FIDELIDADE

SEGUROS DESDE 1808

Solvency and Financial Condition Report

2021

Certified by the Statutory Auditor and Responsible Actuary

Contents

Summary

SEGUROS DESDE 1808

The *Regime Jurídico de Acesso e Exercício da Atividade Seguradora e Resseguradora* [legal framework on the taking-up and pursuit of the business of insurance and reinsurance] approved by Law No. 147/2015, of 9 September, requires insurance undertakings to disclose publicly, on an annual basis, a report on their solvency and financial condition.

The qualitative information that insurance undertakings are required to disclose is set out in Chapter XII of Title I of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014.

The quantitative information[1] to be disclosed together with this report is laid down in Articles 4 and 5 of Commission Implementing Regulation (EU) No. 2015/2452, of 2 December, amended and rectified by Commission Implementing Regulation (EU) No. 2017/2190, of 24 November.

In line with the description contained in Article 292 of the Delegated Regulation, a "clear and concise" summary of the items detailed in this report will be presented below.

<u>BUSINESS AND PERFORMANCE</u>

The Fidelidade Group operates in the Portuguese insurance market through five companies: Fidelidade, Multicare, Fidelidade Assistência, Via Directa and Companhia Portuguesa de Resseguros. 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.), which 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.

Through the Group companies, services are also provided in other areas such as Health (Luz Saúde – leading healthcare provider in Portugal), Assistance, Real Estate, Asset Management, Loss Adjusting and Motor Vehicle Repairs.

Fidelidade - Companhia de Seguros, S.A. is the leading company of the Fidelidade Group, dedicated to the exercise of insurance and reinsurance activities in all technical fields. In order to carry out its activity, Fidelidade has a network of branches throughout the national territory, intermediary centres and customer agencies. Abroad, the Company is present in Spain, France, Luxembourg, China and Mozambique.

Fidelidade's Consolidated performance

In 2021, the Fidelidade Group attained total consolidated premiums written of EUR 4,911.6 million, registering an overall increase of 38% in its business, mainly influenced by the Life segment in Portugal.

The Fidelidade Group held its position as market leader in Portugal, recording an overall market share of 29.1%, corresponding to an increase of 1.9 pp compared to the previous year, mostly driven by the performance recorded in the Life segment, .

In 2021, the Fidelidade Group consolidated its position in the Latin American insurance market, and also in Africa. International premiums reached EUR 1,029.4 million in 2021, like Portugal recording an increase compared to the previous year, related to the evolution of both the Life segment and the Non-Life segment. In 2021, the Latin America business represented 75% of Fidelidade's international business, Europe 12%, Africa 7% and Asia 6%.

Fidelidade's consolidated combined ratio was 93.4%, increasing 3.7 pp compared to the previous year, mostly reflecting the return to normal of claims rates in most lines of business, but particularly in the Health line of business.

[1] Quantitative information on monetary amounts is presented in thousands of euros, and in some circumstances the tables and graphs may present totals which do not correspond precisely to the sum of the parts, due to rounding up or down of those parts.

The increase in the combined ratio was seen both in the Portugal business (up 2.7 pp compared to 2020, to 93.0%) and in the international business, where an 8.4 pp increase compared to 2020 was recorded, to 96.6%, mostly reflecting the evolution of the claims rate in the Latin America business.

Net income evolved positively in 2021, due to the contribution of investment income and non-technical income, reflecting, respectively, the contribution from gains on investments and improvement in the income from the hospital operation.

In 2021, Fidelidade had assets under management of EUR 18.1 billion, an increase of 3.6% compared to 2020, mainly reflecting the effect of the issue of subordinated debt, and the annualised average yield from the investment portfolio was 3.5%, in a climate of very low interest rates.

Fidelidade has a prudent investment strategy, with 79% of its portfolio being composed of debt securities and treasury, 16% real estate and 5% equities. In 2021, 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.

In 2021, Technical Provisions stood at EUR 14.1 billion, displaying a slight increase of 0.3% compared to 2020 influenced by the increase in provisions in the Non-Life segment, more than compensating the decrease in provisions in the Life business.

In 2021, Shareholders' Equity, excluding Non-controlling Interests, was EUR 3,054.7 million, and the average return on equity (ROE) was 8.8%.

In 2021, Fidelidade issued subordinated debt in the financial markets for the first time, enabling optimisation of the Company's capital structure. At the end of 2021, the ratio of subordinated debt to total assets was 2.5%.

Fidelidade's Separate Performance

In individual terms, Fidelidade's total premiums in 2021 were EUR 3,959.1 million, recording an increase of 43.6% compared to the previous year, mainly propelled by the evolution in the Life segment.

The Life business recorded premiums of EUR 2,312.0 million, increasing 90.9% compared to the previous year, following the market trend. In the Non-Life segment, Fidelidade grew 6.6% in 2021, benefiting from positive performance in all lines of business.

Fidelidade's individual combined ratio was 93.7%, an increase of 3.7 pp compared to the previous year, reflecting the return to pre-pandemic claims rates. The Health and Workers' Compensation lines of business recorded the greatest increase, reflecting the return of medical treatments postponed in 2020 and less severe lockdowns.

The significant improvement in investment income contributed to an increase in net income in 2021 of 40.7% compared to the previous year.

In 2021 Fidelidade Individual had Assets of EUR 16.7 billion and Technical Provisions of EUR 12.3 billion, the latter falling 1.8%, reflecting the evolution in Life Financial products.

Shareholders' Equity totalled EUR 2.8 billion, a fall of 4.4% compared to the previous year, reflecting the return of EUR 150 million in supplementary capital payments to the majority shareholder.

SYSTEM OF GOVERNANCE

The Company has well-defined corporate governance and internal governance structures which are appropriate to its business strategy and operations. There is clear delegation of responsibilities, reporting lines and allocation of functions.

Key functions of risk management, internal audit, actuarial and compliance are defined as part of the risk management and internal control systems.

The Remuneration Policy applicable to Fidelidade's corporate bodies is based on principles which promote the Company's long-term sustainability, effective management and control of the risks it has assumed, and alignment with the Company's own interests and those of its shareholders, policyholders, insured persons, participants and beneficiaries.

The Company has processes to assess the fit and proper requirements of the people who effectively run the Company, supervise it, are its managers or perform key functions within it.

The Company has implemented processes and procedures for managing risk by type of risk – strategic risk, underwriting risk (product design and pricing; underwriting; reserving; claims management processes; reinsurance and alternative risk transfer), market risk, counterparty default risk, concentration risk, liquidity risk and reputational risk.

Operational risk management and internal control processes are implemented to ensure that operations are managed and controlled in a sound and prudent manner.

The Company's ORSA Policy aims to establish general principles for the own risk and solvency assessment. The ORSA plays a critical role in Company management, and the results obtained from it are taken into consideration in the Company's Risk Management, in Capital Management and in Decision Making.

The rules and principles that the Company's internal audit function must comply with are established in the Internal Audit Policy.

The internal audit function is performed with independence, impartiality and objectivity, and mechanisms have been set up to preserve these principles.

Due to the nature, complexity and scale of the Company's portfolios, the actuarial function is subdivided into life actuarial and non-life and health actuarial. These actuarial functions are independent in functional terms and report directly to the Company's Executive Committee.

The Company has an Assets and Liabilities Management Committee (ALCO). The main objectives of this Committee are to supervise the asset / liability situation, the investments portfolio and market risks.

There were no material changes in the Company's governance during the period covered by this report.

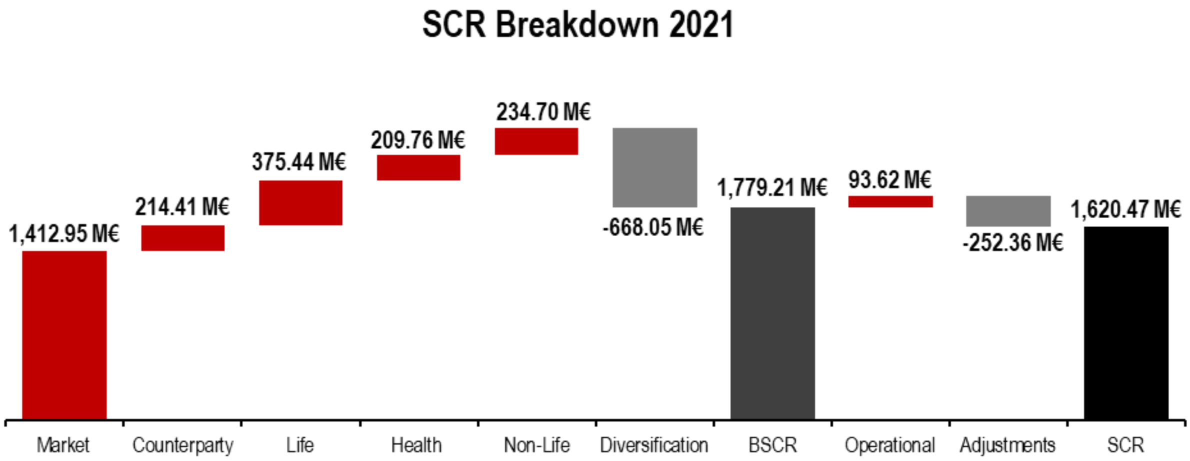
RISK PROFILE

Risk management assists the Company in identifying, assessing, managing and monitoring risks, in order to ensure that adequate and immediate measures are adopted in the event of material changes in the Company's risk profile.

Accordingly, to outline its risk profile, the Company identifies the various risks to which it is exposed and then assesses these.

The risk assessment is based on the standard formula used to calculate the solvency capital requirement. For other risks, not included in that formula, the Company has opted to use a qualitative analysis to classify the foreseeable impact on its capital needs.

Hence, the calculation of the Company's solvency capital requirement (SCR) as at 31 December 2021 was as follows:



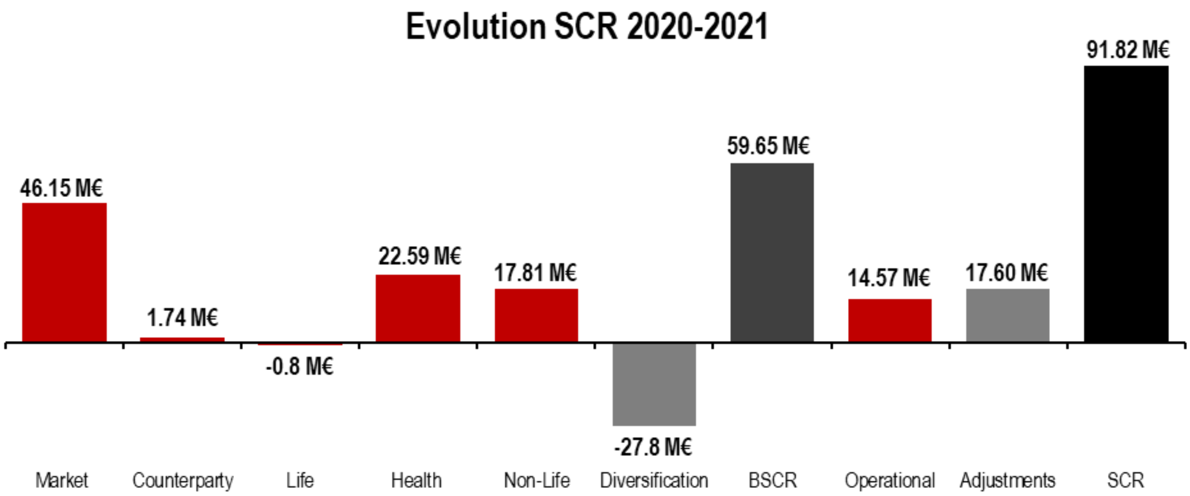
The market risk is clearly prominent in this requirement, followed by the Life and Non-Life underwriting risks and counterparty default risk, which are much lower.

Risks that do not fall within the standard formula are identified as part of the ORSA process. The Company recognises the following risks as potentially material risks: reputational risk, strategic risk, business (continuity) risk and legal risk.

Since 2018, the Company has recognised adjustment for the loss-absorbing capacity of deferred taxes not only relating to the impact on deferred tax liabilities, but also the impact on deferred tax assets, in this case using exclusively the effect deriving from temporary differences and not the recovery of tax losses.

The Company also decided to limit the impact of the adjustment for the loss-absorbing capacity of deferred taxes, in the component that would imply an increase in deferred tax assets, as follows: the sum of the net current deferred tax asset and the adjustment cannot be greater than 15% of the SCR, considering that, in event of the underlying scenario occurring, this would be the eligibility limit since it corresponds to Tier 3 own funds.

During the period covered by this report, there was an increase in the solvency capital requirement (SCR) of around EUR 91.82 million, when compared with the figure at 31 December 2020.



This increase resulted, to a large extent, from the evolution of market risk, due to the increase in property risk, explained by the increase in exposure to real estate assets, the increase in interest rate risk, justified by the change in both the portfolio and the duration of the contracts and the interest rate curve, but also by the reduction in the best estimate of the life segment liabilities, together with the annual update of the assumptions based on the historical analysis of the same in the Company's portfolio, and the shareholder risk, justified by the significant increase in the symmetric adjustment, and the end of the application of the transitional measure on shareholder risk.

It is also worth noting the increase in the health underwriting risk, which essentially arises from the Company's activity and the catastrophic risk derived from the significant increase in persons exposed to risk and their respective average salaries considered in the scenario established for calculating concentration risk.

The increase in the non-life underwriting risk resulted from the Company's activity, with an increase in the volume of premiums and reserves of contracts in the motor and fire lines, and the increase in catastrophic risk, which was impacted by the increase in business in the third party liability line of business.

Finally, there was an increase in operational risk, reflecting the evolution of the Company's activity in the life business and the increase in unit-linked expenses.

VALUATION FOR SOLVENCY PURPOSES

A description is provided of the bases, methods and main assumptions used for the valuation of assets for solvency purposes, and how these compare with those used in the financial statements. This information is divided into financial assets, real estate assets and other assets.

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference	Solvency II previous year
Financial assets	15,048,369	15,162,373	**-114,004**	**14,776,942**
Real estate assets	334,563	326,559	**8,004**	**454,841**
Other assets	870,675	893,594	**-22,919**	**773,688**
Reinsurance recoverables	276,074	401,908	**-125,834**	**180,542**
Total	**16,529,681**	**16,784,434**	**-254,753**	**16,186,013**

The main differences, by class of asset, are:

Holdings in related undertakings, including participations

This results from the valuation, for solvency purposes, of unlisted subsidiaries using the Adjusted Equity Method (AEM) (net, the total value of these holdings for solvency purposes fell by EUR 122,806 thousand).

The total difference includes, among others, the impacts of the valuation of Luz Saúde S.A. (reduction in the value of the participation by EUR 173,466 thousand), FID Peru, S.A. (reduction of EUR 137,216 thousand) and Fidelidade Property Europe, S.A. (increase of EUR 215,310 thousand).

Deferred tax assets

The difference results from the application of the tax rate to losses with taxable temporary differences implicit in the balance sheet for solvency purposes, that is, after adjustments with a negative impact on own funds.

Reinsurance and special purpose vehicles recoverables

The differences result from the method applied to calculate the best estimate, which uses assumptions that are not considered in the financial statements.

The differences between the amounts for solvency purposes in 2020 and those in 2021 reflect the evolution of the Company's activity in the period covered by this report, as no changes were made to the bases, methods and main assumptions used for the valuation of the assets for solvency purposes.

A description is provided of the bases, methods and main assumptions used for the valuation of technical provisions for solvency purposes, and how these compare with those used in the financial statements. This information is segmented into Life, Non-Life, Health – SLT (Similar to Life Techniques) and Health – NSLT (Not Similar to Life Techniques).

The Company applied the transitional measure, set out in Article 25 of Law No. 147/2015, of 9 September, on technical provisions for similar to life obligations regarding the homogeneous risk groups "Capital redemption products", with and without profit-sharing, and "Health – SLT", relating to obligations with workers' compensation contracts.

Amounts in thousand euros

Line of Business	Solvency II	Financial statements	Difference	Solvency II previous year
Life	9,614,017	10,036,489	**-422,472**	**10,212,907**
Non-Life	819,565	1,123,621	**-304,056**	**676,040**
Health – SLT	1,151,547	991,589	**159,958**	**1,155,039**
Health – NSLT	222,405	257,622	**-35,217**	**199,065**
Total	**11,807,534**	**12,409,321**	**-601,787**	**12,243,051**

The main differences result, on the one hand, from the use of different bases, methods and main assumptions for the valuation of the technical provisions for solvency purposes and in the financial statements, and, on the other, from the application of the transitional measure mentioned above.

The differences between the amounts for solvency purposes in 2020 and those in 2021 reflect the evolution of the Company's activity in the period covered by this report, as no changes were made to the bases, methods and main assumptions used for the valuation of the assets for solvency purposes.

Pursuant to Article 25 of Law No. 147/2015, of 9 September, the Company applied the transitional deduction to technical provisions on the first day of 2021. The table below shows the amount of that deduction at 31 December 2021.

Amounts in thousand euros

Lines of Business / Homogeneous Risk Groups		Transitional Deduction		
		Recalculation 1/1/2019	Annual decrease	Amount at 31/12/2021
29 and 33	Life insurance obligations - Health – SLT	256,882	-19,760	**217,362**
30	Life insurance obligations - Insurance with profit sharing - Capital redemption products	137,145	-10,550	**116,046**
32	Life insurance obligations - Other obligations similar to life - Capital redemption products	192,764	-14,828	**163,108**
Total		**586,791**	**-45,138**	**496,515**

A comparison is also provided between the valuation of other liabilities for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Liabilities	Solvency II	Financial statements	Difference	Solvency II previous year
Contingent liabilities	0	0	**0**	**0**
Provisions other than technical provisions	67,560	67,560	**0**	**55,500**
Pension benefit obligations	88	88	**0**	**86**
Deposits from reinsurers	130,147	130,147	**0**	**108,430**
Deferred tax liabilities	326,019	87,375	**238,644**	**376,744**
Derivatives	312,627	312,639	**-12**	**43,470**
Debts owed to credit institutions	0	0	**0**	**26,226**
Financial liabilities other than debts owed to credit institutions	26,756	26,756	**0**	**30,011**
Insurance and intermediaries payables	98,251	105,557	**-7,306**	**65,355**
Reinsurance payables	78,713	85,916	**-7,203**	**102,555**
Payables (trade, not insurance)	111,469	111,469	**0**	**94,415**
Subordinated liabilities	515,360	501,054	**14,306**	**0**
Any other liabilities, not elsewhere shown	142,367	134,321	**8,046**	**133,862**
Total	**1,809,357**	**1,562,882**	**246,475**	**1,036,654**

The main difference, by class of liabilities, is:

Deferred tax liabilities

The difference results from the application of the tax rate to gains with taxable temporary differences implicit in the balance sheet for solvency purposes, that is, after adjustments with a positive impact on own funds.

The differences between the amounts for solvency purposes in 2020 and those in 2021 reflect the evolution of the Company's activity in the period covered by this report, as no changes were made to the bases, methods and main assumptions used for the valuation of other liabilities for solvency purposes.

CAPITAL MANAGEMENT

The table below presents a comparison of the own funds as set out in the Company's financial statements and the excess of assets over liabilities calculated for solvency purposes.

Amounts in thousand euros

	Solvency II	Financial statements	Difference	Solvency II previous year
Assets	16,529,681	16,784,434	**-254,753**	**16,186,013**
Technical Provisions	11,807,534	12,409,321	**-601,787**	**12,243,051**
Other liabilities	1,809,357	1,562,882	**246,475**	**1,036,654**
Excess of assets over liabilities	**2,912,790**	**2,812,231**	**100,559**	**2,906,308**

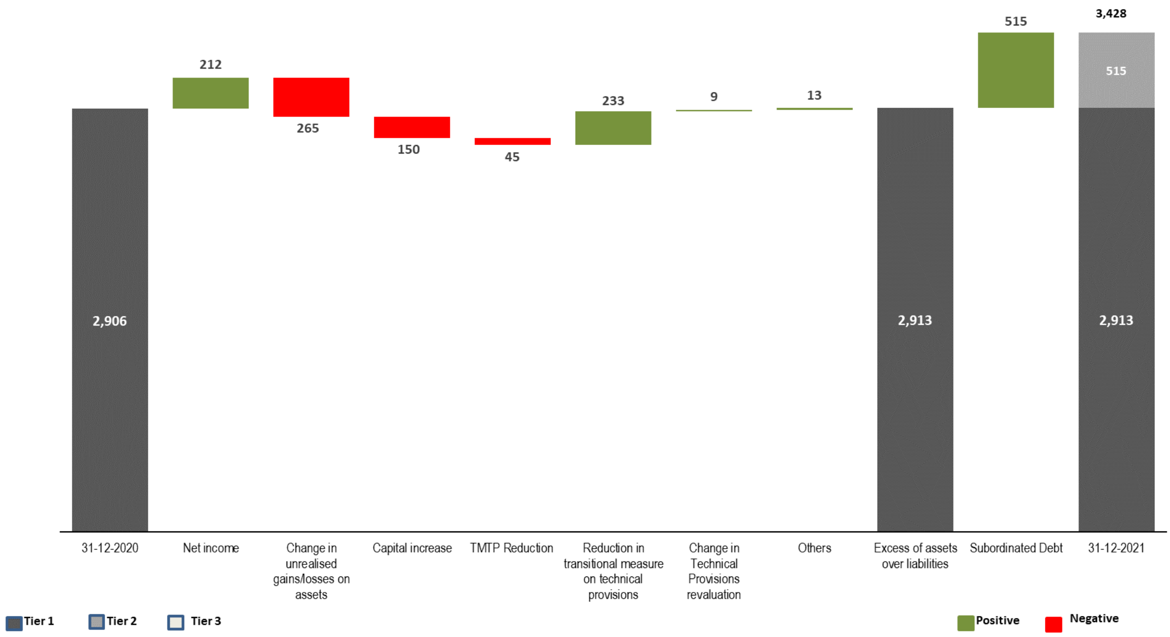
Regarding the structure, amount and tiering of basic own funds, the Company does not have any ancillary own funds and most of the basic own funds are classified as Tier 1, while the other basic own funds are Tier 2 and relate to subordinated liabilities.

The table below shows the amounts of own funds available and eligible to meet the solvency capital requirement (SCR) and the minimum capital requirement (MCR), classified by tier, relating to 31 December 2021 and 31 December 2020.

Amounts in thousand euros

	Available own funds to meet				Eligible own funds to meet			
	SCR	SCR previous year	MCR	MCR previous year	SCR	SCR previous year	MCR	MCR previous year
Tier1	2,912,641	2,906,159	2,912,641	2,906,159	2,912,641	2,906,159	2,912,641	2,906,159
Tier 2	515,360	0	515,360	0	515,360	0	83,557	0
Tier 3	0	0	0	0	0	0	0	0
Total	3,428,001	2,906,159	3,428,001	2,906,159	3,428,001	2,906,159	2,996,198	2,906,159

The graph below shows the main changes to the Company's available own funds during the period covered by this report.



When calculating the Solvency Capital Requirement (SCR), the Company uses the standard formula and does not apply any internal model.

Calculation of capital requirements of the currency risk sub-module includes the effect of hedging of exchange rate exposure of assets held in portfolio denominated in American dollars (USD), Hong Kong dollars (HKD) and Pounds sterling (GBP), via the use of futures and foreign exchange forwards and swaps, and of assets denominated in Yen (JPY), via the use of foreign exchange forwards.

The counterparty default risk module also takes into account exposure to counterparties with which the above-mentioned hedging is performed.

When calculating the Solvency Capital Requirement (SCR), the Company uses the standard formula set out in Articles 119 to 129 of the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance, approved by Law No. 147/2015, of 9 September, and does not use simplified calculations or undertaking specific parameters.

The minimum capital requirement was calculated in line with that set out in Article 147 of the above Framework.

The solvency capital requirement (SCR) and the minimum capital requirement (MCR), and the respective coverage ratios, relating to 31 December 2021 and 31 December 2020 were as follows:

Amounts in thousand euros

	Capital Requirements	Capital Requirements previous year	Coverage Ratio	Coverage Ratio previous year
SCR	1,620,470	1,528,650	211.54%	190.11%
MCR	417,785	439,136	717.16%	661.79%

The SCR coverage ratio increased significantly as a result of the growth in available own funds to meet the SCR, greater in proportion to the increase in capital requirements.

Lastly, it should be stressed that if the Company did not apply the transitional deduction to technical provisions, the solvency capital requirement (SCR) and the minimum capital requirement (MCR) would be 176.20% and 581.65%, respectively.

The Company is monitoring the impact of the evolution of the conflict in Ukraine on its solvency ratios, and continues to be comfortably above the Solvency Capital Requirement. Regardless of this position, the Company will continue to follow the situation attentively and will actively assess and react to its impacts on the solvency ratio.

A. Business and Performance

No activities or other significant events with a material impact on the Company occurred during the period covered by this report.

Notwithstanding, comparisons with the information included in the 2020 report are presented throughout this chapter.

A.1. Business

A.1.1. Name and legal form of the Company

Fidelidade - Companhia de Seguros, S.A. ("Fidelidade" or "Company"), with its head office in Lisbon, Portugal, at Largo do Calhariz, 30, 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, which produced accounting effects with reference to 1 January 2012. The operation was authorised by the Portuguese insurance regulator ("Autoridade de Supervisão de Seguros e Fundos de Pensões" 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, through Longrun Portugal, SGPS, S.A., ("Longrun") became part of Fosun International Holdings Ltd.

The Company is engaged in the performance of the insurance and reinsurance business in all technical lines of business. Traditionally, the life technical line of business, including investment contracts, has been the most important in terms of technical liabilities under management. Of the non-life technical lines of business those with greater volumes of premiums are motor, fire and other damage, health and workers' compensation, together representing approximately 86.2% and 87.5% of the total non-life premiums written during 2021 and 2020, respectively.

In order to carry out its activity, Fidelidade has a network of branches throughout the national territory, intermediary centres and customer agencies. Abroad, the Company is present in Spain, France, Luxembourg, China and Mozambique.

A.1.2. Supervisory authority responsible for financial supervision of the Company

The Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF, the Portuguese Insurance and Pension Funds Supervisory Authority), with its head office at Av. da República, 76, 1600-205 Lisbon, is the national authority responsible for the regulation and supervision of insurance, reinsurance, pension funds and respective management companies and insurance mediation companies, from both a prudential and a market conduct point of view.

For the purposes of supervision of Insurance Groups, the ASF is also the supervisor of the group to which the Company belongs.

A.1.3. The Company's Statutory Auditor

The Statutory Auditor, at 31 December 2021, is Ernst & Young Audit & Associados – SROC, S.A., represented by Ricardo Nuno Lopes Pinto, Statutory Auditor no. 1579 and registered with the Portuguese Securities Market Commission under license no. 20161189.

The Statutory Auditor was appointed on 15 May 2014 and reappointed on 30 June 2020 to perform its duties until the end of the three-year period 2020/2022.

Besides the required statutory audit work, Ernst & Young Audit & Associados – SROC, S.A. provide the following services required by law:

- Certification of the Solvency and Financial Condition Annual Report pursuant to Regulation No. 2/2017-R, of 24 March;
- Certification of the Report on the mechanisms and procedures specifically adopted within the policy of prevention, detection and reporting of insurance fraud situations provided for in an ASF regulatory standard.

Besides the work mentioned above, 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 these other services are provided, this is in strict compliance with the procedures defined in law, namely in Law No. 140/2015, of 7 September.

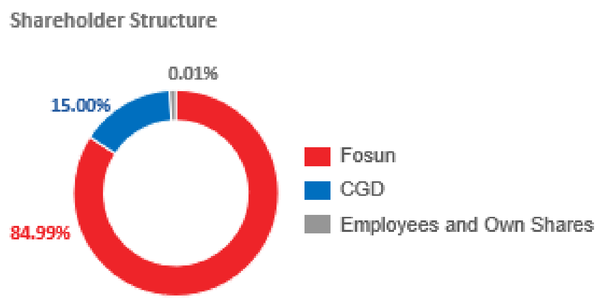
A.1.4. Holders of qualifying holdings

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.



The qualifying holdings in Fidelidade's share capital, at 31 December 2021, are set out in the table below.

Shareholder	Number of Shares	% Share Capital	% Voting Rights
Longrun Portugal, SGPS, S.A.	137,402,839	84.9892%	84.9892%
Caixa Geral de Depósitos, S.A.	24,250,644	15%	15%
Total	**161,653,483**	**99.9892%**	**99.9892%**

At 31 December 2021, the members of the management and supervisory bodies did not hold shares in the Company.

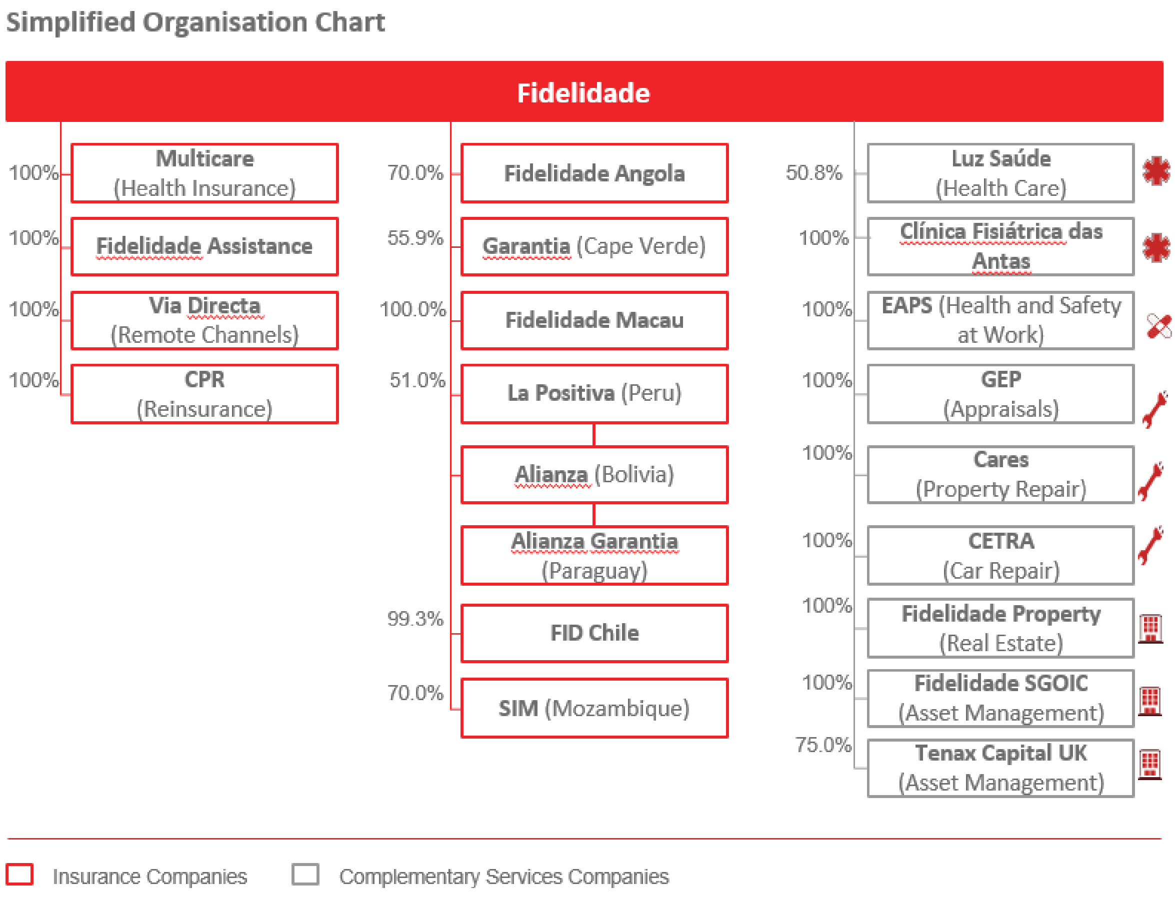
A.1.5. Position of the Company within the insurance group structure to which it belongs

The Fidelidade Group operates in the Portuguese insurance market through five companies: Fidelidade, Multicare, Fidelidade Assistência, Via Directa and Companhia Portuguesa de Resseguros.

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.), which 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:



A.1.6. Company Business

BRANDS

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, all of which are leaders in their segments:

FIDELIDADE SEGUROS DESDE 1808	Brand for the sale of Life and Non-Life Products (other than health insurance) Benchmark brand present in all distribution channels
MULTICARE FIDELIDADE	Brand for the sale of Health Insurance, supported by a set of Healthcare Providers, and a range of solutions adjusted to customers' needs, through Individual and Group plans
OK! teleseguros	Brand for the sale of Non-Life Products using remote channels

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 areas such as Health, Assistance, Real Estate, Asset Management, Loss Adjusting and Motor Vehicle Repairs.

Throughout 2021, the Fidelidade Group continued to invest in the launch of innovative products to meet customers' needs.

In order to enable the expansion of innovative business models, the Fidelidade Group has been establishing partnerships with benchmark entities in other business areas that bring complementary strengths to the insurance business, with the aim of creating broader and more competitive value propositions for its customers in areas such as Mobility, Health or Assistance. Based on digital processes, this ecosystem favours the development of a service range able to respond to changes in customer profiles, which are displaying a consolidated trend towards the use of new technologies in their daily lives.

2021 was characterised as a year to consolidate the strategy defined for development of a partners ecosystem. This focus has enabled Fidelidade to consolidate its strategy of diversification and cooperation in key sectors of the national economy. This is an essential route in order to guarantee a unique and differentiating offer of products, gaining customer loyalty and enhancing the importance of insurance in the daily lives of the Portuguese.

DISTRIBUTION CHANNELS

Omni-channel Platform in Portugal

As a result of an omni-channel strategy, based on the multi-channel distribution platform, the Fidelidade Group promotes interaction of its product range and service levels, between the various channels, 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 [2].

