    |                      |                       |
| Mathematical provision for life insurance  | 1,924,453,874         | -                    | -                  | -                    | 1,924,453,874         |
| Financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts | 8,866,884,569         | -                    | -                  | -                    | 8,866,884,569         |
| Financial liabilities held for trading   | -                     | 28,644,120           | -                  | 72,936,900           | 101,581,020           |
| Hedge derivatives  | 147,900               | 2,025,384            | -                  | 266,039              | 2,439,323             |
| Deposits received from reinsurers  | 126,007,518           | -                    | -                  | -                    | 126,007,518           |
| Other financial liabilities  | 37,606,271            | -                    | -                  | -                    | 37,606,271            |
| Other creditors  | 149,372,419           | 1,558,207            | 138,148            | 1,787,988            | 152,856,762           |
|  | <u>11,104,472,552</u> | <u>32,227,711</u>    | <u>138,148</u>     | <u>74,990,927</u>    | <u>11,211,829,338</u> |

The headings “Other debtors” and “Other creditors” are broken down differently between Assets and Liabilities, when compared with the Financial Statements due to the fact that the allocation by currency leads to a different breakdown of balances.

## 45. Disclosures Relating to Insurance Contract Risks

Below is a summary of the acceptance and risk management policies in force.

### 45.1. Risk underwriting

Risk acceptance and management is structured at two levels, following a model for delegating competence.

Each level has specific methodologies and procedures, in line with its competence, enabling interconnection and harmonisation between the two.

The second level, for commercial networks, includes delegated competence for risk acceptance, duly established by written standards and procedures, essentially based on the following criteria:

- Products with standard clauses;
- Risks or activities with a stable claims history;
- Homogeneous and easily identifiable risk universe;
- Small amounts of capital allowing dilution of higher risk;
- Risks with known and controllable accumulation, regarding cover and/or geographical spread;
- Premiums in line with a product tariff, adjustable by a delegated discount of reduced scope.

The following instruments are available: tariffs, simulators, underwriting manuals, algorithms that identify risks that require careful technical analysis and rules on delegation of competence, product manuals, general conditions and pre-contractual information, insurance proposals, standard declarations, technical questionnaires and rules on circuits and procedures.

The first level is for the Business Divisions – bodies in the structure that are responsible for managing the business areas, from product design to claims management, and including underwriting and portfolio management – which have additional instruments for risk analysis.

The Business Divisions have a multidisciplinary technical staff who are highly specialised in the different insurance lines of business, and are assisted by actuarial specialists. When the characteristics of the risk so justify, they use risk analyses performed by specialist companies.

Risk acceptance is based on strict technical standards, which seek to identify risks with high potential losses (in terms of severity and frequency), apply adjusted contract conditions and define premiums appropriate to the specific risk, in order to obtain sustained growth in the portfolio and a stable technical result. All risks which do not fit within the Reinsurance Treaties are analysed by the Business Divisions, and Facultative Reinsurance may be used when the conditions for accepting the risk are deemed to have been met.

When the risks analysed do not fit within the Reinsurance Charging Manuals or the conditions for acceptance defined by the Company, they are sent to the Reinsurers' Underwriting Departments for proposals for acceptance of the conditions of these risks to be presented.

The Business Divisions also have access to reports and analyses of a technical and actuarial nature which allow them to gain knowledge on the technical evolution of the insurance business and on the evolution of risk behaviour in relation to the cover and main characteristics of the insurable objects.

The Risk Acceptance Policy identifies situations with a particularly high risk and/or a high level of uncertainty. These situations are not delegated to the Technical Divisions, and competence to accept them is reserved for the Underwriting Policy Acceptance and Supervision Committee, which meets whenever it is necessary to assess risks with these characteristics.

## **45.2. Technical management**

The technical management of the Lines of Business includes product design, definition of clauses and prices, definition and control of the underwriting policy, calculation of maximum risks and also monitoring of the technical results, namely supervision of the evolution of processed income, the number of insurance contracts, portfolio distribution by risk segments and guarantees, average premiums, risk characteristics, claims and the technical margin.

In order to monitor the above, periodic reports are produced containing management indicators and information is regularly prepared for the Reinsurance Division, with information on portfolio profiles, with the aim of aiding negotiation of the Reinsurance Treaties.

## 45.3. Risk control management instruments

### Internal risks of the organisation

In order to control and minimise the organisation's internal risk, acceptance rules and procedures and product manuals have been published. These are freely available and employees are well aware of their content, and the process for application them is duly monitored by the competent areas.

### Portfolio profile studies

Regular studies are produced on the risk profile of the portfolios, by class of capital/liabilities assumed, type of activity, type of objects insured and covers.

Studies are also regularly made of the claims rate behaviour of products according to the most important characteristics for defining the risk.

This type of study enables a qualitative and quantitative analysis to be obtained of the portfolio's claims rate (by scales of sums insured, types of objects insured, types of activities, covers), with the aim of gauging the existing delegations and correcting any distortions, and also, correlating the main price determination factors and deciding on changes in products being commercialised or the creation of new ones.

### Periodic analyses of portfolio evolution

The portfolio being managed is subject to periodic analysis of the behaviour of the policy movements, both in terms of numbers of policies and in terms of new and cancelled policies, variations in premiums/average rates and changes in the distribution of contracts across the various business segments.

These studies also include analysis of claims behaviour, and monitor the respective frequency and rate of claims. This analysis is produced not only in terms of groups of business, but mainly in terms of products being managed.

In specific cases in the motor insurance line of business, extensive and detailed diagnoses are made regarding the portfolio's evolution, with the aim of identifying operational problems in the business, together with their causes, both from a commercial and technical perspective. Proposals are developed as a result of these diagnoses.

### Portfolio selection and reorganisation

The aim of this function is to improve the profitability of the portfolio being managed, both by reorganising loss-making risks (high frequency and/or level of claims), and by introducing changes to the conditions of the contract (cover, deductibles, premiums), and also by providing advice to the Client (recommending the implementation of prevention and safety measures which improve the quality of the risk).

This function also includes the assessment of irregularities which are detected in contracts or in claims, which may lead to the implementation of measures which, depending on the seriousness of the irregularity, may lead to cancellation of the insured person's contract or portfolio.

## Insurance risk concentrations

By producing regular studies on the risk profile of the portfolios, by class of capital/liabilities assumed, by activities and objects insured, and by cover, indicators are obtained which enable an estimate to be made of the impact of potential changes to the cover, and an analysis of the impact of any changes to the reinsurance treaties and to the Company's retention policy. In some cases, specific studies are conducted to assess these impacts.

These studies are also focused on specific cover, the geographical area, the type of responsibilities assumed or on the type of object insured, enabling the determination and quantification of maximum risk by classes, and also evaluating the impact of catastrophic claims circumstances on the portfolio.

## Behaviour of the non-life portfolio – Direct insurance

### Direct insurance

|                                  | 2020                  |                            |  | 2019                  |                            |  |
|----------------------------------|-----------------------|----------------------------|--|-----------------------|----------------------------|--|
|                                  | Gross Premiums Earned | Claims and Expenses Ratios | Post-investment Claims and Expenses Ratios | Gross Premiums Earned | Claims and Expenses Ratios | Post-investment Claims and Expenses Ratios |
| Accidents                        | 276,303,785           | 1.02                       | 1.01                                       | 266,932,438           | 1.08                       | 1.07                                       |
| Health                           | 357,718,266           | 0.85                       | 0.84                                       | 329,907,498           | 0.93                       | 0.92                                       |
| Fire and Other Damage            | 267,040,275           | 0.80                       | 0.79                                       | 251,519,913           | 0.74                       | 0.73                                       |
| Motor                            | 462,049,626           | 0.90                       | 0.90                                       | 449,103,430           | 0.98                       | 0.97                                       |
| Marine                           | 5,263,510             | 0.32                       | 0.32                                       | 4,439,221             | 0.44                       | 0.43                                       |
| Aviation                         | 10,102,649            | -0.42                      | -0.42                                      | 8,492,634             | 0.14                       | 0.13                                       |
| Transported Goods                | 7,028,318             | 0.58                       | 0.58                                       | 6,637,501             | 0.39                       | 0.37                                       |
| Third Party Liabilities          | 52,663,571            | 1.04                       | 1.03                                       | 43,612,782            | 0.84                       | 0.83                                       |
| (Credit and SuretyShip + Others) | 80,162,539            | 0.57                       | 0.56                                       | 79,029,240            | 0.44                       | 0.43                                       |

Note: Ratios for the years of occurrence 2020 and 2019.

In the last 12 months some variations in the post-investment claims/expenses ratio were seen. Only Transported Goods, Other Lines of Business, Third Party Liabilities and Fire and Other Damage saw a decrease in the ratio of 53.8%; 31.6%; 25.1% and 7.9% respectively.

The ratio trend is to decrease in Accidents, Health, Motor, Marine, and Aviation.

An analysis of the above table reveals that in the last 12 months only in the Accidents and Third Party Liabilities lines of business premiums were not sufficient to meet the liabilities.

Fidelidade Portugal's pre-tax technical results for non-life were positive in December 2020, reaching over EUR 60.4 million.

## Premiums sufficiency and creation of a provision for unexpired risks

### Direct insurance

Fidelidade's direct non-life insurance premiums for Accidents and Third Party Liabilities were insufficient to meet the liabilities associated with claims, operating costs and investments. A reduction of 0.8% and 3.4% respectively in the costs would be needed to eliminate the premiums shortfall in this lines of business.

The premiums earned from direct insurance were sufficient to meet the liabilities assumed in all other lines of business.

In the non-life lines of business, in the last 12 months, the operating result from direct insurance was sufficient in overall terms to meet the liabilities associated with their operation.

### Net of reinsurance

Since the Provision for Unexpired Risks is calculated separately for each geography we indicate for each the need to establish or not this provision in 2020.

In Portugal, with the exception of Marine, Aviation and Transported Goods lines of business, the insurance company's premiums net of reinsurance were insufficient, in 2020, to meet the costs associated with the operation of most of the lines of business.

In Spain, Provision for Unexpired Risks was only necessary for Fire and Other Damages and Other Lines of Business.

In France, Provision for Unexpired Risks was only necessary for Fire and Other Damages.

In Mozambique, only for the Marine, Aviation and Transported Goods lines of business the insurance company's premiums net of reinsurance were sufficient, to meet the costs associated with the operation.

Consequently, a provision for unexpired risks was set up, in line with the rules in force, which is lower than the provision set up in 2019 for all branches except Spain.

### Provision for unearned premiums

The provision is calculated in line with the rules in force, and tests are carried out in order to determine the adequacy of the level of provisions.

### Equalisation provision

The calculation for the equalisation provision is defined in the rules of the ASF which are applied both in terms of the algorithms and regarding the lines of business to be considered. The insurance company follows the criteria listed there.

### Claims provision

The claims provision is calculated as described in the accounting policies.

Throughout the year actuaries monitor the levels of the provisions set up, and statistical methods are used which are appropriate to the nature of the risks, namely estimating using stochastic methods of future cash flows associated with the assumed liabilities.

### Risk concentration and mitigation

At Fidelidade, the Accidents, Health, Fire and Other Damage and Motor lines of business represent approximately 89.8% of the Gross Premiums Earned and 94.5% of the claims.

In order to control the risks assumed, the insurance company has underwriting and acceptance rules to select and control the level of exposure to which the Company is subject.



In non-life, risk mitigation is mostly by means of specific reinsurance programmes for each type of risk, and high demands are placed on the quality of the reinsurers involved.

The following table presents the rating of the main reinsurers, updated at the end of December 2020:

| Rating    | % Reinsurers |       |
|-----------|--------------|-------|
|           | 2020         | 2019  |
| A -       | 7.4%         | 10.3% |
| A         | 29.6%        | 31.0% |
| A +       | 22.2%        | 27.6% |
| AA        | 33.3%        | 20.7% |
| AA+       | 3.8%         | 3.5%  |
| Not Rated | 3.7%         | 6.9%  |

There's a not rated Reinsurer, with a participation of 5% in Personal Accidents, Third Party Liabilities, Motor and Workers' Compensation.

There is a specific "Excess of Loss" treaty to guarantee catastrophic risks, with a retention of EUR 63,000,000 and a capacity of EUR 358,000,000.

At Fidelidade 60.11% of the sums insured retained for cover for Seismic Phenomena are located in Zone I, the most serious in terms of seismic risk. The sums insured considered in this analysis are estimates.

#### **Comparison between estimated and actual claims**

Fidelidade's claims provision at 31 December 2019 totalled EUR 1,607 million. During 2020, EUR 336,212,751 were paid for claims which occurred in 2019 and previous years.

In December 2020, natural consumption would lead to a provision of EUR 1,271,783,947. However, there was a positive readjustment of over EUR 60.3 million, and the provision at the end of December 2020 was EUR 1,332,115,254.

