FIDELIDADE

SEGUROS DESDE 1808

Solvency and Financial Condition Report

2022

Certified by the Statutory Auditor and Responsible Actuary

Contents

Summary

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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.

BUSINESS AND PERFORMANCE

The Fidelidade Group is the current market leader in the Portuguese insurance sector, and has a high-potential international presence.

The 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 and subsidiaries in several countries, namely Angola, Cape Verde, Macao, Peru, Bolivia, Paraguay, Chile, Mozambique and Liechtenstein.

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.

Separate performance

The decrease in premiums in the Life segment was mainly due to the Life Financial component, particularly unit-linked products. Despite the economic context of increasing interest rates, which began to be felt in the second half of 2022, the loss of income caused by inflation and instability in the financial markets had a negative impact on this type of financial products. This evolution contrasts with the increase in premiums seen in 2021, which benefited from high levels of household savings compared to the pre-pandemic years, reflecting uncertainty about the evolution of the economic situation still under the shadow of the pandemic.

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

In this segment, it is worth noting the positive trend registered in the Health line of business (+11.8%) 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 consolidate its position as the second largest line of business in the Non-Life segment, with direct insurance premiums amounting to EUR 1,156 million.

[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.

Consolidated performance

In 2022, the Fidelidade Group attained total consolidated premiums written of EUR 5,118.1 million, registering an overall increase of 4.2% compared to the previous year, buoyed by the strong growth in the Non-Life business.

The Non-Life combined ratio increased year-on-year, brought about by the return to normality in economic activity, reflected in the claims rate, and by the effect of inflation.

Technical income rose to EUR 71.3 million, reflecting the improvement in yield from the Life Risk lines of business in the post-pandemic context.

Investment income registered a fall of 52.2%, reaching EUR 158.1 million, influenced by the effect of the depreciation of investment assets throughout 2022, reflecting both the instability felt in the financial markets and the effect of the increase in inflation and interest rates.

Although the non-technical income increased to EUR 108.8 million, aided by the improvement in income from the Fidelidade Group's non-insurance activity, this was not sufficient to offset the drop in investment income. As a result, the net income was EUR 49.8 million lower than in 2021, settling at EUR 220.5 million.

Also worth noting is that at the end of 2022 the Fidelidade Group had EUR 17.0 billion in assets under management, a decrease of 5.8% compared to 2021, mostly reflecting the effect of the depreciation of financial assets. On the other hand, technical provisions recorded an increase of 3.0% compared to 2021.

Shareholders' Equity reached EUR 2,553.6 million, and the average return on shareholders' equity ("ROE") was 7.9%.

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.

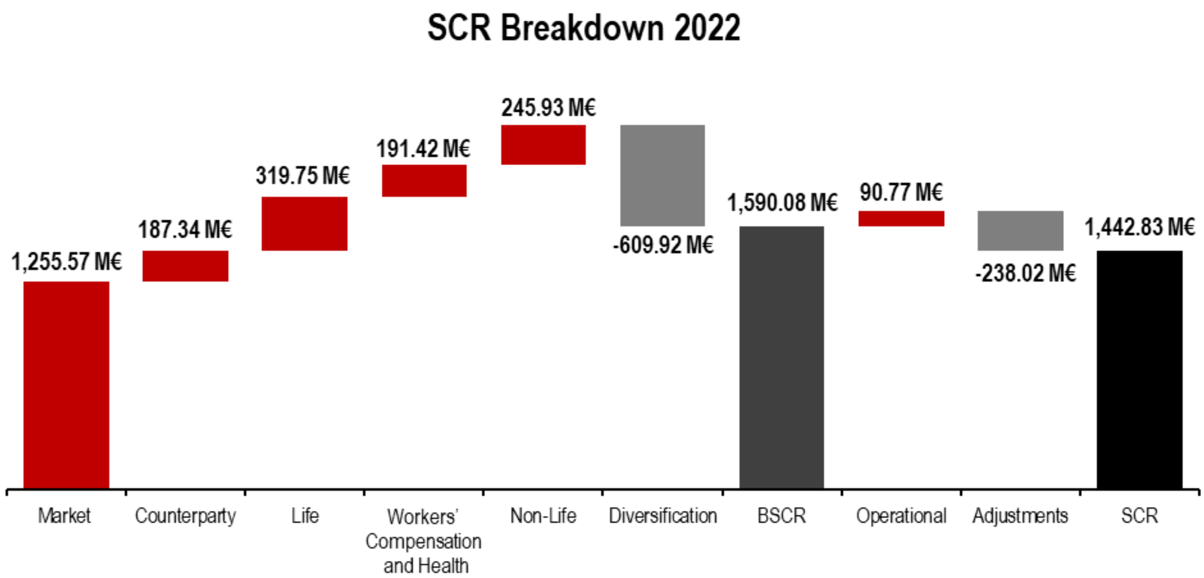
RISK PROFILE

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 2022 was as follows:

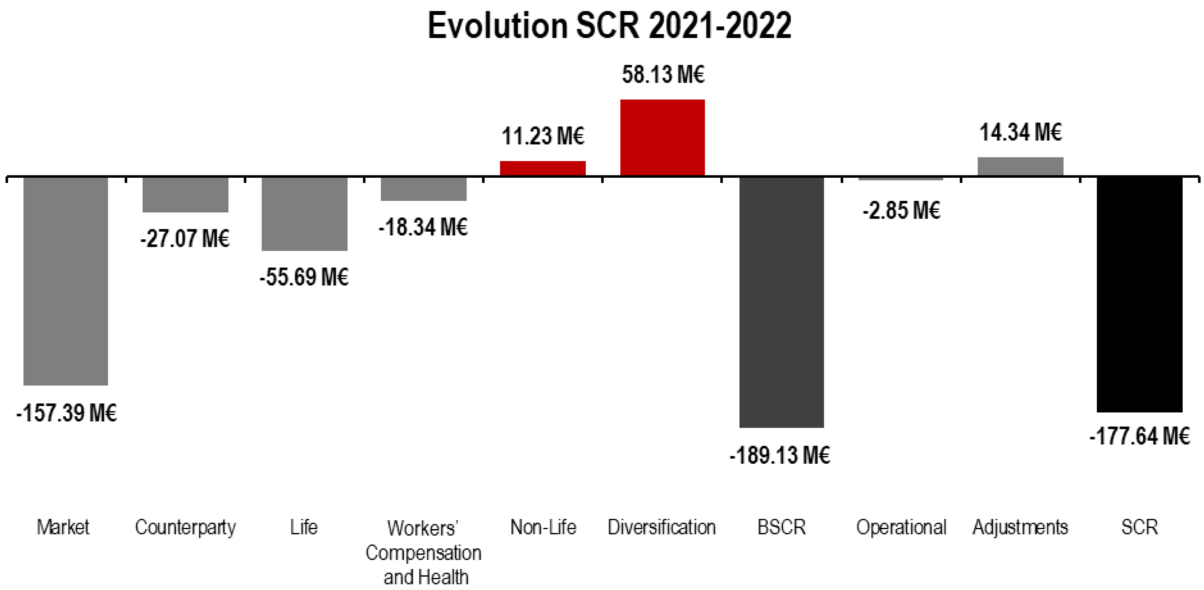


The market risk is clearly prominent in this requirement, followed by the Life and Non-Life underwriting risks, Workers' Compensation and Health risk and Counterparty Default risk, which are much lower.

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.

During the period covered by this report, there was a decrease in the solvency capital requirement (SCR) of around EUR 177.64 million, when compared with the figure at 31 December 2021.



This decrease was largely due to the evolution of the market risk, resulting from the decrease in the spread risk, which is explained by a decline in exposure to corporate debt.

Also of note is the decrease in the life underwriting risk, basically resulting from the evolution of the risk-free interest rate term structure, with the most significant impact being on the lapse risk, mostly due to mortgage-linked life insurance risk.

The decrease in the health underwriting risk is basically due to the Company's activity and the catastrophe 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 catastrophe risk, which was impacted by the increase in business in the third party liability line of business.

Finally, there was a decrease 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	13,513,555	13,757,342	**-243,787**	**15,048,369**
Real estate assets	301,105	296,590	**4,515**	**334,563**
Other assets	1,069,014	1,040,728	**28,286**	**870,675**
Reinsurance recoverables	315,968	459,791	**-143,823**	**276,074**
Total	**15,199,642**	**15,554,451**	**-354,809**	**16,529,681**

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 of 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).

Deposits other than cash equivalents

As of the Q4 2022 report, assets with CIC 79 (margin and collateral accounts) were no longer included under the balance sheet heading “Deposits other than cash equivalents” due to a change in the classification. Following the ASF’s guidelines, this amount is now reflected under the heading “Any other assets, not elsewhere shown”.

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 2021 and those in 2022 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	8,907,249	9,500,963	**-593,714**	**9,614,017**
Non-Life	850,280	1,162,134	**-311,854**	**819,565**
Health – SLT	897,493	962,244	**-64,751**	**1,151,547**
Health – NSLT	235,483	283,360	**-47,877**	**222,405**
Total	**10,890,505**	**11,908,701**	**-1,018,196**	**11,807,534**

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 2021 and those in 2022 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 31/12/2022
29 and 33	Life insurance obligations - Health – SLT	256,882	-19,760	**197,602**
30	Life insurance obligations - Insurance with profit sharing - Capital redemption products	137,145	-10,550	**105,496**
32	Life insurance obligations - Other obligations similar to life - Capital redemption products	192,764	-14,828	**148,280**
Total		**586,791**	**-45,138**	**451,378**

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	35,452	35,452	**0**	**67,560**
Pension benefit obligations	6,053	6,053	**0**	**88**
Deposits from reinsurers	149,623	149,623	**0**	**130,147**
Deferred tax liabilities	420,404	126,189	**294,215**	**326,019**
Derivatives	167,770	169,257	**-1,487**	**312,627**
Debts owed to credit institutions	0	0	**0**	**0**
Financial liabilities other than debts owed to credit institutions	34,854	23,542	**11,312**	**26,756**
Insurance and intermediaries payables	103,968	110,794	**-6,826**	**98,251**
Reinsurance payables	91,905	99,287	**-7,382**	**78,713**
Payables (trade, not insurance)	64,467	64,467	**0**	**111,469**
Subordinated liabilities	462,590	502,164	**-39,574**	**515,360**
Any other liabilities, not elsewhere shown	189,936	130,100	**59,836**	**142,367**
Total	**1,727,022**	**1,416,928**	**310,094**	**1,809,357**

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, i.e. after adjustments with a positive impact on own funds.

The differences between the amounts for solvency purposes in 2021 and those in 2022 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.

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	15,199,642	15,554,451	**-354,809**	**16,529,681**
Technical Provisions	10,890,505	11,908,701	**-1,018,196**	**11,807,534**
Other Liabilities	1,727,022	1,416,928	**310,094**	**1,809,357**
Excess of assets over liabilities	**2,582,115**	**2,228,822**	**353,293**	**2,912,790**

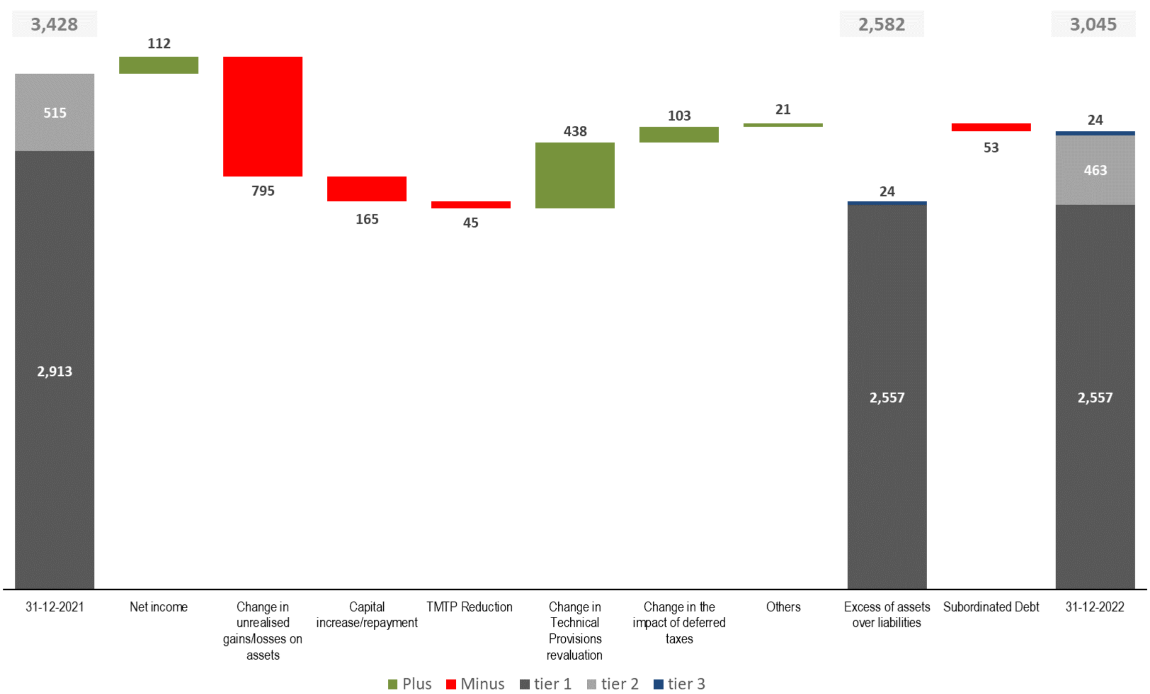
Regarding the structure, amount and tiering of basic own funds, the Company has Tier 3 ancillary own funds of EUR 24.5 million, while the majority of the basic own funds are classified as Tier 1, although there are also Tier 2 basic own funds relating to subordinated liabilities.

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 2022 and 31 December 2021.

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
Tier 1	2,557,467	**2,912,641**	2,557,467	**2,912,641**	2,557,467	**2,912,641**	2,557,467	**2,912,641**
Tier 2	462,590	**515,360**	462,590	**515,360**	462,590	**515,360**	77,952	**83,557**
Tier 3	24,499	**0**	0	**0**	24,499	**0**	0	**0**
Total	**3,044,556**	**3,428,001**	**3,020,057**	**3,428,001**	**3,044,556**	**3,428,001**	**2,635,419**	**2,996,198**

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) and Swiss Francs (CHF), 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 2022 and 31 December 2021 were as follows:

Amounts in thousand euros

	Capital Requirements	Capital Requirements previous year	Coverage Ratio	Coverage Ratio previous year
SCR	1,442,830	1,620,470	211.01%	211.54%
MCR	389,758	417,785	676.17%	717.16%

The SCR coverage ratio fell because the decrease in the capital requirements was proportionally lower than the decrease in the own funds available to meet the SCR.

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 188.79% and 551.9%, respectively.

The Company continues to monitor the conflict in Ukraine and will actively react to possible impacts on the solvency ratio.

A. Business and Performance

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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 2021 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, and China.

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 2022, 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;
- Opinion on the Risk Management and Internal Control Systems, regarding the mechanisms and procedures specifically adopted as part of the policy for the prevention, detection and reporting of insurance fraud situations, pursuant to Article 36(4) of ASF Regulatory Standard no. 4/2022-R, of 26 April; and
- Opinion on the adequacy of the remuneration policy, pursuant to Article 90(4) of ASF Regulatory Standard no. 4/2022-R, of 26 April.

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.

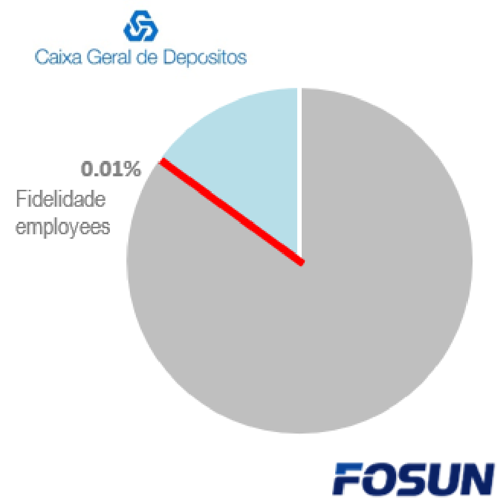
However, when these other services are provided, this is in strict compliance with the procedures defined in law.

A.1.4. Holders of qualifying holdings

In the context of an ever-evolving market with increasingly challenging legal and regulatory requirements, defining a sound governance structure, supported by ethical mechanisms, but also compliance and risk management mechanisms, is key to guaranteeing sustained development, creating value for all stakeholders.

Fidelidade - Companhia de Seguros, S.A. is the company that heads the Fidelidade Group.

It 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 (Code: 00656.HK). It has shareholdings in several sectors including insurance, banking, the pharmaceutical industry and tourism.

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

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 2022, 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 2022, the members of the management and supervisory bodies did not hold shares in the Company.

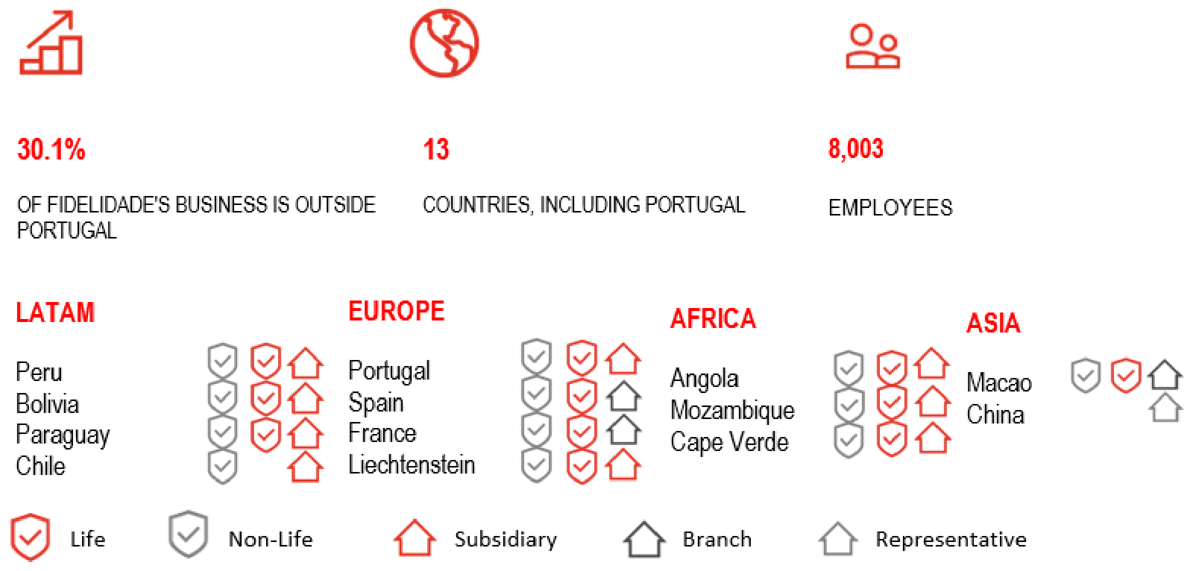
A.1.5. Position of the Company within the insurance group structure to which it belongs

The Fidelidade Group is the current market leader in the Portuguese insurance sector, and has a high-potential international presence.

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

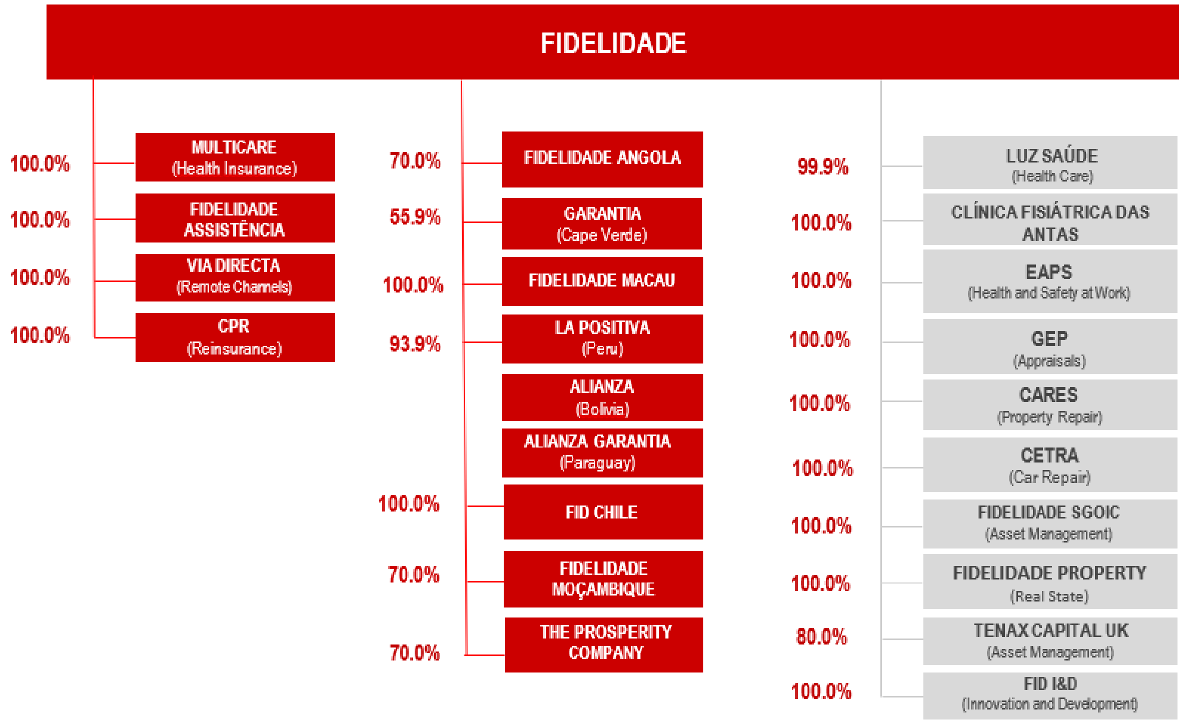
In the international market it operates through its branches and subsidiaries in several countries, namely Angola, Cape Verde, Macao, Peru, Bolivia, Paraguay, Chile, Mozambique and Liechtenstein.