Agents	Fidelidade has the support of **3,682 agents** selling its products, and who offer a personalised service to its customers in Portugal. Fidelidade is the leader in this channel, with 26% 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 42% of market share.
Brokers	The number of **brokers rose to 65** in 2021, and the premiums earned through this channel accounted for 38% of all premiums in the Portuguese market originating from this channel.
Own Stores	The Fidelidade Group has **59 own stores** spread across the country, and is also the leader in this channel with 44% of market share.
Bank Channel	Fidelidade's bank channel distributors are CGD, Banco CTT and EUROBIC, between them totalling **900 bank branches selling the Company's products**. The market share in bancassurance was 24%.

Technology and digitalisation 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.

International distribution

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 43% of premiums written), Non-traditional Channels (17%), Own Distribution (10%), Direct Channel (10%), Public Tenders (18%) and the Digital Channel (2%). The non-traditional channels include the establishment of partnerships with banks, retailers and other entities. Own distribution is split between the sales force (organised in four 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

[2] Source: APS and Fidelidade. Data from December 2020.

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 clients.

Bolivia - The distribution channels in Bolivia include Brokers (36% of Gross Premiums Written), Direct Channel (15%), Sales Force (9%) 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 we may note Comercial Santiago (30%), the Branches (29%), Corporate (24%) and Affinities (17%). The business model of this subsidiary is based on a scalable technological platform that enables agile interface with different distribution partners.

Angola – The main distribution channels in Angola include Brokers (74%), Agencies (10%), with 16 own stores and a team of specialist salespersons, and Bancassurance (16%), with commercial partnerships with seven local banks: Caixa Angola, Banco Fomento Angola, Standard Bank, Banco Investimento Rural, Banco Valor, Banco Comercial do Huambo and Banco Prestígio.

Cape Verde – the most important channel are the Agencies, with 69% 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 (15%) and Bancassurance (16%). In Bancassurance, the Group has commercial partnerships with BCA, BI, BAI, Ecobank and International Investment Bank (IIB).

Mozambique - The distribution channels in Mozambique are based on Brokers (45%), the Direct Channel and Agents (41%) and Bancassurance (14%), with partnerships with Banco Único, Banco Mais and First Capital Bank.

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 most representative channel in the Spanish operation (68%). Fidelidade Espanha also has some representation in two other channels, Bancassurance with 18% of sales and the Direct Channel with 14%. In Bancassurance, New distribution agreements have also been made with Cajalmendralejo and with Abanca, for the sale of corporate insurance.

France – The distribution channels in France are based on Brokers (65%), Bancassurance (32%) and the Direct Channel (3%).

Macao – the distribution channels differ according to the segment. In Life, they mainly include Bancassurance, with 94% of gross premiums written, and the direct channel with a less representative role of 6%. In Non-Life, the distribution channels include Brokers (31%), Bancassurance (31%), Direct Channel (25%) and Agents (13%).

INNOVATION AND DIGITALISATION

Fidelidade embraces its innovation and digitalisation journey in three main pillars, setting 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, namely through:

- Digitalisation of processes – e.g., in vehicle loss adjusting, automatic budgeting and damage assessment using intelligent algorithms based on photographs and video loss adjusting; digital opening of workers' compensation processes, with automatic referral of injured persons to clinical units and automatic scheduling of contacts with injured persons;
- Automation of management processes – in policy management, through the application of Robotic Process Automation, e.g., the speech bot Maria, which won the 2021 digital transformation award in the category efficiency/effectiveness run by the Association for the Promotion and Development of the Information Society and the Best Insurance Project award at the Portugal Digital Awards staged by the IDC; the implementation of chatbots in the Contact Center and on Fidelidade and Multicare websites; and also the strengthening at the international level of the push to digitalise processes;
- Automation of reimbursement processes (e.g. automation was extended to the Health and Personal Accidents lines of business);
- Creation of the commercial stimulation platform;
- Implementation and review of the IT Service Management processes.

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. We invest in services and solutions that are increasingly integrated and complete in the various ecosystems where we operate, such as Mobility, Health, Home and Savings, Seniors, Travel and Pets.

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.

- The ***Center for Transformation*** and the ***Center for Advanced Analytics*** were created with the aim of leading innovation projects and enhancing analytics capacities*;*
- **OBA (Office for Business Agility)** was created to guarantee and support the planning and development of transformational projects with impact on specific localised processes in the Fidelidade Group, following the Agile method, within a hub & spoke model;
- **Strategic partnerships** reinvent or consolidate value propositions in an ecosystem approach;
- The **Protechting Programme** was created as a startup accelerator, strengthening our digital position.

A.1.7. 2021 Highlights

CORPORATE MATTERS

Ratings	Fidelidade Group: The American ratings agency Fitch assigned Fidelidade an A- stable (IDR) rating and an A - stable (IFS) rating, the highest ratings within the national business panorama, which reflects the robust capacity of Fidelidade to honour its financial commitments.
	FID Chile: The Feller Rate agency assigned an A+ rating with a stable outlook, contributing towards a process of consolidation for FID Seguros in the Chilean insurance market.
	Fidelidade Macau — Received a 3 rating from Moody's Investors Service for the insurance sector (IFSR - Insurance Financial Strength Rating).
	La Positiva — La Positiva Generales and La Positiva Vida were awarded A ratings with stable outlooks by Moodys and by Pacific Credit Rating.
M&A	Agreement for the acquisition of The Prosperity Company ("TPC") — Fidelidade reached an agreement with the majority shareholders and the TPC management team for the purchase of 70% of capital of the company that heads the TPC Group. The core activity of TPC involves developing long-term savings products based on innovative technological solutions. The conclusion of this transaction is subject to the necessary approval/non-opposition of the respective supervisory authorities, which is expected in early 2022.
	Acquisition of Seguradora Internacional Moçambique — Fidelidade completed the purchase of 70% of the capital of Seguradora Internacional Moçambique, S.A. ("SIM"), which operates under the brand Ímpar, from Banco Internacional de Moçambique ("BIM"), part of the BCP Group. The scope of this transaction includes a long-term distribution agreement, under a regime of exclusivity, under which BIM will distribute SIM insurance products through the banking channel, thereby ensuring different insurance distribution channels and partnerships.
Capital Markets	Fidelidade issued 500 million euros in 10-year Tier II debt with an interest rate of 4.25%. This issue was underwritten by a broad panel of mostly European and American institutional investors, and reinforces the solvency ratios of the insurer at around 25 pp, thus enabling optimisation of the Company's capital structure. Demand outstripped offer twice over and the interest rate dropped below the proposed reference level, enabling Fidelidade to opt to raise the amount issued to 500 million euros against the initial proposal of 300 million euros.

PORTUGAL OPERATION

MyFidelidade	The digitalisation of our processes continues with the first million users registered on MyFidelidade having been achieved, thus guaranteeing a better customer experience.
Insurope Network	Fidelidade has signed up to the Insurope Network, one of the largest networks of insurers worldwide, which provides integrated management services for Employee Benefits programmes for multinationals, with particular attention paid to Life Risk.
Consolidation of IT systems and processes	Fidelidade Angola consolidated the 120 day Plan with the objective of strengthening internal controls of IT systems and optimising the core processes, with a particular focus on the tasks of billing, reinsurance, health claims, financing, planning and control, reconciliation and current accounts.

A.2. Underwriting performance

A.2.1. Insurance sector environment

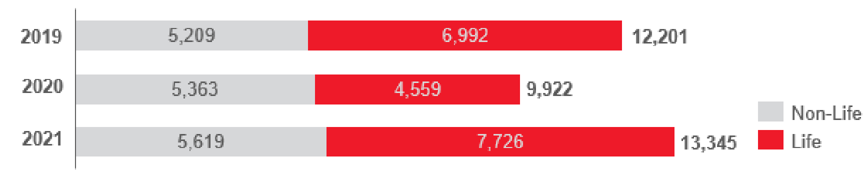
Evolution of the insurance market in Portugal

After a year that saw a historical fall in economic activity, Portugal registered strong growth in 2021, having staged a far faster recovery than happened during other recent economic crises. Given its high rate of vaccination, Portugal was one of the European Union countries that did not have to resort to another lockdown, since when the most restrictive measures have been relaxed. The business sector maintained the resilience already registered in 2020, proving able to boost the volume of exports and drive a continued investment dynamic.

Economic growth in 2021 came about both due to the recovery in public and private consumption. The state's terms of financing also remained favourable with Portugal able to issue long-term debt at interest rates lower than those obtained in 2019. The recovery in employment closed off a set of positive indicators contributing to the positive trend in economic activities reflected in unemployment falling to 6.6%. GDP, furthermore, registered an advance of 4.8%, and only did not rise higher due to the negative effects of the pandemic waves on key sectors of the economy, in particular tourism, which ended the year contributing to output at close to 50 pp below the level recorded in 2019.

In this environment of economic recovery, the insurance sector registered strong growth with total premiums outstripping the pre-pandemic levels. Up 34.5% on 2020, the insurance market closed 2021 with gross premiums totalling 13.3 billion euros. The Life segment was the core driver of this increase, surging by 69.5%, accompanied by the Non-Life segment that remained on an upwards trajectory – gaining 4.8% year-on-year.

Portuguese Insurance Market



Unit: million euros
Source: ASF

The increase in premiums in the Life segment stemmed, above all, from greater innovation in the range of differentiated products as well as the growing interest among clients in this new range, predominantly with non-guaranteed capital. This growth in client interest is also supported by the current environment of low interest rates in which low risk financial applications, in their majority, do not remunerate the capital invested. Uncertainty about the evolution of the economic situation still under the shadow of the pandemic also led to a rise in household savings over that of the pre-pandemic years[3], which ended up generating an equally positive impact on the performance in this segment.

In turn, premiums in the Non-Life segment retained the trend for growth, and once again gained greater traction when compared to the previous year, primarily deriving from the recovery in economic activities.

In this segment, the positive trend registered in the Health (+8.7%) segment deserves highlighting at a time when the population is increasingly aware of the need to complement the state's National Health Service. This growth enabled Health to remain as the second largest in the Non-Life segment, with direct insurance premiums amounting to 1.032 billion euros

[3] Source: INE; Levels of saving by household unit.

and, for the second consecutive year, outstripping the Workers' Compensation premiums. Nevertheless, both the Workers' Compensation and Motor segments also continued the growth trend seen in previous years, even if at a slower pace.

Non-Life: Gross Premiums

	Gross Premiums		
	2020	2021	Change
Non-Life	**5,363**	**5,619**	**4.8%**
Motor	1,877	1,898	1.1%
Health	950	1,032	8.7%
Workers' Compensation	905	965	6.7%
Fire and Other Damage	945	1,000	5.8%
Others	686	724	5.5%

Unit: million euros; Source: ASF

Evolution of the insurance market in Latin America

The Latin America region continued to be buffeted by the negative effects of the pandemic, with various countries in the region experiencing a constant battle between efforts to raise their rates of vaccination and combatting the successive variants of the Sars-CoV2 virus and their respective waves. However, the region managed to continue the trend towards recovery with the regional GDP growing 6.3%. However, inflation rose to an average of 12% across the region, but was affected by outliers such as Venezuela, Uruguay and Brazil. However, in the Fidelidade markets in this region, inflation remained close to 3%.

In the Latin America market where the Fidelidade Group is present – especially Peru, Bolivia and Chile -, the Non-Life segment maintained the trend in premiums growth even while recording a slowdown in 2021 due to pandemic-related effects, with the exception of Peru, which recorded significant growth closely bound up with the expansion of the Motor and Health segments.

Non-Life: Gross Premiums

	Gross Premiums	
Country	**2020**	**2021**
Peru	3.1%	9.8%
Chile	4.0%	2.6%
Bolivia	-0.3%	0.5%

Unit: % change rate

Source: Local Regulatory Bodies (information updated to November 2021 (Peru and Bolivia); Chile with figures forecast by AACH (Asociacion de Aseguradores de Chile A.G.)

In 2021, premiums in this segment again picked up speed to record growth in excess of 37% due to the strong commercial dynamic of annuity products (disability and vital protection[4]).

[4] Translation of *Seguro de Invalidez, Sobrevivencia y Gastos de Sepelio*.

Life: Gross Premiums

	Gross Premiums	
Country	**2020**	**2021**
Peru	-4.2%	37.1%
Chile	-24.3%	3.2%
Bolivia	11.0%	2.9%

Unit: % change rate

Source: Local Regulatory Bodies (information updated to November 2021 (Peru and Bolivia); Chile with figures forecast by AACH

The insurance market of Chile turned in growth of close to 3%, positively influenced not only by the recovery in Life products but also by the performance obtained in the Non-Life segment.

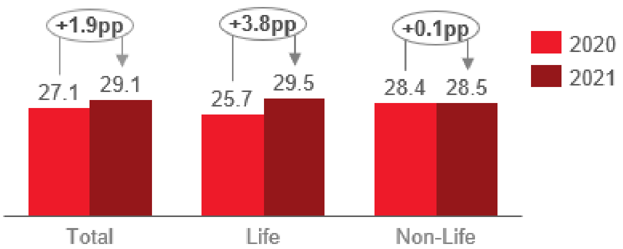
Bolivia, the smallest insurance market of these three countries, demonstrated its resilience to the impacts of the pandemic with Non-Life premiums registering slight growth and with the Life segment continuing along its positive trajectory.

A.2.2. Fidelidade's Performance

POSITION IN THE PORTUGUESE MARKET

In 2021, the Fidelidade Group held its position as market leader in Portugal, recording an overall market share of 29.1%, corresponding to an increase of 1.9 pp compared to the previous year, mostly driven by the performance recorded in the Life segment.

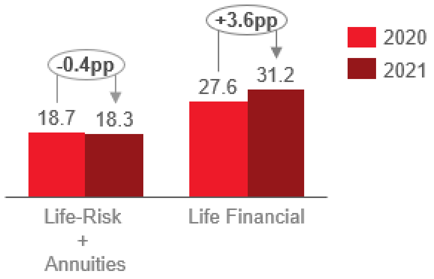
Total Market Share, Life and Non-Life (Unit: %; Source: ASF)



The Life segment was heavily influenced by the behaviour of financial products, and accordingly the Fidelidade Group managed to increase its market share by 3.8 pp compared to the previous year.

In fact, the success recorded reflects the restructuring of the Life Financial line of business, marked by an increase in the market share in unit-link products from 20.1% in 2020 to 27.3% in 2021.

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

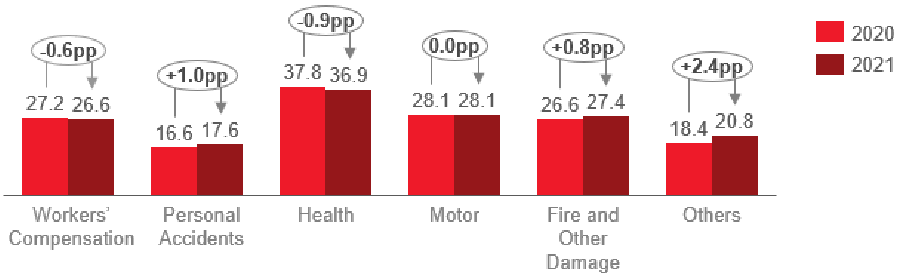


On the other hand, the Non-Life segment has proved to be resilient during the pandemic and Fidelidade increased its share compared to the previous year, reflecting the contribution of most lines of business.

In 2021, the Fidelidade Group's position in the Non-Life market in Portugal was influenced by a series of factors, including:

- Market share in the Motor line of business stabilised, reflecting the premium reduction given to our insured persons in the pandemic context;
- The Health line of business recorded a positive contribution from individual policies (0.2 pp increase in market share) but was affected by the loss of share in the group segment (2.0 pp decrease compared to 2020);
- Civil Liability products displayed a strong commercial dynamic, leading Fidelidade to increase its share by 3.1 pp to 29.7% at the end of 2021;
- The Transport segment also made a positive contribution, recording 2.3 pp growth in share.

Non-Life Segment – Market Shares[5] (Unit: %; Source: AFS)



POSITION IN THE INTERNATIONAL MARKET

LATIN AMERICA – In 2021, the Fidelidade Group consolidated its position in the Latin American insurance market[6]:

- Peru: 3rd place, with the La Positiva achieving a market share of 13.1%[7], in line with the figure for 2020 of 13.2%. In the Non-Life market, La Positiva Seguros had the 4th largest share, with 15.5%, and La Positiva Vida also reached 4th place in the Life segment, with 11.0%.

5 Share of motor segment includes premiums relating to assistance and legal protection covers
6 Source: Peru: SBS December 2020 and November 2021; SUSALUD December 2020, Bolivia: APS November 2021, Chile and Paraguay: BCP, Banco Central do Paraguai December 2020.
7 Includes La Positiva Seguros and La Positiva Vida.

- Bolivia: 1st place, with a market share of 21.6% in the Non-Life business and 22.8% in the Life business, strengthening its leadership position among private capital insurers;
- Chile: 18th place (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 – The Fidelidade Group also consolidated its position in Africa. In Mozambique it held 8th position in 2021, with a market share of 4.6%, which was a slight increase compared to 2020 (4.2%)[8]. In Angola, the market share was 8.0%, leading to the operation ranking in 4th place[9].

CONSOLIDATED FINANCIAL PERFORMANCE

EXECUTIVE SUMMARY

Units: thousand €	2021	2020	*Change 21/20*
Summary INCOME STATEMENT			
Premiums written	4,911,602	3,558,101	*38.0%*
Life	*2,628,513*	*1,425,399*	*84.4%*
Non-Life	*2,283,089*	*2,132,702*	*7.1%*
Combined Ratio (%)[1]	93.4%	89.8%	*3.7 pp*
Technical Income	45,311	150,711	*-69.9%*
Investment Yield (%)	3.5%	2.4%	*1.1 pp*
Investment Income[2]	330,410	198,612	*66.4%*
Net Income[3]	270,242	222,329	*21.6%*
Summary BALANCE SHEET			
AuM	18,099,943	17,472,093	*3.6%*
Total Assets	20,350,385	19,297,206	*5.5%*
Technical Provisions	14,054,213	14,009,942	*0.3%*
Shareholders' Equity[4]	3,054,714	3,111,005	*-1.8%*
ROE	8.8%	7.5%	*1.3 pp*

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 non-controlling interests; 4. Excluding non-controlling interests.

In 2021, the Fidelidade Group attained total consolidated premiums written of EUR 4,911.6 million, registering an overall increase of 38% in its business, mainly influenced by the Life segment in Portugal.

The combined ratio recorded an improvement compared to the previous year, brought about the return to a semblance of normality in economic activity which was generally reflected in claims rates. This had an impact on the technical income, which totalled EUR 45.3 million this year.

[8] Source: Principal Quarterly Indicators Report (III Quarter 2020) - ISSM (Mozambique Institute of Insurance Supervision). Does not include the effects of the acquisition of SIM.
[9] Source: Report on the Insurance Market, Pension Funds and Intermediation 2020 – ARSEG, September 2021, p.41.

Investment income saw an increase of 66.4%, reaching EUR 330.4 million, influenced by capital gains on investments in both financial and real estate assets.

The positive evolution of investment income more than compensated for the drop in technical income, enabling net income to increase by EUR 47.9 million compared to 2020, to EUR 270.2 million.

It should also be noted that at the end of 2021 the Fidelidade Group had EUR 18.1 billion assets under management, an increase of 3.6% compared to 2020, mostly reflecting the effect of the issue of subordinated debt, and technical provisions recorded an increase of 0.3% compared to 2020.

Shareholders' Equity reached EUR 3,054.7 million, and the average return on shareholders' equity ("ROE") was 8.8%.

PREMIUMS WRITTEN

Consolidated Premiums

Units: thousand €	2021	*% Mix*	2020	*% Mix*	*Change 21/20*
Consolidated Premiums					
Life Premiums[1]	**2,628,513**	*53.5%*	**1,425,399**	*40.1%*	*84.4%*
Risk and Annuities	*443,081*	*16.9%*	*370,267*	*26.0%*	*19.7%*
Life Financial	*2,185,433*	*83.1%*	*1,055,132*	*74.0%*	*107.1%*
Non-Life	**2,283,089**	*46.5%*	**2,132,702**	*59.9%*	*7.1%*
Motor	*668,183*	*29.3%*	*659,628*	*30.9%*	*1.3%*
Health	*466,993*	*20.5%*	*435,265*	*20.4%*	*7.3%*
Fire and Other Damage	*477,570*	*20.9%*	*432,622*	*20.3%*	*10.4%*
Workers' Compensation	*312,145*	*13.7%*	*291,395*	*13.7%*	*7.1%*
Other Non-Life	*358,198*	*15.7%*	*313,792*	*14.7%*	*14.2%*
TOTAL	**4,911,602**	*100.0%*	**3,558,101**	*100.0%*	*38.0%*
Geographical Breakdown					
Life Premiums[1]	**2,628,513**	*100.0%*	**1,425,399**	*100.0%*	*84.4%*
Portugal	*2,277,607*	*86.7%*	*1,169,257*	*82.0%*	*94.8%*
International	*350,906*	*13.3%*	*256,142*	*18.0%*	*37.0%*
Non-Life	**2,283,089**	*100.0%*	**2,132,702**	*100.0%*	*7.1%*
Portugal	*1,604,564*	*70.3%*	*1,525,917*	*71.5%*	*5.2%*
International	*678,524*	*29.7%*	*606,785*	*28.5%*	*11.8%*
TOTAL	**4,911,602**	*100.0%*	**3,558,101**	*100.0%*	*38.0%*
Portugal	*3,882,172*	*79.0%*	2,695,174	*75.7%*	*44.0%*
International	*1,029,430*	*21.0%*	862,927	*24.3%*	*19.3%*

1. Includes investment contracts

Despite the market conditions that characterised 2021, the Life business recorded an increase of 84.4% compared to the previous year, with premiums totalling EUR 2,628.5 million, with most geographies contributing to this result. This growth was particularly leveraged by the success of the product Investment Portugal/ Global in Portugal (Unit Link premiums increased 231% compared to 2020).

In the Non-Life segment, the Fidelidade Group grew 7.1% in 2021 to EUR 2,283.1 million, with positive performance in all lines of business. In 2021 the Non-Life segment accounted for around 46.5% of the total premiums written, 29.7% of these coming from the international business.

The lines of business with the greatest growth in 2021 were Other Non-Life, Fire and Other Damage, Health and Workers' Compensation, with increases of 14.2%, 10.4%, 7.3% and 7.1%, respectively.

Premiums in Portugal

Units: thousand €	2021	% Mix	2020	% Mix	Change 21/20
Premiums in Portugal					
Life Premiums	**2,277,607**	*58.7%*	**1,169,257**	*43.4%*	*94.8%*
Risk and Annuities	*191,050*	*8.4%*	*188,646*	*16.1%*	*1.3%*
Life Financial	*2,086,557*	*91.6%*	*980,611*	*83.9%*	*112.8%*
Non-Life	**1,604,564**	*41.3%*	**1,525,917**	*56.6%*	*5.2%*
Motor	*512,610*	*31.9%*	*508,531*	*33.3%*	*0.8%*
Health	*380,478*	*23.7%*	*359,348*	*23.5%*	*5.9%*
Fire and Other Damage	*276,100*	*17.2%*	*253,124*	*16.6%*	*9.1%*
Workers' Compensation	*256,387*	*16.0%*	*246,176*	*16.1%*	*4.1%*
Other Non-Life	*178,990*	*11.2%*	*158,737*	*10.4%*	*12.8%*
TOTAL	**3,882,172**	*100.0%*	**2,695,174**	*100.0%*	*44.0%*

In Portugal, the Fidelidade Group recorded positive premiums performance in the Non-Life segment, growing above the Portuguese market average (5.2% compared to 4.8% in the market), with most lines of business contributing to this result.

In the Life business in Portugal, Fidelidade also recorded above-market growth, reflected in an increase of 94.8%, influenced by the positive performance of the Life Financial premiums.

In the Non-Life business, the Other Non-Life and Fire and Other Damage lines of business recorded the greatest growth, with total premiums reaching EUR 179.0 million and EUR 276.1 million, respectively. Fidelidade's market shares in Portugal in these two lines of business increased to 20.8% (compared to 18.4% in 2020) for Other Non-Life and 27.4% (compared to 26.6% in 2020), respectively.

International premiums

International premiums reached EUR 1,029.4 million in 2021, like Portugal recording an increase compared to the previous year, related to the evolution of both the Life segment and the Non-Life segment.

The Non-Life business grew 11.8%, with Chile (which began its operation in January 2020), Spain, France and Luxembourg contributing most to the increase of EUR 71.7 million in the international Non-Life premiums.

Units: thousand €	2021	% Mix	2020	% Mix	Change 21/20
International Premiums					
Life Premiums	**350,906**	*34.1%*	**256,142**	*29.7%*	*37.0%*
Risk and Annuities	*252,031*	*71.8%*	*181,620*	*70.9%*	*38.8%*
Life Financial	*98,875*	*28.2%*	*74,521*	*29.1%*	*32.7%*
Non-Life	**678,524**	*65.9%*	**606,785**	*70.3%*	*11.8%*
Motor	*155,573*	*22.9%*	*151,097*	*24.9%*	*3.0%*
Health	*86,515*	*12.8%*	*75,916*	*12.5%*	*14.0%*
Fire and Other Damage	*201,470*	*29.7%*	*179,498*	*29.6%*	*12.2%*
Workers' Compensation	*55,758*	*8.2%*	*45,219*	*7.5%*	*23.3%*
Others	*179,209*	*26.4%*	*155,055*	*25.6%*	*15.6%*
TOTAL	**1,029,430**	*100.0%*	**862,927**	*100.0%*	*19.3%*

The Workers' Compensation line of business saw very marked growth (23.3%), propelled by Fidelidade's business in Peru, and the Health line of business recorded growth of 14.0%, predominantly influenced by the increase in demand for health insurance during the pandemic in Latin American markets.

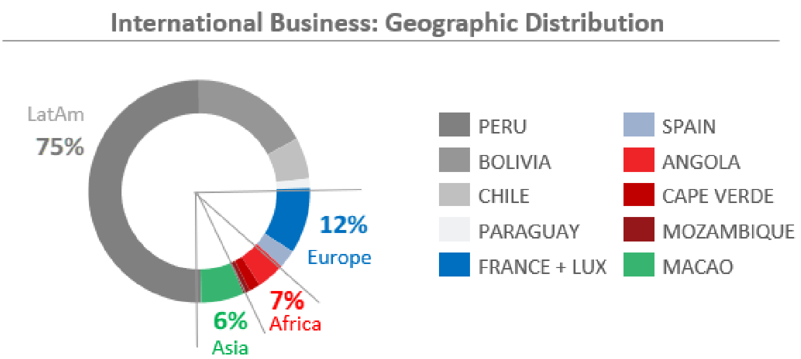
The Fire and Other Damage line of business also returned very positive growth (12.9%), also originating in the Latin American markets.

The Life Financial line of business recorded growth of 32.7%. Growth in Life Financial in the Macao business may be highlighted, reflecting the offer of competitive yield rates on short-time capitalisation products.

The Life Risk and Annuities line of business, which carries significant weight in the Latin America business recorded significant growth of 38.8%, essentially reflecting the increase in demand for life policies in the Bolivia and Peru operations during the COVID-19 pandemic. In Peru, we may also highlight the growth in life and private annuities and individual life.

Units: thousand €	2021			2020			*Change 21/20*
International Premiums	%Life	%NL	Total	%Life	%NL	Total	%
PERU	36%	64%	520,098	31%	69%	473,838	9.8%
BOLIVIA	44%	56%	172,100	31%	69%	129,231	33.2%
FRANCE+ LUX	31%	69%	98,864	38%	62%	84,994	16.3%
ANGOLA	4%	96%	42,350	2%	98%	43,688	-3.1%
MACAO	76%	24%	65,118	67%	33%	42,223	54.2%
CHILE	0%	100%	61,624	-	-	32,394	90.2%
SPAIN	12%	88%	27,894	23%	77%	19,053	46.4%
CAPE VERDE	15%	85%	16,750	14%	86%	15,044	11.3%
PARAGUAY	4%	96%	14,524	6%	94%	12,190	19.1%
MOZAMBIQUE	1%	99%	10,109	1%	99%	10,272	-1.6%
TOTAL	**34%**	**66%**	**1,029,430**	**30%**	**70%**	**862,927**	**19.3%**

In 2021, the Latin America business represented 75% of Fidelidade's international business, Europe 12%, Africa 7% and Asia 6%.



PROFITABILITY

Combined Ratio

(%)	2021	2020	Change 21/20
Combined Ratio			
Consolidated CoR	**93.4%**	**89.8%**	**3.7 pp**
Loss Ratio	*64.9%*	*61.9%*	*3.0 pp*
Expense Ratio	*28.5%*	*27.9%*	*0.6 pp*
CoR Portugal	**93.0%**	**90.3%**	**2.7 pp**
CoR International	**96.6%**	**88.2%**	**8.4 pp**

Fidelidade's consolidated combined ratio was 93.4%, increasing 3.7 pp compared to the previous year, mostly reflecting the return to normal of claims rates in most lines of business, but particularly in the Health line of business.

The increase in the combined ratio was seen both in the Portugal business (up 2.7 pp compared to 2020, to 93.0%) and in the international business, where an 8.4 pp increase compared to 2020 was recorded, to 96.6%, mostly reflecting the evolution of the claims rate in the Latin America business.

Net income

Units: thousand €	2021	2020	Change 21/20
Income			
Technical Income	45,311	150,711	-69.9%
Investment Income	330,410	198,612	66.4%
Non-Technical Income	31,270	-43,980	171.1%
Income before Tax	**406,991**	**305,343**	**33.3%**
Tax and Non-controlling Interests	-136,750	-83,014	-64.7%
NET INCOME	**270,242**	**222,329**	21.6%

Net income evolved positively in 2021, due to the contribution of investment income and non-technical income, reflecting, respectively, the contribution from gains on investments and improvement in the income from the hospital operation.

BALANCE SHEET INDICATORS

AuM

Units: thousand €	2021	Mix (%)	2020	Mix (%)	Change 21/20
Assets under Management (AuM)[1]					
Treasury	951,255	5%	936,872	5%	1.5%
Bonds	13,371,306	74%	13,090,984	75%	2.1%
Equity shares	968,008	5%	917,770	5%	5.5%
Real Estate	2,276,353	13%	1,997,442	11%	14.0%
Real Estate (own use)	533,022	3%	529,024	3%	0.8%
Total AuM	**18,099,943**	100%	**17,472,093**	100%	**3.6%**
yield (%)	3.5%	-	2.4%	-	1.1 pp
RoTE (%)	10.9%	-	9.1%	-	1.8 pp

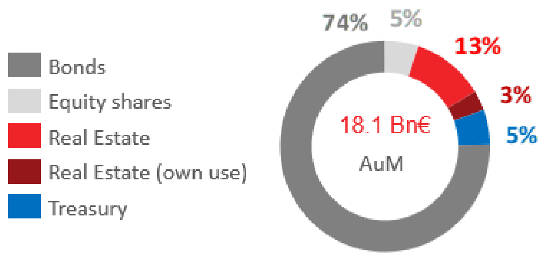
1. Derivatives and units of participation in investment funds are distributed in line with the assets they are related to.

In 2021 Fidelidade had assets under management of EUR 18.1 billion, and the annualised average yield from the investment portfolio was 3.5%, in a climate of very low interest rates.

Fidelidade has a prudent investment strategy, with 79% of its portfolio being composed of bonds and treasury, 16% real estate and 5% equity shares.

In 2021, 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") 2021: Composition



Technical Provisions

Units: thousand €	2021	*Mix (%)*	2020	*Mix (%)*	*Change 21/20*
Technical Provisions					
Life	11,227,249	*80%*	11,546,634	*82%*	*-2.8%*
Non-Life	2,826,964	*20%*	2,463,308	*18%*	*14.8%*
Total	**14,054,213**	***100%***	**14,009,942**	***100%***	***0.3%***

In 2021, Technical Provisions stood at EUR 14.1 billion, displaying a slight increase of 0.3% compared to 2020 influenced by the increase in provisions in the Non-Life segment, more than compensating the decrease in provisions in the Life business.

Shareholders' Equity

Units: thousand €	2021	2020	*Change 21/20*
Shareholders' Equity			
Shareholders' Equity with NCI	3,618,980	3,571,456	*1.3%*
Non-controlling Interests ("NCI")	564,267	460,452	*22.5%*
Shareholders' Equity without NCI	**3,054,714**	**3,111,005**	*-1.8%*
ROE (%)	8.8%	7.5%	*1.3 pp*

In 2021, Shareholders' Equity, excluding Non-controlling Interests, was EUR 3,054.7 million, and the average return on equity (ROE) was 8.8%.

Debt

Units: thousand €	2021	2020	*Change 21/20*

Debt			
Subordinated debt	501,054	-	-
Debt Ratio (%)	2.5%		

In 2021, Fidelidade issued subordinated debt in the financial markets for the first time, enabling optimisation of the Company's capital structure. At the end of 2021, the ratio of subordinated debt to total assets was 2.5%.

SEPARATE FINANCIAL PERFORMANCE[10]

INCOME SUMMARY

Units: thousand €	2021	2020	*Change 21/20*
INCOME Summary			
Premiums written	3,959,112	2,756,472	*43.6%*
Life	*2,311,992*	*1,211,156*	*90.9%*
Non-Life	*1,647,120*	*1,545,316*	*6.6%*
Combined Ratio (%)[1]	93.7%	90.0%	*3.7 pp*
Net Income	212,283	150,834	*40.7%*

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

In individual terms, Fidelidade's total premiums in 2021 were EUR 3,959.1 million, recording an increase of 43.6% compared to the previous year, mainly propelled by the evolution in the Life segment.

The Life business recorded premiums of EUR 2,312.0 million, increasing 90.9% compared to the previous year, following the market trend.

In the Non-Life segment, Fidelidade grew 6.6% in 2021, benefiting from positive performance in all lines of business.