**Development of Claims Provisions regarding claims occurred in previous years and their readjustments (corrections):**

| Headings                | Claims Provisions at 31<br>December 2019 | Claims Paid in the year* | Claims Provisions at 31<br>December 2020 * | Readjustments     |
|-------------------------|--|--------------------------|--|-------------------|
|                         | (1)                                      | (2)                      | (3)  | (3)+(2)-(1)       |
| Accidents and Health    | 990,167,115                              | 148,707,995              | 892,221,766                                | 50,762,646        |
| Fire and Other Damage   | 118,334,568                              | 49,232,835               | 74,342,777                                 | 5,241,044         |
| Motor                   | 379,281,200                              | 126,085,653              | 259,953,580                                | 6,758,033         |
| Marine and Transport    | 2,261,190                                | 984,804                  | 1,601,532                                  | 325,146           |
| Aviation                | 6,008,735                                | 210,220                  | 703,709                                    | (5,094,806)       |
| Transported Goods       | 2,421,323                                | 511,204                  | 1,976,636                                  | 66,517            |
| Third Party Liabilities | 99,462,559                               | 7,981,859                | 94,180,927                                 | 2,700,227         |
| Credit and SuretyShip   | 411,540                                  | (1,880)                  | 299,045                                    | (114,375)         |
| Legal Protection        | 24,421                                   | 274                      | 1,348                                      | (22,799)          |
| Assistance              | 219,775                                  | (56,261)                 | 9,148                                      | (266,888)         |
| Other Lines of Business | 9,404,272                                | 2,556,048                | 6,824,786                                  | (23,438)          |
| <b>Total</b>            | <b>1,607,996,698</b>                     | <b>336,212,751</b>       | <b>1,332,115,254</b>                       | <b>60,331,307</b> |

\* Claims occurred in the year N-1 and previous year

**Insurance Risks**

The Insurer underwrites contracts in all the non-life lines of business, the most significant risks of which are:

- Changes in the longevity of pensioners in the Workers' Compensation line of business and in income rates associated with assets allocated to the respective mathematical provisions;
- Climate change and natural disasters;
- Inflation risk, in the lines of business in which claims take longer to be fully settled;
- In health insurance, the most significant risks are the result of changes in lifestyle and scientific and technological developments.

Exposure to risks is mitigated by the diversification obtained due to the size of the insurer's portfolio of policies and the extent of the risks underwritten in all non-life lines of business. Variability of the risks is improved by the selection of risks to be underwritten and the implementation of underwriting strategies and policies which are defined so as to ensure that the risks are diversified in terms of the type of risk and the level of guarantees taken out.

Furthermore, policies are defined for claims revision and claims management procedures. These policies are regularly checked to ensure they reflect the practices in course and form the basis of the control carried out. Claims being managed are regularly reviewed, and any giving rise to suspicions of fraud are investigated. The insurer carries out active and timely management of claims, in order to reduce its exposure to unforeseen developments which may have a negative impact on its liabilities.

In relation to whole life provisions in the Workers' Compensation line of business, the mortality table applied is regularly assessed, in order to reflect the real longevity of the beneficiaries of these covers.

The Company also limits its exposure to risk by both imposing maximum amounts of indemnifiable damage in most contracts and using reinsurance programmes which limit its exposure in particular to catastrophic events.

The assessment of exposure to seismic risk is studied by the insurer's reinsurers, and their conclusions are considered when the reinsurance treaties are acquired and renewed.

### Risk Assessment Assumptions

#### Non-life lines of business, except annuities

The main assumption for estimating the insurer's liabilities is that future development of claims and indemnities will follow a similar pattern to known past experience for those variables. These assumptions include probabilities relating to the average cost of claims, claims management costs, inflation and the number of claims per year.

Qualitative judgements are also used to assess the adequacy of the past trends and whether they can be applied in the future or not, for example:

- Changes in market conditions, such as clients' attitudes regarding reporting claims;
- Economic conditions;
- Internal factors, such as the composition of the portfolios of policies, policy guarantees, and procedures, and greater or lesser speed in managing claims;
- External factors, namely changes to legislation or rules and court decisions and relevant regulations or legislation that may affect the cost estimate.

#### Annuities and whole life assistance in the Workers' Compensation line of business

For whole life liabilities in the Workers' Compensation line of business, assumptions are adopted regarding the longevity of the beneficiaries of these provisions, discount rates and the costs of their management.

The table below shows the impact on the insurer's liabilities of changes which are reasonably possible in the assumptions indicated. All the others remain constant.

| Assumption    | Factor | Increase in Liability |
|---------------|--------|-----------------------|
| Longevity     | + 20%  | 6.13%                 |
| Expense       | + 10%  | 0.70%                 |
| Revision      | 4%     | 2.34%                 |
| Interest Rate | -1%    | 12.29%                |

### Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on Non-Life net liabilities, profit before tax and equity. The reinsurance impacts on the sensitivity analysis corresponds to the proportional effect of the current reinsurance protection.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

| Key Assumptions        | Change in assumptions | 2020  |  |                                      | 2019  |  |                                      |
|------------------------|-----------------------|---|--|--------------------------------------|---|--|--------------------------------------|
|                        |                       | Increase/<br>(decrease) on<br>net liabilities | Increase/<br>(decrease) on<br>profit before<br>tax | Increase/<br>(decrease) on<br>equity | Increase/<br>(decrease) on<br>net liabilities | Increase/<br>(decrease) on<br>profit before<br>tax | Increase/<br>(decrease) on<br>equity |
| Number of claims       | +10%                  | 48,871,470                                    | (48,871,470)                                       | (33,476,957)                         | 71,253,328                                    | (71,253,328)                                       | (48,808,529)                         |
| Average claims cost    | +10%                  | 44,279,997                                    | (44,279,997)                                       | (30,331,798)                         | 65,295,129                                    | (65,295,129)                                       | (44,727,163)                         |
| Average claims reserve | +10%                  | 18,320,129                                    | (18,320,129)                                       | (12,549,288)                         | 80,525,457                                    | (80,525,457)                                       | (55,159,938)                         |
| Longevity              | +10%                  | 672,269                                       | (672,269)  | (460,504)                            | 1,334,309                                     | (1,334,309)  | (914,002)                            |
| Longevity              | -10%                  | (1,114,874)                                   | 1,114,874  | 763,689                              | (768,605)                                     | 768,605  | 526,494                              |
| Discount rate          | +1%                   | (5,034,250)                                   | 5,034,250  | 3,448,461                            | (6,112,574)                                   | 6,112,574  | 4,187,113                            |
| Discount rate          | -1%                   | 6,012,260                                     | (6,012,260)  | (4,118,398)                          | 7,242,594                                     | (7,242,594)  | (4,961,177)                          |

#### 45.4. Reinsurance Policies

The decisive factors for limiting or transferring the risk insured are the nature of the business and the amounts of the risks to be insured, and a distinction is made mainly between those which are considered mass lines of business (Motor, Workers' Compensation, Personal Accidents and Multi-risks Home Insurance) and those which are dealt with more on a case-by-case basis, such as the remaining lines of business of Property, Engineering and Machinery, Marine risks, Transported Goods, Third Party Liability and Other risks.

Compliance with the Underwriting Rules is intrinsically associated with the contracts available and in force in Reinsurance, and these are decisive for the acceptance or refusal of certain risks and its pricing.

Risks involving significant amounts insured or serious situations are subject to prior analysis and their acceptance is strictly interdependent with and supported by Reinsurance.

The Company has based its Reinsurance Policy on the existence of Proportional and Non-Proportional Reinsurance Treaties, as well as Facultative Reinsurance and other types of reinsurance which prove necessary to obtain adequate Reinsurance protection for the risks accepted.

In Fire and Other Damage, Engineering and Aviation, the Company works with Proportional Treaties.

The Reinsurance cover in the main property lines of business, and the respective retention, takes into consideration the portfolio structure's ratio of sums insured and the respective volume of premiums for each line of business and also considers the statistical monitoring of the profitability of that portfolio, the Retention/Premiums ratio at the end of one year or one cycle and the Company's financial capacity, in terms of whether it is sufficient to absorb frequent claims.

Accumulations resulting from "Cover for Seismic Phenomena and Natural Risks", which are catastrophic in Retentions, are reinsured by Excess of Loss, and the Retention is determined by the Company's financial capacity.

When determining the Retention by event, the low frequency of catastrophes in Portugal is taken into account, and the retention reflects what is technically foreseeable from the point of view of the impact of a catastrophe on the Company's capital and its absorption over a defined period, working with a conservative scenario with a period of return of 500 years, which is unusual in markets exposed to catastrophes.

Accumulations resulting from natural disasters that do not relate to seismic phenomena are protected by an Excess of Loss Treaty, and the Retention and Capacity are defined on the basis of the history of events that have occurred in the last 15 years and the Company's financial capacity.

Motor, Workers' Compensation, Personal Accidents, Marine Hull, Transported Goods and Third Party Liability are covered by Excess of Loss treaties, which proves more appropriate to the nature of the risks and the portfolio and the Company's financial capacity. To establish the priority, the statistical behaviour of the claims rate and quotes for different levels of this are taken into consideration.

The criteria for selecting reinsurers take into account their reliability and financial solvency and their capacity to provide services. The selection process requires their constant observation and monitoring.

The information obtained in the International Market from Rating Agencies is a fundamental reference regarding the sound financial health of the Reinsurers.

The rating by the S&P Rating Agency or equivalent (A.M. Best, Fitch or Moody's) is therefore a factor in the selection of Reinsurers. The minimum rating required for a reinsurer to be part of our Panel of Reinsurers is "A-".

## 45.5. Life Insurance

In the Life Insurance Line of Business there are three major groups of insurance contracts, covered by IFRS 4, in relation to which the nature of risks covered is characterised as follows:

### Risk products

With regard to these products, the greatest risk factor is mortality, and there are a large number of contracts which also have an associated disability risk, with a significant part of these being transferred to reinsurers.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$ .

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

### Annuity products

The greatest risk factor for these products is longevity.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Premiums} + \text{Income} - \text{Claims} - \text{Management Expenses} - \text{Changes in Mathematical Provision} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}$ .

The discretionary nature of this profit sharing is associated with its use in determining income and in the profit sharing coefficient, given that the plans for awarding it only define minimum amounts for the latter figure.

### Capitalisation products

The greatest risk factor for these products is interest rate risk.

Only the contracts with profit sharing are covered by IFRS 4, so the income awarded to the insured persons has a fixed component and a variable component which depends on the profitability of a given portfolio of assets partially dependent on the Company's discretion.

Profit sharing typically follows a technical/financial account, such as:

$(\text{Percentage of Income} - \text{Technical Income} - \text{Management Costs} - \text{Potential Negative Balance from the previous year}) \times \text{Profit-sharing coefficient}.$

The discretionary nature of this profit sharing is associated with its use in determining income and the profit sharing coefficient, the percentage of income and the management costs, given that the plans for awarding it only define minimum amounts for these figures.

Expected cash inflows and outflows for the next three years are presented for each of these groups of products (PS – Profit sharing).

| Year | Risk        |             | Annuities |            | Capitalization with PS |             |
|------|-------------|-------------|-----------|------------|------------------------|-------------|
|      | Inflow      | Outflow     | Inflow    | Outflow    | Inflow                 | Outflow     |
| 2021 | 150,674,086 | 112,255,991 | -         | 14,923,532 | 18,004,665             | 202,101,589 |
| 2022 | 127,813,194 | 94,164,822  | -         | 14,029,015 | 16,296,288             | 230,645,376 |
| 2023 | 117,715,895 | 86,241,522  | -         | 13,126,005 | 14,605,629             | 212,320,908 |

The following tables provide information on the change in these cash inflows and outflows, considering a 5% increase in expected redemptions.

| Year | Risk        |             | Annuities |            | Capitalization with PS |             |
|------|-------------|-------------|-----------|------------|------------------------|-------------|
|      | Inflow      | Outflow     | Inflow    | Outflow    | Inflow                 | Outflow     |
| 2021 | 147,119,582 | 109,878,214 | -         | 14,923,532 | 17,550,593             | 265,545,065 |
| 2022 | 117,869,106 | 87,865,964  | -         | 14,029,015 | 15,083,568             | 270,125,730 |
| 2023 | 102,647,918 | 76,827,505  | -         | 13,126,005 | 12,836,002             | 231,970,425 |

### Sensitivity Analysis

The sensitivity analysis were performed for reasonably possible movements in key assumptions, showing the impact on net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

The sensitivity analysis were performed for the Portuguese insurance business:

| Key Assumptions                  | Change in assumptions | 2020  |  |                                      | 2019  |  |                                      |
|----------------------------------|-----------------------|---|--|--------------------------------------|---|--|--------------------------------------|
|                                  |                       | Increase/<br>(decrease) on<br>net liabilities | Increase/<br>(decrease) on<br>profit before<br>tax | Increase/<br>(decrease) on<br>equity | Increase/<br>(decrease) on<br>net liabilities | Increase/<br>(decrease) on<br>profit before<br>tax | Increase/<br>(decrease) on<br>equity |
| Mortality                        | +10%                  | (5,716,411)                                   | 5,716,411  | 3,915,742                            | (5,063,648)                                   | 5,063,648  | 3,468,599                            |
| Mortality                        | -10%                  | 6,459,400                                     | (6,459,400)  | (4,424,689)                          | 6,739,151                                     | (6,739,151)  | (4,616,318)                          |
| Expected income rate             | +0,5%                 | (15,007,478)                                  | 15,007,478   | 10,280,122                           | (17,905,219)                                  | 17,905,219   | 12,265,075                           |
| Expected income rate             | -0,5%                 | 20,147,608                                    | (20,147,608)                                       | (13,801,111)                         | 24,639,766                                    | (24,639,766)                                       | (16,878,240)                         |
| Incorred but not reported claims | +10%                  | 2,005,716                                     | (2,005,716)  | (1,373,915)                          | 2,005,716                                     | (2,005,716)  | (1,373,915)                          |

## 46. Capital Management

The new solvency regime (Solvency II), approved by Directive 2009/138/EC of the European Parliament and of the Council, of 25 November, and transposed into Portuguese Law by Law No. 147/2015, of 9 September, came into force on 1 January 2016.