In terms of the Insurance Areas:



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

The main companies that constitute the Fidelidade Group are:



A.1.6. Company Business

<u>INSURANCE BRANDS</u>

The Fidelidade Group's insurance brands are focused on values such as transparency, customer loyalty, agility and effectiveness, which are visible across all the brands. The Group sells products in all the insurance lines of business in the Portuguese market, based on a multi-brand network and a diversified range of distribution channels. The product offer is segmented into three different brands - Fidelidade, Multicare and OK! teleseguros – all of which are national leaders in their segments. This diversity allows the Group to operate in different areas, promoting behaviour changes in people and companies and facilitating access to better options for savings, health, entrepreneurship and digital services.

PRODUCTS AND SERVICES

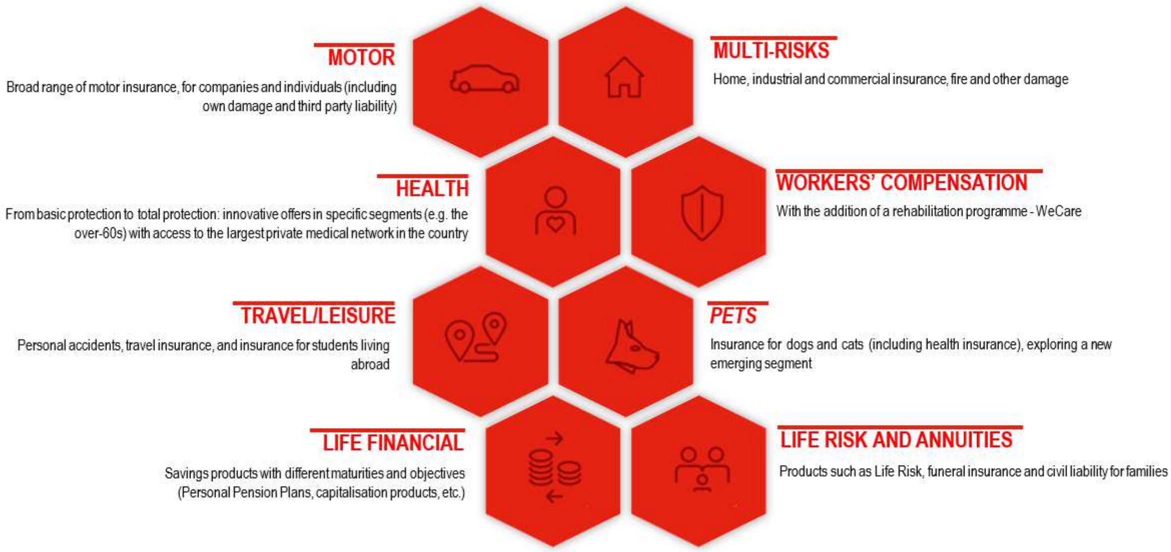
As part of its commitment to including ESG factors in the core of its business, the Fidelidade Group favours products and services that accompany people in the different stages of their lives, and is increasingly positioning itself as a group that promotes responsible behaviour and partnerships with customers in the provision of protection and assistance services. Fidelidade also favours products which contribute, in the different areas, to society's energy and ecological transition, always working towards offering the most sustainable products on the market.

In terms of the environment, examples of this commitment include an emphasis on products that encourage more ecological mobility and providing benefits when individuals and companies that subscribe our products adopt more sustainable behaviour, for example, promoting health prevention, responsible driving habits or measures to mitigate risks in companies. By repeatedly updating and differentiating the underwriting, conditions and covers of our products and providing financial products aligned with ESG criteria, the Group is also decisively fostering the transition to environmentally and socially responsible assets and practices.

The Fidelidade Group also focuses on products and services that can address relevant social challenges in the different areas in which we operate. To increase access to better health conditions, in line with SDG 3, we provide products that include disease prevention (with regular check-ups included in all health insurance), covers that respond to emerging concerns, such as cancer and mental health, quicker and more convenient diagnosis through telemedicine, and programmes that reward healthy lifestyle habits, helping to prevent the development of more alarming medical situations.

Including ESG criteria in our portfolio of products and services means that, among other benefits, we are contributing to one of the key goals of society: the sustained and dignified longevity of the population. The emphasis on services that promote health and safety in both personal and professional spheres, from telematic solutions that reduce dangerous driving habits and road accidents to awareness raising and accident prevention in the workplace, is a significant part of our response to this challenge. Also of note is the adjusting of products and services to those who are more vulnerable, in particular senior citizens and those with weaker purchasing power, who need solutions adapted to their specific needs. Adjusting covers and capitals to attain a more affordable price for less fortunate families, establishing partnerships and activities to encourage financial literacy, and providing products and services that allow our customers to achieve their savings goals, help pave the way for a more stable family life, more sustainable retirement and, above all, more dignified conditions for life in society.

The Group highlights and invests in an increasingly significant offer of sustainable products, based on a responsible and transparent marketing approach.



In 2022, the Fidelidade Group continued to focus on diversification and innovation of its products and services, linked to sustainable development factors, digitalisation of processes and quality in the customer experience.

Innovation in the portfolio of products and services involves not only efforts to develop new value propositions for our customers, within several emerging areas, but also the automation and digitalisation of existing processes, for better management of the product itself and easier ways to use our services.

DISTRIBUTION CHANNELS

Omni-channel Approach in Portugal

By adopting an omni-channel approach, the Fidelidade Group can guarantee a high quality distribution network.

REMOTE CHANNELS | Distribution via Internet and telephone represented 39%[1] of the market share, which was lower than the previous year (42%).

AGENTS| Fidelidade has 3137 agents selling its products and offering a personalised service to our customers in Portugal. We are the leader in this channel with 25%[1] of market share.

BROKERS | Premiums earned through this channel accounted for 36%[1] of the total premiums in the Portuguese market.

BANCASSURANCE | Between them, Fidelidade's bank distributors (CGD, Banco CTT and EUROBIC) have 909 bank branches selling our products. The market share is 26%.

OWN STORES | The Group has 49 own stores spread across the country and is market leader in this channel, with 44%[1] of market share.

[1] 2021 market shares

In 2022, some improvements were noted in the distribution channels. The Commercial Platform, used for distributors' activity, recorded a usage rate of 91% for agents and 66% for brokers. A total of 87,262 calls were answered by the Contact Center, which is 12.9% down on the previous year, reflecting improvements in responding to customers and managing and optimising processes.

During the year, in pursuit of its aim to provide better customer service and appropriate responses, the Group decided to replace all premium rate customer telephone lines with local call rate lines. In the case of claims lines, given the specific nature of the services, both lines were kept, guaranteeing the monitoring of the call frequency to each of them, and thereby enabling potential risks to be mitigated.

International distribution

EUROPE

Spain

The distribution channel most used in Spain is the Agents and Brokers channel, with 82% (almost a quarter is bilateral business). Fidelidade España also uses two other distribution channels: Bancassurance with 10% of sales and the Direct Channel with 7%. In the different channels, five new distribution agreements were established, mainly aimed at sales of Pet and Corporate insurance.

In 2022, Spain invested in the digital channel, making its debut with Fidelidade Pets, the first product with 100% digital subscription. This strategy of entering the digital channel is aligned with the objective of increasing innovation and the omni-channel approach that Fidelidade España demonstrated throughout 2022. It is also an important tool for triggering new partnerships with innovative solutions, mainly in the bank channel, and boosting sales. An agreement was also signed with MGA *Orizon* to grow the corporate business in Life and Collective Accidents and, also, Third Party liability.

France

The distribution channels in France are Brokers (65%) and Bancassurance (35%).

Liechtenstein

The exclusive distribution channel of the Prosperity Company is the Agent and Brokers channel. This channel has been growing since 2017 thanks to an improvement in its activation through the existing platform for Brokers, optimisation and streamlining measures in the internal CRM, and campaigns focused on attracting new brokers. In addition, the Prosperity Company has been working on its digital platforms in order to capture and retain this network through innovation and accessibility.

AFRICA

Angola

Fidelidade Angola's main distribution channels include Brokers, Agencies, with 28 own stores and a team of over 700 specialist salespersons, and Bancassurance, 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 Comercial Angolano.

Mozambique

In 2022, Mozambique's distribution channels were enhanced with the acquisition of Seguradora Internacional de Moçambique, S.A., which operated under the brand Ímpar. The company changed its name to Fidelidade Moçambique – Companhia de Seguros, S.A. and now operates under the brand Fidelidade Ímpar. Distribution is through the Mediation channel (40%), comprising Brokers, Exclusive and Multi-Brand Agents and Promoters, the bank channel (34%), with partnerships with Millennium BIM, Nedbank, and Mozabank, and the Direct channel (26%), to which the company's eight own stores belong. Fidelidade Ímpar has focused on communication that is closer to the market, via Whatsapp Business and greater availability of its Call Center that is now open 24/7, 365 days a year.

Cape Verde

At Garantia, Agencies are the most important distribution channel with 70% of gross written premiums. Garantia has invested in the continual training of its human resources and in digital transformation, in order to innovate in the services provided by the agencies. The bank channel (15%) has also been a significant focus for Cape Verde, with the consolidation of commercial partnerships with the current banks BCA, BI, BAI, IIB and Ecobank.

ASIA

Macao

In 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 (32%), Bancassurance (29%), Direct Channel (28%) and Agents (11%)

LATIN AMERICA

Chile

In Chile we may highlight the following channels: Comerciais Santiago (29.56%), Branches (29.81%), Corporate (29.17%) and Affinities (11.46%). The business model of FID Seguros is based on a scalable technological platform that enables agile interface with different distribution partners.

Peru

La Positiva's distribution platform is based on several distribution channels that allow it to be near its customers and provide them with service quality. The distribution channels in Peru include Brokers (accounting for 43% of the portfolio), Non-traditional Channels (19%), Own Distribution (12%), Direct Channel (7%), Public Tenders (15%), Digital Salesforce (3%) and e-commerce (1%).

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 websites that enable insurance to be purchased directly online. The direct channel is mostly composed of retail agencies in shopping centres, located for the most part in Lima, which represents an opportunity for La Positiva to reach new clients.

Bolivia

The distribution channels in Bolivia are Bancassurance (40%), Brokers (35% of gross written premiums), Direct Channel (13%), and Sales Force (12%). The Brokers channel offers personalised sales assistance by line of business. In the Bancassurance channel, of note are the commercial partnerships with three of the largest retail banks in Bolivia: BMSC, FASSIL and FIE.

INNOVATION AND DIGITALISATION

Becoming a more agile company is a current priority for Fidelidade. This is based on four fundamental values:

- **Focus on the customer so we can meet their needs**, giving the market solutions that are truly applicable.
- **Focus on output** so we can test products and concepts and gauge receptiveness to conceived ideas.
- **Adaptability** to the context so we can incorporate feedback that we receive.
- **Empowering people and teams** so they can rise to challenges.

We believe we are more effective in responding to our customers and the market and in rising to challenges because these values are part of our DNA. In 2022, focused on these four principles, we worked on several fronts.

The new strategic planning cycle

In 2021, the Fidelidade Group began designing a new strategic planning cycle with the aim of guaranteeing that our teams in the field would be more able to clearly understand the priorities and work more autonomously and with well-defined objectives.

This project led to:

- The **Annual Business Planning (ABP)**, an annual plan that connects the strategic plan to the key initiatives to be carried out during the year. By empowering our teams, the strategic priorities and objectives are clear for the entire organisation.
- The **Activity and Business Review (ABR)**, three moments in the year when the priorities for the next four-month period are reviewed, with allocation of people and resources and updating of priorities.
- The **alignment of the budget and the scorecard** of each area with the objectives defined by the ABP and the ABR, guaranteeing the alignment of incentives across the entire organisation.

Developing agility in projects implies working together across multiple areas and different competences, which is something the Fidelidade Group invested in, in 2022. We believe that these teams become autonomous and more customer-focused, while at the same time guaranteeing higher levels of efficiency and effectiveness. To implement this, new working tools were defined, coaching-on-the-job was guaranteed, an agility training programme, for Executives and for Employees, was designed, informal communities were created for sharing and development of certain functions within the Group, and an internal and external communication initiative was developed in order to share this process of organisational transformation.

Research & Development and Innovation

Research, development and innovation (R&D) is one of the main drivers of a company's growth and competitiveness. It enables the current knowledge base to be consolidated as well as enhanced learning of new opportunities, while at the same time stimulating productivity, creating more qualified jobs and raising quality standards. Thus, innovation is intrinsic and essential to the long-term sustainability of companies and the creation of positive impacts for society and the environment. The Fidelidade Group is keen to develop and strengthen its position in this field, through the creation of new disruptive value propositions, either in the insurance sphere or by partnering with its customers in the provision of prevention, protection and assistance services (beyond insurance), in order to stand out within the sector.

External level

According to the statistics on R&D in Portugal for 2020, produced by the General Directorate of Education and Science Statistics ("DGEEC"), the insurance, reinsurance and pension funds sectors (excluding mandatory social security) invested around EUR 18.4 million in R&D activities. **The Fidelidade Group invested around EUR 9.5 million, contributing with over 51.5% of the R&D in its sector and occupying 28th position on the general list of companies/groups with the highest levels of investment in R&D activities that year**.

Internal level

The Group's R&D is based on the 3 major pillars that span its entire structure.

INTERNAL PROCESSES IMPROVEMENT	INNOVATIVE VALUE PROPOSITIONS	TRANSFORMATION ENABLERS

Internal Processes Improvement

- **Digitalisation and automation of processes**:
  - Fidelidade has been innovating in its motor claims processes since 2019. Now customers can schedule their inspection automatically, following automated opening of the process, and receive a message with information about the date and repair shop. The claims processes can recognise the completed Accident Report (*Declaração Amigável de Acidente Automóvel - DAAA*), using Optical Character Recognition (OCR) and Intelligent Character Recognition (ICR) mechanisms. This project has made a decisive improvement to the service provided to our customers and business partners, and recently received an award for the Best Insurance Project at the IDC Portugal Digital Awards;
  - **B2B - Web Services B2B** projects enable the automatic integration of data and documents between Fidelidade systems and those of its business partners, with the aim of lightening the administrative burden, reducing administrative costs and increasing autonomy. Also in an effort to increase point of sales autonomy and reduce dependence on central services, Fidelidade developed **tools and mechanisms that afford its distributors greater autonomy in final pricing adjustments**, so as to provide customers with an immediate response. This methodology has helped to reduce the level of dependence on central services. The model, which was initially implemented in the individual motor line of business, will now be replicated for different mass market products;
  - **Liber 3G Multiplans -** Fidelidade developed the Liber 3G Multiplans project, a new motor simulator with a series of new functions and innovative characteristics that give distribution partners greater autonomy;
  - **New payment methods and invoicing solutions -** Fidelidade is committed to creating a seamless customer experience, both by facilitating payments by alternative means, either remotely or in-person, and by means of integrated electronic invoicing solutions;
  - **Assisted Sales –** From November 2022, we made it possible to sell insurance remotely, using the existing insurance platforms at Caixa Geral de Depósitos, and integrating subscription into homebanking. The products currently available are: Multicare products (health insurance), *Vida Essencial* (life insurance), *AT Empregada Doméstica* (accident insurance for domestic staff), and *Pack Recheio* (contents insurance);
  - **PPR Evoluir on Caixa Geral de Depósitos Homebanking –** In November 2022, we made *PPR Evoluir* (pension plan) available on Caixa Geral de Depósitos homebanking, with a digital signature function.
  - **Homebanking Health –** This project, which began at the end of 2022, offers greater agility in sales of health products to the individual segment, via the Caixa Geral de Depósitos website, Caixa Direta Online and the Caixa Directa app.
- **Automation of management processes:**
  - **Customer Analytics Models –** Propensity for use, consumption and analyses models were developed, e.g., Propensity for Use of Online Medicine, Propensity for Adhesion to and Use of the Vitality app and Propensity for Adhesion to Fidelidade Drive;
  - **Location Intelligence geographical solution @ Cares and Multicare –** More efficient initiative to support the management of the service providers network, which aims to expand the capacities for consulting and viewing geographical information in the Cares and Multicare businesses.

- **Robotisation**

Processes	Fleets	Workers' Compensation and Personal Accidents
• Fidelidade has used **Robotic Process Automation (**RPA**) technology in several areas, in particular to optimise** processes for loading FSCD (financial system) data, which are part of the process for collecting non-lead coinsurance receipts.	•The **fleets robotisation** process validates and automatically processes changes to the Risk Units in policies. Up to August 2022, this process meant that the creation of 7000 SIP processes was avoided, substantially reducing the time teams had to spend on this topic.	• From January 2023, updates to Insured Persons will be performed by **automatic integration into the system**. Fidelidade Angola estimates that this automation will eliminate 14,924 SIP creation actions, which corresponds to 75% of the actions for the Workers' Compensation and Personal Accidents lines of business, freeing up the teams to perform more critical tasks.

- **Chatbot Trusty –** Fidelidade's chatbot uses Artificial Intelligence to give the customer a more personalised and automated service, via messages on the Fidelidade and Multicare websites. This project was launched in partnership with Visor.ai, the company that won Protechting 2017.
- **PAX -** The chatbot PAX (Personal Assistant Xperience), which helps people in the Fidelidade Group with day-to-day issues, has become indispensable for sharing, cooperation and communication between our employees.
- **Other process improvement projects**
- **Ideation and creativity workshops and remote sessions –** We run ideation and creativity workshops and remote sessions using digital tools to reduce the time our employees spend travelling between our buildings.
- **BCTT and CTT Platforms -** In 2022, we implemented two commercial partners platforms for the BCTT and CTT channels, selling products in the Health and Life Financial lines of business.

Innovative Value Propositions

The aim of the Innovative Value Propositions pillar is to improve the quality of the Fidelidade Group's range of products and services, always putting our customers' needs first. That is why the Group works every day to be one step ahead of trends and respond to the challenges of a constantly changing market.

- **Protechting 5.0 –** The Fidelidade Group regards entrepreneurship as a source of innovation and is continually working to enhance and speed up access to resources, creating opportunities for cooperation in pilot projects. In March 2022, Fidelidade, Fosun and Hospital da Luz Learning Health, with the support of the innovation consultant Beta-i, launched the 5th edition of Protechting. This international innovation programme aims to strengthen the connection between the selected startups, in the areas of Insurtech and Healthtech, with the Group companies in Portugal and abroad, in particular with Fidelidade Angola, Alianza in Bolivia, Garantia in Cape Verde, FID Seguros in Chile, Fidelidade France, Fidelidade Macau, Fidelidade Ímpar in Mozambique, Alianza Garantia in Paraguay, La Positiva in Peru and Fidelidade España.

  In 2022, 99 applications were received, culminating in 3 startups being distinguished and receiving tickets and the right to a booth at Web Summit 2022.

  Protechting has already contributed to the development of over 50 pilot projects and 5 commercial agreements. Sustainability has now been defined as a transversal pillar and one of the assessment criteria for applications will now be the level of Contribution to the Sustainability Strategy.

Transformation Enablers

Transformation enablers promote innovation within the Fidelidade Group by creating synergies and developing innovative, disruptive and accessible solutions.

- The Center for Transformation and the Center for Advanced Analytics – New centres focused on R&D designed to follow the development of innovation projects and enhance analytics capacities. In 2022, more than 15 innovative solutions were tested within the scope of innovation team projects from the Center for Transformation.
- Office for Business Agility – Area recently created at Fidelidade that applies Agile methods to facilitate the organisation's daily business and plan and develop disruptive projects with a positive impact on the Fidelidade Group's processes, within a hub & spoke model.
- Strategic partnerships – These aim to create or solidify added value propositions in an ecosystem approach.
- Protechting Programme – International innovation programme, developed to accelerate startups and create synergies with global companies.

A.1.7. 2022 Highlights

Corporate matters

Acquisitions

The Prosperity Company

Acquisition of the insurer, The Prosperity Company ("TPC") – Fidelidade completed the acquisition of 70% of the capital of the TPC Group holding, the core business of which is the development of long-term savings products, based on innovative technological solutions. TPC is present in several countries, e.g. Germany, Switzerland and Italy.

La Positiva Generales

Increase in the participation in La Positiva - Fidelidade successfully completed a Public Takeover Bid for shares in the Peruvian insurer La Positiva Seguros y Reaseguros, S.A. ("La Positiva") which allowed it to acquire a further 42.9% of the equity, with an investment of 396.3 million Peruvian Soles (around EUR 101.2 million). Fidelidade already held 51% of the equity and hence now controls 93.9% of the insurer. This operation, which was already planned in the initial agreement of 2018, has allowed Fidelidade to increase its controlling position in La Positiva, which is considered a strategic asset in the Group's international expansion.

Luz Saúde

Increase in the participation in Luz Saúde – implementing the plan outlined in 2017, Fidelidade completed the acquisition of a further 49% of the equity of Luz Saúde, so that it now directly owns 99.9% of the capital. This operation is part of the strategy to strengthen the Group's position in the health area, in particular regarding the provision of high quality hospital health care and differentiation, an area in which the Luz Saúde Group has a leading position and continues to affirm itself.

Tenax Capital Limited

5% increase in the equity of Tenax Capital Limited, through the exercise of a call option that was contractually agreed, so that Fidelidade now holds 80% of the share capital.

Ratings

IN PORTUGAL

Fidelidade

The financial rating agency Fitch this year reaffirmed the A- stable (IDR) and A stable (IFS) ratings for Fidelidade, one of the highest ratings in the Portuguese business context, which expresses Fidelidade's strong capacity to honour its financial commitments.

Fidelidade obtained the ESG Rating from Sustainalytics, which demonstrates the efforts Fidelidade has made over the years to act in an increasingly socially, environmentally and economically responsible way. Of particular note is management of the Data Privacy and Security risk, which was assessed as being "Strong".

INTERNATIONAL BUSINESS

Fidelidade Macau - Fitch

The financial rating agency Fitch assigned Fidelidade Macau, for the first time, the Rating A-stable (IFS), one of the highest ratings in the Macao Special Administrative Region.