Fidelidade's individual combined ratio was 93.7%, an increase of 3.7 pp compared to the previous year, reflecting the return to pre-pandemic claims rates. The Health and Workers' Compensation lines of business recorded the greatest increase, reflecting the return of medical treatments postponed in 2020 and less severe lockdowns. The significant improvement in investment income contributed to an increase in net income in 2021 of 40.7% compared to the previous year.

BALANCE SHEET INDICATORS SUMMARY

Units: thousand €	2021	2020	*Change 21/20*
Summary BALANCE SHEET			
Total Assets	16,694,316	16,277,509	*2.6%*
Technical Provisions	12,264,215	12,489,988	*-1.8%*
Shareholders' Equity	2,812,082	2,941,734	*-4.4%*

[10] 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 from Fidelidade's branch in Macao until April 2020, which from May onwards was integrated into the subsidiary incorporated in the meantime.

In 2021 Fidelidade Individual had Assets of EUR 16.7 billion and Technical Provisions of EUR 12.3 billion, the latter falling 1.8%, reflecting the evolution in Life Financial products.

Shareholders' Equity totalled EUR 2.8 billion, a fall of 4.4% compared to the previous year, reflecting the return of EUR 150 million in supplementary capital payments to the majority shareholder.

A.2.3. Premiums, claims and expenses by line of business

The tables below provide a breakdown of premiums, claims and expenses by line of business.

Amounts in thousand euros

Life Line of business	Insurance with profit sharing	Index-linked and unit-linked insurance	Other life insurance	Life reinsurance	Total	Previous year
Premiums written						
Gross	51,363	1,272,235	988,169	225	**2,311,992**	**1,206,348**
Reinsurers' share	1,268	0	22,484	0	**23,752**	**23,403**
Net	**50,095**	**1,272,235**	**965,685**	**225**	**2,288,240**	**1,182,945**
Premiums earned						
Gross	51,257	1,272,235	987,858	225	**2,311,575**	**1,206,021**
Reinsurers' share	1,236	0	22,408	0	**23,644**	**23,376**
Net	**50,021**	**1,272,235**	**965,450**	**225**	**2,287,931**	**1,182,645**
Claims incurred						
Gross	257,394	55,405	2,403,460	43	**2,716,302**	**1,900,804**
Reinsurers' share	82	0	9,830	0	**9,912**	**6,902**
Net	**257,312**	**55,405**	**2,393,630**	**43**	**2,706,390**	**1,893,902**
Changes in other technical provisions						
Gross	-193,247	0	9,852	0	**-183,395**	**-165,178**
Reinsurers' share	63	0	5,406	0	**5,469**	**5,860**
Net	**-193,310**	**0**	**4,446**	**0**	**-188,864**	**-171,038**
Expenses incurred						
Expenses incurred	**15,777**	**18,942**	**105,194**	**74**	**139,987**	**122,386**

Amounts in thousand euros

Health – SLT Line of business	Health insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Total	Previous year
Premiums written						
Gross	0	0	0	0	**0**	**0**
Reinsurers' share	0	0	0	0	**0**	**0**
Net	**0**	**0**	**0**	**0**	**0**	**0**
Premiums earned						
Gross	0	0	0	0	**0**	**0**
Reinsurers' share	0	0	0	0	**0**	**0**
Net	**0**	**0**	**0**	**0**	**0**	**0**
Claims incurred						
Gross	0	117,796	0	0	**117,796**	**105,176**
Reinsurers' share	0	0	0	0	**0**	**0**
Net	**0**	**117,796**	**0**	**0**	**117,796**	**105,176**
Changes in other technical provisions						
Gross	0	0	0	0	**0**	**0**
Reinsurers' share	0	0	0	0	**0**	**0**
Net	**0**	**0**	**0**	**0**	**0**	**0**
Expenses incurred						
Net	**0**	**2,024**	**0**	**0**	**2,024**	**1,917**

Amounts in thousand euros

Health – NSLT Line of business	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Total	Previous year
Premiums written					
Gross - Direct business	387,305	35,367	256,968	679,640	640,489
Gross - Proportional reinsurance accepted	81	36	208	325	372
Gross - Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	379,280	12,612	7,039	398,931	370,706
Net	**8,106**	**22,791**	**250,137**	**281,034**	**270,155**
Premiums earned					
Gross - Direct business	389,552	32,346	255,412	677,310	634,022
Gross - Proportional reinsurance accepted	81	70	208	359	421
Gross - Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	381,981	9,814	7,039	398,834	363,986
Net	**7,652**	**22,602**	**248,581**	**278,835**	**270,457**
Claims incurred					
Gross - Direct business	303,832	10,990	89,661	404,483	335,778
Gross - Proportional reinsurance accepted	23	-50	626	599	298
Gross - Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	296,646	3,306	-800	299,152	243,187
Net	**7,209**	**7,634**	**91,087**	**105,930**	**92,889**
Changes in other technical provisions					
Gross - Direct business	9,356	-973	238	8,621	-3,869
Gross - Proportional reinsurance accepted	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	0	0	0	0	0
Net	**9,356**	**-973**	**238**	**8,621**	**-3,869**
Expenses incurred					
Net	**23,539**	**14,056**	**68,859**	**106,454**	**78,421**

Amounts in thousand euros

Non-Life Line of business	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total	Previous year
Premiums written											
Gross - Direct business	279,148	187,107	26,831	302,514	71,803	345	5,987	44,878	41,388	**960,001**	896,556
Gross - Proportional reinsurance accepted	778	360	92	4,975	861	0	0	0	89	**7,155**	7,898
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	0
Reinsurers' share	1,900	162	16,626	133,201	35,440	242	4,568	35,711	18,010	**245,860**	212,588
Net	**278,026**	**187,305**	**10,297**	**174,288**	**37,224**	**103**	**1,419**	**9,167**	**23,467**	**721,296**	**691,866**
Premiums earned											
Gross - Direct business	276,976	182,243	25,518	287,843	62,147	381	5,790	43,845	37,560	**922,303**	884,309
Gross - Proportional reinsurance accepted	741	162	43	5,454	826	0	0	0	80	**7,306**	8,409
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	0
Reinsurers' share	1,900	169	15,618	121,556	29,670	260	4,568	35,704	14,976	**224,421**	206,717
Net	**275,817**	**182,236**	**9,943**	**171,741**	**33,303**	**121**	**1,222**	**8,141**	**22,664**	**705,188**	**686,001**
Claims incurred											
Gross - Direct business	189,376	93,293	5,427	165,227	23,185	-72	10	-1	19,512	**495,957**	421,192
Gross - Proportional reinsurance accepted	968	-492	-70	2,610	1,189	0	0	0	0	**4,205**	2,079
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	0
Reinsurers' share	4,904	88	2,673	79,242	11,806	0	0	-3	8,920	**107,630**	47,007
Net	**185,440**	**92,713**	**2,684**	**88,595**	**12,568**	**-72**	**10**	**2**	**10,592**	**392,532**	**376,264**
Changes in other technical provisions											
Gross - Direct business	5,561	233	81	1,111	16,056	4	171	771	196	**24,184**	11,595
Gross - Proportional reinsurance accepted	0	0	0	-28	-52	0	0	0	0	**-80**	80
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	0
Reinsurers' share	0	0	0	0	14,128	0	0	11	0	**14,139**	8,416
Net	**5,561**	**233**	**81**	**1,083**	**1,876**	**4**	**171**	**760**	**196**	**9,965**	**3,259**
Expenses incurred											
Net	**102,617**	**55,255**	**3,354**	**75,533**	**21,559**	**93**	**2,360**	**13,445**	**9,891**	**284,107**	**270,258**

A.3. Investment performance

A.3.1. Income and expenses from investments

At 31 December 2021, the allocation of investments and other assets to insurance contracts and other operations classified as investment contracts is as follows (amounts for solvency purposes):

Amounts in thousand euros

Investments and other assets	Life	Non-Life	Not allocated	Total	Previous year
Property, plant and equipment held for own use	0	26,876	52,859	**79,735**	**83,810**
Property (other than for own use)	0	48,071	11,716	**59,787**	**67,195**
Holdings in related undertakings, including participations	1,549,860	683,954	376,381	**2,610,195**	**2,675,073**
Equities - listed	295,962	200,832	0	**496,794**	**553,309**
Equities - unlisted	0	0	1,142	**1,142**	**1,662**
Government bonds	3,500,021	28,347	109,406	**3,637,774**	**4,130,838**
Corporate bonds	4,588,215	755,247	5,035	**5,348,497**	**5,523,359**
Structured notes	197,774	0	0	**197,774**	**204,055**
Collateralised securities	0	0	0	**0**	**0**
Collective investment undertakings	582,146	390,489	75,036	**1,047,671**	**1,246,176**
Derivatives	12,243	1,396	14,436	**28,075**	**34,673**
Deposits other than cash equivalents	49,839	12,129	53,596	**115,564**	**187,868**
Assets held for index-linked and unit-linked contracts	1,759,925	0	0	**1,759,925**	**523,766**
Loans and mortgages	0	0	1,059	**1,059**	**1,087**
Cash and cash equivalents	0	0	380,610	**380,610**	**238,204**
Total	**12,535,985**	**2,147,341**	**1,081,276**	**15,764,602**	**15,471,075**

The investments in the table above include investments allocated to unit-linked contracts, which break down as follows:

Amounts in thousand euros

Investments allocated to unit-linked contracts	Total	Previous year
Group companies debt instruments	64,325	37,320
Public debt instrument – domestic issuers	13,611	11,319
Other public domestic issuers	5,405	0
International financial organisations	293	0
Public debt instrument – foreign issuers	8,831	14,809
Debt instrument – other domestic users	137,043	88,066
Debt instrument – other foreign users	399,587	158,531
Equity instruments - resident	498	445
Equity instruments – non-resident	134,790	64,862
Other financial instruments – Units of participation - resident	165,604	83,753
Other financial instruments – Units of participation – non-resident	544,169	13,535
Other financial instruments – Other resident	23,545	17,628
Receivables	0	0
Transactions to be settled	-2,312	-1,217
Other deposits	240	0
Derivatives	122,126	476
Sight deposits	142,516	34,001
Term deposits	0	0
Total	**1,760,271**	**523,529**

In 2021, the following income was gained from investments:

Amounts in thousand euros

Investments	Dividends	Interest	Rents	Total	Previous year
Investments allocated to technical provisions – life segment					
Government bonds	0	106,730	0	**106,730**	**126,079**
Corporate bonds	0	129,277	0	**129,277**	**120,933**
Equities	21,338	0	0	**21,338**	**11,843**
Collective investment undertakings	31,131	4,169	0	**35,300**	**20,316**
Structured notes	0	0	0	**0**	**0**
Collateralised securities	0	0	0	**0**	**0**
Cash and cash equivalents	0	86	0	**86**	**1,563**
Loans and mortgages	0	32	0	**32**	**27**
Property	0	0	0	**0**	**0**
Derivatives	0	-13,193	0	**-13,193**	**-12,741**
Others	0	225	0	**225**	**59**
Subtotal	**52,469**	**227,326**	**0**	**279,795**	**268,079**
Investments allocated to technical provisions – non-life segment					
Government bonds	0	870	0	**870**	**1,329**
Corporate bonds	0	17,617	0	**17,617**	**17,766**
Equities	16,080	0	0	**16,080**	**12,483**
Collective investment undertakings	23,936	2,785	0	**26,721**	**7,184**
Structured notes	0	0	0	**0**	**0**
Collateralised securities	0	0	0	**0**	**0**
Cash and cash equivalents	0	361	0	**361**	**300**
Loans and mortgages	0	1	0	**1**	**0**
Property	0	0	5,107	**5,107**	**5,443**
Derivatives	0	0	0	**0**	**0**
Others	0	1	0	**1**	**0**
Subtotal	**40,016**	**21,635**	**5,107**	**66,758**	**44,505**
Investments not allocated					
Government bonds	0	1,984	0	**1,984**	**15**
Corporate bonds	0	1,144	0	**1,144**	**989**
Equities	1,478	0	0	**1,478**	**1,117**
Collective investment undertakings	0	137	0	**137**	**133**
Structured notes	0	0	0	**0**	**0**
Collateralised securities	0	0	0	**0**	**0**
Cash and cash equivalents	0	65	0	**65**	**113**
Loans and mortgages	0	0	0	**0**	**0**
Property	0	0	2,677	**2,677**	**3,039**
Derivatives	0	-1,096	0	**-1,096**	**-1,607**
Others	0	0	0	**0**	**0**
Subtotal	**1,478**	**2,234**	**2,677**	**6,389**	**3,799**
Total	**93,963**	**251,195**	**7,784**	**352,942**	**316,383**

In 2021, the financial expenses resulting from investments were as follows:

Amounts in thousand euros

Investment expenses	Life	Non-Life	Not allocated	Total	Previous year
Costs allocated	19,751	13,270	30,585	**63,606**	**33,823**
Other investment expenses	1,688	168	1,204	**3,060**	**1,673**
Total	**21,439**	**13,438**	**31,789**	**66,666**	**35,496**

A.3.2. Information on gains and losses directly recognised in shareholders' equity

In 2021, the net gains and losses in financial instruments were as follows:

Amounts in thousand euros

Investments	As a charge to		Total	Previous year
	Income statement	Shareholders' equity		
Investments allocated to technical provisions – life segment				
Government bonds	112,907	-418	112,489	129,642
Corporate bonds	322,130	2,925	325,055	-24,181
Equities	40,606	83,831	124,437	26,952
Collective investment undertakings	95,251	-9,971	85,280	27,240
Structured notes	0	0	0	0
Collateralised securities	0	-14	-14	0
Cash and cash equivalents	97	0	97	5,143
Loans and mortgages	32	0	32	27
Property	0	0	0	0
Derivatives	-11,258	-173,213	-184,471	136,102
Others	614	0	614	66
Subtotal	**560,379**	**-96,860**	**463,519**	**300,991**
Investments allocated to technical provisions – non-life segment				
Government bonds	1,289	0	1,289	2,262
Corporate bonds	39,165	-125	39,040	2,046
Equities	22,408	-41,184	-18,776	-4,811
Collective investment undertakings	90,337	-10,496	79,841	6,504
Structured notes	0	0	0	0
Collateralised securities	0	0	0	0
Cash and cash equivalents	1,233	24	1,257	-689
Loans and mortgages	-4	0	-4	-5
Property	5,121	913	6,034	7,413
Derivatives	-213	-30,997	-31,210	25,252
Others	1	0	1	5
Subtotal	**159,337**	**-81,865**	**77,472**	**37,977**
Investments not allocated				
Government bonds	1,966	0	1,966	26
Corporate bonds	1,293	23	1,316	-33
Equities	6,113	30,806	36,919	-29,761
Collective investment undertakings	1,857	-267	1,590	4,632
Structured notes	0	0	0	0
Collateralised securities	0	0	0	0
Cash and cash equivalents	20	0	20	1,629
Loans and mortgages	279	0	279	-26
Property	2,682	764	3,446	5,677
Derivatives	14,100	-24,497	-10,397	6,000
Others	0	0	0	0
Subtotal	**28,310**	**6,829**	**35,139**	**-11,856**
Total	**748,026**	**-171,896**	**576,130**	**327,112**

A.3.3. Information on investment in securitisations

At 31 December 2021, the value of investment in securitisations is immaterial, and no information is therefore included in this chapter.

A.4. Performance of other activities

There are no other activities performed by the Company with material relevance for the purposes of disclosure in this report.

A.5. Any other information

There is no other material information relating to the Company’s business and performance.

B. System of Governance

FIDELIDADE
SEGUROS DESDE 1808

During the period covered by this report, there were no material changes in the Company's system of governance.

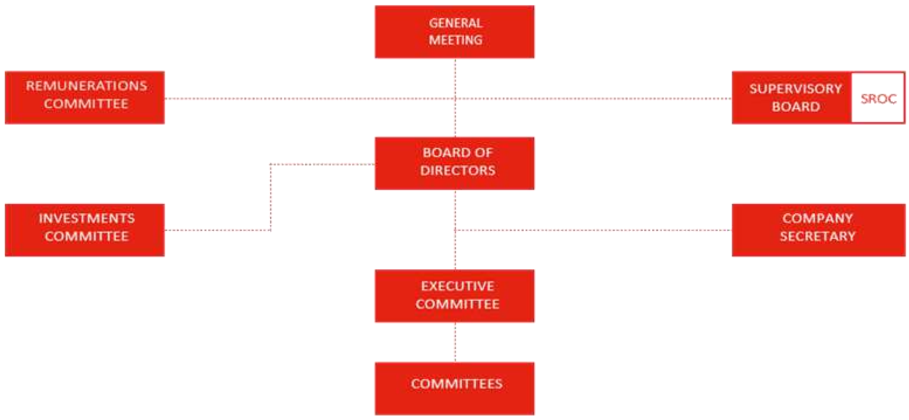
B.1. General information on the system of governance

B.1.1. Corporate governance structure

Corporate governance involves a series of relationships between the management of the Company, its shareholders and other stakeholders, by means of which the Company's objectives are defined, and also the means by which these will be achieved and monitored.

The Company 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.

The figure below represents the Company's Corporate Governance structure during 2021:



The main competences of the bodies included in the corporate governance structure are:

<u>GENERAL MEETING</u>

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 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.

BOARD OF DIRECTORS

The Board of Directors is composed of at least five and at most seventeen members, elected for mandates of three years, which are renewable.

As one of the Company's corporate bodies, the Board of Directors has the broadest of powers to manage and represent the Company. Pursuant to Article 15(1) of the Company's Articles of Association, in addition to the general powers given to it by law, the Board of Directors is responsible for:

- 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;
- 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;
- Acquiring, selling or otherwise disposing of or encumbering movable and immovable rights and property;
- Setting up companies, subscribing, acquiring, pledging and disposing of shares;
- Establishing the technical and administrative organisation of the Company and the rules of internal operation, namely regarding employees and their remuneration;
- Appointing legal representatives, with the powers it deems appropriate, including those of delegation.

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:

- 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;
- Representation of the Company before the supervisory authorities and associations for the sector;
- Acquisition of services;
- Employee admissions, definition of levels, categories, remuneration conditions and other benefits, and appointment to management positions;
- Exercise of disciplinary powers and the application of any sanctions;
- Representation of the Company before any bodies which represent the employees;
- Opening and closing of branches or agencies;
- 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;
- 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;
- Issuing of instructions which are binding on the companies which are in a group relationship with the Company involving full control;
- 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 commitments;
- 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.

INVESTMENTS COMMITTEE

All of the Company's investment decisions are subject to supervision by the Investments Committee, and the Executive Committee reports operations performed to the Investments Committee.

REMUNERATIONS COMMITTEE

The Remunerations Committee is responsible for establishing the remuneration of the members of the Company's corporate bodies.

The mandate of the members of the Remunerations Committee coincides with that of the Board of Directors.

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.

The Remunerations Committee submitted a declaration to the General Meeting of 31 March 2021, 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.

SUPERVISORY BOARD AND STATUTORY AUDITOR

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, 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.

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.

COMPANY SECRETARY

The Company Secretary is a Corporate Body, appointed by the Board of Directors, which, besides ensuring the legal functions of Company Secretary in the companies in the Fidelidade Group where so appointed, coordinates the Company Secretariat, a Structural Body that reports directly to the Executive Committee and guarantees the corporate governance function of all the companies in the Fidelidade Group, in Portugal and abroad.

COMMITTEES

The specific committees operate according to competences delegated by the Executive Committee, without prejudice to the subsequent ratification of their decisions by the management body.

The specific committees are, therefore, structures which report to the Executive Committee, which delegates competences to them, and are intermediary decision-making bodies.

Accordingly, the specific committees are decision-making bodies set up to assess and decide on proposals regarding different areas of the day-to-day management.

Furthermore, the competence delegated to each of the specific committees is limited exclusively to acts of day-to-day management regarding matters which are the responsibility of the structural bodies which include each of the committees, as permanent members.

B.1.2. Internal governance

Internal governance is the responsibility of the executive management body and its main concerns are to define the Company's business objectives and risk appetite, the organisation of the Company's business, the granting of responsibilities and authority, the reporting lines and the information that must be provided, as well as the organisation of the internal control system.

The Company guarantees an adequate separation of functions and delegation of responsibilities, by approving each structural body's organic and functional structure, defining its scope and general aims, the related organisational chart and main functions, and appointing its heads.

Means of internal communication are defined for transmitting decisions and resolutions of the Executive Committee, for presenting decision-making proposals and for communication between the structural bodies.

To guarantee an adequate connection between corporate governance, personified in the Executive Committee, and the organisational structure, which ensures the greatest consistency and implementation of the Company's executive management, the members of the Executive Committee are given areas of governance, so that each of them is responsible for monitoring a group of structural bodies.

B.1.3. Key functions

The key functions established within the risk management and internal control systems are given to the following bodies:

Divisions	**Risk Management Division**	**Audit Division**	**Compliance Division**
Key functions	**Risk Management Function** **Actuarial Function**	**Internal Audit Function**	**Compliance Function**

The following functions are defined for these bodies:

B.1.3.1. Risk Management Function

- Ensuring information is produced and made available to support decision-making, both by the Executive Committee and by the different Divisions;
- Ensuring the development, implementation and maintenance of a risk management system which enables all material risks to which the Insurers and the group are exposed to be identified, assessed and monitored;
- Drawing up, proposing and revising the Risk Management Policy;
- Drawing up, proposing and revising the Capital Management Policy, the medium-term Capital Management Plan and the respective Contingency Plans;
- Drawing up, proposing and revising the ORSA Policy and coordinating the performance of the annual exercise;
- Assessing and monitoring the current and future solvency situation;

- Drawing up, proposing and revising the Asset and Liability Management and Liquidity Policy;
- Participating in the drawing up and revision of the Investments Policy;
- Identifying, assessing and monitoring the market risks and counterparty credit risks;
- Monitoring compliance with the defined level of liquidity and coverage of estimated payments by estimated receipts;
- Drawing up, proposing and revising the Operational Risk Management Policy;
- Identifying, assessing and monitoring operational risks incurred in the insurance group, as well as identifying and characterising the existing control tools;
- Diagnosing and identifying improvements in the operational and control systems;
- Assessing and monitoring the risk mitigation instruments, namely Reinsurance;
- Participating in the revision of the Underwriting and Reinsurance Policies;
- Identifying, assessing and monitoring underwriting risks and the credit risk of instruments to mitigate those risks, and preparing information to support decision-making.

B.1.3.2. Actuarial Function

- Monitoring the accounting Technical Provisions, assessing their level of prudence;
- Undertaking an actuarial assessment of the portfolios, including calculation of the fair value of liabilities of a technical nature;
- Ensuring consultancy and actuarial technical assistance to the bodies and institutions which request it, as part of contracts for the provision of actuarial-type services, in particular, on the subject of pension funds, benefits plans or any other private pension plan frameworks;
- Drawing up, proposing and revising the Provisioning Policies;
- Coordinating calculation of the technical provisions;
- Assessing the adequacy and quality of the data used in the technical provisions calculation;
- Ensuring that appropriate methodologies, basic models and assumptions are used in the technical provisions calculation;
- Comparing the technical provisions best estimate with the actual amounts;
- Informing the management body of the level of reliability and adequacy of the technical provisions calculation;
- Supervising the technical provisions calculation whenever the insurer does not have sufficient data and with the quality needed to apply a reliable actuarial method and, for that reason, if approximate values are used;
- Issuing an opinion on the global underwriting policy;
- Issuing an opinion on the adequacy of reinsurance agreements;
- Contributing to the effective application of the risk management system, particularly regarding the risk modelling on which the solvency capital requirement and minimum capital requirement are based, and also regarding the own risk and solvency assessment.

FIDELIDADE
SEGUROS DESDE 1808

B.1.3.3. Internal Audit Function

- Drawing up, implementing and maintaining an Annual Audit Plan based on a methodical analysis of risk, covering all significant activities and the governance system of the Insurers in the Fidelidade Portugal Group, including planned developments regarding activities and innovations;
- Assessing compliance with the principles and rules defined as part of the internal control and operational risk management, identifying possible insufficiencies and suggesting action plans to mitigate the inherent risk or optimise the control in terms of effectiveness;
- Carrying out audit actions based on a specific methodology which, since it always has risk assessment in mind, can help to determine the probability of the risks occurring and the impact they may have on the Fidelidade Group;
- By means of an IT application, presenting the Board of Directors and the Executive Committee with audit reports produced, demonstrating the conclusions obtained and recommendations issued;
- Drawing up the Annual Audit Report, with a summary of the main deficiencies detected in the audit actions, and presenting it to the Board of Directors, the Executive Committee and the Supervisory Bodies;
- Analysing the level of implementation of recommendations issued;
- Aiding the Executive Committee, when requested by the latter, in uncovering the facts relating to potential disciplinary breaches by employees and irregularities performed by agents or service providers;
- Performing ad hoc audits, as requested by the Board of Directors, the Executive Committee or another Structural Body;
- Working with the External Audit and with the Statutory Auditor.

B.1.3.4. Compliance Function

- Ensuring the coordination and monitoring of Compliance issues;
- Ensuring the coordination of the Compliance function, with a view to compliance with legislation and other regulations, and with internal policies and procedures, seeking to prevent sanctions of a legal or regulatory nature and financial losses or reputational harm;
- Drawing up and proposing the Companies' Compliance Manual and ensuring it is maintained and disseminated;
- Ensuring the actions necessary to promote a culture of Compliance in the Companies.

B.1.4. Committees

The following Committees also ensure the management of the risk management and internal control systems:

RISK COMMITTEE

This Committee, which was redesigned in 2021, has the aim of making recommendations on all matters related to Risk Management and Internal Control, including risk policy revision, risk appetite framing and process monitoring, as a means of support to the Executive Committee.

UNDERWRITING POLICY ACCEPTANCE AND SUPERVISION COMMITTEE

The main function of this Committee, which covers all channels and products, is to deliberate on the acceptance of risks which exceed the competences of the Business Divisions or where the latter consider its intervention helpful due to the specific nature of the risks involved.

PRODUCTS COMMITTEE (LIFE AND NON-LIFE)

The Products Committee's main mission is to approve and coordinate the launch of new products of all Group companies, and to update and monitor existing products, during their lifecycle, ensuring that the offer is consistent with the omni-channel and value creation strategy. The Committee is responsible for ensuring that both new and existing products are aligned with the Company's strategic planning and risk appetite as defined by the Executive Committee and that the different guidelines in terms of Product Design and Approval Policies, Risk Management, Investment, Underwriting and Reinsurance are followed.

ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

The main objectives of the Assets and Liabilities Management Committee (ALCO) are to supervise the asset / liability matching, the investments portfolio and the market risks (namely interest rate risk, currency risk and liquidity risk). Another aim is to establish an optimal structure for the Company's balance sheet to allow maximum profitability, limiting the level of risk possible and monitoring the performance of the Company's investments in terms of risk and return and the implementation of the ALM strategy, as well market and liquidity risks.

B.1.5. Remuneration Policy

The Remuneration Policy applicable to Fidelidade's corporate bodies is based on the following guidelines:

- It encourages effective risk management and control, avoiding excessive exposure to risk and potential conflicts of interest and ensuring coherence with Fidelidade's long-term objectives, values and interests;
- It is structured in a manner which is clear and transparent in terms of its definition, implementation and monitoring;
- It ensures total remuneration which is competitive and fair, aligned with national and European trends, in particular with Fidelidade's peers;
- It includes a fixed component, adjusted to the functions and responsibility of the directors, which is adequately balanced with a variable component with a short-term portion and a medium-term portion, both subject to the performance of the individual and of the organisation, in line with the achievement of specific objectives, which are quantifiable and aligned with the interests of Fidelidade, its shareholders and also policyholders, insured persons, participants and beneficiaries.

Accordingly, the remuneration of the executive members of the management body comprises a fixed component and a variable component. The variable component is composed of a portion which seeks to remunerate short-term performance and a portion aimed at remunerating medium-term performance. The latter is awarded after the accounts for each financial year have been approved and after fulfilment of the predefined objectives has been confirmed.

The fixed component is a sufficiently sizeable proportion of the total remuneration, and the short and medium-term variable components are flexible proportions of the annual fixed remuneration. The executive members of the management body may not enter into contracts aimed at mitigating the risk inherent to the variable nature of their remuneration.

A range of non-remuneratory benefits are provided for the executive members of the management body, with the same conditions as those applicable to Fidelidade employees.

The complementary pensions and early retirement rules applicable to the members of the management body and other holders of key functions follow the same conditions as those applicable to Fidelidade employees.

Besides those described above, there are no other remuneration mechanisms, and no other payments are provided for in the event of any removal of a director. In the event of termination of functions by agreement, the amounts involved must be approved by the Remunerations Committee.

In line with the Remuneration Policy, the members of the Supervisory Board only receive fixed remuneration. Non-executive members of the Board of Directors do not receive any kind of remuneration for the functions performed.

The members of the Company's management and supervisory bodies do not benefit from any share allocation or stock option plans.

The remuneration policy applicable to Fidelidade's employees, as defined by the Company's Executive Committee, is based on the following guidelines:

- It is structured in terms of its definition, implementation and monitoring;
- It ensures total remuneration aligned with national and European trends, in particular with Fidelidade's peers;
- It includes a fixed component, adjusted to the functions and responsibility of each employee, which is adequately balanced with a short-term variable component, subject to the performance of the individual and of the organisation, in line with the achievement of objectives which are aligned with Fidelidade's strategic objectives.

Accordingly, the employees' remuneration comprises a fixed component and a variable component, based on a Job Families model.

The short-term variable component seeks to remunerate individual performance. It is awarded after the accounts for each financial year have been approved and after fulfilment of the predefined objectives has been confirmed.

In 2019 the Company began a process of revising the remuneration models for employees, in both the fixed and variable components. This process will culminate in the development of a new remunerations policy adjusted to the Company's current needs.

A range of general non-remuneratory benefits are provided for employees, such as family support mechanisms, meal tickets, special conditions for insurance, and protocols providing access to special conditions at several service providers.

The complementary pensions and early retirement rules in force in the Company are applicable to all employees in general terms.

Besides those described above, there are no other remuneration mechanisms, and no other payments are provided for.

Employee resignation or termination of employment by the employer is subject to the regulatory mechanisms applicable at any given time.

The variable component of the remuneration of employees involved in performing tasks associated with key functions is determined in accordance with the objectives associated with their functions and not in relation to the Company's financial performance.

B.1.6. 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.

All transactions with related parties were subject to control.

Operations to be performed between the Company and holders of qualifying shares or entities which are in any kind of relationship with them are subject to assessment and a decision of the Board of Directors, and these operations, like all others performed by the Company, are subject to supervision by the Supervisory Board.

Information on business with related parties is in the Notes to the Separate Financial Statements (Note 43) and the Notes to the Consolidated Financial Statements (Note 48).

B.1.7. Assessment of the adequacy of the system of governance

The Company considers that its system of governance is adequate for the nature, scale and complexity of the risks to which it is exposed, and complies with the requirements set out in the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance.

B.2. Fit and proper requirements

The Fit & Proper Policy currently in force, which falls within the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance (RJASR), aims to establish general principles for assessing whether the persons who effectively run the Company, supervise it, are its managers or perform key functions within it are fit and proper.

The fit and proper requirements assessed in the terms and for the purposes of this Policy are:

- Integrity;
- Professional Qualification;
- Independence, Availability and Capacity.

Professional qualification is assessed in the light of academic qualifications, specialist training and professional experience.

When assessing academic qualifications and specialist training, value is particularly given to knowledge obtained in the fields of insurance and general finance or in any other area which is relevant for the activity to be performed.

When assessing professional experience, the nature, size and complexity of activities previously performed is compared to those that will be performed in the future.

In the specific case of Top Management, meaning management positions with direct reporting to the executive management body, 5 years' previous professional experience is required.

In the case of key functions, the following professional qualifications are required:

	Academic Qualifications	Specialist Training	Professional Experience
Internal Audit (head)	Degree in Business Management, Economics, Auditing or similar	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function.	15 years of experience in the area
Internal Audit (team member)	Degree in Economics, Management, Business Management or similar	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate level) in Financial Markets or similar areas is also relevant.	2 years' minimum experience in the area or similar, depending on the specific function the employee is performing
Compliance (head)	Law Degree	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function.	15 years of experience in the area or similar
Compliance (team member)	Law Degree	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate level) in European Studies, Business Management, Compliance or similar areas is also relevant.	5 years of experience in the area or similar
Risk Management (head)	Higher education in Business Organisation and Management, Mathematics, Actuarial Studies, Economics, Statistics or similar	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function.	15 years of experience in the area or similar
Risk Management (team member)	Higher education in Mathematics, Management, Actuarial Studies, Finance, Economics, Actuarial Science, Statistics, Sociology, Engineering or similar.	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate level) in Banking and Insurance Management and in Markets and Financial Assets is also relevant.	4 years' minimum experience, depending on the specific function the employee is performing
Actuarial Function (head)	Higher education in Mathematics, Actuarial Studies, Economics or Statistics	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate level) in Actuarial Science is also relevant.	10 years' experience in actuarial
Actuarial Function (team member)	Higher education in Mathematics, Actuarial Studies, Economics or Statistics	Ongoing training, provided by the Fidelidade Group, to develop technical and behavioural skills to perform the function. Higher education (at post-graduate level) in Actuarial Science is also relevant.	5 years' experience in actuarial

In line with the Fit and Proper Policy, the scope of application of which is singular, covering the various insurance companies within the Longrun, SGPS, S.A., universe and Longrun itself, persons who effectively run the Company, supervise it, are its managers or perform key functions within it must possess and demonstrate the capacity to at all times guarantee sound and prudent management of the insurance company, with a view, in particular, to safeguarding the interests of policyholders, insured persons and beneficiaries.

For this reason, they must comply with the requirements of qualifications (fit), integrity (proper), independence and availability. Additional requirements are provided for collegiate bodies.

The following persons are subject to the assessment: members of the management body, members of the supervisory body, the statutory auditor who is responsible for issuing the statutory auditor's report and the responsible actuary.