The Solvency II rules are divided into three pillars.

### Pillar I (quantitative requirements)

The Solvency II rules define criteria for determining own funds eligible for the purposes of capital requirements by undertaking an economic assessment of the insurance Company's assets and liabilities. They also define two levels of capital requirements: the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).

The SCR is calculated taking into account all the risks that an Insurance Company may be exposed to, namely market risks, credit risks, specific insurance risks and operational risks. The SCR aims to guarantee the existence of eligible funds in an amount which is sufficient to absorb significant losses resulting from risks to which an Insurance Company may be exposed.

The MCR establishes the maximum warning level, corresponding to the amount of own funds that must be kept, so as not to jeopardise the Insurer's compliance with its liabilities.

If it is detected that the SCR or the MCR are no longer being complied with or if there is a risk of non-compliance in the following three months, even circumstantial or temporary non-compliance, it shall immediately inform the ASF. In the event of failure to comply with the SCR, it shall send this Authority a recovery plan within two months and take the measures necessary to ensure that, within six months, a level of own funds eligible to cover the SCR has been restored or the Company's risk profile has been reduced.

In the event of failure to comply with the MCR or where a risk of non-compliance is detected, it shall send to the ASF, within one month, a short-term financing plan, with a view to avoiding non-compliance or restoring the eligible own funds, at least to the level of the MCR, or with a view to reducing the Company's risk profile.

### Pillar II (qualitative requirements and supervision)

This pillar defines qualitative requirements related with the existence and maintenance of effective systems of governance, risk management and internal control, including systems to ensure the suitability and qualification of those persons who effectively run the Company, supervise it and are responsible for key functions (risk management, internal audit and compliance and actuarial functions).

One of the main requirements of this pillar is the own risk and solvency assessment (ORSA), which must be performed at least once a year. Through this exercise, the Company must conduct a prospective assessment of the adequacy of

the capital available to achieve its business objectives, taking into account its risk profile, and also the adequacy of the regulatory capital, and conduct a solvency analysis considering stress scenarios. The resulting report must be sent to the ASF.

### **Pillar III (prudential reporting and public disclosures)**

Pillar III sets out the obligations for disclosing public information and information to the Supervisor.

Within this context, Fidelidade's capital management objectives meet the following general principles:

- Complying with the legal requirements by which Fidelidade is bound;
- Generating adequate profitability, creating value for the shareholder and providing it with remuneration on the capitals applied;
- Sustaining the development of the operations that Fidelidade is legally authorised to perform, maintaining a solid capital structure capable of responding to growth in the business and to the risks arising from it.

To achieve the objectives described, Fidelidade has defined a set of policies and processes.

On one hand, it has implemented a risk management system which is an integral part of the Company's daily activities, with an integrated approach being applied to ensure that the strategic objectives (clients' interests, financial solidity and efficiency of processes) are being maintained. This integrated approach also ensures value creation by identifying an appropriate balance between risk and return, at the same time guaranteeing the Company's obligations to its stakeholders.

Risk management aids the Company in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile.

In establishing its risk profile, the Company identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Company has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

On the other hand, the ORSA enables risk, capital and return to be related, in a prospective vision, in the context of the Company's business strategy.

The ORSA, which coincides timewise with the Company's strategic planning (which is never less than 3 years), plays a key role in the Company's Capital Management, and supports its main activities, namely:

- Assessing, together with risk management, the risk appetite structure in relation to the business and capital management strategy;
- Contributing to the commencement of the strategic planning process, by performance of a capital adequacy assessment in the most recent period;
- Monitoring capital adequacy in line with the regulatory capital requirements and internal capital needs.



Taking into account the results obtained in the ORSA, and if the capital requirements differ from those defined, both in terms of the regulations and other limits defined internally, corrective actions to be implemented are prepared, in order to restore the capital level to the adequate or intended level.

Lastly, the obligations regarding public information, in particular, the obligation to disclose an annual “Solvency and Financial Condition Report”, enable detailed information to be provided on the Company’s activities and performance, governance system, risk profile, solvency assessment and capital management.

Given the time lag between the disclosure of these financial statements and the prudential information contained in the “Solvency and Financial Condition Report”, it is important to state that the Company complies comfortably with the capital requirements, considering the preliminary data reported to the ASF on a quarterly basis and the information available on this date.

To ensure compliance with the policies and processes, the Company has implemented an appropriate system of governance involving, among others, an organisational structure which involves several bodies that perform key risk management and internal control functions: the Risk Management Division, the Compliance Division, the Audit Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, the Life and Non-Life Products Committees and the Assets and Liabilities Management Committee.

## 47. Managed Pension Funds

On 31 March 2020, the Macao branch become a local company, detained in 100% by the Group Fidelidade, as described in Note 4. For this reason, there is no data to report on 31 December 2020.

At 31 December 2019, the Macao branch was managing the following pension funds. In these periods, the pension fund portfolio contained the following assets:

|                    | 2019             |                                    |                                 |                                   |  |  |   |                        |
|--------------------|------------------|------------------------------------|---------------------------------|-----------------------------------|--|--|---|------------------------|
|                    | BNU Pension Fund | Golden Age Retirement Pension Fund | Guaranteed Capital Pension Fund | International Stable Pension Fund | International Opportunities Pension Fund | Greater China Opportunities Pension Fund | Emerging Markets Opportunities Pension Fund | SmartSafe Pension Fund |
| Amounts in Patacas |                  |                                    |                                 |                                   |  |  |   |                        |
| Cash and deposits  | 2,722,671        | 3,996,973                          | 7,264,467                       | ( 7,765 )                         | 11,161                                   | 49,092                                   | 9,051                                       | 2,146,235              |
| Debt instruments   | 11,991,265       | 55,426,480                         | -                               | 1,815,105                         | 1,196,271                                | 1,580,505                                | 545,068                                     | -                      |
| Equity instruments | 2,367,250        | 26,339,326                         | -                               | 624,115                           | 1,818,583                                | 2,361,246                                | 1,015,126                                   | -                      |
| Others             | ( 12,254 )       | ( 42,881 )                         | ( 11,173 )                      | ( 9,554 )                         | ( 11,935 )                               | ( 15,040 )                               | ( 6,188 )                                   | ( 4,289 )              |
|                    | 17,068,932       | 85,719,897                         | 7,253,294                       | 2,421,901                         | 3,014,080                                | 3,975,803                                | 1,563,058                                   | 2,141,946              |
| Amounts in Euros   |                  |                                    |                                 |                                   |  |  |   |                        |
| Cash and deposits  | 302,193          | 443,630                            | 806,294                         | ( 862 )                           | 1,239                                    | 5,449                                    | 1,005                                       | 238,214                |
| Debt instruments   | 1,330,928        | 6,151,867                          | -                               | 201,461                           | 132,776                                  | 175,423                                  | 60,498                                      | -                      |
| Equity instruments | 262,745          | 2,923,441                          | -                               | 69,271                            | 201,847                                  | 262,078                                  | 112,670                                     | -                      |
| Others             | ( 1,360 )        | ( 4,759 )                          | ( 1,240 )                       | ( 1,060 )                         | ( 1,325 )                                | ( 1,669 )                                | ( 687 )                                     | ( 476 )                |
|                    | 1,894,506        | 9,514,179                          | 805,054                         | 268,810                           | 334,537                                  | 441,281                                  | 173,486                                     | 237,738                |

Amounts in Euros, considering the exchange rate at 31 December 2017 of 1 EUR/ 9.00970 MOP.

## 48. Subsequent Events

At the beginning of 2021, Portugal recorded a significant escalation of the Covid-19 pandemic, leading to a second period of extended lockdown in the country, which is expected to continue for longer than the previous lockdown ordered in March 2020.

This third wave of Covid-19, exacerbated by the spread of new variants of the virus, has made the current situation more challenging, due both to its impact on public health and to its effects on the economy and society. The national vaccination programme initiated in December 2020 is expected to be extended to the entire population during 2021 and this is expected to mark the start of new recovery phase.

The Company has continued the measures taken at the start of the pandemic, and these have proved effective in terms of guaranteeing the safety and well-being of our employees and supporting our clients and business partners and the communities where we are present.

On 19 January 2021, Fidelidade signed an assignment of shares agreement and completed the acquisition of 100% of Clínica Fisiátrica das Antas, Lda ("CFA"), a physiotherapy clinic in Porto, established in 1988, which is specialised in traumatology, in particular shoulder, back and knee rehabilitation. Prior to the transaction date, CFA was already a privileged provider of Fidelidade in the treatment of its workers' compensation accident victims. The clinic invoices around EUR 500,000 annually and has 12 permanent employees.

# **C2 Report and Opinions on the Separate Accounts**

**Legal Certification of Consolidated Accounts**

**Report and Opinion of the Supervisory Board**

Translation of a document originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

*(Translation of a report originally issued in Portuguese)*

## Statutory Auditor's Report

### REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying financial statements of Fidelidade – Companhia de Seguros, S.A. (the Company), which comprise the Separate Statement of Financial Position as at 31 December 2020 (which establishes a total of 16,277,508,677 euros and total equity of 2,941,733,817 euros, including a net profit for the year of 150,834,217 euros), the Separate Income Statement, the Separate Statement of Comprehensive Income, the Separate Statement of Changes in Equity and the Separate Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the separate financial position of Fidelidade – Companhia de Seguros, S.A. as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by the Supervisory Authority for insurance and pension funds in Portugal (“Autoridade de Supervisão de Seguros e Fundos de Pensões”).

#### Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section below. We are independent of the Company in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors’ code of ethics.

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

#### Key audit matters

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

The key audit matters in the current year audit are the following:

1. Measurement of technical provisions for life insurance and of financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts

| Description of the most significant assessed risks of material misstatement  | Summary of our response to the most significant assessed risks of material misstatement  |
|--|--|
| As described in Notes 19 and 20 of separate financial statements, as at 31 December 2020, the technical provisions for life insurance and the financial liabilities of the deposit component of insurance contracts and on insurance contracts and operations considered for accounting purposes as investment contracts amounted to 2,218 | <p>Our approach to the risk of material misstatements in the measurement of technical provisions for life insurance and financial liabilities included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> <li>► Understanding of the Company’s internal control procedures and execution of specific audit procedures to assess the</li> </ul> |

| Description of the most significant assessed risks of material misstatement  | Summary of our response to the most significant assessed risks of material misstatement   |
|--|---|
| <p>million euros (m€) and 8,277 m€, respectively, representing approximately 79% of the total liabilities.</p> <p>This matter was considered to be as a key audit matter based on materiality to the separate financial statements and the fact that it represents a significant estimate of management. To determine it, management needs to establish assumptions about future events, including the timing and total value of liabilities to policyholders and the income of the assets portfolio underlying these obligations.</p> <p>Additionally, the Covid-19 pandemic had an atypical impact on the Company's claims rates, increasing the uncertainty inherent in the measurement of responsibilities and requiring more assumptions by management.</p> <p>As described in Note 2.15, the liabilities for insurance contracts are determined based on actuarial assumptions, historical data and other methods accepted in the sector, and the actual amounts to be disbursed in the future may be significantly different from the estimates made.</p> | <p>operational effectiveness of the controls identified as significant in the measurement of technical provisions for life insurance and financial liabilities;</p> <ul style="list-style-type: none"> <li>▶ Analytical review procedures, recalculation and analysis of the methodologies for the projection of future cash flows, including the underlying financial and demographic assumptions (when applicable), with special attention to the obligations for products with guaranteed rates;</li> <li>▶ With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the Company's actuaries for the measurement of liabilities arising from life insurance and investment contracts, including an analysis of their consistency with those used in the previous year and using as reference the specific terms of the products, regulatory requirements and practices in the insurance sector; and</li> <li>▶ Review the completeness and consistency of the disclosures in the separate financial statements of the technical provisions for life insurance and financial liabilities with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.</li> </ul> |

## 2. Measurement of claims provisions (non-life)

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement  |
|---|--|
| <p>As described in Note 19 to the separate financial statements as at 31 December 2020, the claims provisions arising from non-life insurance contracts amounted to 1,642 m€ (12% of total liabilities). These provisions are determined using actuarial assumptions and methodologies and are based on the history of the Company's loss ratio by business and they present the estimated value of damages to pay for claims already incurred, including claims incurred but not reported (IBNR), and administrative costs related to future settlement.</p> <p>These provisions include estimates for long-term claims provisions of workers' compensation, requiring assumptions based on judgments, in particular the discount rate, mortality tables and expenses to be incurred</p> | <p>Our approach to the risk of material misstatements in the measurement of claims provisions (non-life) included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> <li>▶ Understanding of the internal control procedures of the Company and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the measurement of claims provisions (non-life);</li> <li>▶ Analytical review procedures on the separate financial statements line items relating to claims provisions (non-life) to understand the annual changes and of the main factors contributing to the most significant variations;</li> <li>▶ With the involvement of our actuarial experts, we analysed the methodologies and assumptions used by the actuaries of the Company for the measurement of the claims liabilities (non-life), including analysis of consistency with those used in the previous years and with the default payment history by</li> </ul> |