FID Chile – Feller Rate

The Feller Rate agency assigned FID Seguros an A+ rating with a stable outlook, contributing to the company's process of consolidation in the Chilean market.

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La Positiva – Moodys and Pacific Credit Rating

La Positiva Generales and La Positiva Vida were awarded A ratings with stable outlooks by Moodys and by Pacific Credit Rating.

Products and Services

Forest Fund

In 2022, it was proposed that a forestry fund be set up. With a view to appreciation of the capital invested by managing forestry and agricultural resources, the fund aims to be a relevant instrument in promoting a more sustainable forestry policy in Portugal. Through investment in the forestry sector with compliance with environmental risk management and social criteria and best governance practices (ESG - Environmental, Social and Governance), this fund should guarantee management of live assets that are part of the forest resources and management of the surrounding real estate. The aim is also to safeguard profitability, risk and liquidity criteria, taking into account and valuing the interests of the fund's Participants and the invested capital.

Health

IN PORTUGAL

Check-Ups

Regular screening is one of the most important tools for disease prevention and early diagnosis. In 2022, the most recent update of the Oncological Check-up was carried out. The free post-COVID-19 check-up was also continued in 2022. The focus on post-COVID-19 consequences continues to generate much debate and scientific research, and it is important, therefore, that we continue to support our customers.

INTERNATIONAL BUSINESS

Fidelidade Macau – Vaccination Insurance

In 2022 Fidelidade Macau developed a new insurance product for vaccines, in conjunction with the Government of Macao, with the aim of protecting the local population.

Online Medicine

The telemedicine platform was continued in 2022. Over 175,000 medical consultations were given, representing an increase of over 20% compared to 2021. In 2022, three new specialities (Cardiology, Gastroenterology and Ophthalmology) were launched, communication on the Online Assistant Doctor was enhanced, and the programme "*Põe-te em Forma*" (Get in Shape) was launched with advice from Personal Trainers.

Vitality

In 2022, this programme, which is still a case study in Portugal in terms of health prevention, continued to be boosted, and the 2nd edition of the Multicare Vitality Run also took place. A tailor-made (Corporate) version for customers was launched, with a good level of take-up.

Fidelidade Ímpar – Health Insurance

In 2022, Fidelidade Ímpar implemented new health insurance plans and covers, as part of the development of improvements and new products that took place throughout the year.

Alianza Garantia - *Salud Gold*

In 2022, Alianza Garantia launched its first health insurance product, *Salud Gold*, thus becoming the first insurer in the market with this type of product.

Operation

IN PORTUGAL

Integrated Insurance Proposal

In 2022, a key document was developed to summarise, aggregate and systematise the offer of protection solutions, which aim to meet customer needs identified in the initial stage of the sales process.

Homebanking

Homebanking has developed as a simple service for families and businesses, with their mobility and convenience in mind, and with innovative functions. CGD is one of our main partners and offers this service. In 2022, some financial products were offered on the Caixadirecta Service (namely on the online channels and app and by telephone). The following functions were provided for the PPR Evoluir product: consultation, subscription, increase, redemption, recomposition and change to the planned payments.

CTT Platform

In 2022, a partners commercial platform was developed for the CTT channel, with two lines of business being sold, Health and Life Financial. This platform was made available in July 2022.

INTERNATIONAL BUSINESS

China – Reference partnership

In 2022, Fidelidade maintained its commitment to be the reference partner for Chinese companies with an international presence, working with different industries in the Top 100 of the largest Chinese companies and attaining around EUR 16.4 million in gross written premiums in the various geographies. In terms of the bilateral agreement, the commitment with Portuguese companies was also enhanced in 2022, and increasingly global solutions were provided for our customers' needs, for example, business from Portuguese customers in Spain totalled EUR 13.1 million in gross written premiums.

Garantia - Anti-Money Laundering and Counter-Terrorist Financing

Garantia began implementing the first phase of its Anti-Money Laundering and Counter-Terrorist Financing procedures, as part of the corporate project of Fidelidade's Compliance Division.

FID Chile - *Teleton*

For the second year running, FID Chile continued its promotional work with *Teleton* (a child rehabilitation institute), with an internal plan to raise awareness in order to increase participation and donations to the charity.

A.2. Underwriting performance

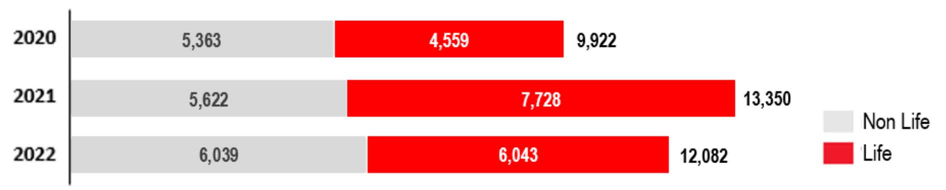
A.2.1. Insurance sector environment

Evolution of the insurance market in Portugal

In 2022, the insurance sector registered a decline compared to the previous year, with the total premiums being affected by the economic environment of inflation and high interest rates. The insurance market closed the year with total gross premiums of EUR 12.1 billion, a decrease of 9.5% YOY reflecting the evolution of the Life segment (-21.8% to EUR 6.0 billion). On the other hand, the Non-Life segment continued to grow, with premiums of EUR 6.0, up 7.4% YOY.

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 decrease in premiums in the Life segment was mainly due to the Life Financial component, particularly unit-linked products. Despite the economic context of increasing interest rates, which began to be felt in the second half of 2022, the loss of income caused by inflation and instability in the financial markets had a negative impact on this type of financial products. This evolution contrasts with the increase in premiums seen in 2021, which benefited from high levels of household savings compared to the pre-pandemic years, reflecting uncertainty about the evolution of the economic situation still under the shadow of the pandemic.

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

In this segment, it is worth noting the positive trend registered in the Health line of business (+11.8%) 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 consolidate its position as the second largest line of business in the Non-Life segment, with direct insurance premiums amounting to EUR 1,156 million.

Non-Life: Gross Premiums

	Gross Premiums		
	2021	2022	Change
Non-Life	**5,621**	**6,039**	**7.4%**
Motor	1,894	1,966	3.8%
Health	1,034	1,156	11.8%
Workers' Compensation	965	1,027	6.4%
Fire and Other Damage	1,000	1,074	7.4%
Others	728	816	12.0%

Unit: million euros; Source: ASF

Evolution of the insurance market in Latin America

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, with acceleration in 2022 in the Chile and Bolivia markets.

Non-Life: Gross Premiums

	Gross Premiums	
Country	**2021**	**2022**
Peru	9.8%	0.3%
Chile	2.6%	4.2%
Bolivia	0.5%	9.8%

Unit: % change rate

Source: Local Regulatory Bodies with information updated to October and August 2022 (Peru and Bolivia); Chile with figures forecast by AACH (Asociacion de Aseguradores de Chile A.G.)

In 2022, premiums in the Life segment maintained a very high level of growth, reflecting the strong commercial dynamic of annuity products (survival and old age).

Life: Gross Premiums

	Gross Premiums	
Country	**2021**	**2022**
Peru	37.1%	5.1%
Chile	3.2%	26.3%
Bolivia	2.9%	14.0%

Unit: % change rate

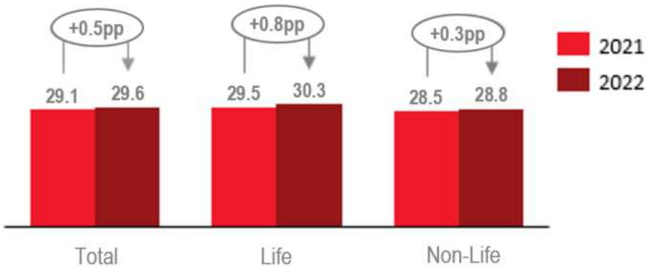
Source: Local Regulatory Bodies with information updated to October and August 2022 (Peru and Bolivia); Chile with figures forecast by AACH

A.2.2. Fidelidade's Performance

POSITION IN THE PORTUGUESE MARKET

In 2022, the Fidelidade Group held its position as market leader in Portugal, recording an overall market share of 29.6%, corresponding to an increase of 0.5 pp compared to the previous year, reflecting the performance in both the Life and Non-Life segments.

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

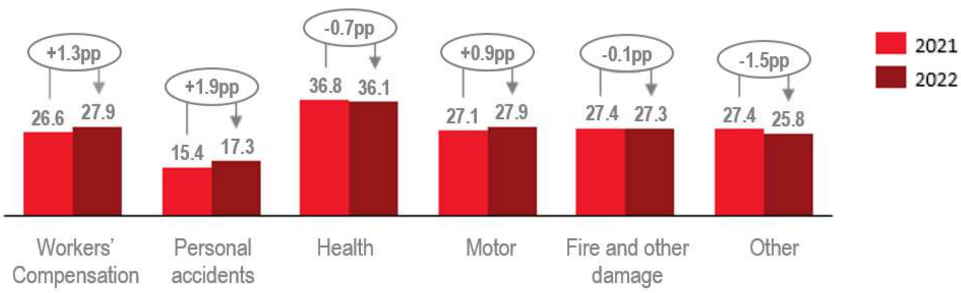


In the Life segment, and despite a fall in premiums, the Fidelidade Group increased its market share by 0.8 pp compared to 2021, reflecting the commercial performance of Financial Products, particularly unit-linked products, where the market share increased from 27.3% in 2021 to 35.1% in 2022.

Fidelidade's market share also increased in the Non-Life segment compared to 2021, reflecting the positive contribution of most lines of business.

- In the Workers' Compensation line of business the market share increased by 1.3 pp, which enabled Fidelidade to return to a position of market leader in this line of business;
- The Motor and Personal Accidents lines of business also saw an improvement in their position, with increases in market share of 0.9 pp and 1.9 pp, respectively, reflecting a strong commercial dynamic;
- There was a decrease in market share in the Health and Fire and Other Damage lines of business, compared to 2021, basically reflecting the more judicious underwriting of risks.

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



POSITION IN THE INTERNATIONAL MARKET

LATIN AMERICA – In 2022, the Fidelidade Group consolidated its position in the Latin America insurance market [2]:

- Peru: 3rd place, with the La Positiva Group achieving a market share of 12.7%[3], similar to the previous year. In the Non-Life market, La Positiva Seguros held 3rd place, with a market share of 15.4%, and La Positiva Vida also reached 5th place in the Life segment, with 10.6%.
- Bolivia: 1st place, with a market share of 21.4% in the Non-Life business and 24.2% in the Life business, strengthening its leadership position among private capital insurers;
- Chile: 17th place (the operation only commenced its activity in 2020);
- Paraguay**:** 10th place with a market share of 3.27%.

OTHER GEOGRAPHIES – The Fidelidade Group also consolidated its position in Africa. In Mozambique, the acquisition of Seguradora Internacional de Moçambique, S.A., which operates under the brand Ímpar, allowed it to reach 3rd place in the insurance market, with a market share of 12.3%[4]. In Angola, the market share was 12.5%, leading to the operation ranking in 3rd place [5].

CONSOLIDATED FINANCIAL PERFORMANCE

EXECUTIVE SUMMARY

Units: thousand €	**2022**	**2021**	***Change 22/21***
Summary INCOME STATEMENT			
Premiums written	5,118,141	4,911,602	4.2%
Life	2,491,991	2,628,513	-5.2%
Non-Life	2,626,149	2,283,089	15.0%
Combined Ratio (%)[1]	97.4%	93.4%	4.0 pp
Technical Income	71,274	45,311	57.3%
Non-technical Income	108,838	31,270	248.1%
Investment Yield (%)[2]	2.0%	3.6%	-1.6 pp
Investment Income[3]	158,096	330,410	-52.2%
Net Income[4]	220,475	270,242	-18.4%
Summary BALANCE SHEET			
Assets under Management[5]	17,041,678	18,099,943	-5.8%
Total Assets	20,249,171	20,350,385	-0.5%
Technical Provisions	14,472,260	14,054,213	3.0%
Shareholders' Equity[6]	2,553,597	3,054,714	-16.4%
ROE	7.9%	8.8%	-0.9 pp

1. Non-Life Combined Ratio adjusted to the technical costs of the insurance business; 2. Excluding unit-linked products and properties for own use; 3. Financial income less allocation to customers/technical interest and expenses related to investment management; 4. After non-controlling interests; 5. Including properties for own use; 6. Excluding non-controlling interests.

[2] Source: Peru: SBS December 2021 and October 2022, Bolivia: APS August 2022, Chile: CMF September 2022, Paraguay: BCP, Banco Central do Paraguai October 2022.
[3] Including La Positiva Seguros and La Positiva Vida.
[4] Source: Report of Quarterly Key Indicators (III Quarter 2022) - ISSM (Mozambique Institute of Insurance Supervision).
[5] Source: Angola Association of Insurers, November 2022.

In 2022, the Fidelidade Group attained total consolidated premiums written of EUR 5,118.1 million, registering an overall increase of 4.2% compared to the previous year, buoyed by the strong growth in the Non-Life business.

The Non-Life combined ratio increased year-on-year, brought about by the return to normality in economic activity, reflected in the claims rate, and by the effect of inflation.

Technical income rose to EUR 71.3 million, reflecting the improvement in yield from the Life Risk lines of business in the post-pandemic context.

Investment income registered a fall of 52.2%, reaching EUR 158.1 million, influenced by the effect of the depreciation of investment assets throughout 2022, reflecting both the instability felt in the financial markets and the effect of the increase in inflation and interest rates.

Although the non-technical income increased to EUR 108.8 million, aided by the improvement in income from the Fidelidade Group's non-insurance activity, this was not sufficient to offset the drop in investment income. As a result, the net income was EUR 49.8 million lower than in 2021, settling at EUR 220.5 million.

Also worth noting is that at the end of 2022 the Fidelidade Group had EUR 17.0 billion in assets under management, a decrease of 5.8% compared to 2021, mostly reflecting the effect of the depreciation of financial assets. On the other hand, technical provisions recorded an increase of 3.0% compared to 2021.

Shareholders' Equity reached EUR 2,553.6 million, and the average return on shareholders' equity ("ROE") was 7.9%.

PREMIUMS WRITTEN

Consolidated Premiums

Units: thousand €	2022	*% Mix*	2021	*% Mix*	*Change 22/21*
Premiums Written					
Life[1]	***2,491,991***	***48.7%***	***2,628,513***	***53.5%***	***-5.2%***
Risk and Annuities	*522,849*	*21.0%*	*443,081*	*16.9%*	*18.0%*
Life Financial	*1,969,142*	*79.0%*	*2,185,433*	*83.1%*	*-9.9%*
Non-Life	***2,626,149***	***51.3%***	***2,283,089***	***46.5%***	***15.0%***
Motor	*747,747*	*28.5%*	*668,183*	*29.3%*	*11.9%*
Health	*541,694*	*20.6%*	*466,993*	*20.5%*	*16.0%*
Fire and Other Damage	*560,233*	*21.3%*	*477,570*	*20.9%*	*17.3%*
Workers' Compensation	*375,454*	*14.3%*	*312,145*	*13.7%*	*20.3%*
Other Non-Life	*401,021*	*15.3%*	*358,198*	*15.7%*	*12.0%*
TOTAL	***5,118,141***	***100.0%***	***4,911,602***	***100.0%***	***4.2%***
Geographical Breakdown					
Life[1]	***2,491,991***	***100.0%***	***2,628,513***	***100.0%***	***-5.2%***
Portugal	*1,831,491*	*73.5%*	*2,277,607*	*86.7%*	*-19.6%*
International	*660,500*	*26.5%*	*350,906*	*13.3%*	*88.2%*
Non-Life	***2,626,149***	***100.0%***	***2,283,089***	***100.0%***	***15.0%***
Portugal	*1,746,405*	*66.5%*	*1,604,564*	*70.3%*	*8.8%*
International	*879,745*	*33.5%*	*678,524*	*29.7%*	*29.7%*
TOTAL	***5,118,141***	***100.0%***	***4,911,602***	***100.0%***	***4.2%***
Portugal	*3,577,896*	*69.9%*	*3,882,172*	*79.0%*	*-7.8%*
International	*1,540,245*	*30.1%*	*1,029,430*	*21.0%*	*49.6%*

1. Including investment contracts

Due to the macroeconomic situation of great uncertainty in 2022, the Life business recorded a decrease of 5.2% compared to the previous year, to EUR 2,492 million, reflecting the behaviour of the Life Financial premiums in Portugal. On the other hand, the international Life business recorded an increase of 88.2% compared to the previous year, benefiting both from the performance of the international operations and from the integration of The Prosperity Company within the group at the start of 2022. This company conducts its business in several European markets.

In the Non-Life segment, the Fidelidade Group grew 15.0% in 2022 to EUR 2,626 million, with positive performance in all lines of business and all geographies. In 2022 the international business accounted for around one third (33.5%) of the total premiums written in the Non-Life segment.

The lines of business with the greatest growth in 2022 were Workers' Compensation (+20.3%), Fire and Other Damage (+17.3%), and Health (+16.0%).

Premiums in Portugal

Units: thousand €	**2022**	***% Mix***	**2021**	***% Mix***	***Change 22/21***
Premiums Portugal					
Life	***1,831,491***	***51.2%***	***2,277,607***	***58.7%***	***-19.6%***
Risk and Annuities	*197,630*	*10.8%*	*191,050*	*8.4%*	*3.4%*
Life Financial	*1,633,861*	*89.2%*	*2,086,557*	*91.6%*	*-21.7%*
Non-Life	***1,746,405***	***48.8%***	***1,604,564***	***41.3%***	***8.8%***
Motor	*549,147*	*31.4%*	*512,610*	*31.9%*	*7.1%*
Health	*417,944*	*23.9%*	*380,478*	*23.7%*	*9.8%*
Fire and Other Damage	*298,086*	*17.1%*	*276,100*	*17.2%*	*8.0%*
Workers' Compensation	*286,623*	*16.4%*	*256,387*	*16.0%*	*11.8%*
Other Non-Life	*194,604*	*11.1%*	*178,990*	*11.2%*	*8.7%*
TOTAL	***3,577,896***	***100.0%***	***3,882,172***	***100.0%***	***-7.8%***

In Portugal, the Fidelidade Group recorded positive premiums performance in the Non-Life segment, growing 8.8% compared to the previous year and above the market average (7.4%), with most lines of business contributing to this result. This evolution enabled the Group to increase the Non-Life market share by 0.3 pp to 28.8%.

In the Non-Life business, the Workers' Compensation and Health lines of business recorded the greatest growth, with total premiums reaching EUR 286.6 million and EUR 417.9 million, respectively. Fidelidade's market share in Portugal in the Workers' Compensation line of business increased to 27.9% (compared to 26.6% in 2021).

In the Life business in Portugal, Fidelidade recorded a fall of 19.6% compared to the previous year, influenced by the negative evolution of Life Financial products. However, since the market recorded a fall of 21.8% year-on-year, the Fidelidade Group's market share increased.

International Premiums

Units: thousand €	**2022**	***% Mix***	**2021**	***% Mix***	***Change 22/21***
International Premiums					
Life Premiums	***660,500***	***42.9%***	***350,906***	***34.1%***	***88.2%***
Risk and Annuities	*325,219*	*49.2%*	*252,031*	*71.8%*	*29.0%*
Life Financial	*335,281*	*50.8%*	*98,875*	*28.2%*	*239.1%*
Non-Life	***879,745***	***57.1%***	***678,524***	***65.9%***	***29.7%***
Motor	*198,600*	*22.6%*	*155,573*	*22.9%*	*27.7%*
Health	*123,750*	*14.1%*	*86,515*	*12.8%*	*43.0%*
Fire and Other Damage	*262,146*	*29.8%*	*201,470*	*29.7%*	*30.1%*
Workers' Compensation	*88,831*	*10.1%*	*55,758*	*8.2%*	*59.3%*
Others	*206,417*	*23.5%*	*179,209*	*26.4%*	*15.2%*
TOTAL	***1,540,245***	***100.0%***	***1,029,430***	***100.0%***	***49.6%***

Premiums from the international business reached EUR 1,540.2 million in 2022, recording year-on-year growth of 49.6%, reflecting both the Life and Non-Life segments.

The Non-Life business grew 29.7%, with Peru, Chile and Angola contributing most to the increase of EUR 201.2 million in the international Non-Life premiums.

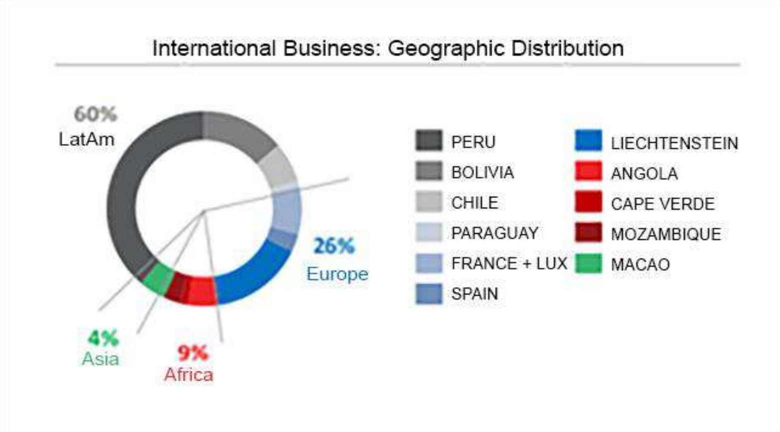
The Workers' Compensation line of business saw very marked growth (59.3%), propelled by the Fidelidade Group's business in Mozambique and Angola. The Health line of business recorded growth of 43.0%, influenced by the increase in demand for health insurance, also in Mozambique and Angola.

The Life Risk and Annuities line of business, which carries significant weight in the Latin America business, recorded a sizeable increase of 29.0%, essentially reflecting the increase in demand for life policies in the Bolivia and Peru operations, in addition to the effect of local currency appreciation against the Euro.

Lastly, in the international business, the Life Financial line of business registered growth of 239%, reflecting the integration of The Prosperity Company.