The following persons are also subject to the assessment: persons who perform other functions which give them significant influence over the management of the Companies, Top-Level Managers, persons who are responsible for or perform risk management, compliance, internal audit and actuarial functions, representatives of the Companies' branches and, where key functions are outsourced, the internal interlocutor for those functions.

The Companies must confirm that the persons subject to the assessment fulfil the fit and proper requirements to perform their respective functions. The Policy therefore sets out the process for assessing those requirements, divided into three major areas: (1) Assessment; (2) Registration; (3) Appointment.

The Assessment Committee is responsible for assessing the fit and proper requirements of the members of the Management and Supervisory Bodies, the Statutory Auditor and the Responsible Actuary. The Assessment Committee is also responsible for assessing the heads of the risk management, compliance and internal audit functions, and also the head of the People and Organisation Division.

The responsibility for assessing other persons – top-level managers, the persons responsible for the actuarial function, branch representatives, staff who perform key functions and those responsible for important or critical functions or activities which are outsourced – lies with the People and Organisation Division.

The assessment is carried out prior to the commencement of functions (initial assessment) and continuing compliance with the fit and proper requirements is confirmed every three years thereafter (successive assessment), by means of a statement presented for the purpose by the interested party, whenever that compliance continues.

Since the appointed persons must inform the insurance company of any facts subsequent to the appointment or to the registration which change the content of the statement initially presented, an extraordinary assessment will be carried out whenever they become aware of any subsequent circumstances which may lead to the requirements not being fulfilled within the scope of their functions.

B.3. Risk management system including the own risk and solvency assessment

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 Products Committee (Life and Non-Life), the Underwriting Policy Acceptance and Supervision Committee and the Assets and Liabilities Management Committee.

B.3.1. Risk Management Function

The risk management function is part of the risk management system, and is performed by the Risk Management Division, a first-line body in the corporate structure, reporting directly to the Company's Executive Committee. This function is performed across all the Fidelidade Group's insurance companies.

The mission of the risk management function is based on defining, implementing and maintaining a risk management system which enables identification, measuring, monitoring and reporting of risks, individually or collectively, including risks not contemplated in the solvency capital requirement, enabling the Executive Committee and the various Divisions involved to incorporate this knowledge into their decision-making process.

The activities carried out by the Risk Management Division, in 2021, were fundamentally based on the enhancement and consolidation of several matters related with the three solvency pillars, and technical aspects and certification of information produced within this scope.

The following activities can be highlighted:

- Conducting the annual own risk and solvency assessment (ORSA) and reporting the results to the ASF in the respective supervisory report;
- Preparing and sending annual information, with reference to 31 December 2020, incorporated in the Quantitative Reporting Templates (QRT), which has been subject to certification by the statutory auditor and the responsible actuary pursuant to the regulations issued by the ASF, and also the Regular Supervisory Report;
- Reporting to the ASF and publicly disclosing the Solvency and Financial Condition Report relating to 31 December 2020, accompanied by certification by the statutory auditor and the responsible actuary;
- Preparing and sending the quarterly quantitative reporting under Solvency II.

It is also important to mention the activities related with the review of the system of governance, namely, the review and maintenance of policies and the review of processes and data quality, with the review of the Risk Appetite Framework, with implementation of capital optimisation measures, namely improvements in the ALM process and the conducting of the ROCI Cycle – 2021.

B.3.2. Risk management processes

The following sub-paragraphs describe the Company's risk management processes for each category of risk, including how these are identified, monitored and managed.

B.3.2.1. Strategic Risk

The Company's strategy is attained by means of a chain of responsibilities beginning with the Executive Committee, which defines the high-level strategic objectives, passing to the heads of each Division, who are responsible for outlining plans to achieve those objectives, and ending with the Company's employees, who seek to achieve the proposed objectives on a daily basis within the scope of their functions.

The strategic decisions taken by the Company are based on well-defined processes of approval and of implementation and monitoring, which have proved to be both effective in terms of implementing the strategy and adequate as a reaction to external factors which may affect the Company's activity.

B.3.2.2. Underwriting Risk – Product Design and Pricing

The Business Divisions are responsible for managing and assessing this risk. The Business Divisions ensure the technical development of new products, or reformulation of existing ones, by defining their technical characteristics and technical documentation, and by establishing their prices, rules for delegation of powers and underwriting policies, and by drawing up technical information to support the sales activity.

For each product, there is a process of identifying the needs which are intended to be met and defining the Company's strategic objectives which are intended to be achieved with its launch / reformulation.

The launch of new products, reformulation of existing ones and pricing updates are approved in advance by the Products Committee (Life and Non-Life).

When a new product is launched, or when significant changes are made to the characteristics of existing products, training programmes and communication plans are scheduled with the aim of introducing the product to the commercial networks, emphasising, in particular, its characteristics and the underwriting policies that have been defined.

Analyses are periodically undertaken of products/prices, and also of the composition and behaviour of the respective portfolios, with the purpose of assessing how adequate they are in terms of contractual conditions versus profitability.

B.3.2.3. Underwriting Risk – Underwriting

The Business Divisions are responsible for managing and assessing the risks associated with underwriting the Company's products, and the power to give discounts is delegated to the sales areas only in situations where knowledge of the risk is high and the technical risk is low.

The aim of the Company's Underwriting Policy is to classify the risks according to the level of exposure to and knowledge of the risk. This policy takes the form of underwriting rules and delegation of available competences.

The Company has an Underwriting Policy Acceptance and Supervision Committee, the mission of which is to analyse and accept risks the acceptance of which, as defined in the Underwriting Policy, is not delegated to the Business Divisions.

The Business Divisions are responsible for underwriting risks the acceptance of which is not delegated.

In order to guarantee that the underwriting policies are adequately followed, in the products' sales phase, the Operations and Procurement Division and the Corporate Business Division, in the case of Non-Life products, and the General Life Business Division, in the case of Life products, check compliance with the underwriting rules defined. Besides this check, the Business Divisions and the Statistics and Technical Studies Division, in the case of Non-Life products, regularly monitor the adequacy of the underwriting policies, by means of statistical indicators of the portfolio's development, the drawing up of risk profiles and occasional analyses of contracts.

There is a system of Portfolio Selection and Checking which occurs monthly, aimed at checking and monitoring customers in the portfolio, in order to safeguard profitability of the business.

There is also a process to monitor underwriting quality, which seeks, on one hand, to identify situations of false declarations or omission of declarations in the issue of contracts and, on the other, to rectify these situations, ensuring articulation between all those involved: the Business Divisions, Commercial Divisions and Operations and Procurement Division. This monitoring process, which seeks to assess irregular types of behaviour, is performed weekly and is mainly supported by cross-referencing with sources of external or internal historical data and identifying anomalous patterns.

B.3.2.4. Underwriting Risk – Reserving

The Company's Provisioning Policy establishes the methodologies for calculating provisions, broken down by line of business and in accordance with the obligations to be estimated. Accordingly, different provisions methodologies are defined for each line of business, based on recognised actuarial methods.

In order to guarantee the reliability of the information used in the process for establishing provisions for the Company's obligations, the quality of the information is validated by reconciling the accounting information with the operational information.

Alongside this process, an analysis is conducted, for the Life segment, of the provisions set up, considering the methodologies used for calculating the provisions and the insurer's historical experience relating to each of the obligations, and compliance with the rules in force regarding the calculation of provisions is also validated. Forecasts are made annually of the technical results for the different lines of business with the aim of assessing the adequacy of the technical bases in force.

For the Non-Life segment, the Company also regularly assesses compliance of the provisions by analysing the obligations in terms of uncertainty, length of contract, nature of claims and expenses with settlement of claims. Compliance with the rules in force regarding the calculation of provisions is also validated. In addition, a range of micro and macro-economic scenarios are used to confirm the adequacy of the amount of the provision.

B.3.2.5. Underwriting Risk – Claims Management Processes

The Business Divisions are the main players in the management and assessment of risk associated with the Company's claims processes.

The Company's Claims Management Policy is formalised in procedures manuals of the divisions responsible for its management, namely, the Business Divisions.

In order to promote better following up of claims management, regarding claims which are slow or complex to resolve, time limits are defined for settlement. If these are exceeded, the claims are sent for analysis by specialised sectors.

Regular statistical information is prepared on this matter to ensure control of the time limits for settling claims and supervision of those which are covered by reinsurance treaties.

B.3.2.6. Underwriting Risk – Reinsurance and Alternative Risk Transfer

The Reinsurance Division negotiates and manages reinsurance treaties, closely accompanied by the Executive Committee, which approves the conditions negotiated prior to their acceptance.

In terms of the Company's Reinsurance Policy, the Reinsurance Division operates in line with the objectives and strategic guidelines defined in conjunction with the Executive Committee and based on an analysis of business needs conducted with the technical and actuarial areas.

The Reinsurance Policy is implemented by the Reinsurance Division, with the drawing-up of proposals, negotiation of treaty conditions, approval of these and their signing and renewal, and monitoring and follow-up of the various reinsurance contracts existing in the Company.

As part of the monitoring of this risk, the Reinsurance Division carries out constant follow-up of the treaties, manages the run-off portfolio, controls risk peaks and periodically analyses the technical results by treaty. In order to study annual and multi-annual trends, these analyses include a comparison with the information relating to previous years (minimum 5 years), thus allowing the evolution of the reinsurance technical results to be monitored. This information is used for subsequent negotiations with the reinsurers.

B.3.2.7. Market Risk

The Company's objectives, rules and procedures on market risk management are governed by means of its Investments Policy, which was revised in December 2021.

The Investments 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.

Considering these aspects, the Company's investment management cycle is composed of the following critical activities:

- Defining – Defining and approving the general investment management cycle, including the global investment strategy, investment policies, asset and liability management (ALM) and liquidity management, and strategic asset allocation (SAA);
- Investing – Performing all investment activities, in line with the strategies and policies defined (identifying, assessing and approving 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.

B.3.2.8. Counterparty Default Risk

The Company is essentially exposed to Counterparty Default Risk when selecting and accompanying investments in the different classes of assets and also reinsurers.

Securities issuers are assessed in order to measure their credit quality. This assessment uses various quantitative and qualitative data, including information on their rating, and evaluates the portfolio's compliance with the limits of exposure to this issuer defined in the Investments Policy.

However, the risk is constantly monitored, and an effort is made to follow the opinions / outlooks of the international ratings agencies so as to prevent a decline in the rating of the securities held. On the other hand, establishing internal limits by class of asset, rating, duration, industry, geography and currency, and not authorising situations of risk accumulation, means that proper spreading of risk can be guaranteed over time.

Regarding reinsurance, decisions concerning the selection of reinsurers are taken in line with the Reinsurance Policy, which only authorises contracts with reinsurers with a minimum credit rating of "A-".

B.3.2.9. Concentration Risk

Management of this risk is connected with the processes for managing other risks, since it is transversal to the different areas.

In order to follow the portfolio's level of exposure to the various sources of concentration risk mentioned, the Business Divisions conduct periodic qualitative analyses of the portfolio.

As part of the Company's underwriting policies, procedures are defined which aim to mitigate Concentration Risk, in particular, when situations are detected in which there are two or more policies which cover risks situated at a location considered to be a common risk, these are classified as situations of risk accumulation and require a specific analysis. Apart from some exceptions related with the nature of some businesses, the acceptance of Life Risk risks – and the reinsurance of these – takes into account the capital accumulation per entity.

Regarding the Concentration Risk associated with investments, as previously stated, the Investments Policy in force defines different exposure limits namely by class of assets, rating, duration, industry, currency and geography. These limits are revised annually and amended when necessary.

Management of this risk associated with reinsurance requires the Reinsurance Division to produce an annual report with a summary of the Company's reinsurance treaties for the following year, plus a summary of the conditions of these treaties and the percentages of exposure to each reinsurer, organised by lines of business, in order to comply with the Reinsurance Policy.

B.3.2.10. Liquidity risk

In a short-term perspective, responsibility for managing investments liquidity is given to the Investments Division.

The Company's aim in terms of liquidity is a treasury capable of managing all of the Company's funding needs (cash outflows) in an appropriate timeframe, without resorting to credit or unplanned selling off of assets, and particularly the capacity to generate significant liquidity in a short space of time. In a short-term perspective, the Company also takes into account the cash-in from the investment portfolio and the sales forecasts for financial products being marketed.

In a medium / long-term perspective, the Company conducts a monthly ALM analysis of the liabilities and assets linked to the Life and Non-Life segments.

The analyses performed cover the interest rate gap, considering the yield to maturity and the modified duration of the liabilities and of the respective assets, including the convexity effect, and short and long-term cash flow matching.

This analysis also includes a comparison between the liquidity-generating capacity and the estimated cash flow.

The articulation between functions related to investment, asset and liability management and liquidity is established in the Company's Investments Policy.

In relation, specifically, to Asset and Liability and Liquidity Management processes, in 2021 the Company approved a review of the Asset and Liability and Liquidity Risk Management Policy (the ALM and Liquidity Policy).

Together with the Investments Policy, this Policy describes the strategy for managing financial risks, insurance risks and liquidity risks, in the short, medium and long term, in a context of asset and liability management.

In this way, the ALM and Liquidity Policy seeks to guarantee alignment between assets and liabilities, with a particular focus on maximising return and minimising interest rate risk and liquidity risk.

Taking these aspects into consideration, asset and liability management must be performed, on the one hand, as a risk mitigation exercise and, on the other, as part of the Company's decision-making structure, formulating strategies related with its assets and liabilities. It is therefore composed of the following critical activities:

- Defining – Defining and approving the asset and liability and liquidity management strategy;
- Monitoring – Monitoring the evolution of cash flow matching and different metrics associated with asset and liability management, producing monthly and annual reports;
- Managing – Reviewing the objectives and limits set out in the ALM and Liquidity Policy in line with current and future market conditions/expectations and internal risk capacity;
- Controlling – Ensuring compliance with the asset and liability management strategy, limits, procedures and responsibilities assigned.

B.3.2.11. Reputational risk

Management of the Company's Reputational Risk is fundamentally based on:

- The existence of a function responsible for corporate communication and media relations;
- The existence of a brand communication function;
- The function of customer complaints management, which includes providing management information to the heads of the different Company Areas and the Executive Committee;
- Planning and monitoring of the Company's Human Resources;
- The Corporate Social Responsibility programme.

In addition, being aware of the growing importance of reputation for an organisation's standing and success, the Company also set up a Communication Coordination Committee, which meets regularly and is led by the Chairman of the Executive Committee, in order to better articulate all of the Company's internal and external communication flows.

The activities conducted within this scope have produced results as demonstrated by the various awards the Company has received for service excellence / customer satisfaction.

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. As a result of this effort, the Fidelidade Group's skill in these areas has been noted, and is identified and recognised by customers.

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.

These results are the fruit of continual work. 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.

Markets Reputation Index'21

Fidelidade and Multicare were once again elected Consumer's Choice in the Insurance and Health Systems categories

Excellentia Choice 2021

Fidelidade was recognised as the *Excellentia Consumer's Choice 2021*, which rewards the company that adopts the best customer-centric organisational practices

Marktest 2021

Fidelidade and Multicare were once again distinguished by Marktest Reputation Index, as the insurers with the best reputation in Portugal, in the Insurance Companies and Health Insurance categories

Superbrands 2021

Fidelidade and Multicare were singled out as Top of Mind brands of excellence, which lists brands identified spontaneously by consumers

Trusted Brand 2021

Fidelidade is recognised for the 20th time in a row with the Trusted Brand award

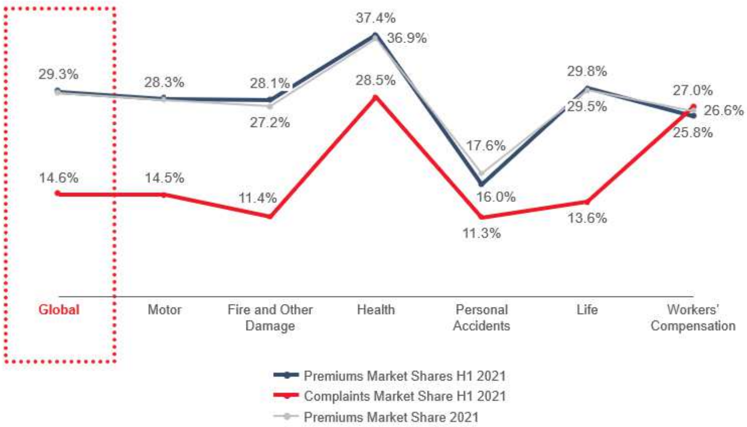
Five Stars Award 2021

OK! teleseguros is recognised for the 4th time in a row, in the Direct Insurance category

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 2021, the number of complaints relating to Fidelidade as a percentage of the total number of complaints registered by ASF in Portugal was 14.6%, which is significantly lower than the Company’s share of premiums in the Portuguese market (29.3%).

In the Motor line of business, if we consider the ratio between the complaints made and the volume of premiums recorded in the first half of 2021, the figure for Fidelidade is 0.7 complaints per million euros of premiums, which is around half of the market average, which stood at 1.4 complaints in June 2021.



B.3.2.12. Operational Risk

Procedures are implemented specifically for managing both operational risk and internal control, namely:

- Documentation and classification of existing control activities, linking them to the risks previously identified in the business processes;
- Decentralised recording of events and subsequent losses, including near misses, resulting from risks associated with the business processes, and also own assessment of risks and control activities.

This risk is discussed further in Chapter B.4.1. Information on the internal control system.

B.3.3. Own risk and solvency assessment

The Company has an ORSA Policy with the aim of establishing the general principles for the own risk and solvency assessment regarding:

- Processes and procedures;
- Functions and responsibilities;
- Criteria and methodologies;
- Reporting;
- Articulation with the strategic management process and use of the ORSA results.

According to the Policy, the ORSA aims to provide a level of security which is acceptable to the Company's Executive Committee regarding compliance with the strategic objectives, within the framework of the risk appetite established.

Accordingly, considering the risk appetite defined, the ORSA seeks to provide a prospective vision of the capacity of the Company's available capital to support different levels of risk, resulting both from strategic decisions and from scenarios involving external factors.

The ORSA is, therefore, an integrated process in the Company's strategic management, which enables a global vision to be gained on a regular basis of all the relevant risks which are a threat to the pursuit of the strategic objectives and the consequences of these in terms of (future) capital needs.

This process also contributes to promoting the Company's risk culture, by measuring the risks the Company is exposed to (including those not considered in the capital requirements), introducing the concept of economic capital in the management processes and communicating the risks, thereby allowing those receiving this information to incorporate this knowledge into their decision making.

In order to comply with these objectives, the ORSA process is divided into five major activities: (1) definition of the business strategy and risk appetite; (2) global solvency needs assessment; (3) stress tests and analysis of scenarios; (4) prospective assessment of the global solvency needs; (5) reporting. In addition to these five major activities, a further activity is defined: continual monitoring of the Company's solvency position.

The Executive Committee is responsible for steering the entire ORSA process, including approving it. The CRO (the member of the Executive Committee responsible for risk management) and the Risk Committee are responsible for regularly monitoring the ORSA process, by means of regular monitoring meetings. The Risk Management Division and the Strategic Planning and Business Development Division are involved in carrying out the process.

When performing the ORSA, the Company begins by conducting an assessment (which is qualitative and, whenever so justified, quantitative) of the possible differences between the Company's risk profile and the assumptions underlying the calculation of the SCR using the standard formula.

The global solvency needs are then calculated taking into account the Company's risk profile. The concept of Economic Capital is used to produce this calculation, which is based on the standard formula for calculating the solvency capital requirement (SCR), and the changes that the Company deems relevant to better reflect its risk profile are introduced. In this process, all the risks that the Company is or may be exposed to are identified. These risks are assessed quantitatively and/or qualitatively.

As a complement to the assessment of the global solvency needs, a series of stress tests and sensitivity analyses are planned in order to validate the defined strategy in extreme scenarios.

To provide a prospective vision of the Company's risk profile and, consequently, of its global solvency needs, forecasts are produced, for a time period which coincides with the period defined in strategic planning, of the Company's financial position, the result of its operations, the changes in its own funds and its solvency needs.

The ORSA is conducted annually and may also be carried out extraordinarily in certain situations. Reports are produced both for the supervisor and for internal use.

Also within the scope of the ORSA process, continual assessment is carried out of the regulatory capital requirements and the requirements applicable to the technical provisions. This consists of the production of a monthly report containing the estimated Solvency II position, adjusted by the effect of capital optimisation measures in progress or being studied.

The ORSA plays a key role in the Company's management, and the results obtained from it are taken into consideration in the Company's Risk Management, in Capital Management and in Decision Making.

One of the key elements of the ORSA is to identify and measure the risks to which the Company is exposed and project their evolution for the period under analysis.

Therefore, based on the results obtained, the Company defines possible actions to be taken:

- Assuming the risks;
- Taking additional mitigation measures (controls/ capital, etc.);
- Transferring the risks; or
- Eliminating activities which lead to risks which the Company is not willing to run.

The ORSA also provides support for the main activities related with Capital Management, namely:

- Assessing, together with risk management, the risk appetite structure in relation to the business strategy and capital management strategy;
- Contributing to the commencement of the strategic planning process, through the performance of a capital adequacy assessment in the most recent period, involving both regulatory capital and economic capital;
- Monitoring capital adequacy.

Considering the results obtained in the ORSA, and if the capital requirements are not in line with those defined, both in regulatory terms and in terms of other limits defined internally, the Company defines the corrective actions to be implemented, in order to restore the adequate/intended level of capital.

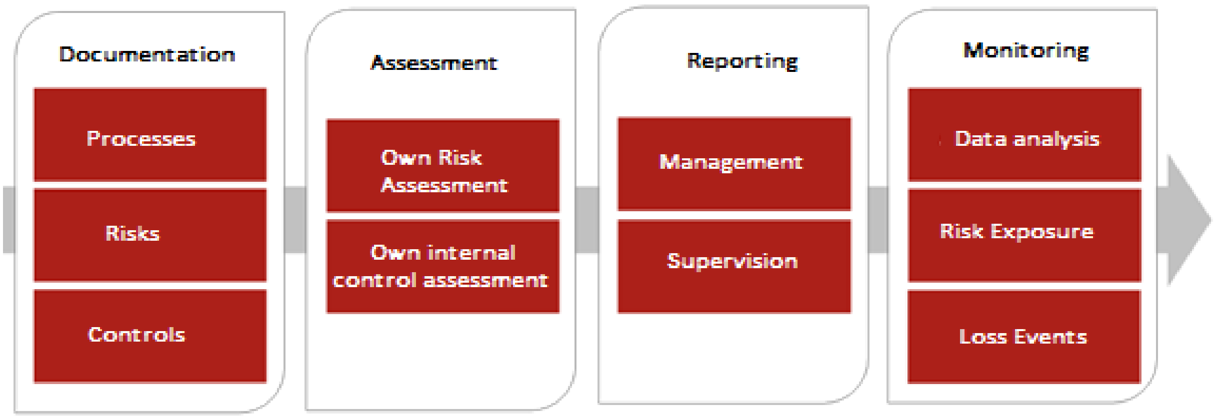
B.4. Internal control system

B.4.1. Information on the internal control system

The Risk Management Division is responsible for managing operational risk and the Company's internal control system.

In turn, the Audit Division is responsible for assessing the adequacy of the system of operational risk management and the internal control system, in order to report fragilities / deficiencies detected and make recommendations for their improvement.

Management of the Company's operational risk and its internal control is performed according to the following flow diagram:



BUSINESS PROCESSES

All the Company's business processes are documented considering a pre-defined "tree" of processes containing three levels (macroprocess; process; sub-process) that represent the activities of an insurance company.

Documentation and updating of the Company's business processes are a requirement for the risk management and internal control systems.

RISKS AND CONTROLS

For the documented business processes, the significant risks to which they are exposed are identified, classified in line with a pre-defined risk matrix. Existing mitigation mechanisms (controls) are identified for these risks.

The risks and controls existing in the Company are thus documented and characterised.

ASSESSMENT

To assess the Company's operational risk, quantitative information is collected on the risks previously identified by means of own assessment of risk questionnaires and the recording of loss events and subsequent losses.

The assessment of the internal control system is supported by a process of own assessment of the controls, which occurs by means of responses to questionnaires. These questionnaires aim to assess the effectiveness of the controls in mitigating risk.

It is important to mention that the various Company Structural Bodies are responsible for enhancing the risk management and internal control process, in order to ensure that the management and control of operations is performed in a sound and prudent manner. They are also responsible for ensuring that documentation on the business processes, respective risks and control activities exists and is up to date.

B.4.2. Information on activities performed by the Compliance Function

The Compliance Division performs functions related to management of Compliance risks, including, among others, the risk of money laundering and terrorist financing, and also the risk of faults in personal data processing and protection. The Compliance Division is a structural body, with functional independence, which performs key functions within the system of Risk Management and Internal Control.

The Compliance Division's main mission is to contribute so that the management bodies, management structure and staff of the Group Companies comply with the legislation, rules, codes and standards in force at a given time, both externally and internally, in order to avoid situations of non-conformity that may harm the Group companies' image and their reputation in the market, and/or that may give rise to financial losses.

Among the Compliance function's processes and controls, carried out by the Compliance Division throughout 2021, the following can be highlighted:

- Analysis of main changes to regulations;
- Recording of compliance incidents;
- Analysis of new products and advertising and marketing material;
- Development and implementation of processes to manage and mitigate the risks associated with data protection;
- Development of a project to address with sustainability risks associated with the Group's investments, products and stakeholders;
- Design and implementation of a medium-term communication and training plan to increase awareness and capacities among the Group's employees regarding various Compliance matters;
- Reformulation of the Group's Compliance function with the implementation of a Compliance with both a risked-based vision (focused on more critical risks) and a prospective vision in relation to new regulations, processes and business models;
- In the area of prevention of money laundering and terrorist financing, improvements were made to the tools for controlling this risk, both in the filtering of counterparties and in the monitoring of operations and KYC (Know Your Counterparty) procedures, within the scope of the Company's investment processes.

The Company's Compliance policy is duly formalised in the "Compliance Manual". This document, which is disseminated to all employees and is available on the intranet, defines the Compliance strategy, the mission and structure of the body responsible for implementation of the Compliance function, the work and control processes associated with the performance of the Compliance function, and the rules of ethical and professional conduct which, reflecting the values which govern the actions of the Fidelidade group, lead to the behaviour which is expected of and mandatory for all employees.

B.5. Internal Audit Function

As stated above, the internal audit function is given to the Audit Division, which is a first-line body in the corporate structure, reporting directly to the Company's Board of Directors. Its mission is to guarantee assessment and monitoring of the Company's risk management and internal control systems. Its general purpose, therefore, is to contribute to creating value and improving circuits and procedures, seeking to increase the effectiveness and efficiency of operations, the safeguarding of assets, trust in the financial reporting and compliance with laws and regulations.

The rules and principles that the internal audit function must obey are established in the Internal Audit Policy, approved in December 2021.

This Policy sets out the competence and scope of intervention of the internal audit function, which is performed by the Audit Division within the scope of the Fidelidade Group's insurance undertakings.

Three mechanisms are used to preserve the independence, impartiality and objectivity of the internal audit function. Firstly, persons who perform the internal audit function are not responsible for any other operational functions. Secondly, the internal audit function communicates its conclusions directly and exclusively to the Chairman of the Board of Directors. Lastly, all the audit work carried out, in particular the conclusions obtained and the recommendations issued, is duly documented and filed, and there is a specific IT application to send audit reports to the Directors and to the Heads of the Divisions audited, with no possibility of these being changed.

FIDELIDADE
SEGUROS DESDE 1808

To perform its function, the Audit Division has access to all the structural bodies, and to all the documentation, and the management bodies, top-level managers and staff of the various insurance companies must cooperate with the Audit Division, providing it with all the information they have and that is requested of them.

The internal auditors, for their part and in the performance of their functions, must follow the deontological principles set out in the Internal Audit Policy, in particular those of independence, integrity, confidentiality, objectivity and competence. The Policy also rules on the reporting of conflicts of interest.

Regarding the audit process, there are definitions of the types of internal audit, modes of intervention (in person and at a distance) and the scope of auditing activities (global or sectorial) which must be included in the annual audit plan to be submitted for the appreciation of the Chairman of the Board of Directors and for the appreciation and ratification of the Executive Committee.

When performing the internal audits, the auditors must observe the procedures established in the Policy regarding the naming of the team, the establishment of the audit schedule and the preparation and conducting of the audit.

In terms of reporting, principles are set out which must govern the drawing up of the reports, their minimum content, the persons to whom they are addressed and the type of reports (preliminary report and final report). There are also provisions on internal audit's monitoring of the application of any improvement actions proposed, with the production of follow-up reports whenever justified.

Lastly, the Audit function is responsible for producing the Annual Audit Report, which contains an analysis of compliance with the Annual Audit Plan, identifies the work undertaken and provides a summary of the conclusions obtained and recommendations issued. The Annual Audit Report is submitted to the Chairman of the Board of Directors for analysis and to the Executive Committee for analysis and approval.

B.6. Actuarial Function

Due to the nature, complexity and scale of the Company's portfolios, the actuarial function is subdivided into life actuarial and non-life and health actuarial.

The actuarial function coordinates and monitors the calculation of the accounting technical provisions, and, for such purpose, assesses both the methodologies applied and the amounts set out in the financial statements.

In the life segment, considering that most of the technical provisions are calculated automatically by policy management systems, configured in line with the technical notes of the products and with the ASF rules, tests are conducted monthly to assess the adequacy of the respective technical provisions.

When calculating the technical provisions of the non-life and health segments, the ASF rules are observed, namely regarding the identification of the provisions to be set up and the calculation rules to be observed in each of the technical provisions.

The actuarial function involves the calculation of the technical provisions for solvency purposes, with calculation of the best estimate and risk margin.

The calculations are made as part of the reporting to the ASF, evolution over time is analysed and comparisons are made with the statutory reporting amounts, and any differences are identified and documented.

The actuarial function reports regularly to the Executive Committee on the results obtained from monitoring the provisions levels.

The Life and Non-Life and Health actuarial functions produce annual actuarial reports related to the annual period being analysed.

The information used by the actuarial function is subject to validation processes which include, among others, comparisons with previous positions and with the statutory reporting amounts, and any divergences are identified and justified, and, if necessary, corrected.

The actuarial function monitors the prospective valuation of the technical provisions for solvency purposes, assessing its reasonableness, taking into account the strategic objectives assumed by the Company, the factors for converting the valuation of the technical provisions in the financial statements to their valuation for solvency purposes and the application of measures, either regulatory (transitional deduction to technical provisions) or management measures (changes in the contract boundaries of group risk life insurance contracts and changes in the characteristics and guarantees of new products sold in the life savings segment).

There is a policy for designing and approving new products and for reformulating existing ones, which sets out the actuarial function's articulation with the business and marketing areas which are responsible for proposals for new products and respective specifications. The same applies to changes to existing products, where the actuarial function intervenes by giving its opinion on the proposed changes.

The actuarial function provides support to the reinsurance area in the negotiation of reinsurance treaties, providing information with risk and profitability metrics and sensitivity analyses and portfolio statistics, and monitoring the evolution of the reinsurance treaties, including their conditions in the actuarial analyses conducted. The adequacy of the treaties for the Company's obligations is subject to actuarial analysis.

B.7. Outsourcing

B.7.1. Outsourcing Policy

In line with the Outsourcing Policy, the scope of application of which is singular, covering the various insurance companies within the Longrun SGPS, S.A., universe, general principles are established which are applicable to the outsourcing of critical or important functions or activities, and the main process activities leading to their contracting either from within the group or outside of it: (1) Identification and documentation of the critical or important functions or activities, (2) Selection of the service provider; (3) Contract formalisation; (4) Notification to the ASF.

Insofar as the Companies maintain full responsibility for any functions or activities which may be outsourced, definitions are provided of the main aspects to be implemented related with the monitoring inherent to the outsourced function or activity, and the responsibilities of each of the participants are identified, both in the outsourcing process and in the subsequent monitoring of the service provider.

The Outsourcing Policy also establishes the principles and process applicable to new outsourcing of critical or important functions or activities.

B.7.2. Outsourced critical or important functions or activities

Of the range of functions or activities considered critical or important that are outsourced in the Company, of note are the activities related with asset management regarding, on the one hand, a Senior Secured Loans portfolio and, on the other, four Investment Grade Fixed Income Securities portfolios plus a series of unit-linked portfolios managed by two external providers.

The jurisdictions of the providers of these services are located in Portugal, Ireland, the United Kingdom, Luxembourg, Germany and Hong Kong.

Among the functions outsourced outside the group, of note are the Contact Centre management and operation services, provided in Evora and Lisbon, at the premises of a service provider with its registered office in Portugal, and the management and operation services provided by Datacenters, in Evora, Lisbon and Porto, by service providers with their registered offices in Portugal.

B.8. Any other information

There is no other material information relating to the Company's system of governance.

C. Risk Profile

FIDELIDADE
SEGUROS DESDE 1808

Risk management is an integral part of the Company's daily activities, and an integrated approach is applied in order to ensure that the Company's strategic objectives (customers' interests, financial strength and efficiency of processes) are maintained.

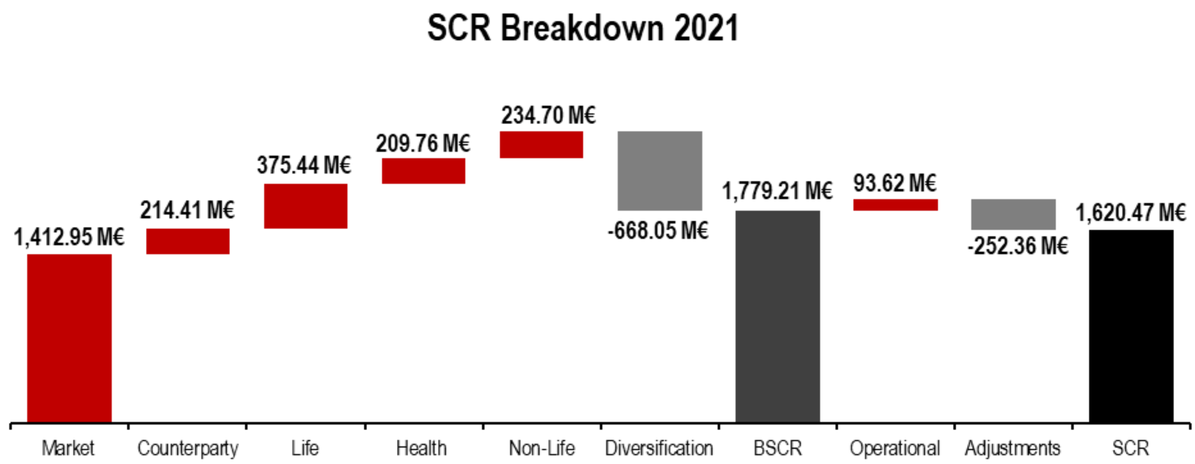
On the other hand, this integrated approach ensures value creation via the identification of adequate balance between risk and return, simultaneously guaranteeing the Company's obligations to its stakeholders.