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement  |
|---|--|
| <p>(see details in subparagraph (d) in Note 2.15).</p> <p>Additionally, the Covid-19 pandemic had an atypical impact on the Company's claims rates, increasing the uncertainty inherent in the measurement of responsibilities and requiring more assumptions by management.</p> <p>In view of the materiality of these liabilities on the separate financial statements and since it is a significant estimate based on assumptions and actuarial techniques applied to information currently available, the actual amounts payable in the future may be different from recorded amounts, we considered the claims provisions (non-life) to be a key audit matter.</p> | <p>segment, having as reference the specifics of the Company's products regulatory requirements and practices in the insurance sector;</p> <ul style="list-style-type: none"> <li>▶ Recalculation of claims provisions with the support of our actuarial specialists for the segments representing the most significant share of the liabilities of the Company (Auto and Workers' compensation), on the basis of actuarial methods recognised in the insurance sector, to assess their adequacy. Additionally, for Workers' compensation segment, we examined the financial and demographic assumptions used in the estimation of the long-term obligations;</li> <li>▶ As for the above procedures, we also took into account Circular Letter Nr. 12/2020-R – Guidelines on the calculation of Technical Provisions in the context of the exceptional situation related to the coronavirus pandemic – Covid-19, issued by <i>Autoridade de Supervisão de Seguros e Fundos de Pensões</i> on 23 December 2020; and</li> <li>▶ Review the completeness and consistency of disclosures in the separate financial statements for claims provisions (non-life) with the respective accounting and technical data, actuarial reports and requirements of International Financial Reporting Standards.</li> </ul> |

### 3. Valuation of financial instruments at fair value

| Description of the most significant assessed risks of material misstatement  | Summary of our response to the most significant assessed risks of material misstatement   |
|--|---|
| <p>As detailed in Note 44, the assets and liabilities include financial instruments valued at fair value amounting to 11,060 m€ and 568 m€, respectively, which represent about 68% of the total assets and 4% of the total liabilities.</p> <p>The determination of the fair value of the financial instruments was primarily based on quotes in active markets. In the case of instruments with reduced liquidity in these markets, valuation models were used and other information involving judgment, such as information provided by specialised entities, observable and unobservable market assumptions and other estimates.</p> <p>Uncertainties in financial market trends and in economic conditions in the context of the Covid-19 pandemic impacted the assumptions used to measure the fair value of these financial assets.</p> | <p>Our approach to the risk of material misstatements in the valuation of financial instruments at fair value included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> <li>▶ Understanding of the internal control procedures of the Company and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant to the valuation of financial instruments at fair value;</li> <li>▶ Analytical review of the financial statements line items relating to financial instruments and recalculation of fair value financial instruments by comparing the rates used by the Company with those observed in external sources of information;</li> <li>▶ Analysis of the methodologies and assumptions used by the Company in determining fair value, using as reference the details of its investment policy, regulatory requirements and sector practices; and</li> <li>▶ Review the completeness and consistency of disclosures of financial instruments at fair value in the separate financial</li> </ul> |

| Description of the most significant assessed risks of material misstatement  | Summary of our response to the most significant assessed risks of material misstatement                         |
|--|---|
| The total value of instruments with reduced liquidity, recognised in the assets and liabilities of the Company, amounting to about 1,001 m€ (6% of the asset) and 1 m€ (0% of the liabilities), respectively, which were classified under the fair value hierarchy defined in the accounting framework as level 3 (Note 44). | statements with the respective accounting data and requirements of International Financial Reporting Standards. |

#### 4. Impairment in investments in subsidiaries, associates and joint ventures

| Description of the most significant assessed risks of material misstatement  | Summary of our response to the most significant assessed risks of material misstatement  |
|--|--|
| <p>The separate financial statements of the Company as at 31 December 2020 include in the statement of financial position as more fully disclosed in Note 4, investments in subsidiaries, associates and joint ventures, net of impairment, of 2,860 m€, representing 18% of the assets.</p> <p>These assets are subject to impairment tests at least annually. This impairment assessment is a process that requires judgment and is based on assumptions regarding economic and financial market conditions of the subsidiaries (such as discount rates, inflation, growth rates/profit margins and prospective financial information, among others).</p> <p>The Covid-19 pandemic significantly increased the uncertainties that the Company faces in the impairment tests, including the assumptions used in calculating the recoverable amount of subsidiaries.</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the valuation models and assumptions used, since the use of different techniques and valuation assumptions can result in different estimates of impairment losses.</p> | <p>Our approach to the risk of material misstatements in the valuation of investments in subsidiaries, associates and joint ventures included a specific response by performing the following procedures:</p> <ul style="list-style-type: none"> <li>▶ Obtaining an understanding of the existing internal control procedures in the process for determining impairment losses of these investments;</li> <li>▶ Review of the assumptions used in the valuation models approved by the management, in particular the cash flow projections, the discount rate, the rate of inflation, the growth rate in perpetuity and the sensitivity analysis, supported by internal corporate finance experts;</li> <li>▶ Review of the consistency of the assumptions used in the construction of the business plan with previous years, comparison with historical data and with external sources. We tested the calculations of the models used; and</li> <li>▶ Review of the completeness and consistency of disclosures of investments in subsidiaries, associates and joint ventures in the financial statements with the respective accounting data and the requirements of International Financial Reporting Standards.</li> </ul> |

5. Application of IFRS 9 - Financial Instruments, with overlay approach as provided for in IFRS 4 - Insurance Contracts

| Description of the most significant assessed risks of material misstatement   | Summary of our response to the most significant assessed risks of material misstatement  |
|---|--|
| <p>The Company applied IFRS 9 with overlay approach, as provided for in IFRS 4, reclassifying between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if the Company had applied IAS 39 to the designated financial assets. On 31 December 2020, the amount of financial assets eligible for the application of overlay approach amounts to 1,720 m€ (Note 5) and, for them, the Company carried out impairment tests as if IAS 39 were applicable and the impairment losses were recognised on evidence of impairment such as, among others, financial difficulties of the issuer or a significant or prolonged decline in the fair value of financial assets below cost price.</p> <p>The consideration of this matter as significant for the audit was based on the risk of judgment associated with the recognition and measurement of impairment losses on financial assets, since they are based on assumptions taking into account impairment indicators observable at a given time and that the use of different assumptions or obtaining additional information may result in different estimates of impairment losses.</p> <p>The details of the accounting policies, methodologies, concepts and assumptions used are disclosed in Note 2.4 of the Annex to the separate financial statements.</p> | <p>Our approach to the risk of material misstatements in the recognition and measurement of impairment losses of financial assets included a specific strategy consisting of a combination of controls evaluation and substantive procedures, including the following:</p> <ul style="list-style-type: none"> <li>▶ Understanding of the existing internal control procedures and execution of specific audit procedures to assess the operational effectiveness of the controls identified as significant in the process of valuation of financial instruments and recognition of impairment losses for the Company;</li> <li>▶ We have validated the eligibility of financial assets to apply overlay approach and tested the valuation and impairment for a sample of capital instruments, thus ensuring the correct reclassification of amounts between profit or loss and other comprehensive income;</li> <li>▶ Obtained the understanding about the impacts of the transition of standards in the separate financial statements and validation of the amounts restated;</li> <li>▶ Analytical review tests on the separate financial statements line items related to financial assets and recalculation of impairment losses on a sample basis; and</li> <li>▶ Review the completeness and consistency of disclosures in the separate financial statements on recognition of impairment losses on financial assets with the respective accounting data and requirements of International Financial Reporting Standards.</li> </ul> |



## Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- ▶ the preparation of the financial statements which present a true and fair view of financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in Portugal for the insurance sector as issued by *Autoridade de Supervisão de Seguros e Fundos de Pensões*;
- ▶ the preparation of the Management Report, in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the

current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and

- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of Management Report with financial statements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Company, we have not identified any material misstatement.

### On additional items set out in article 10º of Regulation (EU) nr. 537/2014

Pursuant to article 10º of Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of Fidelidade – Companhia de Seguros, S.A. for the first time in the shareholders' general meeting held on 15 May 2014 for the year 2014. We were reappointed for a second mandate in the shareholders' general meeting held on 31 March 2015 for the period between 2015 and 2017. On 29 March 2017, we renounced that mandate, between 2015 and 2017, and were appointed at the shareholders' meeting held on 31 March for the mandate between 2017 and 2019. We were appointed at the shareholders' meeting held on 30 June 2020 for the term between 2020 and 2022;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with the ISA we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Company; and
- ▶ We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Company in conducting the audit.

Lisbon, 12 March 2021

Ernst & Young Audit & Associados – SROC, S.A.  
Sociedade de Revisores Oficiais de Contas  
Represented by:

*(signed)*

Ricardo Nuno Lopes Pinto - ROC nr. 1579  
Registered with the Portuguese Securities Market Commission under license nr. 20161189

**FIDELIDADE – COMPANHIA DE SEGUROS, S.A.**

**REPORT AND OPINION OF THE SUPERVISORY BOARD**

**2020**

In compliance with the applicable legal provisions, articles of association and our instructions we hereby submit the report on our inspection and opinion on the accounting documents produced by the Board of Directors for which the Board is responsible.

We have monitored the company's activity during this accounting period, taking all the necessary steps to comply with the duties by which we are bound, and noted the regularity of its accounting records and compliance with the applicable legal and statutory regulations, having made the checks considered expedient.

We were provided with regular information and clarifications on the operation of the company and its corporate business by the Board of Directors and other governing bodies.

We have examined the Single Management Report and the other separate accounting documents for the year in addition to the Statutory Auditor's Report, with which we are in agreement.

In consideration of the above, the Supervisory Board issues the following

**OPINION**

- That the Single Management Report and other separate accounting documents for the year, as submitted by the Board of Directors, should be approved;
- That the proposal for the application of income set out in Single Management Report should be approved;

The Supervisory Board wishes to express its gratitude to the Board of Directors and other governing bodies for their excellent collaboration during the course of the year.

Lisbon, 15 March 2021.

**SUPERVISORY BOARD,**

Vasco Jorge Valdez Ferreira Matias – Chairman

João Filipe Gonçalves Pinto – Member

Pedro Antunes de Almeida – Member

**DECLARATION OF COMPLEMENTARY LIABILITY  
TO THE REPORT AND OPINION OF THE SUPERVISORY BOARD  
OF FIDELIDADE – COMPANHIA DE SEGUROS, S.A.  
FOR 2020**

In compliance with the provisions of Article 420(6) of the Commercial Companies Code, the members of the Supervisory Board hereby declare that, to the best of their knowledge, the separate accounts and other accounting documents for the year have been produced in conformity with the applicable accounting standards and are a true and fair reflection of the company's assets and liabilities, its financial situation and its results.

They also declare that, to the best of their knowledge, the Management Report provides a faithful account of the evolution of the company's business, performance and position, and that this report refers to the risks and uncertainties attached to the activity.

Lisbon, 15 March 2021.

**SUPERVISORY BOARD**

Vasco Jorge Valdez Ferreira Matias – Chairman

João Filipe Gonçalves Pinto – Member

Pedro Antunes de Almeida – Member

# D Corporate Governance Report

Translation of a document originally issued in Portuguese. In the event of discrepancies the Portuguese language version prevails.

# Corporate Governance Report

2020

## Fidelidade – Companhia de Seguros, S.A.

### INTRODUCTION

Fidelidade – Companhia de Seguros, S.A., (hereinafter “Company” or “Fidelidade”) produces its Corporate Governance Report in a clear and transparent manner, applying the rules in force and observing best practice and recommendations, to make public its principles and regulatory standards within the scope of Corporate Governance.

This Corporate Governance Report relates to 2020 and was drawn up in compliance with that set out in Article 70(2) b) of the Portuguese Code of Commercial Companies and in Article 32(1) a) iv) of Regulatory Standard no. 8/2016 – R, of 16 August.

### INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

#### A. SHAREHOLDER STRUCTURE

##### I. Capital Structure

##### 1. CAPITAL STRUCTURE

Fidelidade’s share capital, of 509,263,524.00 euros, is represented by 161,670,960 nominative shares, with the nominal value of 3.15 euros each, which are fully subscribed and paid up. All the shares grant identical rights and are mutually fungible.

In line with its Articles of Association, besides the ordinary shares, Fidelidade may issue preferential shares without a vote, up to 20% of the share capital. Fidelidade has only issued ordinary shares.

The shareholder structure of the company is as follows:

| Shareholder                    | % of Capital | No of shares |
|--------------------------------|--------------|--------------|
| Longrun Portugal, SGPS, S.A.   | 84.9892%     | 137,402,839  |
| Caixa Geral de Depósitos, S.A. | 15.0000%     | 24,250,644   |
| Employees                      | 0.0026%      | 4,177        |
| Own Shares                     | 0.0082%      | 13,300       |
| TOTAL:                         | 100%         | 161,670,960  |

##### 2. RESTRICTIONS ON THE TRANSFER OF SHARES

There are no restrictions on the transfer of shares.

**3. NUMBER OF OWN SHARES, PERCENTAGE OF CORRESPONDING SHARE CAPITAL AND PERCENTAGE OF CORRESPONDING VOTING RIGHTS**

At 31 December 2020, Fidelidade held 13,300 own shares, which corresponds to 0.0082% of the share capital and percentage of votes.

**4. RULES GOVERNING THE RENEWAL OR REMOVAL OF DEFENSIVE MEASURES, IN PARTICULAR THOSE WHICH PROVIDE FOR LIMITATION OF THE NUMBER OF VOTES THAT MAY BE HELD OR EXERCISED BY A SINGLE SHAREHOLDER INDIVIDUALLY OR IN CONCERT WITH OTHER SHAREHOLDERS**

The Company's Articles of Association do not provide for any limitation of the number of votes which may be held or exercised by a single shareholder individually or in concert with other shareholders.

**5. AGREEMENTS BETWEEN SHAREHOLDERS WHICH ARE KNOWN TO THE COMPANY AND MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SECURITIES OR VOTING RIGHTS**

See Point 2 above.