Units: thousand €		**2022**			**2021**		***Change 22/21***
International Premiums	%Life	%NL	Total	%Life	%NL	Total	%
PERU	34%	66%	597,556	36%	64%	520,098	*14.9%*
LIECHTENSTEIN	100%	0%	237,562	-	-	-	-
BOLIVIA	49%	51%	214,141	44%	56%	172,100	*24.4%*
FRANCE + LUX	39%	61%	120,989	31%	69%	98,864	*22.4%*
CHILE	0%	100%	101,578	0%	100%	61,624	*64.8%*
ANGOLA	6%	94%	77,199	4%	96%	42,350	*82.3%*
MACAO	73%	27%	66,106	76%	24%	65,118	*1.5%*
SPAIN	7%	93%	45,494	12%	88%	27,894	*63.1%*
MOZAMBIQUE	12%	88%	44,334	1%	99%	10,109	*338.6%*
CAPE VERDE	15%	85%	19,763	15%	85%	16,750	*18.0%*
PARAGUAY	4%	96%	15,522	4%	96%	14,524	*6.9%*
TOTAL	**43%**	**57%**	**1,540,245**	**34%**	**66%**	**1,029,430**	***49.6%***

In terms of geographical distribution, in 2022, the Latin America business represented 60% of the Fidelidade Group's international business, while Europe accounted for 26%, Africa 9% and Asia 4%.



PROFITABILITY

Combined Ratio

(%) **Combined Ratio**	**2022**	**2021**	***Change 22/21***
Consolidated CoR	**97.4%**	**93.4%**	***4.0 pp***
Loss Ratio	*68.1%*	*64.9%*	*3.2 pp*
Expense Ratio	*29.3%*	*28.5%*	*0.8 pp*
CoR Portugal	**95.3%**	**93.0%**	***2.4 pp***
CoR International	**105.4%**	**96.6%**	***8.7 pp***

The Fidelidade Group's consolidated combined ratio was 97.4%, increasing 4.0 pp compared to the previous year, mostly reflecting the return to normal of claims rates in most lines of business, and the inflation-driven increase in costs.

This increase in the combined ratio was seen in both the Portugal business (+ 2.4 pp compared to 2021, to 95.3%) and the international business (+ 8.4 pp compared to 2021, to 105.4%), with the latter being influenced by non-recurrent impacts.

Net Income

Units: thousand € **Income**	**2022**	**2021**	***Change 22/21***
Technical Income	71,274	45,311	*57.3%*
Investment Income	158,096	330,410	*-52.2%*
Non-Technical Income	108,838	31,270	*248.1%*
Income before Tax	**338,208**	**406,991**	***-16.9%***
Tax and Non-Controlling Interests	-117,734	-136,750	*13.9%*
NET INCOME	**220,475**	**270,242**	*-18.4%*

Net income fell in 2022, due to the lower contribution of investment income, reflecting the recognition in the accounts of impairments associated with investment assets.

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BALANCE SHEET INDICATORS

Assets under Management

Units: thousand €	2022	Mix (%)	2021	Mix (%)	Change 22/21
Assets under Management					
Not Unit Linked[1]	13,881,758	*81%*	16,339,673	*90%*	*-15.0%*
Unit Linked	3,159,920	*19%*	1,760,270	*10%*	*79.5%*
Total Assets under Management	**17,041,678**	***100%***	**18,099,943**	***100%***	***-5.8%***
yield[2] (%)	2.0%	-	3.6%	-	*-1.6 pp*
RoTE (%)	10.5%	-	10.9%	-	*-0.4 pp*

1.Including properties for own use; 2. Excluding unit-linked products and properties for own use.

At the end of 2022 had assets under management of EUR 17.0 billion, with 19% of that figure related to unit-linked products.

The investment portfolio not connected to unit-linked products was EUR 13.9 billion, and the annualised average yield was 2.0%.

Also, in 2022 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 rising interest rates, and taking into account capital optimisation under the Solvency II rules.

Technical Provisions

Units: thousand €	2022	Mix (%)	2021	Mix (%)	Change 22/21
Technical Provisions					
Life	11,469,049	*79%*	11,227,249	*80%*	2.2%
Non-Life	3,003,211	*21%*	2,826,964	*20%*	6.2%
Total	**14,472,260**	***100%***	**14,054,213**	***100%***	***3.0%***

In 2022, technical Provisions stood at EUR 14.5 billion, displaying an increase of 3.0% compared to 2021, reflecting the evolution of the Life and Non-Life segments.

Shareholders' Equity

Units: thousand €	2022	2021	Change 22/21
Shareholders' Equity			
Shareholders' Equity and Non-Controlling Interests	2,856,100	3,618,980	*-21.1%*
Non-Controlling Interests	302,502	564,267	*-46.4%*
Shareholders' Equity without Non-Controlling Interests	**2,553,597**	**3,054,714**	*-16.4%*
ROE (%)	7.9%	8.8%	*-0.9 pp*

At the end of 2022, Shareholders' Equity, excluding Non-Controlling Interests, was EUR 2,553.6 million, which was lower than the previous year and largely a reflection of the effect of the depreciation of financial assets in the Revaluation Reserve and the return of supplementary capital payments. The average return on equity (ROE) was 7.9%.

Debt

Units: thousand € **Debt**	**2022**	**2021**	***Change 22/21***
Subordinated debt	502,165	501,054	*0.2%*
Debt Ratio (%)	2.5%	2.5%	*0.0 pp*

In 2021, Fidelidade issued subordinated debt in the financial markets for the first time, enabling optimisation of its capital structure. At the end of 2022, subordinated debt totalled EUR 502.2 million and the ratio of subordinated debt to total assets was 2.5%.

SEPARATE FINANCIAL PERFORMANCE[6]

INCOME SUMMARY

Units: thousand € **Summary INCOME**	**2022**	**2021**	***Change 22/21***
Premiums written	3,682,092	3,959,112	*-7.0%*
Life	*1,882,092*	*2,311,992*	*-18.6%*
Non-Life	*1,799,999*	*1,647,120*	*9.3%*
Combined Ratio (%)[1]	96.3%	93.7%	*2.5 pp*
Net Income	112,443	212,283	*-47.0%*

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

In individual terms, Fidelidade's total premiums in 2022 were EUR 3,682.1 million, recording a decrease of 7.0% compared to the previous year, originating in the Life segment.

The Life business recorded premiums of EUR 1,882.1 million, decreasing 18.6% compared to the previous year, but at the same time performing better than the national market average.

In the Non-Life segment, Fidelidade grew 9.3% in 2022, reflecting the positive performance of all lines of business.

Fidelidade's separate combined ratio was 96.3%, an increase of 2.5 pp compared to the previous year, as a result of the previously mentioned return of the claims frequency to levels similar to those existing before the pandemic, and also the effect of inflation.

In 2022, Fidelidade recorded a separate net income of EUR 112.4 million, a decrease of 47.0% compared to the previous year, mostly due to the lower contribution from investment income.

SUMMARY OF BALANCE SHEET INDICATORS

Units: thousand € **Summary BALANCE SHEET**	**2022**	**2021**	***Change 22/21***
Total Assets	15,453,475	16,694,316	*-7.4%*
Technical Provisions	11,751,537	12,264,215	*-4.2%*
Shareholders' Equity	2,228,674	2,812,082	*-20.7%*

[6] 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 Mozambique branches (Life and Non-Life) ceased trading at the start of 2022, and the portfolio of insured was integrated into Seguradora Internacional de Moçambique.

At the end of 2022, Fidelidade Individual had Total Assets of EUR 15.5 billion and Technical Provisions of EUR 11.8 billion, the latter falling 4.2%, in line with the evolution in Life Financial products.

Shareholders' Equity totalled EUR 2.2 billion, a fall of 20.7% compared to the previous year, also reflecting the negative effect on the revaluation reserves largely as a result of the fall in value of debt instruments at fair value.

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	59,046	1,075,232	747,421	394	**1,882,093**	**2,311,992**
Reinsurers' share	1,026	0	27,864	0	**28,890**	**23,752**
Net	**58,020**	**1,075,232**	**719,557**	**394**	**1,853,203**	**2,288,240**
Premiums earned						
Gross	59,074	1,075,232	747,140	394	**1,881,840**	**2,311,575**
Reinsurers' share	1,041	0	27,857	0	**28,898**	**23,644**
Net	**58,033**	**1,075,232**	**719,283**	**394**	**1,852,942**	**2,287,931**
Claims incurred						
Gross	258,653	117,745	1,661,045	46	**2,037,489**	**2,716,302**
Reinsurers' share	570	0	13,744	0	**14,314**	**9,912**
Net	**258,083**	**117,745**	**1,647,301**	**46**	**2,023,175**	**2,706,390**
Changes in other technical provisions						
Gross	-197,188	0	1,385	0	**-195,803**	**-183,395**
Reinsurers' share	-66	0	2,659	0	**2,593**	**5,469**
Net	**-197,122**	**0**	**-1,274**	**0**	**-198,396**	**-188,864**
Expenses incurred						
Expenses incurred	**17,585**	**25,844**	**100,824**	**152**	**144,405**	**139,987**

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	39,178	0	0	**39,178**	**117,796**
Reinsurers' share	0	0	0	0	**0**	**0**
Net	**0**	**39,178**	**0**	**0**	**39,178**	**117,796**
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**	**2,154**	**0**	**0**	**2,154**	**2,024**

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	420,743	42,505	286,623	749,871	679,640
Gross - Proportional reinsurance accepted	109	42	300	451	325
Gross - Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	418,219	16,885	9,017	444,121	398,931
Net	2,633	25,662	277,906	306,201	281,034
Premiums earned					
Gross - Direct business	416,723	37,693	285,055	739,471	677,310
Gross - Proportional reinsurance accepted	109	42	300	451	359
Gross - Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	414,198	12,279	9,017	435,494	398,834
Net	2,634	25,456	276,338	304,428	278,835
Claims incurred					
Gross - Direct business	324,429	20,595	97,383	442,407	404,483
Gross - Proportional reinsurance accepted	0	0	569	569	599
Gross - Non-proportional reinsurance accepted	0	0	0	0	0
Reinsurers' share	323,141	7,314	1,020	331,475	299,152
Net	1,288	13,281	96,932	111,501	105,930
Changes in other technical provisions					
Gross - Direct business	445	-138	-299	8	8,621
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	445	-138	-299	8	8,621
Expenses incurred					
Net	23,130	12,691	73,640	109,461	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	294,442	204,535	29,082	337,159	76,248	320	6,549	48,314	42,452	**1,039,101**	**960,001**
Gross - Proportional reinsurance accepted	850	448	101	8,239	870	0	0	0	70	**10,578**	**7,155**
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	**0**
Reinsurers' share	2,479	57	16,996	161,058	41,210	206	5,033	37,612	19,005	**283,656**	**245,860**
Net	**292,813**	**204,926**	**12,187**	**184,340**	**35,908**	**114**	**1,516**	**10,702**	**23,517**	**766,023**	**721,296**
Premiums earned											
Gross - Direct business	288,382	195,548	29,004	325,709	65,572	334	6,296	46,724	42,836	**1,000,405**	**922,303**
Gross - Proportional reinsurance accepted	850	448	118	6,173	980	0	0	1	96	**8,666**	**7,306**
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	**0**
Reinsurers' share	2,479	59	17,083	153,300	30,057	222	5,033	37,612	19,054	**264,899**	**224,421**
Net	**286,753**	**195,937**	**12,039**	**178,582**	**36,495**	**112**	**1,263**	**9,113**	**23,878**	**744,172**	**705,188**
Claims incurred											
Gross - Direct business	174,724	119,541	6,474	154,175	15,421	-19	0	-4	15,554	**485,866**	**495,957**
Gross - Proportional reinsurance accepted	161	-1	-54	6,018	801	0	0	0	0	**6,925**	**4,205**
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	**0**
Reinsurers' share	-431	-133	1,637	59,696	8,743	0	0	-2	6,589	**76,099**	**107,630**
Net	**175,316**	**119,673**	**4,783**	**100,497**	**7,479**	**-19**	**0**	**-2**	**8,965**	**416,692**	**392,532**
Changes in other technical provisions											
Gross - Direct business	-4,642	-190	-80	2,106	14,433	0	-170	25	67	**11,549**	**24,184**
Gross - Proportional reinsurance accepted	0	0	0	545	15	0	0	0	0	**560**	**-80**
Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	**0**	**0**
Reinsurers' share	0	0	0	0	12,414	0	0	0	0	**12,414**	**14,139**
Net	**-4,642**	**-190**	**-80**	**2,651**	**2,034**	**0**	**-170**	**25**	**67**	**-305**	**9,965**
Expenses incurred											
Net	**107,009**	**59,411**	**3,542**	**74,297**	**24,194**	**64**	**2,081**	**13,968**	**13,295**	**297,861**	**284,107**

A.3. Investment performance

A.3.1. Income and expenses from investments

At 31 December 2022, 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	25,517	45,387	**70,904**	**79,735**
Property (other than for own use)	0	20,630	11,273	**31,903**	**59,787**
Holdings in related undertakings, including participations	1,172,694	954,526	870,589	**2,997,809**	**2,610,195**
Equities - listed	28,516	346,336	0	**374,852**	**496,794**
Equities - unlisted	0	0	1,092	**1,092**	**1,142**
Government bonds	2,323,930	10,971	104,492	**2,439,393**	**3,637,774**
Corporate bonds	3,497,674	691,981	22,188	**4,211,843**	**5,348,497**
Structured notes	166,272	0	0	**166,272**	**197,774**
Collateralised securities	0	0	0	**0**	**0**
Collective investment undertakings	290,464	436,687	73,820	**800,971**	**1,047,671**
Derivatives	74,132	17,109	20,887	**112,128**	**28,075**
Deposits other than cash equivalents	24,357	10,653	105,336	**140,346**	**115,564**
Assets held for index-linked and unit-linked contracts	2,467,147	0	0	**2,467,147**	**1,759,925**
Loans and mortgages	0	0	34,047	**34,047**	**1,059**
Cash and cash equivalents	0	0	217,706	**217,706**	**380,610**
Total	**10,045,186**	**2,514,410**	**1,506,817**	**14,066,413**	**15,764,602**

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	24,301	24,203
Public debt instrument – domestic issuers	40,288	13,611
Other public domestic issuers	3,905	5,405
Other public foreign issuers	775	0
International financial organisations	19,428	293
Public debt instrument – foreign issuers	72,459	8,831
Debt instrument – other domestic users	183,439	177,164
Debt instrument – other foreign users	809,074	399,587
Equity instruments - resident	423	498
Equity instruments – non-resident	124,576	134,790
Other financial instruments – Units of participation - resident	174,942	165,604
Other financial instruments – Units of participation – non-resident	792,682	544,169
Other financial instruments – Other resident	6,262	23,545
Receivables	0	0
Transactions to be settled	-4,612	-2,312
Other deposits	872	240
Derivatives	113,398	122,126
Sight deposits	105,058	142,516
Term deposits	0	0
Total	**2,467,270**	**1,760,271**

In 2022, 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	89,485	0	**89,485**	**106,730**
Corporate bonds	0	128,184	0	**128,184**	**129,277**
Equities	16,202	0	0	**16,202**	**21,338**
Collective investment undertakings	15,822	2,359	0	**18,181**	**35,300**
Structured notes	0	0	0	**0**	**0**
Collateralised securities	0	0	0	**0**	**0**
Cash and cash equivalents	0	13	0	**13**	**86**
Loans and mortgages	0	21	0	**21**	**32**
Property	0	0	0	**0**	**0**
Derivatives	0	-13,333	0	**-13,333**	**-13,193**
Others	0	162	0	**162**	**225**
Subtotal	**32,024**	**206,891**	**0**	**238,915**	**279,795**
Investments allocated to technical provisions – non-life segment					
Government bonds	0	996	0	**996**	**870**
Corporate bonds	0	32,260	0	**32,260**	**17,617**
Equities	26,359	0	0	**26,359**	**16,080**
Collective investment undertakings	10,489	2,130	0	**12,619**	**26,721**
Structured notes	0	0	0	**0**	**0**
Collateralised securities	0	0	0	**0**	**0**
Cash and cash equivalents	0	11	0	**11**	**361**
Loans and mortgages	0	2	0	**2**	**1**
Property	0	0	4,381	**4,381**	**5,107**
Derivatives	0	0	0	**0**	**0**
Others	0	1	0	**1**	**1**
Subtotal	**36,848**	**35,400**	**4,381**	**76,629**	**66,758**
Investments not allocated					
Government bonds	0	4,581	0	**4,581**	**1,984**
Corporate bonds	0	580	0	**580**	**1,144**
Equities	5,679	0	0	**5,679**	**1,478**
Collective investment undertakings	0	0	0	**0**	**137**
Structured notes	0	0	0	**0**	**0**
Collateralised securities	0	0	0	**0**	**0**
Cash and cash equivalents	0	1,055	0	**1,055**	**65**
Loans and mortgages	0	2,073	0	**2,073**	**0**
Property	0	0	2,450	**2,450**	**2,677**
Derivatives	0	0	0	**0**	**-1,096**
Others	0	0	0	**0**	**0**
Subtotal	**5,679**	**8,289**	**2,450**	**16,418**	**6,389**
Total	**74,551**	**250,580**	**6,831**	**331,962**	**352,942**

In 2022, 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	16,407	6,666	30,153	53,226	33,823
Other investment expenses	1,312	174	3,595	5,081	1,673
Total	17,719	6,840	33,748	58,307	35,496

Information on gains and losses directly recognised in shareholders' equity

In 2022, 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	94,556	-5,994	88,562	112,489
Corporate bonds	124,424	-110,450	13,974	325,055
Equities	-46,985	102,167	55,182	124,437
Collective investment undertakings	-36,093	-86,801	-122,894	85,280
Structured notes	0	-20	-20	0
Collateralised securities	0	14	14	-14
Cash and cash equivalents	14	0	14	97
Loans and mortgages	21	0	21	32
Property	0	0	0	0
Derivatives	-37,068	-24,265	-61,333	-184,471
Others	162	0	162	614
Subtotal	99,031	-125,349	-26,318	463,519
Investments allocated to technical provisions – non-life segment				
Government bonds	1,025	0	1,025	1,289
Corporate bonds	70,053	-3,047	67,006	39,040
Equities	7,090	140,434	147,524	-18,776
Collective investment undertakings	22,352	5,766	28,118	79,841
Structured notes	0	-8	-8	0
Collateralised securities	0	0	0	0
Cash and cash equivalents	63	16	79	1,257
Loans and mortgages	0	0	0	-4
Property	14,404	-62	14,342	6,034
Derivatives	115	-76,201	-76,086	-31,210
Others	0	0	0	1
Subtotal	115,102	66,898	182,000	77,472

Investments (cont.)	As a charge to		Total	Previous year
	Income statement	Shareholders' equity		
Investments not allocated				
Government bonds	4,647	0	**4,647**	**1,966**
Corporate bonds	547	0	**547**	**1,316**
Equities	7,047	-211,384	**-204,337**	**36,919**
Collective investment undertakings	310	4,215	**4,525**	**1,590**
Structured notes	0	0	**0**	**0**
Collateralised securities	0	0	**0**	**0**
Cash and cash equivalents	-3,890	0	**-3,890**	**20**
Loans and mortgages	2,103	0	**2,103**	**279**
Property	2,526	-334	**2,192**	**3,446**
Derivatives	-26,678	15,250	**-11,428**	**-10,397**
Others	0	0	**0**	**0**
Subtotal	**-13,388**	**-192,253**	**-205,641**	**35,139**
Total	**200,745**	**-250,704**	**-49,959**	**576,130**

A.3.2. Information on investment in securitisations

At 31 December 2022, 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

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

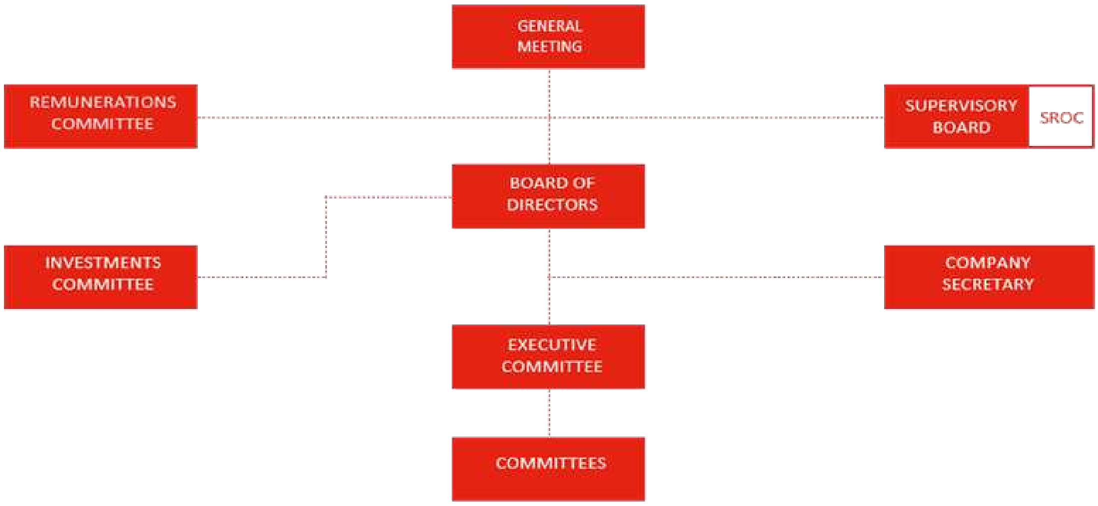
B.1. General information on the system of governance

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 2022:



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 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 2022, 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.

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.