Risk management assists the Company in identifying, assessing, managing and monitoring risks, in order to ensure that adequate and immediate measures are adopted in the event of material changes in the Company's risk profile.

Accordingly, to outline its risk profile, the Company identifies the various risks to which it is exposed and then assesses these.

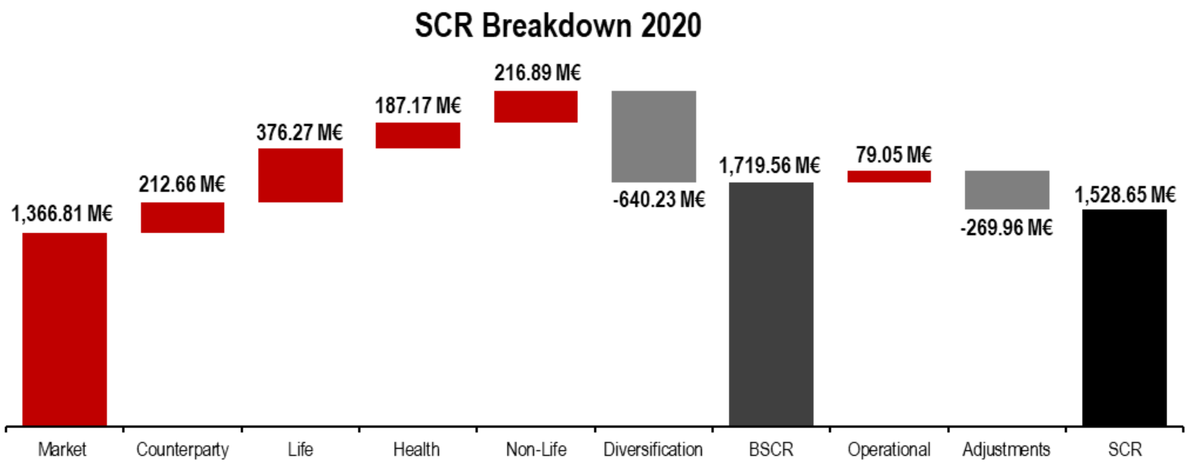
The risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks, not included in that formula, the Company has opted to use a qualitative analysis to classify the foreseeable impact on its capital needs.

Hence, the calculation of the Company's solvency capital requirement (SCR) with reference to 31 December 2021 was as follows:

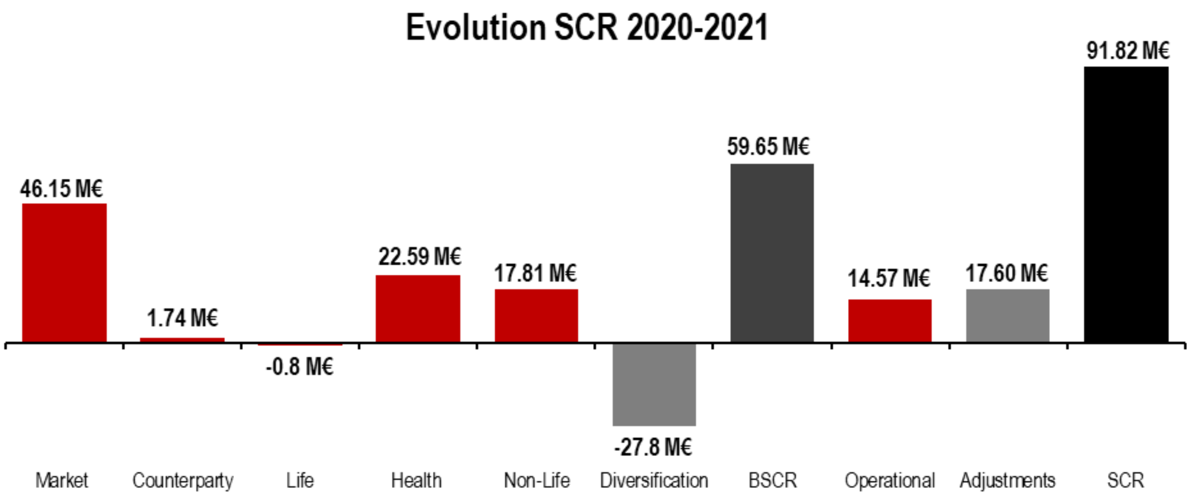


The market risk is clearly prominent in this requirement, followed by the Life and Non-Life underwriting risks and counterparty default risk, which are much lower.

The same calculation relating to 31 December 2020 was as follows:



The increase of EUR 91.82 million, is shown in the graph below.



The following elements can be highlighted in this evolution:

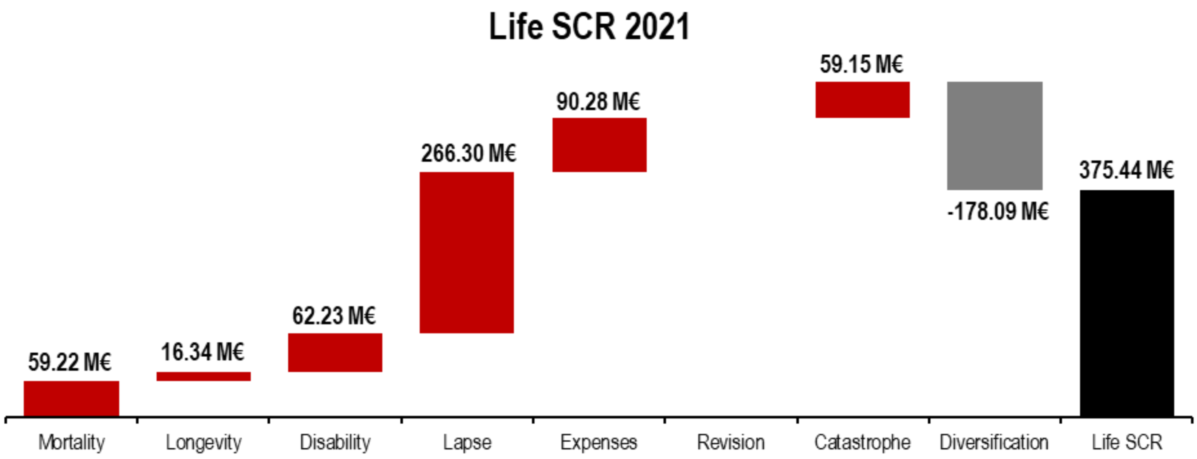
- The increase in market risk, detailed in C.2.;
- The increase in Health underwriting risk, detailed in C.1.3.;
- The increase in Non-Life underwriting risk, detailed in C.1.2.;
- The increase in operational risk, detailed in C.5.

These risks will now be analysed, in particular with regard to their nature and impact on the Company.

C.1. Underwriting risks

C.1.1. Life underwriting risk

The life underwriting risk is the second most significant for the Company.



Analysing the sub-modules that make up this risk, the lapse risk is the most important within the life underwriting risk module.

Its importance results from the impact of temporary annual renewable contracts linked to mortgages and contracts with the “Funeral Service Organisation and Expenses” and “Adjustment of the funeral service to a Vault, Drawer or Perpetual Grave” covers, which the Company is not entitled to cancel or change the prices of, so that the contract boundaries considered for the purpose of assessing the technical provisions are, for the former, the maturity of the mortgage associated with each of them and, for the latter, indefinite.

The second most significant sub-module, although carrying much less weight than the lapse risk, is the expense risk, which basically results from the fact that, when calculating the capital requirements of this risk sub-module, the Company considered as expenses, for the total amount of the Life obligations, as per the understanding of the ASF, the commissions to be paid for the intermediation activity of brokers, within the scope of Article 31 of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, and, consequently, these were subject to the shocks applicable to this risk.

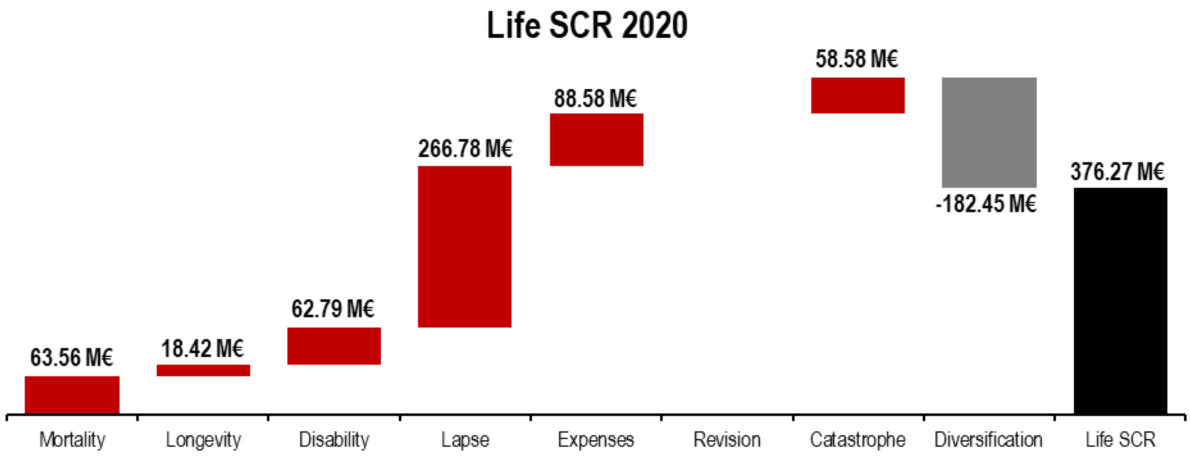
The next risk is the disability risk which results from the significant weight in sums insured associated with life risk contracts.

With similar values, not far from the weight of the two previous risks (expense and disability risks), we have the mortality and catastrophe risks, both with their origins in Life Risk insurance contracts.

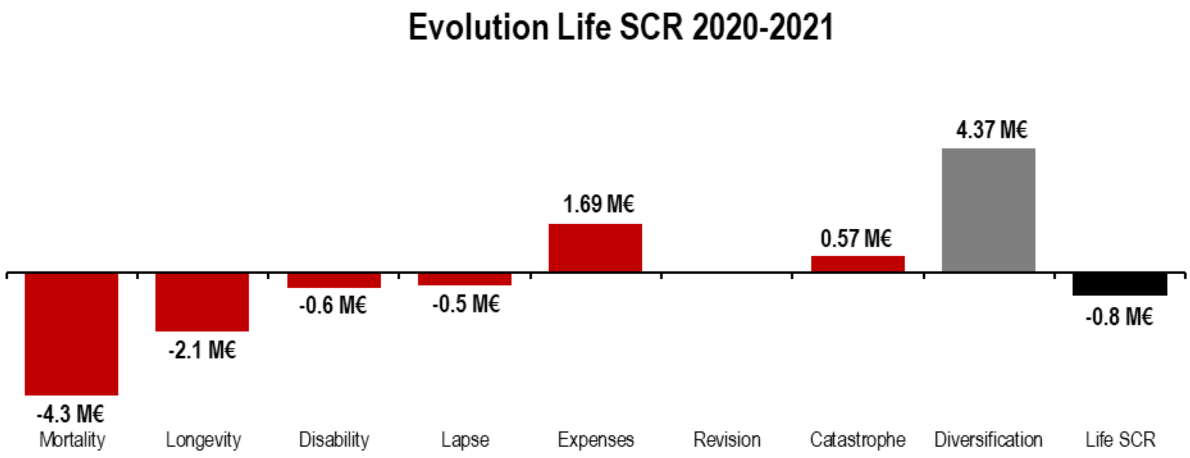
Lastly, there is the longevity risk, the significance of which is relatively low in this risk module, since the Companies’ Annuities portfolio is small.

The revision risk is zero since there is no exposure to this risk in the Portuguese market.

The Life SCR at 31 December 2020 was:



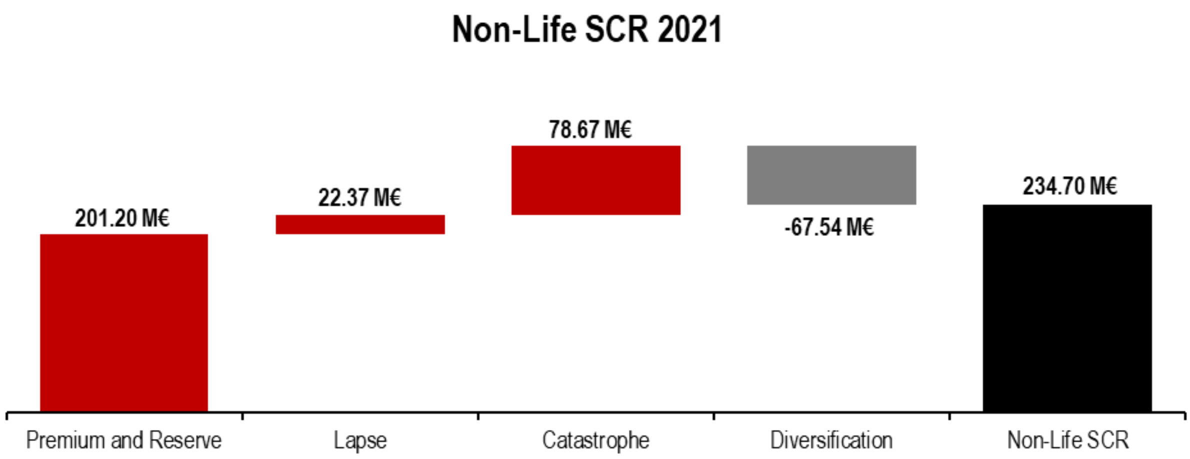
The decrease of EUR 0.8 million is shown in the graph below.



As can be seen, in general the underwriting risks remained the same, after diversification. Although the expense and catastrophe risk recorded a slight increase, the other underwriting risks fell, mainly due to mortgage-related life risk insurance.

C.1.2. Non-Life underwriting risk

The non-life underwriting risk is the third most significant for the Company.



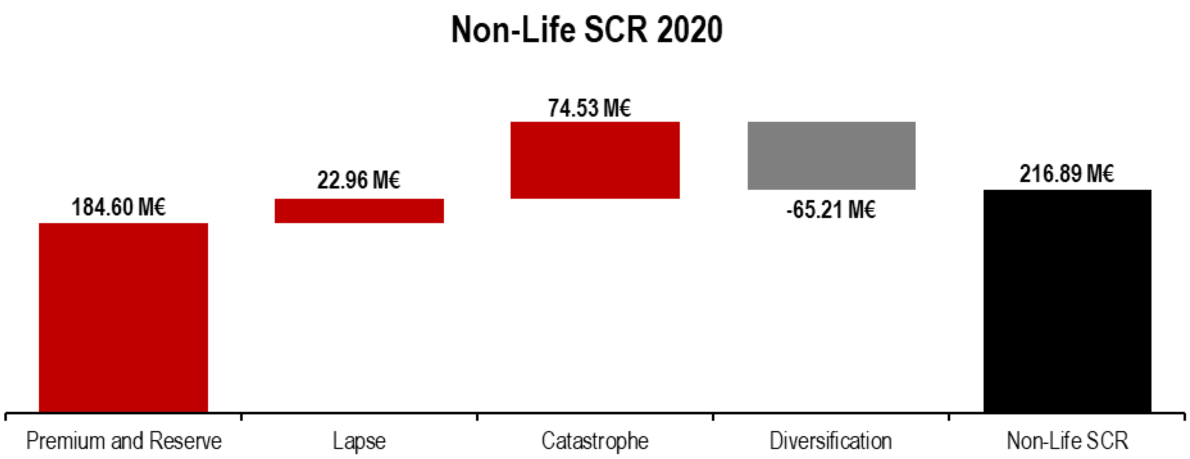
Within this sub-module, the premium and reserve risk is the most important.

The weight of this risk basically results from the volume of premiums and reserves relating to motor insurance contracts (liability and other covers), fire and other damage insurance and general liability insurance.

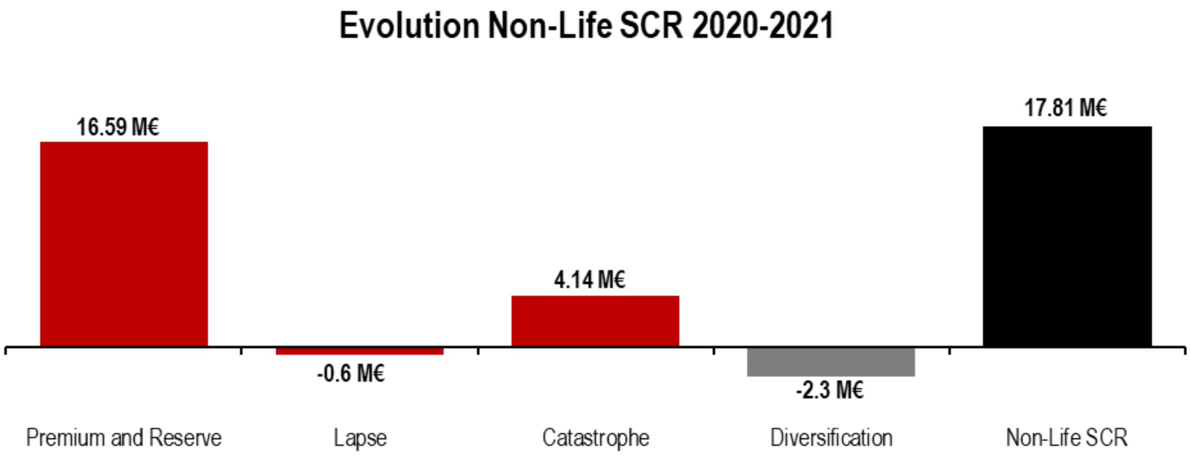
With a much lower figure, there is the catastrophe risk, which basically arises from the significant amount of sums insured with seismic phenomena coverage. However, in the event of a seismic phenomenon, because of the existing reinsurance contracts only a part of the liability will be assumed by the Company. The effect of this risk is not significant for this reason. It is also important to state that the mitigating effect of these reinsurance contracts is considered in the counterparty risk module.

Regarding the lapse risk, its weight is particularly insignificant, given that the insurance contracts have a contract boundary up to the next renewal date.

The Non-Life SCR at 31 December 2020 was:



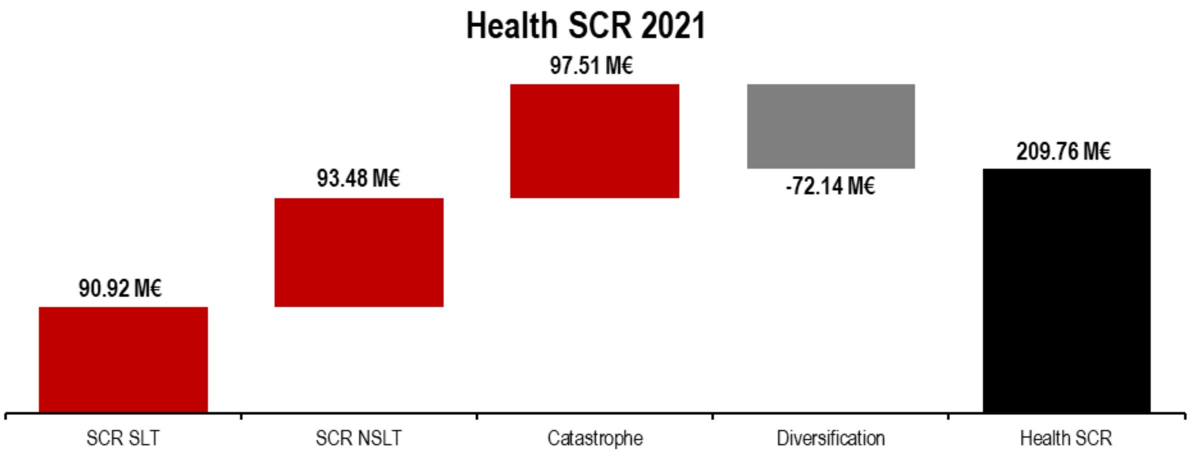
The increase of EUR 17.81 million is shown in the graph below.



The increase in this risk results from the Company's activity, with an increase in the volume of premiums and reserves of contracts in the motor and fire lines, and the increase in catastrophe risk, which was impacted by the increase in business in the third party liability line of business.

C.1.3. Health underwriting risk

In terms of weight, this is the fifth risk for the Company, and of the three underwriting risks it is the risk with the lowest weight.



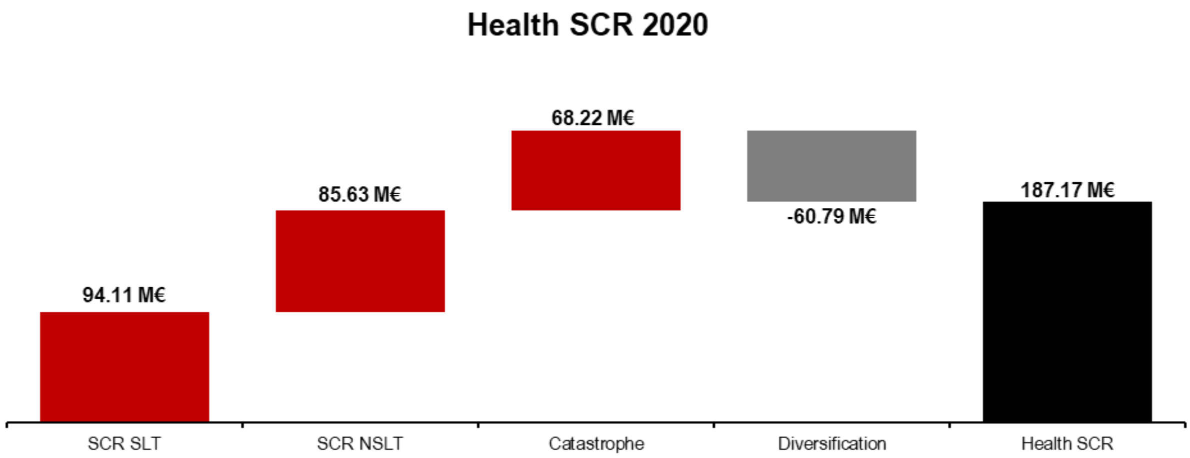
In 2021 the SLT, NSLT and catastrophe risks present similar capital requirements.

The SLT (similar to life techniques) health sub-module is basically composed of longevity risk resulting from pensions and permanent assistance expenses in the workers' compensation line of business.

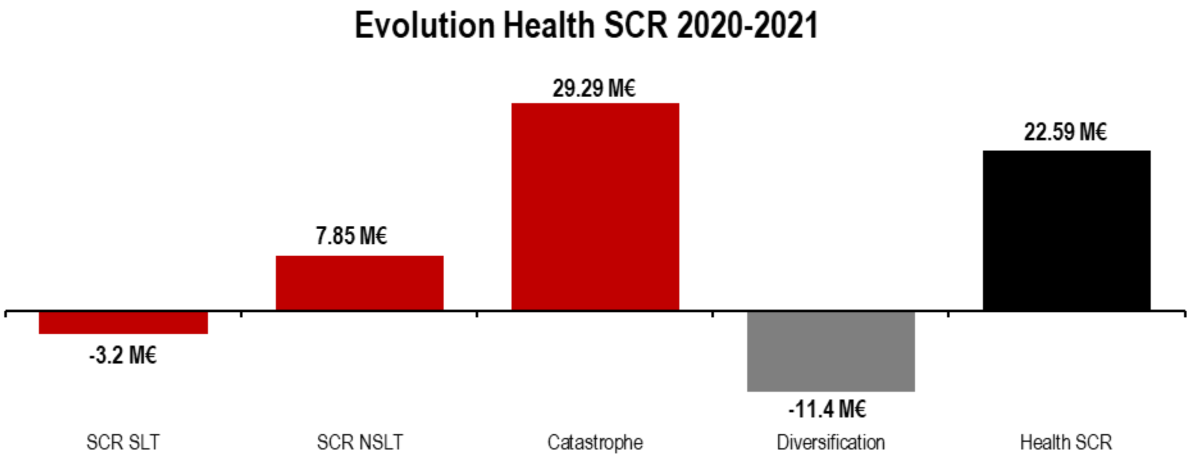
The NSLT (not similar to life techniques) health sub-module originates from the premium and reserve risk in the workers' compensation and personal accidents lines of business, given that health insurance is 100% reinsured with Multicare.

The catastrophe risk sub-module mainly results from the concentration of accidents, given the sums insured involved.

The Health SCR at 31 December 2020 was:



The increase of EUR 22.59 million is shown in the graph below.



The evolution in this module was basically due to:

- The Company's activity;
- The catastrophe risk derived from the significant increase in persons exposed to risk and their respective average salaries considered in the scenario established for calculating concentration risk.

C.1.4. Mitigation measures – underwriting risk

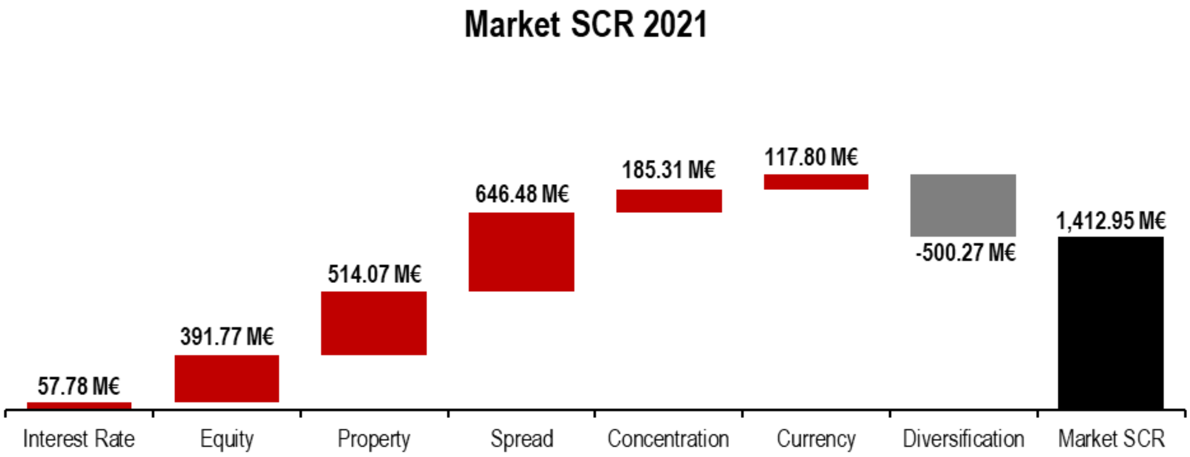
For a number of lines of business, the Company uses reinsurance contracts which guarantee mitigation of underwriting risks for life, non-life and health. This mitigation is taken into account when calculating the respective capital requirements.

Regarding the lapse risk associated with the life segment, the Company is studying ways to mitigate this risk given its relevance fundamentally in relation to temporary annual renewable (TAR) group life insurance contracts in which the contract boundary is linked to the maturity of the underlying mortgages.

The method being studied may involve reinsuring part of the lapse risk, considering the objective of reducing it to the optimal point at which selection of other lapse risk scenarios is avoided.

C.2. Market risk

Market risk is the Company's most significant risk and is clearly above the other risk modules.



Within this module, the most important sub-module is the spread risk, which is a result of the Company's high exposure to fixed income financial instruments, other than European government bonds.

The second most important market risk sub-module is the property risk, reflecting the investment strategy that the Company is pursuing, where there is significant exposure to the real estate market.

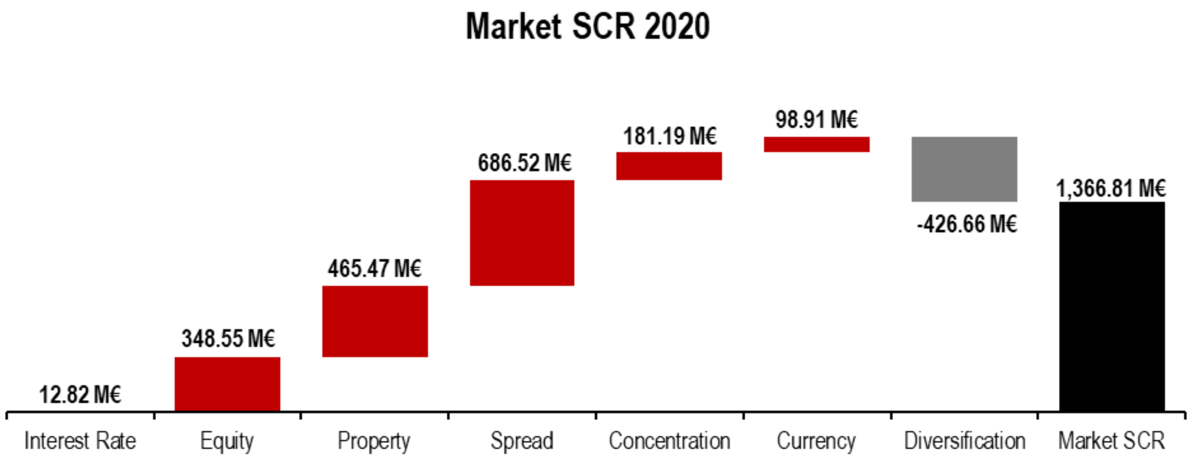
The third most important sub-module is equity risk, as a result of the Company's significant exposure to equity markets.

Concentration risk is the fourth most important sub-module in the market risk module. The greatest exposures in this risk are to the Fosun International Limited economic group (influenced by direct participations of Fidelidade) and to HSBC.

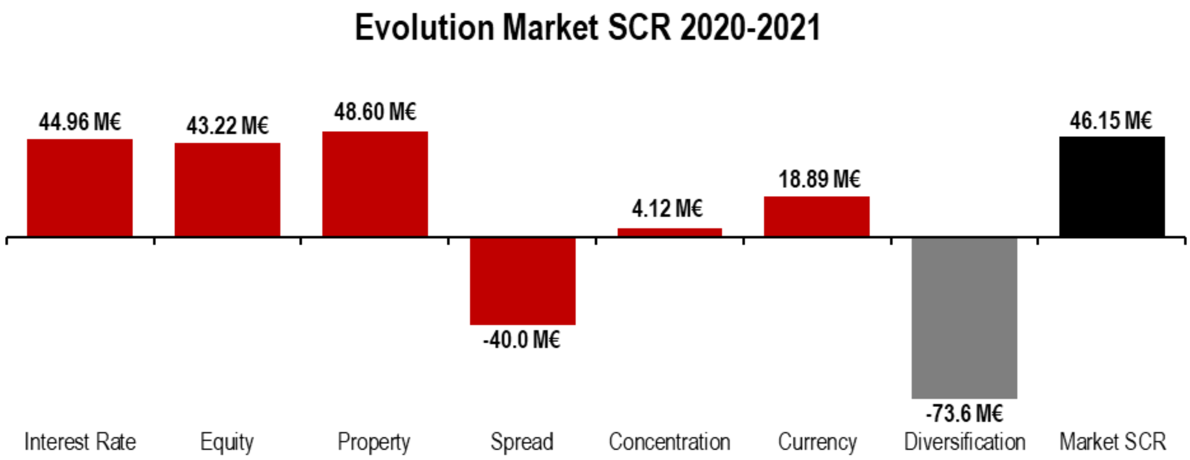
The currency risk has a slightly lower value, which reflects the hedging for the most significant exposures to foreign currency.

In the case of interest rate risk, its low value is a result of the Asset and Liability management carried out by the Company with the aim of maintaining the duration gap at low values.

The Market Risk SCR at 31 December 2020 was:



The increase of EUR 46.15 million is shown in the graph below.



The increase in property risk is explained by the increase in exposure to real estate assets.

The increase in interest rate risk is justified by the change in both the portfolio and the duration of the contracts and the interest rate curve, but also by the reduction in the best estimate of the life segment obligations, together with the annual update of the assumptions based on the historical analysis of the same in the Company's portfolio.

The increase in equity risk is justified by the significant increase in the symmetric adjustment, and the end of the application of the transitional measure on shareholder risk.

The increase in currency risk is explained not only by the increase in direct exposure to foreign currency for which there is no mitigation, but also by the increase in unhedged exposure in currencies where the Company undertakes exchange mitigation.

The increase in concentration risk is predominantly explained by the increase in exposure to HSBC Holdings PLC.

The decrease in spread risk is due to the decrease in exposure to corporate debt.

C.2.1. Mitigation measures – market risk

The Company's investment process, besides guaranteeing compliance with the prudent person principle, seeks to enable both rational and reasoned decisions when selecting assets and an adequate balance between risk and return.

The process, therefore, begins with the identification of investment opportunities, through tracking, identification and analysis of investment opportunities all over the world, which leads to investment proposals being presented. These are based, on the one hand, on qualitative aspects, such as a description of the investment, including different possibilities on how it can be made, and a description of the business rationale, and, on the other, on quantitative aspects such as financial indicators or the expected return.

These proposals are analysed, including a preliminary study on capital consumption in the light of the Solvency II rules.

If the investment proposal is accepted, an investment case is prepared, containing a summary of the investment to be made, an analysis of compliance with the legal limits and the limits set out in the Company's Investments Policy, an analysis of the adequacy of the investment in ALM terms (cash flow matching), calculation of the capital consumption associated with the investment in line with the Solvency II rules.