## **II. Shareholdings**

**6. IDENTIFICATION OF NATURAL OR LEGAL PERSONS WITH QUALIFYING HOLDINGS, WITH AN INDICATION OF THE PERCENTAGE OF CAPITAL AND VOTES ALLOCATED AND THE SOURCE AND CAUSES OF ALLOCATION**

The qualifying holdings in the Company's share capital at 31 December 2020, and the percentage of capital and votes allocated and source and causes of allocation, are set out in the table below:

| Shareholder                    | No. of Shares | % of Share Capital | % of Voting Rights | Method of Attribution |
|--------------------------------|---------------|--------------------|--------------------|-----------------------|
| Longrun Portugal, SGPS, S.A.   | 137,402,839   | 84.9892%           | 84.9892%           | Acquisition           |
| Caixa Geral de Depósitos, S.A. | 24,250,644    | 15%                | 15%                | Acquisition           |

**7. INDICATION OF THE NUMBER OF SHARES AND BONDS HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES**

At 31 December 2020, the members of the management and supervisory bodies did not hold shares in the Company.

At 31 December 2020, the members of the management and supervisory bodies did not hold bonds in the Company.

## **B. CORPORATE BODIES AND COMMITTEES**

### **I. General Meeting**

#### ***a) Composition of the Presiding Board of the General Meeting***

**8. IDENTIFICATION AND POSITION OF THE MEMBERS OF THE PRESIDING BOARD OF THE GENERAL MEETING AND RESPECTIVE MANDATE**

The Presiding Board of the General Meeting was composed as follows at 31 December 2020:

| Position  | Name                           |
|-----------|--------------------------------|
| President | Nuno Azevedo Neves             |
| Secretary | Nuno Ricardo Santos Jorge Pena |

## ***b) Exercise of voting rights***

- 9.** ANY RESTRICTIONS ON VOTING RIGHTS, SUCH AS LIMITATIONS OF THE VOTING RIGHTS OF HOLDERS OF A GIVEN PERCENTAGE OR NUMBER OF SHARES, DEADLINES FOR EXERCISING VOTING RIGHTS OR SEPARATE SYSTEMS FOR EQUITY RIGHTS

Pursuant to Article 10 of the Company's Articles of Association, one vote corresponds to every 100 (one hundred) shares. Shareholders with a number of shares lower than this minimum number may form a group to make up the necessary number to exercise the vote and be represented by one of the group members.

Fidelidade shareholders may only participate, debate and vote in the General Meeting, in person or via a representative, if, on the date of registration, corresponding to 0.00 (GMT) of the fifth trading day prior to the day on which the General Meeting is held, they held shares which grant them, according to the law and the Articles of Association, at least one vote and which comply with the applicable legal formalities, in the terms set out in the corresponding meeting notification.

No shareholder may be represented by two or more persons.

Postal voting is not permitted.

- 10.** INDICATION OF THE MAXIMUM PERCENTAGE OF VOTING RIGHTS THAT MAY BE EXERCISED BY A SINGLE SHAREHOLDER OR BY SHAREHOLDERS THAT ARE IN A RELATIONSHIP WITH HIM AS SET OUT IN ARTICLE 20(1) OF THE SECURITIES CODE

The Articles of Association do not contemplate any maximum percentage of voting rights which may be exercised by a single shareholder or by a shareholder that is in a relationship with him as set out in Article 20(1) of the Securities Code.

- 11.** IDENTIFICATION OF THE SHAREHOLDERS' RESOLUTIONS WHICH, BY IMPOSITION OF THE ARTICLES OF ASSOCIATION, MAY ONLY BE TAKEN BY A QUALIFIED MAJORITY, BESIDES THOSE PROVIDED FOR IN LAW, AND INDICATION OF THOSE MAJORITIES

Resolutions of the General Meeting are approved by a majority of the votes of the shareholders present or represented at the General Meeting, whenever the law or the Articles of Association do not require a greater number (Article 11(2) of the Articles of Association).

Resolutions concerning any amendments to the Company's Articles of Association, including amendment of the corporate purpose, an increase or reduction in the share capital, merger, demerger, transformation and dissolution of the company, suppression or reduction of the preference right of the Company shareholders in increases in share capital, cancellation of shares representing the share capital, the suspension or cessation of the exercise of the principal activity included in the Company's corporate purpose, authorisation for the sale and purchase of own shares when this is not realised on a pro-rata basis, and the appointment of the company's supervisory body and the respective external auditor when this is not one of the four largest international auditing companies, may only be approved if a vote in favour is achieved with a majority of at least 95% of the voting rights representing the entirety of the share capital.



## II. Management

### Board of Directors

#### *Composition*

#### 12. IDENTIFICATION OF THE CORPORATE GOVERNANCE MODEL ADOPTED

Fidelidade adopts a unitary corporate governance model with a Board of Directors which includes an Executive Committee and a supervisory body comprising a Supervisory Board and a Statutory Auditor.

#### 13. ARTICLES OF ASSOCIATION RULES ON THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors are elected by the General Meeting. The chairman and vice-chairmen of the Board of Directors are chosen by the Board of Directors itself, except when they are appointed by the General Meeting of shareholders which elects the Board of Directors.

Vacancies or impediments in the Board of Directors are filled by co-opting until a resolution is submitted to the first subsequent General Meeting.

#### 14. COMPOSITION OF THE BOARD OF DIRECTORS, WITH AN INDICATION OF THE ARTICLES OF ASSOCIATION STIPULATIONS ON THE MINIMUM AND MAXIMUM NUMBER OF MEMBERS AND DURATION OF MANDATES, THE ACTUAL NUMBER OF MEMBERS AND THE DATE OF APPOINTMENT AND DURATION OF MANDATE OF EACH OF THEM

Pursuant to the Company's Articles of Association, the Board of Directors is composed of between five and seventeen members, who are elected for renewable mandates of three years.

At 31 December 2020, the Board of Directors was composed of fifteen members appointed to exercise functions for the three-year period 2020/2022, nine of whom were non-executive members and six of whom were executive members, as reflected in the table below:

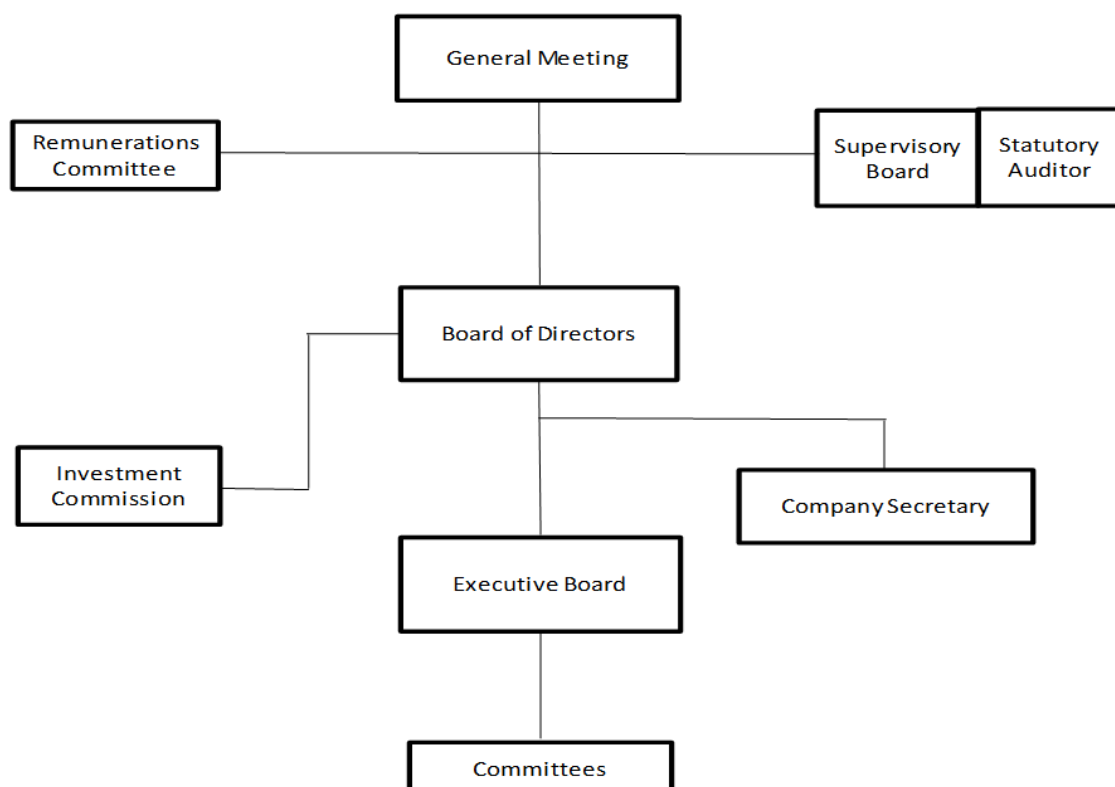
| Board of Directors (BD)                 | Position      | Date of Appointment to Mandate | Duration of Mandate | Observations  |
|---|---------------|--------------------------------|---------------------|---------------|
| Jorge Manuel Baptista Magalhães Correia | Chairman      | 30-06-2020                     | 2020/2022           | Non-executive |
| José Manuel Alvarez Quintero            | Vice-Chairman | 30-06-2020                     | 2020/2022           | Non-executive |
| Lingjiang XU                            | Member        | 30-06-2020                     | 2020/2022           | Non-executive |
| José João Guilherme                     | Member        | 30-06-2020                     | 2020/2022           | Non-executive |
| Francisco Ravara Cary                   | Member        | 30-06-2020                     | 2020/2022           | Non-executive |
| António Manuel Marques de Sousa Noronha | Member        | 30-06-2020                     | 2020/2022           | Executive     |
| Rogério Miguel Antunes Campos Henriques | Member        | 30-06-2020                     | 2020/2022           | Executive     |
| Wai Lam William MAK                     | Member        | 30-06-2020                     | 2020/2022           | Executive     |
| André Simões Cardoso                    | Member        | 30-06-2020                     | 2020/2022           | Executive     |
| Tao LI                                  | Member        | 30-06-2020                     | 2020/2022           | Non-executive |
| Hui CHEN                                | Member        | 30-06-2020                     | 2020/2022           | Executive     |
| Carlos António Torroaes Albuquerque     | Member        | 30-06-2020                     | 2020/2022           | Non-executive |
| Andrew John Zeissink                    | Member        | 30-06-2020                     | 2020/2022           | Non-executive |
| Yulong PENG                             | Member        | 30-06-2020                     | 2020/2022           | Non-executive |
| Juan Ignacio Arsuaga Serrats            | Member        | 30-06-2020                     | 2020/2022           | Executive     |

At 31 December 2020, the Executive Committee was composed as follows:

| Executive Committee (EC)                | Position | Date of Appointment to Mandate | Duration of Mandate |
|---|----------|--------------------------------|---------------------|
| Rogério Miguel Antunes Campos Henriques | Chairman | 30-06-2020                     | 2020/2022           |
| António Manuel Marques de Sousa Noronha | Member   | 30-06-2020                     | 2020/2022           |
| Wai Lam William MAK                     | Member   | 30-06-2020                     | 2020/2022           |
| André Simões Cardoso                    | Member   | 30-06-2020                     | 2020/2022           |
| Hui CHEN                                | Member   | 30-06-2020                     | 2020/2022           |
| Juan Ignacio Arsuaga Serrats            | Member   | 30-06-2020                     | 2020/2022           |

**15. ORGANISATION CHART ON THE DIVISION OF COMPETENCES BETWEEN THE VARIOUS CORPORATE BODIES, INCLUDING INFORMATION ON DELEGATION OF COMPETENCES**

The table below represents Fidelidade's Corporate Governance structure in 2020:



### Board of Directors

The Board of Directors, as a corporate body of the Company, has the broadest of powers to manage and represent the Company. Pursuant to Article 15(1) of the Articles of Association, besides the general powers given to it, the Board of Directors is responsible for:

- a) Managing the company business and performing all the acts and operations related to the corporate purpose which do not fall within the competence of other Company bodies;
- b) Representing the Company in and out of court, actively and passively, with the power to withdraw, settle and accept liability in any proceedings, and also entering into arbitration agreements;
- c) Acquiring, selling or otherwise disposing of or encumbering movable and immovable rights and property;
- d) Setting up companies, subscribing, acquiring, pledging and disposing of shares;
- e) Establishing the technical and administrative organisation of the Company and the rules of internal operation, regarding employees and their remuneration;
- f) Appointing legal representatives, with the powers it deems appropriate, including those of delegation.

Resolutions of the Board of Directors which deal with the following issues may only be taken by a majority of 6 of the 7 members:

- a) A material change in the business, including the disposal of the whole or a substantial part of the Company's assets;
- b) The entering into, amendment or termination of any contract between the Company and any shareholder, and with companies which are in a controlling or group relationship with any shareholder, in the terms set out in Article 21 of the Securities Code;
- c) Definition of the voting intentions to be adopted by Company representatives at general meetings and in the boards of directors of the companies in which the Company holds the majority of the voting rights or the right to appoint the majority of the members of the management body, when resolutions on the following matters are at issue:
  - i. amendments to the Articles of Association, including amendment of the corporate purpose, an increase or reduction in the share capital, merger, demerger, transformation and dissolution of the Company;
  - ii. suppression or reduction of the preference right of the shareholders in increases in share capital;
  - iii. cancellation of shares representing the share capital;
  - iv. suspension or cessation of the exercise of the principal activity included in the corporate purpose;
  - v. authorisation for the sale and purchase of own shares when this is not realised on a pro-rata basis;
  - vi. appointment of the supervisory body and the respective external auditor when this is not one of the four largest international auditing companies;
  - vii. a material change in the business, including the disposal of the whole or a substantial part of the assets of the Company in question;
  - viii. the entering into, amendment or termination of any contract between the Company and any shareholder, and with companies which are in a controlling or group relationship with any shareholder, in the terms set out in Article 21 of the Securities Code.