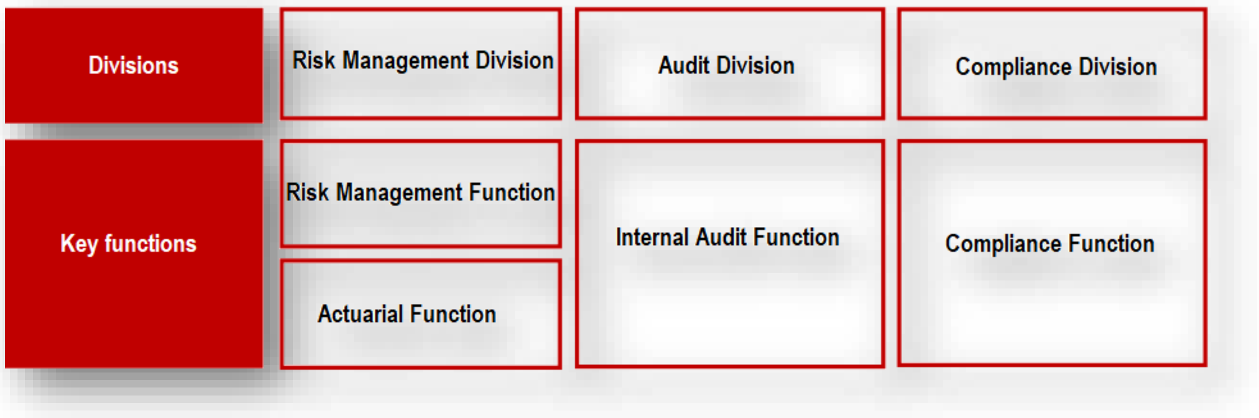
The Company guarantees an adequate separation of functions and delegation of responsibilities, by approving each structural body's organic and functional structure, defining its scope and general aims, the related organisational chart and main functions, and appointing its heads.

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:



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 other decision-making bodies;
- 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;
- Assessing and monitoring the current and future solvency situation;
- 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;
- 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 risk management and internal control systems;
- Assessing and monitoring the risk mitigation instruments, namely Reinsurance;
- Identifying, assessing and monitoring underwriting risks and the credit risk of instruments to mitigate those risks, and preparing information to support decision-making.

- Revising the medium-term Capital Management Plan and respective Contingency Plans;
- Coordinating and conducting the annual ORSA exercise;
- Ensuring that the report on mechanisms and procedures to be adopted specifically within the scope of the Policy for the prevention, detection and reporting of insurance fraud situations is produced in line with the stipulations of that policy;
- Drawing up, proposing and revising the Risk Management Policy;
- Drawing up, proposing and revising or cooperating with the revision of all specific risk management policies for each category of material risk, including:
    - Cooperating with the revision of the Underwriting Policy;
    - Cooperating with the revision of the Reinsurance Policy;
    - Cooperating with the revision of the Reserving Policy;
    - Cooperating with the drawing up and revision of the Investments Policy;
    - Cooperating with the drawing up and revision of the Asset and Liability and Liquidity Risk Management Policy;
    - Drawing up, proposing and revising the Operational Risk Management Policy;
    - Cooperating with the proposal and revision of the Capital Management Policy;
- Cooperating with the revision of the Dividends Policy;
- Drawing up, proposing and revising Deferred Tax Policy;
- Drawing up, proposing and revising the Own Risk and Solvency Assessment Policy;
- Drawing up, proposing and revising the Risk Appetite Framework.

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.

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

- Proposing the Compliance strategy and policies and ensuring revision of these;
- Ensuring the development and maintenance of the Compliance risk management system with a risk-assessment approach
- In conjunction with the other key functions, maintaining the Compliance risks catalogue up to date;
- Ensuring the actions necessary to promote a Compliance culture within the Group;
- Preparing and proposing the Fidelidade Group's Code of Conduct, and the internal rules that develop and implement it, and ensuring these are disseminated and revised;
- Preparing and proposing the Compliance Policy, ensuring its revision, and the annual Compliance Plan;
- Articulating the Compliance function with the other key functions of the Group's insurance and reinsurance companies;
- Contributing to the development of the Group's international governance system.

B.1.4. Committees

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

RISK COMMITTEE

This Committee 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.

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.

SUSTAINABILITY COMMITTEE

The objective of the Sustainability Committee is to make recommendations and validate or provide support for decisions of the company bodies on all matters related with Sustainability, in particular in defining the strategic pillars of sustainability and monitoring Fidelidade's actions in these areas, in revising procedures and policies from the sustainability perspective and in the general assessment of performance in this area.

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 balanced 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 the other Fidelidade employees.

The complementary pensions and early retirement rules applicable to the members of the management body follow the same conditions as those applicable to Fidelidade employees. The Executive Committee Members also have a Complementary Retirement Plan, set up through an insurance policy and the contribution of which is indexed to the gross annual fixed remuneration.

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 may or may not receive fixed remuneration for the performance of their functions, according to that decided by the Remunerations Committee, and the remuneration, if any, may be different for each of them and some may be remunerated while others are not.

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

Fidelidade's employees are subject to the Remunerations Policy for Employees of the Fidelidade Group in Portugal, which is based on the following principles:

- It is structured in a clear and transparent manner 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 responsibilities of each employee, which is adequately balanced with a 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 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 2022 the Company revised the Remuneration Policy for employees of the Fidelidade Group, in both the fixed and variable components.

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 legal 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 performance of the Company or of the organic unit to which they belong.

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 a controlling or group 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 44) and the Notes to the Consolidated Financial Statements (Note 49).

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 Assets and Liabilities Management Committee and the Sustainability 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 2022, 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 2021, 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 2021, 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 and the conducting of the ROCI Cycle – 2022.

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 Fidelidade Group's medium to long-term strategy is defined on the basis of analysis and discussion in a broad forum, in which reflection is encouraged on the Group's position in the various lines of business, considering the broader evolution of the external macroeconomic situation, the insurance sector and the Group's main stakeholders. The results of this reflection are supported and summarised on key tools and outputs such as the long-term Business Plan and the selection of strategic Imperatives and Orientations.

The Company's strategy is executed by means of a chain of responsibilities beginning with the Executive Committee, which defines the high-level strategic objectives, and then passing to the heads of each Division, who establish strategic objectives for their sphere of action and propose a plan of initiatives to achieve those objectives. The execution of the strategy ends with the Company's employees, who seek, on a daily basis and within the scope of their functions, to achieve the proposed objectives by carrying out the prioritised initiatives.

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, doing so in conjunction with DET (the Statistics and Technical Studies Division), both by drawing up 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 acceptance of risk is delegated to the sales areas and/or distribution channels in situations where knowledge of the risk is high and the technical risk is low.

The aim of the Company's General 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 policy is properly implemented, in the products' sales phase, the Operations and Procurement Division (DOP) and the Non-Life Business Divisions, in the case of Non-Life products, and the Life Business Divisions, 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, and compliance with it is guaranteed by rules defined in the claims management systems and by the configuring of the profiles allocated to each user of those applications.

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. In addition, in business areas which have time limits established by law, the operating systems have an important set of alarm features that guarantee that management is warned when those time limits are becoming critical.

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.

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.

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.

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 is revised annually.

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.

The analysis by investment essentially derives from the selection grid at the time of the asset purchase defined in the Investments Policy, in order to protect insured persons through restrictions on the use of the Company's assets. 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-" or in line with the exceptions defined in the Reinsurance Policy.

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 reinsurers 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 2022 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.
- The existence of a Sustainability Division.

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.

RECOGNITION

In 2022, we continued to be proudly recognised by consumers and companies as one of the best insurers in Portugal, collecting awards in different product categories and in campaigns held. This recognition is the result of continual investment in an innovative and quality product range, which focuses on people's real needs and on being at their side in all the stages of their lives.

Trusted Brands 2022

Fidelidade and Multicare were recognised as Trusted Brands 2022, in the Life and Property, Motor and Health Insurance categories by Reader's Digest *Selecções*.

Consumer's Choice 2022

All three of the Fidelidade Group's brands received the Consumer's Choice award; Fidelidade, in the Insurance category; OK! teleseguros, in the Direct Insurance category; and Multicare, in the Health Insurance category. These awards were given for the eighth, fourth and third year in a row, respectively.

Five Stars Award 2022

OK! teleseguros won the Five Stars Award 2022 in the Direct Insurance category, having been elected by consumers, who registered the highest levels of satisfaction, recommendation or purchasing intention.

Powerful Brands Awards

Recognition of Fidelidade and Multicare as winning brands in the Large Insurance Company and Health Insurance categories, respectively. These awards are a tool for gauging the value of brands in areas which are not yet very tangible, but crucial for the value chain, such as brand sustainability, purpose, ethics and innovation.

Efficacy Awards

The Efficacy Awards highlight campaigns developed by agencies in Portugal. The Fidelidade Pets campaign was awarded Gold in different categories – Financial Services and Insurance, Low Budget, Commerce & Shopper, and Activation and Sponsorships – and Fidelidade Start (Mediator of the Future) was awarded Bronze, also in the Financial Services and Insurance category.

Marketeer Awards 2022

Fidelidade received the Marketeer Award - Edition 2022.

COMPLAINTS MECHANISMS

Fidelidade reviewed and updated the **Customer Ombudsman Regulation** and drew up a **Complaints Management Policy** in 2022, both of which were subsequently published on the Group companies' websites. The main purpose of this review was to help improve the quality of the products and services provided by the Group to customers, employees and partners. The Policy made it possible to define, in a very clear and unambiguous way, the principles and actions to be observed by all employees when dealing with complaints.

The complaints processes are centralised in the Complaints Management Centre ("CGR"), which acts as a central point for receiving and responding to complaints, and which is duly identified internally and externally. Besides the CGR, which the customer can visit, complaints may be made at any Company or mediator branch, sent to the address of the Centre or registered in the physical or electronic Complaints Book.

In addition, and whenever so justified, customers' complaints are reported to the audit, compliance and/or risk management divisions and the Legal Affairs Division, whenever they involve situations, actions, omissions and failure to comply with procedures which are considered, in the light of that reported, to justify an audit process/analysis by those structural bodies.

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. 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 mission is to define, implement and maintain a Compliance risk management cycle, contributing so that the management bodies, management structure and staff of the Group Companies comply with the legislation and standards in force at a given time, both externally and internally, and with the guidelines of the national and international supervisory bodies, 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.

In 2022, the Compliance Division carried out a significant number of initiatives with the aim of strengthening the internal control mechanisms and safeguarding an adequate level of compliance with the legislation and standards in force at any given time, both externally and internally.

Compliance Topic	Brief Description
Communication and Training	Designing and implementing a medium-term communication and training plan to increase awareness and build capacity among employees on the various Compliance topics.
Prevention of anti-competition practices	Implementation of a programme to identify, assess and mitigate risks related with anti-competition practices.
Anti-money laundering and counter-terrorist financing	Improvement of control tools for filtering counterparties and monitoring operations, and in Know Your Counterparty (KYC) processes within the scope of investment processes.
Data protection	Consolidation of methods intended to identify, assess and mitigate the risks associated with data protection.
Reporting Channels (*whistleblowing*)	Implementation of whistleblowing channels at the Fidelidade Group.
Analysis of main regulatory changes	Development of a process to map and assess potential impacts arising from new regulations, thus contributing to timely adaptation to the new requirements and obligations.
Analysis of new products and advertising and marketing tools	Consolidation of methods to follow products' management life cycle – Compliance By Design – including the process for checking compliance with regulatory requirements on the subject of advertising in the insurance sector.
Rules on ethics and conflicts of interest	Revision of the Fidelidade Group's Code of Conduct.
Anti-Corruption and related offences	Development of the plan for the prevention of corruption risk.
International governance model	Development of a model for regularly monitoring the effectiveness of the Compliance function in the Group's international operations.

The Compliance Policy, which establishes the strategy, mission, governance, types of risks and the processes associated with the exercise of the Compliance function in the Fidelidade Group, was revised in 2022, and is duly formalised and available to all employees in the internal communication channels.

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 legal and regulatory Compliance.

The rules and principles that the Internal Audit function must obey are established in the Internal Audit Policy, which was revised in July 2022.

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. At the end of 2022, the internal audit module of the Corporate Governance software application used by the Risk Management Division and the Compliance Division was implemented, which allows the audit work performed and its conclusions to be documented, as well as monitoring of the level of implementation of the recommendations made. The application also enables the audit reports to be made available to all relevant parties.

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 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 three 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 Center 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.

Also of note is the outsourcing of Microsoft Applications services, housed in a cloud infrastructure and the respective maintenance, updating, performance monitoring and information security control services. The service is provided by Microsoft Ireland Operations Limited, with its registered office in the Republic of Ireland.

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.

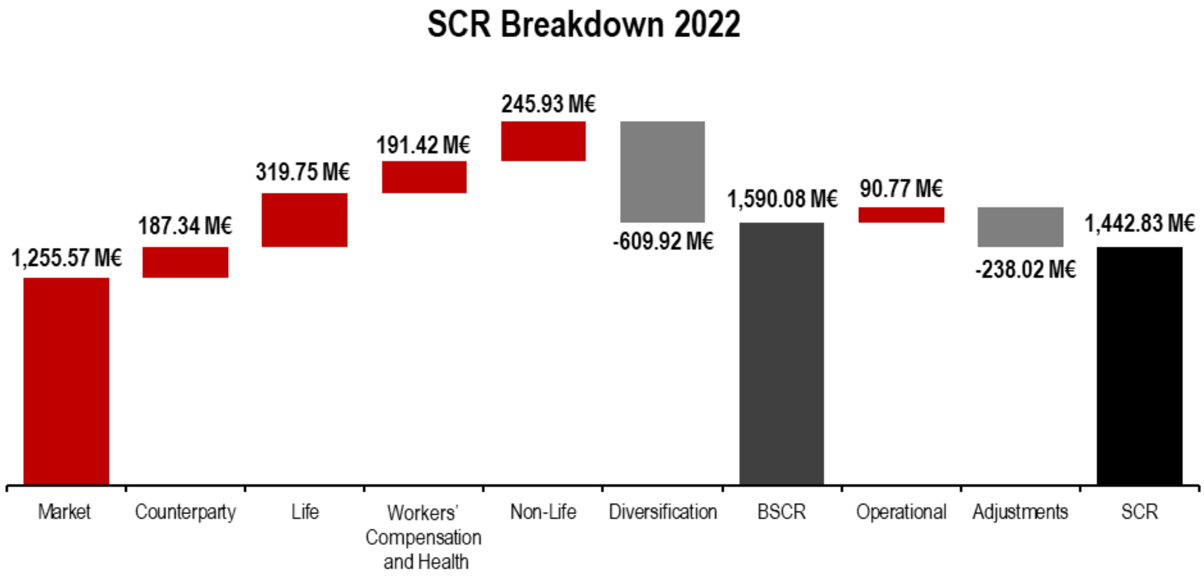
On the other hand, this integrated approach ensures value creation via the identification of adequate balance between risk and return, simultaneously guaranteeing the Company's obligations to its stakeholders.

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.

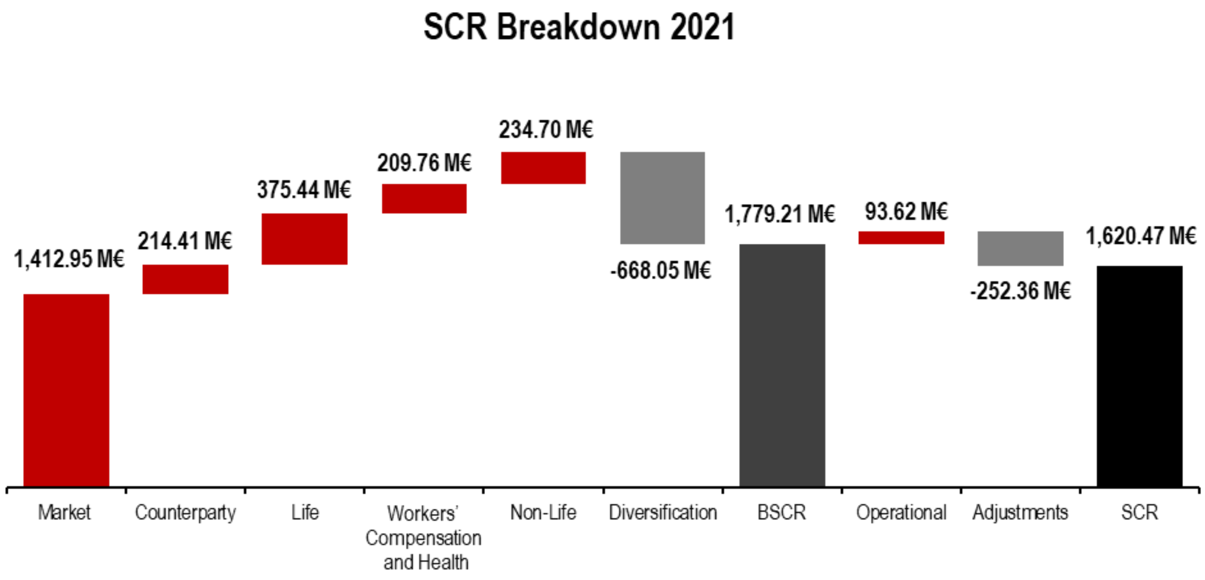
The risk assessment is based on a standard formula used to calculate the solvency capital requirement. For other risks, not included in that formula, the Company has opted to use a qualitative analysis to classify the foreseeable impact on its capital needs.

Hence, the calculation of the Company's solvency capital requirement (SCR) with reference to 31 December 2022 was as follows:

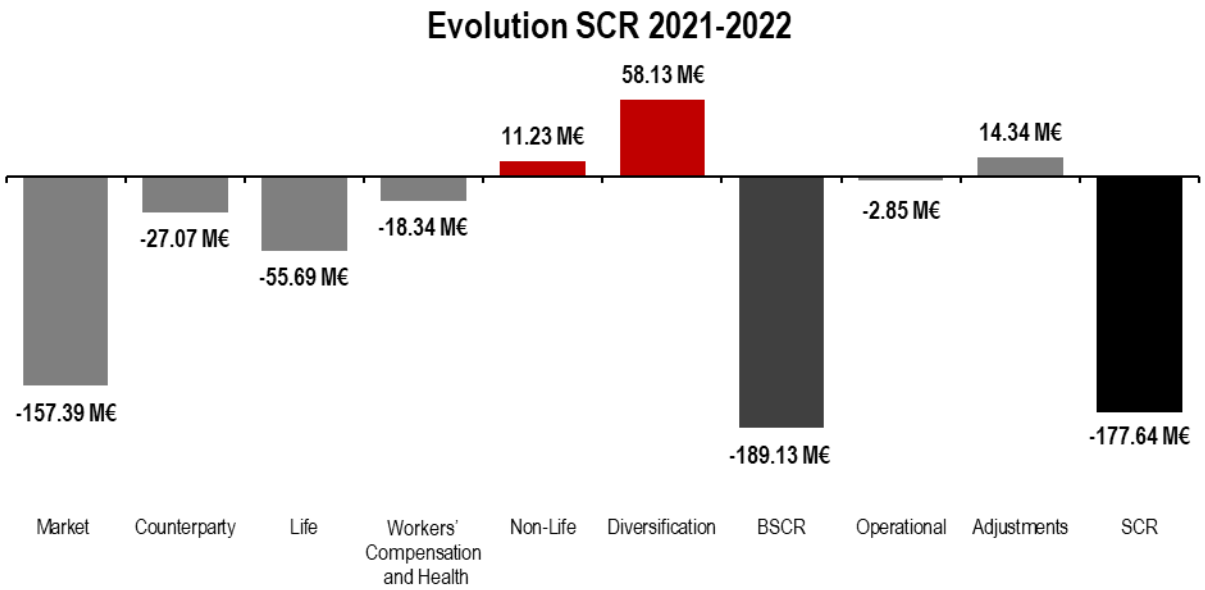


The market risk is clearly prominent in this requirement, followed by the Life and Non-Life underwriting risks, Workers' Compensation and Health risk and Counterparty Default risk, which are much lower.

The same calculation relating to 31 December 2021 was as follows:



The decrease of EUR 177.64 million is shown in the graph below.



The following elements can be highlighted in this evolution:

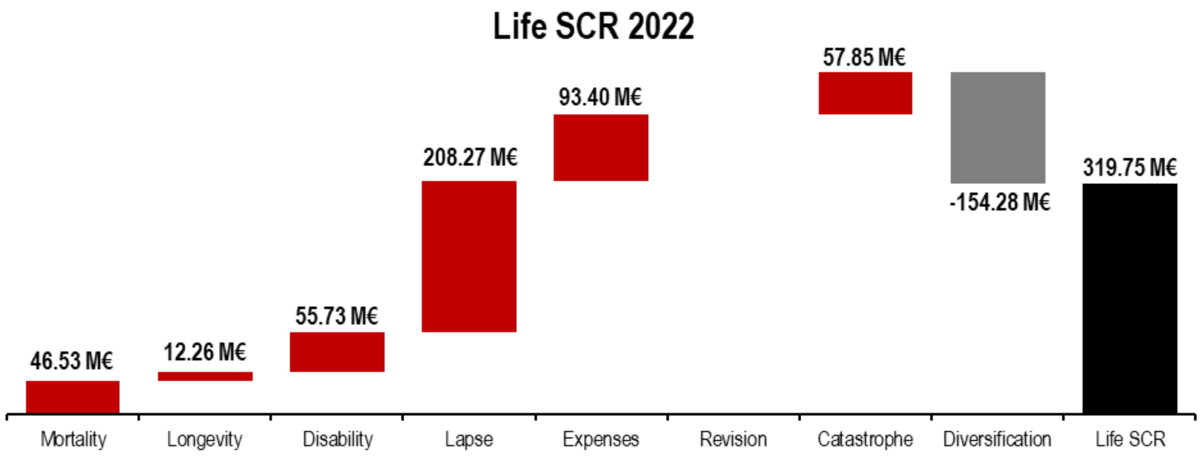
- The decrease in market risk, detailed in chapter C.2.;
- The decrease in the workers' compensation and health underwriting risk, detailed in point C.1.3.;
- The increase in the non-life insurance underwriting risk, detailed in point C.1.2.;
- The decrease in counterparty default risk, detailed in point C.3;
- The decrease in operational risk, detailed in chapter 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.