This investment case includes an Internal Communication to the Executive Committee which contains the proposal and the grounds for making the investment, as well as other information. When securities transactions are performed, the traders responsible for these are subject to limits defined in the Investments Policy.

The entire process falls within the Company's general investment guidelines.

According to these guidelines, the main objective of the investment portfolio is to generate income for the Company, while considering the associated risks and other restrictions arising from the business strategy defined by the Executive Committee.

Assets are allocated to each investments portfolio in a way that enables the aggregate return from all portfolios and respective cumulative risk to meet the established investment objectives.

Market Risk - Currency

Using futures, forwards and swaps contracts the Company hedges the currency exposure of its directly or indirectly held assets:

- the exposure to assets denominated in American Dollars (USD) and in Hong Kong Dollars (HKD), given the high correlation between USD and HKD, is mitigated by using futures, forwards and swaps contracts in USD;
- the exposure to assets denominated in Pounds Sterling (GBP) is mitigated by using futures, forwards and swaps contracts in GBP;
- the exposure to assets denominated in Yens (JPY) and in Canadian dollars (CAD) is mitigated by using forwards in JPY and CAD.

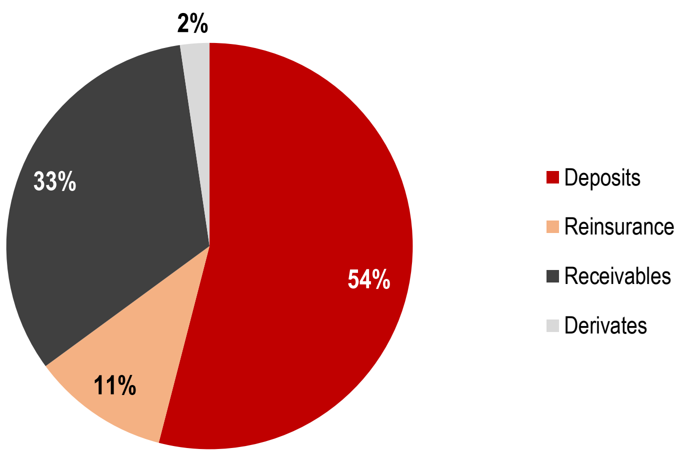
The futures contracts in question have a duration of three months, and the Company intends to replace them with similar contracts, at the end of that period.

C.3. Counterparty Default risk

The counterparty default risk module is the fourth highest of all the risks assessed by the Company.

The breakdown of this risk by counterparty type at 31 December 2021 is:

Counterparty Default Risk Breakdown



The solvency capital requirement for the counterparty default risk results essentially from the component relating to deposits, in which exposure to Caixa Geral de Depósitos carries significant weight. Of the remaining exposures, the most significant relate to receivables and exposures to counterparties to which the Company transfers risks through reinsurance contracts for underwriting risks.

C.4. Liquidity risk

Management of Fidelidade's liquidity risk is defined in the ALM and Liquidity Policy, which is revised annually by the ALCO (Assets and Liabilities Management Committee). The Risk Management Division (DGR) produces a monthly report on this risk, in addition to the ALM report which presents analyses of cash flows distributed between by various lines of business, assuming various scenarios. A quarterly report with a breakdown of the illiquid assets held in portfolio is sent to the ASF (Insurance and Pension Funds Supervisory Authority).

The Group's aim in terms of liquidity is a treasury capable of managing all of the Company's funding needs (cash outflows) in an appropriate timeframe, without resorting to credit or unplanned selling off of assets. For this reason, seven levels of asset liquidity have been defined, ranging from Step 0 (cash available in 1 day) to Step 6 (strategic investments which Fidelidade does not intend to sell in the near future) and two short and medium-term liquidity ratios that match the liquid assets with the cash-flow needs, which must be above 100%. Three levels of liquidity have also been defined (immediate, short-term and medium and long-term) which aim to assess whether Fidelidade has sufficient liquid assets to cover its obligations, including unexpected events, on both the liabilities and assets side.

In 2021, the ALM and Liquidity Policy was revised (within the ALCO) and the formula and limits of the interest rate gap ratio were changed.

In all months of 2021, the limits and targets were met. The liquidity ratios are well above 100%, ranging between 200% and 400%. Fidelidade ended the year with 64% of its assets liquid, i.e. redeemable in up to 3 months.

Regarding liquidity risk, "expected profits included in future premiums" (EPIFP) is considered to be the current expected value of future cash flows resulting from the inclusion in the technical provisions of premiums relating to existing insurance and reinsurance contracts, which should be received in the future, but which may not be received for some reason other than the occurrence of insured events, regardless of the legal or contractual rights of the policyholder to terminate the policy.

The EPIFP, at 31 December 2021, was:

Amount in thousand euros

Expected profits included in future premiums	505,895
Total	**505,895**

This figure only refers to the life risk line of business, and the methods and main assumptions described in point D.2.1 of this report are used to calculate it.

Premiums considered when calculating this profit are net of reinsurance obligations.

Lastly, the valuation referred to in Article 260(1) d) ii) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, is not adjusted to the characteristics of the products associated with this line of business.

C.5. Operational risk

Operational risk is the risk of losses resulting either from the inadequacy or failure of internal procedures, persons, or systems or from the occurrence of external events.

This is the risk module with the least weight of all the risks assessed by the Company. Its increase reflects the evolution of the Company's activity in the life business and the increase in unit-linked expenses.

In its management of operational risk and internal control, the Company identifies, within its processes, the most significant operational risks to which each of these are exposed (based on a pre-defined risk matrix) and it documents the controls which exist to mitigate these.

Additionally, to assess the Company's operational risk, quantitative information is collected on the risks previously identified and an assessment is carried out of the internal control system, supported by a process of own assessment of the control activities documented.

C.6. Other material risks

Risks that do not fall within the standard formula are identified as part of the ORSA process.

The following risks are recognised by the Company as possible material risks.

C.6.1. Reputational risk

Management of the Company's Reputational Risk is fundamentally based on:

- The existence of a function responsible for corporate communication and media relations;
- The existence of a brand communication function;
- The function of customer complaints management, which includes providing management information to the heads of the different Areas of the Company and the Executive Committee;
- Planning and monitoring of the Company's Human Resources;
- The Corporate Social Responsibility programme.

In addition, being aware of the growing importance of reputation for an organisation's standing and success, the Company also set up a Communication Coordination Committee, which meets regularly and is led by the Chairman of the Executive Committee, in order to better articulate all of the Company's internal and external communication flows.

The activities conducted within this scope have produced results as demonstrated by the various awards the Company has received for service excellence / customer satisfaction. This risk is therefore considered to be adequately mitigated and is therefore classified as low.

C.6.2. Strategic risk

The Company's strategy is attained by means of a chain of responsibilities beginning with the Executive Committee, which defines the high-level strategic objectives (this process is accommodated within a governance model which involves the Board of Directors, the Investments Committee and the Advisory Board), passing to the heads of each Division, who are responsible for outlining plans to achieve those objectives, and ending with the Company's employees, who seek to achieve the proposed objectives on a daily basis within the scope of their functions.

The strategic decisions taken by the Company are based on well-defined processes of approval and of implementation and monitoring, which have proved to be both effective in terms of implementing the strategy and adequate as a reaction to external factors which may affect the Company's activity. This risk is therefore considered to be low.

C.6.3. Business (continuity) risk

Like any other insurance undertaking operating in Portugal, the Company may be exposed to potential market events. However, this risk is classified as low, given the Company's strong position in the Portuguese insurance market, which has also been increasing.

When analysing this risk, the possibility of the Company suffering losses as a consequence of centralising the development of its business in a given sector or geographical area or with specific customers was also considered.

The Company's business concentration risk is considered low, given the high level of diversification in the type of products sold and the sales channels used and in the Company's customers. However, it should be noted that there is still a high level of concentration geographically speaking, with most of the business being in Portugal. Nevertheless, the Company is in the process of expanding its business internationally, in particular in markets outside Europe where it has already been carrying on its business.

C.6.4. Legal risk

Although this risk is included in the definition of operational risk, the decision was made to analyse it separately, given both its importance and the method of assessment / measurement set out in the standard formula for operational risk, which does not allow for it to be highlighted.

The Company is constantly adapting to the rules in force (at both national and international level) and to the impacts that these have on its business. However, there is a risk, which is considered medium, resulting from potential regulatory changes.

Regarding fiscal changes to which the Company may become subject, we may highlight those related with deferred taxes, namely in terms of the tax rate and/or period for reporting tax losses.

Linked to this risk there is also the risk of possible changes to the level of tax benefits related with certain investment products. If these changes occur, some products may lose the competitive advantage associated with them, which leads to a risk related to sales of these products. Although this situation has already occurred in the past with some products, without any significant impact for the Company, this risk must still be considered.

In addition, the Company is exposed to compliance risks during the normal course of its operations. One example of this risk is the recent decision by the Competition Authority (AdC), on 28 December 2018, in an ongoing case against several insurance companies. In this decision, the AdC concluded that contacts established between different insurance companies in the past, in relation to the renewal of certain corporate policies that are characterised by heavy deficits, in some lines of business, are contrary to competition law, and a global fine of EUR 12 million was set. No natural persons were subject to sanctions.

In conclusion, and considering all the points covered above, the legal risk associated with the Company is considered medium, due to the impacts that potential changes in the tax legislation would have and due to uncertainties related with the application of the Solvency II rules.

C.7. Any other information

C.7.1. Adjustment for the loss-absorbing capacity of deferred taxes

Since 2018, the Company has recognised adjustment for the loss-absorbing capacity of deferred taxes not only relating to the impact on deferred tax liabilities, but also the impact on deferred tax assets, in this case using exclusively the effect deriving from temporary differences and not the recovery of tax losses.

The Company also decided to limit the impact of the adjustment for the loss-absorbing capacity of deferred taxes, in the component that would imply an increase in deferred tax assets, as follows: the sum of the net current deferred tax asset and the adjustment cannot be greater than 15% of the SCR, considering that, in the event of the underlying scenario occurring, this would be the eligibility limit since it corresponds to Tier 3 own funds.

FIDELIDADE
SEGUROS DESDE 1808

C.7.2. Risk sensitivity

The sensitivity of the solvency ratio, at 31 December 2021, to the main risks to which the Company is exposed, expressed as an absolute impact on that ratio (in percentage points), is presented in the table below:

Risk Type	Effect of changes on		Total effect on Solvency Ratio
	Eligible Own Funds	Capital Requirement	
Equity	-10.3%	+7.4%	-3.3%
Property	-12.2%	+5.2%	-7.2%
Spread	-16.1%	-5.7%	-21.3%
Interest Rate (Up)	-1.3%	-0.6%	-1.8%
Interest Rate (Down)	-0.8%	+1.9%	+1.1%

At 31 December 2020, the solvency sensitivity ratio was:

Risk Type	Effect of changes on		Total effect on Solvency Ratio
	Eligible Own Funds	Capital Requirement	
Equity	-11.06%	+2.95%	-8.28%
Property	-11.55%	+3.37%	-8.38%
Spread	-16.85%	-8.44%	-24.54%
Interest Rate (Up)	+2.49%	+0.28%	+2.78%
Interest Rate (Down)	-3.63%	-2.38%	-5.97%

The sensitivity to interest rate risk in 2021 behaved differently to that calculated in 2020. One of the main reasons identified is the fact that the life technical provisions varied significantly less in 2021 than in 2020, in both the +100bp and -50bp scenarios. The change in portfolio, the fall in the Best Estimate, the length of the contracts and the change in the interest rate curve explain the changes seen.

Explanation of the Solvency II sensitivity analyses:

Risk	Scenario
Equity	Impact of a 20% decrease in the value of equity, including equity funds.
Property	Impact of a 10% decrease in the value of property, including Real Estate Funds.
Spread	Impact of a 100 bps (basis points) increase in debt securities.
Interest rate	Impact of a parallel increase of 100 bps (basis points) along the whole curve.
	Impact of a parallel decrease of 50 bps (basis points) along the whole curve.

D. Valuation for Solvency Purposes

FIDELIDADE
SEGUROS DESDE 1808

In this chapter we present information on the valuation of the assets, technical provisions and other liabilities for solvency purposes and compare this valuation with that used in the financial statements, with reference to 31 December 2021.

The same information, for solvency purposes, is presented in relation to 31 December 2020.

During the period covered by this report, there were no material changes, when compared with the period covered by the previous report, in the bases, methods and main assumptions used for the valuation of the Company's assets or in the relevant assumptions used to calculate its technical provisions.

The following paragraphs describe the bases, methods and main assumptions used for the valuation for solvency purposes, which breaks down as follows:

Amounts in thousand euros

		Solvency II	Financial statements	Difference	Solvency II previous year
Assets					
D.1	**Total Assets**	**16,529,681**	**16,784,434**	**-254,753**	**16,186,013**
Liabilities					
D.2	Technical Provisions	11,807,534	12,409,321	**-601,787**	**12,243,051**
D.3	Other liabilities	1,809,357	1,562,882	**246,475**	**1,036,654**
Total Liabilities		**13,616,891**	**13,972,203**	**-355,312**	**13,279,705**
Excess of assets over liabilities		**2,912,790**	**2,812,231**	**100,559**	**2,906,308**

D.1. Assets

The valuation of the assets for solvency purposes and a comparison with that used in the financial statements is presented in this report, segmented into:

- Financial assets;
- Real estate assets;
- Other assets.

This chapter also includes the amounts recoverable from reinsurance contracts and special purpose vehicles.

The table below summarises the comparison, which is discussed further in the sub-chapters below.

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference	Solvency II previous year
Financial assets	15,048,369	15,162,373	**-114,004**	**14,776,942**
Real estate assets	334,563	326,559	**8,004**	**454,841**
Other assets	870,675	893,594	**-22,919**	**773,688**
Reinsurance recoverables	276,074	401,908	**-125,834**	**180,542**
Total	**16,529,681**	**16,784,434**	**-254,753**	**16,186,013**

D.1.1. Financial assets

The table below presents the valuation of the financial assets for solvency purposes, by class of asset.

Amounts in thousand euros

Assets	Solvency II	Solvency II previous year
Holdings in related undertakings, including participations	2,610,196	2,675,073
Equities — listed	496,794	553,308
Equities — unlisted	1,142	1,662
Government bonds	3,637,773	4,130,838
Corporate bonds	5,348,497	5,523,359
Structured notes	197,774	204,055
Collateralised securities	0	0
Collective investment undertakings	852,630	942,340
Derivatives	28,074	34,673
Deposits other than cash equivalents	115,564	187,868
Other investments	0	0
Assets held for index-linked and unit-linked contracts	1,759,925	523,766
Total	**15,048,369**	**14,776,942**

For solvency purposes, financial assets are valued in line with the following bases, methods and assumptions.

Financial assets are registered at fair value, which corresponds to the amount for which a financial asset could be sold or a liability settled between independent, knowledgeable parties interested in concluding the transaction in normal market conditions (exit price).

Within the scope of the Solvency II rules, to determine the fair value of financial instruments, assets are classified according to the fair value hierarchy criteria defined as part of IFRS 13 (Fair Value Measurement) in the following categories:

QMP - Quoted market price in active markets for the same assets

In this category, the fair value is determined considering the bid price in the active market available on the electronic platform.

QMPS - Quoted market price in active markets for similar assets

In this category, fair value is determined by considering the prices obtained from the market maker. The Company's portfolio assets in this situation are essentially private placements.

AVM - Alternative valuation methods

The Company does not make valuations from financial models.

AEM - Adjusted equity method

Assets considered in this category are initially recognised at cost and are periodically subjected to revaluation in line with the financial statements disclosure.

IEM - IFRS equity methods

Not currently applicable.

The table below presents a comparison of the valuation of financial assets for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference
Holdings in related undertakings, including participations	2,610,196	2,733,002	**-122,806**
Equities — listed	496,794	496,794	**0**
Equities — unlisted	1,142	1,616	**-474**
Government bonds	3,637,773	3,617,647	**20,126**
Corporate bonds	5,348,497	5,348,497	**0**
Structured notes	197,774	197,774	**0**
Collateralised securities	0	0	**0**
Collective investment undertakings	852,630	863,532	**-10,902**
Derivatives	28,074	28,074	**0**
Deposits other than cash equivalents	115,564	115,167	**397**
Other investments	0	0	**0**
Assets held for index-linked and unit-linked contracts	1,759,925	1,760,270	**-345**
Total	**15,048,369**	**15,162,373**	**-114,004**

The differences, by class of asset, are as follows:

Holdings in related undertakings, including participations

This results from the valuation, for solvency purposes, of unlisted subsidiaries using the Adjusted Equity Method (AEM) (net, the total value of these holdings for solvency purposes fell by EUR 122,806 thousand).

The total difference includes, among others, the impacts of the valuation of Luz Saúde S.A. (reduction in the value of the participation by EUR 173,466 thousand), FID Peru, S.A. (reduction of EUR 137,216 thousand) and Fidelidade Property Europe, S.A. (increase of EUR 215,310 thousand).

Equities – unlisted

This results from the valuation, for solvency purposes, of unlisted securities using the Adjusted Equity Method (AEM).

Government bonds

The difference corresponds to potential gains from the portfolio of financial assets valued at amortised cost recognised in Solvency II.

Collective investment undertakings

This results from funds valuation adjustments where the look-through approach was applied. In the statutory financial statements, the available valuation at the close of accounts date was considered. In some funds this did not correspond to the year-end valuation. For Solvency II purposes, it was possible to consider the year-end valuation that was made available in the meantime by the collective investment undertakings.

Deposits other than cash equivalents

This results from the difference, when negative, between the balances of current accounts related with futures contracts and the components relating either to the valuation of unmatured contracts (recorded under the heading "Derivatives") or to the initial margin (collateral), which was considered in the valuation for solvency purposes under the heading "Any other liabilities, not elsewhere shown" in other liabilities.

Assets held for index-linked and unit-linked contracts

This results from the closing quoted prices at 31 December 2021 being obtained at different times. In the financial statements the valuation at 31 December 2021 was made some hours before the close of some financial markets which have an extended operation. For Solvency II it was possible to consider the final value after the close of all financial markets.

At the same time, the difference also results from adjustments to the valuation of the funds in unit-linked portfolios, where the look-through approach was applied. In the financial statements, the available valuation at the close of accounts date was considered. In some funds this did not correspond to the year-end valuation. For Solvency II purposes, it was possible to consider the year-end valuation that was made available in the meantime by the collective investment undertakings.

D.1.2. Real estate assets

The table below presents the valuation of real estate assets for solvency purposes, by class of asset.

Amounts in thousand euros

Assets	Solvency II	Solvency II previous year
Property, plant and equipment held for own use	79,735	83,810
Property (other than for own use)	59,786	67,194
Collective investment undertakings	195,042	303,837
Total	**334,563**	**454,841**

For solvency purposes, real estate assets are valued in line with the following bases, methods and assumptions.

The Company's real estate assets are accounted for at their Market Value, which is the price for which the property could be sold, at the valuation date, in a private agreement between an independent and interested vendor and purchaser, it being implied that:

i) the asset is put up for sale on the market;
ii) the conditions of sale permit a regular sale;
iii) the period for negotiating the sale is normal, considering the nature of the property.

Following this, one of the following valuation methods is used to determine the Market Value:

Market Approach

The Market Approach consists of determining the value of a property by comparing it with identical or similar properties, according to the information available on the market regarding transaction values or prices practiced for comparable properties.

In line with this approach, the value of the property is the result of adjustment to the values and prices obtained on the market, in the light of the location and physical characteristics of the property being valued.

Cost Approach

The Cost Approach consists of applying the principle that a purchaser will not pay more for an asset than the cost of obtaining another with the same level of utility, whether through purchase or construction, unless undue time, inconvenience, risk or other factors are involved.

This approach provides an indication of value by calculating the current replacement or reproduction cost of the asset and deducting for deterioration and all other relevant forms of obsolescence.

Income Approach

The Income Approach considers information relating to the income and operating expenses of the property being valued, determining the value by a capitalisation process. In this approach, taking into account the principle of replacing the asset, it is assumed that at a given rate of return required by the market, the revenue flow generated by the property will lead to its most probable fair value.

Accordingly, the estimate of the property's value results from converting the income it generates (usually the net revenue) by applying a given capitalisation rate or update rate, or even both, which reflects the expected level of return on the investment.

In order to comply with the regulations applicable to the Portuguese insurance sector, the following method is applied to value the real estate assets of Fidelidade and its subsidiaries:

- It is necessary to follow the property valuation criteria defined for insurance sector entities within the scope of the *Conselho Nacional de Supervisores Financeiros* (CNSF) [National Board of Financial Supervisors], namely as set out in the future regime of the document "*A Avaliação e Valorização de Imóveis – Uma Abordagem Integrada para o Sistema Financeiro Português*" [Appraisal and Valuation of Property – An Integrated Approach for the Portuguese Financial System];
- Besides being registered with the Portuguese Securities Market Commission (except for valuation processes outside Portuguese territory, for which local valuers are accepted) and having taken out general liability insurance, the valuer must be a RICS member, and follow RICS standards;
- Where a property's market value is estimated to be over EUR 2.5 million, two valuations are performed by different experts, and the lower value prevails;
- It is necessary to use at least one of the three methods in IFRS 13, with the Income Approach being compulsory;
- The valuation report must itemise the valuation of the land and the valuation of the building(s);
- In the case of buildings under the horizontal property regime, the valuation report must also allocate valuations per unit, that is, it must include a breakdown of the quota share of the land and the building(s) per unit;
- The valuation report may include a sensitivity analysis regarding the most relevant variables in the valuation;
- Following a principle of prudence, real estate assets must be revalued annually.

The table below presents a comparison of the valuation of real estate assets for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference
Property, plant and equipment held for own use	79,735	71,773	**7,962**
Property (other than for own use)	59,786	59,786	**0**
Collective investment undertakings	195,042	195,000	**42**
Total	**334,563**	**326,559**	**8,004**

The differences, by class of asset, are:

Property, plant and equipment held for own use

In the financial statements the valuation at cost was considered, and hence the difference results from the fact that in Solvency II the fair value valuation is used, as required by the Supervisory Authorities.

Collective investment undertakings

This results from funds valuation adjustments where the Look-through approach was applied. In the statutory financial statements, the available valuation at the close of accounts date was considered. In some funds this did not correspond to the year-end valuation. For Solvency II purposes, it was possible to consider the year-end valuation that was made available in the meantime by the collective investment undertakings.

D.1.3. Other Assets

The table below presents the valuation of other assets for solvency purposes, by class of asset.

Amounts in thousand euros

Assets	Solvency II	Solvency II previous year
Goodwill	0	**0**
Deferred acquisition costs	0	**0**
Intangible assets	0	**0**
Deferred tax assets	281,369	**329,234**
Pension benefit surplus	12,122	**6,818**
Loans and mortgages to individuals	0	**0**
Other loans and mortgages	0	**0**
Loans on policies	1,059	**1,087**
Deposits to cedants	1,170	**490**
Insurance and intermediaries receivables	134,213	**119,971**
Reinsurance receivables	26,497	**27,322**
Receivables (trade, not insurance)	20,270	**32,092**
Own shares (held directly)	149	**149**
Amounts due in respect of own fund items or initial funds called up but not yet paid in	0	**0**
Cash and cash equivalents	380,609	**238,204**
Any other assets, not elsewhere shown	13,217	**18,321**
Total	**870,675**	**773,688**

Other assets are generally valued in the financial statements at fair value. Specific situations where that is not the case are explained in the following table, which presents a comparison of the valuation of other assets for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Assets	Solvency II	Financial statements	Difference
Goodwill	0	0	**0**
Deferred acquisition costs	0	73,978	**-73,978**
Intangible assets	0	53,107	**-53,107**
Deferred tax assets	281,369	148,419	**132,950**
Pension benefit surplus	12,122	12,122	**0**
Loans and mortgages to individuals	0	0	**0**
Other loans and mortgages	0	0	**0**
Loans on policies	1,059	1,059	**0**
Deposits to cedants	1,170	1,170	**0**
Insurance and intermediaries receivables	134,213	164,220	**-30,007**
Reinsurance receivables	26,497	26,497	**0**
Receivables (trade, not insurance)	20,270	20,270	**0**
Own shares (held directly)	149	149	**0**
Amounts due in respect of own fund items or initial funds called up but not yet paid in	0	0	**0**
Cash and cash equivalents	380,609	379,386	**1,223**
Any other assets, not elsewhere shown	13,217	13,217	**0**
Total	**870,675**	**893,594**	**-22,919**

The differences, by class of asset, are:

Deferred acquisition costs

The value of these assets for solvency purposes is zero.

Intangible assets

In order for these assets to have a value in the balance sheet for solvency purposes, they must be able to be sold separately and, moreover, it would be necessary to demonstrate that there is an active market in which similar intangible assets are traded. Given that the Company's assets considered in this class do not meet these requirements, their value for solvency purposes is zero.

Deferred tax assets

The difference results from the application of the tax rate to losses with taxable temporary differences implicit in the balance sheet for solvency purposes, that is, after adjustments with a negative impact on own funds.

Insurance and intermediaries receivables

The difference relates to receivables for reimbursement of amounts paid out in claims. This amount is considered in the best estimate of the Non-Life technical provisions, given that its valuation for solvency purposes is net of these receivables.

Cash and cash equivalents

This results from the difference, when negative, between the balances of current accounts related with futures contracts and the components relating either to the valuation of unmatured contracts (recorded under the heading "Derivatives") or to the initial margin (collateral), which was considered in the valuation for solvency purposes under the heading "Any other liabilities, not elsewhere shown" in other liabilities.

D.1.4. Reinsurance and special purpose vehicles recoverables

The table below shows the amounts recoverable from reinsurance contracts and special purpose vehicles, by line of business.

Amounts in thousand euros

Line of Business	Solvency II	Financial statements	Difference	Solvency II previous year
Life and health similar to life, excluding health insurance and index-linked and unit-linked	27,871	36,168	-8,297	22,857
Life, index-linked and unit-linked	0	0	0	0
Non-life, excluding health insurance	157,551	233,543	-75,992	77,310
Health similar to life	0	0	0	0
Health similar to non-life	90,652	132,197	-41,545	80,375
Total	**276,074**	**401,908**	**-125,834**	**180,542**

The differences result from the method applied to calculate the best estimate, which uses assumptions that are not considered in the financial statements, such as:

- Probability of counterparty default;
- Consideration of the effects of inflation;
- Discounting of estimated liabilities;
- Method for calculating the provision for premiums.

Reinsurance recoverables were calculated according to methodologies in line with those used for the valuation of technical provisions, considering adjustment to reflect the probability of reinsurer default.

Recoverables in the Non-Life, Health SLT and Health NSLT lines of business were obtained based on the following assumptions:

- With the exception of medical expense, when calculating the claims provision, the value of the accounting provisions was assumed as the base value, which was distributed in annual future cash flows calculated on the basis of the future pattern of payments obtained for direct insurance in each of the lines of business;

- In the medical expense component of the Health NSLT line of business, since there is a 100% ceding treaty, the weight that the value of the reinsurance ceded accounting provision represents in the direct insurance of the line of business was applied to the best estimate of claims direct insurance;

- The component of the provision for premiums in the Non-Life and Health NSLT lines of business was calculated as described in points D.2.2. and D.2.4.

Recoverables from the Life line of business were obtained based on the following assumptions:

- To calculate Life reinsurance recoverables, projections are obtained of future premiums cash flows, claims, commissions and expenses in line with the reinsurance contracts, considering the contractual limits of the direct insurance contracts. All liabilities cash flows are based on the concept of expected value, insofar as they are linked to probabilities of occurrence of events to which they are subject, taking into account the time value of cash.

The expected inflation and interest rate structures referred to in points D.2.5 and D.2.6, respectively, were applied to the cash flows in the Life, Non-Life, Health SLT and Health NSLT lines of business.

D.2. Technical provisions

The valuation of technical provisions for solvency purposes and a comparison with that used in the financial statements is presented in this report, segmented into:

- Life;
- Non-Life;
- Health:
    - SLT (*Similar to Life Techniques*);
    - NSLT (*Not Similar to Life Techniques*).

The table below summarises the comparison, which is discussed further in the sub-chapters below:

Amounts in thousand euros

Line of Business	Solvency II	Financial statements	Difference	Solvency II previous year
Life	9,614,017	10,036,489	**-422,472**	**10,212,907**
Non-Life	819,565	1,123,621	**-304,056**	**676,040**
Health – SLT	1,151,547	991,589	**159,958**	**1,155,039**
Health – NSLT	222,405	257,622	**-35,217**	**199,065**
Total	**11,807,534**	**12,409,321**	**-601,787**	**12,243,051**

The valuation of the technical provisions results from applying statistical methods which have a degree of uncertainty resulting from random factors which may not yet be reflected in the base information used, namely, market factors, legal changes and political factors.

However, this degree of uncertainty is lower due to the Company not using simplifications when calculating the technical provisions.

D.2.1. Life

The table below presents the value of the Life technical provisions by line of business, including the value of the best estimate, risk margin and the value of the application of the transitional measure on technical provisions.

Amounts in thousand euros

Line of Business	Best estimate	Risk Margin	TMTP	Technical Provisions	Technical Provisions previous year
Index-linked and unit-linked insurance					
Contracts without options or guarantees	1,672,589	16,555	0	**1,689,144**	**500,540**

Contracts with options or guarantees	2,032	0	0	**2,032**	**2,190**
Capital redemption					
Contracts with profit sharing	1,796,350	10,317	-116,046	**1,690,621**	**1,934,714**
Contracts without profit sharing	6,425,513	10,065	-163,108	**6,272,470**	**7,831,906**
Risk					
Contracts with profit sharing	33,988	198	0	**34,186**	**37,339**
Contracts without profit sharing	-474,001	164,450	0	**-309,551**	**-353,352**
Annuities					
Contracts with profit sharing	113,057	6,673	0	**119,730**	**135,697**
Contracts without profit sharing	109,998	4,731	0	**114,729**	**123,212**
Reinsurance accepted					
Reinsurance accepted	656	0	0	**656**	**661**
Total	**9,680,182**	**212,989**	**-279,154**	**9,614,017**	**10,212,907**

The Life technical provisions result from the sum of the best estimate and the risk margin less the transitional measure on technical provisions (TMTP).

The best estimate corresponds to the current value of future projected cash flows related to insurance contracts, including premiums, claims, commissions and expenses, discounted at the relevant interest rate term structures (see point D.2.6). Stochastic techniques were used when determining the time value of the options and guarantees.

Future cash-flow projections are obtained by applying probabilities of events occurring based on a historical analysis of these events in the Company's portfolio, in particular mortality, disability, survival, lapse, expense and inflation.

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

In this method capital corresponds to the solvency capital requirement of the Life Underwriting Risk, Operational Risk and Counterparty Risk (in the part corresponding to the Life segment), allocated by line of business.

The value of the best estimate results from the sum of the claims provision and the value of the best estimate of future cash flows from policies held in portfolio.

The value of the claims provision corresponds to the value reported in the financial statements, at 31 December 2021, since the average payment time is very low so that any reduction caused by the discount effect would be minimal.

All liabilities cash flows are based on the concept of expected value, insofar as they are linked to probabilities of occurrence of events to which they are subject. These probabilities constitute second-order technical bases, and that expected value is therefore the Company's best estimate, following a historical analysis covering several years.

Income to calculate profit sharing, included in the claims estimates, was determined on the basis of assets held in portfolio at 31 December 2021 and their potential gains at that date. For such purpose, a "risk neutral" projection was made, in which different securities were subject to the reference interest rates curve (see point D.2.6), added to the recognition of potential gains at that date.

Therefore, in the case of fixed income securities, in order to determine the cash flows default probabilities were calculated so that the current value of those cash flows, discounted at the reference curve, was the same as the market value.

Profit sharing was calculated based on the minimum percentage of allocation, defined contractually.

For insurance with demographic risk, profit sharing was calculated on the technical and financial results and was distributed by payment in cash. In the case of annuities insurance, the profit sharing calculation also comes from the technical and financial results and was allocated by increase in future annuities. For capital redemption products, profit sharing was calculated on the financial results, and was allocated by addition to the mathematical provision, with the consequent increase in sums insured, that is, increase in the amounts paid at maturity, redemption or death.

The Monte Carlo method was used to determine the time value of the options and guarantees.

For unit-linked insurance without guarantees, the technical provision is calculated using the sum of the statutory technical provision (corresponding to the value of the assets) and the corresponding provision for expenses and risk margin. The provisions for expenses are calculated using the current value of the difference between the estimated expenses and the management costs charged at the end of each year.

For unit-linked insurance with guarantees, the best estimate is calculated using the current value of the best estimate of future cash flows, maturities, redemptions, claims, commissions, expenses and less any future premiums. When calculating the maturity cash flow, we consider the higher of the guaranteed value and the estimated value of the assets on the maturity date, with these figures being obtained based on their market value on the valuation date, on the reference curve (see point D.2.6) and net of the products' management costs.

Expenses are estimated using the unit costs calculated based on the total costs charged to unit-linked products in the previous year. Commissions are estimated in line with the distribution agreements for each product. Redemption and death cash flows are estimated based on probabilities calculated in line with the Company's past history.

The following calculation assumptions were used:

Decreases by Death and Disability

Mortality was analysed by class of products, namely: products in the event of death, in the event of life and the financial component. The disability risk was treated in the same way as the risk of death.

Decreases by Redemption and Cancellation

Decreases by cancellations and decreases by redemption were determined according to the historical experience for each type.

Technical Management Costs

Since these come into play in determining the economic value of the existing business, the acquisition costs were removed from the total expenses charged to the Life Line of Business, at 31 December 2021. The total expenses were divided by three different classes of products: Risk, Annuities (including funeral-type risk products) and Financial (unit-linked and capital redemption).

Premiums

For products with demographic risk all future premiums were considered, while for capital redemption products it was assumed that, if the policy is in force, the policyholder will comply with the established premiums payment plan, provided that the product's general and specific conditions so permit and only in scenarios in which the reference interest rate (see point D.2.6) is lower than the product's technical rate. For products whose contracts allow for extraordinary payments, the average payments made in the last five years were taken into account.