The Chairman of the Board of Directors has specific powers based on the provisions in Article 16 of the Articles of Association and is responsible for:

- a) Representing the Board of Directors in and out of court;
- b) Coordinating the Board of Directors' activity and convening and managing the respective meetings;
- c) Ensuring the correct implementation of the Board of Directors' resolutions.

#### Executive Committee

Without prejudice to the possibility of rescinding powers delegated to the Executive Committee, the Board of Directors has delegated the day-to-day management of the Company to this committee, which includes:

- a) All insurance and reinsurance operations and operations which are connected or complementary to insurance and reinsurance operations, including those which relate to acts and contracts regarding salvage, the rebuilding and repair of real estate, vehicle repair, and the application of provisions, reserves and capital;
- b) Representation of the Company before the supervisory authorities and associations for the sector;
- c) Acquisition of services;
- d) Employees' admissions, definition of levels, categories, remuneration conditions and other benefits, and appointment to management positions;
- e) Exercise of disciplinary powers and the application of any sanctions;
- f) Representation of the Company before any bodies which represent the employees;
- g) Opening and closing of branches or agencies;
- h) Nomination of the person representing the Company at the general meetings of companies in which it holds shares, with determination of how the vote is to be cast;
- i) Nomination of the persons who will take up company positions for which the Company is elected, and the persons that the Company will indicate to take up company positions in companies in which it holds a share;
- j) Issuing of instructions which are binding on the companies which are in a group relationship with the Company involving full control;
- k) Representation of the Company in and out of court, actively and passively, including initiating and defending any judicial or arbitration proceedings, and accepting liability in, withdrawing from or settling any actions, and assuming arbitration agreements;
- l) Appointment of legal representatives, with or without power of attorney, to perform certain acts, or categories of acts, with definition of the scope of the respective mandates.

The delegation of powers to the Executive Committee does not cover matters which remain the exclusive competence of the Board of Directors.

#### Investment Committee

All of the Company's investment decisions are subject to supervision by the Investment Committee, and the Executive Committee reports operations performed to the Investment Committee.

The Investment Committee is responsible for defining the investment guidelines and the decisions which require its prior approval.

The members of the Investment Committee are appointed by the Board of Directors, and the respective mandate coincides with the mandate of the Board of Directors.

### III. Supervision

#### Supervisory Board and Statutory Auditor

##### *Composition*

#### 16. IDENTIFICATION OF THE SUPERVISORY BODY AND COMPETENCES

Supervision of the Company is charged, pursuant to Article 413(1) a) of the Code of Commercial Companies, to a Supervisory Board and a Statutory Auditor Firm, with the competences set out in law and the current mandate of which corresponds to the period 2020/2022.

The Company's Articles of Association establish the Supervisory Board's competences as those which are set out in the law.

#### 17. COMPOSITION OF THE SUPERVISORY BOARD, WITH AN INDICATION OF THE POSITION OF EACH MEMBER AND THEIR DATE OF APPOINTMENT AND DURATION OF MANDATE

The Supervisory Board is composed of three permanent members and one alternate, with renewable mandates of three years. At 31 December 2020, it was composed as follows:

| Members of the Supervisory Board   | Position  | Date of Appointment to Mandate | Duration of Mandate |
|------------------------------------|-----------|--------------------------------|---------------------|
| Vasco Jorge Valdez Ferreira Matias | Chair     | 30-06-2020                     | 2020/2022           |
| João Filipe Gonçalves Pinto        | Member    | 30-06-2020                     | 2020/2022           |
| Pedro Antunes de Almeida           | Member    | 30-06-2020                     | 2020/2022           |
| Anabela de Jesus Nunes Prates      | Alternate | 30-06-2020                     | 2020/2022           |

The members of the Supervisory Board comply with the independence requirements set out in Article 414(5) of the Code of Commercial Companies, as they are not associated with any specific interest group in the Company and there are no circumstances which might affect their impartiality when analysing or taking decisions.

### IV. Statutory Auditor

#### 18. IDENTIFICATION OF THE STATUTORY AUDITOR AND THE PARTNER OF THE STATUTORY AUDITOR REPRESENTING IT

The Statutory Auditor, at 31 December 2020, is Ernst & Young Audit & Associados – SROC, S.A., represented by Ricardo Nuno Lopes Pinto, Statutory Auditor no. 1579, registered with the Portuguese Securities Market Commission under license no. 20161189.

#### 19. INDICATION OF THE NUMBER OF YEARS THE STATUTORY AUDITOR HAS CONSECUTIVELY PERFORMED FUNCTIONS FOR THE COMPANY AND/OR GROUP

The Statutory Auditor was appointed on 15 May 2014, and reappointed on 30 June 2020 to perform functions until the end of the three-year period 2020/2022.

#### 20. DESCRIPTION OF OTHER SERVICES THE STATUTORY AUDITOR PROVIDES THE COMPANY WITH

Besides auditing work and the statutory audit, Ernst & Young Audit & Associados – SROC, S.A. provide the following services required by law on a recurring basis:

- Certification of the Annual Solvency and Financial Condition Report pursuant to Regulation No. 2/2017-R of the ASF, of 24 March;

- Review of the Annual Report on the Organisational Structure and the Risk Management and Internal Control Systems pursuant to Circular no. 1/2017 of the ASF.

Besides the above-mentioned services, Ernst & Young Audit & Associados – SROC, S.A. does not provide the Company, or the companies controlled by it, with any other type of services on a recurring basis.

However, when the Company, or the companies controlled by it, are provided with other services, this is in strict compliance with the procedures defined in law, namely in Law No. 140/2015, of 7 September.

## **C. INTERNAL ORGANISATION**

### **I. Articles of Association**

#### **21. RULES APPLICABLE TO AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Any amendment to the Articles of Association requires a resolution of the General Meeting with a vote in favour with a majority of at least 95% of the voting rights representing the entirety of the share capital.

### **II. Reporting of irregularities**

#### **22. MEANS AND POLICY FOR REPORTING IRREGULARITIES OCCURRING IN THE COMPANY**

Fidelidade has a culture of responsibility and compliance, and recognises the importance of the process of reporting and analysing irregularities as a corporate best practice tool. The Company implements appropriate means for receiving, investigating and archiving reports of irregularities alleged to have been committed by members of the corporate bodies and by Company employees or employees of companies within the Fidelidade Group.

Irregularities are deemed to be any acts or omissions, whether wilful or negligent, relating to the Company's management, accounting organisation and internal supervision which may severely:

- a) Break the law, regulations and other rules in force;
- b) Jeopardise the property of clients, shareholders and the Company;
- c) Cause harm to the Company's reputation or that of the companies within the Fidelidade Group.

Irregularities can be reported by employees, representatives, agents or any other persons who provide services on a permanent or occasional basis at the Company or at any Group entity, shareholders and any other persons.

### **III. Internal control and risk management**

#### **23. BODIES RESPONSIBLE FOR THE INTERNAL AUDIT AND FOR THE IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS**

The Legal Rules on the Taking-up and Pursuit of the Business of Insurance and Reinsurance (RJASR), approved by Law No. 147/2015, of 9 September, which transposes the Solvency II Directive into Portuguese law, came into force on 1 January 2016.

Accordingly, the Company implemented a global risk management system, in order to meet the requirements set out therein.

The implementation of this system, besides complying with the rules applicable to the insurance business, is regarded as an opportunity to improve the processes for assessing and managing risk, thereby contributing to maintaining the solidity and stability of the insurance group to which Fidelidade belongs.

The risk management system is therefore an integral part of the Company's daily activities, and an integrated approach is applied, enabling the Company to ensure that its strategic objectives (client interests, profitability, financial solidity and efficiency of processes) are upheld.

Moreover, the own risk and solvency assessment (ORSA) enables risk, capital and return to be related to each other in a prospective vision, in the context of the business strategy established by the Company.

The Company has policies, processes and procedures relating to the governance system which are adapted to its business strategy and operations, guaranteeing sound and prudent management of its business. In terms of organisational structure, the risk management and internal control systems are managed by the following bodies: the Risk Management Division, the Audit Division, the Compliance Division, the Risk Committee, the Underwriting Policy Acceptance and Supervision Committee, the Life and Non-Life Products Committees, and the Asset and Liability Management Committee.

The remaining Management Bodies are responsible for enhancing the risk management and internal control process, so as to ensure that the management and control of operations is performed in a sound and prudent manner. They are also responsible for the existence and updating of documentation relating to the business processes, their risks and control activities.

Included within the set of prudential recommendations of the supervisory authorities, in order to guarantee operational continuity of its processes, systems and communications, the Fidelidade Group has a Business Continuity Plan (BCP) so as to guarantee the conducting of structured damage assessment and agile decision-making regarding the type of recovery to be undertaken.

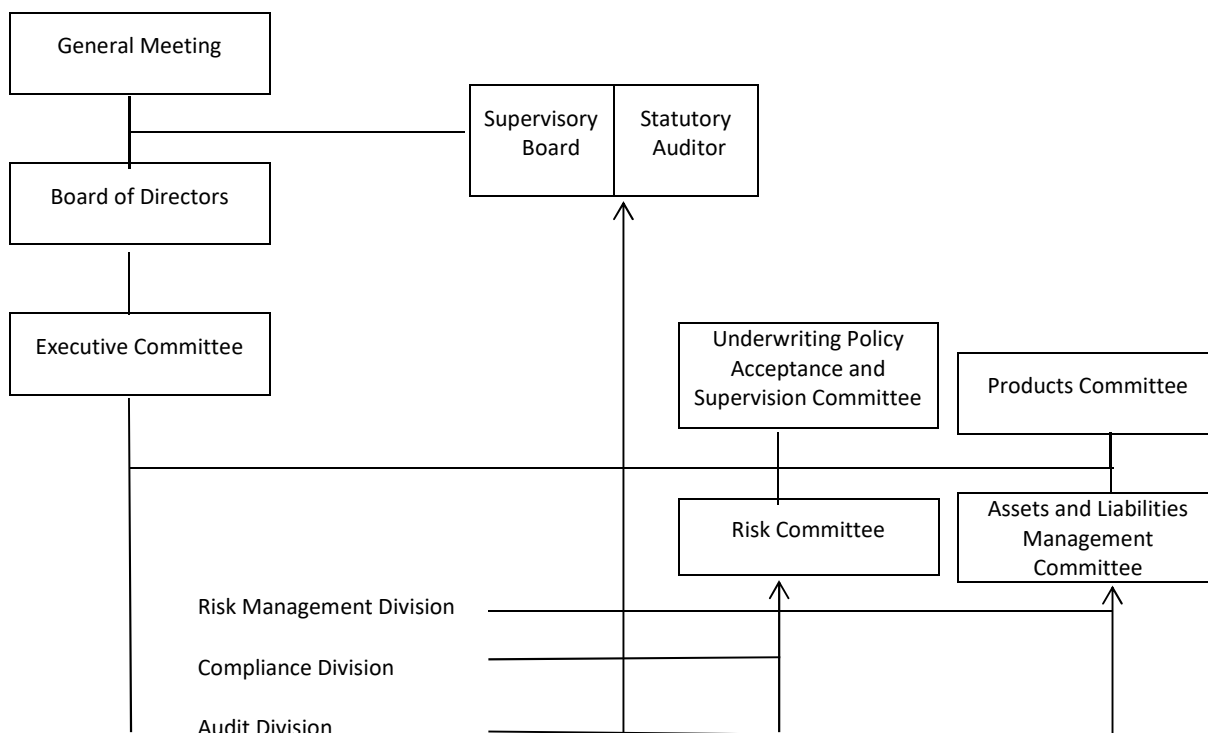
Regarding the public reporting requirements, in 2020 the Company prepared and disseminated, on its Internet site, the "2019 Solvency and Financial Condition Report", which contains detailed information on its activities and performance, governance system, risk profile, solvency assessment and capital management for 2019. This information, together with the annual quantitative reports submitted to the ASF, is certified by the statutory auditor and the responsible actuary.

The Company also conducted the annual own risk and solvency assessment (ORSA) in 2020, reporting its findings to the ASF in the respective supervision report, and provided quarterly quantitative information for supervisory purposes.

Accordingly, the measures adopted during the preparatory phase for applying the Solvency II rules, and their consolidation during the first years it was in force, place Fidelidade at a comfortable level of compliance with these new rules.

#### **24. EXPLANATION OF THE HIERARCHICAL AND/OR FUNCTIONAL REPORTING RELATIONSHIPS WITH OTHER BODIES OR COMMITTEES OF THE COMPANY**

The table below shows the reporting relationships of the Risk Management Division, the Audit Division and Compliance Division with other bodies or committees of the Company:



## 25. OTHER FUNCTIONAL AREAS WITH RISK CONTROL COMPETENCES

Alongside the areas with key functions within the scope of the internal control and risk management systems, and the control of legal risks performed by the Legal Affairs Division, there is an information and reporting system which supports decision-making and control processes, both internally and externally. This system falls within the competence of the Strategic Planning and Business Development Division and the Accounting and Financial Information Division, which ensure the existence of substantive, current, coherent, timely and reliable information, enabling a comprehensive vision of the financial condition, business development, compliance with the defined strategy and objectives, identification of the Company's risk profile, market behaviour and growth prospects.