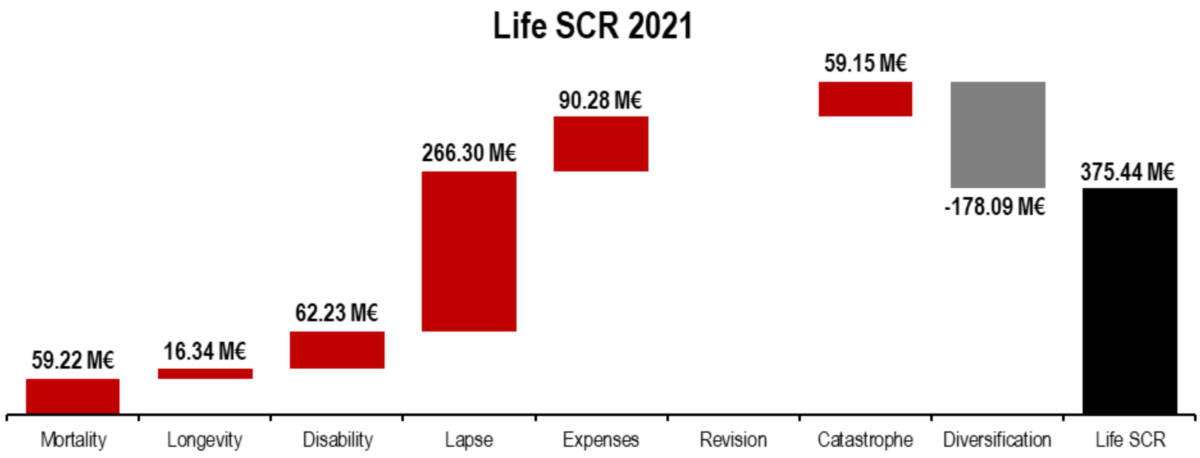
The next risk is the catastrophe risk which results from the significant weight in sums insured associated with life risk contracts.

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

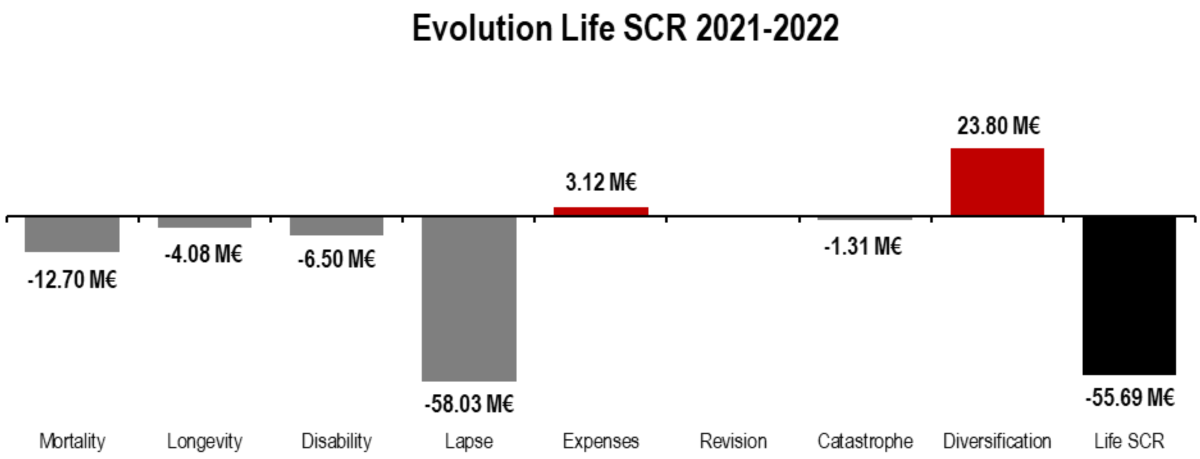
Lastly, there is the longevity risk, the significance of which is relatively low in this risk module, since the Companies' Annuities portfolio is small.

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

The Life SCR at 31 December 2021 was:



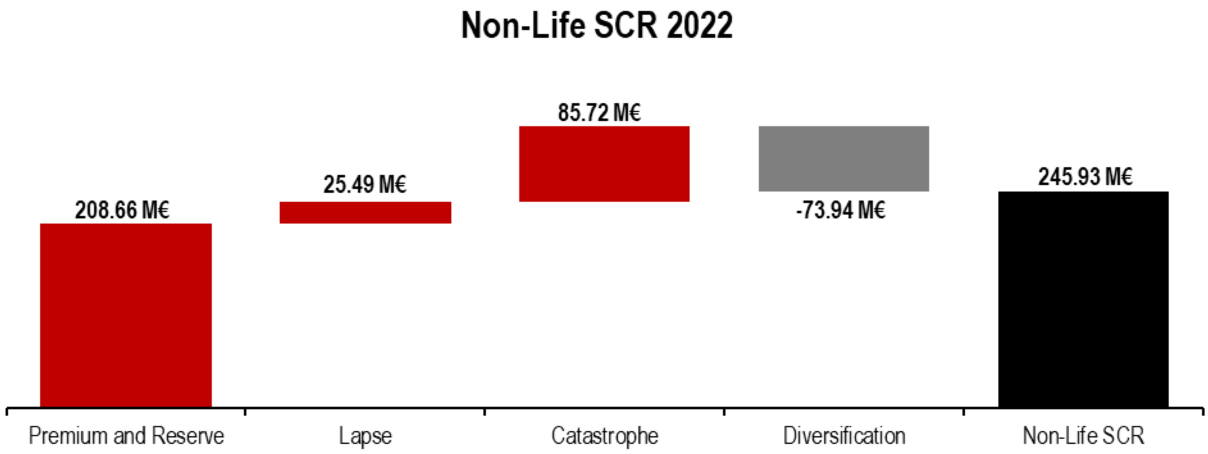
The decrease of EUR 55.69 million is shown in the graph below:



The decrease in the life underwriting risk is basically the result of the evolution of the risk-free interest rate term structure, with the most significant impact being on the lapse risk mostly due to mortgage-linked life insurance risk. Except for the expense risk, which registered a slight increase, the other underwriting risks decreased.

C.1.2. Non-Life underwriting risk

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



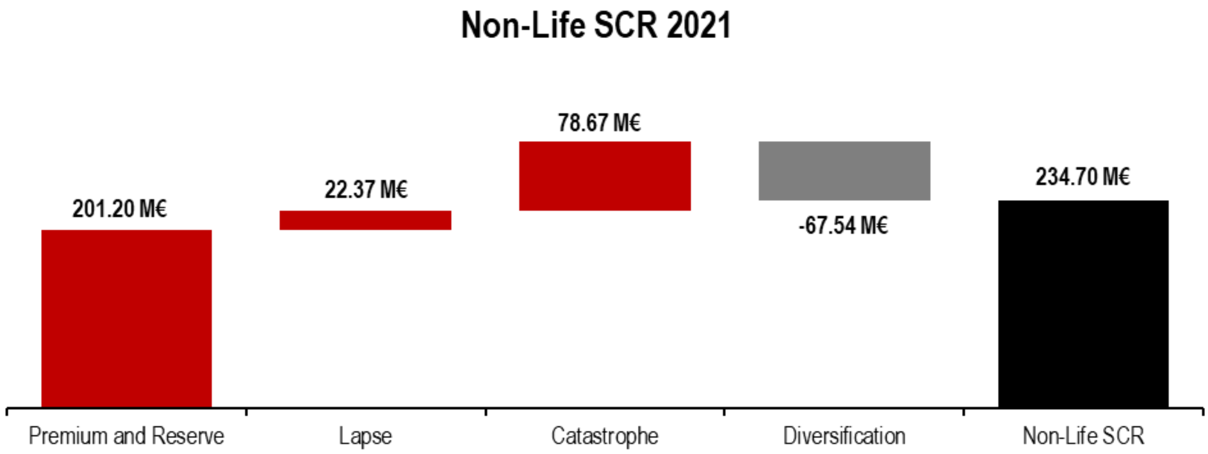
Within this sub-module, the premium and reserve risk is the most important.

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.

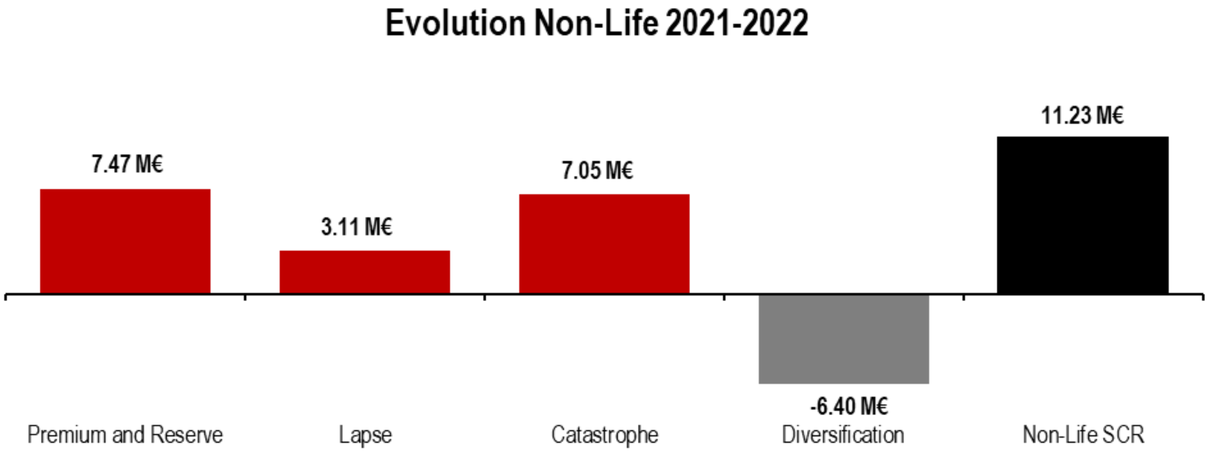
With a much lower figure, there is the catastrophe risk, which basically arises from the significant amount of sums insured with seismic phenomena coverage. However, in the event of a seismic phenomenon, because of the existing reinsurance contracts only a part of the liability will be assumed by the 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 2021 was:



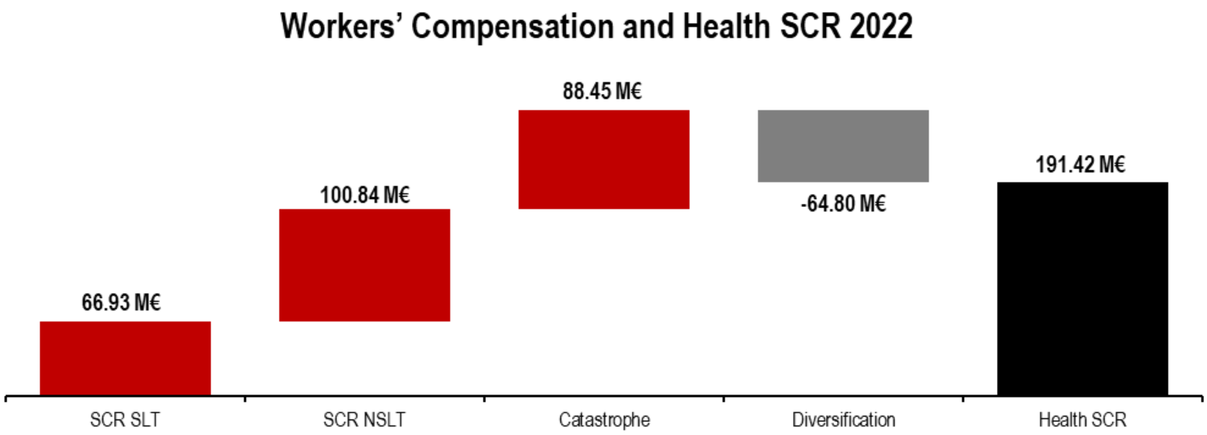
The increase of EUR 11.23 million is shown in the graph below.



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. Workers' Compensation and 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.

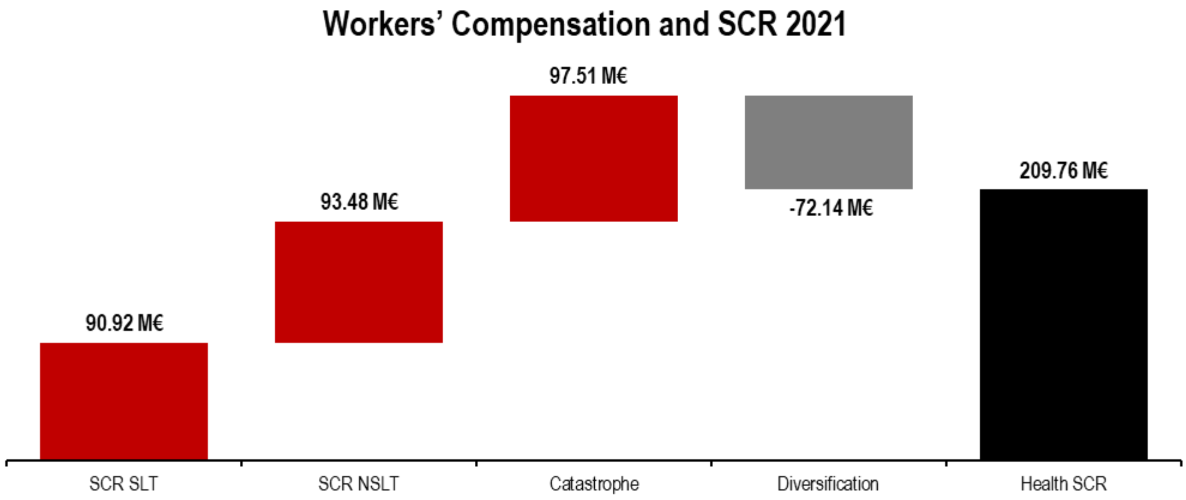


The SLT (similar to life techniques) health sub-module is basically composed of longevity risk resulting from pensions and permanent assistance expenses in the workers' compensation line of business.

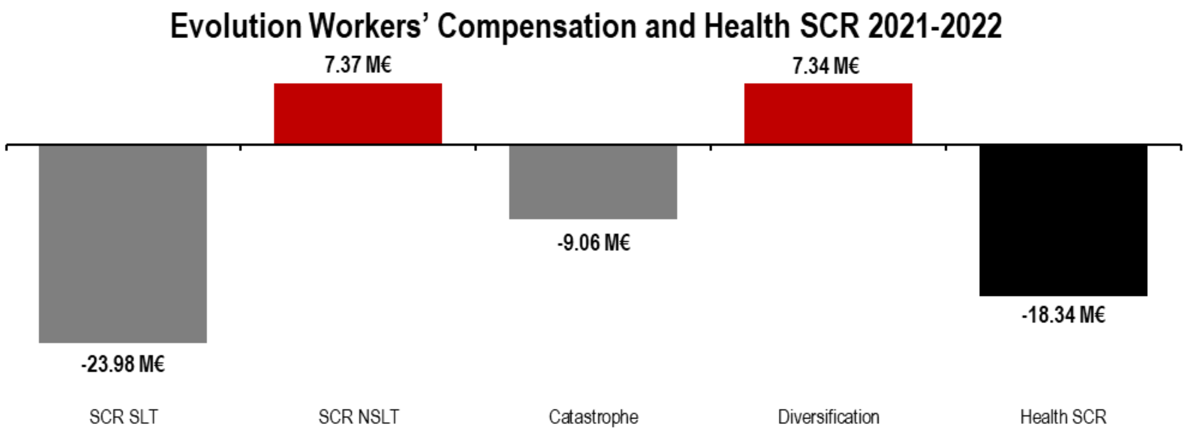
The NSLT (not similar to life techniques) health sub-module originates from the premium and reserve risk in the workers' compensation and personal accidents lines of business, given that health insurance is 100% reinsured with Multicare.

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

The Workers' Compensation and Health SCR at 31 December 2021 was:



The decrease of EUR 18.34 million is shown in the graph below.



The evolution in this module was basically due to:

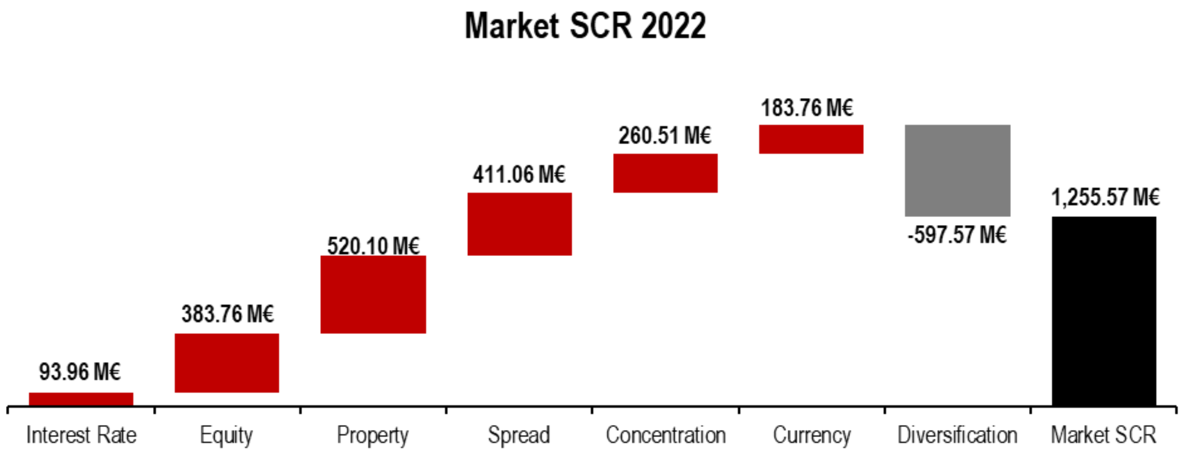
- The Company's activity;
- The catastrophe risk derived from the significant increase in persons exposed to risk and their respective average salaries considered in the scenario established for calculating concentration risk.

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.

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 property risk, reflecting the investment strategy that the Company is pursuing, where there is significant exposure to the real estate market.

The second most important market risk 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.

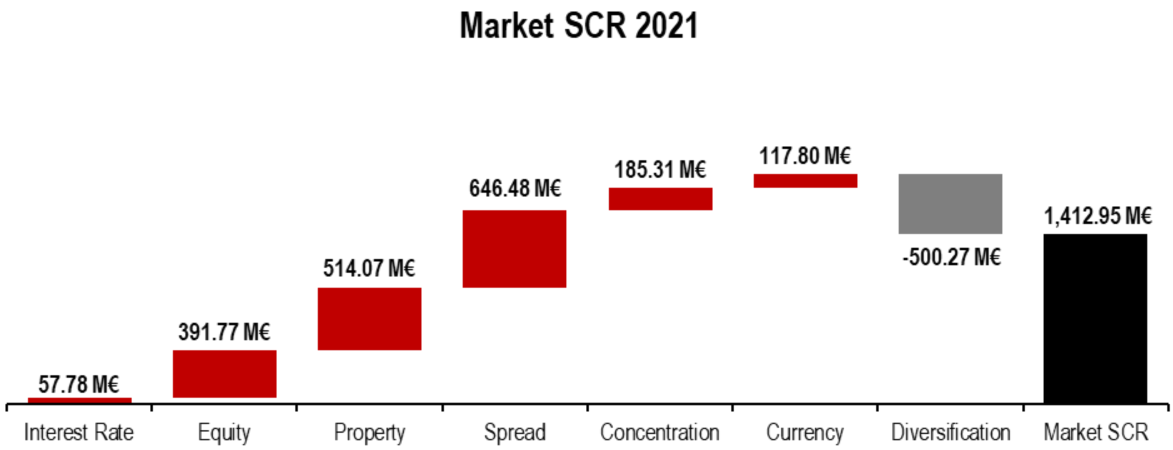
The third most important sub-module is equity risk, as a result of the Company's significant exposure to equity markets.

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), to HSBC and to Caixa Geral de Depósitos.

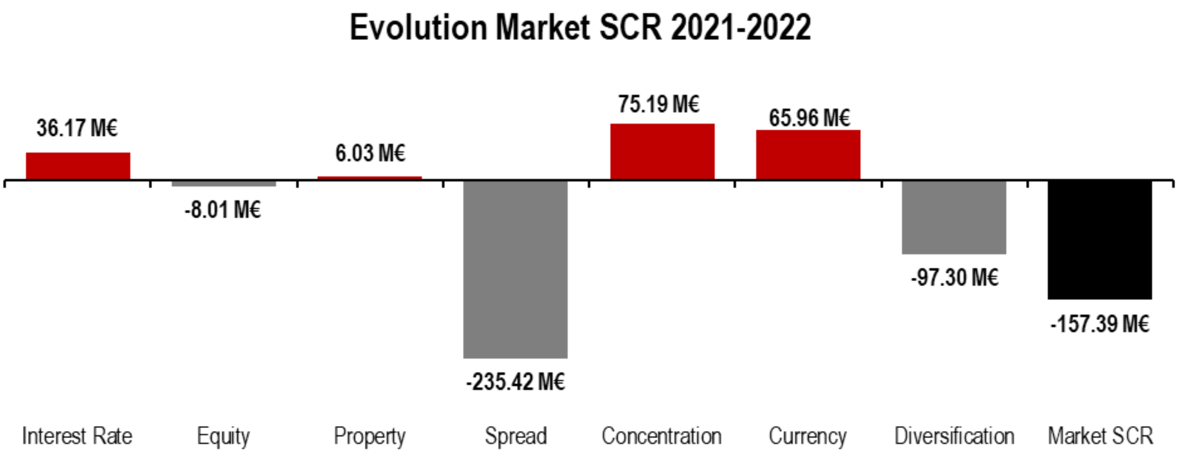
The currency risk has a lower value, which reflects the hedging for the most significant exposures to foreign currency.

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 2021 was:



The decrease of EUR 157.39 million is shown in the graph below.



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.

The slight decrease in equity risk is justified by a lower exposure to Ageas, REN and NCL.

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

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.