Commissions

Commissions cash flows were calculated based on the provision of services/ commissioning agreements in force in the Company, defined in the technical specifications and notes of the different types.

Future management measures

Regarding future management measures, it was agreed to maintain the portfolio's asset mix at the valuation date. Thus, the proportion of each class of assets and the structure of securities within each class will tend to remain the same over time in the representation in the mathematical provisions.

Policyholders' behaviour

Policyholders' behaviour in terms of redemptions and cancellations is that described in the point on Decreases by Redemption and Cancellation. For capital redemption products the payment plans are dealt with in line with that set out in the point on Premiums.

Risk margin

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

The table below presents a comparison of the valuation of Life technical provisions for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Line of Business	Technical Provisions	Financial statements	Difference
Index-linked and unit-linked insurance			
Contracts without options or guarantees	1,689,144	1,758,238	**-69,094**
Contracts with options or guarantees	2,032	2,032	**0**
Capital redemption			
Contracts with profit sharing	1,690,621	1,649,974	**40,647**
Contracts without profit sharing	6,272,470	6,256,682	**15,788**
Risk			
Contracts with profit sharing	34,186	37,190	**-3,004**
Contracts without profit sharing	-309,551	151,481	**-461,032**
Annuities			
Contracts with profit sharing	119,730	81,076	**38,654**
Contracts without profit sharing	114,729	99,160	**15,569**
Reinsurance accepted			
Reinsurance accepted	656	656	**0**
Total	**9,614,017**	**10,036,489**	**-422,472**

For risk products the differences are basically justified by the different contract boundaries used for the technical provisions in the financial statements for a series of temporary annual renewable (TAR) group life insurance contracts, as described in D.5.1.. This change to the contract boundaries has a positive impact on the Company's solvency capital requirement coverage ratio of around 13.71 pp.

The differences in the index-linked and unit-linked class arise from the current value of the difference between the estimated technical management costs and the future management costs.

For capital redemption products, without profit sharing, the differences result, on the one hand, from the application of the transitional measure on technical provisions and, on the other, from the difference between the rates guaranteed to customers and the rates contained in the reference interest rates curve (see point D.2.6).

D.2.2. Non-Life

The table below presents the value of the Non-Life technical provisions by line of business, including the value of the best estimate and the risk margin.

Amounts in thousand euros

Line of Business	Best estimate	Risk Margin	Technical Provisions	Technical Provisions previous year
Motor vehicle liability insurance	366,627	10,784	**377,411**	**329,107**
Other motor insurance	68,574	4,461	**73,035**	**65,591**
Marine, aviation and transport insurance	5,903	519	**6,422**	**4,102**
Fire and other damage to property insurance	206,513	4,086	**210,599**	**158,651**
General liability insurance	132,059	2,984	**135,043**	**100,219**
Credit and suretyship insurance	297	20	**317**	**326**
Legal expenses insurance	439	27	**466**	**449**
Assistance	-1,892	155	**-1,737**	**-1,792**
Miscellaneous financial loss	16,768	1,241	**18,009**	**19,387**
Non-proportional reinsurance accepted	0	0	**0**	**0**
Total	**795,288**	**24,277**	**819,565**	**676,040**

The Non-Life technical provisions result from adding the value of the best estimate of the claims and premiums provisions and the risk margin.

The best estimate of the provisions corresponds to the current value of future projected cash flows related to insurance contracts, including premiums, claims, commissions and expenses, discounted using the relevant interest rate term structures (see point D.2.6).

Future cash-flow projections are obtained by applying probabilities of events occurring based on a historical analysis of these events in the Company’s portfolio, in particular claims, lapse, expense and inflation.

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

In this method capital corresponds to the solvency capital requirement of the Non-Life Underwriting Risk, Operational Risk and Counterparty Risk (in the part corresponding to the Non-Life segment), allocated by line of business.

The table below presents a comparison of the valuation of Non-Life technical provisions for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Line of Business	Technical Provisions	Financial statements	Difference
Motor vehicle liability insurance	377,411	477,257	**-99,846**
Other motor insurance	73,035	97,066	**-24,031**
Marine, aviation and transport insurance	6,422	11,470	**-5,048**
Fire and other damage to property insurance	210,599	281,911	**-71,312**
General liability insurance	135,043	174,704	**-39,661**
Credit and suretyship insurance	317	345	**-28**
Legal expenses insurance	466	3,127	**-2,661**
Assistance	-1,737	19,758	**-21,495**
Miscellaneous financial loss	18,009	25,022	**-7,013**
Non-proportional reinsurance accepted	0	0	**0**
Other technical provisions	0	32,961	**-32,961**
Total	**819,565**	**1,123,621**	**-304,056**

The main differences identified result from:

- The provisions calculated on the basis of economic principles include the associated estimate of reimbursements, while the accounting provisions presented are gross of reimbursements, as previously stated in the paragraph entitled “insurance and intermediaries receivables” in point D.1.3.;
- A prudent provisioning policy, associated with good claims management and follow-up;
- The statutory provisions reflect:
    - Provision for premiums and provision for unexpired risks calculated using a different method to that applied to obtain the provision for premiums under Solvency II;
    - The estimate of payables not discounted.

The heading “Other technical provisions”, which only appears in the financial statements with the value of EUR 32,961 thousand, mostly corresponds to amounts allocated to the equalisation provision.

D.2.3. Health – SLT

The table below presents the value of the Health-SLT technical provisions by line of business, including the value of the best estimate, the risk margin and the value of the application of the transitional measure on technical provisions:

Amounts in thousand euros

Line of Business	Best estimate	Risk Margin	TMTP	Technical Provisions	Technical Provisions previous year
Health insurance (direct insurance)					
Contracts without options or guarantees	0	0	0	**0**	**0**
Contracts with options or guarantees	0	0	0	**0**	**0**
Health insurance (reinsurance accepted)					
Health insurance (reinsurance accepted)	0	0	0	**0**	**0**
Annuities stemming from non-life insurance contracts					
relating to health insurance obligations	1,254,360	114,549	-217,362	**1,151,547**	**1,155,039**
relating to insurance obligation other than health insurance obligations	0	0	0	**0**	**0**
Total	**1,254,360**	**114,549**	**-217,362**	**1,151,547**	**1,155,039**

The Health - SLT technical provisions result from adding the value of the best estimate of the claims provisions and the risk margin, adjusted by the transitional measure on technical provisions (TMTP).

The best estimate of the provisions corresponds to the current value of future projected cash flows related to insurance contracts, including claims and expenses, discounted using the relevant interest rate term structures (see point D.2.6.).

Future cash-flow projections are obtained by applying probabilities of events occurring based on a historical analysis of these events in the Company's portfolio, in particular survival, expense and inflation.

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

In this method capital corresponds to the solvency capital requirement of the Health - SLT Underwriting Risk and Operational Risk (in the part corresponding to the Health - SLT segment).

The table below presents a comparison of the valuation of Health - SLT technical provisions for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Line of Business	Technical Provisions	Financial statements	Difference
Health insurance (direct insurance)			
Contracts without options or guarantees	0	0	**0**
Contracts with options or guarantees	0	0	**0**
Health insurance (reinsurance accepted)			
Health insurance (reinsurance accepted)	0	0	**0**
Annuities stemming from non-life insurance contracts			
relating to health insurance obligations	1,151,547	991,589	**159,958**
relating to insurance obligations other than health insurance obligations	0	0	**0**
Total	**1,151,547**	**991,589**	**159,958**

Considering the adjustment of the transitional measure on technical provisions, the impact of revaluing the provisions results fundamentally from the evolution of the interest rates term structure referred to in point D.2.6..

D.2.4. Health – NSLT

The table below presents the value of the Health – NSLT technical provisions by line of business, including the value of the best estimate and the risk margin.

Amounts in thousand euros

Line of Business	Best estimate	Risk Margin	Technical Provisions	Technical Provisions previous year
Medical expense insurance	85,234	605	**85,839**	**70,276**
Income protection insurance	42,488	1,560	**44,048**	**40,960**
Workers' compensation insurance	86,754	5,764	**92,518**	**87,829**
Total	**214,476**	**7,929**	**222,405**	**199,065**

The Health – NSLT technical provisions result from adding the value of the best estimate of the claims and premiums provisions and the risk margin.

The best estimate of the provisions corresponds to the current value of future projected cash flows related to insurance contracts, including premiums, claims, commissions and expenses, discounted using the relevant interest rates term structures (see point D.2.6.).

Future cash-flow projections are obtained by applying probabilities of events occurring based on a historical analysis of these events in the Company's portfolio, in particular claims, lapse, expense and inflation.

The risk margin is calculated using the formula mentioned in Article 37(1) of Commission Delegated Regulation (EU) 2015/35, of 10 October 2014, that is, using the cost of capital method with a rate of 6%.

In this method capital corresponds to the solvency capital requirement of the Health - NSLT Underwriting Risk, Operational Risk and Counterparty Risk (in the part corresponding to the Health - NSLT segment), allocated by line of business.

The table below presents a comparison of the valuation of Health - NSLT technical provisions for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Line of Business	Technical Provisions	Financial statements	Difference
Medical expense insurance	85,839	117,895	**-32,056**
Income protection insurance	44,048	47,725	**-3,677**
Workers' compensation insurance	92,518	92,002	**516**
Total	**222,405**	**257,622**	**-35,217**

The main differences identified between the figures for the accounting provisions and the provisions calculated on the basis of economic principles result from:

- The provisions calculated on the basis of economic principles include the associated estimate of reimbursements, while the accounting provisions presented are gross of reimbursements, as previously stated in the paragraph entitled "insurance and intermediaries receivables" in point D.1.3.;
- A prudent provisioning policy, associated with good claims management and follow-up;
- The statutory provisions reflect:
  - Provision for premiums and provision for unexpired risks calculated using a different method to that applied to obtain the provision for premiums under Solvency II;
  - The estimate of payables not discounted.

D.2.5. Inflation rate

The harmonised index of prices, three-year forecast, disclosed by Banco de Portugal in December 2021 is used to calculate the best estimate.

In the best estimate projections, 1.8% was considered in 2022, 1.1% in 2023 and 1.3% in subsequent years.

D.2.6. Reference interest rates

When valuing the technical provisions, the Company used the relevant risk-free interest rate structures set out in Commission Implementing Regulation (EU) 2022/186 of 10 February 2022, without volatility adjustment.

D.3. Other liabilities

The table below presents a comparison of the valuation of other liabilities for solvency purposes and their valuation in the financial statements.

Amounts in thousand euros

Liabilities	Solvency II	Financial statements	Difference	Solvency II previous year
Contingent liabilities	0	0	0	0
Provisions other than technical provisions	67,560	67,560	0	55,500
Pension benefit obligations	88	88	0	86
Deposits from reinsurers	130,147	130,147	0	108,430
Deferred tax liabilities	326,019	87,375	238,644	376,744
Derivatives	312,627	312,639	-12	43,470
Debts owed to credit institutions	0	0	0	26,226
Financial liabilities other than debts owed to credit institutions	26,756	26,756	0	30,011
Insurance and intermediaries payables	98,251	105,557	-7,306	65,355
Reinsurance payables	78,713	85,916	-7,203	102,555
Payables (trade, not insurance)	111,469	111,469	0	94,415
Subordinated liabilities	515,360	501,054	14,306	0
Any other liabilities, not elsewhere shown	142,367	134,321	8,046	133,862
Total	**1,809,357**	**1,562,882**	**246,475**	**1,036,654**

Other liabilities are generally valued in the financial statements at fair value. Specific situations where that is not the case are described below.

The differences, by class of liability, are:

Deferred tax liabilities

The difference results from the application of the tax rate to gains with taxable temporary differences implicit in the balance sheet for solvency purposes, that is, after adjustments with a positive impact on own funds.

Derivatives

This is the result of splitting the heading into assets balance and liabilities balance. The level of detail in Solvency II was greater than that in the financial statements.

Insurance and intermediaries payables

The difference relates to payables for reimbursement of amounts paid out in claims. This amount is considered in the Non-Life technical provisions, given that its valuation for solvency purposes is net of these payables.

Reinsurance payables

The difference relates to reinsurance ceded or accepted payables for reimbursement of amounts paid out in direct insurance claims. For solvency purposes these payables are included in the non-life technical provisions, the valuation of which was net of these.

Subordinated liabilities

The difference is due to the fact that in Solvency II subordinated liabilities are valued at fair value, while in the financial statements they are initially recognised at fair value (less directly related transaction costs) and subsequently measured at amortised cost.

Any other liabilities, not elsewhere shown

This results from the difference, when negative, between the balances of current accounts related with futures contracts and the components relating either to the valuation of unmatured contracts (recorded under the heading "Derivatives") or to the initial margin (collateral), which were considered in the financial statements valuation under the headings "Cash and cash equivalents" and "Deposits other than cash equivalents" in other assets. At the same time, this heading also includes participations which have a negative value when the *Adjusted Equity Method* (AEM) is used.

D.4. Alternative valuation methods

As mentioned in point D.1.1 of this report, the Company does not make valuations from financial models.

D.5. Any other information

D.5.1. Changing the contract boundaries of temporary annual renewable insurance contracts

When calculating the best estimate of the Life obligations relating to temporary annual renewable (TAR) life insurance contracts, the contract boundary considered is the date of the next renewal except for contracts for which the Company has provenly waived the unilateral right to terminate the contract and to reject or amend the tariffs in force.

For the purpose of valuing technical provisions, for mortgage-linked contracts the Company considered the contract boundary to be the maturity of the mortgage agreement associated with each adhesion, and for contracts with the "Funeral Service Organisation and Expenses" and "Adjustment of the funeral service to a Vault, Drawer or Perpetual Grave" covers the boundary was considered to be indefinite, and lapse probabilities were taken into account. Although the reinsurance treaty associated with mortgage-linked contracts is of annual duration, when calculating the reinsurance recoverables the Company assumed a time limit consistent with the insurance contract limits to which they relate, according to the understanding of the ASF.

D.5.2. Application of the transitional deduction to technical provisions

Pursuant to Article 25 of Law No. 147/2015, of 9 September, the Company applied the transitional deduction to technical provisions for similar to life obligations, in the following groups of homogeneous risks:

- Capital redemption products, with and without profit sharing;
- Health – SLT, relating to obligations with workers' compensation insurance contracts.

ASF ruled that for 2019 the transitional deduction to technical provisions must be recalculated, based on 31 December 2018 information, and the reduction resulting from that calculation (if greater than the normal gradual reduction) must be reported on the first day of 2019.

Accordingly, the following table contains the respective amounts of the gross technical provisions and the reinsurance recoverables, for solvency purposes, with the reference date of 1/1/2019[11], and in the financial statements, with the reference date of 31 December 2018. The amount of the transitional deduction applied is also shown.

Amounts in thousand euros

Lines of Business / Homogeneous Risk Groups		Gross Technical Provisions			Reinsurance Recoverables		Transitional Deduction
		Financial Statements	Solvency II		Financial Statements	Solvency II	
			Best Estimate	Risk Margin			
29 and 33	Life insurance obligations - Health – SLT	699,747	881,404	75,225	0	0	256,882
30	Life insurance obligations - Insurance with profit sharing - Capital redemption products	1,254,522	1,382,107	9,559	0	0	137,145
32	Life insurance obligations - Other obligations similar to life - Capital redemption products	5,087,284	5,268,160	11,889	0	0	192,764
Total		**7,041,553**	**7,531,671**	**96,673**	**0**	**0**	**586,791**

[11] Pursuant to Article 25 of Law No. 147/2015, of 9 September 2015, the ASF requested all insurance companies covered by the transitional rules to recalculate the transitional deduction, using information relating to 31 December 2018 as the basis for recalculation and with an effective date of 1 January 2019.

Pursuant to Article 25 of Law No. 147/2015, of 9 September, the Company applied the transitional deduction to technical provisions on the first day of 2019. The table below shows the amount of that deduction at 31 December 2021.

Amounts in thousand euros

Lines of Business / Homogeneous Risk Groups		Transitional Deduction		
		Recalculation 1/1/2019	Annual decrease	Amount at 31/12/2021
29 and 33	Life insurance obligations - Health – SLT	256,882	-19,760	**217.362**
30	Life insurance obligations - Insurance with profit sharing - Capital redemption products	137,145	-10,550	**116.046**
32	Life insurance obligations - Other obligations similar to life - Capital redemption products	192,764	-14,828	**163.108**
Total		**586.791**	**-45,138**	**496,516**

The following table quantifies the impact on the Company's financial condition, at 31 December 2021, of not applying this transitional deduction, namely the impact on the amount of the technical provisions, solvency capital requirement, minimum capital requirement, basic own funds and eligible own funds to meet the minimum capital requirement and the solvency capital requirement.

Amounts in thousand euros

	Transitional measure on technical provisions		
	Amount with the transitional measure	Amount without the transitional measure	Impact of the transitional measure
Technical provisions	**11,807,534**	**12,304,050**	**-496,516**
Basic own funds			
Excess of assets over liabilities	2,912,790	2,572,676	340,113
Eligible own funds to meet SCR	**3,428,001**	**3,087,888**	**340,113**
Solvency Capital Requirement (SCR)	**1,620,470**	**1,752,531**	**-132,062**
SCR coverage ratio	**211.54%**	**176.20%**	
Eligible own funds to meet MCR	**2,996,197**	**2,548,401**	**447,796**
Minimum Capital Requirement (MCR)	**417,785**	**438,133**	**-20,348**
MCR coverage ratio	**717.16%**	**581.65%**	

The impact of the annual decrease in the transitional deduction to technical provisions, on the first day of 2022, is approximately 0.38% of the total amount of the Company's technical provisions and 1.91 pp of its SCR, and the effects on the solvency position are therefore immaterial.

E. Capital Management

During the period covered by this report, there were no significant changes related to the objectives, policies and processes adopted by the Company to manage its own funds.

The changes which occurred in 2021, both in the Company's own funds and in its solvency capital requirement are explained in this chapter.

E.1. Own funds

E.1.1. Management of own funds

The new legal framework on the taking-up and pursuit of the business of insurance requires insurance undertakings to have an effective risk management system.

Accordingly, the own risk and solvency assessment, normally identified by the acronym ORSA, is considered a central element in this system, since, from a prospective vision, it relates risk, capital and return, in the context of the business strategy established by the insurance undertaking.

The ORSA exercise, which coincides with the Company's strategic planning timeframe (never less than 2 years), therefore plays a key role in the Company's Capital Management, supporting its main activities, namely:

- Assessing, together with risk management, the risk appetite structure in relation to the business strategy and capital management strategy;
- Contributing to the commencement of the strategic planning process, through the performance of a capital adequacy assessment in the most recent period;
- Monitoring of capital adequacy in line with the regulatory capital requirements and the internal capital needs.

Considering the results obtained in the ORSA, and if the capital requirements are not in line with those defined, both in regulatory terms and in terms of other limits defined internally, corrective actions to be implemented are detailed, in order to restore the adequate/intended level of capital.

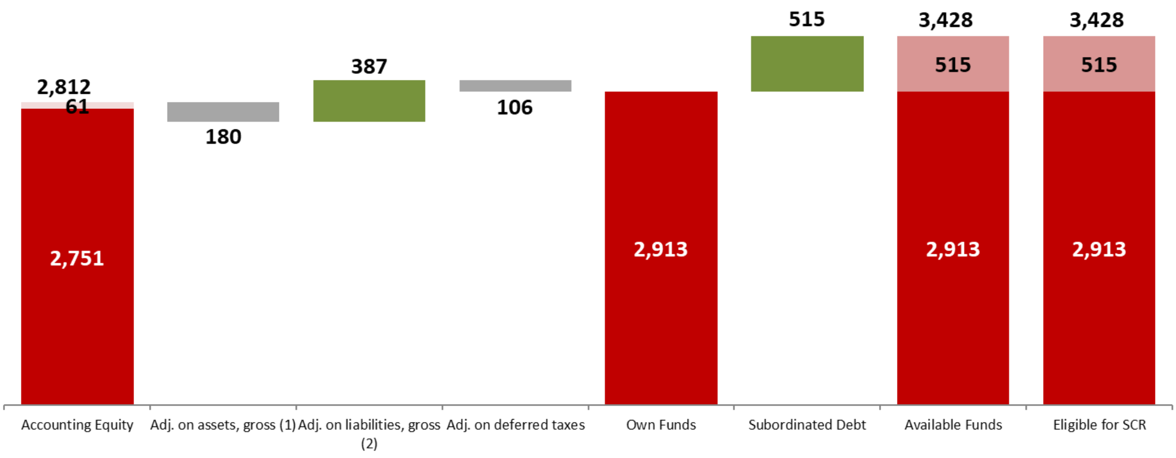
E.1.2. Structure, amount and tiering of own funds

The table below presents a comparison of the own funds as set out in the Company's financial statements and the excess of assets over liabilities calculated for solvency purposes.

Amounts in thousand euros

	Solvency II	Financial statements	Difference	Solvency II previous year
Assets	16,529,681	16,784,434	-254,753	16,186,013
Technical Provisions	11,807,534	12,409,321	-601,787	12,243,051
Other liabilities	1,809,357	1,562,882	246,475	1,036,654
Excess of assets over liabilities	**2,912,790**	**2,812,231**	**100,559**	**2,906,308**

The difference is explained in the graph below in million euros.



(1) Impact on Own Funds resulting from the difference between market value and book value of assets
(2) Impact on Own Funds resulting from the difference between fair value plus risk margin and the transitional measure applicable to technical provisions, and the book value of liabilities (net of reinsurance, deferred acquisition costs and reimbursement of amounts paid in claims)

The table below provides information on the structure, amount and quality of the basic own funds and ancillary own funds, at 31 December 2021 and 31 December 2020.

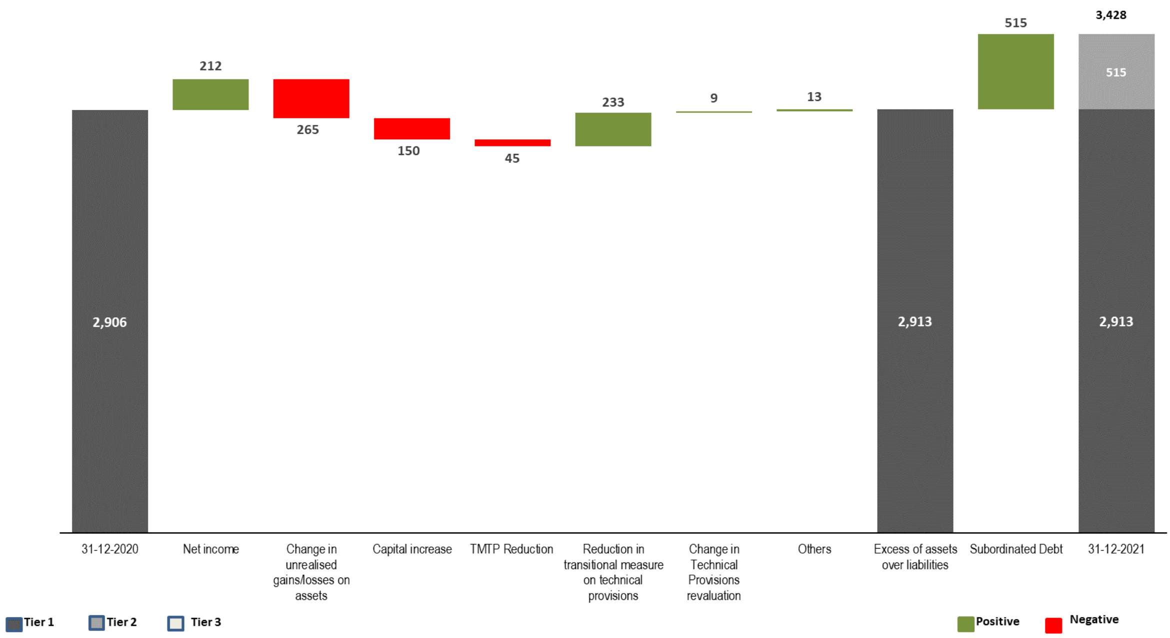
Amounts in thousand euros

	Own Funds - Structure	Amount	Tier	Amount previous year	Tier previous year
Basic own funds	Ordinary share capital (gross of own shares)	509,264	1	509,264	1
	Share premium account related to ordinary share capital	382,666	1	382,666	1
	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0		0	
	Subordinated mutual members accounts	0		0	
	Surplus funds	0		0	
	Preference shares	0		0	
	Share premium account related to preference shares	0		0	
	Reconciliation reserve	1,855,734	1	1,699,252	1
	Subordinated liabilities	515,360	2	0	
	An amount equal to the value of net deferred tax assets	0		0	
	Other items approved by the supervisory authority as basic own funds not specified above	164,977	1	314,977	1
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0		0	
	Deductions for participations in financial and credit institutions	0		0	
Total basic own funds		**3,428,001**		**2,906,159**	

Amounts in thousand euros

Own Funds - Structure		Amount	Tier	Amount previous year	Tier previous year
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	0		0	0
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings, callable on demand	0		0	0
	Unpaid and uncalled preference shares callable on demand	0		0	0
	A legally binding commitment to subscribe and pay for subordinated liabilities	0		0	0
	Letters of credit and guarantees under Article 96(2) of Directive 2009/138/EC	0		0	0
	Letters of credit and guarantees other than under Article 96(2) of Directive 2009/138/EC	0		0	0
	Supplementary members calls under first subparagraph of Article 96(3) of Directive 2009/138/EC	0		0	0
	Supplementary members calls other than under first subparagraph of Article 96(3) of Directive 2009/138/EC	0		0	0
	Other ancillary own funds	0		0	0
Total ancillary own funds		**0**		**0**	
Total available own funds		**3,428,001**		**2,906,159**	
Own shares (held directly and indirectly)		149		149	
Excess of assets over liabilities		**3,428,150**		**2,906,308**	

The graph below shows, in million euros, the main changes to the Company's available own funds during the period covered by this report.



The table below shows the amounts of own funds available and eligible to meet the solvency capital requirement (SCR) and the minimum capital requirement (MCR), classified by tier, relating to 31 December 2021 and 31 December 2020:

Amounts in thousand euros

	Available own funds to meet				Eligible own funds to meet			
	SCR	SCR previous year	MCR	MCR previous year	SCR	SCR previous year	MCR	MCR previous year
Tier1	2,912,641	2,906,159	2,912,641	2,906,159	2,912,641	2,906,159	2,912,641	2,906,159
Tier 2	515,360	0	515,360	0	515,360	0	83,557	0
Tier 3	0	0	0	0	0	0	0	0
Total	**3,428,001**	**2,906,159**	**3,428,001**	**2,906,159**	**3,428,001**	**2,906,159**	**2,996,198**	**2,906,159**

No restrictions were identified which affect the availability and transferability of the company's own funds.

E.2. Solvency capital requirement and minimum capital requirement

To calculate the solvency capital requirement, the Company applies the standard formula set out in Articles 119 to 129 of the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance, approved by Law No. 147/2015, of 9 September, and does not use simplified calculations or specific company parameters.

Calculation of the minimum capital requirement is in line with that set out in Article 147 of the aforementioned Legal Framework.

Information is presented below on the solvency capital requirement (SCR) and the minimum capital requirement (MCR) and also the respective coverage ratio, at 31 December 2021 and 31 December 2020.

Amounts in thousand euros

	Capital Requirements	Capital Requirements previous year	Coverage Ratio	Coverage Ratio previous year
SCR	1,620,470	1,528,650	211.54%	190.11%
MCR	417,785	439,136	717.16%	661.79%

The table below provides a breakdown of the SCR by risk modules, with reference to 31 December 2021 and 31 December 2020, focusing, in particular, on the breakdown of the BSCR and the adjustments for the loss-absorbing capacity of the technical provisions and of deferred taxes.

Amounts in thousand euros

	SCR Breakdown	SCR Breakdown previous year
Market risk	1,412,952	1,366,805
Counterparty default risk	214,406	212,663
Life underwriting risk	375,438	376,265
Health underwriting risk	209,762	187,170
Non-life underwriting risk	234,699	216,887
Diversification	-668,048	-640,231
Intangible asset risk	0	0
Basic Solvency Capital Requirement	**1,779,209**	**1,719,559**
Operational risk	93,618	79,050
Loss-absorbing capacity of technical provisions	-1,745	-2,198
Loss-absorbing capacity of deferred taxes	-250,612	-267,762
Solvency Capital Requirement	**1,620,470**	**1,528,649**

Information on the main changes to the solvency capital requirement in the period covered by this report, and the reasons for those changes, are included in Chapter C.

E.3. Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

The Company does not use the duration-based equity risk sub-module, set out in Article 125(5) of the Legal Framework on the Taking-up and Pursuit of the Business of Insurance and Reinsurance, approved by Law No. 147/2015, of 9 September.

E.4. Differences between the standard formula and any internal model used

As previously stated, the Company uses the standard formula, and does not apply any internal model.

E.5. Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

There was no failure to comply with the minimum capital requirement or the solvency capital requirement during the period covered by this report.

E.6. Information on deferred taxes

On its 2021 balance sheet the Company recognised EUR 281,369,234 for deferred tax assets.

This amount corresponds in its entirety to deferred tax assets recognised on the basis of the existence of deductible temporary differences. The Company did not recognise deferred tax assets that can be utilised against probable future taxable profit.

There are no basic own-fund items available relating to net deferred tax assets.

E.7. Any other information

E.7.1. Transitional measure on equity risk

The Company did not apply the transitional regime applicable to the equity risk set out in Article 20(2) and (3) of Law No. 147/2015, of 9 September.

E.7.2. Futures, forwards and swaps contracts

Calculation of capital requirements of the currency risk sub-module includes the effect of hedging of exchange rate exposure of assets held in portfolio denominated in American dollars (USD), Hong Kong dollars (HKD) and Pounds sterling (GBP), via the use of futures and foreign exchange forwards and swaps, and of assets denominated in Yen (JPY), via the use of foreign exchange forwards.

The counterparty default risk module also takes into account exposure to counterparties with which the above-mentioned hedging is performed.

E.7.3. Optional additional information

The Company is monitoring the impact of the evolution of the conflict in Ukraine on its solvency ratios, and continues to be comfortably above the Solvency Capital Requirement. Regardless of this position, the Company will continue to follow the situation attentively and will actively assess and react to its impacts on the solvency ratio.