The financial information and management process is supported by accounting and management support systems which record, classify, connect and archive all the operations performed by the company and its subsidiaries in a systematic, timely, reliable, complete and consistent manner, in line with the decisions and policies issued by the Executive Committee.

Thus, the Risk Management Division, the Compliance Division, the Audit Division, the Accounting and Financial Information Division and the Strategic Planning and Business Development Division ensure the implementation of the procedures and means necessary to obtain all the information relevant for the process of consolidation and reporting at the Company level – with regard to both accounts and support for the management and for the supervision and control of risks – which include:

- Definition of the content and format of the information to be reported by the entities included within the consolidation perimeter, in line with the accounting policies and guidelines defined by the management body, and the dates on which the reports are required;
- Identification and control of intra-Company operations; and
- A guarantee that the management information is coherent between the various entities, so that it is possible to measure and follow the evolution and profitability of each business



and confirm that the established objectives have been met, as well as assess and control the risks which each entity runs, in both absolute and relative terms.

- 26.** IDENTIFICATION AND DESCRIPTION OF THE MAIN TYPES OF RISK (ECONOMIC, FINANCIAL AND LEGAL) TO WHICH THE COMPANY IS EXPOSED IN THE PERFORMANCE OF ITS ACTIVITY

This information is provided in the Notes to the Separate Financial Statements (Notes 44, 45 and 46) and the Notes to the Consolidated Financial Statements (Notes 48, 49 and 50).

- 27.** DESCRIPTION OF THE PROCESS OF IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND MANAGEMENT OF RISKS

The risk management system aids the Company in identifying, assessing, managing and monitoring risks, enabling appropriate and immediate actions to be adopted in the event of material changes in its risk profile.

In establishing its risk profile, the Company identifies the different risks to which it is exposed and then assesses those risks. Risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks not included in that formula, the Company has opted to use a qualitative analysis in order to classify the foreseeable impact on capital needs.

The ORSA plays a key role in monitoring the Company's risk profile and the capital adequacy in terms of meeting the regulatory requirements and the internal capital needs.

#### **IV. Internet Site**

- 28.** ADDRESS(ES)

The address of Fidelidade's website is:

[www.fidelidade.pt](http://www.fidelidade.pt)

- 29.** PLACE WHERE INFORMATION ON THE COMPANY, CORPORATE BODIES AND DOCUMENTS RELATING TO THE COMPANY ACCOUNTS CAN BE FOUND

Information about the Company and the corporate bodies and documents relating to the accounts are available on the Company's website, at the address indicated above.

- 30.** PLACE WHERE THE ARTICLES OF ASSOCIATION AND THE RULES GOVERNING THE FUNCTIONING OF THE CORPORATE BODIES CAN BE FOUND

The Articles of Association and the rules governing the functioning of the bodies and committees are available from the Company's Head Office, from the Company Secretary.

- 31.** PLACE WHERE THE NOTICE CONVENING THE GENERAL MEETING AND ALL THE PREPARATORY AND SUBSEQUENT INFORMATION RELATED THERETO IS DISCLOSED

Notices convening general meetings and all the preparatory and subsequent information related to these are available at the Company's Head Office, from the Company Secretary.

- 32.** PLACE WHERE THE FILE OF PAST RESOLUTIONS PASSED AT THE COMPANY'S GENERAL MEETINGS, THE SHARE CAPITAL REPRESENTED AND THE RESULTS OF THE VOTES, RELATING TO THE LAST THREE YEARS, IS DISCLOSED

The file of past resolutions passed at the Company's general meetings, the share capital represented and the results of the votes, relating to the last three years, is available from the Company's Head Office, from the Company Secretary.

## D. REMUNERATION

### I. Competence to determine

- 33.** INDICATION AS TO THE COMPETENCE TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES, THE MEMBERS OF THE EXECUTIVE COMMITTEE OR CHIEF EXECUTIVE AND THE DIRECTORS OF THE COMPANY

The fixing of the remuneration of the members of the corporate bodies is the responsibility of the Remunerations Committee.

### II. Remunerations Committee

- 34.** COMPOSITION OF THE REMUNERATIONS COMMITTEE

The composition of the Remunerations Committee, appointed on 21 May 2020, is as follows as at 31 December 2020:

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|                |           |
|----------------|-----------|
| <b>Chair:</b>  | Yumin CAI |
| <b>Member:</b> | Min GAO   |

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- 35.** KNOWLEDGE AND EXPERIENCE OF THE MEMBERS OF THE REMUNERATIONS COMMITTEE ON REMUNERATION POLICY ISSUES

The members of the Remunerations Committee are persons who, given their professional experience and curriculum vitae, have the appropriate knowledge and profile with regard to remuneration policy issues.

### III. Remunerations structure

- 36.** DESCRIPTION OF THE REMUNERATION POLICY FOR THE MANAGEMENT AND SUPERVISORY BODIES AS SET OUT IN ARTICLE 2 OF LAW NO. 28/2009, OF 19 JUNE

The Remunerations Committee submitted a declaration to the General Meeting of 31 March 2020, in compliance with the provisions of Article 2 of Law No. 28/2009, of 19 June, on the remuneration policy for the members of the respective management and supervisory bodies, which was approved by all the shareholders present or represented.

According to the aforementioned declaration, the remuneration policy was based on the following principles:

“The remuneration of the members of the Company’s management and supervisory bodies is established by the Remunerations Committee in the light of the Remuneration Policy in force, with reference to the applicable laws and regulations, and the guiding principles of the remuneration policy for the members of the corporate bodies of the Group companies.

To ensure alignment with the interests of the company, the remuneration of the executive members of the management body is composed of a fixed component and a variable component.

The fixed component is defined with reference to the amounts used in companies of a similar dimension, nature and complexity.

The fixed remuneration is paid in 14 monthly instalments, with the corresponding holiday and Christmas subsidies included within these, pursuant to the legislation in force.

The variable component is determined according to performance, assessed on the basis of a series of defined objectives, namely, financial, operational, risk and strategic objectives, and is granted on an individual and annual basis, in relation to the year ended. It may not be more than a specific percentage of the fixed gross remuneration in force at the end of that year, so that the components are appropriately balanced.

Members of the Board of Directors without executive functions do not receive any remuneration, either fixed or variable.

Members of the Supervisory Board only receive fixed remuneration.

There are no share allocation or stock option plans for members of the Company's management and supervisory bodies."

By a resolution of 30 June 2020, it was decided to award the Chairman and Vice-Chairman of the Board of Directors, both non-executive directors, a fixed remuneration.

Information on the annual amount of remuneration paid to the members of the corporate bodies is that set out in this Corporate Governance Report.

Given the above, the level of compliance with the recommendations contained in Circular No. 6/2010, of 1 April, from the then Portuguese Insurance Institute, now the Insurance and Pension Funds Supervisory Authority, regarding the remuneration policy can be summarised as follows:

| Item                         | Recommendation   | Level of Compliance | Observations |
|------------------------------|--|---------------------|--------------|
| <b>I. General Principles</b> | I.1. Institutions should adopt a remuneration policy consistent with effective management and control of risks which avoids excessive exposure to risk and potential conflicts of interest, and which is consistent with the objectives, values and long-term interests of the institution, particularly with the prospects for sustainable growth and profitability and protection of the interests of policyholders, insured persons, participants, beneficiaries and taxpayers. | Met                 |              |
|                              | I.2. The remuneration policy should be appropriate to the size, nature and complexity of the activity carried on or to be carried on by the institution and, in particular, as regards the risks taken or to be taken.   | Met                 |              |
|                              | I.3. Institutions should adopt a clear, transparent and appropriate structure for defining, implementing and monitoring the remuneration policy, which identifies, in an objective way, the employees involved in each case  | Met                 |              |

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|--|--|-----|--|
|  | and their respective responsibilities and competences.   |     |  |
| <b>II. Approval of the remuneration policy</b> | II.1. Without prejudice to the provisions of Article 2(1) of Law No. 28/2009, of 19 June, with regard to the remuneration of the members of the management and supervisory bodies, the remuneration policy should be approved by a remunerations committee or, where the existence of such a body is not feasible or appropriate given the size, nature and complexity of the institution concerned, by the General Meeting or by the general and supervisory board, as applicable.  | Met |  |
|  | II.2. With regard to the remuneration of the remaining employees covered by the Circular, the remuneration policy should be approved by the management body.   | Met |  |
|  | II.3. When determining the remuneration policy the involvement should be sought of persons with functional independence and adequate technical capacity, including persons who belong to structural units responsible for key functions and, whenever necessary, human resources, in addition to external experts, in order to avoid conflicts of interests and to enable an independent value judgement to be formed as to the adequacy of the remuneration policy, including its effects on the management of the institution's risks and capital. | Met |  |
|  | II.4. The remuneration policy should be transparent and accessible to all employees of the institution. The remuneration policy should also be subject to periodic review and be formalised in a separate document, duly updated, showing the date of the introduced changes and the justification for them, and an archive should be kept of earlier versions.  | Met |  |
|  | II.5. The employees should be informed of the evaluation process, including the criteria used to   | Met |  |

|                                     |  |     |  |
|-------------------------------------|--|-----|--|
|                                     | determine the variable remuneration, prior to the time period covered by the evaluation process.   |     |  |
| <b>III. Remunerations committee</b> | III.1. The remunerations committee, if any, should carry out a review, at least once a year, of the institution's remuneration policy and its implementation, in particular with regard to the remuneration of the executive members of the management body, including their remuneration based on shares or options, to enable an independent and substantiated value judgement to be formed as to the adequacy of the remuneration policy, in the light of the recommendations of this Circular, and in particular its effect on the management of the institution's risks and capital.                    | Met |  |
|                                     | III.2. The members of the remunerations committee should be independent from the members of the management body and should meet suitability requirements and possess professional qualifications which are appropriate to the performance of their duties, in particular having knowledge and / or professional experience in remuneration policy issues.  | Met |  |
|                                     | III.3. If the remunerations committee seeks, in the exercise of its functions, the provision of external services in relation to remuneration, it should not recruit a natural or legal person that provides or has provided, in the previous three years, services to any structure that reports to the management body, to the management body itself or a structure that has a current relationship as a consultant of the institution. This recommendation also applies to any natural or legal person who is connected to any of the above by means of an employment or provision of services contract. | Met |  |
|                                     | III.4. The remunerations committee should report annually to the   | Met |  |

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|---|---|-----|--|
|   | shareholders on the exercise of its functions and should attend any general meetings where the remuneration policy is included on the agenda.   |     |  |
|   | III.5. The remunerations committee should meet at least once a year, and should prepare minutes of all meetings held.   | Met |  |
| <b>IV. Remuneration of members of the management body</b> |   |     |  |
| <b>Executive members</b>                                  | IV.1. The remuneration of directors performing executive duties should include a variable component, which is determined by a performance assessment carried out by the competent bodies of the institution, according to predetermined measurable criteria, including non-financial criteria, which considers, in addition to individual performance, the real growth of the institution and the wealth effectively created for shareholders, protection of the interests of policyholders, insured persons, participants, beneficiaries and taxpayers, the institution's long-term sustainability and the risks taken, as well as compliance with the rules applicable to the institution's activity. | Met |  |
|   | IV2. The fixed and variable components of the total remuneration should be appropriately balanced. The fixed component should represent a sufficiently high proportion of the total remuneration to allow the application of an entirely flexible policy regarding the variable remuneration component, including the possibility of not paying any variable remuneration component. The variable component should be subject to an upper limit.  | Met |  |
|   | IV.3. A substantial part of the variable component of the remuneration should be paid in financial instruments issued by the institution, the value of which depends on the institution's medium and long-term  | Met | Through a mechanism equivalent to financial instruments issued by the institution. |

|  |   |                |                          |
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|  | performance. These financial instruments should be subject to an appropriate retention policy designed to align incentives with the long-term interests of the institution and, when not quoted on the stock exchange, should be valued for the purpose at fair value.  |                |                          |
|  | IV.4. A significant part of the variable remuneration should be deferred for a period of not less than three years and its payment should be dependent on the continued positive performance of the institution over this period.   | Met            |                          |
|  | IV.5. The part of the variable component subject to deferral should be on a sliding scale according to its weight in relation to the fixed component of the remuneration.   | Met            |                          |
|  | IV.6. The members of the Board of Directors should not enter into contracts with the institution, or with third parties, the purpose of which is to mitigate the risk inherent in the variability of the remuneration established for them by the institution.  | Met            |                          |
|  | IV.7. Up until the end of their mandate, the executive members of the management body should maintain the shares in the institution which they have obtained via variable remuneration schemes, up to the limit of twice the value of the total annual remuneration, with the exception of those which need to be sold in order to pay taxes resulting from the gains from those same shares. | Not applicable |                          |
|  | IV.8. When the variable remuneration includes options, the beginning of the period for them to be exercised should be deferred for a period of not less than three years.   | Not applicable | No options were awarded. |
|  | IV.9. After the period referred to in the previous paragraph, the executive members of the management body should retain a given number of shares, until the end of their mandate, subject to the need to finance any costs related to the acquisition of shares, and the   | Not applicable | No shares were awarded.  |