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:

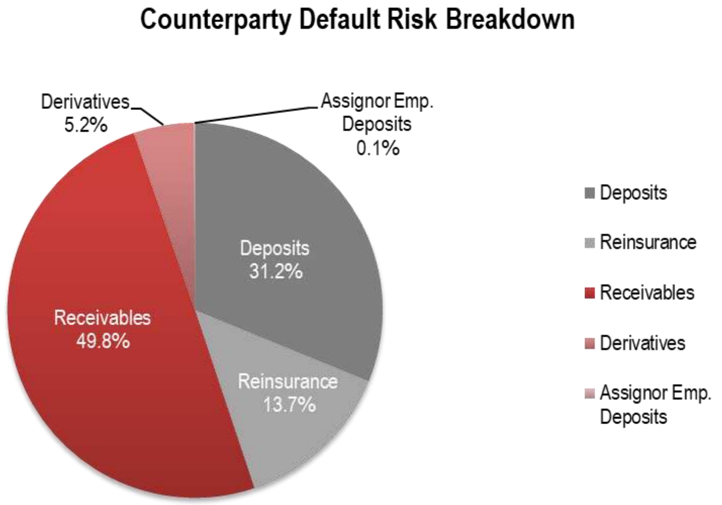
- The exposure to assets denominated in American Dollars (USD) and in Hong Kong Dollars (HKD), given the high correlation between USD and HKD, is mitigated by using futures, forwards and swaps contracts in USD;
- The exposure to assets denominated in Pounds Sterling (GBP) is mitigated by using futures,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

The Company intends to replace the futures contracts with similar contracts, at the end of their maturity period.

C.3. Counterparty Default risk

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

The breakdown of this risk by counterparty type at 31 December 2022 is:



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, and from receivables. Of the remaining exposures, the most significant is 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 GCF – ALM (Capital Planning and Financial Optimization Office – Asset and Liability Management Functional Area) 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 monthly 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 2022, a new metric was included to measure the proportion of liquid assets over liabilities, in which the liquid assets covering the liabilities ranged between 76.2% and 86.3%.

In 2022 the ALM and Liquidity Policy was revised (within the ALCO) and now includes two new chapters, one on the liquidity rules for unit-linked products and the other on the principles on Investment Allocation.

The limits and targets were met in all months in 2022. The liquidity ratios are well above 100%, ranging between 140% and 300%. Fidelidade ended the year with 59% 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 2022, was:

Amount in thousand euros

Expected profits included in future premiums	383,914
Total	**383,914**

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 decrease 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.

C.7.2. Risk sensitivity

The sensitivity of the solvency ratio, at 31 December 2022, 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	-16.5 pp	+8.1 pp	-9.0 pp
Property	-13.9 pp	+6.1 pp	-8.2 pp
Spread	-11.3 pp	+1.5 pp	-9.9 pp
Interest Rate (Up)	+1.1 pp	+0.4 pp	+1.6 pp
Interest Rate (Down)	-0.8 pp	-1.9 pp	-2.7 pp

At 31 December 2021, the solvency sensitivity ratio was:

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

The sensitivity to interest rate risk in 2021 behaved differently to that calculated in 2021, which was mostly due to the fact that the assets' exposure fell compared to 2021 and to the change in the interest rate curve.

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

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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 2022.

The same information, for solvency purposes, is presented in relation to 31 December 2021.

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**	**15,199,642**	**15,554,451**	**-354,809**	**16.529.681**
Liabilities					
D.2	Technical Provisions	10,890,505	11,908,701	**-1,018,196**	**11.807.534**
D.3	Other liabilities	1,727,022	1,416,928	**310,094**	**1.809.357**
Total Liabilities		**12.617.527**	**13,325,629**	**-708,102**	**13,616,891**
Excess of assets over liabilities		**2.582.115**	**2,228,822**	**353,293**	**2,912,790**

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 reinsurance and special purpose vehicles recoverables.

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	13,513,555	13,757,342	**-243,787**	**15,048,369**
Real estate assets	301,105	296,590	**4,515**	**334,563**
Other assets	1,069,014	1,040,728	**28,286**	**870,675**
Reinsurance recoverables	315,968	459,791	**-143,823**	**276,074**
Total	**15,199,642**	**15,554,451**	**-354,809**	**16,529,681**

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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	2,997,809	2,610,196
Equities — listed	374,852	496,794
Equities — unlisted	1,092	1,142
Government bonds	2,439,393	3,637,773
Corporate bonds	4,211,843	5,348,497
Structured notes	166,272	197,774
Collateralised securities	0	0
Collective investment undertakings	602,673	852,630
Derivatives	112,128	28,074
Deposits other than cash equivalents	140,346	115,564
Other investments	0	0
Assets held for index-linked and unit-linked contracts	2,467,147	1,759,925
Total	**13,513,555**	**15,048,369**

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	2,997,809	3,139,982	**-142,173**
Equities — listed	374,852	374,852	**0**
Equities — unlisted	1,092	1,639	**-547**
Government bonds	2,439,393	2,462,264	**-22,871**
Corporate bonds	4,211,843	4,211,843	**0**
Structured notes	166,272	166,300	**-28**
Collateralised securities	0	0	**0**
Collective investment undertakings	602,673	602,419	**254**
Derivatives	112,128	113,495	**-1,367**
Deposits other than cash equivalents	140,346	217,280	**-76,934**
Other investments	0	0	**0**
Assets held for index-linked and unit-linked contracts	2,467,147	2,467,268	**-121**
Total	**13,513,555**	**13,757,342**	**-243,787**

The main 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 142,174 thousand).

The total difference includes, among others, the impacts of the valuation of Luz Saúde S.A. (reduction of EUR 360,873 thousand), FID Peru, S.A. (reduction of EUR 82,582 thousand) and Fidelidade Property Europe, S.A. (increase of EUR 195,012 thousand).

In addition, the Solvency II adjustment made to the participation in Fidelidade Moçambique – Companhia de Seguros, S.A. (previously Seguradora Internacional de Moçambique, S.A.) incorporates a revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of that participation. These impacts are reflected in other balance sheet headings, namely “Derivatives” and “Financial Liabilities other than debts owed to credit institutions”.

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.

Derivatives

The Solvency II adjustment in this heading is justified by the revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of Fidelidade Moçambique – Companhia de Seguros, S.A. (previously Seguradora Internacional de Moçambique, S.A.). These impacts are reflected in other balance sheet headings, namely "Holdings in related undertakings, including participations" and "Financial Liabilities other than debts owed to credit institutions".

Deposits other than cash equivalents

As of the Q4 2022 report, assets with CIC 79 (margin and collateral accounts) were no longer included under the balance sheet heading "Deposits other than cash equivalents" due to a change in the classification. Following the ASF's guidelines, this amount is now reflected under the heading "Any other assets, not elsewhere shown".

Assets held for index-linked and unit-linked contracts

This results from the closing quoted prices at 31 December 2022 being obtained at different times. In the financial statements the valuation at 31 December 2022 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	70,904	79,735
Property (other than for own use)	31,903	59,786
Collective investment undertakings	198,298	195,042
Total	**301,105**	**334,563**

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, unless otherwise stated in the paragraphs below, 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 Property – 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	70,904	67,043	**3,861**
Property (other than for own use)	31,903	31,903	**0**
Collective investment undertakings	198,298	197,644	**654**
Total	**301,105**	**296,590**	**4,515**

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	444,903	281,369
Pension benefit surplus	25,212	12,122
Loans and mortgages to individuals	0	0
Other loans and mortgages	32,904	0
Loans on policies	1,143	1,059
Deposits to cedants	1,200	1,170
Insurance and intermediaries receivables	145,381	134,213
Reinsurance receivables	17,141	26,497
Receivables (trade, not insurance)	87,719	20,270
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	217,706	380,609
Any other assets, not elsewhere shown	95,556	13,217
Total	**1,069,014**	**870,675**

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	78,521	-78,521
Intangible assets	0	65,203	-65,203
Deferred tax assets	444,903	378,530	66,373
Pension benefit surplus	25,212	25,212	0
Loans and mortgages to individuals	0	0	0
Other loans and mortgages	32,904	32,904	0
Loans on policies	1,143	1,143	0
Deposits to cedants	1,200	1,200	0
Insurance and intermediaries receivables	145,381	176,591	-31,210
Reinsurance receivables	17,141	17,064	77
Receivables (trade, not insurance)	87,719	87,719	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	217,706	161,990	55,716
Any other assets, not elsewhere shown	95,556	14,502	81,054
Total	**1,069,014**	**1,040,728**	**28,286**

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, which were considered in the valuation for Solvency purposes under the heading "Any other liabilities, not elsewhere shown" in other liabilities.

Any other assets, not elsewhere shown

As of the Q4 2022 report, assets with CIC 79 were no longer included under the balance sheet heading "Deposits other than cash equivalents" due to a change in the classification. Following the ASF's guidelines, this amount is now reflected under the heading "Any other assets, not elsewhere shown".

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	28,682	41,332	**-12,650**	**27,871**
Life, index-linked and unit-linked	0	0	**0**	**0**
Non-life, excluding health insurance	173,252	259,119	**-85,867**	**157,551**
Health similar to life	0	0	**0**	**0**
Health similar to non-life	114,034	159,340	**-45,306**	**90,652**
Total	**315,968**	**459,791**	**-143,823**	**276,074**

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	8,907,249	9,500,963	**-593,714**	**9,614,017**
Non-Life	850,280	1,162,134	**-311,854**	**819,565**
Health – SLT	897,493	962,244	**-64,751**	**1,151,547**
Health – NSLT	235,483	283,360	**-47,877**	**222,405**
Total	**10,890,505**	**11,908,701**	**-1,018,196**	**11,807,534**

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	2,318,811	6,423	0	**2,325,234**	**1,689,144**
Contracts with options or guarantees	93,919	1,039	0	**94,958**	**2,032**
Capital redemption					
Contracts with profit sharing	1,402,336	12,490	-105,496	**1,309,330**	**1,690,621**
Contracts without profit sharing	5,306,079	8,371	-148,280	**5,166,170**	**6,272,470**
Risk					
Contracts with profit sharing	19,459	202	0	**19,661**	**34,186**
Contracts without profit sharing	-309,349	106,618	0	**-202,731**	**-309,551**
Annuities					
Contracts with profit sharing	91,313	4,740	0	**96,053**	**119,730**
Contracts without profit sharing	94,245	3,676	0	**97,921**	**114,729**
Reinsurance accepted					
Reinsurance accepted	653	0	0	**653**	**656**
Total	**9,017,466**	**143,559**	**-253,776**	**8,907,249**	**9,614,017**

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 2022, 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 2022 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 2022. 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	2,325,234	2,367,314	**-42,080**
Contracts with options or guarantees	94,958	99,953	**-4,995**
Capital redemption			
Contracts with profit sharing	1,309,330	1,444,778	**-135,448**
Contracts without profit sharing	5,166,170	5,239,593	**-73,423**
Risk			
Contracts with profit sharing	19,661	21,540	**-1,879**
Contracts without profit sharing	-202,731	157,530	**-360,261**
Annuities			
Contracts with profit sharing	96,053	71,923	**24,130**
Contracts without profit sharing	97,921	97,679	**242**
Reinsurance accepted			
Reinsurance accepted	653	653	**0**
Total	**8,907,249**	**9,500,963**	**-593,714**

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 5.48 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	361,658	8,377	**370,035**	**377,411**
Other motor insurance	82,060	3,722	**85,782**	**73,035**
Marine, aviation and transport insurance	4,226	449	**4,675**	**6,422**
Fire and other damage to property insurance	211,816	3,583	**215,399**	**210,599**
General liability insurance	152,592	2,350	**154,942**	**135,043**
Credit and suretyship insurance	347	18	**365**	**317**
Legal expenses insurance	380	21	**401**	**466**
Assistance	-2,369	126	**-2,243**	**-1,737**
Miscellaneous financial loss	19,706	1,218	**20,924**	**18,009**
Non-proportional reinsurance accepted	0	0	**0**	**0**
Total	**830,416**	**19,864**	**850,280**	**819,565**

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	370,035	445,361	**-75,326**
Other motor insurance	85,782	118,127	**-32,345**
Marine, aviation and transport insurance	4,675	10,671	**-5,996**
Fire and other damage to property insurance	215,399	299,716	**-84,317**
General liability insurance	154,942	202,079	**-47,137**
Credit and suretyship insurance	365	342	**23**
Legal expenses insurance	401	3,179	**-2,778**
Assistance	-2,243	21,121	**-23,364**
Miscellaneous financial loss	20,924	26,365	**-5,441**
Non-proportional reinsurance accepted	0	0	**0**
Other technical provisions	0	35,173	**-35,173**
Total	**850,280**	**1,162,134**	**-311,854**

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	1,011,214	83,881	-197,602	**897,493**	**1,151,547**
relating to insurance obligations other than health insurance obligations	0	0	0	**0**	**0**
Total	**1,011,214**	**83,881**	**-197,602**	**897,493**	**1,151,547**

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	897,493	962,244	**-64,751**
relating to insurance obligations other than health insurance obligations	0	0	**0**
Total	**897,493**	**962,244**	**-64,751**

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	103,168	389	**103,557**	**85,839**
Income protection insurance	52,717	1,376	**54,093**	**44,048**
Workers' compensation insurance	73,172	4,661	**77,833**	**92,518**
Total	**229,057**	**6,426**	**235,483**	**222,405**

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	103,557	131,233	**-27,676**
Income protection insurance	54,093	59,566	**-5,473**
Workers' compensation insurance	77,833	92,561	**-14,728**
Total	**235,483**	**283,360**	**-47,877**

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;

o 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 2022 is used to calculate the best estimate.

In the best estimate projections, 5.8% was considered in 2023, 3.3% in 2024 and 2.1% 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) 2023/266 of 9 February 2023, 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	35,452	35,452	**0**	**67,560**
Pension benefit obligations	6,053	6,053	**0**	**88**
Deposits from reinsurers	149,623	149,623	**0**	**130,147**
Deferred tax liabilities	420,404	126,189	**294,215**	**326,019**
Derivatives	167,770	169,257	**-1,487**	**312,627**
Debts owed to credit institutions	0	0	**0**	**0**
Financial liabilities other than debts owed to credit institutions	34,854	23,542	**11,312**	**26,756**
Insurance and intermediaries payables	103,968	110,794	**-6,826**	**98,251**
Reinsurance payables	91,905	99,287	**-7,382**	**78,713**
Payables (trade, not insurance)	64,467	64,467	**0**	**111,469**
Subordinated liabilities	462,590	502,164	**-39,574**	**515,360**
Any other liabilities, not elsewhere shown	189,936	130,100	**59,836**	**142,367**
Total	**1,727,022**	**1,416,928**	**310,094**	**1,809,357**

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

The Solvency II adjustment in this heading is justified by the revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of Fidelidade Moçambique – Companhia de Seguros, S.A. (previously Seguradora Internacional de Moçambique, S.A.). These impacts are reflected in other balance sheet headings, namely *"*Holdings in related undertakings, including participations*"* and "Financial Liabilities other than debts owed to credit institutions".

Financial liabilities other than debts owed to credit institutions

The Solvency II adjustment in this heading is justified by the revaluation made to reflect the full economic impacts on the Solvency II Balance Sheet, relating to the sale/purchase option existing over 12.1% of the capital of Fidelidade Moçambique – Companhia de Seguros, S.A. (previously Seguradora Internacional de Moçambique, S.A.). These impacts are reflected in other balance sheet headings, namely *"Holdings in related undertakings, including participations" and "Derivatives*".

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 receivables.

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 heading "Any other assets, not elsewhere shown", and "Sight deposits" with negative balances which were considered in the financial statements valuation under the heading "Cash and cash equivalents".

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 , 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**

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 2022. The table below shows the amount of that deduction at 31 December 2022.

Amounts in thousand euros

Lines of Business / Homogeneous Risk Groups		Transitional Deduction		
		Recalculation 1/1/2019	Annual decrease	Amount at 31/12/2022
29 and 33	Life insurance obligations - Health – SLT	256,882	-19,760	**197,602**
30	Life insurance obligations - Insurance with profit sharing - Capital redemption products	137,145	-10,550	**105,496**
32	Life insurance obligations - Other obligations similar to life - Capital redemption products	192,764	-14,828	**148,280**
Total		**586,791**	**-45,138**	**451,378**

The following table quantifies the impact on the Company's financial condition, at 31 December 2022, 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	**10,890,505**	**11,341,883**	**-451,378**
Basic own funds			
Excess of assets over liabilities	2,582,115	2,272,921	309,194
Eligible own funds to meet SCR	**3,044,556**	**2,735,362**	**309,194**
Solvency Capital Requirement (SCR)	**1,442,830**	**1,448,937**	**-6,107**
SCR coverage ratio	**211.01%**	**188.78%**	
Eligible own funds to meet MCR	**2,635,419**	**2,185,277**	**450,142**
Minimum Capital Requirement (MCR)	**389,758**	**395,940**	**-6,182**
MCR coverage ratio	**676.17%**	**551.92%**	

The impact of the annual decrease in the transitional deduction to technical provisions, on the first day of 2023, is approximately 0.41% of the total amount of the Company's technical provisions and 2.14 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 2022, 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 3 years), 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.

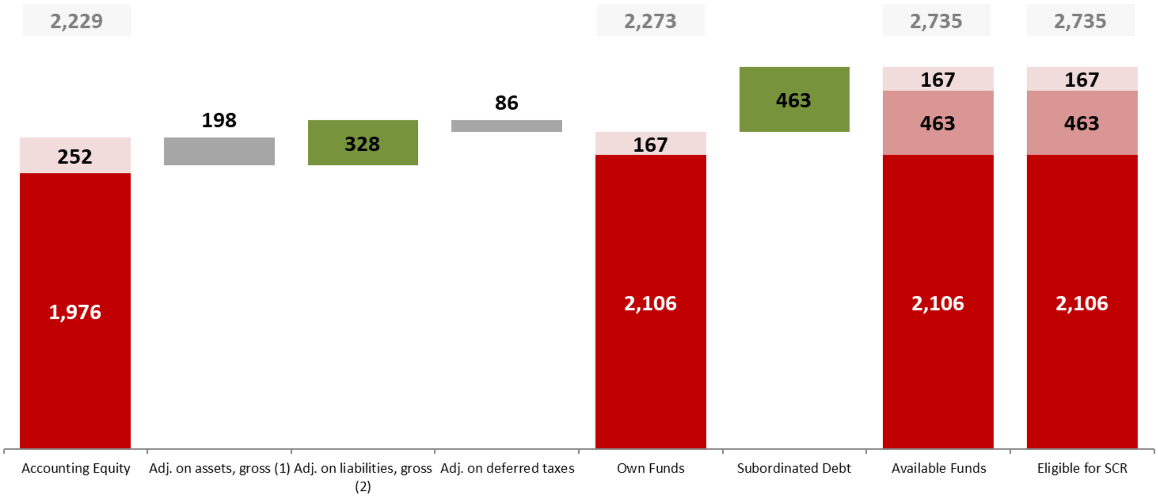
E.1.2. Structure, amount and tiering of own funds

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	15,199,642	15,554,451	-354,809	16,529,681
Technical Provisions	10,890,505	11,908,701	-1,018,196	11,807,534
Other liabilities	1,727,022	1,416,928	310,094	1,809,357
Excess of assets over liabilities	**2,582,115**	**2,228,822**	**353,293**	**2,912,790**

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 2022 and 31 December 2021.

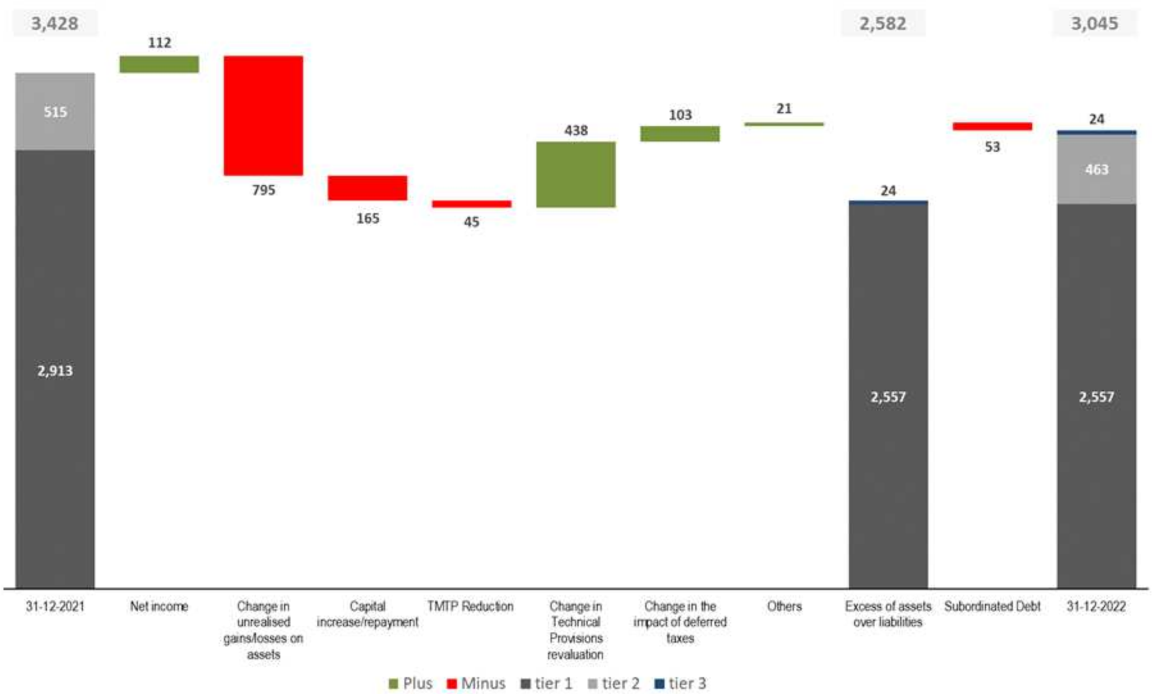
Amounts in thousand euros

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	1,665,537	1	1,855,734	1
	Subordinated liabilities	462,590	2	515,360	2
	An amount equal to the value of net deferred tax assets	24,499	3	0	
	Other items approved by the supervisory authority as basic own funds not specified above	0		164,977	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		**3,044,556**		**3,428,001**	

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		**3,044,556**		**3,428,001**	
Own shares (held directly and indirectly)		149		149	
Excess of assets over liabilities		**3,044,705**		**3,428,150**	

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 2022 and 31 December 2021.