Annexes

FIDELIDADE
SEGUROS DESDE 1808

Annex – Quantitative Information *

* Amounts in thousand euros

S.02.01.02
Balance sheet

		Solvency II Value
		C0010
ASSETS		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	281,369
Pension benefit surplus	R0050	12,122
Property, plant and equipment held for own use	R0060	79,735
Investments (other than Assets held for index-linked and unit-linked contracts)	R0070	13,543,272
Property (other than for own use)	R0080	59,786
Holdings in related undertakings, including participations	R0090	2,610,196
Equities	R0100	497,936
Equities — listed	R0110	496,794
Equities — unlisted	R0120	1,142
Bonds	R0130	9,184,044
Government bonds	R0140	3,637,774
Corporate bonds	R0150	5,348,497
Structured notes	R0160	197,774
Collateralised securities	R0170	0
Collective investment undertakings	R0180	1,047,671
Derivatives	R0190	28,075
Deposits other than cash equivalents	R0200	115,564
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	1,759,925
Loans and mortgages	R0230	1,059
Loans on policies	R0240	1,059
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	276,074
Non-Life and Health similar to non-life	R0280	248,202
Non-life, excluding health insurance	R0290	157,550
Health similar to non-life	R0300	90,652
Life and Health similar to life, excluding health insurance and index-linked and unit-linked	R0310	27,871
Health similar to life	R0320	0
Life, excluding health and index-linked and unit-linked	R0330	27,871
Life, index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	1,170
Insurance and intermediaries receivables	R0360	134,213
Reinsurance receivables	R0370	26,497
Receivables (trade, not insurance)	R0380	20,270
Own shares (held directly)	R0390	149
Amounts due in respect of own fund items or initial funds called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	380,610
Any other assets, not elsewhere shown	R0420	13,217
TOTAL ASSETS	R0500	**16,529,681**

S.02.01.02
Balance sheet

		Solvency II Value
		C0010
LIABILITIES		
Technical provisions — non-life	R0510	1,041,970
Technical provisions — non-life (excluding health)	R0520	819,565
TP calculated as a whole	R0530	0
Best Estimate	R0540	795,288
Risk margin	R0550	24,277
Technical provisions — health (similar to non-life)	R0560	222,405
TP calculated as a whole	R0570	0
Best Estimate	R0580	214,476
Risk margin	R0590	7,929
Technical provisions — life (excluding index-linked and unit-linked)	R0600	9,074,388
Technical provisions — health (similar to life)	R0610	1,151,547
TP calculated as a whole	R0620	0
Best Estimate	R0630	1,036,998
Risk margin	R0640	114,549
Technical provisions — life (excluding health and index-linked and unit-linked)	R0650	7,922,841
TP calculated as a whole	R0660	0
Best Estimate	R0670	7,726,406
Risk margin	R0680	196,434
Technical provisions — index-linked and unit-linked	R0690	1,691,176
TP calculated as a whole	R0700	1,757,893
Best Estimate	R0710	-83,271
Risk margin	R0720	16,555
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	67,560
Pension benefit obligations	R0760	88
Deposits from reinsurers	R0770	130,147
Deferred tax liabilities	R0780	326,019
Derivatives	R0790	312,627
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	26,756
Insurance and intermediaries payables	R0820	98,251
Reinsurance payables	R0830	78,713
Payables (trade, not insurance)	R0840	111,469
Subordinated liabilities	R0850	515,360
Subordinated liabilities not classified in basic own funds (BOF)	R0860	0
Subordinated liabilities classified in basic own funds (FPB)	R0870	515,360
Any other liabilities, not elsewhere shown	R0880	142,367
TOTAL LIABILITIES	R0900	**13,616,891**

EXCESS OF ASSETS OVER LIABILITIES	R1000	**2,912,790**

FIDELIDADE
SEGUROS DESDE 1808

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business: non-life insurance and reinsurance obligations (direct business and proportional reinsurance accepted)												Line of business: Non-proportional reinsurance accepted				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct business	R0110	387,305	35,367	256,968	279,148	187,107	26,831	302,514	71,803	345	5,987	44,878	41,388					**1,639,639**
Gross — Proportional reinsurance accepted	R0120	81	36	208	778	360	92	4,975	861				89					**7,481**
Gross — Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140	379,280	12,612	7,039	1,900	162	16,626	133,201	35,440	242	4,568	35,711	18,010					**644,792**
Net	R0200	8,107	22,792	250,137	278,025	187,305	10,297	174,288	37,223	102	1,419	9,167	23,467					**1,002,328**
Premiums earned																		
Gross - Direct business	R0210	389,552	32,346	255,412	276,976	182,243	25,518	287,843	62,147	381	5,790	43,845	37,560					**1,599,614**
Gross — Proportional reinsurance accepted	R0220	81	70	208	741	162	43	5,454	826				80					**7,666**
Gross — Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240	381,981	9,814	7,039	1,900	169	15,618	121,556	29,670	260	4,568	35,704	14,976					**623,255**
Net	R0300	7,652	22,602	248,582	275,817	182,236	9,943	171,741	33,303	121	1,222	8,141	22,664					**984,025**
Claims incurred																		
Gross - Direct business	R0310	303,832	10,990	89,661	189,376	93,293	5,427	165,227	23,185	-72	10	-1	19,512					**900,440**
Gross — Proportional reinsurance accepted	R0320	23	-50	626	968	-492	-70	2,610	1,189									**4,804**
Gross — Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340	296,646	3,306	-800	4,904	88	2,673	79,242	11,806			-3	8,920					**406,781**
Net	R0400	7,209	7,634	91,087	185,440	92,713	2,685	88,594	12,568	-72	10	3	10,591					**498,463**
Changes in other technical provisions																		
Gross - Direct business	R0410	9,356	-973	238	5,561	233	81	1,111	16,056	4	171	771	196					**32,806**
Gross — Proportional reinsurance accepted	R0420							-28	-52									**-79**
Gross — Non-proportional reinsurance accepted	R0430																	
Reinsurers' share	R0440								14,128			11						**14,139**
Net	R0500	9,356	-973	238	5,561	233	81	1,084	1,877	4	171	760	196					**18,587**
Expenses incurred	R0550	23,539	14,056	68,859	102,617	55,255	3,354	75,533	21,559	93	2,360	13,445	9,891					**390,561**
Other expenses	R1200																	**57,637**
Total expenses	R1300																	**448,198**

FIDELIDADE
SEGUROS DESDE 1808

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

		Line of business: Life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit sharing	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410		51,363	1,272,235	988,169				225	**2,311,992**
Reinsurers' share	R1420		1,268		22,484					**23,752**
Net	R1500		50,095	1,272,235	965,685				225	**2,288,240**
Premiums earned										
Gross	R1510		51,257	1,272,235	987,858				225	**2,311,575**
Reinsurers' share	R1520		1,236		22,408					**23,644**
Net	R1600		50,021	1,272,235	965,449				225	**2,287,931**
Claims incurred										
Gross	R1610		257,394	55,405	2,403,460	117,796			43	**2,834,098**
Reinsurers' share	R1620		82		9,830					**9,912**
Net	R1700		257,312	55,405	2,393,630	117,796			43	**2,824,186**
Changes in other technical provisions										
Gross	R1710		-193,247		9,852					**-183,395**
Reinsurers' share	R1720		63		5,406					**5,469**
Net	R1800		-193,310		4,446					**-188,863**
Expenses incurred	R1900		15,777	18,942	105,194	2,024			74	**142,011**
Other expenses	R2500									**3**
Total expenses	R2600									**142,013**

S.12.01.02
Life and Health STL Technical Provisions

		Insurance with profit sharing	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Reinsurance accepted	**Total (Life other than health, including unit-linked)**	Health insurance (direct insurance)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health insurance (reinsurance accepted)	**Total (Health similar to life)**
				Contracts without options or guarantees	Contracts with options or guarantees		Contracts without options or guarantees	Contracts with options or guarantees					Contracts without options or guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	0	1,757,893			0			0	0	**1,757,893**	0			0	0	**0**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0	0			0			0	0	**0**	0			0	0	**0**
Technical provisions calculated as the sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	R0030	1,943,395		-85,304	2,032		-364,004	6,425,513	0	656	**7,922,289**		0	0	1,254,360	0	**1,254,360**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	97		0	0		27,459	0	0	316	**27,871**		0	0	0	0	**0**
Best estimate minus recoverables from reinsurance/SPV and Finite Re — total	R0090	1,943,298		-85,304	2,032		-391,462	6,425,513	0	340	**7,894,417**		0	0	1,254,360	0	**1,254,360**
Risk Margin	R0100	17,188	16,555			179,246			0	0	**212,989**	0			114,549	0	**114,549**
Amount of the transitional measures on technical provisions																	
Technical provisions calculated as a whole	R0110	0	0			0			0	0	**0**	0			0	0	**0**
Best estimate	R0120	-116,046		0	0		0	-163,108	0	0	**-279,154**		0	0	-217,362	0	**-217,362**
Risk Margin	R0130	0	0			0			0	0	**0**	0			0	0	**0**
Technical Provisions - Total	R0200	**1,844,537**	**1,691,176**	**0**	**0**	**6,077,648**	**0**	**0**	**0**	**656**	**9,614,017**	**0**	**0**	**0**	**1,151,547**	**0**	**1,151,547**

S.17.01.02
Non-Life Technical Provisions

		Direct insurance and proportional reinsurance accepted												Non-proportional reinsurance accepted				
		Medical expenses insurance	Income protection insurance	Workers' compensation insurance	Motor liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	**Total Non-Life Obligations**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Technical provisions calculated as the sum of BE and RM																		
Best Estimate																		
Provisions for premiums																		
Gross	R0060	15,590	8,392	22,850	91,692	44,823	-2,436	58,110	32,379	11	408	-2,133	4,356	0	0	0	0	**274,043**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	3,819	-89	0	0	12	-1,386	12,888	21,248	9	-2,831	-22,841	-123	0	0	0	0	**10,706**
Net Best Estimate of provisions for premiums	R0150	11,771	8,481	22,850	91,692	44,810	-1,050	45,223	11,132	2	3,239	20,708	4,480	0	0	0	0	**263,337**
Claims provisions																		
Gross	R0160	69,644	34,096	63,904	274,935	23,752	8,339	148,403	99,679	285	31	241	12,412	0	0	0	0	**735,721**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	64,098	20,226	2,598	13,244	194	3,328	101,795	27,441	0	0	5	4,568	0	0	0	0	**237,497**
Net Best Estimate of claims provisions	R0250	5,546	13,870	61,306	261,691	23,558	5,011	46,609	72,238	285	31	236	7,844	0	0	0	0	**498,225**
Best estimate total — Gross	R0260	85,234	42,488	86,754	366,627	68,574	5,903	206,513	132,059	297	439	-1,892	16,768	0	0	0	0	**1,009,764**
Best estimate total — Net	R0270	17,317	22,351	84,156	353,383	68,368	3,961	91,831	83,370	287	3,270	20,944	12,324	0	0	0	0	**761,562**
Risk Margin	R0280	605	1,560	5,764	10,784	4,461	519	4,085	2,984	20	27	155	1,241	0	0	0	0	**32,206**
Amount of the transitional measures on technical provisions																		
Technical provisions calculated as a whole	R0290	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Best estimate	R0300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Risk Margin	R0310	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TECHNICAL PROVISIONS - TOTAL																		
Technical provisions - Total	R0320	85,839	44,048	92,518	377,411	73,035	6,422	210,599	135,043	317	466	-1,737	18,009	0	0	0	0	**1,041,970**
Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default — total	R0330	67,917	20,137	2,598	13,244	206	1,942	114,682	48,689	10	-2,831	-22,836	4,444	0	0	0	0	**248,202**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re — total	R0340	17,922	23,911	89,920	364,167	72,829	4,479	95,916	86,354	308	3,297	21,099	13,565	0	0	0	0	**793,768**

FIDELIDADE
SEGUROS DESDE 1808

S.19.01.21
Non-life insurance claims

Total non-life business

Accident year/Underwriting year Z0020 1

Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +			In current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
Prior	R0100											465		R0100	465	465
N-9	R0160	387,159	155,532	18,697	10,782	8,300	5,747	4,907	1,804	1,245	809	0		R0160	809	594,983
N-8	R0170	401,326	149,235	25,063	16,957	9,604	5,746	3,908	1,326	2,153	0	0		R0170	2,153	615,319
N-7	R0180	385,547	147,663	31,665	14,591	7,496	4,654	436	3,815	0	0	0		R0180	3,815	595,866
N-6	R0190	398,874	167,649	30,987	13,163	8,889	3,116	5,211	0	0	0	0		R0190	5,211	627,890
N-5	R0200	450,541	181,252	68,519	34,634	10,179	7,082	0	0	0	0	0		R0200	7,082	752,207
N-4	R0210	494,954	211,909	40,080	16,904	10,686	0	0	0	0	0	0		R0210	10,686	774,534
N-3	R0220	535,192	213,166	31,580	14,427	0	0	0	0	0	0	0		R0220	14,427	794,365
N-2	R0230	549,680	212,560	30,627	0	0	0	0	0	0	0	0		R0230	30,627	792,867
N-1	R0240	509,933	167,809	0	0	0	0	0	0	0	0	0		R0240	167,809	677,741
N	R0250	585,265	0	0	0	0	0	0	0	0	0	0		R0250	585,265	585,265
													Total	R0260	**828,350**	**6,811,504**

(absolute amount)

Gross undiscounted best estimate of claims provisions

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +			Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100											65,839		R0100	65,835
N-9	R0160	0	0	0	0	24,150	18,149	13,204	8,289	8,019	6,492	0		R0160	6,517
N-8	R0170	0	0	0	36,465	27,648	17,267	11,799	9,230	8,224	0	0		R0170	8,248
N-7	R0180	0	0	51,268	36,413	25,184	19,564	18,394	16,523	0	0	0		R0180	16,595
N-6	R0190	0	80,630	45,474	30,585	22,645	17,131	15,334	0	0	0	0		R0190	15,377
N-5	R0200	296,625	150,294	74,527	34,095	22,284	20,236	0	0	0	0	0		R0200	20,275
N-4	R0210	316,478	103,550	61,837	40,753	30,655	0	0	0	0	0	0		R0210	30,725
N-3	R0220	286,004	79,195	54,014	41,362	0	0	0	0	0	0	0		R0220	41,450
N-2	R0230	284,563	95,636	70,429	0	0	0	0	0	0	0	0		R0230	70,602
N-1	R0240	235,936	83,325	0	0	0	0	0	0	0	0	0		R0240	83,541
N	R0250	343,120	0	0	0	0	0	0	0	0	0	0		R0250	344,213
													Total	R0260	**703,379**

FIDELIDADE

SEGUROS DESDE 1808

S.22.01.21

Impact of long-term guarantees and transitional measures

		Amount with long-term guarantees and transitional measures	Impact of transitional measures on technical provisions	Impact of transitional measures on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	11,807,534	496,516	0	0	0
Basic own funds	R0020	3,428,001	-340,113	0	0	0
Eligible own funds to meet Solvency Capital Requirement	R0050	3,428,001	-340,113	0	0	0
Solvency Capital Requirement	R0090	1,620,470	132,062	0	0	0
Eligible own funds to meet Minimum Capital Requirement	R0100	2,996,197	-447,796	0	0	0
Minimum Capital Requirement	R0110	417,785	20,348	0	0	0

FIDELIDADE
SEGUROS DESDE 1808

S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sectors as set out in Article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	509,264	509,264		0	0
Share premium account related to ordinary share capital	R0030	382,666	382,666		0	0
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	R0040	0	0		0	0
Subordinated mutual members accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	1,855,734	1,855,734			
Subordinated liabilities	R0140	515,360		0	515,360	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other items approved by the supervisory authority as basic own funds not specified above	R0180	164,977	164,977	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
TOTAL BASIC OWN FUNDS AFTER DEDUCTIONS	R0290	**3,428,001**	**2,912,641**	**0**	**515,360**	**0**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first sub-paragraph of Article 96(3) of Directive 2009/138/EC	R0360	0			0	
Supplementary members calls other than under first sub-paragraph of Article 96(3) of Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0

S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
TOTAL ANCILLARY OWN FUNDS	R0400	**0**	**0**	**0**	**0**	**0**
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	3,428,001	2,912,641	0	515,360	0
Total available own funds to meet the MCR	R0510	3,428,001	2,912,641	0	515,360	
Total eligible own funds to meet the SCR	R0540	3,428,001	2,912,641	0	515,360	0
Total eligible own funds to meet the MCR	R0550	2,996,197	2,912,641	0	83,557	
SCR	R0580	1,620,470				
MCR	R0600	417,785				
Ratio of eligible own funds to SCR	R0620	211.54%				
Ratio of eligible own funds to MCR	R0640	717.16%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,912,790
Own shares (held directly and indirectly)	R0710	149
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	1,056,907
Adjustments for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	0
Reconciliation reserve	R0760	1,855,734
Expected Profits		
Expected profits included in future premiums (EPIFP) — Life business	R0770	505,895
Expected profits included in future premiums (EPIFP) — Non-life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	R0790	**505,895**

FIDELIDADE
SEGUROS DESDE 1808

S.25.01.21

Solvency Capital Requirement — for undertakings on standard formula

		Gross solvency capital requirement	Undertaking Specific Parameter (USP)	Simplifications
		C0110	C0090	C0120
Market risk	R0010	1,412,952		0
Counterparty default risk	R0020	214,406		
Life underwriting risk	R0030	375,438	0	0
Health underwriting risk	R0040	209,762	0	0
Non-life underwriting risk	R0050	234,699	0	0
Diversification	R0060	-668,048		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	**1,779,209**	**0**	**0**

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	93,618
Loss-absorbing capacity of technical provisions	R0140	-1,745
Loss-absorbing capacity of deferred taxes	R0150	-250,612
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	1,620,470
Capital add-on already set	R0210	0
SOLVENCY CAPITAL REQUIREMENT	R0220	**1,620,470**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirement for ring-fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for Article 304	R0440	0
		0
Approach to tax rate		0
		Yes/No
		C0109
Approach relating to tax rate	R0590	2
		0
Approach based on average tax rate		0
		LAC DT
		C0130
LAC DT	R0640	-250,612
LAC DT justified by reversion of deferred tax liabilities	R0650	-118,550
LAC DT justified by reference to probable future taxable economic profit	R0660	-132,062
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-589,391

S.28.02.01

Minimum Capital Requirement — Both life and non-life business

		Non-Life business	Life business
		MCR(NL,NL) Result	MCR(NL,L) Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	156.545	0

		Non-Life business		**Life business**	
		Net (of reinsurance/SPV) Best Estimate and TP calculated as a whole	Net (of reinsurance) premiums written in the last 12 months	Net (of reinsurance/SPV) Best Estimate and TP calculated as a whole	Net (of reinsurance) premiums written in the last 12 months
Medical expense insurance and proportional reinsurance	R0020	17,317	8,107	0	0
Income protection insurance and proportional reinsurance	R0030	22,351	22,792	0	0
Workers' compensation insurance and proportional reinsurance	R0040	84,156	250,137	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	353,383	278,025	0	0
Other motor insurance and proportional reinsurance	R0060	68,368	187,305	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	3,961	10,297	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	91,831	174,288	0	0
General liability insurance and proportional reinsurance	R0090	83,370	37,223	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	287	102	0	0
Legal expenses insurance and proportional reinsurance	R0110	3,270	1,419	0	0
Assistance insurance and proportional reinsurance	R0120	20,944	9,167	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	12,324	23,467	0	0
Non-proportional health reinsurance	R0140	0	0	0	0
Non-proportional casualty reinsurance	R0150	0	0	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0	0	0
Non-proportional property reinsurance	R0170	0	0	0	0

		Non-Life business	Life business
		MCR(L,NL) Result	MCR (L,L) Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	34,949	226,291

S.28.02.01
Minimum Capital Requirement — Both life and non-life business

		Non-Life business		Life business	
		Net (of reinsurance/SPV) Best Estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) Best Estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit sharing — guaranteed benefits	R0210	0		1,837,415	
Obligations with profit sharing — future discretionary benefits	R0220	0		7,025	
Index-linked and unit-linked insurance obligations	R0230	0		1,674,622	
Other life (re)insurance and health (re)insurance obligations	R0240	1,151,547		6,050,189	
Total capital at risk for all life (re)insurance obligations	R0250		15,380,516		28,422,782

Overall MCR calculation

		C0130
Linear MCR	R0300	417,785
SCR	R0310	1,620,470
MCR cap	R0320	729,211
MCR floor	R0330	405,117
Combined MCR	R0340	417,785
Absolute MCR floor	R0350	7,400
		C0130
MINIMUM CAPITAL REQUIREMENT (MCR)	R0400	417,785

Notional non-life and life MCR calculation

		Non-Life business	Life business
		C0140	C0150
Notional linear MCR	R0500	191,493	226,291
Notional MCR excluding add-on (annual or latest calculation)	R0510	742,749	877,721
Notional MCR cap	R0520	334,237	394,974
Notional MCR floor	R0530	185,687	219,430
Notional combined MCR	R0540	191,493	226,291
Notional absolute MCR floor	R0550	3,700	3,700
Notional MCR	R0560	191,493	226,291

Annex – Responsible Actuary's Report

FIDELIDADE - COMPANHIA DE SEGUROS, S.A.

REPORT

CERTIFICATION REPORT ON SOLVENCY AND FINANCIAL CONDITION AND INFORMATION TO BE DISCLOSED TO THE ASF FOR SUPERVISORY PURPOSES

CONDITION AT 31ST DECEMBER 2021

Lisbon, April 8, 2022

Index

1. Introduction

This report was produced by the Appointed Actuary certified by the Insurance and Pension Funds Supervisory Authority, aiming to provide an independent opinion on the solvency and financial condition of Fidelidade - Companhia de Seguros, S.A. at December 31, 2021.

The company's situation is summarised in the following tables:

Technical Provisions

Life

Best Estimate (after Transitional Deduction to the Technical Provisions)	9,401,027,916
Risk Margin	212,988,876
Total	**9,614,016,792**

Non-Life

Best Estimate	795,288,073
Risk Margin	24,276,764
Total	**819,564,837**

Health SLT

Best Estimate	1,036,997,921
Risk Margin	114,549,147
Total	**1,151,547,068**

Health NSLT

Best Estimate	214,475,903
Risk Margin	7,929,118
Total	**222,405,021**

Total Technical Provisions	**11,807,533,718**

U: Euros

Amounts Recoverable

Life	27,871,329
Non-Life	157,550,426
Health SLT	-
Health NSLT	90,651,932
Total Amounts Recoverable	**276,073,687**

U: Euros

Future Discretionary Benefits

Future Discretionary Benefits	7,025,194

U: Euros

Underwriting Risks

	Net Capital Requirement	**Gross Capital Requirement**
Life Underwriting Risks	374,538,559	375,438,293
Non-Life Underwriting Risks	234,698,575	234,698,575
Health Underwriting Risks	209,761,879	209,761,879
Technical Provisions Loss Adjustment	-899,734	

U: Euros

Total own funds

Solvency Capital Requirement (SCR)	1,620,469,851
Minimum Capital Requirement (MCR)	417,784,779
Ratio of eligible own funds to SCR	212%
Ratio of eligible own funds to MCR	717%
Total available own funds to meet the SCR	3,428,000,807
Total available own funds to meet the MCR	3,428,000,807
Total eligible own funds to meet the SCR	3,428,000,807
Total eligible own funds to meet the MCR	2,996,197,499

U: Euros

2. Scope

This report is the certification of the solvency and financial condition report and the information to be disclosed to the ASF for supervisory purposes, set out in Regulatory Standard No.2/2017-R, of 24th March.

This report has been produced in accordance with the structure presented in Annex II of Regulatory Standard No.2/2017-R, of 24th March.

It is the function of the appointed actuary to certify the adequacy with the legal, regulatory and technical regulations applicable to the calculation of the technical provisions, the amounts recoverable from reinsurance contracts and special purpose vehicles for securitisation of insurance risks and the capital requirement components related with those items.

The elements to be certified by the appointed actuary are defined in a regulatory standard of the Insurance and Pension Funds Supervisory Authority (ASF), which must also establish the content, terms, frequency, principles and presentation methods of the certification report and the terms and methods of reporting and publishing, as per the regulations in paragraphs 1, 3 and 11 a) to c) of Article 77.

The certification covers confirmation of the adequacy with the legal, regulatory and technical regulations applicable to calculating the following elements:

a) The technical provisions, including the application of the volatility adjustment, the matching adjustment and the transitional measures set out in Articles 24 and 25 of Law No. 147/2015, of 9th September;

b) The amounts recoverable from insurance contracts and special purpose vehicles for securitisation of insurance risks;

c) The categories of life insurance underwriting risk, non-life insurance underwriting risk, health underwriting risk, and adjustment for the loss-absorbing capacity of the technical provisions of the solvency capital requirement, disclosed in the solvency and financial condition report.

This report may only be analysed as a whole and considering the context and purpose for which it has been drawn up, and its conclusions cannot be used with other aims and/or within any other scope.

It must be understood that the results after applying statistical methods always have an implicit degree of uncertainty due to random factors, structural changes not yet reflected in the Company's information system and possibly in the market, and legal, judicial and political changes which may have an impact on the models applied.

3. Responsibilities

This report has been produced in line with the provisions of Regulatory Standard No. 2/2017-R, of 24th March.

Approval of the solvency and financial condition report is the responsibility of the company's administration.

The issue of an independent actuarial opinion on the elements mentioned in the previous chapter is the responsibility of the appointed actuary.

On the date this statement is made, we do not have information from the external auditor on the conclusions it has reached on the risks which it is responsible for certifying. Our conclusions have been sent to the external auditors.

4. Opinion

The calculations of the technical provisions, amounts recoverable from reinsurance contracts, underwriting risks and solvency capital requirement components related with those risks are considered adequate, in line with the legal, regulatory and technical regulations applicable.

Lisbon, April 8, 2022

Actuarial - Consultadoria Lda.

Luís Portugal
Managing Partner

Annex – Statutory Auditor’s Report

Building a better
working world

Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da República, 90-6º
1600-206 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

*(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)*

Statutory Auditor's Opinion on Solvency and Financial Condition Annual Report in the terms set out in subparagraph a) of No. 1 of article 3º of Regulatory Standard No. 2/2017-R of 24 March issued by Supervisory Authority for Insurance and Pension Funds

To the Board of Directors of
Fidelidade – Companhia de Seguros, S.A.

Introduction

Under the terms of subparagraph a) of No. 1 of article 3º of Regulatory Standard No. 2/2017-R, of 24 March ("Regulatory Standard"), issued by Supervisory Authority for Insurance and Pension Funds ("ASF"), we examined the Solvency and Financial Condition Annual Report ("Report"), established in subparagraph a) of article 26º from Regulatory Standard No. 8/2016-R, of 16 August (including subsequent updates) including the quantitative information to be disclosed with that Report ("Quantitative Information"), according to articles 4º and 5º of the Commission's Implementing Regulation (EU) No. 2015/2452, of 2 December 2015 of Fidelidade – Companhia de Seguros, S.A. ("The Company"), with reference to 31 December 2021.

Our report comprises the reporting of the following matters:

A. Report on the adjustments between the statutory statement of financial position and the balance sheet for solvency purposes and the classification, availability and eligibility of own funds and on the calculation of the solvency capital requirement and minimum capital requirement;

B. Report on the implementation and effective application of the governance system; and

C. Report on the remaining information disclosed in the Solvency and Financial Condition Annual Report and the jointly submitted quantitative information.

A. REPORT ON THE ADJUSTMENTS BETWEEN THE STATUTORY STATEMENT OF FINANCIAL POSITION AND THE BALANCE SHEET FOR SOLVENCY PURPOSES AND THE CLASSIFICATION, AVALABILITY AND ELIGIBILITY OF OWN FUNDS AND ON THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

Responsibilities of the Management Board

It is the responsibility of the Company's Board of Directors the calculation of the adjustments between the statutory statement of financial position and the balance sheet for solvency purposes and the classification and the availability evaluation and eligibility of own funds and the calculation of the solvency capital requirement and minimum capital requirement submitted to ASF, under the terms of Commission Implementing Regulation (EU) No. 2015/35, of 10 October 2014, that completes the Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009, relating to the Taking-up and Pursuit of the Business of Insurance and Reinsurance ("Regulation").

Auditor's responsibilities

Our responsibility, as defined in subparagraph a) of No.1 of article 4º of Regulatory Standard, consists in expressing, based on the work performed, a reasonable assurance conclusion, as to whether the adjustments between the statutory statement of financial position and the balance sheet for solvency purposes and that classification, availability and eligibility of own funds and the calculation of the solvency capital requirement and minimum capital requirement, are free from material misstatements, are complete and reliable and, in all materially relevant respects, are presented in accordance with the applicable legal and regulatory requirements.

According to No. 2 of article 3º of Regulatory Standard, it is not our responsibility to verify the adequacy of legal requirements, applicable regulatory and calculation techniques (i) of the elements included within the certification by the Company's responsible actuary, as established in the article 7º of same Regulatory Standard, and (ii) of the elements of solvency capital requirement included within the certification by the Company's responsible actuary, as established in the article 10º of same Regulatory Standard.

Scope of Work

Our procedures were carried out in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information“, and other applicable technical guidance and ethical standards of the Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas* - "OROC") and consists in obtaining sufficient and appropriate audit evidence to conclude, with reasonable assurance, as to whether the adjustments between the statutory financial position statement and the balance sheet for solvency purposes, and that the classification, availability and eligibility of own funds and the calculation of the solvency capital requirement and minimum capital requirement, are free of material misstatements, are complete and reliable and, in all materially relevant respects, are presented in accordance with applicable legal and regulatory requirements.

The procedures carried out included, among other procedures, the following:

(i) the reconciliation of the base information used for the calculation of the adjustments with the Company's information systems and the respective statutory financial position statement as of 31 December of 2021, object of the Statutory Audit whose Report was issued on 14 March 2022 without qualifications or emphasis;

(ii) the review of subsequent events that occurred between the date of the Statutory Audit Report and the date of this report;

(iii) an understanding of the adopted criteria;

(iv) the recalculation of the adjustments made by the Company, except for those referred to in the next paragraph that are excluded from the scope of this certification;

(v) the reconciliation of the base information used for the calculation of the solvency capital requirement and minimum capital requirement as of 31 December 2021, with the financial position statement for solvency purpose, with book records and other information maintained in the Company's systems with reference to the same date;

(vi) the review, on a sample basis, of the correct classification and characterization of assets in accordance with regulation requirements;

(vii) the review of the calculation of the solvency capital requirement and minimum capital requirement as of 31 December 2021, performed by the Company; and

(viii) reading the documentation prepared by the Company under the regulation requirements.

The procedures carried out did not include the examination of the adjustments to technical provisions and the amounts recoverable from reinsurance contracts which, according to article 7º of Regulatory Standard, were subject to actuarial certification by the Company's responsible actuary.

Regarding the deferred taxes adjustments, as result of the adjustments referred to above, the procedures carried out only comprised the verification of the impact on deferred taxes, taking as the basis the referred adjustments made by the Company.

The selection of the procedures performed depends on our professional judgment, including the procedures related to risk assessment of material misstatement on the information subject to analysis, due to fraud or error. In making these risk assessments we considered the internal control relevant for the preparation and presentation of the referred information, in order to plan and execute the appropriate procedures for the circumstances.

We applied the International Standard of Quality Control 1 (ISQC 1) and, as such, we maintain an extensive quality control system which includes policies and documented procedures related to the compliance of ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the audit evidence obtained is sufficient and appropriate to provide an acceptable basis for our conclusion.

Conclusion

Based on the procedures carried out and which are included in the previous section "Scope of Work", which were planned and performed in order to obtain a reasonable level of assurance, we concluded that the adjustments between the statutory statement of financial position and the balance sheet for solvency purposes and that the classification, availability and eligibility of own funds and the calculation of the solvency capital requirement and minimum capital requirement, with reference to the Solvency and Financial Condition Annual Report date (31 December 2021), are free from material misstatements, complete and reliable and, in all materially respects, are in accordance with the applicable legal and regulatory requirements.

B. REPORT ON THE IMPLEMENTATION AND EFECTIVE APPLICATION OF THE GOVERNANCE SYSTEM

Responsibilities of the Management Board

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

- Prepare Solvency and Financial Condition Annual Report and the information to report to ASF for regulatory purposes, under the terms of Regulatory Standard No. 8/2016-R, of 16 August, issued by ASF (republished in the Regulatory Standard No. 1/2018-R, of 11 January); and
- Define, approve, periodically review and document the main policies, strategies and processes that define and regulate the Company governance, management and control, including the risk management and internal control systems ("Governance System"), which should be described on chapter B of the report, under the terms of article 294º of Commission Implementing Regulation (EU) No. 2015/35 of 10 October 2014 (Regulation).

Auditor's responsibilities

Our responsibility, as defined in subparagraph a) of No. 1 of article 4º of Regulatory Standard, consists in expressing, based on the work performed, a limited assurance conclusion about the implementation and effective application of the governance system.

Scope of Work

Our procedures were carried out in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information ", and other applicable technical guidance and ethical standards of the Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas* - "OROC") consists in obtaining sufficient and appropriate audit evidence to conclude, with moderate assurance, as to whether the content of the "Governance System" chapter of the Solvency and Financial Condition Annual Report reflects, in all materially respects, the description of the implementation and effective application of the Governance System of the Company at 31 December 2021.

The procedures were carried out included, among other procedures, the following:

(i) the assessment of the information included on the Company's Report relating to the Governance System with respect to the following main aspects: general information; qualification and integrity requirements; risk management system with the inclusion of risk and solvency self-evaluation; internal control system; internal audit function; actuarial function; subcontracting and eventual additional information;

(ii) reading and assessing of the documents which sustain the main policies, strategies and processes described in the Report, which regulate how Company is governed, managed and controlled and obtaining supporting evidence of its implementation;

(iii) discussing the conclusions with the Company's management.

The selection of the procedures performed depends on our professional judgment, including the procedures related to risk assessment of material misstatement on the information subject to analysis, due to fraud or error. In making these risk assessments we considered the internal control relevant for the preparation and presentation of the referred information, in order to plan and execute the appropriate procedures for the circumstances.

We applied the International Standard of Quality Control 1 (ISQC 1) and, as such, we maintain an extensive system of quality control which includes policies and documented procedures related to the compliance of ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the audit evidence obtained is sufficient and appropriate to provide an acceptable basis for our conclusion.

Conclusion

Based on the procedures carried out and described in the previous section "Scope of Work", which were planned and performed t in order to obtain a moderate degree of assurance, nothing has come to our attention which causes us to believe that at the date to which Solvency and Financial Condition Annual Report refers to (31 December 2021), the content of the chapter "Governance System", is not fairly present, in all materially respects, the description of the implementation and effective application of the Company's Governance System.

C. REPORT ON THE REMAINING INFORMATION DISCLOSED IN THE SOLVENCY AND FINANCIAL CONDITION REPORT AND THE JOINTLY DISCLOSED QUANTITAVE INFORMATION

Responsibilities of the Management Board

It is the responsibility of the Board of Directors to prepare the Solvency and Financial Condition Annual Report and the information to report to ASF for supervisory purposes, under the terms of Regulatory Standard No. 8/2016-R, of 16 August, issued by ASF (republished by Regulatory Standard No. 1/2018, of 11 January), including the quantitative information to be jointly disclosed with that report, as established in the articles 4º e 5º of the Commission's Implementing Regulation (UE) No. 2015/2452, of 2 December 2015.

Auditor's responsibilities

Our responsibility, as defined in subparagraph c) of No. 1 of article 4º of Regulatory Standard, consists in expressing, based on the procedures carried out, a limited assurance conclusion as to whether the remaining disclosed information in the report and in the jointly disclosed quantitative information, is in agreement with the information subject to the work carried out and with the knowledge we obtained during its execution.

Scope of Work

Our procedures were carried out in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information ", and other applicable technical guidance and ethical standards of the Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas* - "OROC") and consists in obtaining sufficient and appropriate audit evidence to conclude, with moderate assurance, that the remaining disclosed information in Solvency and Financial Condition Annual Report is in agreement with the information that was subject to auditor review and with the knowledge obtained during the certification.

The procedures carried out included, among other procedures, the complete reading of the referred report and the evaluation of the agreement as referred above.

The selection of the procedures performed depends on our professional judgment, including the procedures related to risk assessment of material misstatement on the information subject to analysis, due to fraud or error. In making these risk assessments we considered the internal control relevant for the preparation and presentation of the referred information, in order to plan and execute the appropriate procedures for the circumstances.

We applied the International Standard of Quality Control 1 (ISQC 1) and, as such, we maintain an extensive system of quality control which includes policies and documented procedures related to the compliance of ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the audit evidence obtained is sufficient and appropriate to provide an acceptable basis for our conclusion.

Conclusion

Based on the procedures carried out and described in the previous section "Scope of Work", which were planned and performed in order to obtain a moderate degree of assurance, nothing has come to our attention which causes us to believe that, with reference to the Solvency and Financial Condition Annual Report date (31 December 2021), the information disclosed in Report is not in agreement with the information which was subject to the work carried out by us with the knowledge obtained during its execution.

D. OTHERS MATTERS

Considering the normal dynamics of any internal control system, the conclusions presented related to the governance system of the Company should not be used for any projection of future periods, since there could be changes of the processes and controls analysed and their degree of efficiency. On the other hand, given the limitations of the internal control system, there could be undetected irregularities, frauds or mistakes.

Lisbon, 8 April 2022

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Ricardo Nuno Lopes Pinto - ROC No. 1579
Registered with the Portuguese Securities Market Commission under license No. 20161189

FIDELIDADE

SEGUROS DESDE 1808