|  |   |                |   |
|--|---|----------------|---|
|  | number of shares to be retained should be fixed.  |                |   |
| <b>Non-executive members</b>   | IV.10. The remuneration of the non-executive members of the management body should not include any component the value of which depends on the performance or the value of the institution.   | Met            | Non-executive members, when remunerated, do not receive variable remuneration.          |
| <b>Compensation in the event of dismissal</b>                            | IV.11. Appropriate legal instruments should be established so that the compensation fixed for any form of unfair dismissal of a member of the management body is not paid if the dismissal or termination by agreement is the result of the inadequate performance of the member of the management body.  | Not applicable | No compensation has been established.   |
| <b>V. Remuneration of employees</b>                                      |   |                |   |
| <b>Relationship between fixed remuneration and variable remuneration</b> | V.1. If the remuneration of the institution's employees includes a variable component, this must be appropriately balanced in relation to the fixed component of the remuneration, taking into account, namely, the performance, the responsibilities and functions of each employee and the activity performed by the institution. The fixed component should represent a sufficiently high proportion of the total remuneration to allow the application of an entirely flexible policy regarding the variable remuneration component, including the possibility of not paying any variable remuneration component. The variable component should be subject to an upper limit. | Met            |   |
|  | V.2. A substantial part of the variable component of the remuneration should be paid in financial instruments issued by the institution, the value of which depends on the institution's medium and long-term performance. These financial instruments should be subject to an appropriate retention policy designed to align incentives with the long-term interests of the institution and, when not quoted   | Not met        | No financial instruments were issued by the institution to be awarded to its employees. |



|  |   |               |   |
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|  | on the stock exchange, should be valued for the purpose at fair value.  |               |   |
| <b>Criteria for awarding variable remuneration</b> | V.3. The performance assessment should take into account not only the individual performance but also the collective performance of the business unit of which the employee is a part and of the institution itself, and it should include relevant non-financial criteria, such as respect for the rules and procedures applicable to the activity being carried on, namely the internal control rules and those concerning the relationship with policyholders, insured persons, participants, beneficiaries and taxpayers, in order to promote the sustainability of the institution and the creation of value in the long term. | Met           |   |
|  | V.4. The criteria for awarding variable remuneration according to performance should be predetermined and measurable, and should be related to a multi-annual framework of three to five years, to ensure that the assessment process is based on long-term performance.  | Partially met | The remuneration policy for employees of the Group is related to an annual framework, and it is not considered opportune to apply rules to those employees subject to Regulatory Standard No. 5/2010-R, of 1 April, that are different to those applied to the remaining employees. |
|  | V.5. The variable remuneration, including the deferred portion of that remuneration, should only be paid or constitute an acquired right if it is sustainable in the light of the financial situation of the institution as a whole and if it is justified in the light of the performance of the employee in question and of the business unit to which he or she belongs. The total variable remuneration should, in general terms, be severely reduced in the event of a regression in the performance or a negative performance for the institution.  | Met           | There is no deferred portion of the variable remuneration.  |
| <b>Deferral of the variable remuneration</b>       | V.6. A significant part of the variable remuneration should be deferred for a period of not less than three years and its payment should be dependent on the future   | Not met       | The remuneration policy for employees of the Group is related to an annual framework, and it is not considered  |

|  |  |                |  |
|--|--|----------------|--|
|  | performance criteria, measured on the basis of criteria adjusted to the risk, which consider the risks associated with the activity from which its allocation results.   |                | opportune to apply rules to those employees subject to Regulatory Standard No. 5/2010-R, of 1 April, that are different to those applied to the remaining employees. |
|  | V.7. The part of the variable component subject to deferral should be on a sliding scale according to its weight in relation to the fixed component of the remuneration, and the deferred percentage should increase significantly in line with the employee's level in the hierarchy or responsibility.   | Not applicable | No portion of the variable remuneration is subject to deferral in the terms of the previous paragraph.   |
| <b>Remuneration of employees who perform key functions</b> | V.8. Employees involved in performing tasks associated with key functions should be remunerated based on the pursuit of the objectives linked to their functions, regardless of the performance of the areas under their control, and the remuneration should provide a reward which is appropriate to the importance of the exercise of their duties. | Met            |  |
|  | V.9. In particular, the actuarial function and the responsible actuary should be remunerated in a manner consistent with their role in the institution and not in relation to the company's performance.   | Partially met  | While the remuneration is consistent with the role in the institution, it is not dissociated from the performance of the latter.                                     |
| <b>VI. Assessment of the remuneration policy</b>           | VI.1. The remuneration policy should be subject to an independent internal assessment, at least once a year, to be carried out by employees with key functions in the institution, working in conjunction with each other.   | Met            |  |
|  | VI.2. The assessment provided for in the previous paragraph should include, namely, an analysis of the remuneration policy and its implementation in the light of the recommendations of this Circular, and in particular its effect on the management of the institution's risks and capital.   | Met            |  |
|  | VI.3. The employees with key functions should provide the management body and the General Meeting or the remunerations   | Met            |  |

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|--|--|--|--|
|  | committee, if any, with a report containing the results of the analysis referred to in VI.1., which, namely, identifies the measures needed to correct any possible insufficiencies in the light of these recommendations. |  |  |
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#### IV. Disclosure of Remunerations

- 37.** INDICATION OF THE ANNUAL AMOUNT OF REMUNERATION PAID BY THE COMPANY, AS A WHOLE AND INDIVIDUALLY, TO MEMBERS OF THE BOARD OF DIRECTORS, INCLUDING FIXED AND VARIABLE REMUNERATION AND, IN RELATION TO THE LATTER, REFERENCE TO THE DIFFERENT COMPONENTS THAT HAVE GIVEN RISE TO IT

Non-executive members of the Board of Directors, when remunerated, only receive fixed remuneration.

The annual amount of gross remuneration paid, as a whole and individually, to the non-executive members of the Company's Board of Directors, is set out in the table below:

| <b>Non-executive members of the Board of Directors</b> | <b>Fixed Remuneration 2020 (€)</b> | <b>Observations</b>      |
|--|------------------------------------|--------------------------|
| Jorge Manuel Baptista Magalhães Correia                | 210,000                            | 01.07.2020 to 31.12.2020 |
| José Manuel Alvarez Quintero                           | 52,500                             | 01.07.2020 to 31.12.2020 |
| <b>TOTAL</b>   | <b>315,020</b>                     |                          |

The annual amount of gross remuneration paid, as a whole and individually, for the exercise of the position of executive director, is set out in the tables below:

| <b>Executive members of the Board of Directors</b> | <b>Fixed Remuneration 2020 (€)</b> | <b>Observations</b>  |
|--|------------------------------------|--|
| Jorge Manuel Baptista Magalhães Correia*           | 210,000                            | 01.01.2020 to 30.06.2020, after which he became a non-executive director |
| José Manuel Alvarez Quintero*                      | 166,500                            | 01.01.2020 to 30.06.2020, after which he became a non-executive director |
| Rogério Miguel Antunes Campos Henriques            | 387,000                            | 01.01.2020 to 31.12.2020   |
| António Manuel Marques de Sousa Noronha            | 351,300                            | 01.01.2020 to 31.12.2020   |
| Wai Lam William Mak                                | 351,300                            | 01.01.2020 to 31.12.2020   |
| André Simões Cardoso                               | 329,800                            | 01.01.2020 to 31.12.2020   |
| Hui CHEN   | 145,000                            | 01.07.2020 to 31.12.2020   |
| Juan Ignacio Arsuaga Serrats                       | 170,443                            | 16.07.2020 to 31.12.2020   |
| <b>TOTAL</b>                                       | <b>2,111,343</b>                   |  |

|   | Short-term and deferred variable remuneration paid in 2020 and relating to previous years (€) |                |                |                |              |
|---|---|----------------|----------------|----------------|--------------|
| Executive members of the Board of Directors | 2016  | 2017           | 2018           | 2019           | Observations |
| Jorge Manuel Baptista Magalhães Correia *   | 55,237  | 52,708         | 42,552         | 86,625         |              |
| José Manuel Alvarez Quintero *              | 36,831  | 31,625         | 25,532         | 55,440         |              |
| Rogério Miguel Antunes Campos Henriques     | 36,831  | 34,636         | 27,964         | 60,720         |              |
| António Manuel Marques de Sousa Noronha     | 36,831  | 31,625         | 25,532         | 55,440         |              |
| Wai Lam William Mak                         | 36,831  | 31,625         | 25,532         | 55,440         |              |
| André Simões Cardoso                        | 0   | 30,119         | 24,315         | 55,440         |              |
| <b>TOTAL</b>                                | <b>202,559</b>  | <b>212,338</b> | <b>171,426</b> | <b>369,105</b> |              |

|   | Long-term variable remuneration paid in 2020 and relating to previous years (€) |      |      |      |              |
|---|---|------|------|------|--------------|
| Executive members of the Board of Directors | 2016  | 2017 | 2018 | 2019 | Observations |
| Jorge Manuel Baptista Magalhães Correia *   | 314,246   | -    | -    | -    |              |
| José Manuel Alvarez Quintero *              | 240,333   | -    | -    | -    |              |
| Rogério Miguel Antunes Campos Henriques     | 240,333   | -    | -    | -    |              |
| António Manuel Marques de Sousa Noronha     | 240,333   | -    | -    | -    |              |
| Wai Lam William Mak                         | 240,333   | -    | -    | -    |              |
| André Simões Cardoso                        | -   | -    | -    | -    |              |
| <b>TOTAL</b>                                | <b>1,275,578</b>  |      |      |      |              |

\* Only exercised the functions of executive director until 30.06.2020, becoming non-executive directors from 01.07.2020.

### 38. COMPENSATION PAID OR OWED TO FORMER EXECUTIVE DIRECTORS CONCERNING CONTRACT TERMINATION DURING THE YEAR

The non-executive directors Feifei ZHANG and Yu PEI, Members of the Board of Directors, ceased functions, respectively, on 31 January 2020 and 8 May 2020, and no compensation was paid to them.

- 39.** INDICATION OF THE ANNUAL AMOUNT OF REMUNERATION PAID, AS A WHOLE AND INDIVIDUALLY, TO MEMBERS OF THE COMPANY'S SUPERVISORY BODIES, FOR THE PURPOSES OF LAW NO. 28/2009, OF 19 JUNE

The amount of gross remuneration paid in 2020, as a whole and individually, to the members of the Company's supervisory body is set out in the following table:

| Members of the Supervisory Board   | (€)     | Observations |
|------------------------------------|---------|--------------|
| Vasco Jorge Valdez Ferreira Matias | 46,000  |              |
| João Filipe Gonçalves Pinto        | 40,400  |              |
| Pedro Nunes de Almeida             | 40,400  |              |
| Anabela de Jesus Nunes Prates      | 0       | Alternate    |
| TOTAL                              | 126,800 |              |

- 40.** INDICATION OF THE REMUNERATION IN THE YEAR IN QUESTION OF THE PRESIDENT OF THE PRESIDING BOARD OF THE GENERAL MEETING

The President of the Presiding Board of the General Meeting receives gross annual remuneration of € 7,000.

## **V. Agreements with remuneration implications**

- 41.** REFERENCE TO THE EXISTENCE AND DESCRIPTION, WITH AN INDICATION OF THE SUMS INVOLVED, OF AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF THE MANAGEMENT BODY, WHICH PROVIDE FOR COMPENSATION IN THE EVENT OF RESIGNATION OR UNFAIR DISMISSAL OR TERMINATION OF THE EMPLOYMENT FOLLOWING A CHANGE IN THE CONTROL OF THE COMPANY (ARTICLE 245-A, (1) L)

There are no agreements between the Company and the members of the management body which provide for compensation in the event of resignation, unfair dismissal or termination of the employment relationship following a change in the control of the Company.

## **VI. Share allocation or stock option plans**

- 42.** IDENTIFICATION OF THE PLAN AND ITS RECIPIENTS

There are no plans with these characteristics.

- 43.** STOCK OPTIONS FOR EMPLOYEES AND COMPANY STAFF

There are no stock options for employees and staff.

## **E. RELATED PARTY TRANSACTIONS**

### **I. Control mechanisms and procedures**

- 44.** MECHANISMS IMPLEMENTED BY THE COMPANY FOR THE PURPOSE OF CONTROLLING TRANSACTIONS WITH RELATED PARTIES

Fidelidade has adopted a set of transparent and objective rules which are applicable to transactions with related parties, which are subject to specific approval mechanisms.

- 45.** INDICATION OF THE TRANSACTIONS WHICH WERE SUBJECT TO CONTROL IN THE YEAR IN QUESTION

All transactions with related parties were subject to control.

- 46.** DESCRIPTION OF THE PROCEDURES AND CRITERIA APPLICABLE TO THE INTERVENTION OF THE SUPERVISORY BODY FOR THE PURPOSES OF PRIOR ASSESSMENT OF THE BUSINESS TO BE CONDUCTED BETWEEN THE COMPANY AND HOLDERS OF QUALIFYING HOLDINGS OR ENTITIES WHICH ARE IN ANY KIND OF RELATIONSHIP WITH THEM, PURSUANT TO ARTICLE 20 OF THE SECURITIES CODE.

Operations to be performed between the Company and holders of qualifying holdings or entities which are in any kind of relationship with them are subject to assessment and a decision of the Executive Committee, and these operations, like all others performed by the Company, are subject to supervision by the Supervisory Board.

## **II. Information on transactions**

- 47.** INDICATION OF THE LOCATION OF ACCOUNTING INFORMATION INCLUDING INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Information on transactions with related parties is included in the Notes to the Separate Financial Statements (Note 43) and in the Notes to the Consolidated Financial Statements (Note 47).