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
Tier 1	2,557,467	2,912,641	2,557,467	2,912,641	2,557,467	2,912,641	2,557,467	2,912,641
Tier 2	462,590	515,360	462,590	515,360	462,590	515,360	77,952	83,557
Tier 3	24,499	0	0	0	24,499	0	0	0
Total	3,044,556	3,428,001	3,020,057	3,428,001	3,044,556	3,428,001	2,635,419	2,996,198

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 2022 and 31 December 2021.

Amounts in thousand euros

	Capital Requirements	Capital Requirements previous year	Coverage Ratio	Coverage Ratio previous year
SCR	1,442,830	1,620,470	211.01%	211.54%
MCR	389,758	417,785	676.17%	717.16%

The table below provides a breakdown of the SCR by risk modules, with reference to 31 December 2022 and 31 December 2021, 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	1,255,566	1,412,952
Counterparty default risk	187,340	214,406
Life underwriting risk	319,746	375,438
Health underwriting risk	191,420	209,762
Non-life underwriting risk	245,928	234,699
Diversification	-609,919	-668,048
Intangible asset risk	0	0
Basic Solvency Capital Requirement	**1,590,081**	**1,779,209**
Operational risk	90,771	93,618
Loss-absorbing capacity of technical provisions	-2,904	-1,745
Loss-absorbing capacity of deferred taxes	-235,118	-250,612
Solvency Capital Requirement	**1,442,830**	**1,620,470**

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 2022 Solvency balance sheet the Company recognised EUR 444,903,094 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 basic own-fund items available relating to net deferred tax assets of EUR 24,499 thousand.

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) and Swiss francs (CHF), 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 continues to monitor the conflict in Ukraine, and will actively react to possible impacts on the solvency ratio.

Annexes

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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	444,903
Pension benefit surplus	R0050	25,212
Property, plant and equipment held for own use	R0060	70,904
Investments (other than Assets held for index-linked and unit-linked contracts)	R0070	11,276,610
Property (other than for own use)	R0080	31,903
Holdings in related undertakings, including participations	R0090	2,997,809
Equities	R0100	375,944
Equities — listed	R0110	374,852
Equities — unlisted	R0120	1,092
Bonds	R0130	6,817,508
Government bonds	R0140	2,439,393
Corporate bonds	R0150	4,211,843
Structured notes	R0160	166,272
Collateralised securities	R0170	0
Collective investment undertakings	R0180	800,971
Derivatives	R0190	112,128
Deposits other than cash equivalents	R0200	140,346
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	2,467,147
Loans and mortgages	R0230	34,047
Loans on policies	R0240	1,143
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	32,904
Reinsurance recoverables from:	R0270	315,967
Non-Life and Health similar to non-life	R0280	287,286
Non-life, excluding health insurance	R0290	173,252
Health similar to non-life	R0300	114,034
Life and Health similar to life, excluding health insurance and index-linked and unit-linked	R0310	28,682
Health similar to life	R0320	0
Life, excluding health and index-linked and unit-linked	R0330	28,682
Life, index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	1,200
Insurance and intermediaries receivables	R0360	145,381
Reinsurance receivables	R0370	17,141
Receivables (trade, not insurance)	R0380	87,719
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	217,706
Any other assets, not elsewhere shown	R0420	95,556
TOTAL ASSETS	R0500	**15,199,642**

S.02.01.02
Balance Sheet

		Solvency II Value
		C0010
LIABILITIES		
Technical provisions — non-life	R0510	1,085,763
Technical provisions — non-life (excluding health)	R0520	850,280
TP calculated as a whole	R0530	0
Best Estimate	R0540	830,415
Risk margin	R0550	19,865
Technical provisions — health (similar to non-life)	R0560	235,483
TP calculated as a whole	R0570	0
Best Estimate	R0580	229,057
Risk margin	R0590	6,426
Technical provisions — life (excluding index-linked and unit-linked)	R0600	7,384,550
Technical provisions — health (similar to life)	R0610	897,493
TP calculated as a whole	R0620	0
Best Estimate	R0630	813,612
Risk margin	R0640	83,881
Technical provisions — life (excluding health and index-linked and unit-linked)	R0650	6,487,057
TP calculated as a whole	R0660	0
Best Estimate	R0670	6,350,960
Risk margin	R0680	136,097
Technical provisions — index-linked and unit-linked	R0690	2,420,192
TP calculated as a whole	R0700	2,367,194
Best Estimate	R0710	45,536
Risk margin	R0720	7,462
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	35,452
Pension benefit obligations	R0760	6,053
Deposits from reinsurers	R0770	149,623
Deferred tax liabilities	R0780	420,404
Derivatives	R0790	167,769
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	34,854
Insurance and intermediaries payables	R0820	103,968
Reinsurance payables	R0830	91,904
Payables (trade, not insurance)	R0840	64,467
Subordinated liabilities	R0850	462,590
Subordinated liabilities not classified in basic own funds (BOF)	R0860	0
Subordinated liabilities classified in basic own funds (FPB)	R0870	462,590
Any other liabilities, not elsewhere shown	R0880	189,935
TOTAL LIABILITIES	R0900	**12,617,527**

EXCESS OF ASSETS OVER LIABILITIES	R1000	**2,582,115**

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	420,743	42,505	286,623	294,442	204,535	29,082	337,159	76,248	320	6,549	48,314	42,452					**1,788,971**
Gross — Proportional reinsurance accepted	R0120	109	42	300	850	448	101	8,239	870				70					**11,028**
Gross — Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140	418,219	16,885	9,017	2,479	57	16,996	161,058	41,210	206	5,033	37,612	19,005					**727,777**
Net	R0200	2,633	25,662	277,905	292,812	204,926	12,187	184,340	35,908	114	1,516	10,702	23,517					**1,072,222**
Premiums earned																		
Gross - Direct business	R0210	416,723	37,693	285,055	288,382	195,548	29,004	325,709	65,572	334	6,296	46,724	42,836					**1,739,878**
Gross — Proportional reinsurance accepted	R0220	109	42	300	850	448	118	6,173	980			1	96					**9,117**
Gross — Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240	414,198	12,279	9,017	2,479	59	17,083	153,300	30,057	222	5,033	37,612	19,054					**700,394**
Net	R0300	2,635	25,457	276,338	286,752	195,937	12,039	178,582	36,495	113	1,263	9,112	23,878					**1,048,601**
Claims incurred																		
Gross - Direct business	R0310	324,429	20,595	97,383	174,724	119,541	6,474	154,175	15,421	-19		-4	15,554					**928,272**
Gross — Proportional reinsurance accepted	R0320			569	161	-1	-54	6,018	801									**7,494**
Gross — Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340	323,141	7,314	1,020	-431	-133	1,637	59,696	8,743			-2	6,589					**407,574**
Net	R0400	1,289	13,281	96,932	175,316	119,673	4,784	100,497	7,479	-19		-2	8,965					**528,193**
Changes in other technical provisions																		
Gross - Direct business	R0410	445	-138	-299	-4,642	-190	-80	2,106	14,433		-170	25	67					**11,557**
Gross — Proportional reinsurance accepted	R0420							545	15									**560**
Gross — Non-proportional reinsurance accepted	R0430																	
Reinsurers' share	R0440								12,414									**12,414**
Net	R0500	445	-138	-299	-4,642	-190	-80	2,651	2,034		-170	25	67					**-297**
Expenses incurred	R0550	23,131	12,691	73,640	107,009	59,411	3,542	74,297	24,194	64	2,081	13,968	13,295					**407,322**
Other expenses	R1200																	**62,975**
Total expenses	R1300																	**470,297**

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		59,046	1,075,232	747,421				394	**1,882,092**
Reinsurers' share	R1420		1,026		27,864					**28,890**
Net	R1500		58,019	1,075,232	719,557				394	**1,853,202**
Premiums earned										
Gross	R1510		59,074	1,075,232	747,140				394	**1,881,840**
Reinsurers' share	R1520		1,041		27,857					**28,898**
Net	R1600		58,034	1,075,232	719,283				394	**1,852,943**
Claims incurred										
Gross	R1610		258,653	117,745	1,661,045	39,178			46	**2,076,667**
Reinsurers' share	R1620		570		13,744					**14,314**
Net	R1700		258,082	117,745	1,647,301	39,178			46	**2,062,353**
Changes in other technical provisions										
Gross	R1710		-197,188		1,385					**-195,803**
Reinsurers' share	R1720		-66		2,659					**2,593**
Net	R1800		-197,122		-1,274					**-198,396**
Expenses incurred	R1900		17,585	25,844	100,824	2,154			152	**146,559**
Other expenses	R2500									
Total expenses	R2600									**146,559**

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	2,367,194			0			0	0	**2,367,194**	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	1,513,108		-48,383	93,919		-215,104	5,306,079	0	653	**6,650,272**		0	0	1,011,214	0	**1,011,214**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	603		0	0		27,762	0	0	316	**28,682**		0	0	0	0	**0**
Best estimate minus recoverables from reinsurance/SPV and Finite Re — total	R0090	1,512,505		-48,383	93,919		-242,866	5,306,079	0	337	**6,621,591**		0	0	1,011,214	0	**1,011,214**
Risk Margin	R0100	17,432	7,462			118,665			0	0	**143,559**	0			83,881	0	**83,881**
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	-105,496		0	0		0	-148,280	0	0	**-253,776**		0	0	-197,602	0	**-197,602**
Risk Margin	R0130	0	0			0			0	0	**0**	0			0	0	**0**
Technical Provisions - Total	R0200	**1,425,044**	**2,420,192**	**0**	**0**	**5,061,360**	**0**	**0**	**0**	**653**	**8,907,249**	**0**	**0**	**0**	**897,493**	**0**	**897,493**

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	23,140	10,644	11,133	87,509	51,647	-2,907	63,462	55,230	8	380	-2,373	6,420	0	0	0	0	**304,292**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	9,895	65	0	0	6	-1,677	15,577	43,584	1	-3,080	-24,717	1,307	0	0	0	0	**40,960**
Net Best Estimate of provisions for premiums	R0150	13,245	10,579	11,133	87,509	51,641	-1,230	47,885	11,645	7	3,460	22,344	5,113	0	0	0	0	**263,331**
Claims provisions																		
Gross	R0160	80,028	42,073	62,039	274,149	30,412	7,133	148,354	97,362	339	0	4	13,286	0	0	0	0	**755,180**
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	76,251	25,415	2,408	12,347	22	1,892	91,909	31,099	0	0	0	4,981	0	0	0	0	**246,325**
Net Best Estimate of claims provisions	R0250	3,777	16,658	59,631	261,802	30,390	5,241	56,444	66,263	339	0	4	8,305	0	0	0	0	**508,855**
Best estimate total — Gross	R0260	103,168	52,717	73,172	361,658	82,059	4,226	211,816	152,591	347	380	-2,369	19,706	0	0	0	0	**1,059,472**
Best estimate total — Net	R0270	17,022	27,237	70,764	349,311	82,031	4,011	104,330	77,908	346	3,460	22,349	13,418	0	0	0	0	**772,186**
Risk Margin	R0280	389	1,376	4,661	8,377	3,722	449	3,583	2,350	18	21	126	1,218	0	0	0	0	**26,291**
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	103,557	54,093	77,833	370,035	85,782	4,675	215,398	154,941	365	401	-2,242	20,924	0	0	0	0	**1,085,763**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	86,146	25,480	2,408	12,347	29	215	107,486	74,683	1	-3,080	-24,717	6,288	0	0	0	0	**287,286**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	17,411	28,613	75,425	357,688	85,753	4,460	107,912	80,258	364	3,481	22,475	14,636	0	0	0	0	**798,477**

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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 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											6,054
N-9	R0160	401,326	149,240	25,073	16,958	9,589	5,743	3,904	1,322	2,143	670	0
N-8	R0170	386,761	147,670	31,692	14,588	7,492	4,632	430	3,806	1,375	0	0
N-7	R0180	398,877	167,655	31,027	13,167	8,889	3,116	5,209	3,419	0	0	0
N-6	R0190	450,541	181,257	68,573	34,634	10,169	7,110	3,948	0	0	0	0
N-5	R0200	494,920	211,953	40,080	16,904	10,682	5,240	0	0	0	0	0
N-4	R0210	535,184	213,164	31,580	14,429	13,645	0	0	0	0	0	0
N-3	R0220	549,662	212,548	30,714	21,944	0	0	0	0	0	0	0
N-2	R0230	509,924	167,853	29,083	0	0	0	0	0	0	0	0
N-1	R0240	586,157	229,494	0	0	0	0	0	0	0	0	0
N	R0250	654,239	0	0	0	0	0	0	0	0	0	0

		In current year	Sum of years (cumulative)
		C0170	C0180
	R0100	6.054	6.054
	R0160	670	615,968
	R0170	1,375	598,445
	R0180	3,419	631,359
	R0190	3,948	756,232
	R0200	5,240	779,779
	R0210	13,645	808,001
	R0220	21,944	814,867
	R0230	29,083	706,861
	R0240	229,494	815,651
	R0250	654,239	654,239
Total	R0260	**969,110**	**7,187,455**

(absolute amount) **Gross undiscounted best estimate of claims provisions**

	Year	Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											76,248
N-9	R0160	0	0	0	36,465	27,648	17,267	11,799	9,230	8,224	8,060	0
N-8	R0170	0	0	51,268	36,413	25,184	19,564	18,394	16,523	14,723	0	0
N-7	R0180	0	80,630	45,474	30,585	22,645	17,131	15,334	12,968	0	0	0
N-6	R0190	296,625	150,294	74,527	34,095	22,284	20,236	14,096	0	0	0	0
N-5	R0200	316,478	103,550	61,837	40,753	30,655	26,945	0	0	0	0	0
N-4	R0210	286,004	79,195	54,014	41,362	30,691	0	0	0	0	0	0
N-3	R0220	284,563	95,636	70,429	51,515	0	0	0	0	0	0	0
N-2	R0230	235,936	83,325	67,671	0	0	0	0	0	0	0	0
N-1	R0240	343,120	110,240	0	0	0	0	0	0	0	0	0
N	R0250	361,528	0	0	0	0	0	0	0	0	0	0

		Year end (discounted data)
		C0360
	R0100	66.942
	R0160	7,260
	R0170	13,506
	R0180	11,660
	R0190	12,730
	R0200	24,674
	R0210	27,804
	R0220	46,894
	R0230	62,606
	R0240	105,175
	R0250	348,073
Total	R0260	**727.324**

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	10,890,505	451,378	0	0	0
Basic own funds	R0020	3,044,556	-309,194	0	0	0
Eligible own funds to meet Solvency Capital Requirement	R0050	3,044,556	-309,194	0	0	0
Solvency Capital Requirement	R0090	1,442,830	6,107	0	0	0
Eligible own funds to meet Minimum Capital Requirement	R0100	2,635,419	-450,142	0	0	0
Minimum Capital Requirement	R0110	389,758	6,182	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
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	1,665,538	1,665,538			
Subordinated liabilities	R0140	462,590		0	462,590	0
An amount equal to the value of net deferred tax assets	R0160	24,499				24,499
Other items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	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	**3,044,556**	**2,557,467**	**0**	**462,590**	**24,499**
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	3,044,556	2,557,467	0	462,590	24,499
Total available own funds to meet the MCR	R0510	3,020,057	2,557,467	0	462,590	
Total eligible own funds to meet the SCR	R0540	3,044,556	2,557,467	0	462,590	24,499
Total eligible own funds to meet the MCR	R0550	2,635,419	2,557,467	0	77,952	
SCR	R0580	1,442,830				
MCR	R0600	389,758				
Ratio of eligible own funds to SCR	R0620	211.01%				
Ratio of eligible own funds to MCR	R0640	676.17%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,582,115
Own shares (held directly and indirectly)	R0710	149
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	916,428
Adjustments for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	0
Reconciliation reserve	R0760	1,665,538
Expected Profits		
Expected profits included in future premiums (EPIFP) — Life business	R0770	383,914
Expected profits included in future premiums (EPIFP) — Non-life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	R0790	**383,914**

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	1,255,566		0
Counterparty default risk	R0020	187,340		
Life underwriting risk	R0030	319,746	0	0
Health underwriting risk	R0040	191,420	0	0
Non-life underwriting risk	R0050	245,928	0	0
Diversification	R0060	-609,919		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	**1,590,081**	**0**	**0**

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	90,771
Loss-absorbing capacity of technical provisions	R0140	-2,904
Loss-absorbing capacity of deferred taxes	R0150	-235,117
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	1,442,830
Capital add-on already set	R0210	0
SOLVENCY CAPITAL REQUIREMENT	R0220	**1,442,830**
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 SCR 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	-235,117
LAC DT justified by reversion of deferred tax liabilities	R0650	-82,867
LAC DT justified by reference to probable future taxable economic profit	R0660	-152,250
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-528,553

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	163,302	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
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	17,022	2,633	0	0
Income protection insurance and proportional reinsurance	R0030	27,237	25,662	0	0
Workers' compensation insurance and proportional reinsurance	R0040	70,764	277,905	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	349,311	292,812	0	0
Other motor insurance and proportional reinsurance	R0060	82,031	204,926	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	4,011	12,187	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	104,330	184,340	0	0
General liability insurance and proportional reinsurance	R0090	77,908	35,908	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	346	114	0	0
Legal expenses insurance and proportional reinsurance	R0110	3,460	1,516	0	0
Assistance insurance and proportional reinsurance	R0120	22,349	10,702	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	13,418	23,517	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	31,752	194,705

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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		1,414,253	
Obligations with profit sharing — future discretionary benefits	R0220	0		10,187	
Index-linked and unit-linked insurance obligations	R0230	0		2,412,730	
Other life (re)insurance and health (re)insurance obligations	R0240	897,493		5,033,935	
Total capital at risk for all life (re)insurance obligations	R0250		18,434,712		29,007,588

Overall MCR calculation

		C0130
Linear MCR	R0300	389,758
SCR	R0310	1,442,830
MCR cap	R0320	649,274
MCR floor	R0330	360,708
Combined MCR	R0340	389,758
Absolute MCR floor	R0350	7,400
		C0130
MINIMUM CAPITAL REQUIREMENT (MCR)	R0400	389,758

Notional non-life and life MCR calculation

		Non-Life business	Life business
		C0140	C0150
Notional linear MCR	R0500	195,054	194,705
Notional MCR excluding add-on (annual or latest calculation)	R0510	722,061	720,769
Notional MCR cap	R0520	324,927	324,346
Notional MCR floor	R0530	180,515	180,192
Notional combined MCR	R0540	195,054	194,705
Notional absolute MCR floor	R0550	3,700	3,700
Notional MCR	R0560	195,054	194,705

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 2022

Lisbon, April 3, 2023

Index

1. Introduction

This report was written 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, 2022.

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

Technical Provisions

Life

Best Estimate (after Transitional Deduction to the Technical Provisions)	8,763,690,274
Risk Margin	143,558,943
Total	**8.907,249,217**

Non-Life

Best Estimate	830,414,927
Risk Margin	19,864,758
Total	**850,279,685**

Health SLT

Best Estimate (after Transitional Deduction to the Technical Provisions)	813,612,317
Risk Margin	83,880,967
Total	**897,493,284**

Health NSLT

Best Estimate	229,056,936
Risk Margin	6,426,186
Total	**235,483,122**

Total Technical Provisions	**10,890,505,308**

U: Euros

Amounts Recoverable

Life	28,681,705
Non-Life	173,251,658
Health SLT	-
Health NSLT	114,034,118
Total Amounts Recoverable	**315,967,481**

U: Euros

Future Discretionary Benefits

Future Discretionary Benefits	10,187,187

U: Euros

Underwriting Risks

	Net Capital Requirement	Gross Capital Requirement
Life Underwriting Risks	317,938,109	319,746,088
Non-Life Underwriting Risks	245,928,407	245,928,407
Health Underwriting Risks	191,419,656	191,419,656
Technical Provisions Loss Adjustment	-1,807,979	

U: Euros

Total own funds

Solvency Capital Requirement (SCR)	1,442,830,044
Minimum Capital Requirement (MCR)	389,758,325
Ratio of eligible own funds to SCR	211%
Ratio of eligible own funds to MCR	676%
Total available own funds to meet the SCR	3,044,556,139
Total available own funds to meet the MCR	3,020,057,344
Total eligible own funds to meet the SCR	3,044,556,139
Total eligible own funds to meet the MCR	2,635,418,868

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 role 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 written 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 3, 2023

Actuarial - Consultadoria Lda.

Luís Portugal
Managing Partner

Annex – Statutory Auditor's Report

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working world

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*(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 2022.

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, 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, 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, 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 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 2022, object of the Statutory Audit whose Report was issued on 13 March 2023 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 2022, 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 2022, 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 on Quality Management 1 (ISQM 1), which requires that an extensive quality management system be designed, implemented and maintained, which includes policies and procedures related to the compliance of ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the OROC Code of Ethics and the International Code of Ethics for Professional Accountants (including international standards of independence), (IESBA Code), which are based on fundamental principles of independence, integrity, objectivity, professional competence and duty of care, confidentiality and professional behaviour.

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 2022), 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.

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 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 2022.

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 on Quality Management 1 (ISQM 1), which requires that an extensive quality management system be designed, implemented and maintained, which includes policies and procedures related to the compliance of ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the OROC Code of Ethics and the International Code of Ethics for Professional Accountants (including international standards of independence), (IESBA Code), which are based on fundamental principles of independence, integrity, objectivity, professional competence and duty of care, confidentiality and professional behaviour.

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 2022), 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 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 on Quality Management 1 (ISQM 1), which requires that an extensive quality management system be designed, implemented and maintained, which includes policies and procedures related to the compliance of ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the OROC Code of Ethics and the International Code of Ethics for Professional Accountants (including international standards of independence), (IESBA Code), which are based on fundamental principles of independence, integrity, objectivity, professional competence and duty of care, confidentiality and professional behaviour.

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 2022), 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, 10 April 2023

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Ricardo Nuno Lopes Pinto - ROC No. 1579
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